

A Primer on Europe's Armament Makers Who Prolong War and Disturb Peace

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Mr. NYE. Mr. President, I think there has not been published in ages anything quite so enlightening as is this article appearing in Fortune. The encouraging thing is that more such articles are to appeal, revealing the part that the munitions makers are playing in bringing about more war and preparation for more war.

The article is as follows:

ARMS AND THE MEN

(A primer on Europe's armament makers; their mines, their smelters, their banks, their holding companies, their ability to supply everything you need for a war from cannons to the casus belli; their axioms, which are (a) prolong war, (b) disturb peace.) According to the best accountancy figures, it cost about \$25,000 to kill a soldier during the World War. There is one class of big business men in Europe that never rose up to denounce the extravagance of its governments in this regard-to point out that when death is left unhampered as an enterprise for the individual initiative of gangsters the cost of a single killing seldom exceeds \$100. The reason for the silence of these big business men is quite simple; the killing is their business. Armaments are their stock in trade; governments are their customers; the ultimate consumers of their products are, historically, almost as often their compatriots as their enemies. That does not matter.

The important point is that every time a burst shell fragment finds its way into the brain, the heart, or the intestines of a man in the front line, a great part of the \$25,000, much of it profit, finds its way into the packet of the armament maker.

The problem of European armaments is complex: If we are to get anywhere with it, we must first park our emotions outside. Pacifists and militarists alike have indulged in a good deal of loose talk on the subject. Most pacifists are not sufficiently informed; their arguments and accusations frequently boil down to nothing more substantial than Sir Arthur Eddington's definition of the quantum theory, i. e., "Something unknown is doing we don't know what." Most militarists are insincere.

Furthermore, American business at its biggest and most secretive is today an open book compared with any European big business. Therefore what Fortune does not

know about this subject would fill many a volume. But what Fortune does know is worth knowing; it is set down herein, not as argument or invective but as elementary data. Some time, not too far distant, Fortune hopes to inaugurate a greater campaign on this subject; let this article, then, be considered as no more than an opening gun. Anyone who talks about European armaments and their makers must inevitably oversimplify. But to oversimplify is not to over generalize-and we should start by riding ourselves of one generality that will give us trouble as long as it stays in our heads.

There is nothing that could, in any strict accuracy, be called an "armament ring" in Europe today. There is no perfectly homologous group of single-purposed individuals that sits down before a polished table in a soundproof room and plots new holocausts in Europe. Search through the armament makers as you will, you will find neither a Machiavelli nor a Dr. Fu Manchu. But that's all you won't find.

For without a shadow of a doubt there is at the moment in Europe a huge and subversive force that lies behind the arming and counter arming of nations; there are mines, smelter's, armament works, holding companies, and banks, entangled in an international embrace, yet working inevitably for the destruction of such little internationalism as the world has achieved so far. The control of these myriad companies vests, finally, in not more than a handful of men whose power, in some ways, reaches above the power of the state itself. Thus, French interests not only sold arms to Hungary in flat violation of the Treaty of Trianon, but when Hungary defaulted on the bill the armorers got the French Government to lend Hungary the money to pay the French armorers. Thus, too, the great Czechoslovakian armament company, controlled by Frenchmen, promoted the rise of Hitler in Germany and contributed millions of marks to Hitler's campaign. These same Frenchmen own newspapers that did more than any others to enrage France against Hitler. It is time we had a *dramatis personæ* of arms, and the men.

KRUPP

Best known armament name in all the world is perhaps the name of Krupp. The Krupp who, despite early discouragements at the hands of his own government, built up the gigantic works at Essen and made his name a synonym for cannon was Alfred-a strange figure who wore wooden sabots when he visited his factory, opened the windows of his house only once a month, had a bathtub in his parlor, assembled his intimates in his home every few weeks to be weighed, for no discoverable reason, on scales of his own devising, and carried a steel walking stick. Alfred Krupp began as a humble petitioner of governments, coming hat in hand to ministers, kings, and emperors of assorted nationalities to beg orders for his guns. By the time of his death he was an intimate of Wilhelm I, the 1870 conqueror of France. He was also an officer of the French Legion of Honor (one of Napoleon III's earlier generousities) and a Knight

of the Russian Order of Peter the Great. Under his son, Friedrich Alfred Krupp, the house rose to higher and higher glories. Yet Friedrich Alfred failed in one important respect: he left no male heir to carry on. It took Kaiser Wilhelm II to solve this difficulty. When big buxom Bertha, Friedrich Alfred's daughter, came of marriageable age Wilhelm II betrothed her to the protégé of his own selection and training, Gustav von Bohlen und Halbach and it was the groom, not his bride, whose name was changed by the betrothal. He became then Krupp von Bohlen und Halbach. Under this new head of the house, who took command in 1909, Krupp went further still, supplied 52 countries with arms before the war, and stood all but single-handed against the world during it.

What of Krupp now? In theory, Krupp smelts only peaceful ore, and forges its steels only into such benign shapes as locomotives, rails, bridge girders, and others purely industrial. Actually, Krupp is rearming Germany the discoverable portion of whose annual armament bill is now about \$80,000,000. Germany, forbidden by the Treaty of Versailles to import armaments, receives generous supplies from Sweden (where Krupp controls the armament firm of Bofors) and Holland; forbidden to export armaments, she ships to South America, the Far East, or to any European nation that will violate its own treaty by ordering from her. Yet for all the might of the Krupp works we must look elsewhere today to find the real heart of the armament business.

BETHLEHEM STEEL ET AL.

To the United States, perhaps? After all, we have our Du Ponts, who at least "own" the State of Delaware. We have an Army and Navy whose officers, according to the statement of a former Cabinet officer, are far and away more active than the officers of any other armed forces in the world against any sort of international understanding. We have an armament bill of over \$200,000,000 a year. (When we say armaments we mean here, and hereafter, only the actual implements and materials of war-cannon, guns, ammunition, tanks, military aircraft, and naval vessels.) We once had our big bass drum, Mr. William B. Shearer, whose boast was that he wrecked the Naval Conference at Geneva in 1927. We have our Midvale Co. (controlled by the Baldwin Locomotive Works) which prospered mightily during the war and has continued the manufacture of guns and gun forgings, armor plate, and projectiles; our Colt's Patent Firearms Manufacturing Co., which supplies machine guns as well as squirrel rifles, which declared an extra dividend in 1933; our Remington Arms Co. (controlled by Du Pont) whose output of fire arms and ammunition together is one third of United States production. And we have our Bethlehem Steel Co.

Bethlehem's Mr. Charles M. Schwab dismayed the cadets of West Point in 1927 by saying: "Today the Bethlehem Steel Co. has definitely abandoned any thought of ever again engaging in the manufacture of ordnance except in times of great national emergency." Such times are apparently with us now-have, in fact, been continually

with us since Mr. Schwab unloosed this shaft of oratory. In the official listing of Bethlehem's products (you need only turn to Standard Statistics or Bethlehem's own most recent annual report) you will find armor plate, projectiles, gun and shell forgings, battleships, battle cruisers, scout cruisers, destroyers, submarines, and airplane carriers all listed as products of Bethlehem's plants. The site at Bethlehem where cannon and armor plate are made is separate from the rest of the plant. No outsiders are allowed, and it may be that Mr. Schwab has never been able to evade the vigilance of his watchmen. But if he could once get inside he would see a triumph of inventiveness-for Bethlehem not only makes "armor piercing" projectiles, but "nonpierceable" armor plate which must sometimes cause slight confusion on the proving ground when anyone attempts to demonstrate the virtues of both at the same time.

Our own country is not, then, quite so virginally innocent in this business as we might like to suppose. But despite the size of our armament bill and our armament and munitions exports to South and Central America and the Far East, we are essentially small fry in this game.

ENGLAND'S VICKERS-ARMSTRONGS

Much larger fry is England, where the firm of Vickers-Armstrongs is the brightest star in the armament firmament. The annual bills of Vickers-Armstrongs to nations for armaments purchased quite possibly amount to \$100,000,000. For England's powerful position as one of the greatest exporters of the materials of war in the world, the bulk of the credit goes to Vickers-Armstrongs. It makes other things than armaments, true enough; such unwarlike products as sewing machines and golf clubs come from some of its factories. But its chairman, General the Honorable Sir Herbert Lawrence, G.C.B., one-time Chief of Staff of the B.E.F., has put himself on record as saying "Vickers-Armstrongs, Ltd., relies very largely on armament orders for its existence." The Vickers research staffs work constantly to bring into mass production such bolsters to international comfort as the Vickers-Carden-Lloyd light amphibious tank, or the Vickers Vildebeest bombing machine.

The sun never sets upon Vickers. It has its factories in Rumania, where, for greater convenience, Sir Herbert Lawrence is a director of the Bank of Rumania-and Vickers to some degree allies itself with the Czechoslovakian armament firm of Skoda. In Italy it latinizes its name to Società Vickers-Terni; in Japan it has as a subsidiary the Japan Steel Works, and thus allies itself with the Japanese armament and industrial firm of Mitsui. There are Vickers factories or subsidiary companies in Spain, Canada, Ireland, Holland - The Hague affords an appropriate site for some of the Vickers operations - and New Zealand.

Vickers directors are men of wide affairs. Sir Herbert Lawrence, besides being a director of the Bank of Rumania, is also a director of the Sun Insurance Office, Ltd., with which Vickers-Armstrongs had a curious agreement that .. if the profits [of Vickers] in any year during the 5 years ending December 31, 1932, do not amount to £900,000, then a contribution not exceeding £200,000 will be made in each year."

Sir Otto Niemeyer, the infant phenomenon of British finance, who first entered His Majesty's Treasury at the age of 23, is another Vickers director; he is, in addition, an officer of the Bank of England, a director of the Anglo-International Bank and the Bank of International Settlements.

Through these industrial and financial interlockings Vickers-Armstrongs conducts its affairs. They are profitable affairs - for, as the agreement with Sun Insurance indicates, a profit of some \$4,500,000 a year is considered so unsatisfactory that insurance must be carried against it. And England's aristocracy takes pleasure in clipping its coupons.

Among the more prominent shareholders of Vickers or allied concerns in 1932 were: Rt. Hon. Neville Chamberlain, Chancellor of the Exchequer; Sir Austen Chamberlain, M.P., winner of the Nobel peace prize in 1925; and Sir John Simon, secretary of state for foreign affairs (but who sold out his shares last year). In 1914 the list was even more imposing. It included that lofty philosopher, Lord Balfour; that glittering snob, Lord Curzon; and also Lord Kinnaird, president of the Y.M.C.A.; three bishops; and Dean Inge, of st. Paul's. It was in that same year that Socialist Philip Snowden spoke in Parliament: "It would be impossible to throw a stone on the benches opposite without hitting a member who is a shareholder in one or other of these firms." You will gather that England, peace-loving England, has been quite some time at the task of building up this organization. She has. The firm began in 1829. Slowly through out the nineteenth century the firm grew, changed its name, cast its outworn skins, grew fat, prosperous, and highly multicellular through the acquisition of this torpedo works, of that heavy ordnance factory. And then there came along Mr. Basileios Zacharias.

He is known today as Sir Basil Zaharoff. He was an intimate of Lloyd George during the war; a few relatively mild revelations of the degree to which he influenced Great Britain's armament, military, and foreign policies during and after the war were enough, in 1922, to send Lloyd George, who did more than any other man to win the war, out of office forever. This strange character, the greatest armament salesman the world has ever known, struck a major spark in the world when he collided with an American of somewhat similar interests. Zaharoff at that time was a salesman for the Nordenfeldt Guns & Ammunition Co., Ltd., of England, and had done very well in profits out of the perpetual dog fights in the Balkans and the Near East, to which he was usually purveyor, and of which he was frequently (it was an easy trick once he learned it) instigator.

The American that gladdened his heart was Hiram Maxim, whose new machine gun was incomparably the best killing machine Zaharoff had ever seen. Zaharoff took Maxim to his bosom, with reservations. First he used his wily, polyglot salesmanship to block the gun's sale in Austria as an impractical toy; then, when he had offered Maxim a partnership and got the sale of the gun firmly in his own hands, he swept over Europe and Asia selling such quantities that soon the new firm of the Maxim-Nordenfeldt Guns & Ammunition Co. was purchased for some \$6,000,000 (the year was 1897) by Vickers interests, and became Vickers Sons & Maxim. Sir Basil was established now as a power in armament affairs, hence in Great Britain's affairs, hence in world affairs. He already enjoyed the distinction of having sold the first practical submarine ever used in naval operations to his native Greece, and the further distinction of having used this sale to frighten Turkey into buying two submarines.

The Boer War added to his laurels; Boers shot Englishmen with Vickers guns and ammunition. The Russo-Japanese War provided him with an even wider field for his gifts; Vickers sold as much war material (and possibly more) to Russia as it did to Japan, England's supposed ally.

But naturally it was the World War that gratified Sir Basil most. The profits of war-time armament manufacture were practically incalculable; by the end of the war Sir Basil had a personal fortune that was estimated as low as \$100,000,000 or \$200,000,000 and as high as a billion; and in 1917, when there seemed a possibility of peace through the intervention of the United States, Lord Bertie, British Ambassador to France, naively recorded in his diary: "Zaharoff is all for continuing the war jusqu'au bout." ***** So much for Germany and her Krupp, the United States and Bethlehem Steel, England and Vickers-Armstrongs, and the now withered and senile Sir Basil. Do these armament businesses seem big business? Then you must alter your sense of proportion before you go further. All the foregoing is a mere curtain raiser to the big show. The big show is France.

SCHNEIDER-CREUSOT

France stands at the very top. She stands at the top in the amount her Government spends on armaments; at the top in the amount of arms she exports to other nations; at the top also by virtue of the billion francs she has spent to build a military Chinese wall of forts, many of them underground, along her eastern boundaries. But these mere quantitative details do not reveal the true significance of her position.

She stands today as a queer paradox: France, the democracy, a quiet pasture land for the world's most famous peasantry, coexisting with France, the greatest military power of modern times, with an army which all but equals in number and far surpasses in equipment Germany's vast militaristic machine of 1914.

At the head of this latter France stands the figure of Gen. Maxime Weygand (vice president of the higher war council, inspector general of the army, possessor of the grand cross of the Legion of Honor, member of the French Academy), ruling an army (including colonials) of 650,000 men. But, despite his decorations, his medals, his orders, and the power he has, once a new war begins, to order several million men to death, General Weygand, a devout Catholic, represents not the urge for war but, on the contrary, France's desire for peace-by means of "security." The French threat to the peace of the world lies elsewhere-in France. For in France, and only in France, a new situation exists: the armament makers are no longer, like Alfred Krupp or Sir Basil Zaharoff, in his younger days, humble petitioners of government, hat-in-hand solicitors of orders-their influence is so infiltrated into the industrial, social, and political affairs of the nation that they have power in some ways beyond the state ; a power so mighty that they are all but able, for their own individualistic reasons, to sweep the state along in a course of action against its own will. They are all but anonymous, these men. They are displeased by publicity and are well able to enforce their displeasure. But we must now displease one of them and present the figure of M. Charles Prosper Eugène Schneider.

Charles Prosper Eugène Schneider is a man of many offices-the executive head of hundreds of armament firms throughout Europe¹. He is the president of the Schneider-Creusot Co., armament manufacturers, with mines, smelters, and foundries scattered throughout France. Re is director of the Banque de'Union Parisienne, one of whose most profitable sources of business is the financing of loans for armaments. In 1920 he founded and became the president of the Union Européenne Industriale et Financière, a holding company capitalized at 140,000,000 francs. Through it Schneider-Creusot controls 182 French companies that manufacture heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals. Out of the \$300,000,000, which at the most conservative guess represents the annual billing of France's armament concerns, Schneider-Creusot or subsidiaries takes the lion's share.

CZECH'S SKODA

But the Union Européenne has an even more important function. Through it Schneider-Creusot reaches out to control 230 armament and allied enterprises outside France.

The greatest of these concerns is that glittering jewel in the crown of the principal ideal State that came into being in 1919 as the result of the self-determination of oppressed peoples. The State is Czechoslovakia and its jewel is Skoda. Skoda, although its main works are in Brno-which was once on Austrian territory-has factories scattered not only over Czechoslovakia but over Poland and Rumania as well.

Upon the board of Skoda, which the Union Européenne controls through 56 percent of its stock, M. Schneider sits with his friend Andre Vicaire, director general of Schneider-Creusot; his brother-in-law, Arnaud de Saint-Sauveur; Edward Benes, who, as Czechoslovakia's foreign minister, takes second place to no one in the vocal support he lends to the League of Nations; and two Czecho-Germans, Von Deutschnitz and Von Arthaber, who were, it is interesting to note in view of later facts, very heavy financial contributors to Hitler's political success. Political France and political Germany may be at constant swords' points, the Polish Corridor may inflame the Nazis, France may quiver at her lack of "security .. from another northern invasion, but the lion and the lamb never lie down together with more good fellowship than these French, German, Czech, and Polish gentlemen when they come together to discuss, as fellow directors, the problems of increasing Europe's consumption of armaments.

Thanks to the activities of Skoda and its allies, arms form a full 10 percent of all Czech exports-and 40 percent of all Skoda's products are exported-to the extent of \$30,000,000 worth a year.

BACK TO SCHNEIDER

Schneider's nationality is capable of any supple manipulation that apolitical emergency may call for. The founder of his dynasty was his grandfather, also named Eugène, who, with a brother Adolph, left Bidestroff in the then German territory of the Saar and came to France in 1836.

More particularly brothers Eugène and Adolph came to Le Creusot (literally "The Hollow" or " The Crucible") where, to the south of the Burgundy-wine district a small foundry had been making cannon from the days of Louis XVI. With perfect impartiality it had supplied first the monarchy, then the republic, and then Napoleon's Empire with its products.

With the aid of the French banking house of Seilliere these German brothers bought the foundry (La Société Generale des Hauts Fourneaux) for 2,500,000 francs-and were then forced to wait for almost 20 years for their first major war.

War-promotion methods in those days were not what they were to become later in the century, but that gap was neatly bridged by the demands that the new steamboats and the even newer railroads were making on the producers of iron and steel. Then, in 1854, the Crimean War broke out and Eugène (alone now, following Adolph's death) converted Le Creusot almost exclusively to the manufacture of arms. The family fortune was founded; the family tradition was established.

In the few years that followed the Crimean War, Eugene Schneider had time to look about him for parliamentary posts. First he became a member of the Chamber of

Deputies; later he rose to be minister of agriculture, then of commerce. By 1865 he had become president of the Chamber of Deputies (analogous to the Speaker of the United States House of Representatives).

It was from this vantage point that he was able to watch the sweep of events that led to the Franco-Prussian War. Alfred Krupp saw it coming, too. He, like Schneider, was capable of an internationalism far above the confines of narrow patriotism and was anxious to equip Napoleon III's armies with his own cannon—a suggestion not entirely without its logic or, even, its sportsmanship, for Krupp had borrowed in Paris, from the same banking house of Seilliere as had set Eugène Schneider up in business, the money with which he made the guns that later humbled France at Metz and Sedan.

But in those days Schneider was jealous of Krupp's mounting power and persuaded Napoleon III that his patronage of Le Creusot would be more enlightened. The inferiority of the French cannon in 1870 was one factor that brought about the catastrophic ruin of the Second Empire.

Nothing in the career of the Schneider dynasty is more remarkable than the fact that it was able to overcome this shocking disgrace and actually to get the job of reequipping the new armies of the Republic. This time Eugène Schneider supplied France with cannon modelled upon the designs of the victorious Krupps. It was not until some 20 years later that he died, full of years and his own sort of wisdom, to be succeeded by his son Henri.

It was under Henri's son—the present Eugene Schneider, now 66 years old, that the Schneider-Creusot Co. began to work upon a gigantic, world-wide scale. Its real expansion began with the turn of the century. Eugène Schneider acquired iron mines in Lorraine and began a program of mill, foundry, and shipyard building at Bordeaux and Toulon.

And then, opportunely, the Russo-Japanese War arrived.

Not until after the close of this war did the real genius of the living Eugène Schneider begin to manifest itself.

Russia needed rearming. The Krupps rushed in. The English firm of Vickers rushed in. Eugène Schneider rushed in. There ensued a brief jockeying for position among the three firms—and it was Schneider, perhaps, who captured the best. “Buy from us”, he whispered gently into the proper ears, “and pay with French money.” It was not hard to arrange. The French Ambassador to Imperial Russia was then Maurice Paléologue, who was likewise a director in the Schneider Banque de l'Union Parisienne. The Russians made a brief call on Paris and came back to St. Petersburg with money with which to pay for Schneider armaments. From that time until, in 1918, the Soviet Government of Russia expressed its official uninterest in paying the debts of the Czarist regime 16,000,000,000 gold francs drained slowly from the savings of the French people, were loaned to Russia, secured by bonds that have long since been

tossed on the rubbish heap. Most of the profit in the 16,000,000,000 found its way back to Schneider-Creusot and is today in their foundries and their bank accounts.

Yet the Czar's government was not wholly credulous. It seemed to have some qualms that so rouch Russian armament should be manufactured on foreign soil. This offered no problem to the armament makers. Schneider installed engineers and managers at the Putilov works in st. Petersburg. The Krupps did likewise. French newspapers screamed that the Krupps were spying. German newspapers screamed that the French were spying. But 1914 found Schneider and Krupp engineers side by side on terms of cordial friendship, overseeing ordnance manufacture on behalf of Nicholas II, Czar of all the Russias.

EYE OPENER-BRIEY

If you have a naiveté about the war, shed it now; the war in no way interrupted the cordiality of the armament makers. Throughout the years from 1914 to 1918 they stayed on jolly terms; they even emerged from the war better friends than they were when they went into it. One major war-time episode in particular revealed their unshakable solidarity.

Before 1914 the great iron mines and smelters in the Briey Basin provided 70 percent of the ore used by France. The German advance wrested them from the political control of France-and quite. naturally the German artillery chiefs saw to it that the mines were so protected from shellfire that they could be taken over intact. Thenceforth the mines of the Briey Basin were operated for the benefit of Germany-in association with other mines in Lorraine which had been in German hands since 1871 they supplied Germany with some three quarters of the ore she consumed during the war.

In 1916, some 2 years later, the Briey Basin came once again within the potential grasp of the French. Throughout the second battle of Verdun, Briey was within range of the operations of the French Second Army. The Briey mines and smelters were turning out tons of raw materials per day which were being continuously turned into weapons of death against French troops, and the naive civilian would therefore suppose that the French Second Army would now turn loose its bombing planes and blast out of existence a principal source of enemy supply.

The naive civilian would be quite wrong. Bombs did not burst at Briey; nowhere near Briey did more than a few shells from either side fall during the entire course of the war. There were even line officers who shared civilian naïveté enough to question French general headquarters an the immunity of Briey. A reasonable explanation could have been that the French were withholding fire from Briey because they, in turn, hoped to recapture the basin and turn its products back to France. But this was

not the explanation that emerged from headquarters; instead it was stated that if Briey were bombarded, the Germans, in reprisal, would turn their guns on Dombasle in Meurthe-et-Moselle, between the Argonne and Verdun, where equally large-scale mining operations were supplying the French with much of their own raw material for ordnance and ammunition. So long as the French left Briey alone the Germans would let Dombasle alone; what hothead was there who would want to upset the apple cart under these circumstances? Of course, if the French and Germans had each levelled the other's smelters the war would have ended sooner.

And so would war-time profits. That was that. Briey and Dombasle came unscathed through the war.

Here the proof of the international operations of the armament makers is open to no question at all. In corroboration there is spread upon the records the testimony of Deputy Pierre Étienne Flandin-scarcely a flaming Bolshevik, for he was later finance minister under Tardieu-to the effect that he, an artillery officer during the war, knew of his own knowledge that the artillery of the French Second Army had been expressly forbidden to bombard Briey when the chance existed and when a 10-mile penetration of the sector would have come close to spelling German ruin. And the statement of his colleague, Deputy Barthe, in the chamber on January 24, 1919, lost little of its significance in the long, loud, vicious debates and investigations which followed it:

I affirm that either by the fact of the international solidarity of the great metallurgy companies, or in order to safeguard private business interests, our military chiefs were ordered not to bombard the establishments of the Briey Basin, which were being exploited by the enemy during the war. I affirm that our aviation service received instructions to respect the blast furnaces in which the enemy steel was being made, and that a general who wished to bombard them was reprimanded.

There is a quality of delirium about facts like these. Anyone who comes upon them for the first time is likely to feel a sense of incredulity that these can be facts at all; to feel that they must be, instead, some insane fiction of a super Voltaire.

The sense of incredulity is quite excusable. Yet the facts are facts-and into the bargain they are quite easily explicable. In this present imperfect world nations have yet found no agreement upon practical methods of disarming.

So long as they refuse to, the easiest way for them to stay armed is to permit a full exploitation of the private profit system in the manufacture of armaments. By this device nations avoid the expense and annoyance of maintaining plants and inventories of armaments throughout a period of 20 years, when perhaps they may never be needed at all; the private armorer meanwhile is able to keep his plants oiled and humming by sales not only to his own government but to foreign markets in which he is able to foment enough suspicion to sell large bills of goods. Here is the rock upon which every private conference that precedes official disarmament conferences has

split. Here the circle closes. So long as we must have armaments we must lend rein and scope to the business methods of the armorers. What happened at Briey, considered in this light, was very simple: The mere working out of the profit system in armaments to its perfect, logical, and ultimate conclusion.

CLIMAX--THE DE WENDELS

The episode of Briey brings us now to the pinnacle of the armament structure. Who held the impulsive line officers in check? Through whose influence was the general reprimanded?

We must look higher than to Schneider-Creusot for the final answer. For far overtopping Schneider-Creusot and its subsidiaries stands that great organization of iron and steel manufacturers, the Comité des Forges de France.

The Comité des Forges is not, as it has frequently been called, the "French Steel Trust." It is not a cartel. Individual French iron and steel companies are bound together by rigid agreements covering quotas and prices into great groups like the Comptoir Sidérurgique de France or into lesser ones like the Comptoir des Rails or the Comptoir des Demi-Produits. The Comité cannot be said to "combine" these organizations; in actuality, however, it remains the most powerful iron and steel organization in France. It does not sell; it does not produce. Its activities are more subtle, more delicate than that. Essentially, its held is in the strategy and tactics of the iron and steel industries; accordingly, politics and propaganda are its principal concerns. It does not have subsidiaries; it has members that pay dues into its central treasury either upon a basis of their tonnage production or the number of their employees.

Two hundred and fifty companies-mines, smelters, metallurgical establishments, foundries-make up its membership, and of these 250 companies, over 150 are armament concerns. The nominal capital stock of the member companies of the Comité totals some 7,500,000,000 francs, yet some accountants have placed the figure for a true valuation as high as 40,000,000,000 francs. The chief officer of the Comité, the president, is a man of whom we are to hear much more in just a moment. He derives his power not only from being president of the Comité but as one of the principal owners of his own iron and steel concerns. Beneath him and his administrative board on the Comité there spread out six regional committees: The Loire, Nord, l'Est, Minière d'Alsace-Lorraine, Forges de Lorraine, and Champagne. The total tonnages that the members of the Comité produce in France in a typical year are, for pig iron, some 10,000,000 tons, and for steel some 9,500,000 tons.

Membership begins with firms that may actually be as small and unimpressive as the capitalization would make them seem; it ends in the grand climax of member nor,

Schneider-Creusot-whose capitalization of 100,000,000 francs reflects only a fraction of its true importance. The great and the little, thus bound together, make up the power and the glory of the Comité. It controls the press; it has the ear of the foreign office. Former President Millerand has been its legal defender; former President Doumer was a director of one subsidiary; present President Albert Lebrun is a former director of another. So-most significantly of all-is former Premier -André Tardieu, great leader of the Right. There was no stronger influence upon former Premier Poincare in his occupation of the Ruhr than the Comité; the present agitation over the Saar Basin springs from its headquarters. It is governed by a commission of directors, and upon this commission as president-we must now displease another lover of anonymity-there sits the misty and cloud-wreathed figure of François de Wendel. François de Wendel comes legitimately by his present power and position; his family have been Europe's armorers since before the French Revolution-although the De Wendels have not always been French, nor, even, always the De Wendels. There was once a Johann Georg von Wendel, who in the seventeenth century was a colonel in the armies of Ferdinand III of Germany. Since his time, however, the family generally has preferred to remain out of uniform, and the theory that in uniform there is no higher title or power than that of general, whereas by the process of foregoing the title the power may be vastly increased. The members of this family have always been uniquely international.

When their vast Lorraine estates lay upon soil politically German they attached to their name the prefix "von" and turned their eyes toward Berlin; when the political frontier shifted under their rich deposits of coal and iron they altered the prefix to "de" and looked to Paris.

Either capital was glad to claim them; the family was equally happy to serve either, or better, both. Today, for example, when political boundary lines throw most of their estates into France, but leave a few in Germany- the family consists preponderantly of De Wendels, but with a sufficient number of Von Wendels in reserve to manage its German affairs. (Being a De Wendel, however, is no necessary barrier to the perquisites and profits still obtainable from the German armament business, as will later appear.) In 1914 the ranking member of the family was Humbert von Wendel, a member of the German Reichstag, living at Hayange in Moselle, near the Saar Basin. after the Treaty of Versailles he became Humbert de Wendel. He still lives at Hayange, but is no longer a member of the Reichstag. A younger brother, Guy, is a French Senator, however, and of his other brother, the François of the comité, more later.

This international hermaphroditism is not a new family trait. The son of Johann Georg von Wendel, who fought for the German Ferdinand III, blossomed into Christian de Wendel, who was a follower of Charles IV of Lorraine. For a good period of years the family retained the prefix "de";

Christian's grandson, Ignace, was the true founder of the family's fortune-and this, curiously enough, began when he established at Creusot the works that the Schneiders were later to buy. When the Bastille fell Ignace's close relations with the monarchy drove him from the country. His properties were sequestered, but they were managed by his mother and were bought back through dummies for the account of his two sons. During this turbulent period the sequestered properties were arming the revolutionists, to the De Wendel profit, while the properties beyond the wabbling frontiers of the Republic were arming the monarchists, trying to regain power, and their allies-also to the De Wendel profit.

Then, with the Napoleonic Empire rearing its magnificence upon the ruins of the monarchy, an earlier François de Wendel (Ignace's son) returned to Paris to provide the armaments of the grande armée. The tragedy of Waterloo was no tragedy to the De Wendels; a cartoon of them going home after the battle to count their profit from it would not have been far-fetched.

Today's members of the family were, therefore, well equipped by wealth and heredity for the task of riding the political horses of France and Germany in the later years when Lorraine was to become one of the major circus rings for their virtuosity. Their long experience made Briey almost a minor episode to them. When a military advance turned a "French" possession into a "German" one, the De Wendels need have felt no great concern. Regardless of the national tag attached to these mines and smelters, they remained in the placid control of one or' the other branches of the family.

The François de Wendel of the present day is a poah-bah; his connections and directorships would fill this page. He is among other things a director not only of the French but of the German De Wendel companies. But that coincidence does not set forth his true qualities of being a poah-bah. Is François de Wendel, president of the Comité des Forges, faced with a financial problem? Then let him consult François de Wendel, regent of the Banque de France.

Is he in need of political support? François de Wendel, Member of the Chamber of Deputies for Meurthe-et-Moselle, intimate and supporter of André Tardieu, and time controller of some 60 deputies, is the man for him to see.

Does this or the other piece of news need to be "interpreted"? He cannot do better than to consult that powerful journalist, François de Wendel, who owns a majority interest in *Le Journal des Debats*, is the head of the group that in October 1931 (jointly with the Comité des Houillères, the coal cartel purchased the semi-official newspaper of the French Government, *Le Temps*, controls the *Journee Industrielle*, and is a power in the management of *Le Matin*, *L'Echo de Paris*, and the Agence Havas, the news-gathering organization upon which the provincial press of France very largely depends. Yet for all the illustriousness of this multisided man the newspapers of France almost never mention his name. He does not like publicity.

DOUBLE-EDGED SWORD

Conspirators is not an unfair word to apply to the armament makers of France-yet it must not be used with any melodramatic connotations. Probably the conspirators are not bad men at all in their personal lives and their individual contacts with society. Sir Basil Zaharoff, the passion of whose declining years is orchid culture, would probably not be aghast at the suggestion that he was the greatest murderer the world has ever known. He has heard it too often. And he may even enjoy the irony of his gifts (they took a few millions out of the hundreds of millions he made from the World War) for hospitalization of the war wounded. But probably Eugène Schneider and François de Wendel are lovable old gentlemen who weep at a Chopin ballade. If an advance angel of judgment should undertake today to quiz the de Wendels or Eugene Schneider on the ethics of their business, they would unquestionably answer: (a) They did not invent the passions and cupidities that lead to war; (b) If they did not supply the demand for armaments, someone else would; and (c) They inherited the business, anyway.

All of which is perfectly true. Then why are these men conspirators? They are conspirators because they have no loyalties; because theirs is the sword that knows no brother.

The rise of Hitler to power in Nazi Germany provides a neat example of this-and into the bargain shows what a double-edged sword it is that the armament makers wield. In Germany the greatest steel company is the Vereinigte Stahlwerke A.-G. and for its head it has Fritz Thyssen, king of the Ruhr. It was Thyssen who was Hitler's angel; who, as one move in a battle to retain control of his industrial affairs (dealt a desperate blow by Germany's banking crisis of 1931) began pouring money into the treasury of the Nazis to assure to himself the help of a friendly government. So far nothing improper; if Thyssen believed in the Nazi philosophy or the good it might do him, there was no real reason why he should not lend Hitler all the financial support he wanted to. In 1932 old Fritz Thyssen capped many previous generousities with a single contribution of 3,000,000 marks for the German presidential campaign. But old Fritz, despite his personally violent nationalism, was not at all hostile to the de Wendel-Schneider interests in France. He favoured, in fact, a working compact with them so long as he could retain unhampered control of his own properties. We see, then, the spectacle of a Nazi supporter .on the one hand breathing fire against France, and on the other sitting down on terms of thorough understanding with the principal armament firm that represented the implacable political enemy of his country.

But that does not complete the picture. The Comité des Forges and Schneider-Creusot were not at all unwilling to see Hitler gain ascendancy in Germany. Here the documentary proof is lacking, but the inferential proof is close to inescapable. In 1933

Hitler sued a German journalist for having made the statement that Skoda-and, through Skoda, Schneider-Creusot-had contributed to his campaign expenses. When, however, he was challenged to make a direct denial that this was so, he stormed from the witness stand, cursed the opposing lawyer for a Jew, never specifically answered the question, and was subsequently fine d 1,000 marks for contempt of court as a result. De Wendel and Schneider, according to their immemorial custom, said nothing, and nowhere has a denial of the accusation ever been made. In other words, as the record stands, the leading munitions makers, not only in Germany but in France, united in their support behind the one man most capable of stirring up a new outbreak of international anarchy in Europe. And by a curious coincidence-here is where the sword presents its other gleaming edge-the de Wendel-controlled newspapers in Paris immediately broke out in a fever of denunciation against the Hitler regime and called for fresh guaranties of security against the menace of rearming Germany.

Awake, La Patrie!

ARMORER'S PHILOSOPHY

In that one example the whole philosophy of most armament makers reveals itself. Keep Europe in a constant state of nerves. Publish periodical war scares. Impress governmental officials with the vital necessity of maintaining armaments against the "aggressions" of neighbour states. Bribe as necessary². In every practical way create suspicion that security is threatened. And if you do your job thoroughly enough you will be able to sink into your armchair and re-echo the contented words of Eugène Schneider, announcing a dividend to his shareholders: "The defense of our country has brought us satisfactions which cannot be ignored." For the armament industry operates with one curious advantage over any other business in the world; the greater the competition the greater the amount of business for all competitors. Perhaps it was Sir Basil Zaharoff who first discovered this economic fact when he played his one-submarine-two-submarine game with Greece and Turkey. At any rate, salesmen for the armament industry know the fact well and build on it today. If a Schneider-Creusot salesman sells 100,000 rifles to Yugoslavia he has already eased the path of the Vickers-Armstrongs salesmen in selling 200,000 rifles to Italy. "Under this strange system", the French economist, Delaisi, wrote not long ago, "the war potential of a great country, or of a group of countries, is strengthened by the development of the adverse military power. The trade in arms is the only one in which an order obtained by a competitor increases that of his rivals. The great armament firms of hostile powers oppose one another like pillars supporting the same arch. And the opposition of their governments makes their common prosperity."

WHO HOLDS THE BAG?

A very handsome prosperity it has been; one that has endured as few others during the stormy days since 1929.

As a result of the operations of these highly international concerns the world's yearly armament bill stands now in the vicinity of a billion and a half dollars. During the last few years the Far East in particular has contributed much to satisfy the MM. de Wendel and Schneider-to say nothing of Vickers-Armstrongs Sir Herbert Lawrence. Japan has been a highly profitable customer; the firm of Mitsui, allied to both Schneider-Creusot and Vickers-Armstrongs, served its country splendidly when Manchuria was flaming brightest. It also served China excellently. In 1930 China, the world's largest importer of arms bought almost 40 percent of its war materials from Japan. The European armament makers who were supplying this trade found the free port of Hamburg convenient; during one famous week in 1932 there cleared from Hamburg two ships loaded with dynamite, grenades, and airplane parts; another with 1,000 cases of explosives, another with 1,700 cases of ammunition, and still another, bringing up a triumphal rear, with 100,000,000 francs' worth of French machine guns. The world traffic in arms has continued unceasingly since the war; the armament leopards have never changed their spots. Details upon detail, incident upon incident, illustrate how well the armament makers apply the two axioms of their business: when there are wars, prolong them; when there is peace, disturb it. Let one incident suffice here.

Inevitably, after the war, Hungary caught the itch to rearm. The Treaty of Trianon, by which she made peace with the Allies and associated powers, forbade it. Schneider-Creusot, however, was above treaties. Hungary got the money with which to place a large order with Skoda, the Schneider-Creusot subsidiary in Czechoslovakia-got it through the Banque Générale de Credit Hongrois, which in turn is financed by the Banque de L'Union Parisienne, of which Eugène Schneider is a director. Thus it was that Schneider contrived once again to circumvent his government and rearm a nation that France had spent blood and treasure in the attempt to disarm.

But the story does not end here. When the Hungarian loan fell due it seemed inevitable that Hungary would default. Thereupon it was conveniently arranged that Hungary negotiate a loan from the French Government. The plan went through like clockwork. The French Government lent the Hungarian Government just enough money to repay the Schneider firm. The money was transmitted through M. Schneider's Banque de L'Union Parisienne, instead of, as one might have expected, through the Banque de France.

One voice crying in the wilderness was the voice of the French deputy from the Creusot district, Paul Faure. Several times in 1931 and 1932 M. Faure made speeches

to the chamber. He raised the question of the Hungarian loan and asked, in essence, Who holds the bag? Obviously not Skoda;

It had paid a dividend of 5 percent in 1920 and a dividend of 28Y2 percent in 1930, with never a recession in its steady year-by-year increases. He went further; he traced from the early days of the century the curious fashion in which French governmental loans insisted on relating themselves to Schneider-Creusot orders. Throughout these years France had made loans to Mexico, Greece, Japan, Russia, Spain, Italy, Rumania, Serbia, Bulgaria, and Turkey, and every one of these countries had thereupon placed armament orders with Schneider-Creusot. The last two countries had, in fact, pushed the return compliment as far as turning French guns, so brought, upon French troops at the outbreak of the war. Almost inevitably, M. Faure pointed out, there sat on the directorate of the financing bank of the country that bought the armaments a representative of Schneider-Creusot or some other member of the comité. This precaution did not, however, prevent most of these loans from being in default. Coming to the present, said M. Faure, "we find M. Schneider arming Bulgaria, M. Schneider arming Turkey, Skoda supporting Hitler, Franco-Japanese, Franco-Argentine, and Franco-Mexican banks. This is all "-he ended with a masterpiece of moderation-" extremely suspicious." Then, having made these revelations, Mr. Faure shortly after found himself defeated for re-election to the chamber; he was, after all, a deputy from the Creusot district, and M. Schneider found it more convenient to bring about his defeat than to listen to more of his speeches.

RAY OF HOPE

Have governments ever taken any steps to confiscate the business of the armament makers? Very few. In the early days after the war Europe's governments had small heart for proceeding against their betrayers, even though the waxen seals on the Treaty of Versailles were scarcely hard before they were once again busy disturbing the peace.

And although the conviction began later to grow among Europe's more enlightened statesmen that something had to be done about the De Wendels, the Schneiders, and their breed, governments were puzzled to know what it could be. A nation that suppresses or confiscates its private armament industry is faced with these alternatives:

- (a) It must disarm;
- (b) it must become exclusively an importer of arms;
- (c) it must make arms manufacturing a function of the state, which means, in effect, that the state must become (or inevitably thinks it must) a vast arsenal, since, having no opportunity to keep plants large and active by supplying an export trade, it must

manufacture in quantities sufficiently large so that it could step overnight from a peacetime to a war-time production schedule.

Therein lay one difficulty. But why could concerted action toward disarmament make so little progress? One important reason was first laid bare by Lord Robert Cecil.

There is a very sinister feature-

He said

to all the disarmament discussions. I refer to the tremendous power wielded against all the proposals by armament firms. We must aim at getting rid of this immense instrument in the maintenance of suspicion.

Yet in 1932 the Disarmament Conference was enriched by the presence of M. Charles Dumont, of Schneider-Creusot, president of the Schneider-controlled Banque Franco-Japonaise, on the French delegation. The British delegation was similarly benefited by the advice of Col. A. G. C. Dawnay, the brother of a director of Vickers-Armstrongs, and now the political supervisor of the British Broadcasting Corporation.

If the armament business were conducted by an outlawed band of international gangsters, the problem would be simple to define. The difficulty is that precisely the opposite is the case. The armament business is a part of the most essential industries of industrialized nations-steel and chemicals. But even so, the problem does not become acute until you have a nation in which the biggest part or a very, very large part of these essential industries is the manufacture of the actual munitions of war. Such is the case in France and also in Czechoslovakia and potentially in Germany. No American would be shocked to hear that the steel business and the coal business of Pennsylvania, owners and workers together, exercised big political influence in Pennsylvania and, through Pennsylvania, upon the Nation.

Now, put Detroit also in Pennsylvania. And then suppose that by far the most profitable part of the combined steel, coal, and motor-car industry were the manufacture of munitions. And then try to imagine a Senator from Pennsylvania convincing himself that there is no possible chance of war with Japan and that therefore both the American Navy and the American Army are much too big.

While this may make it easy to understand why Messrs. de Wendel and Schneider should be so influential in France, it brings us no nearer a solution. To deal with the general problem of disarmament in all its phases would be impossible within the limits of this article. Suffice it to say, the simplest solution is to have the State take over all the manufacturing of munitions. But to do that, the State would have to take over most of the essential industries of modern life. And for anyone but a 100-percent Socialist, that is not simple at all. Russia is today the only country in which there is no private manufacture and sale of armaments.

Then is there no hope? Is Europe caught so tight in the steely grip of the armament makers that it can only do their bidding?³

Well, the grip is pretty tight, yet there is some hope.

Perhaps there is a war coming but first there is a fight coming.

And in recent months that fight has loomed most noticeably in France. The Comité des Forges has decidedly not been a popular name in France these last few months. To be exact, it never was a popular name. Just as a politician in the United States was always against Wall Street during his campaign, so in France many a political victory has been won by accusing the opposition of being in the pay of the Comité des Forges. Of late, as political tension in France has grown hotter, so resentment against the de Wendels and the Schneiders has grown more bitter.

No country has more to gain from peace and the sanctity of treaties than France. So it is not surprising to find that many Frenchmen are now saying that France made a tragic mistake in supporting Japan (in a backhand manner) in the Manchurian affair. And they note, with bitterness, that it was the de Wendel press that wanted to let Japan have her imperial way.

To France's great credit it must also be said that, except in the Manchurian affair, France has been, for her own best interest, the staunch supporter of the League. More than that, her Briand was unquestionably the greatest peace man of the post-war decade. Today, many a Frenchman is resentful of the fact that Briand's policies did not succeed in conciliating Germany, and while blaming Germany most, he wonders whether the failure was not helped along by the patriotic M. de Wendel.

By the time this is published France may have chosen her next major political direction. If Herriot should come to power again, it may well be that he will feel a mandate even more powerful than ever before to fight against the warriors of Europe—and to include among his enemies the armorers, greatest of whom are the greatest industrialists of his own land. For they are sometimes not too clever, these Schneiders and De Wendels. And they seem to miss one point: the fire trenches and shell holes that scar the countryside in war time are only the primary lesions of an international social disease. When the disease at last inevitably attacks the blood and bones of nations that have gone to war even De Wendels and Schneiders can suffer-suffer with their tottering banks, their dropsical holding companies, their shocked and collapsing industrial empires.

Within their long lives, however, neither François de Wendel nor Charles Prosper Eugène Schneider has ever let drop a word to indicate that he sees any connection between his business and an eventual ruin of his capitalistic industry. Only Sir Basil

Zaharoff, doddering brokenly in his wheel chair, seems to give any outward evidence of disillusionment. That may be only because he gambled \$20,000,000 of his personal fortune on the only war in which he ever took emotional sides-the Greco-Turkish War in 1921-and lost it.

Or it might be because he was always the cleverest, anyway.

APPENDIX: ARMS AND THE MEN

Love thine enemy

The armorers, after all, are the true internationalists. Regardless of their nationalities, they work in concert at the two axioms of their trade-prolong wars, disturb peace.

Between 1914 and 1913 they practiced constantly a neat practical way of prolonging war. It was this: If your enemy is in danger of running short of a basic raw material that he needs in the business of destroying your troops, sell him some out of your own surplus stocks.

Such interchanges went on constantly during the war always, of course, through a neutral intermediary. (The amenities of warfare must be observed, even at some in convenience.) Throughout the war English and French industries maintained to Germany a steady stream of glycerine (for explosives), nickel, copper, oil, and rubber. Germany even returned the compliment; she sent France iron and steel and magnetoes for gasoline engines. This constant traffic went on during the war via Sweden, Norway, Denmark, Switzerland, Spain, or Holland, by the simple process of transshipment-enemy to neutral to enemy.

It is no bristling Communist who supplies corroboration, but as conservative and well-considered a gentleman as Rear Admiral Montagu William Warcop Peter Consett, who was British naval attaché in Denmark between 1912 and 1917 and in Norway and Sweden between 1912 and 1919.

He stated, in so many words, that if the "blockade" of Germany had been really effective during 1915 and 1916 Germany would have been forced to her knees long before the collapse of Russia permitted her to prolong the struggle by throwing more troops into the trenches of the western front. And it is he who is responsible for the following statement:

In 1915 England exported twice as much nickel to Sweden as in the 2 previous years put together. Of the total imports of 504 tons, 70 were reshipped to Germany. But it can be said that the total importation served the

needs of Germany, for the remaining 434 tons were used in Sweden for the manufacture of munitions.

And so it went. Germany throughout the war had urgent need of nickel, aluminium, and chemicals like glycerine for explosives. France, because the rich Briey Basin and other sources were out of her control, had to scratch hard for iron and steel. Continuously, therefore, what one nation lacked the armament manufacturers of an enemy nation did their urgent best to provide. Month after month, during the war, German heavy industries exported an average of 150,000 tons of scrap iron, steel, or barbed wire to Switzerland, where, having been smelted to a more convenient form, it was then transhipped to France. France, in her turn, shipped chemicals to the Lonza Co. (a Swiss industrial concern, German-controlled, but with directors who were French, Italian, and Austrian as well), from which they reached munitions works in Germany. It was all very profitable-and the splendid war went on and on.

March 12, 1934

MANUFACTURE OF MUNITIONS OF WAR

Mr. NYE. Mr. President, early in February two resolutions bearing upon the subject of the manufacture of munitions of war were submitted-Senate Resolution 179, by myself, and Senate Concurrent Resolution 9, by the junior Senator from Michigan [Mr. VANDENBERG].

These resolutions have now been referred to the Committee on Military Affairs. A subcommittee has been appointed to consider them. The chairman of that subcommittee has indicated a desire that the authors of the two resolutions be heard upon a resolution that would accomplish the purposes both were seeking. To that end the Senator from Michigan and I have prepared a resolution which we believe does accomplish what each of us is seeking.

I ask unanimous consent at this time, on behalf of the Senator from Michigan and myself, to submit this resolution and have it referred to the Committee on Military Affairs; also, that it may be printed in the RECORD.

There being no objection, the resolution (S.Res. 206) was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:
"Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and
"Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

"Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27; 1930, responding to the longstanding demands of American war veterans, speaking through the American Legion, for legislation to take the profit out of war " created a War Policies Commission, which reported recommendations on December 7, 1931, and on March 7, 1932, to decommercialize war and to equalize the burdens thereof; and

"Whereas these recommendations never have been translated into the statutes: Therefore be it

"Resolved,

That a special committee of the Senate shall be appointed by the Vice President to consist of five Senators, and that said committee be, and is hereby, authorized and directed-

"(a) To investigate the activities of individuals and of corporations in the United States engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war; the nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, munitions, or other implements of war; the methods used in promoting or effecting the sale of arms, munitions, or other implements of war; the quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof; and "

"(b) To investigate and report upon the adequacy or inadequacy of existing legislation and of the treaties to which the United States is a party for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries; and

"(c) To review the findings of the War Policies Commission and to recommend such specific legislation as may be deemed desirable to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

"(d) To inquire into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions and other implements of war, and to submit recommendations thereon.

"For the purposes of this resolution the committee is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be

in excess of 25 cents per hundred words. The expenses of the Commission, which shall not exceed \$50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman."

1 One independent armament firm is the Anciens Establishments Hotchkiss & Cie, founded by Benjamin Berkeley Hotchkiss, American engineer, and inventor of the Hotchkiss machine gun, born in Watertown, Conn., in 1826. British, French, and American capital are intermingled in the company now, but the managing director is a self-expatriated ex-ensign of the United States Navy, Laurence Vincent Benet, uncle of Stephen Vincent Benet, the poet. His American citizenship did not stop him from selling tons of guns and other war materials to Japan at the same time that Secretary of State. Stimson was vainly trying to keep the Japanese out of Manchuria.

2 Scarcely a year old is the arms scandal in Rumania. In March 1933 the Rumanian Government discovered that the Skoda Works had evaded taxes to the extent of 65,000,000 lei (something over \$600,000). It looked into the safe of Bruno Seletski, Skoda's agent in Rumania, and discovered that he had distributed more than 1,000,000,000 lei (close to \$10,000,000) among the "right" officials of both the Government and the army, and their wives and mistresses, and that hundreds of thousands had gone to .. charity " and .. entertainment.. because the beneficiaries .. will be used by us some day." There was an intense amount of internal and international noise over the scandal, but it subsided in the general political turnover in Rumania last fall. And everything, including the bribes, is just about where it was except General Popescu, who in a fit of conscience shot himself fatally through the head.

3 Parenthetically it will be recalled by those who have followed the dreary course of disarmament conferences that Russia, in the mouth of Comrade Maxim Litvinav, has been the most consistent and the loudest advocate of disarmament.

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