

# Origin of the World's War Scares

[From a speech by Mr. Philip Snowden before the British House of Commons, March 18, 1914.]

What are the obstacles in the way of a substantial reduction of this expenditure? Why is it mounting up? The governments—not only our own government, but the governments of all the European nations—profess to deplore it. The only speech I have heard upon the question by a responsible minister in recent years who did not deplore it and who did not make an appeal for a better understanding between the nations of Europe was the first lord of the admiralty yesterday. The only thing in which he appeared to glory was that even the smaller nations of Europe were now getting a mania for a fleet and were trying to emulate the example set them by the great nations of Europe. What, in spite of these conditions, is the obstacle in the way of a better understanding? Lord Welby, who has held the highest and most responsible position as a permanent civil servant in this country, who was at the head of the treasury, who is a man of world-wide reputation in matters of financial knowledge, and a man of sterling probity, was speaking on this question a few weeks ago, and he said:

"We are in the hands of an organization of crooks. They are politicians, generals, manufacturers of armaments and journalists. All of them are anxious for unlimited expenditure, and go on inventing scares to terrify the public and to terrify ministers of the crown."

The late permanent secretary to the treasury says:

"We are in the hands of an organization of crooks."

I referred to the slang dictionary to see what was the meaning of "crooks." I was familiar with it only as the name of a very popular and very peaceful member of this house. When I turned up the meaning of this word in the dictionary I found that the same word may very often represent very different things. I find that the definition of "a crook" is—it is an ugly word—"a thief," "a swindler," "a man who gains his ends by crooked ways." Let us translate Lord Welby's words. He says:

"We are in the hands of an organization of thieves! Swindlers! They are politicians, generals, manufacturers of armaments, and all of them are anxious for unlimited expenditure, all go on inventing scares to terrify the public and to terrify the ministers of the crown."

That is an extremely serious charge to be made by a responsible ex-public servant like Lord Welby. Can it be substantiated? I venture to submit to this house that it can be substantiated up to the hilt. We had a scare in 1909. That was not the first scare of the same character. If time would permit I could go through half a dozen previous scares and show that the features of each were precisely the same. They were all engineered during a time of trade depression and engineered for the purpose of forcing governments to spend money in the provision of additional armaments. I am not going to deal at any length with the scare of 1909. It is so recent and the facts that later came to light were so remarkable that possibly the incidents are fairly well known. What was the state of trade in the shipbuilding world, and in many of the armament firms at the time when the scare was introduced? In the early part of 1909, Earl Cawdor, who presided at the Institution of Naval Architects, said:

"During the past twelve months, with the exception of the 'Vanguard' building at Barrow, not one British battleship has been laid down in a private shipbuilding yard at home."

The "Naval Annual" goes on to make a somewhat similar statement. I come to a statement made just about the same time by a gentleman who at that time was a member of this house, but who has since been translated to other regions. He was then known as Sir Charles MacLaren. He was the chairman and director of more than one of these armament firms. Sir Charles MacLaren, at the annual meeting of John Brown and Co., of which he is chairman, said:

"Things were bad twelve months ago, and he

was sorry to say they were bad still. He had seen no evidence of improvement during the past twelve months, and really there was very little evidence of distinct improvement in the immediate future."

What was going on at the time of this exceptional depression? Why all these firms were engaged in increasing their capital, putting down new slipways, preparing for the time which they knew from past experience, and their knowledge of instruments they were able to work, would come sooner or later. Just before the scare, Armstrong, Whitworth and Co. had equipped a new gun mounting shop, with three erecting pits and ample storage room for ordnance; the Coventry Ordnance Works, Limited, had completed in 1908 their great gun-mounting establishment at Scotstoun. Messrs. Beardmore and Co., Limited, with the aid of Vickers, Limited, had been making extensions at Parkhead Works. All this time these men and their representatives were working behind the scene. The house will remember the Mulliner incident. Mr. Mulliner was a director of the Coventry Ordnance Works. What is the Coventry Ordnance Works? It is another name for John Brown and Co. The Cammel Laird Company and the John Brown Company own half the shares. Now we had it on the authority of Mr. Mulliner himself that for three years before 1909 he was constantly writing to the government and appealing to them in other ways to spend more money upon armaments, and giving them information, which was afterwards found to be totally untrue, in relation to what Germany was doing. I do not suppose that is a very usual practice for cabinet ministers to interview commercial travelers and touts, but they made a departure on this occasion, and after three years of impotency, they enlisted the services of this gentleman, who was received by the prime minister and other members of the cabinet; and then the prime minister and the first lord of the admiralty came down to this house with that bogus story about the acceleration of the German programme, and it has since come to light that their only authority was the man whose works were standing idle at that time, and who was anxious to get government work. The statement which the hon. member for Fareham (Mr. Arthur Lee) made himself responsible for at that time will not be very soon forgotten. A cry went up: "We want eight, and we won't wait"; and they did not wait, and then the contingent ships were laid down, and they got the work. These are the very men who had been using this means to induce the public to spend money.

I find from the Navy League Annual, that before this scare the amount of private contracts for new construction was £7,000,000. The year 1910-11 was the first year of the new programme, and in that year private contracts went up by £4,500,000, but there was no more work given to the government dockyards, it all went to private contractors of the armament ring who forced the government into this expenditure. I remember my hon. friend the member for Woolwich (Mr. Crooks) pleading with the then first lord of the admiralty for some work for Woolwich. Hon. members smile at that, but there you have the painful illustration of how this system incidentally makes a man do a thing which his party utterly abhorred. But the first lord would give no part of the additional work to Woolwich. It all went to increase the profits and the dividends of these private firms. What do we find on examination of the balance sheets of the firms which constitute the armament ring. I find in the year before the scare Messrs. Vickers' profits amounted to £424,000. Two years after that they were nearly double that amount. Every year since the success of their intrigue their profits have gone up—£474,000, £544,000, £745,000, £872,000. The precise figures of their profits for the last twelve months are not yet obtainable, but they show another addition, so that their profits are increased by £500,000 a year as a result of the success of the scare they engineered four years ago. Now what are the other component parts of this ring? Let us take Armstrong. That is the other firm in this ring of which the first lord of the admiralty spoke very affectionately some time ago. He said that the relations of the admiralty with Vickers and another large firm in the trade are far more cordial than the ordinary relations of business. That might be one reason why the representative

of these firms was received in audience at a cabinet council. In the year of the scare Armstrong's profits amounted to £429,000. They went on mounting up until last year, 1912, they had risen to £777,000 with an increase in dividend. Another firm, Messrs. Beardmore, shows on examination of their profits exactly the same thing. In 1909 their profits were £72,000; in 1911 they were three times that sum—£201,000.

I have spoken of the armament ring. What is that ring? It is a combination of four, or five—strictly speaking—of the principal firms engaged in this trade. Patriotism is not one of the distinguishing features of the trade methods of this great combine. For instance, I find Messrs. Vickers have works at Barrow, Sheffield, Birmingham, but they do not confine themselves to this country. They have a yard at Placentia de las Armas, in Spain; they have another place in Spezia, in Italy. They are evidently taking time by the forelock. They anticipate the promise of a Mediterranean squadron. It is no wonder that I find the shares of Vickers, Armstrong and Co., Cammel, Laird and Co., went up on the stock exchange after the report of the first lord's speech. They have also an interest in the Whitehead torpedo factory in Fiume, in Austria-Hungary, and it is against Austria we are asked to lay down this fleet in the Mediterranean. And, again, as the newspapers have reminded us so much in the last week or two, they have a place on the Volga, in Russia; indeed, they have two. They have also a shipyard in South America, and in anticipation of the development of the Canadian navy, they have laid down works in Montreal. Another component part of the trust was there before them, and John Brown and Co. have what is going to be the largest shipyard in the world in New Brunswick.

I said patriotism is not a distinguishing characteristic of the methods of these firms. As a matter of fact, these firms are not English. Their management is international and their shareholders are international. For instance, I find on examination of the share lists of Messrs. Vickers that they have shareholders living in Italy, Japan, Russia, Brazil, Canada, Australia, China, Spain, and Chili; and, after all, I think we are entitled to say that these men are true internationals. Now I ask again what is this armament ring? It comprises Vickers-Armstrong, John Brown, Cammel-Laird—the Coventry Ordnance Works is a subsidiary firm. Vickers, for instance, not only own works directly, but they are large controllers of the Wolseley Tool and Motor Company and the Electric and Ordnance Accessories Company. Messrs. Beardmore not only own the business with which their name is associated, but they own half the shares of Whitehead and Co.'s torpedo manufacture; and Whitehead and Co. torpedo manufactures also have a large factory in Austria building torpedoes to destroy the ships that Vickers are building now. So the shareholders of the armament ring can look forward with equanimity to whatever happens. It is no matter to them whether it is an Austrian ship or a German ship, or a British ship that sinks, they can throw up their hats and shout, "More ships, more profits, higher dividends." John Brown and Co. have a great works at Sheffield with which their name is associated, they have a great shipping yard on the Clyde bank, and they have over seven-eighths of the shares of Thomas Firth & Sons, Limited, and half the shares in the Coventry Ordnance Works. But I may add that after the Mulliner incident this company changes their managing director. After the exposure of the means by which he succeeded in engineering the naval scare of 1909 the government came to the conclusion he was not the man who ought to be retained as managing director of the firm with which the government had contracts, therefore Mr. Mulliner was discharged, and there was appointed in his place an admiral of the fleet, with a salary of £7,000 a year and seven years' engagement. John Brown are also associated with Beardmore; they interchanged two directors with Palmer's Shipbuilding Company and Projectile Company, and they have one director in common with Richardsons, Westgarth and Co., Hadfield Foundry, Limited, and with Cammel-Laird and Co., so that when you touch one of the firms of this ring you touch the others. You do not know, to use the words of the coster song, "Which is which, and which is the other." I come now to the shareholders. I find the trustee for the debenture holders in Vickers is Lord Sandhurst, who, at the present time, occupies the position of Lord Chamberlain. I find that the member for the Hallam division of Sheffield (the Rt. Hon. Stuart-Wortley), who