



One of Britain's new "interceptor-fighters," which can go 300 miles an hour

ARMAMENT RACE: Britain, France and Germany Rush Toward War-Time Bases

Winston Churchill, a cherubic reddish-haired *Cassandra*, bobbed up in the House of Commons again last week to warn his countrymen of the "remorseless hammers" of the rearming world.

He wanted British industry put on a war-time basis. He emphasized his earlier claim that Germany spent \$4,000,000,000 for rearmament last year. When he first used that figure, Britons branded it fantastic, only less wild than his statement that Germany has 20,000 fighting planes.

A curious slip justified his aviation figure to anti-German Britishers recently. The German Censorship passed a *communiqué* which read: "The Air Ministry regrets to announce that Chief of Staff General Wever has been killed in a crash while flying in an air-plane belonging to Squadron No. 253." Reporters multiplied the figure by the planes in a German squadron—27, or 6,831. Allowing three replacement machines for each first-line ship, the amazed calculators estimated that the Reich had 20,000 machines.

Last week Neville Chamberlain, cautious, conservative Chancellor of the Exchequer, virtually confirmed the \$4,000,000,000 figure. "I see no reason," he said coldly, "to think the figure mentioned excessive, altho there are elements of conjecture."

Wary Statesmen—With vague reassurances unstudded by actual details, government spokesmen tried to quiet the nervous Commons. "It would not be proper for me to disclose any facts or figures regarding other Powers' production," Sir Thomas Inskip, Coordination Defense Minister, announced, "but it is the Government's plain duty to make and carry out a program to match the expansion of any foreign air force, whatever it may be."

In ever-increasing numbers, he announced, plants were turning out more "interceptor-fighters," small attack planes

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with the terrific speed of 300 miles an hour. British housewives got a more definite inkling of the size of Britain's war boom. So many girls left private kitchens for work in munitions plants that the country faced a serious servant shortage.

Yet the \$940,000,000 the country is spending for defense this year, and indeed Britain's whole budget of \$3,989,485,000, fades before Germany's gigantic \$4,000,000,000. Mr. Chamberlain admitted that his carefully balanced books already indicate a \$100,643,000 deficit. To finance the race with Germany, some Englishmen clamored for a huge popular defense loan.

The munitions business boomed. The *London Daily Herald* has proved that \$2,500 put in certain war stocks a year ago, would have already produced a 900 per cent. return. British pacifists' plans to take the profit out of war broke down.

Meanwhile, in France, Premier Léon Blum's Socialist Government was beginning its first tentative efforts toward State ownership of the arms industry. By the tremendous vote of 484 to 85—100 Centrists and Right-wingers joining the Popular Front—Deputies voted Blum's famous measure nationalizing munitions.

Powers Conferred—The bill empowers the Government to expropriate by decree all arms-makers, compensating them either by outright purchase of the stock or by exchanging the stock for government bonds. The compensation will depend on the average price and average dividends paid by the firms during the past seven years. In case companies manufacture both war materials and peace-time products, only the war end of the business will be taken over.

France plans a gradual nationalization, possibly beginning with the great Schneider-Creusot manufacturers of guns and shells. Edouard Daladier, Defense Minister, assured the Deputies that the Government would not spend more than 1,000,000,000 francs (\$66,000,000) under the measure—a negligible sum in the war business. Most correspondents believed it would be six months or a year before the bill takes any noticeable effect.

Advocates of nationalization hailed the action as a good example rather than a great accomplishment. Paul Faure, lean-faced Minister of State and Secretary of the Socialist Party, would have preferred a 100 per cent. nationalization. Yet he rejoiced at the success of the plan he had urged for years. In peace, he said, the government would not promote international tension to help business; in war its swifter and more efficient mobilization of the industry would help defense.

Faure admitted the measure would have no effect on the French-controlled munitions works abroad, like Skoda in Czechoslovakia, because of their nominal independence.

Strong Union—Nor does the bill dissolve the *Comite des Forges*, all-powerful union of the men behind the French arms indus-

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try, since nominally it is a steel manufacturers' association. Last year its members sold Germany 6,000,000 of the 12,000,000 tons of iron ore she had to import for rearmament purposes. "That means," the weekly *Vu* pointed out, "that of every two German shells, one is of French origin, and as such has brought profit to the *Comite des Forges*."

In the last analysis, France's long-heralded nationalization bill is permissive—not obligatory on the Government. In Britain and other frantically rearming States, men and women anxiously waited to see how it would work.

"There is no evidence," the Liberal *Manchester Guardian* insisted, "that the French Government is insincere or half-hearted in its intentions. . . . France believes that she is paving the way for a wider and effective international agreement on the control of the arms traffic, an agreement which our own British Government has so far done its best to obstruct. The new bill is an international precedent. What is to be this country's reply?"