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A history of

The Blockade of Germany

*and of the countries associated
with her in the great war*

Austria-Hungary, Bulgaria, and Turkey

1914 - 1918

*Acquired by
A. C. BELL*

(Historical Section, Committee of Imperial Defence)

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P R E F A C E

IT was originally hoped that a history of the blockade during the great war might be included in the official history entitled *Naval Operations*, but this was found impracticable.

It seemed to the Foreign Office and to those who will be responsible for the future education of British naval officers that it was really important that a history of the blockade should be compiled, and it was accordingly proposed to the committee controlling the official histories of the great war that this work should be undertaken; the committee accepted the suggestion, and Mr. A. C. Bell, of the Historical Section, Committee of Imperial Defence, was entrusted with its compilation. The Library of the Foreign Office, which is responsible for all historical work that is undertaken by that department, and the Historical Section of the Committee of Imperial Defence, which is responsible for producing all the official histories of the war, became conjointly responsible for putting together, and making available, the material upon which this particular history was founded, and for exercising some general supervision over its production; as this conjoint responsibility has throughout been a cordial co-operation, it has never been necessary to settle what share of responsibility was borne by the Library or the Historical Section. It soon became apparent that the work would not be suitable for publication, but (like the official *History of Military Operations in Persia*) should be printed and kept solely for official uses.

The history is principally based on official material contained in the archives of the departments concerned with the direction of the blockade—first and foremost the Foreign Office, and then, though in a noticeably less degree, the Admiralty. It was not practicable to consult the archives of the Board of Trade owing to the time limits imposed on the historian, who was obliged to content himself with the Board of Trade letters which appear in the Foreign Office files. The typescript was submitted to the Admiralty, who made a number of valuable suggestions; the Board of Trade also received a copy of the typescript, but they declined to take any responsibility for the history. In as much, however, as the general direction of the various operations (apart of course from the naval side), which are described as the blockade, was centred in the Foreign Office, where the Minister of Blockade, when appointed, was established, it is only natural that the bulk of the material on which the narrative is based is to be found in the archives of that office, which include those of the special departments created for the purpose of dealing with particular aspects of the blockade, such as the Contraband Committee, the War Trade Statistical Department, the Restriction of Enemy Supplies Department, the War Trade Intelligence Department and the Foreign Trade Department. It may therefore be desirable to state that, while the present work is an official history written from official archives, in this case mainly from those of the Foreign Office, it has never been the practice of that department to allow current policy to influence any historical research which has been undertaken at Foreign Office instance. At the same time, the official historian is under an obligation, in view of the nature of the material which he has been authorised to use, to consult with the officials of the department and to ascertain their opinions on the operations which he describes; and in the present case it was naturally desirable that as much assistance as possible should be obtained from officers who had actually taken part in the conduct of the blockade. The long list of Foreign Office officials, retired and active, who have assisted the historian shows that this has been done with regard to the present work.

Acknowledgments and thanks are accordingly due to many who have assisted the official historian by supplying material and by reading parts of his work and contributing valuable criticisms, especially to Lord Howard of Penrith, G.C.B., Sir Esmond Ovey, K.C.M.G., Sir Robert Craigie, K.C.M.G., Mr. Alwyn Parker, C.B., Mr. Gerald Spicer, C.B., Mr. O. O'Malley, C.M.G., and Mr. C. L. Paus, C.B.E. The work has also been scrutinised throughout by Sir William Malkin, G.C.M.G., Legal Adviser to the Foreign Office, and Sir Stephen Gaselee, K.C.M.G., the Librarian and Keeper of the Papers at the Foreign Office.

It is also desired to acknowledge, with thanks, the help of Mr. C. V. Owen of the Historical Section of the Committee of Imperial Defence, who compiled the statistical tables, and as Colonel E. Y. Daniel, C.B.E., the Secretary to the Historical Section considers the help that he has given to official historians for twenty years past to be a mere matter of duty which calls for no remark, this places everyone who benefits from his assistance under a very particular obligation to acknowledge it duly.

The historian has found it necessary on certain occasions to express his own views : these represent his personal opinion and are not necessarily endorsed by the Foreign Office or any other Department of His Majesty's Government.

Finally, the word blockade in the title of the book should be regarded as if it were placed in inverted commas : for the expression, though conveniently employed as a general description of the measures taken by this country to deal with enemy commerce during the great war, is technically inaccurate, as a legal blockade of the central powers, in the technical sense given to the word in international law, was never declared, and the powers taken by Order in Council to deal with the trade of the central powers generally, and Germany in particular, were justified as reprisals for their infractions of international law.

FOREIGN OFFICE, S.W.1.

1st March, 1937.

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TABLE OF EQUIVALENT WEIGHTS AND MEASURES

Weights and Measures :—

1,000 Kilos	= .984 ton.
1,016 Kilos	= 1 ton.
1 Cental	= 45.36 kilos = 99½ lbs.
1 Meterzentner, or metric cental, or quintal	= 100 kilos = 220 lbs.
1 Litre	= .88 quart.
1 Hectare	= 2.47 acres.

Money (1914) :—

		<i>s.</i>	<i>d.</i>
Argentina	1 Peso	= 3	11½
Austria-Hungary	1 Krone	= 0	10
Brazil	1 Milrei	= 2	3
Bulgaria	1 Lev	= 0	9½
Chile	1 Peso	= 1	6
China	1 Tael	= 2	6 to 3s. 4d.
Denmark	1 Krone	= 1	1½
France	1 Franc	= 0	9½
Germany	1 Mark	= 0	11½ abt.
Italy	1 Lira	= 0	9½
Japan	1 Yen	= 2	0½
Mexico	1 Dollar	= 2	0½
Netherlands	1 Florin or gulden	= 1	7½
Norway	1 Krone	= 1	1½
Paraguay	1 Peso	= 2	0
Russia	1 Rouble	= 2	0½
Spain	1 Peseta	= 0	9½
Sweden	1 Krona	= 1	1½
Switzerland	1 Franc	= 0	9½
Turkey	1 Piastre	= 0	2½ abt.
U.S.A.	1 Dollar	= 4	1
Uruguay	1 Peso	= 4	2 abt.

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CHAPTER I

INTRODUCTORY

Early British maritime practice, its affiliations to the civil law, how far it was influenced by treaties.—The principal doctrines applied in British courts of admiralty.—Why British rules of maritime capture were disliked by continental powers.—What disputed points were settled by the declaration of Paris.—Why the naval operations of the American civil war influenced the existing law and practice.—What new rules of capture were elaborated in the American courts.—Why British doctrines of maritime capture became unsteady during the nineteenth century.—British policy during the fifty years preceding the second Hague conference.—What doctrines were examined and settled at the second Hague conference.—What rules of neutral conduct were examined and settled by the conference.—The recommendation that an international prize court be established; its implications.—Continental and British doctrines on the law of blockade.—The law of blockade as established by the declaration of London.—Continental and British doctrines on the law of absolute contraband.—The law about conditional contraband was vague and unsettled.—Why the treatment of conditional contraband had been an important matter in earlier wars.—The differences between British and continental practice about conditional contraband.—The compromise on conditional contraband, and the rules established about neutral prizes.—The declaration of London and the practice of interception.—The false assumptions made by those who criticised the declaration of London.—Why old continental states were little damaged by maritime attack.—That the declaration did cause reasonable misgivings.—Why the declaration was not ratified.—The Board of Admiralty and the declaration of London.—Why economic coercion was a secondary object in our naval war plans.—The Admiralty issue new war orders which contain an economic object.—Enquiries into Germany's dependence upon overseas commerce.—The Admiralty's estimate of the consequences of economic pressure on Germany.—The Consuls disagreed with the Admiralty, who adhered to their opinions.—The Admiralty prepare new war orders in which the blockade of Germany is contemplated.—The naval and military war plans of the day are found to be incompatible.—Misgivings about the latest naval war orders.—In the war orders finally issued to the fleet the blockade of Germany is abandoned.—The final preparations for economic warfare, the significance of what was done.

IT is usual to introduce the history of an operation of war by an enquiry into its causes and origins; but, if a history of the economic campaign against Germany were preceded by a review of its first beginnings, then, this opening survey would be carried into the most distant epochs of our maritime history; for every war in which we have been engaged has obliged our statesmen to make adjustments between the conflicting demands of law and policy; and these manipulations, conducted during four centuries of war, by land and by sea, and recorded in the archives of our departments of state, constitute the store of knowledge that was transmitted to those who conceived and executed the blockade of Germany. The task of discovering what were the true beginnings of the operation must, therefore, be left to another historian, and it must here suffice to introduce the subject by a review of the circumstances in which British rules of maritime capture were digested into a code of law; and by a further review of the conferences and state councils in which the interception of Germany's sea-borne commerce was either contemplated or foreseen.

I.—Early British maritime practice, its affiliations to the civil law, how far it was influenced by treaties

The earliest courts of admiralty appear to have been little but local commissioners for settling questions relating to salvage; for selling goods and ships captured as acts of war and reprisal, and for apportioning the proceeds between the captor, the crown and the admiral. In the first part of the sixteenth century, however, these courts were virtually superseded by a body known as the high court of admiralty, which was empowered to judge whether captures were valid, and to stop any sale of captured goods, until judgement had been given. The court thus constituted had to decide between persons of different nationalities, and so collected to itself a number

of practitioners who were learned in the civil and the canon law, for these were then deemed a universal code of jurisprudence. Later, these practitioners became a collegiate body, known as doctors' commons, and it was in their archives—largely dispersed at their dissolution—that a great body of precedents was collected.¹

In the seventeenth and eighteenth centuries, the body of rules, which was steadily accumulating in doctors' commons, was considerably altered and expanded by the treaties of commerce that were negotiated between Great Britain and other maritime powers. It then became customary to insert contraband lists and free lists in these treaties, and to state in them how the two signatories would deal with enemy property captured at sea; that is, whether they would observe a very ancient rule that enemy's property could be captured wherever it was to be found, or whether one of the two signatories, when neutral, should have a right to convey enemy property to its own ships.² These treaties were as much part of international maritime law as the rules and precedents collected in doctors' commons, and were binding upon the admiralty court. Nevertheless, the lawyers who decided and pleaded in prize cases held, consistently, that their own rules were the orthodox law of nations, and that these treaties—when they differed from their own precedents—were specific abrogations of universal law.

The lawyers who were thus determined to administer international law—as they understood it—endeavoured, naturally enough, to make themselves as free of the executive as possible. How far they succeeded is a matter upon which historians must decide. The position at the end of the eighteenth century was, roughly, that admiralty judges and doctors' commons had a long tradition of independence behind them, in that some of their predecessors had more than once declared acts by the executive to be illegal, and had refused to administer them. In addition, the maritime wars of the eighteenth century had very much increased the volume of prize court cases, which were decided by rules that were in no way influenced by common and statute law. On the other hand, the court's commission was from the crown, in consequence of which, all orders in council relating to captures and to maritime cases were binding. Lord Stowell, the greatest of all the admiralty judges, explained, at great length, and with a masterly display of ambiguous language, that there could be no possible conflict between the orders of the crown and the body of international law which he administered. His predecessors had not found it so easy to reconcile the two.

It was during the long war against revolutionary France and the Napoleonic empire that cases decided in the admiralty court were first properly reported, and the judgments thus recorded have ever since been the substance of British maritime law. When, in 1908, the British crown lawyers drafted their statement of the law of contraband, of blockade and of destination, they relied almost entirely upon the judgments given between 1794 and the Peace of Paris (1814). It will therefore be proper to review this law briefly, without introducing those niceties that only trained lawyers are competent to explain.

II.—The principal doctrines applied in British courts of admiralty

The bare principles of international maritime law are no more than a reasonable compromise between a belligerent's contention, that he should be permitted to stop his enemy's commerce, wherever it is to be found, and the neutral's rejoinder, that he is no one's enemy, and that he has a right to trade and traffic with any country with which he is at peace. The compromise struck by the jurists of the sixteenth and seventeenth centuries has been observed, with a few slight variations, to the

¹ See Senior, *Doctors' Commons and the Old Court of Admiralty*. See, also, the authorities upon which Gentilis relied. Most of them mediæval and renaissance editors and commentators of the *Corpus Juris*.

² See Lord Liverpool's, *Discourse on the Conduct of Great Britain in respect to Neutral Nations*.

present day; it is, that the right to stop an enemy's communications with the outer world, and to seize all ships and cargoes entering that enemy's harbours, is granted only, if those harbours are blockaded, or watched, by an impassable cordon. If a belligerent does not establish this cordon, and contents himself with chasing and intercepting an enemy's commerce upon the open sea, his powers are more circumscribed. He is then free to stop any cargo that may assist his enemy to prosecute the war, and he is at liberty to seize any property afloat that really belongs to his enemy; all other kinds of commerce must be allowed to go free.

These principles have never been seriously disputed; the courts of the great maritime powers have, however, interpreted them differently, and naval operations have influenced particular applications of these universal principles. At the close of the Napoleonic wars, the British courts had a greater body of precedents to consult than the courts of any other power, and as our courts, though by no means independent of the executive, were far more so than the courts of France and Spain (which were mere departments of state) it was natural, that British lawyers should often claim, that British practice was a true law of nations, untainted by policy or national interests. At the beginning of the nineteenth century the British rules on the four main heads: blockade, contraband, enemy property, and the nationality of vessels were roughly these.

(a) *Blockade*.—British jurists agreed, that no place could be called blockaded, unless it were watched by a force of warships, which cut all communication between the blockaded harbour and the outer oceans. They maintained, moreover, that the officer imposing this blockade could only exercise his right to confiscate all ships and cargoes entering or leaving the beleaguered harbour after proper notification had been given by himself or his government. This blockade was, however, recognised to be purely maritime, and if goods were taken from the blockaded town and carried by land to an adjacent harbour—which was not being blockaded—then, those goods could be passed freely into ordinary commercial circulation. In the words of Lord Stowell:

The blockade of Amsterdam, which was imposed on the part of this country, was from the nature of our situation a mere maritime blockade effected by a force operating only at sea. As far as that force could be applied, it was indubitably a good and legal blockade, but as to interior navigation how is it a blockade at all? Where is the blockading power? The court cannot take upon itself to say that a legal blockade exists where no actual blockade can be applied. In the very notion of a complete blockade it is included, that the besieging force can apply its power to every point of the blockaded state. If it cannot it is no blockade of that quarter where its power cannot be brought to bear¹

(b) *Contraband*.—The bare principle, that contraband goods were all materials useful to armed forces, was not disputed; but no British government had ever attempted to draw up a universal list of contraband stores. As a consequence, contraband articles in (say) an Anglo-Swedish treaty were not all included in the treaties with Denmark, Holland and Portugal. The governing principle was, that, if the country with which the treaty had been negotiated, exported some article that was particularly useful to our maritime rivals, such as pitch, tar and ship timber, then, those particular articles were declared contraband in that particular treaty. Notwithstanding these differences, however, the contraband lists of those days were tolerably uniform, and were, in fact, a quartermaster's list of army stores. The goods thus described could all be seized and confiscated by vessels which were not imposing a blockade; but only if they were being consigned to an enemy. At the end of the French wars, British courts did not admit that contraband could be seized if it were consigned to a neutral harbour which bordered on an enemy:

Goods going to a neutral port cannot come under the description of contraband, all goods going there being equally lawful The rule respecting contraband is that the articles must be taken *in delicto* in the actual prosecution of a voyage to an enemy's port.²

¹ 4 C.R., p. 66, *Stert*.

² See 3 C.R. 167, *Imina*.

(c) *Enemy Property*.—British jurists maintained that the right to seize an enemy's goods was so to speak, the first consequence of a state of war :

When two powers are at war, they have the right to make prizes of the ships, goods and effects of each other on the high seas. Whatever is the property of an enemy may be acquired by capture at sea, but the property of a friend cannot be taken provided he observes his neutrality. Hence the law of nations has established :

That the goods of an enemy on board the ship of a friend may be taken ;
that the lawful goods of a friend on board the ship of an enemy ought to be restored.¹

The tests of enemy property in ships or goods were these :

Enemy cargoes were judged to be so by the following rules : first, all goods that were the produce of an enemy's soil, or the output of his manufactures were deemed enemy goods for so long as they were afloat, and only became neutral goods when the neutral consignee had received, and reduced them into possession ; secondly, all goods consigned to an enemy were deemed enemy goods, while they were afloat, notwithstanding that the enemy consignee had not yet received them, or reduced them into possession.²

(d) *The nationality of a ship found on the high seas*.—Certain forms called variously sea-briefs, *lettres de mer*, passes, or sea passports, were inserted in the commercial treaties that were still effective, and it was from the statements recorded in these documents that a ship's nationality was determined. If these papers were defective, the residence of the ship's owner was the decisive test. In the first decade of the nineteenth century, this residence test had practically superseded the other, as all or nearly all, the old treaties had been made inoperative by the universal war.³

III.—*Why British rules of maritime capture were disliked by continental powers*

Although Great Britain was recognised to have protected the usages and customs of Europe by her unflinching resistance to the Napoleonic empire, British practices at sea had by no means been universally applauded during the long and bitter struggle ; and when the general peace was firmly established, continental governments were anxious that the measures taken at sea, during the past twenty years, should not be regarded as precedents. In the first place, there was a general dislike of economic pressure exerted from the sea : according to expert opinion, no country could be reduced by attempting to suppress and confiscate its imports and exports, and the thing, if attempted, was unusually oppressive to neutral commerce ; for it was done by disregarding the old rules about blockades and sieges, and by vesting squadrons all over the world, with the rights ordinarily exercised by ships engaged in a regular investment. There was force in this contention, and it was natural, that continental states should have regarded the maritime contest that terminated in 1814 as a progressive abrogation of rules that had protected neutral commerce for a century previously, and should have been proportionately anxious to reinvigorate the older and more temperate procedure. This, in a general way, may be said to have been the motive force of those tendencies that grew in strength as the century advanced. If described in more precise terms, the tendency may be said to have been a movement towards codifying the law of blockade, and the law with regard to enemy property ; for it was on these two points that criticism of British practice was chiefly focussed.

With regard to the law of blockade, it is unquestionable that maritime powers have attempted to isolate an enemy, without blockading its ports, whenever they have considered that they were engaged in an exceptional struggle. The attempt was first made in 1689, and although it was found quite unworkable and was abandoned,

¹ See Report of the law officers of the crown. 1753. *Collectanea Juridica*.

² *Atlas* 3 C.R., p. 303, *Sally* 3 C.R., p. 300, note.

³ *Vigilantia*, 1 C.R., p. 1.

the excuse given established something of a precedent. The most celebrated lawyer of the day, Samuel Puffendorf, argued stoutly, that powers fighting for the religious liberty of Europe were not bound to observe the old rules of maritime capture. The same excuse was revived at an early period of the war with France, when it was maintained that extraordinary rigours were justifiable against a regicide government, who were themselves contemptuous of the law of nations. The struggle, therefore, opened with an order, that all corn and grain cargoes were to be confiscated if consigned to France. In the Mediterranean, Admiral Hood ordered that all neutral vessels bound to France were to be seized. From the outset, therefore, we did vest our naval forces with some of the powers that are ordinarily exercised only by blockading squadrons.

Also, our practice with regard to enemy property was thought by neutrals to be a policy of blockading without imposing blockades. If our practice were tested solely by logic and by precedents, the case in support of it was very strong : for, if armed forces may seize and hold an enemy's territory, in order to deprive him of the enjoyment of it, then, an enemy's commerce—that is his maritime property—may obviously be treated similarly. It was, therefore, not surprising that our rule was to be found in all the old codes of law, and in a number of maritime ordinances issued by the French and Spanish monarchies. Why then, was this doctrine, which seems to have been practised almost universally until about 1750, so fiercely criticized a generation later ? In the first place, it must be remembered that the eighteenth century was a period of great improvement in naval design. At the beginning of the century, fleets manœuvred spasmodically, at known seasons of the year, and then, like armies, retired into winter quarters, after which a small nucleus was left to patrol the more important strategic points. At the close of the century, squadrons were keeping great zones of water under continuous observation. This did not damage the logic of our doctrine about enemy property, but it can easily be seen that it made practice far more rigorous and oppressive.

It has already been explained that goods, which were the produce of an enemy's soil, or the produce of his manufactures, were judged enemy goods for so long as they were afloat ; and that, conversely, neutral produce, when consigned to an enemy, was judged enemy property, even though it had not been delivered to him at the moment of capture. It will be understood, therefore, that when this rule was being acted upon by a fleet that was permanently holding the most important strategic points in the Channel, the Bay, the East and West Indies, neutral carriers regarded it less as a rule of war than as a declaration of policy, the policy being that our enemy's import and export trades were to be stopped. Neutrals could claim moreover that, even though strong precedents could be quoted in support of the rule, treaties which embodied the opposite rule : free ships, free goods, were becoming numerous enough to constitute precedents for a new and more liberal doctrine. Few controversies have excited more passion than this ; for men of the greatest learning still write heatedly about it. If, however, the matter be judged dispassionately, it has to be admitted, that, as we ourselves have claimed, and still do claim, that the laws of maritime warfare are an organic growth, which must be adjusted to what is called the nature of things, so, we cannot complain if this same argument occasionally damages our own contentions. The British rule about enemy property was, in fact, the product of a bygone age ; it was of Mediterranean origin, and was first practised when naval operations were conducted spasmodically by galleys, in waters where enemy property was, as often as not, the property of Turks and infidels, against whom any severity was deemed proper. The rule became intolerable, when the approaches to the great harbours of Europe were patrolled, for months on end, by three deckers and frigates, and when the overseas trade of Europe was steadily increasing.

IV.—What disputed points were settled by the declaration of Paris

These differences in British and continental practice, or to speak more accurately, these sources of political friction, were obliterated by the declaration of Paris (1856) ; for, by that instrument, the signatories¹ bound themselves to observe the following rules :

(i) Blockades in order to be binding must be effective, that is to say maintained by a force sufficient really to prevent access to the coasts of the enemy.

This rule virtually declared that a large part of the measures taken during the Napoleonic wars should not constitute precedents. The rule was, however, as condemnatory of Napoleon's decrees, as of our own extraordinary acts of coercion.

(ii) The neutral flag covers enemy goods with the exception of contraband of war. Neutral goods, with the exception of contraband of war are not liable to capture under the enemy's flag ; and, (iii) Privateering is, and remains abolished.

The anger excited by this declaration is not even now extinguished. In many books quite recently compiled, it has been represented as a cowardly surrender, and in the year 1927 Lord Wester Wemyss moved in the house of lords, that Great Britain should denounce the declaration, and return to her older practices. The answer to this is, that Lord Clarendon, who signed the declaration, judged that we should have all mankind against us, unless we altered our practice ; and he, being foreign secretary was the person best qualified to judge.

With these exceptions, the declaration did not alter the British rules about contraband, blockade and destination, and there were still many points of difference between our rules, and those judged good law by continental jurists. The differences still unresolved were however legal differences, which did not impinge upon the great objects of maritime policy.

V.—Why the naval operations of the American civil war influenced the existing law and practice

British doctrines about maritime capture were not specifically altered or enlarged during the next sixty years. They were, nevertheless, exposed to certain influences, which affected later interpretations of doubtful points, and the source and strength of these influences must now be briefly examined.

First and most important, during the American civil war, the naval forces of the union blocked up all the coasts and harbours of the southern confederacy. Every contemporary observer was satisfied, that this stopping of the southern commerce broke the resistance of the rebel states ; and that, had the blockade never been imposed, the military campaigns would, in all probability, have been indecisive.² This was, in itself, a novelty ; for, although our naval operations in the eighteenth century had given us certain strategical advantages in the colonies, which we converted into commercial profit later on, we had no knowledge or experience of a naval operation that, by itself, reduced an enemy to terms.

When judging captures made by the federal navy, the American courts had relied, in the main, upon British case law. Lord Stowell's judgments were most often quoted in support of contending arguments, and the American judges always spoke of them as authoritative. The American courts had, however, found the body of English law defective in one respect, and had been obliged to enlarge it for the following reasons.

¹ Great Britain, France, Austria-Hungary, Prussia, Russia, Turkey.

² Contemporary opinion may have overestimated : latter day historians, such as Professor Channing, doubt whether the blockade of the confederate states reduced the southern armies. The tradition that it did so is, however, still strong, *see* Senator Williams's speech in the senate Jan. 22nd, 1916. In any case, contemporary opinion, strongly held and loudly expressed, influences public affairs more than the verdict of scientific historians.

If anybody studies the cases recorded in the great British collections—Robinson, Dodson, Edwards, Acton and the rest—he can hardly fail to see, that during the Napoleonic wars, our courts were investigating particular incidents of a petty commercial traffic, with no central organisation. The names of masters and of owners—who were mostly Swedes, Danes and Hanseatic Germans—appear and disappear, but hardly ever occur twice. The court had little or no concern with their occupations and places of business, unless the case being considered turned round a fictitious sale; and Lord Stowell was rarely, or never, obliged to consider whether such persons as Hans Gorgensen of the *Sarah Christina*, or Jacob Kuyp of the *Neptunus*, habitually, and as a matter of business, broke blockades and supplied the enemy with contraband.¹

The contraband traffic that was stopped by the federal navy was better organised. It was then a matter of common knowledge: that certain business houses had established themselves in London, Liverpool and the British West Indies, for the sole purpose of supplying the southern states; that masters with special knowledge of the business were in their employ; and that a fleet of ships adapted to the trade was based on Nassau and Bermuda. The importance of all this can only be fully appreciated by studying the letters that were exchanged between the federal navy department and the blockading forces. The names of the contraband companies do certainly occur in the American prize cases; and nobody can read them without becoming familiar with Frazer Trenholm's business, or the peculiar aptitudes of Captain Westendorff of the *Bermuda*. These references to contraband firms and blockade running captains are, however, mere extracts from a large official correspondence between American consuls, American naval officers, and the officials of the navy department, who were all striving, with the greatest energy and persistence, to keep firms, ships and captains under observation.

VI.—What new rules of capture were elaborated in the American courts

The consequence of all this was, that the American courts felt obliged to enlarge an old British doctrine considerably. In British practice, the offence that justified the seizure of a neutral was not quite the same for a neutral engaged in blockade running, and a neutral engaged in contraband traffic. In the case of a blockade runner, an intention to slip past a cordon was a sufficient offence; in the case of a contraband carrier, his immediate destination was the decisive test.²

The great innovation of the American courts was, that they added new tests of what constituted an offence against the law to the tests that had previously been deemed sufficient. They disregarded the legal niceties that distinguished between the *mens rea* of a blockade runner, and the *animus fraudandi* of a contraband trader, and decided, in cases that will be examined later: *first*, that if contraband goods were shipped by firms notoriously engaged in the contraband traffic of the southern states, to harbours and wharves that were notoriously depôts for the contraband trade, then, there was so strong a presumption that these contraband goods were intended for the enemy's forces, that their first neutral destination mattered nothing; and *secondly*, that ships carrying general stores that had been shipped and handled by the same firms, and consigned to one of those neutral harbours that were notoriously bases of the blockade running fleet, could be treated as blockade runners at every point of their voyage.

The British government and their legal advisers never challenged the principles of law which the American courts had thus enunciated. Nevertheless, British and foreign lawyers of great eminence and learning criticized the American judgments severely; and the protests of lawyers against what seemed to them to be a dangerous

¹ Research undertaken after this chapter was completed modifies this statement slightly. See Mr. Llewellyn Davies's article in *Year Book of International Law*, 1934.

² See 2 C.R., 111, *Neptunus*; 6 C.R., 393, *Lisette*; and 5 C.R., 385, *William*.

encroachment upon the liberties of neutral commerce, strengthened opinions and tendencies, which were then evident in Great Britain, and which were still further strengthened as the century advanced.¹

VII.—Why British doctrines of maritime capture became unsteady during the nineteenth century

Thinking persons did not doubt that the American blockade and its dreadful consequences were a warning of danger. Our import and export trades were then expanding at a prodigious pace, and persons with no knowledge of economics, and who had never studied trade returns, quite well understood, that Great Britain was more sensitive to maritime attack than she had ever been before. During the eighteenth century, invasion had been the great danger against which our naval forces secured us ; during the nineteenth, a new danger was added to the old one : That an enemy might infest the Atlantic trade routes, and interrupt that regular delivery of the corn, cotton and meat cargoes upon which the nation depended. It must be remembered, moreover, that, during the nineteenth century, France was the great naval rival ; and nobody doubted, that the French navy, based upon strongly fortified harbours, which flanked our most important communications, could seriously interfere with our commercial traffic. These apprehensions were strong among the business men and the industrial magnates of the midlands, from whom there was a steady, insistent demand, that the immunities of neutral commerce should be carefully safeguarded. Even the hard headed members of the Horsfall commission on merchant shipping (1866) associated themselves with an agitation then in fashion, that all private property at sea should be exempt from capture. Cobden and Bright urged, that this doctrine should be pressed upon Europe by the British government. There was, indeed, a natural alliance between the magnanimous sentiments of the mid-victorian liberal, and the commercial interests of those who were the strength of the party. In the matter of foreign policy, the leaders of the group consistently maintained, that the British government should remain neutral in every European conflict ; it was a mere practical application of this policy, therefore, to insist that no European belligerent should ever apply the law of contraband against the textile exports of the northern midlands.

This tendency, or movement of opinion, was, moreover, strengthened by an agitation of a wholly different kind. During the nineteenth century, the country was repeatedly shaken by controversies about the state of the navy. The period was one in which warship construction and design were extremely unstable. Each successive type of battleship or cruiser recorded an advance in mechanical engineering ; but sails were a powerful auxiliary, as coaling stations were still only half established. Apart from this, the merchant traffic, which the navy had to protect, still consisted largely of sailing vessels. It was, therefore, fruitless for British governments to maintain that they adhered to a one or a two power standard of naval strength, if the proper calculation of the standard, and the types of vessels most proper for the duties in hand, were continuously in dispute. It is true, that neither the publicists, nor the commissioners who investigated these matters, ever (as far as I can discover) stated, specifically, that Great Britain might depend upon neutral carriers in time of war. It is, however, rather remarkable, that, in the naval literature of that period, it is never suggested, that the British navy might be used to exert pressure upon an adversary : the subject is always, how commerce can be protected, the conclusion, generally, that the existing system of defence is dangerously weak. In fact, it is impossible to read the best contributions to the recurrent controversy :—Captain Colomb's essays on the protection of commerce, and the Carnarvon commission's report—without realising, that the great fear and

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apprehension of those times was a fear, that the vast and growing commerce of Great Britain never could be adequately protected. No authoritative writer ever doubted, that a large proportion of our own national shipping might be driven into harbour for long periods ; it therefore required no great foresight to see, that the immunities of neutral commerce, and the national safety, might be very closely connected in times of danger. For it was obvious, that, if any considerable proportion of British shipping were forced to abandon the seas, neutral shipping would only be induced to bring in our supplies, if contraband lists were precise and rigid, and if the carrying rights of neutrals were universally acknowledged. Even at the beginning of the following century, when the naval authorities were confident that ocean traffic would not be stopped, the royal commission on food supplies were unanimous, that it was to Great Britain's interest that food and raw materials should never be treated as contraband.¹

VIII.—British policy during the fifty years preceding the second Hague conference

For these reasons, British governments showed a consistent dislike of any exceptional pretensions by powers at war, and were tolerably firm in their support of neutral immunities, throughout the century. They protested against the French contraband lists in the Chino-French campaign, and against the Russian contraband lists in the Russo-Japanese war,² when the Russian government proclaimed food and propellants to be absolute contraband. Indeed, certain military authorities in Great Britain appear to have been persuaded, that the doctrines of continental lawyers might be supported by British governments in the national interests. In December, 1904, at all events, Sir George Sydenham Clarke, the Secretary to the Committee of Imperial Defence—a military officer of high professional accomplishments—drafted a paper for the committee, in which he discussed capture at sea, not as a lawyer, but as a soldier interested only in its economic consequences. After reviewing the import and export trades of the countries that were then regarded as probable enemies—Germany, France and the United States—Sir George maintained, that, in war, indirect trade with each of these countries would be so great, that it would be uncontrollable, and that attempts to suppress it would make our relations with neutrals very uneasy. Because of this, and because it was important that supplies carried by sea to Great Britain should not be interfered with, Sir George concluded, that British interests would be best protected by restricting definitions of contraband, and by freeing neutral commerce of belligerent restraints. On the whole matter Sir George concluded :

The sea pressure that can be brought to bear upon a continental enemy appears, therefore, to be far less effective than formerly. If this be admitted the advantage a belligerent state possesses from the right to capture contraband appears illusory.

The position at the beginning of the twentieth century was, therefore, that British governments had been favourable to neutral, rather than to belligerent, pretensions, for more than a generation ; but that, although consistent, British policy had only been stated intermittently, and at long intervals. The particular circumstances of each case had probably influenced British governments more than abstract doctrines, and it was only when neutral rights and duties and belligerents' practices were placed on the agenda of the second Hague conference (1907), that the British authorities were compelled to review their policy in the gross.³

¹ Professor Holland's statement of the law. Appendix XXVIII, also para. 248 of report.

² Cmd. paper Russia No. 1, 1905.

³ The First Hague Congress assembled in 1899, and the delegates signed a final act containing : a convention for the pacific settlement of international disputes, a convention regarding the customs of war on land, a convention for adapting maritime warfare to the principles of the Geneva Convention (1868). The final act also contained : a declaration to prohibit the discharge of projectiles and explosives from balloons ; a declaration prohibiting the use of asphyxiating and poisonous gases in projectiles ; a declaration prohibiting expanding bullets.

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IX.—What doctrines were examined and settled at the second Hague conference

The conference was empowered to alter and enlarge the law of nations, and the most important of the prospective alterations in the law was a proposal, that all private property should be immune from maritime capture. If this proposition had been a practical issue twenty years previously, it is more than probable, that experts would have recommended that it should be supported. The balance of advantages and disadvantages was, however, no longer so nicely adjusted. France was not then a naval rival, and the uncertainties of a naval campaign against a power whose ports could not be blocked had disappeared. Germany was the most probable opponent, and the Admiralty felt able to give a definite assurance, that German commerce could be driven from the sea, and that the German fleet would not seriously interrupt the movement of commercial cargoes :

In a war with Great Britain, the numerical inferiority of Germany at sea, and her disadvantageous geographical position, render it extremely improbable that she could wage effective war upon British commerce. The British Islands lie like a breakwater, 600 miles long, athwart the German trade stream, and nothing should elude our vigilance when once war on German trade is established.

This assurance determined our attitude : the British government decided not to forgo the right of capturing private property at sea ; for this would, in effect, be abandoning the right of imposing a blockade. In the matter of contraband, however, our advantages were not so clear. It was obvious, even at this time, that the old uncertainties about contraband were as great as ever. Nobody questioned that arms and military equipment were contraband ; but the Russian contraband publications seemed to indicate a growing tendency to declare materials that from time immemorial had been on the borderline of contraband lists, to be absolute contraband. Was it in the British interest to endorse this new fashion, or to oppose it ?

Investigation proved that the most probable adversary, Germany, imported annually about £30,000,000 worth of goods that were conceivably liable to capture, and, as the Admiralty had stated the consequences of our naval superiority over Germany with such assurance, it seemed, at first sight, as though the belligerent right to capture or strangle this trade would be too valuable to abandon. This, however, was not the final recommendation of the committee of experts, who decided, that an enemy's trade in raw materials would automatically be diverted to other channels, and would evade capture.

Articles of general use, though technically contraband, might be shipped to neutral ports such as Antwerp Such German cargoes, in neutral bottoms, would be liable to confiscation under the doctrine of continuous voyage, if it could be proved that they were directed to Germany. The onus of proof would, however, rest with the captors. In practice, it would be extremely difficult to establish belligerent ownership, and the right to seizure would be evaded by consigning cargoes to neutral agents. It is, therefore, probable that neutral ships carrying contraband to a neutral port for the ultimate use of a belligerent would be generally immune. And, apart from any question of shipments of German contraband goods, in neutral bottoms, Germany could escape a total dearth of such goods by purchasing them in the open markets of adjacent neutral countries, which would fill up automatically according to the demand.

In addition, the government had been much impressed by the irritation that successive controversies on contraband questions had excited. Russia, for instance, had only yielded, after receiving protests which had been worded in very strong language. The most rapid inspection of German trade returns showed, that, if Great Britain endorsed the latest practices in the matter of contraband, the intermittent controversies of the previous century would revive and be even more dangerous, in that the United States, which exported the greater proportion of German conditional contraband, would be the injured party. The expert committee therefore recommended—and their recommendations were repeated in the instructions to the British representatives at the conference—that existing practices in respect to contraband were dangerous, and that Great Britain would be the gainer

if the bare doctrine of contraband could be abrogated. Failing this, Great Britain should urge that all powers should bind themselves by convention to a rigid and very restrictive definition of contraband.

The instructions to the British delegates were thus in harmony with the intentions of the conference ; a contraband list that differed little from the list of a seventeenth century treaty was prepared and approved, and the proposal that all private property should be exempt from maritime capture was not pressed. The conference also agreed to codify international practice in respect to a number of other very important matters. It will be more convenient, however, to examine the remaining provisions of the Hague convention piecemeal, and conjointly with such measures of administration and policy as were influenced by them ; and at this point to consider the conference as an occasion upon which a number of vague and unsettled theories and doctrines were examined. The adjustment was a balance between our best interests as a belligerent and as a money making state, with a slight inclination towards our interests in war. The government had been assured of the consequences of our naval superiority, in language that was, perhaps, more emphatic and decisive than Boards of Admiralty had ever felt justified in employing : on the other hand, experts had been unanimous that indirect and diverted trade to a belligerent could not be stopped. The obvious inference from these two statements of naval strength and naval impotence was, that the right to impose a blockade was the only belligerent right that was of real value, and the Admiralty virtually assured the government that a blockade of the German coasts would be imposed during the first weeks of an Anglo-German war. The compromise finally adopted was to adhere tenaciously to this right, and to treat contraband lightly.

X.—What rules of neutral conduct were examined and settled by the conference

There was, however, one rule of great importance which the conference formulated : the obligations of a neutral power with regard to the export of contraband. When the conference opened, the matter stood thus. A belligerent power had only once maintained¹—and then very tentatively—that neutral governments were obliged to stop the export of contraband ; but neutrality was a political condition far more precisely defined in the nineteenth and twentieth, than in preceding, centuries, and an influential school of international jurists were maintaining that the general laws of neutrality needed adjustment to an obvious tendency in public affairs.² It was then admitted, that no state could send a body of auxiliary troops to serve under the flag of a power at war, and remain neutral ; and there was at least a tendency in modern legislation to forbid the citizens of one state to enrol in the forces of another. Had not the time arrived, therefore, to confirm this by a rule of law which would oblige all states, when neutral, to prohibit the export of arms and contraband to all belligerents ?

The conference decided the contrary ; and the fifth convention was an accurate statement of the law of neutrality (as it then stood). As the obligations of neutrals were subsequently much agitated, it will be convenient to make a brief summary of the ten articles in which the law of neutral conduct was stated.

By the first, second, and third articles, neutral territory was declared inviolable, but neutral governments were obliged to see to it, that their countries were never made theatres of military operations, or used as places for installing military wireless and signalling stations.

By the fourth article, no neutral state was to allow a power at war to raise troops, or to station recruiting offices, on its territory. The fifth article made it incumbent upon all neutral powers to enforce these rules, and article six allowed of a few exceptions.

¹ The Prussian government in 1870.

² Hautefeuille, Kleen. See also, Phillimore, Vol. III, pp. 237-241.

By the seventh, eighth and ninth articles, which were perhaps the most important, a neutral power was not bound to prevent the export or transit of arms, munitions of war, or, in general, of anything that could be of use to an army or fleet ; nor was a neutral bound to prevent the authorities of a belligerent power from using the cables and telegraphic installations of private companies. By the tenth article, a neutral power was not considered to have performed a hostile act if it resisted violations of its neutrality by force of arms.

This section of the Hague convention, therefore, gave the force of law to conceptions of neutrality that had been little but vague legal theories during the previous century. On the other hand, the conference did not make those additions to the law which would have made it a complete and logical body of rules.

*XI.—The recommendation that an international prize court be established ;
its implications*

The powers represented at the conference recommended unanimously that prize cases should be carried, on appeal, before an international court. This court could not, however, assemble until a universal code of law had been established ; and to do this it was necessary to convene another conference, at which the differences between the law applied in the courts of the great maritime power should be compared and resolved. It will not, perhaps, be superfluous to state how the duties of the conference that assembled to give effect to this recommendation, and differed from the duties of the preceding conference. To trained diplomats and lawyers the distinction is obvious : naval officers and publicists have not always understood it. Policy, and the general interests of the nation, had, of necessity, guided the British government during a conference that had been convened with powers sufficient to introduce sweeping changes into the law and diplomatic practice of nations. The succeeding conference was assembled only to ascertain the law of maritime capture, and to digest it into an agreed code. At such a conference as this, historical precedents and old practices determined doubtful cases ; or, to express the matter in plain language, the duty of the delegates sent to the first conference was to look forward ; and of those at the second to look back.

XII.—Continental and British doctrines on the law of blockade

As has been said, the declaration of Paris resolved one great difference between British and continental practice : the treatment proper to be given to enemy property found at sea ; and made the law of blockade more precise than it had been during the Napoleonic wars. There were still, however, a number of unsettled differences about the law of blockade and contraband, which must be briefly reviewed if the compromise upon them is to be understood.

All maritime powers were agreed that blockades, to be legal, must be effective, and that proper notification must be given ; but practice differed on these two points of effectiveness and notification.

No navy in Europe had imposed so many blockades as the British. In the early part of the eighteenth century, our blockades were mainly for a strategical purpose : watching forces were placed off Brest and Toulon, or Brest, Cadiz and Toulon, to give the commanders of the main fleet timely warning, if the French Mediterranean squadron were attempting to unite with the forces in the Atlantic, or if the French and Spanish fleets intended to concentrate. Towards the end of the century, these blockades become both commercial and military, and experience taught us, that the best distribution of naval forces off a blockaded port was a matter to be decided by the strength of the forces inside, the direction of the coastal channels, the regimen of land and sea breezes, and so on ; and that the measures taken to stop up all the commerce of a blockaded place could never be described beforehand. In our practice, therefore, a blockade was judged effective by its results only.

In respect to notification, our courts had been guided by common reason, and had decided that, if the government or the local naval commander had taken such measures as made it practically certain, that neutral traders knew, before their vessels started, that such or such a place was blockaded, then, this was sufficient. With regard to guilt, our courts had always held, that an intention to break a blockade constituted the offence, and that a vessel sailing from a neutral port under orders to pass a blockading force was liable to capture, from the moment of sailing, to the end of her return journey from the blockaded harbour. Our practice had, however, been considerably easier than our law. Blockading cruisers rarely left their stations for long chases, so that blockade breakers were generally free from capture when they had cleared the line of watching cruisers. With this trifling exception, a long and well digested experience appears to have harmonised British law and practice.

In contrast to this, the continental law of blockade had been enunciated by lawyers of great eminence and learning ; but had been less tested by seamen. First, continental lawyers maintained, that commerce going to a blockaded place could only be stopped and condemned when it was within the zone actually watched and patrolled by the blockading force. They claimed, therefore, that this zone—which they called the blockaders' *rayon d'action*—must be precisely stated in every notification. We were ready to admit, that, in practice, vessels were only stopped and brought in when they were within this radius or rayon ; but we had a strong objection to giving precise geometric boundaries to a zone that might be enlarged, or contracted, by all the chances of the sea : gales, fogs, snowstorms and the like. In addition, continental lawyers maintained, that a general notification could never be deemed a sufficient warning to particular vessels, and that a ship could only be treated as a blockade breaker, after some officer of the blockading squadron had informed the captain that the place whither he was sailing was blockaded, and had entered the notification in the ship's log.

XIII.—The law of blockade as established by the declaration of London

During the years preceding the London conference, the Admiralty had warned the British delegation, that they would never agree to any concession upon those points of blockade law that they considered essential. They had, however, consented to compromise with continental practice upon the question of *rayon d'action* ; but the concessions made in the declaration were rather less than those originally offered. The British rule of effectiveness, that it was a question of fact, was upheld without alteration. We did, however, recede from our old rule, which put a blockade breaker *in delicto* during her entire voyage to and from the blockaded harbour ; but no geometric definition was given to the zone of operations in which she was capturable. After long consideration, it was decided, that this concession was not serious, as it was deemed very unlikely, that a vessel would ever be brought in, and condemned, after the chase had been given up. In the matter of notification, there was no substantial concession by either the British or the continental school, as it was recognised that declarations of blockade would, in the circumstances of the times, be known in all great commercial harbours. Allowance was, however, made for a master who could prove that he knew nothing about it (article 16).¹

XIV.—Continental and British doctrines on the law of absolute contraband

From the earliest times, it had been admitted, that arms, munitions and military equipment were confiscable, when consigned to an enemy, and the delegates at the second Hague conference had prepared a list of contraband without much difficulty.

¹ See Declaration of London, Chapter I, articles 1 to 21 for details.

It was little but a modern edition of the lists inserted in the old treaties of the seventeenth century. This, however, by no means settled every question at issue ; for, inasmuch as contraband is only confiscable if it is consigned to an enemy, the rules for determining a culpable destination are an essential part of the general doctrine, and these rules were not well settled. According to the old, and orthodox, British practice, contraband was only confiscable if consigned direct to an enemy : in American practice it was enough, that there should be a strong, un rebutted presumption, that contraband was on its way to an enemy. Our lawyers had never explicitly endorsed these American judgements about the ultimate destination of contraband : but the committee that prepared the statement of British law which was submitted to the conference made it clear, that British courts would no longer stand on the strict rule : Goods going to a neutral port cannot come under the description of contraband, all goods going there being equally lawful. Our legal authorities were, however, still disinclined to admit outright that American practice was good law. The continental powers were very divided. The articles finally agreed upon (nos. 30 to 33) were substantially an endorsement of the American rule, for, by these articles, it was laid down, that cargoes of absolute contraband could be arrested even though they were on their way to a neutral port, provided always, that it could be shown that they would be sent on to an enemy.

XV.—The law about conditional contraband was vague and unsettled

These rules only determined when cargoes of arms and munitions were confiscable. The proper treatment of foodstuffs and certain raw materials was more difficult to settle, because practice had, for centuries, been influenced by policy, and the beginnings or foundations of a universal rule—visible in the earlier judgments of the French wars—had been overlaid by the special measures of the later period, when foodstuffs and raw materials were involved in the economic reprisals of the two belligerents. Roughly speaking, the matter stood thus. It had always been recognised, that food and certain raw materials might, in some circumstances, be confiscated as contraband ; but, as legal subtleties about goods of double headed use were more invitations to controversy than a settlement of doubtful points, statesmen attempted to make a clear rule by inserting contraband lists in commercial treaties, and, by making these articles of doubtful use contraband in the treaty with the country that exported them. Thus, timber, pitch and tar were made contraband in the old treaties with the Baltic kingdoms, Sweden and Denmark, but their inclusion in these treaties by no means made them contraband in a general way. At the close of the eighteenth century, several of these old treaties were still in force, and it was not easy to differentiate appropriately between country and country. In order, therefore, to make decisions about these articles of special contraband more uniform and regular, our courts introduced the rules of pre-emption, and of special destination. By the first, these special articles were bought up by the belligerent government, if they were being exported to an enemy from the country of manufacture ; by the second, they were deemed confiscable if they were consigned to a naval or military port.¹ The rule of pre-emption appears to have been abandoned, for it was not inserted in the elaborate and careful statement of British law which was prepared for the naval conference by Lord Desart and his colleagues. The rule of special destination was, however, deemed an important part of British law, so that, when the conference opened, British practice was that certain goods—which had never been specified very exactly—could be treated as contraband if they were consigned to a naval or military arsenal or dépôt. It will be proper to give a brief explanation of the military importance of this doctrine.

¹ See *Haabet* 2 C.R. p. 179. *Sarah Christina* 1 C.R. p. 237.

XVI.—*Why the treatment of conditional contraband had been an important matter in earlier wars*

This rule had been deemed good law in days when the economic systems of the great European states, and of their colonies, bore no resemblance to the economic systems of the twentieth century. The colonies were, for the most part, importers of grain and foodstuffs, and the monopolies that were then universal, made them dependent upon the mother country for supplies. In consequence of this, the supply fleets, which sailed at certain seasons of the year, were of very great importance to any fleet or expedition that was operating in the colonies during war, and their interception was of proportionate military value.¹ The supplies of continental armies were mostly carried by land, or extorted locally, but if, by any chance, a detachment became dependent upon overseas supplies, a strict watch upon the port where those supplies were delivered, as often as not, reduced them to great distress. In 1744, for instance, the Spanish army in southern Italy was almost unable to operate, because the British fleet had cut its communications with Spain; in the previous year the British fleet in the Mediterranean had been very much inconvenienced by M. de Rochambeau's blockade of the Tagus, where the storeships took refuge. Thirty-five years later, M. d'Orvilliers could not remast his flagship at Brest, because the Dutch had been unable to bring in the Baltic timber ships. Examples could be multiplied.

This old doctrine about the special military destination of food and provisions—of which latter day controversialists have spoken with the greatest contempt—had, therefore, been a rule of great military significance. It had been elaborated in days when great countries could not be reduced by intercepting sea-borne supplies; but when their colonies and military bases were small models of a modern industrial state.

XVII.—*The differences between British and continental practice about conditional contraband*

If the representatives at the London conference had been empowered to refashion the law, then it might have been incumbent upon them to inquire whether this old doctrine had as much significance as formerly. Being instructed only to ascertain the law, it was their duty to decide what goods and articles could be confiscated if they were consigned to armed forces and bases. This was certainly a question influenced by general policy; for the practice of continental powers had been irregular and their precedents were too inconsistent to be made the substance of a universal rule. The British government had not swerved from the policy determined before the Hague conference, that contraband lists should be as short and as precise as possible, and this was consistently urged by the British delegation during the long discussions about conditional contraband and the destinations that made it confiscable.

British policy was, however, in conflict with that of a large number of powers, who were not prepared to endorse our doctrine. We, being the greatest naval power in the world, desired to make the law of blockade as comprehensive as possible, and to make the law of contraband so easy, that it would not deter neutral shipping from carrying goods on our behalf during war. Continental powers, who could only anticipate securing a local and temporary command of the sea, naturally desired to settle the law of contraband, so that it might enable them to exercise some of the

¹ See, *inter alia*, the difficulties of Montcalm and Vaudreuil, when British command of the seas severed regular communication between France and Canada. (Waddington, *La Guerre de Sept Ans*). See, also, difficulties of the British naval commander at Boston in 1776, when storms and the American privateers had dispersed the supply ships. Beatson, *Naval and Military Memoirs*.

economic pressure which we intended to impose by blockade. At the outset, therefore, the British delegation were confronted with doctrines far more sweeping than any they were prepared to admit, as for instance, the French proposition : That food and raw materials destined for non-combatants are not, as a matter of principle, considered to be contraband, but may be so declared, according to circumstances of which the government is to be the judge, and by virtue of an order emanating from the government.

XVIII.—The compromise on conditional contraband, and the rules established about neutral prizes

The second chapter of the declaration, in twenty-three articles (22–44), was admittedly a compromise between the British and continental doctrines, and it would serve no purpose whatever to examine whether the adjusted articles inclined to our rules, or to those of other powers. Roughly speaking, the matter stood thus. The list of absolute contraband was universally agreed to ; and the rule about the destination of absolute contraband was of American origin. It was considerably more severe, and gave far greater powers of interception, than the old British rule, that there was no such thing as contraband consigned to neutrals ; but, as has already been explained, the rule had been adopted (rather tentatively it would seem) by the common law courts during the South African war, and was thus no great innovation for us. The remaining articles in this second chapter of the declaration : conditional contraband, the destinations that made it confiscable, and the free list, were articles of a draft project presented by the British delegates at the seventh committee meeting of the conference. It will be convenient to postpone an examination of these articles, and to explain their origins, when our first order in council is described.

The declaration contained other chapters, which were heatedly discussed at the time ; the fourth chapter, for instance, allowed neutral prizes to be destroyed if they would be liable to condemnation, and if the capturing vessel could not bring them in without risk to herself, or prejudice to the operations upon which she was engaged. This rule was certainly a concession to powers who had few overseas bases, and who could only hope to secure a temporary, local, command of the sea routes ; but it was by no means what the party press represented it to be : a rule that endangered our sea communications. All over the country placards were posted up, in which neutral vessels laden with corn and meat for Great Britain were depicted in flames, or sinking, while crowds of famished people looked out from the cliffs of Dover upon an abandoned sea. In other placards, the London docks were depicted all deserted, and covered with grass and weeds ; and this desolation was proved to be the consequence of this new rule. Actually, some German raiders availed themselves of the rule to sink a few neutral prizes : the incidents were trivial, and were soon forgotten.

The fifth chapter, about the transfer of vessels to a neutral flag, became important when the American government introduced legislation for purchasing a large number of German ships. It will, however, be more convenient to consider the provisions of this chapter, when American policy is itself considered.

It would serve no useful purpose to review the declaration with any greater particularity than this, as it has been examined in every textbook of international law ; but it will not, perhaps, be superfluous to describe what powers and duties the declaration imposed upon those naval commanders who were ordered to intercept contraband, when war began.

XIX.—The declaration of London and the practice of interception

In the first place, it must be remembered, that, according to the declaration of London, it rested entirely upon the naval commander who inspected a neutral ship to decide whether or not she was to be arrested and sent in. For, by the thirty second

and thirty fifth articles the ship's papers were to supply proof of the destination of a contraband, or conditionally contraband, cargo. Facts that discredited the evidence of the papers were such facts as only a seaman could collect and swear to: the vessel's course and behaviour when summoned, the manner in which entries had been made in the log, and so on. The declaration made no allowances for evidence collected from other sources.

First of all, however, it must be understood, that the officers of the intercepting squadrons had no right to touch a large number of articles, no matter what their destination might be. Neutral vessels were all entitled to carry cotton, raw textiles, oil seeds, rubber and hides to Germany, for, by the twenty eighth article all these goods were on the free list.

If, however, the neutral ship were carrying foodstuffs, forage, clothing, railway material, fuel or lubricants to Germany, the inspecting officer had to decide whether the destination was a naval or military harbour.¹ After long discussion, the Admiralty and the War Office decided, that Hamburg was the only commercial harbour upon the German coasts and that all others were naval or military bases. The officer inspecting the ship thus had right to send her in, if her destination were any German harbour but Hamburg. He also had the right to arrest her if he discovered, from the manifest and bills of lading, that the goods had been consigned to a German state contractor, or to a public authority. If the cargo were consigned to any Scandinavian harbour, Göteborg, Copenhagen, Christiania or Malmö, he had no right to stop it.

The interception of absolute contraband was an unquestioned right if it were consigned to Germany, but only exercisable, in practice, if an American firm had been simple enough to load up a neutral vessel with shells and guns, and to despatch her direct to a German port; or if they had allowed the master to carry papers that shewed an enemy destination for the contraband, or raised a presumption of it. Neither contingency was likely, so that, in all foreseeable cases, the inspecting officer would have to decide whether he could collect any evidence, that the shells and guns were to be sent across the Baltic from (say) Göteborg or Copenhagen. As it was in the last degree unlikely, that the directors and managers of an American munition works would send documentary proof of a guilty destination in the ship that carried their goods, it is difficult to understand how absolute contraband could have been stopped, if an inspecting naval officer's powers of interception and arrest had been no greater than those allowed him by the declaration. How these powers were, in fact, exercised will be described later.

XX.—The false assumptions made by those who criticised the declaration of London

It would be fruitless and tedious to review the controversy provoked by this convention; but it may, possibly, be of some interest to examine briefly the proposition that was treated as axiomatic by those whose criticism was fiercest and most sustained. It was maintained by these persons, that the British navy had, in the past, exerted such pressure upon France, that the country had been brought to terms, and that the rules of capture, now digested into an international code, would debar the navy from exerting equal duress upon an enemy in the future. Here is a quotation which was, as it were, the starting point of this line of attack:

Foremost among the causes of Napoleon's fall was the fact that to the products of France, so wealthy in her fields, vineyards and manufactures, circulation was denied by the fleets of Great Britain. The cessation of all maritime transportation deranged the entire financial system of France, largely dependent upon foreign custom.²

¹ Strictly speaking, he had to decide whether she was bound to: A fortified place belonging to the enemy, or other place serving as a base for the armed forces of the enemy (article 34).

² See Mr. Gibson Bowles's article in the *Nineteenth Century*, May, 1909.

Mr. Gibson Bowles, and his disciples in controversy relied entirely upon the authority of Captain Mahan. Now Captain Mahan was admittedly a forceful and suggestive writer upon naval strategy, but was he justified in writing so dogmatically about the economic pressure that the British navy exerted against France? His first, and apparently his only, source of information about the general history of France was the work of Monsieur Henri Martin: a scholar who lived in the early part of the nineteenth century, and who, after the fashion of his age, wrote a general history of his country in some twenty-five volumes. There is no indication whatever that Captain Mahan ever consulted the works of those Frenchmen, who repeatedly review the economic condition of their country, and whose works hold so high a position in the scientific literature of Europe: Vauban, Boisguillebert, Necker, Arnould and a score of others. Had he done so, he would have found, that these authorities hardly mention the British fleet, and explained the distresses of their country in war by a bad fiscal system, unequal taxes, reckless issues of paper money, and periodic state bankruptcies. That Mr. Gibson Bowles should have relied upon Mahan was natural; Mr. Bowles was a controversialist, and Captain Mahan was a popular writer, whose works could be quoted in support of Mr. Bowles's contentions. But it is to be regretted, that those who so skilfully argued with Mr. Bowles, should have exerted themselves only to win what may be called the minor, tactical points at the controversy, and should never have shown, that the foundations of Mr. Bowles's structure of argument were rotten and unsound. The truth is, that the British navy had never exerted decisive economic pressure against France, or against any other enemy, that our enemy's commercial systems made it impossible to do so, and that the British statesmen, who had conducted the great wars of the eighteenth century, had never hoped that a continental enemy could be brought to terms by stopping its commerce. They, after all, were more competent judges than Mr. Gibson Bowles or Captain Mahan.

A scientific review of the damage actually done to our enemies by the great naval campaigns of the eighteenth century would be the subject matter of a very lengthy book; but as the rules of maritime capture that were incorporated into the declaration of London were largely rules, which had served as a temperament to naval operations of an earlier age, it will not, perhaps, be fruitless to state, briefly, how commerce was intercepted in the days when British practice became a corpus of established usage, and what advantages were secured by what is popularly known as the command of the seas. It is only after making this review, that the weakness of the declaration can be properly appreciated. Those weaknesses were never properly exhibited by its critics, who maintained that the declaration was an unsound statement of law, and a wholesale adoption of continental doctrines. It was neither the one nor the other: it was merely a body of rules for regulating naval operations against commercial systems that had disappeared.

XXI.—Why old continental states were little damaged by maritime attack

Our old maritime enemies, Holland and France, were states with very different economic structures, and it is not to be denied, that, at the close of the seventeenth century, a successful interception of the Dutch East Indies fleet might have brought the United Provinces to terms.¹ Dutch naval historians have shown what importance the states general attached to the safe arrival of the great convoys; for it is by them admitted, that the bank of Amsterdam might have been forced to suspend payments, and most of the financiers to refuse bills, if the East Indies fleet had fallen into an enemy's hands. Whether these disasters would have made it impossible for the states general to equip fleets and armies has never been stated; presumably they would have thrown a great load of financial difficulties upon the executive.

¹ See Brandt: *Leven van Ruyter*. Campaigns of 1672-4 *passim*.

Nor is it to be denied that the Spanish flota, or treasure fleet, was as essential to the Spanish treasury as the East Indies fleets were to the Dutch. This, however, proves only that these particular enemies were sensitive to maritime attack, and not that they were ever reduced by it. The Dutch admirals contrived that the great convoys should reach the country during war; and, when the British government deprived the Spanish treasury of a large proportion of their West Indian revenues, this was done by sending an army to Havana, and not by intercepting the flota in mid-Atlantic.

Our other great opponent, France, had none of these Achilles heels. French commerce was, certainly, a source of revenue; but one of the most diligent and scientific of the later French economists, after making an exhaustive study of his country's economic history during the eighteenth century, describes it as a state: *entourée de prohibitions, réservant pour son marché intérieur, ou ses colonies, la presque totalité de sa production*¹. This would, in itself, very much discredit the legend about the navy and economic pressure; for how could a country thus constituted be reduced by operations at sea? But, as it is not to be denied, that we did secure very considerable advantages by our naval superiority throughout the eighteenth century, and that the damage done to our enemy's commerce was one of the advantages secured, it will be as well to examine the volume, nature and direction of the trade that was actually exposed to maritime attack.

The period during which the British navy conducted so many successful campaigns was, for France, a period of steady commercial expansion. At the beginning of the eighteenth century, French imports and exports were valued at 215 millions of livres, and at the end at 1,061 millions. But, throughout this period, the European market was by far the most important.² The overseas commerce, moreover, enriched individuals far more than it enriched the treasury. The state revenues of France were made up of taxes imposed mainly upon agricultural property and produce; and the income taxes occasionally imposed—*dixièmes, vingtièmes* and so on—were not levied from the burghers at the two great mercantile harbours of the kingdom, Bordeaux and Marseilles, for both these towns were situated in the *pays des états*, which were under separate fiscal systems. The *compagnie des Indes* paid no taxes on their revenues. It cannot be doubted that many individuals were impoverished by the decline in overseas commerce during the Seven Years' war; but the damage was done to capital and incomes that contributed very little to the state revenues. Nor can it be supposed that the population, as a whole, suffered severely from declines of external commerce. During the greater part of the century, France exported grain, silk, textiles and articles of luxury made in Paris and Lyons, and imported such colonial products as coffee, sugar, gum and East Indian luxuries, none of which were essential to the population from whom the armies were recruited, or to the state that equipped them. Certainly, the wars of the eighteenth century did great damage to the French economic system; but this was because the continental campaigns closed the central European markets against French exports, and so brought French commerce to a standstill. If the losses suffered had only been the losses consequent upon a partial stagnation in the country's overseas trade, the French economic system would, throughout, have been sound and healthy.

Finally, as to the Napoleonic wars. The facts are, that, between 1794 and the peace of Paris, the sea-borne commerce of France was reduced; that trade between France and continental Europe was damaged by the depreciation of the currency during the revolutionary period; that it recovered under the consulate; and that this recovery was sufficient to put the state finances in order. During the period when latter day controversialists have maintained, that the British navy was ruining our enemies, the French government spent a milliard of francs upon public works and

¹ Stourm: *Les finances de l'ancien régime*.

² Arnould: *Balance du Commerce*.

social services, without raising a loan. It is true that there was a severe economic depression during the last three years of the empire. Economists explain this by the political instability of Europe, which made continental purchasers of French goods unwilling to buy; they admit that the severe economic warfare between Great Britain and the empire aggravated the crisis, but do not suggest that it was the cause or origin.

This historical retrospect is a necessary introduction to any review, however brief, of the controversy excited by the declaration. The hypothesis of the critics that carried most weight was unsound. They maintained that the British navy had exerted decisive economic pressure upon its enemies in the past, and that the sea laws administered in our courts had been the instruments for exerting it. Neither proposition was accurate.

XXII.—That the declaration did cause reasonable misgivings

It must, however, be added that the weakness of the declaration was appreciated in some quarters, and that it was a misfortune, that these better informed critics did not receive the hearing they deserved. The Committee of Imperial Defence had twice examined matters relevant to economic warfare: first, when Lord Desart's committee prepared its report upon trading with an enemy in war, and secondly, when a committee considered, whether it would be to our advantage to seize enemy ships in British ports when war began, or whether we would gain more by releasing them in return for reciprocal treatment. As a result of these investigations, certain members of the staff, Captain M. P. A. Hankey in particular,¹ perceived somewhat vaguely, but in the main justly, that economic warfare would be a gigantic operation of which we had no previous knowledge or experience, and, that the body of rules in the declaration made no allowance for changes in the conduct of naval warfare, which would alter our bare conceptions of blockade and contraband. This was an accurate forecast of what actually occurred, and the paper or memorandum in which the forecast was made is a document of far more interest, and historic significance, than the noisy, clamorous papers published in the party press.

First as to blockade, Captain Hankey assumed, that the British fleet would defeat the German, and subsequently blockade the German coasts. This was too hopeful; but Captain Hankey foresaw, that the blockade imposed would not be a blockade of known pattern, but would, on the contrary, be a new operation. His words ran thus:

The second step, therefore, to make our sea-power felt will be to establish a blockade. Although the declaration of London still permits blockade it has hedged it in with rules and restrictions which, taken in conjunction with recent developments of naval weapons, renders it an inefficient, and easily evaded instrument.

The negotiators of the declaration of London seem to have forgotten the fact that the torpedo boat, the submarine, and the mine have made blockade, and specially close blockade a very much more difficult matter in the future than in the past. This difficulty is accentuated in the case of ports situated in narrow seas. For example, after we had established a definite and general command of the sea it would be extremely difficult to blockade ports in the Baltic or the Adriatic, for in such narrow seas the torpedo boats and above all the submarines of even a defeated enemy would inflict terrible losses on a blockading fleet. In the open ocean it is difficult for such craft to track down their prey, but in enclosed waters, especially when approached through narrow and obligatory defiles such as the Great Belt or the Sound, these craft are acting under ideal conditions. In the opinion of many naval officers, therefore, a close blockade of ports in such narrow waters is a sheer impossibility.

Such being the case, it is necessary to consider what substitute can be found for a close blockade. Under existing conditions many means can be thought out not for entirely stopping the enemy's commerce, for that is impossible in the case of a continental power, but for so restricting it, and handicapping it, as to raise the price of every imported commodity, or raw material, and so to cause great suffering on the people. If the declaration of London is ratified, however, it is difficult to see how our sea power is to be used as an effective weapon.

¹ Naval Assistant Secretary, Committee of Imperial Defence.

Let us assume war with Germany ; the German main fleet defeated ; the German mercantile flag driven off the high seas ; and a blockade established on the North sea coast of Germany. We have shown, however, that a blockade of the German Baltic coast is an extremely hazardous and in all probability an impossible operation of war. Under the existing (pre-declaration of London) conditions several substitutes for a close blockade of the German Baltic coast can be thought out.

For example a blockade of the German ports might be declared, but rendered effective at the entrance to the Baltic off The Skaw. Our warships would receive instructions to detain all merchant vessels entering the Skagerrak. Those bound for or containing cargo consigned to German ports would be sent back. Those bound for neutral ports such as Copenhagen or Riga would be warned that, in the event of their proceeding to a German port they would be considered to have broken the blockade and would be liable to capture when they left the Baltic. It would be necessary, of course, to place British agents in all the principal neutral ports to give notice if such ships, ignoring the warning, sailed to German ports. Recent developments of wireless telegraphy, and the completeness of cable communications render such a course perfectly easy to carry out, though no precise precedent of a similar procedure in past wars can be quoted, as without these modern inventions it would not be practicable.

This, certainly, was not fulfilled in every respect ; but Captain Hankey's principal contention was well reasoned : we were obliged to impose a blockade by squadrons stationed as no blockading forces had ever been stationed before, and we were obliged to supplement our naval control of the North sea by a vast network of watching posts in neutral harbours.

Again, Captain Hankey's abstract contention that the old operation of blockade was being merged into the greater operations of economic war, was quite sound :

There is no instance to be found in modern history of a war in which commerce has played a vitally important part, owing to the fact that recent wars have not been fought between nations susceptible—as are Great Britain and Germany—to attack through their commerce, and there are no data on which to calculate what means it will be necessary to adopt in such a war. The difficulties of blockade, due to modern inventions, suggest that even greater latitude may be necessary in the future than in the past. The negotiators of the declaration of London have made the fatal error of basing their agreement not on the experience of past wars (for in the Napoleonic wars and all previous wars, when commerce was an important consideration, the greatest latitude was claimed and exercised) and *not* on a scientific appreciation of possible future wars, but have rested themselves on the experience of a few very recent wars in which the weapon of sea power, as a means of putting pressure to bear on the inferior naval power, had no scope for exertion.

This passage shows how great was the difference between this criticism and that of Mr. Gibson Bowles, who was arguing that economic pressure had been decisive in the past and had been exerted by naval means. This, as has been shown, was a false assumption. Captain Hankey, on the other hand, was arguing that economic pressure had not been decisive in the past ; but that it might be made so in the future, if it were exerted by more than one engine of pressure. This proved true, and on the question of contraband, Captain Hankey also foresaw, that inasmuch as economic warfare was inevitable, so, contraband would inevitably be assimilated to all substances that are essential to modern industries :

It will now be shown (he wrote) that the severe limitations placed by the declaration of London on the articles which can be declared contraband will have a most important effect in counteracting the results of our efforts to produce economic pressure on Germany by naval means. The articles included in the list of conditional contraband and in the free list comprise to all intents and purposes the whole of Germany's seaborne trade. That is to say that all these articles can be conveyed during war into or out of any German port in neutral bottoms unless we have declared a blockade of that port. The only remedy is to establish a blockade of the whole German coast. So far as the ports in the North sea are concerned this should present no insurmountable difficulty. In the case of the Baltic ports it is far otherwise.

How then is economic pressure to be exerted ? What becomes of the stoppage of Germany's income derived from import duties ? How are the shrinkage of capital, the closing down of factories, and the simultaneous raising of prices to be effected, when the whole of Germany's trade can be carried by neutral vessels passing down the Cattegat at Skaggerrak and entering Hamburg " through the back door," viz., the Kiel canal, to say nothing of the Baltic ports ?

From the above it would seem that those critics of the declaration of London who state that the declaration ties our right arm have good grounds for their assertion.

Now let us examine what the position would be if the declaration did not exist. In that case our obvious course, to be adopted as soon as the naval situation permitted, would be to declare a blockade of the North sea ports, and simultaneously to make a sweeping declaration of what was contraband, including all the principal raw materials on which German manufactures depend as well as her main articles of export. Neutral vessels would be rigorously held up and examined outside the Cattegat; the doctrine of continuous voyage would be rigorously applied; a system of agents in Swedish, Danish and Russian ports would apprise us as to how trans-shipment was taking place and measures would be taken to deal with offenders; these steps would probably be supplemented by raids by destroyers and light craft into the vicinity of Baltic ports with which trade was known to continue. These measures would not absolutely stop trade from the outside world with German Baltic ports—even in the Napoleonic wars trade with the continent never ceased altogether—but the trade would be diminished and harassed as was the trade of France in the wars of a century ago.

Unfortunately, this paper did not influence the controversy. Captain Hankey submitted it to the Admiralty, with the full approval of his chief, Admiral Ottley, but the Admiralty never answered it; for they desired that the declaration should be ratified. It should be added, that, even if Captain Hankey's opinions upon the conduct of naval war had been widely held and appreciated in high places, no code of law prepared while these opinions were still speculative, could have made allowance for the changes that Captain Hankey foresaw. The declaration of London could not, in the circumstances that obtained, have been anything but a code of customary law, that is, a body of customs and precedents made orderly. It was a misfortune for which nobody can be blamed, nobody reproached, that the customs and precedents then reduced to order were a century old.

XXIII.—Why the declaration was not ratified

Captain Hankey's memorandum, then, is proof only, that the declaration was subjected to a criticism that was better informed, and more far sighted, than the criticism of those who inflamed party rancour by maintaining that the navy would soon be the contempt, after once having been the terror, of our enemies. No echo of Captain Hankey's misgivings is to be found in the long, rambling debate in the lords, which decided the fate of the declaration. The lords were, however, influenced by the fears of the city corporations; and these fears, although they proved quite unfounded in the event, were yet reasonable enough to deserve explanation.

The commercial community did not properly understand that our sea-borne commerce had become relatively immune from attack since Germany had become the rival. It is true, that the proceedings of the royal commission on food supplies had been published, and that the report contained a fairly positive assurance from the naval authorities, that the trade stream to and from the British Islands could not be seriously interfered with in war. Old apprehensions still lingered in the city and the midlands, and a large number of commercial corporations were alarmed at the articles about conditional contraband, and the concessions made to continental practice in respect to the destruction of neutral prizes. The magnates of the corn exchange represented, that, by the customs of the trade, cargoes changed hands several times during a single voyage, and were generally consigned to the order of a banker. It seemed to them, that large banking associations, upon which the financial structure of Great Britain rested, might very easily come within the definition given to those consignees of conditional contraband, who, by their occupations, made it confiscable. In addition to this, the definition of armed bases and ports seemed to the mercantile community to be dangerously vague: was it not possible, that Southampton might be treated as a base of supplies for our military establishments at Aldershot, or indeed, that the port of London itself might be regarded as a place serving as a base for the armed forces of the enemy, seeing that the principal railways of the country radiated from London, and were, therefore, arteries of supply for the garrison towns, which were all upon the main line system. The declaration of London was thus exposed to the attacks of those who maintained, that, by its

provisions, the navy was debarred from interfering with an enemy's supplies, and of those who believed, that the very provisions that protected an enemy's commerce from maritime attack, exposed and endangered our own. Nevertheless, this ill-managed commotion served its purpose : domestic legislation was necessary before the international prize court convention could be ratified ; and the house of lords, influenced by contentions that were inconsistent, and, indeed, contradictory, threw out the bill presented to them. This meant that the declaration of London was not ratified, and not binding upon us, or upon any of the original signatories. It was, nevertheless, a code of usage, which could fairly be called the common law of the sea.

XXIV.—The Board of Admiralty and the declaration of London

Finally, as to expert naval opinion upon the declaration. As the controversialists of the day represented the declaration as damaging to our naval power, they suggested, as a corollary, that it had been forced upon the naval authorities by a junta of lawyers and politicians. There was no substance in this ; and the imputation only gained credit, because admiralty procedure, and the course of admiralty business were not well understood by the public. There is no entry in the board's minute book, that the board, as a whole, approved the declaration, but this signifies nothing ; for the subjects that the board considers, as a corporate body, have varied with varying circumstances, and, for a considerable time, board approval of a particular matter has meant, that those members of the board, to whose departments the point has been referred, have given their opinion, and that no other member of the board has asked that a meeting be convened to consider the matter further. The declaration of London was a business which the director of naval intelligence—who is not a member of the board—examined as an expert, and upon which the first sea lord pronounced later. Four successive directors of naval intelligence, and two successive first sea lords desired, that the declaration should be ratified, and no other member of the board asked, that the question should be reconsidered.¹ In modern admiralty procedure, this constitutes endorsement by the board as a whole ; indeed the notion that expert naval opinion mistrusted the declaration is another legend of the controversy ; for the Admiralty reprinted it in the prize manual which was in circulation when war began, and, by so doing, bound naval officers to observe the declaration, notwithstanding that the government and all departments of state were free to disregard it.

It must now be shown what plans of economic coercion were laid in the Admiralty while these conferences were being held, and how those plans were adjusted to the prevailing rules of law and policy.

XXV.—Why economic coercion was a secondary object in our naval war plans

The long naval rivalry between Great Britain and Germany has so impressed itself upon the national memory, that few persons realise, that the rivalry, and the preoccupations it excited, were almost without precedent in British history. It is true there had been a similar state of affairs in the latter part of the seventeenth century. Subsequent to that, however, our great rivals had been continental powers who could not equal us at sea, unless their fleets combined. The preoccupation of our naval commanders was, thus, usually, to prevent a union of the fleets of France and Spain, or to break up any concentration that might be dangerous. The duties assigned to the fleet commanders were, in consequence, purely military, and such economic objects as they were occasionally ordered to pursue were supplementary. It was, thus, a comparatively new thing for the Admiralty to make provision for defeating a single naval antagonist, with a concentrated fleet at his command. Old

¹ See *Hansard*, 14th February, 1911, p. 870, and 28th June, 1911, pp. 547, 548. Lord Fisher and Sir Arthur Wilson were both in favour of the declaration (see Mr. McKenna's statement).

anxieties, therefore, disappeared slowly, and in June, 1905—the first date that is of any importance to this enquiry—the war orders to the British fleet did not differ in point of substance, from orders issued to commanders of the western squadron two centuries before.

In these orders, the commander-in-chief was told that he must be ready for three contingencies: a war with Germany; a war with France; and a war with both. He was, however, bound by no particular instructions. The Admiralty informed him of the forces that would be placed under his command in war, and told him that it would be his duty to watch the enemies' fleets, and to bring them to action, if they left harbour. He was free to take whatever measures he thought most proper for the purpose. There is no suggestion, in these orders, that the fleet would be used as an instrument of economic coercion, and it requires but little reflection to understand, that, for so long as the Admiralty were making provision against a naval combination that might expose the country to invasion by great continental armies, neither they, nor the commander-in-chief, were at liberty to prepare for an economic campaign.

At the same time, it is patent, that this defeating of a hostile combination cannot have been the only naval operation that the Admiralty conceived to be possible; for, a year after these instructions were issued, the Admiralty formally assured the Committee of Imperial Defence, that they intended to blockade the German coasts if they could. They added, however, that they could not undertake to do so as soon as war began. The blockade of Germany was, therefore, contemplated as a subsidiary object of naval warfare, to be pursued when the strategical chess board was clear.¹ It does not appear as though the Admiralty had, at this date, estimated what the consequences of this blockade would be.

Shortly after these orders were issued, two important changes were made in the naval service, and these changes very much altered both the form and substance of all war orders issued subsequently. First, the Admiralty founded a war college for promoting the scientific study of war and strategy; secondly, a committee for war plans was assembled at Whitehall, and the president of the war college was made a member of it. These two additions to the naval administration were made in recognition of a growing conviction in the navy, that the traditional practice of giving the commander-in-chief a free hand was insufficient, and that the old-fashioned instructions, then in force, would have to be supplemented by detailed plans, prepared after all an enemy's weak points had been scientifically considered. It was during the years 1905 to 1907, at all events, that war plans on an entirely new model were prepared.

XXVI.—The Admiralty issue new war orders which contain an economic object

In July, 1908, the first of these plans was completed. The great alteration was that, henceforward, the Admiralty, and not the commander-in-chief, were responsible for the strategic conduct of war, and the distribution of the fleet. Secondly, provision was made only for war against Germany, and the Admiralty stated, that the essence of their plan was to keep a preponderant force in the neighbourhood of the North sea. Very detailed provisions were, therefore, made for concentrating the squadrons allotted to the North sea and the Channel; more than this, two groups of destroyers were to be stationed permanently off the German coast, so that something resembling a blockade of the German bight would have been imposed, if the plan had ever been successfully executed. The commander-in-chief was, moreover, specifically ordered

¹ Enclosure to Admiralty letter 12th May, 1906. Section No. 3 F.O., Volume I. 328. Second Peace Conference Inter-Departmental Committee Papers: The Admiralty opinion is, that, in the case of a war with Germany, days of grace should not be allowed as regards German merchant ships, and it will be to our interest to hasten the moment when we can establish an effective blockade of the German coast in order to reap the utmost possible advantage from our maritime supremacy.

to stop all enemy trade in the North sea ; an economic objective was thus inserted into the war orders for the first time, and added to the old military duties. It must not, however, be thought, that the Admiralty had superseded a military by an economic plan, or that they imagined that economic pressure could reduce the enemy. Quite the contrary, such economic pressure as they thought it possible to exert was not conceived by them as an end in itself, but was a mere auxiliary to the major plan of bringing the enemy's fleet to battle, and was to be exerted not by the destroyer flotillas in the German bight (which were there stationed for a purely military purpose) but by cordons of cruisers at the entrances to the North sea. These cordons were to drive the enemy's merchant fleet from the sea ; and it was hoped that the enemy would endeavour to free their commerce by offering battle.

The first of these plans (wrote the officer who was largely responsible for compiling it) followed in its general outline, the idea which underlay our operations in certain of the Dutch wars of the seventeenth century. By intercepting the Dutch trade as it passed up Channel, we forced the Dutch fleets to come out and defend it, and so brought on fleet actions near our own coast. This strategy, if applied under modern conditions, would cripple German oversea trade at a minimum of risk and difficulty to ourselves. Our object is to force them to proceed to a distance of more than 300 miles from their own sheltered bases, to defend their trade, and then fall upon them when outside or cut off their retreat.

XXVII.—Enquiries into Germany's dependence upon overseas commerce

This new plan thus predicated a serious displacement of commercial traffic in the North sea, and this state of affairs was made the subject of detailed calculation and study during the next five years. In May, 1908, that is, just before the new orders were issued, Admiral Slade asked that a scientific enquiry be instituted. His minute ran thus :

The vulnerability of Germany through her overseas supplies being nowadays an accepted fact, it is considered desirable to obtain answers to the enclosed questions in order to gauge her actual dependence on these overseas supplies. The answers to these questions may indicate in a useful manner how far Germany does depend on overseas supplies, and to what extent these overseas supplies can be deviated from their normal to new channels in time of war.

Assuming Germany's import and export trade by her national ports to be at a standstill in time of war, how far could she draw supplies—

- (a) of food-stuffs
- (b) of raw material

from neighbouring countries and from oversea through neutral ports by means of rail and inland water communication ? Also to what extent she could export goods oversea through neutral ports ?

Assuming Germany could draw in sufficient raw material to give employment to her manufacturing centres in war time by such means as mentioned above, would the additional transport charges increase the cost of her manufactures to such an extent as to handicap her in competing in foreign markets ?

Russia at present producing sufficient surplus wheat to supply Germany with all her import need, could such be transported by inland waterways and railways into Germany ? To what degree would such transport increase the cost of the wheat so carried ?

Antwerp and Rotterdam, being the two great neutral ports nearest to the manufacturing districts of Germany, how far could these two ports in war time accommodate neutral shipping carrying for Germany, i.e. how far could they accommodate the normal tonnage displaced from German national ports ?

Assuming that in war time the German North sea ports are closed to trade except Emden, are there sufficient rolling stock and lighters to serve German needs through the Ems and Rhine, supposing that the trade could be dealt with on the quays ?

Does any large amount of German foreign trade pass through neutral ports other than those of Belgium and Holland ?

Assuming the Baltic in war time to be closed to a great extent to the British trade, how far would Germany benefit by taking over the trade which Great Britain would lose ?

The Foreign Office transmitted this enquiry to Sir William Ward, the consul-general at Hamburg, to Sir Cecil Hertslet, the consul-general at Antwerp, to Mr. Churchill, the consul at Amsterdam, and to Sir Francis Oppenheimer, the consul-general at Frankfort-on-Main. These gentlemen only answered after they had made

a most exhaustive study of German statistics, and their replies were not received until nearly a year later. While the consuls were studying the matter, the Admiralty instituted an independent enquiry of their own.

XXVIII.—The Admiralty's estimate of the consequences of economic pressure on Germany

This collateral enquiry was made at the instance of the Committee of Imperial Defence. In November, 1908, the Foreign Office urged that the time had come to consider, what military obligations were imposed upon the country by the treaties of guarantee to which Great Britain was a party. The most formidable and pressing of these obligations was the obligation to give armed assistance to Belgium, if she were attacked by Germany. The committee convened felt, however, that they could not confine themselves to so narrow an enquiry, and their report was mainly upon the help that could be given to France if Germany attacked her. To assist this enquiry, the Admiralty prepared a paper, in which they estimated the economic consequences of a purely naval war between Great Britain and Germany.

The starting point of the Admiralty's enquiry was, that the German North sea harbours would be blockaded in war, and the report was substantially a report on the consequences, in so far as they could be foreseen. The Admiralty were guarded ; but they were confident that this blockade, however imperfect, would be much felt in Germany. First, they did not believe that the neutral ports of Holland, and the small Baltic harbours of Germany, would deal with the great volume of additional trade that would be diverted to them ; secondly, they considered that the British authorities could seriously diminish the diverted, indirect, trade of Germany, by using their control of the marine insurance market as an engine of coercion. The Admiralty's principal contention was, in fact, that this partial blockade would be formidable by its indirect, secondary consequences. They nowhere suggested that these consequences would be decisive, but they were convinced that they would be serious. On this head, the committee's report ran thus :

Financially great pressure would be brought to bear against Germany by means of blockading her ports. The trade of these ports could not entirely, or even, perhaps, largely be diverted to the neutral ports of Belgium and Holland, since the latter would not be able suddenly to increase their ability to handle a large addition to the normal traffic. The income of Germany being largely derived from import duties would be seriously diminished by the blockade of her ports. Her capital also sunk as it is, to a great extent in home industries would shrink owing to those industries being deprived of the raw materials upon which they are dependent. The closing of many of these factories would coincide with a rise in prices, and great distress would result owing to the non-fighting population being thrown out of work. From the evidence that we have had, we are of the opinion that a serious situation would be created in Germany owing to the blockade of her ports, and that, the longer the duration of the war, the more serious the situation would become.

This report is important in that it records the Admiralty's opinion at the date of the London conference, which assembled on 4th December, 1908. In plain language the position at this date was : that the war orders to the fleet contained no explicit provision for a blockade of Germany ; but that the Admiralty intended to station watching forces off the German coast ; and that the naval staff, after a long and careful enquiry, had decided that a partial blockade of Germany would be worth attempting if feasible.

XXIX.—The consuls disagreed with the Admiralty, who adhered to their opinions

The British consuls did not complete the enquiry instituted in May, 1908, until the end of the following year. Their opinions, which they only expressed after the most exhaustive examination of the matter, differed substantially from those of the Admiralty staff. Sir William Ward certainly considered, that a blockade of the German North sea ports would cause a shortage ; but he was confident that the

shortage would be temporary, and that the German government would arrange that foodstuffs and raw materials, entering the country by new channels, should be distributed. Sir William agreed, that Antwerp and Rotterdam would be choked with the additional traffic diverted to them, but he did not believe the congestion would be permanent. Sir Cecil Hertslet, who of all persons was best able to estimate the capacity of Antwerp, and Mr. Churchill, who was equally well informed as to the Dutch harbours, both confirmed this ; for they reported that the trade diverted by a North sea blockade would be satisfactorily cleared. Sir Francis Oppenheimer thought the same : he could not conceive that a blockade would be of much consequence, unless the neutrals contiguous to Germany were included in it.

These expert investigators did not, therefore, agree with the opinions expressed in the Admiralty's recent state paper on the same subject. To the Admiralty it had seemed as though the blockade of Germany would be the initial cause of a creeping paralysis ; and that the longer the blockade lasted, the more serious would its consequences be. The consuls reported, that, as far as they could foresee, this partial blockade of Germany would give the German nation a shock from which they would soon recover.

This collection of consular reports was considered by Admiral Bethell, who had been the Admiralty's representative at the committee on the military needs of the empire, and by Sir Graham Greene, the secretary. Sir Graham did not dispute the consuls' conclusion ; but Admiral Bethell repeated the opinions he had recently expressed at the committee. His minute ran thus :—

This report forms a valuable contribution to the question of the economic effect on Germany, of a blockade of her coasts. The general deductions are :

That no blockade would prove effective unless the Dutch and Belgian ports were included in it.

That, in any case, Germany would be able to draw a sufficient supply of foodstuffs from her neighbours.

That such a blockade would, however, seriously affect the supply of raw materials and thus produce great distress

While the above conclusions are generally concurred in, it is considered that, owing to certain factors having been overlooked, a somewhat too favourable case has been made out for Germany.

The immense difficulties and dislocation, resulting from the diversion of commerce from the North sea ports to other channels of ingress, do not seem to have been quite fully realised.¹ It would appear probable that with the Dutch and Belgian ports open she might be able to maintain her supplies of food and raw materials, but that with these ports closed, while her food supply might conceivably be provided for—though the vast difficulties entailed in substituting land transport for the existing sea route by which cereals from Russia and Rumania are conveyed from the Black sea ports to the North sea must not be lost sight of—the shortage of raw material would be such as to produce a condition of grave distress little short of national calamity.

These reports, with Admiral Bethell's minute, were sent to Mr. McKenna and to the first sea lord, who initialled them without comment. Three members of the board thus saw the papers, and, for reasons that will be apparent later, it would seem as though Admiral Bethell's opinion prevailed.

XXX.—*The Admiralty prepare new war orders in which the blockade of Germany is contemplated*

At the same time, it seems hardly doubtful that the Admiralty still hesitated to include this blockade of Germany in their instructions to the fleet ; for a new war plan was issued in August, 1910, and it contained no syllable about it. These new war orders are, however, important for several reasons. First, the economic objectives

¹ Difficult to understand : the consuls at Amsterdam and Antwerp devoted several pages of their reports to these difficulties, and reported that they would be overcome.

inserted so tentatively in the earlier plan of June, 1908 were considerably enlarged. The commander-in-chief of the main fleet—in the Orkneys—and the admiral commanding the third fleet—in the Channel—were each ordered to take whatever measures they thought most proper to protect British, and destroy enemy commerce. Secondly, enemy traffic was to be watched by forces stationed in the Dover straits, between the Orkneys and the mainland and, by a cruiser squadron in the Atlantic. Thirdly, which was even more important, the reconnaissance forces off the German coast were very much strengthened. As in the previous plan, however, the duties assigned to these forces were military only. The new orders, therefore, were orders for operations which would, in effect, blockade the German coast, and the Admiralty, seeing that this would be inevitable, made complementary preparations; for, in December of the same year, they prepared a draft proclamation that the North sea coasts of Germany were blockaded. The Foreign Office prepared a list of the German authorities who would be entitled to be notified; and the post office authorities made arrangements for transmitting the notification.

This draft order raised an additional question: was the distribution of squadrons in the North sea such a distribution as would entitle the Admiralty or the commander-in-chief to declare a blockade? The war plan provided for a close watch upon the north German coast; and, although this watch was for a purely military purpose, it was not to be doubted, that, if maintained, the reconnaissance cordon in the Heligoland bight would be a blockading force in the strict sense of the word. If, however, it were temporarily withdrawn, or driven from its station, could the supporting cruiser squadrons, and the forces at the entrances to the North sea be considered blockading forces? Finally what was to be the area of operations within which blockade breakers were to be liable to capture? In other words, was the blockade contemplated a legal blockade, if tested by the declaration of London?

The Admiralty decided, that all the vessels stationed in the North sea were entitled, by law, to exercise the rights of blockading forces, and instructed the commander-in-chief accordingly. The essential parts of their letter, which was a compound of minutes written by the first sea lord, and by Admiral Bethell ran thus:

There is very little doubt that the military blockade will be also effective as a commercial blockade.

The area of operations will include the whole of the North sea and the straits of Dover but neutral vessels which are shown by their papers to be bound for ports other than those included in the blockade will not be liable to capture for breach of blockade *inwards*, so long as they keep approximately to the direct course for the port to which they are ostensibly bound.

Vessels found at a considerable distance from their proper course and nearer the German coast, and any vessels to the south-eastward of a line drawn from Knude Deep to Borkum, will be deemed to be breaking the blockade.

A vessel which has broken the blockade *outwards* can be captured by any vessel of the blockading force provided there is clear proof that she had broken the blockade and has not since passed outside the area of operations.

The blockading force for this purpose must be held to include all the vessels acting under the orders of the Commander-in-Chief in the North sea, as well as any other vessels in home waters, which may be ordered to assist in intercepting an escaping vessel, provided the pursuit is continuous.

If this letter be read conjointly with the opinions given by the Admiralty on previous occasions it must be concluded, that, at this date, they were satisfied, that such a blockade as the navy would be able to impose would be severely felt in Germany; and also, that no rule in the declaration of London obstructed their plan of enforcing the blockade by reconnaissance forces in the German bight, and by cruiser squadrons stationed at the entrance to the North sea.

XXXI.—The naval and military war plans of the day are found to be incompatible

Meanwhile, however, discussions of great consequence were held in the Committee of Imperial Defence. In June, 1911, the German government sent the gunboat *Panther* to Agadir, and, by so doing openly challenged French policy in northern Africa, and by implication, the British government's recent agreements with France. On 23rd August, 1911, therefore, the high naval and military authorities assembled in Whitehall Gardens to discuss and explain their plans for giving assistance to France if Great Britain became involved. The discussions proved, that, for the last three years, the Admiralty and the War Office had been elaborating two incompatible plans. The high army command had been satisfied, that, by virtue of decisions made previously, an expeditionary force of six divisions was to be transported to France, if the cabinet ruled that assistance was to be given. They had never contemplated any plan but this. Sir Arthur Wilson, on the other hand, had been elaborating plans for blockading Germany, and for making the blockade effective by seizing German islands on the Frisian coast, and by capturing Heligoland—operations which were only possible if the army assisted. In addition, the army authorities had always been confident, that the navy would protect the expeditionary force during its passage to France. Sir Arthur Wilson certainly stated, that, as far as he could tell, the expeditionary force could cross the Channel safely, but he refused to give that definite assurance which the army leaders wanted. Let his own words be quoted :

The reply of the Admiralty was. . . . that the navy could spare no men, no officers, and no ships to assist the army. The whole force at the disposal of the Admiralty would be absorbed in keeping the enemy within the North sea. Ordinarily, the navy would furnish transport officers and protecting ships. These could not be furnished in the circumstances. . . .

The Committee of Imperial Defence passed no collective judgment upon the two plans that were thus laid before them. Nevertheless, it can be concluded, from all that has been written by persons who were present, that the meeting was the end of an old era and the beginning of a new one ; for the army leaders certainly left the meeting satisfied that their plan of making war on the continent had been endorsed by the government.¹

On the other hand the Admiralty's plan of blockading Germany, by patrolling the German bight, and by attacking Heligoland was not immediately superseded ; for, although Sir Arthur Wilson issued new war orders a few months later, these orders only adjusted his plan to existing circumstances, and in no wise cancelled it. These new orders were in preparation when Lord Desart's committee assembled at Whitehall to decide what measures should be taken for severing commercial intercourse between Great Britain and Germany in war. This was a matter so closely connected to military policy, that the committee made the Admiralty's intentions the starting point to their enquiry. Admiral Bethell informed them, that the Admiralty still intended to blockade the German coasts, and he repeated the forecast that had been made some years previously, about the probable consequence. Later, he explained that large operations would be undertaken in the German bight, and that these operations would diminish that indirect trade through neutral harbours, which had been assumed to be unimpeded when previous enquiries had been made into the matter. The operations contemplated were explained in the war orders issued by Sir Arthur Wilson a month later. They were orders for such operations as Sir Arthur Wilson still felt able to execute in the German bight : the bombardment of Heligoland and its subsequent capture by the Royal Marines ; an even closer watch on the German bight ; and a blockade enforced by all vessels stationed in the North sea.

¹ See Winston Churchill, *World Crisis*, Vol. I, pp. 55-61. The *Life of Field-Marshal Sir Henry Wilson*, pp. 99 *et seq.*

XXXII.—Misgivings about the latest naval war orders

It has already been said that the meeting of 23rd August was the end of an era. The era ended more abruptly for the army authorities than for the navy ; for the meeting freed them, once and for all, from the burden of a strategy that they considered unsound, but which was yet not easily abandoned, in that it was traditional and suitable to the nation's temper. The navy was not released so quickly from these conservative projects : the war college had, it is true, been instituted several years before, and if the naval staff, which was to have been complementary to the college, had been instituted at the same time, then, the instructions subsequently issued to the fleet would probably have been representative of collective naval opinion. The naval staff was not, however, immediately established, and, in the meantime, the war college became a store house for the opinions of a new generation of naval officers, who disagreed with Sir Arthur Wilson's conceptions of strategy and tactics, who held them dangerous for sound professional reasons, and who were debarred from explaining their apprehensions, for so long as Sir Arthur Wilson remained at the Admiralty, and refused to admit, that war plans were anybody's concern but his own. In order to do justice to each side, and to explain why plans issued in the year 1911 were so suddenly reversed, it will be necessary to trace these divisions of professional opinion to their sources.

It will have been understood, that the great purpose evident in all war plans issued since 1905 was to strengthen our hold upon the German bight. The forces that were to maintain this close patrol were destroyers, light cruisers and flotilla leaders, and, in each successive plan, more units are allotted to the purpose. Now, the first source of the division between Sir Arthur Wilson and the younger flag officers was, that, whereas he had only commanded these types of vessel as a fleet commander, many of them had actually served in them, and had formed their own opinion of what could, and what could not, be done with such ships. Also, which was perhaps even more important, Sir Arthur Wilson had commanded the fleet in days when the old dread of a great hostile combination still pressed heavily upon the high naval command ; so that the fleet exercises, in which he had shown such unrivalled skill, had generally been modelled upon the pelagic operations that were conceived to be necessary for forestalling a concentration of hostile navies. The newer school held, therefore, that although Sir Arthur Wilson had tested, and was well able to judge, what could be done with these light forces in great strategic combinations, he did not realise how difficult it would be to use these forces for the purposes he intended.

The younger flag officers were thus at issue with Sir Arthur Wilson on a purely professional question : it does not appear that they disputed the Admiralty's calculations about the economic consequences of a partial blockade. Indeed, it would seem—for reasons which will be given later—that they were inclined to attach great importance to it. Their disagreement was, however, disagreement on a point of principle. They did not believe that this close watch on the German coast could be maintained, from which it followed that a blockade of Germany could not be attempted. In a normally constituted society, the collective opinion of one section prevails over that of another or amalgamates with it by a slow and gradual process. There was, however, little of this infiltration of new opinions upon old, until Sir Arthur Wilson left the Admiralty, when a new board was appointed and a naval staff established.

XXXIII.—In the war orders finally issued to the fleet the blockade of Germany is abandoned

As the new high command considered, that, if any attempt were made to execute the existing war plan, the fleet would sustain severe and even dangerous losses during the first weeks of the war, it was natural, that they lost no time in cancelling

it, and superseding it by another. They did, indeed, prepare a new project very quickly ; for the first draft was ready in May, 1912, and this draft, after many alterations in points of detail, but few or none in points of principle, became the orders under which the fleet took up its war stations in August, 1914.

The great novelty in these orders is, that, henceforward, there is to be no watch upon the German bight, and that no coastal operations are to be attempted, until the German fleet has been fought and defeated. The fleet and the cruiser squadrons were, therefore, all withdrawn to the outer edges of the North sea, and frequent sweeps into German waters were substituted for the permanent patrol of previous projects. In these orders, therefore, the blockade of the German coast was specifically abandoned. Admiral Troubridge, who was then chief of the staff, seems to have hoped that the watching forces now stationed at the head of the North sea could be vested with the rights of a blockading force, if the declaration of London were not ratified. This was, however, quite untenable ; it was not the declaration of London, but the declaration of Paris that made this impossible.

The project of blockading the German coasts, which had been examined so frequently during the previous four years, was thus abandoned in May, 1912. From that date, the economic objects of the war plan were to stop all trade that was being carried under the German flag, and to confiscate all contraband that was on its way to the enemy. It is curious, however, and very difficult to explain, that the Admiralty staff were confident that this new and restricted plan of economic warfare would give all the consequences of the old ; their words are explicit :

The general idea upon which the initial stage of operations will be based is to utilise our geographical position to cut off all German shipping from oceanic trade. The situation will offer a parallel to that which prevailed in the Anglo-Dutch wars, and the same strategy will be applicable. Investigations have shown that such a proceeding would inflict a degree of injury upon German industrial interests likely to produce serious results upon the economic welfare of the whole State. A close commercial blockade is unnecessary for this purpose provided that the entrances to the North sea from the westward are closed.

XXXIV.—The final preparations for economic warfare, the significance of what was done

At about the time that these war orders to the fleet were in preparation, the government endorsed a long report upon trading with the enemy in war. It has already been shown, that the recommendations of the committee who drafted this report were complementary to the plan of blockading the German coasts. The committee do not appear to have been informed of the Admiralty's change of plans, for their recommendations, which all started from the assumption that the North sea ports would be blockaded, were inserted in the war book without alteration. A more particular account of these recommendations will be made later, and it must here be sufficient to say, that the committee drafted a number of decrees prohibiting direct trade with the enemy. They were, however, so persuaded that indirect trade with an enemy could not be stopped by legislation or decree, that they made little or no provision for restricting it.

The naval war orders and the recommendations of this committee may be said to be the only preparation made by the government for isolating Germany's economic system from the rest of the world, and this long preamble will have been written to no useful purpose unless it proves, that such preparation as was made was, in fact, none at all. When war was declared, we had laid plans for driving German traffic from the seas, for intercepting contraband if it were consigned to Germany, for withholding a proportion of British goods from the enemy, and for debarring them from the British insurance market and from the use of British banks. The code that had been elaborated with such care, and explained with such clearness, regulated

maritime operations if they were modelled on those of an earlier age. It was a good guide for captains in charge of cruiser forays, or for naval officers blockading some distant tropical colony ; none at all for the diplomats and civil servants who erected an immense economic barrier and made it impassable. The ends in contemplation were thus so small a part of what was finally undertaken, that the connection between the two is barely traceable.

Yet it is only right to add, that a rising confidence in economic coercion influenced each successive naval plan ; for the economic operations that were ordered so tentatively in the plan of 1908 were progressively elaborated, until, in the instructions finally issued, they supersede the old, military purposes, and are expressly stated to be the operation upon which the Admiralty relied for victory. It can, therefore, be said that the object eventually pursued was selected beforehand. But, if it has to be admitted, that economic coercion was recognised to be a powerful engine of war, it must be added, by way of qualification, that the recognition was no more than the recognition of a distant object : its outlines were faintly discernible through a mist of conjecture, which made all measurement of its mass impossible.

CHAPTER II

THE FIRST ORDERS IN COUNCIL

How naval control of the traffic routes was established and exercised.—How naval control was supplemented by scrutiny exercised from Whitehall.—The German naval war plan.—The instructions to the intercepting squadrons and the declaration of London.—The United States government and the declaration of London.—What was known about neutral and enemy trade when the ratifying of the declaration was considered.—The first order in council.—The legal doctrines of the first order in council considered.—The interception by the fleet and the growth of the administrative organisation.—Neutral suspicions are excited by a second proclamation about commercial traffic in the North sea.—The pressure of public opinion and the contraband proclamation of 21st September, 1914.—The first political controversy with the American government.—That the president had already decided to mediate between the powers at war.—Why the conciliation treaty could not be invoked usefully.—American legislation in the matter of shipping.—The American policy about the export of arms was still uncertain.—That the economic war plan was still unaltered, and what was then known about enemy trade.—That the indirect trade of Germany had not been checked by the powers conferred in the last order in council.—The negotiations with the American government.—The order in council of 29th October, 1914.

AS soon as war was declared, the government issued all the proclamations and orders in council, that had been prepared by Lord Desart's committee, and incorporated in the war book.¹ Indeed, it can be said, that almost before the fleet had reached its station, measures had been taken for withholding the resources of the British empire from the enemy. But these measures, although taken concurrently with the measures taken at sea, were executed independently. A special committee, presided over by Sir John Simon, was formed to examine all applications from exporters, and to grant licenses ; and this committee was only loosely connected to the offices that were supervising the interceptions of the fleet and the stoppage of contraband. Indeed, several months went by before the Foreign Office, or the Admiralty, were able to estimate what wants or economic difficulties were being inflicted upon the central empires by the withdrawal of British supplies. The measures taken at sea, on the other hand, were immediately productive of political and economic consequences ; and for this reason, it will be as well to postpone an examination of the legislation prohibiting trade with the enemy until later, when its effects were visible.

I.—How naval control of the traffic routes was established and exercised

The arrangements for intercepting German commerce on the high seas worked smoothly. The duty of destroying and capturing German shipping was imposed upon all naval forces at sea ; but more particularly upon the cruiser squadrons in the Atlantic. The interception of contraband was a duty entrusted to two squadrons : cruiser force *B*, known later as the tenth cruiser squadron, had instructions to watch between the Shetlands and Norway, and cruiser force *G* to spread on a line between Ushant and the Lizard. This watch on the western end of the Channel was supplemented by the Downs boarding flotilla.

These arrangements were executed without a hitch. On 5th August, Admiral Wemyss took his squadron to the mouth of the Channel, and set up a patrol between the Eddystone and Triagoz lighthouse.² He found, when he reached his station, that the French admiralty had ordered a squadron to patrol in the same waters, under the command of Admiral Le Cannellier ; Admiral Wemyss, therefore, at

¹ For the recommendations of Lord Desart's committee, see Chapter VI.

² Cruiser force *G*.

once made arrangements for dividing the work with his colleague. The Downs flotilla was at its war station on the same day ; and on 9th August, Admiral de Chair's squadron was on its patrol line between the Shetlands and Norway.¹ Five days after war was declared, therefore, all shipping routes to Germany and northern Europe were under observation.

By virtue of a convention signed on 6th August, 1914, the British forces in the Mediterranean were placed under the orders of Admiral Boué de Lapeyrère, the French commander-in-chief, and Malta and Gibraltar were made bases for the French fleet. It does not appear, that the French admiral ever thought it necessary to assemble special cruiser squadrons, for watching and intercepting Austro-Hungarian trade ; but he stationed considerable forces at the entrance to the Adriatic, and kept it under continuous observation. These dispositions were altered, later, but the sea-borne trade of Austria-Hungary ceased to flow a few days after war began, and neutral shipowners did not attempt to revive it for many months. It will now be proper to describe how the rights of intercepting commerce and inspecting cargoes were exercised by the officers of these squadrons.

When a vessel had brought to, in answer to a summons, or to a shot fired across her bows, the commanding officer of the summoning cruiser at once ordered a boat to be lowered, and two officers went away in it to the merchantman. When the visiting officer came on board, his first duty was to identify the ship, and to discover whether she was what her captain declared her to be. This was ascertained by consulting the certificate of registry, a document which gives a large number of particulars, and by comparing it with Lloyd's register. Although it might be just possible to forge a certificate of registry, and to disguise an enemy merchantman as a neutral, it is doubtful whether the disguise could ever be made perfect, as an experienced seaman would discover too many inconsistencies during his inspection. It is true, that Captain Count von Luckner disguised a raider as a Norwegian timber ship, and that his vessel was inspected by our patrols, and allowed to pass ; but Count von Luckner was assisted by the state dockyards, and the entire German consular service : a commercial company would find it practically impossible to imitate Luckner's performance.

A ship's identity, then, was easily verified ; but it was not so easy for naval officers, knowing no language but their own, to ascertain whether individual passengers and members of the crew, calling themselves Norwegian, Swedes, Finns or Greeks, were not really disguised enemies. First, the lists of the passengers and crew had to be inspected, and roughly tested ; as a rule the entries on these lists gave no indication of any irregularity ; there might, however, be slight inconsistencies, which indicated to the visiting officer what persons should be closely examined later. This subsequent examination was conducted with the assistance of printed lists of unusual words, in every European language, and with the aid of drawings of familiar objects. Even though an enemy subject had an exceptional knowledge of the language he professed to talk as a native, it was not likely that he would, in rapid succession, give the right word for such objects as a bicycle pedal, a bicycle chain, an instep, a cheek bone, a nasturtium or a frying pan. If the answer of a member of the crew, or a passenger, were unsatisfactory, during this test, his effects were rigorously examined. On the whole, it can be said, that this examination did invariably establish the facts relevant to the vessel's nationality and to that of the persons in it. The inspection, moreover, became increasingly easy. Our cruisers patrolled across regular traffic routes ; so that in course of time the officers became familiar with the ships that had to be examined, and with their officers and crew, in consequence of which anything unusual was at once noticed.

¹ Cruiser force *B*.

Our officers had also to decide whether the ship inspected was actually prosecuting the voyage declared in the papers. If neutral masters had ever intended to alter their pretended destination, after they had been inspected at the entrance to the North sea, or in the straits of Dover, it might have been a matter of some difficulty to penetrate their intentions; for the ship's track across the Atlantic, which was always ascertainable from the noon positions recorded in the log, would have given no indication of the ship's subsequent course across the North sea towards Germany. Probably, however, an experienced seaman would have discovered something suspicious, by subjecting the officers and the crew to a severe cross examination. In point of fact, these disguised voyages were never attempted. Most of the ships inspected belonged to well-known Scandinavian and Dutch shipping companies, whose directors and managers would never have allowed their masters and agents to break American law by obtaining false clearance papers. Apart from this, American shippers of contraband had always intended that the cargoes should be sent to neutral consignees, and by them forwarded to the enemy; and that the papers, that came under the inspection of our boarding officers, should be in perfect order.

It was this circumstance that made a naval inspection of the cargo papers almost useless. The nature of the cargo and the names of all the consignees could certainly be ascertained from the digested statement called the manifest; and the manifest could be checked by the mates cargo book, and the bills of lading. But a boarding officer had no means of discovering anything at all about the consignees, or the nature of their business, or whether the articles of cargo being carried to them were of a kind that suited with their business; and, as it was just these facts which had to be ascertained accurately before anything could be decided about the cargo, it is not too much to say, that, when war began, naval officers in the intercepting squadrons had no means of discovering whether there was anything suspicious in a cargo or its destination. It was with these circumscribed powers of inspecting neutral cargoes that the squadrons went to their war stations.

II.—How naval control was supplemented by scrutiny exercised from Whitehall

From the outset, therefore, it was evident to everybody concerned, that our rights of interception would be more exercised from Whitehall than at sea; that the fleet would be little but constables and controllers of neutral traffic, and that it would rest with the central authorities to ascertain those facts about cargoes and their consignees, which would determine what rights of detention we could legally exercise.

Very little provision had been made for this. In August, 1914, and indeed, subsequently, the reports from the intercepting squadrons were sent to the trade division of the naval staff, which had been formed to watch the movements of British trade, and to recommend measures for its protection and security. The officers of this division were never ordered, specifically, to deal with contraband questions, but appear to have assumed that they were included in their general schedule of duties; for all orders to the boarding flotillas were sent by the trade division throughout the war; and it was in this division that the nucleus of the contraband committee was formed. The first members were: Mr. Leverton Harris, who had entered the Admiralty's service as a volunteer; Captain Longden—of the trade division—and Mr. Flint, an Admiralty civil servant. These gentlemen met, as occasion required, in a room in the old part of the Admiralty, and scrutinised such reports of detentions as had been transmitted to the Admiralty by the boarding officers at Kirkwall and the Downs. Realising, from an early date, that the collaboration of the Foreign Office would be necessary, the Admiralty asked that a member of that office should attend the meetings.

These Admiralty officials, working in collaboration with the Foreign Office, were the first contraband committee, or to speak more accurately, the body that became later the contraband committee.¹ During the first months of the war, however, they had no corporate existence, for they did not begin to keep a minute book until November. The reports from the boarding flotillas and the intercepting squadrons were absorbed into the records of the trade division; and the reports that were sent to the Foreign Office, or prepared by the legal advisers of the Foreign Office, after consultation with the officers of the trade division, were, for the most part, recorded in the register of the treaty department. From the beginning, however, the duty of ascertaining whether a ship should be detained or released was performed mainly by the Foreign Office. As soon as it was evident that inspections at sea would never collect the necessary evidence, the Foreign Office devised a rough system of special enquiries, which will be described later.

During the first weeks of August, the intercepting squadrons were mainly employed in diverting British vessels into port, if they were carrying cargoes to northern Europe, and they hardly interfered at all with neutral trade. Such reports of trade and traffic as had come into our hands showed that an immense convulsion was shaking the industrial structure of America and Europe, and that the German people were feeling the convulsion severely. A large number of metal industries in the Rhineland had closed down, and the German newspapers did not disguise, that there was a universal shortage of raw materials, and that a considerable number of industries would, sooner or later, be affected. On the other hand, our authorities were satisfied, that the industrial upheaval in Germany was due, largely, to the sudden mobilisation of the German armies, whereby between thirty and forty per cent. of the skilled hands in every large concern had been called to the colours. It was realized, therefore, that, until the German industries had been adjusted to this new state of affairs, it would be impossible to estimate how much economic damage would be inflicted by the withdrawal of the German merchant fleet, and by the loss of the supplies that were ordinarily obtained from the British empire, France and Russia. Neutral countries were also very much affected by the diversion and stoppage of ocean traffic, and seemed, for the time being, to be threatened with a shortage of foodstuffs: the Dutch and Scandinavian governments were strictly prohibiting their export, and were endeavouring, with the greatest energy, to secure the necessary supplies.

III.—The German naval war plan

It was during these opening days of the war, that the enemy embarked upon a minelaying campaign, which was a sort of starting point to another campaign, more embracing and terrible, yet waged with the same intention of interrupting our essential supplies. And although this first mining campaign was not productive of the consequences of the campaign into which it developed, it did, nevertheless, at once influence both the measures that we took at sea, and our political relations with neutrals, for which reason it will be necessary to give an account of it.

¹ This powerful committee—the great executive organ of the blockade—was constituted by a cabinet order issued in November. It then sat continuously at the Foreign Office and kept a daily printed record of decisions and orders. Its constitution was: a representative from the Foreign Office, the Board of Trade and the Admiralty; and a representative from the procurator general's department who attended as a consultant only. Additional members from the restriction of enemy supplies committee or the war trade advisory committee were appointed later. The chairmen were always lawyers of high position in the courts of common law; no international lawyer was ever appointed to the committee as a permanent member. The reason for this arrangement was that the committee was regarded as an executive organ—not as a tribunal—and that a chairman with an ordinary legal training was thought to be the most proper person for summing up and deciding when the members of the committee were not unanimously agreed.

After long discussions between the emperor and his naval advisers, of which a more exact account will be given later, the German authorities decided to avoid a fleet action in the North sea, to weaken the British fleet by intensive mining, and to prepare for a major action in the Heligoland bight by appropriate tactical exercises. It is true there is no instruction to obstruct commercial traffic by minelaying in the orders finally issued to the German fleet ; but it is evident, from the positions of the minefields laid in execution of these orders, that this was also the enemy's intention. On the night of 4th August, therefore, the commander of the minelayer *Königin Luise* put to sea under orders to lay mines as near as possible to the English coast, off the mouth of the Thames. Captain Biermann attempted to reach the King's channel, but, finding that British forces were barring his way, he turned, and laid a long line of mines twenty to thirty miles east-north-eastwards of the Aldeburgh Napes. He had hardly completed his work, before the British cruiser *Amphion*, with a flotilla in company, fell in with him and sank him. The position of the minefield was, however, not accurately determined for some time, and ships were at once lost upon it. On 6th August, the *Amphion* herself struck one of the mines and sank, and losses continued for several weeks.

In all this the enemy were strictly within their rights, and the Admiralty would, have been well advised to accuse the enemy only of disregarding a custom of war, which every other nation would have considered binding.¹ In the excitement of the moment, they committed the government to charges, which, though honestly believed, were actually untrue, and to threats, which had an ill-effect upon the temper of neutrals. On 10th August, the Foreign Office sent out a circular telegram, which had been prepared by the Admiralty. In it, the enemy were accused of scattering contact mines indiscriminately about the North sea, whereas they had, in fact, only laid one single minefield, which ought by then to have been accurately located. Secondly, the North sea was stated to be perilous, in the last degree, to merchant shipping of all nations. This was an exaggeration, made in good faith it is true, but an exaggeration nevertheless ; for the German minefield only endangered ships engaged on the Anglo-Dutch trade. Finally, the Admiralty declared themselves free to take similar measures in self defence ; but, before doing so, they thought it right to issue this warning, in order that merchant ships under neutral flags trading with North sea ports should be turned back before entering an area of such exceptional danger.

This warning was issued to neutral governments, who presumably invited the German diplomatic representatives to give an explanation. As it is never difficult to ascertain that an exaggerated statement contains exaggerations, it is not surprising that this proclamation made neutral statesmen extremely suspicious. The Netherlands minister for foreign affairs, at all events, informed our minister, that he did not believe the charges we had levelled against the German government, and considered the entire proclamation to be a device for diverting the Rotterdam trade.

¹ The legal position was that Germany signed convention no. 8 of the second Hague conference ; but reserved article 2 of the convention, which ran : It is forbidden to lay automatic contact mines off the coasts and ports of the enemy, with the sole object of intercepting commercial navigation. The German delegate's remarks, when this article was discussed, left most naval officers convinced that mining commercial harbours was part of the German war plan, and that the German naval staff intended to adhere to it. Some lawyers appreciated the German delegate's reservations in the same way ; for Professor Westlake (Int. Law, Part II, p. 316), after quoting baron Marshal von Bieberstein's speech at length added, Thus Germany claims the right to destroy neutral shipping and fishermen if absolutely necessary, in order that she may win in a war. This was certainly the opinion held at the naval staff college during the years before the war.

IV.—The instructions to the intercepting squadrons and the declaration of London

For the moment, however, neutral shipping was not turned back, and the business of examining ships was conducted regularly. But notwithstanding the smoothness and regularity with which the naval war plan had been put into operation, a pressing question had to be settled before our plans for intercepting contraband could be executed. The government had now to decide whether they should, or should not, circumscribe stoppages of contraband by the rules of the unratified declaration of London. Until this had been decided, there could be no uniformity in the conduct of the allied fleets, apart from which political issues of some importance were involved.

First and most important, the mere fact that the declaration of London had not been ratified did not, in itself, leave the British government free to disregard it altogether. British representatives had contributed to the document, and had endorsed its provisions, with the support of the government which had appointed them. The British government were, therefore, committed to the proposition, that the rules contained in the following chapters correspond, in substance, with the generally recognised principals of international law; for this was the preliminary provision to the declaration, and was an integral part of it. The declaration was therefore, not merely a codification of law; it was also a declaration of British maritime policy. Nor had one section of the British administration pressed the declaration on another, and overcome its opposition. The naval and political members of the British delegation had disagreed, at times upon questions of technical detail, but they had agreed upon the instrument as a whole. Indeed the Admiralty had endorsed it more decidedly and emphatically than the Foreign Office, for they had incorporated the declaration into the naval prize manual practically without alteration. Finally, it was notorious that when war broke out, the government intended to reintroduce the naval prize bill, with some slight alterations, and to endeavour to secure ratification. In view of all this, no British government could consider that they were free of all obligation to observe the declaration of London; for if the British government had proclaimed that they intended to ignore the declaration, they would thereby have proclaimed to the whole world that they had suddenly, and without warning, reversed a policy which they had consistently followed during the previous decade; and this would have been a line of conduct which no experienced statesman would willingly adopt.

The question of expediency was equally pressing. The declaration of London was a code which reconciled British, American and continental practice. The French fleet was now co-operating actively with our own at the mouth of the Channel and in the West Indies; if neutral merchantmen and contraband cargoes were to be examined, released and condemned upon a uniform system, the declaration of London would obviously have to be observed in large measure.

V.—The United States government and the declaration of London

It was, in any case, impossible for the British government to withhold a decision and to wait upon events, for the pressure of allied and neutral governments was strong and insistent. On 7th August, before the fleet had even reached its war stations, the American ambassador called upon Sir Edward Grey and asked him whether the British government intended to ratify the declaration.¹ Sir Edward, who had just received news of the Aldeburgh minefield and the loss of the *Amphion*, replied that the enemy evidently considered themselves at liberty to endanger sea traffic by every means in their power, and that he doubted whether the British government could undertake to observe every rule in the declaration. The American

¹ The reasons why the United States government decided to manoeuvre on behalf of the declaration of London are explained in Ray Stannard Baker's *Woodrow Wilson, life and letters*, Vol. 5, pp. 194 *et seq.* See, also: *Foreign Relations of the United States*, 1914 Supplement, pp. 225 *et seq.*

ambassador was, however, under instructions to press for a definite reply, for, on the following day, he presented a note, in which he urged Sir Edward Grey to accept and observe the declaration as it stood. By so doing, the British government would probably avoid grave misunderstandings between belligerents and neutrals. This was followed by a note informing us, that the enemy governments were prepared to observe the declaration, if the entente powers did so. It seemed, moreover, that our allies were as anxious as the American government, that the declaration should be observed, for the French government sent us a draft decree, in which they declared themselves ready to respect the declaration, and, a few days later, the American ambassador told us, that the Russian government were prepared to accept the declaration. It is true, that it was not Mr. Page's business to inform us of this, but it was obvious, that the American government were canvassing all Europe on behalf of the declaration, and were persuading influential voters.

Sir Edward Grey stood firm. He was much influenced by the news of the German minelaying campaign, and considered, that the Admiralty must decide whether the position at sea justified us in taking exceptional measures. He, therefore, referred the whole correspondence to the Admiralty, who replied, That Their Lordships did not propose that steps should be taken to ratify the declaration of London at the present time. This, however, was insufficient: in a long and closely reasoned memorandum Mr. Hurst showed, that the government must decide what parts of the declaration were to be observed, and what parts were to be neglected.¹ The fleet had already begun to intercept and examine neutral traffic, and were, presumably, observing the declaration, which had been incorporated into the naval prize manual. The prize courts, who would adjudicate on these captures, were bound only by the course of admiralty and the law of nations. There were numerous differences between the body of case law, which constituted the course of admiralty, and the rules of the declaration upon which the fleet was acting; and it was a matter of pressing importance to resolve them. A general conference was, therefore, assembled at the Foreign Office to consider the matter.²

VI.—What was known about neutral and enemy trade when the ratifying of the declaration was considered

When this conference assembled, it was still impossible to observe the enemy's trade, or to discover in what directions it was moving. It was, however, well ascertained, that the enemy's merchant fleet had withdrawn from the open sea, and did not intend to move. More than this, it was evident the flow of British supplies was not likely to be seriously interrupted. Enemy's raiders were abroad, unlocated, and there had been temporary dislocations, due to nervousness and uncertainty at some of the great ports of shipment; but, in every ocean, British merchant captains were putting to sea, and proceeding about their business, with a sturdiness of purpose, which excited the admiration of the whole world. At the outbreak of war, well informed persons would have been justified in fearing serious interruptions in the flow of British trade, but their fears were now laid for ever: the danger had been tested, and had proved to be no danger at all. It was, therefore, highly improbable that British freighters would be supplanted by neutrals, and there was, in consequence, no need for the conference to consider, whether it would be politic to uphold any special immunities for neutral trade.

But although no statistics were yet available, it required but little prescience to realise that Germany's indirect trade through Holland would sooner or later be

¹ Mr. Hurst was legal adviser to the Foreign Office.

² Sir E. Grey (Chairman); Lord Haldane, Mr. McKenna, Mr. Churchill, Mr. Runciman, Sir J. Simon; Admiral Prince Louis of Battenberg; Admiral Sir F. C. D. Sturdee; Admiral Sir Edmond Slade; Sir Graham Greene, Mr. Hurst.

important, and that we ought most carefully to review our powers of intercepting it. When they answered the French government's proposal, that the declaration of London should be observed *ad literam*, the Foreign Office had drawn attention to: the peculiar conditions of the present war, due to the fact that neutral ports such as Rotterdam are the chief means of access to a large part of Germany; and had added, that, exceptional measures have been taken in the enemy country for the control by the government of the entire supply of foodstuffs and have convinced H.M. government that modifications are required in the application of articles 34 and 35 of the declaration.

Since then, all the information we had been able to collect showed, that the German authorities were confident the economic difficulties, that temporarily beset the country, could be overcome by expanding and organising German trade with neutral states. This endeavour to build up an indirect trade was powerfully supported in the press; and articles for the guidance of the smaller trader were being published daily. Some leading articles were indeed little but practical handbooks.

In many circles, wrote the editor of the North German Gazette, there seems a good deal of bewilderment at the alterations in overseas trade, as the ordinary means of transportation through German ports in German vessels are no longer available. This solicitude is not justifiable. All that has to be done is to find new transport routes by neutral countries. Thus, from now onwards, a boat is to leave Rotterdam every Saturday for New York. The first steamer bound for Brazil is leaving Göteborg on August 24th and touches at Christiania on the 27th. In like manner the route via Genoa is open. Another route is via Copenhagen to which we particularly draw the attention of exporters.

What measures we should take against this indirect trade was, indeed, the question uppermost in everybody's mind. The news from Holland showed, moreover, that the Dutch regarded this trade as specially protected by the Rhine convention. As they interpreted that instrument, a consignee or an exporter might declare, that a cargo was in transit to Germany, after its arrival in Rotterdam; and, if the declaration were made, the Dutch considered they would have no right whatever to detain the goods. The declaration of London further protected this flow of goods; for, if that instrument were rigidly observed, all foodstuffs, and all those articles of general trade that were upon the conditional contraband list were exempt from capture, if they were consigned to neutrals. To observe the declaration on this point, would have been equivalent to resigning our rights of interfering with this trade for ever.

This, in brief, was what was known about the course of the enemy's trade, when the conference assembled; but it so happened, that it was not the known facts, but a vague and unconfirmed rumour that influenced the conference decisively. The Admiralty believed that the German government were then controlling the supply of all foodstuffs in the country, and the home secretary pointed out, that this virtually turned every German dealer in foodstuffs into a state contractor. If this were so, all food consigned to Germany could be treated as absolute contraband under the provisions of the declaration. The rumour was shortly afterwards proved to be untrue, but it was believed at the time, and it swept away any doubts that the conference may still have entertained, by focussing attention upon the importance of firmly upholding our right to intercept the indirect trade of Germany. It was, therefore, decided unanimously, that the doctrine of continuous voyage must be applied against cargoes of conditional contraband, and that an order in council must proclaim our independence of the artificial rules of the declaration.

VII.—*The first order in council*¹

This order was issued on 20th August; the French issued a similar decree a few days later. The two governments undertook, that the declaration of London should be observed with certain modifications. The most important of these referred to the ultimate destination of conditional contraband: First the government proclaimed

¹ See Appendix I.

that any sufficient evidence would be accepted, if it raised a presumption that conditional contraband was being carried to the enemy's armed forces or to an enemy department of state. This exception was extremely important, for, according to the declaration, a ship's papers were to be regarded as conclusive evidence of the destination of a ship and its cargo. Henceforward, therefore, the British government were free to ask, that a cargo of conditional cargo should be condemned, if their agents abroad could collect such evidence as would satisfy an impartial tribunal, that the cargo had an ulterior enemy destination. A further clause was inserted to meet the situation that was supposed to have been created by the German government's control of foodstuffs. Most important of all, however, was clause number five, which declared that conditional contraband, intended for the use of the enemy state or the enemy's armed forces would be liable to capture, to whatever port the vessel was bound, and at whatever port the cargo was to be discharged.

VIII.—*The legal doctrines of the first order in council considered*

As German statesmen have not only declared this order to be a flagrant violation of the law of nations, but, as far as can be judged, have honestly believed it to be so, it will now be proper to examine the doctrine of interception that was announced in it. This examination will be clearer, if the distinctions between conditional and absolute contraband are, for the moment, laid aside, and the bare doctrine of contraband destination is alone considered.

There had never been any question that contraband was confiscable when consigned to an enemy; but, as British case law had been built up in days when consignments of contraband were made direct to an enemy, or not at all, no decision had ever been given in our prize courts, about a cargo of contraband consigned to a neutral for subsequent transshipment to an enemy. The American courts certainly held, that, although the British doctrine of continuous voyage had been enunciated only in cases arising out of the colonial trade, and the trading with the enemy proclamations, the doctrine was, nevertheless, a general principle of law, and that it was no distortion of the principle to rule, that it forbade any colourable interposition of a neutral harbour. If the decisions made in the American courts had been endorsed by European legal opinion, they would have settled a point left doubtful in the older body of the law. Those decisions were, however, very much criticised by European lawyers, and there was a general disinclination to admit that they could be treated as precedents.

Nevertheless, many European lawyers of eminence agreed that the old law needed some elaboration, and they seem, also, to have agreed, though only in a general way, that a contraband cargo did not cease to be confiscable merely because its immediate destination was a neutral port. In 1896, so impartial and learned a body as the *institut de droit international* agreed that *la destination pour l'ennemi est présumée lorsque le transport va à l'un de ses ports, ou bien à un port neutre, qui d'après des preuves évidentes, et de fait incontestable, n'est qu'une étape pour l'ennemi comme but final de la même opération commerciale*. This had been the American doctrine for half a century, and the few prize cases decided by continental courts seemed to confirm it.

As to conditional contraband, it can only be said that it was certainly confiscable if it was being sent to a special, military destination; the case of conditional contraband that was being sent to this special destination through a neutral harbour seems never to have been examined. On the other hand, there is no indication, that expert lawyers ever considered, that this rule of special destination excepted conditional contraband from the more general rule (if they were prepared to admit it), that contraband of all kinds was confiscable, if found at any point of a devious journey to the enemy. It was regarded as an additional, but not an exclusive, test.

The powers present at the London conference expressed the following opinions :

The United States repeated the general rule, that a special military destination must be proved ; but gave no opinion about transportation from a neutral harbour to that special destination.

France maintained, merely, that the final destination of all cargoes decided whether they were, or were not, contraband.

Italy upheld the same doctrine.

Japan was more explicit. Their representatives agreed, that a special military destination must be proved against conditional contraband, but applied the rule of continuous voyage to both classes of contraband :

Goods aboard a ship are presumed to have a hostile destination, if the destination of the vessel is a place which, for geographic or other reasons, may be regarded as the last stage in the transport of goods, to a hostile destination, whether by transshipment or carriage by land.

Russia maintained, that contraband was confiscable, if it was to be transported from a neutral harbour to an enemy, or to the special military destination required in the case of conditional contraband.

Great Britain also upheld the doctrine.

On the opposite side were : Spain, the Netherlands, Germany and Austria-Hungary, which all upheld the old rule, that the immediate destination of a ship decided whether a cargo were contraband or not. The position was, therefore, that the majority of the governments represented were agreed that contraband, of every kind, was confiscable at every point of its voyage to an enemy. The opinion of a majority on such a question can hardly be said to constitute a rule of law, but, at least, it was a nearer approximation to it than the dissentient opinion of the minority.

In spite of German opposition this general rule was agreed to, and if the conference had been free to act upon the logical inferences of the rule, then, the treatment proper to be given to conditional contraband would have been easily established. The rule for this class of contraband would have been, that it was to be subjected to two tests ; first whether its destination were hostile territory, and, secondly, whether its last recipient were armed forces, or state contractors for armed forces. Neither of these tests would, however, have been in the least affected, if the first destination of a cargo of conditional contraband were a neutral harbour ; for if the rule were good, that foodstuffs were contraband if they were to be consumed by armed forces, then, it mattered nothing, whether those were sent direct to the armed forces, or transmitted to them by neutrals, as the condition that made them contraband was fulfilled in both cases.

The conference was not, however, free to decide as logic and reason dictated ; for the German delegates, having assented, very reluctantly, to the general doctrine of contraband insisted, that if conditional contraband were consigned to a neutral port, no presumption of its ultimate military destination could be raised. Unless this had been acceded, it is probable that the conference would have failed.

This was embodied in the thirty fifth article, but the origins of that article—here briefly examined—must surely discredit the contention that the article was a recognised rule of law. Quite the contrary ; it was an illogical exception, supported by no precedents, and was admittedly a compromise agreed to for political convenience. This becomes even more obvious, if the indirect origins of the article, that is, the reasons for the German insistence, are enquired into.

When the German authorities refused to admit, that contraband could be stopped during a devious voyage, they must surely have been thinking of the arrangements that they were making for supplying the country in war. At the date of the conference (December, 1908), the German naval and military authorities were already anxious

about German supplies of imported foodstuffs, and although the question was, at the time, more a subject of enquiry, than a matter upon which regulations had been issued, certain precautions had then been taken.

It was known in the year 1888, writes their official historian, that France had bound Belgian agents, to hold a certain supply of meal at the disposal of the French authorities. Warned by this example, the Prussian war ministry got into touch with the German consuls-general in Holland and Belgium, in order that they should organise German supplies, with the aid of trustworthy agents, if there were danger of war.

These trustworthy agents were, presumably, persons on the Dutch or Belgian corn exchanges, and, if the bare principles of the law of conditional contraband had been left unaltered, these persons would certainly have been classed among those consignees who made conditional contraband confiscable ; for they would have been agents to the German consuls-general, and contractors to the Prussian war ministry. This alone gave the Germans a very good reason for forcing their exceptions upon the conference, and it would seem as though they had a stronger reason even than this.

The exact date at which the German naval staff completed their preparations for waging war upon the outer oceans cannot be fixed with certainty. It was, presumably, a rather later date than that of the conference, but the arrangements, when completed, were so elaborate, that they must surely have been in preparation for many years. The arrangement was, that German naval officers should be sent to neutral harbours in the Pacific and Atlantic, and should there charter supply steamers for the German squadrons. It was, of course, always recognised, that the cargoes of these supply ships, and indeed the ships themselves, would be confiscable after they had been despatched to their secret meeting places with the German war ships¹ ; but the German government had an obvious interest in insisting upon a rule of law, which would protect them during the first part of their journey, from some neutral port of supply, to the port where the German naval staff had established a distributing agency. On the whole matter, therefore, it can be said, that this first British order in council must have given the German authorities great anxiety, for it menaced their arrangements for securing supplies ; but it cannot be said that it violated any recognised law. It abrogated an unratified compromise, which the German authorities had a special interest in upholding.

IX.—The interception by the fleet and the growth of the administrative organisation

The fleet was now free to intercept all cargoes of foodstuffs consigned to Germany through neutral territory, and the necessary orders were issued. On the other hand, the order in council only asserted a legal right, and did not, in itself, give us the means of exercising it. With regard to this, all depended upon the collection of proof that cargoes were consigned to Germany, and, at the moment our organisation for collecting proof was hardly laid. The following steps, however, had been taken.

At the order of the Admiralty, a special committee, called the restriction of enemy supplies committee, had been formed, and had been given offices and a permanent secretary.² This committee was an important addition to the administrative machinery, and, in order to ensure that it should be supplied with any information that could be of use, the Foreign Office had ordered every British consul abroad to report, daily, on such movements of trade and shipping as came under his observation.

¹For British law see : *Rebecca 2*, Acton, p. 119. For the law of the declaration, see Chapter III, Unneutral Service. For Judgements on supply ships, see *Thor* and *Lorenzo*. I B & C.P.C., p. 226, *et seq.*

²Sir Francis Hopwood was the chairman. The constitution of the committee varied ; but Admiral Slade, Mr. Hurst, Mr. Chiozza Money, Captain Longden and Mr. Longhurst (Committee of Imperial Defence) attended all meetings ; and representatives from the Board of Trade and the Foreign Office were always present.

When the order was issued, however, Sir Francis Hopwood and his colleagues had only held one meeting and had, indeed, only made a few preliminary recommendations.

It is, therefore, hardly surprising, that the fleet and the intercepting squadrons were, at this date, interfering but little with neutral commerce. Between August and October, Admirals Wemyss and de Chair only arrested three neutral vessels. The boarding statistics of the Downs flotilla have been lost ; but there are no grounds for supposing, that the officers at Ramsgate interfered with neutral commerce more severely than the captains of the intercepting squadrons. On the other hand, the number of ships stopped and examined was considerable ; and the system under which neutral ships were being inspected and released was causing a certain amount of delay. When the officers in the intercepting squadrons discovered, that a ship was carrying conditional, or unconditional, contraband to a neutral country, they at once sent her to the nearest port, for a thorough examination. This was undertaken by the local customs authorities, who reported the cargo by telegram to the Foreign Office : the minister of the neutral government concerned was then invited to give a guarantee that the cargo would not be re-exported. As the minister could not do this without communicating with his authorities, who, in their turn, had to investigate the matter, it can easily be understood, that several weeks might go by before the guarantee could be given, and the vessel released. These delays, moreover, caused misunderstandings ; neutral merchants often declared, that their property had been seized, when, in point of fact, it had only been detained ; and neutral ministers were, upon occasion, not very critical or judicious, when their countrymen urged them to lodge a protest. But the system, though irritating, had now been operated for long enough to be comprehensible, and neutral governments must have been conscious, that the British fleet had not obstructed their endeavour to obtain the supplies of food and raw materials, which were necessary to their countries' existence. These circumstances should be remembered by anybody who desires to understand the nature of the controversy in which the British government was about to be engaged. The controversy is not to be explained by any harsh or arbitrary action by the fleet or the administration ; for the records show, conclusively, that the British fleet was, at this date, imposing practically no restraints upon neutrals. It was British intentions, not British belligerent practices, which were exciting suspicion. The order in council, the contraband lists, and the menacing circular about the enemy's minelaying, were provoking a general apprehension, and neutral statesmen in America and Europe were preparing their resistance.

X.—Neutral suspicions are excited by a second proclamation about commercial traffic in the North sea

Neutral opposition was not, however, immediately manifest, and for the moment, the news from the continent made every other issue seem unimportant. When the order in council was published, the battle on the frontiers of France was just beginning : four days later it was lost, and the allied armies were in full retreat across northern France. At sea, the enemy pressed on with their mining campaign, and their second expedition provoked another threatening protest from the Admiralty. The actual facts were these. On the night of 25th August, two minelayers left the Jade. The *Albatross*, supported by the cruiser *Stuttgart*, and the 11th half-flotilla, laid a large minefield off the Tyne ; the *Nautilus*, escorted by the *Mainz* and the 3rd half-flotilla, mined the approaches to the Humber. The Tyne minefield was about thirty, and the Humber minefield about twenty, miles from the coast. Notwithstanding that the expeditions had been sighted during their passage across the North sea, and that Captain Bonham, the inspecting captain of minesweepers, was convinced that the minefields had been laid by fully equipped minelayers, the Admiralty concluded, that the work had been done by fishing trawlers, disguised

as neutrals. All the east coast ports were, therefore, declared closed to neutral fishing craft, and neutral governments were again warned, that the Germans had scattered mines indiscriminately upon the high seas. It is true that neutral statesmen made no comment upon this second circular ; but it is no very extravagant assumption to believe, that they were as sceptical about it as they had been about the first, and that it made them suspicious about our intentions.

*XI.—The pressure of public opinion and the contraband proclamation of
21st September, 1914*

It was, moreover, something of a misfortune that the British government was exposed to a blast of popular fury at a moment when their policy was being so closely and critically watched by neutral governments ; and that the press, which was then thoroughly terrified at the bad or doubtful news from the continent, should have been inflaming the nation, by urging that the enemy were at our gates, and that we were still deliberating ; that necessity knows no law ; and that the most delicate questions of policy must henceforward be subordinated to the rules of military expediency. This, however, was the position in autumn of 1914, when at least five newspapers were criticising the measures taken for stopping the enemy's supplies, and were showing, that cotton had not been declared contraband, notwithstanding that it was used in the manufacture of munitions. Of all questions then being agitated, this was, perhaps, the least suitable for discussion in a riotous assembly. The French authorities, moreover, were endorsing the doctrine of military expediency as heartily as the populace, and were urging Sir Edward Grey to declare that all articles that could possibly be used for munitions—cotton included—would be treated as contraband. As a concession, they were willing to agree, that cotton should not be mentioned *eo nomine*. An appeal from such a quarter could not be disregarded. The French government had recently left Paris, and were then in Bordeaux ; the battle of the Marne had, it is true, been fought, and the victory of the allied armies had relieved the French of a load of anxiety. Nevertheless, the French contention about cotton and contraband was, in effect, an appeal that the British fleet should assist them energetically in their hour of trial, and was extremely hard to refuse. A conference of Admiralty, War Office and Foreign Office representatives was, therefore, convened to examine the contraband list then in force, and to report upon any additions that might be desirable.

It is impossible to say what the consequences would have been, if the British government had declared cotton to be contraband during these first months of the war. Cotton was on the free list of the declaration of London, and had been placed there as a concession to the United States. It would, therefore, have been transferred to the contraband list without any of those graduated preliminaries which made an unpalatable announcement just barely tolerable. We should, in fact, have declared, abruptly, to the United States, that an export trade valued at hundreds of millions of pounds, was liable to detention and confiscation. These facts speak for themselves and comment upon them is superfluous.

It was fortunate, therefore, that the technical experts at the inter-departmental conference were, for the moment, persuaded that cotton ought not to be declared contraband. They estimated that the enemy required only 7,500 tons of cotton waste, and about 1,000 tons of raw cotton, for the explosives then being manufactured. They would certainly secure these small quantities from some quarter or another, so that, by declaring cotton to be contraband, the British government would precipitate a violent conflict with the United States, without securing any advantage to the armed forces. The decision that cotton should remain on the free list was not, therefore, influenced by high policy : it was a recommendation of experts, based solely upon technical facts. The experts gave the same advice

with regard to nickel, which was, admittedly, a very important metal to the armament industries; on the other hand, the quantities used were not great, and Krupps were believed to have large stocks. Even though the British government stopped the American supplies, the German munition makers would not feel the loss.¹ The experts reported, also, that antimony, bismuth, German silver, leather and zinc were, in their opinion, not worth stopping.

But the experts were convinced, that German supplies of those ores which are used in the manufacture of high grade steels, were of such importance to the arms factories, that they ought to be stopped, for which reason they recommended that haematite, which is raised in the Spanish mines, and magnetic iron ore, which is raised in Sweden, should be declared conditional contraband. As metallic ores of all kinds were on the free list of the declaration of London, it was only to be expected that the Swedish, and possibly the Spanish, government would protest vigorously.

The transfer of these ores from the free to the contraband list was, however, a small matter when compared with the recommendation that copper should be declared contraband. If contraband lists were judged legitimate or improper by the strict law of nations, then, the case for declaring copper to be contraband would be unanswerable; for it is used in every electrical installation and is, therefore, essential to wireless telegraphy, telephony, internal combustion engines and electric gun circuits. The production of copper is, however, controlled by a compact group of American magnates of princely wealth and influence, and the recital of a few facts will show that, if the British government gave effect to the recommendation, then serious political consequences were certain.

In the year 1914, about sixty per cent. of the world's supplies were raised in the American mines; in addition to which the American financiers controlled so many South American copper concerns, that about seventy per cent. of the world's copper was under American administration.² The copper mines of America are, moreover, spread over five western states: Arizona, Utah, Nevada, Montana and New Mexico, so that the Americans most affected by a stoppage, would be Americans who had but little comprehension of the European war, and who, of all sections of society, would be the most inclined to be stubborn and defiant about American commercial interests. The great magnates, the staffs of the papers they controlled, and the popular representatives who were under their influence, could, therefore, raise a violent agitation against British contraband lists, and be confident that they would be supported by the populace in five great states. Capital and labour in the copper industry would be allies in a policy of resistance to the British government. Moreover, statistics showed, that, if the British fleet should succeed in stopping Germany's supplies of copper, the populations of the western states would feel the stoppage acutely, for Germany's total yearly imports of raw copper amounted to well over 225 thousand tons, of which 197,000 came from the United States. Notwithstanding the risks, the cabinet approved the contraband list that was recommended by the conference, and it was issued by proclamation on 21st September.³

XII.—The first political controversy with the American government

The Swedish and Spanish governments at once protested, that magnetic iron ore and haematite should not be declared contraband. Their protests were, however, of far less moment than the news that came in from Washington a week after the proclamation had been published. On 28th September, Sir Cecil Spring-Rice sent two telegrams, warning Sir Edward Grey, that the American administration were preparing a stern protest, not merely against the contraband proclamation, but

¹ The total imported supply was 3,315 tons. From America 2,157 tons; Belgium 529 tons; Great Britain 414 tons. (*Statistisches Jahrbuch für das Deutsche Reich.*)

² See Wild. *Copper Mines of the World.*

³ See Appendix II.

against the intention to subject cargoes of conditional contraband to the rule of continuous voyage. The state department had, indeed, prepared a note so harsh and provocative, that the president had refused to countersign it. But even though the president was inclined to moderation, Sir Cecil Spring-Rice was satisfied, that American opposition to our policy was likely to be stiff and uncompromising. I fear, he wrote, that the question may prove very serious and gravely affect the relations between the United States and Great Britain. He added, that if the American government openly acquiesced in the last order in council, there would be a violent agitation. This was no exaggeration ; and anybody who considers that Sir Edward Grey and Sir Cecil Spring-Rice were needlessly alarmed, should glance through the more important American journals of this date. He will find, that the British order in council, and British intentions with regard to contraband, then engaged the American public's attention at least as much as the military news. Editorial comment upon British policy was, of course, predetermined by the politics of each particular paper and is of no significance. But, inasmuch as newspaper managers only publish what will interest their readers, it is highly significant that, at this date, American newspaper editors gave the same importance and prominence to reports about British maritime policy, as they did to reports about the battle of the Aisne, which had just ended, and to the second German wave of invasion, which was just beginning to move westwards into northern France. Facts like these are illustrative of the nation's temper, and of the forces that might, at any moment, have given an ugly momentum to the controversy.

Sir Cecil Spring-Rice had an interview with Colonel House on 28th September, and, by his representations, secured a concession from the president : That negotiations should not be conducted in Washington, and that the American ambassador in London should be instructed to discuss all questions at issue with Sir Edward Grey. This concession was of very great advantage to us. If the negotiations had been carried on in Washington, Sir Cecil Spring-Rice would have conducted them, not with the president, or the secretary of state, but with Mr. Lansing, the counsellor to the state department ; and Sir Cecil had found, that, whenever Mr. Lansing had referred to these questions, his language and manner had been more that of an attorney arguing on behalf of a client, than of a man of affairs who is reviewing the politics of two great nations. It would, moreover, have been impossible to keep the discussions secret. Appreciations that are made at moments of grave anxiety are generally tainted by injustice, and we now know, that Sir Cecil did not judge Mr. Lansing quite fairly. Our authorities were, however, distrustful of him, at the time, and fearful, that in all negotiations entrusted to him, he intended to press legal arguments about the rights of neutrals with the greatest energy and enthusiasm, and with little or no regard to the political consequences. It was, therefore, a relief to us that the matter was entrusted to the American ambassador ; for he, though willing to carry out his instructions faithfully, was determined that his government should not damage the cordial relations which then existed between the two nations without warning from him.¹

Sir Cecil Spring-Rice's warning telegrams were received five weeks after our order in council had been issued, and, during that five weeks, the American authorities had not suggested that they intended to resist its execution. Sir Edward Grey was, therefore, painfully surprised that the American government should have notified him of their dissatisfaction so suddenly and abruptly. He was, however, convinced, from the outset, that he would have to make considerable concessions, and at once obtained the authority to do so from the cabinet. As the negotiations that followed were undertaken to keep British and American relations easy and friendly (and not merely to adjust a few disputes) it will be proper to introduce them by a preliminary review of the circumstances that were then considered of most moment.

¹ See his letter to Colonel House. *Life and Letters*, Vol. I, chapter XII, pp. 380, 381.

XIII.—That the president had already decided to mediate between the powers at war

Although, in his official capacity, the president had issued a proclamation of neutrality in which he urged his fellow countrymen to entertain no partiality for either set of belligerents, Mr. Woodrow Wilson had, nevertheless, allowed Sir Cecil Spring-Rice to know, that his own private sympathies were on the side of the allies ; for as soon as Sir Cecil Spring-Rice returned to Washington, the president asked him to send his warmest greetings to Sir Edward Grey and added ¹ :

Everything that I love most in the world is at stake. . . . If they succeed we shall be forced to take such measures of defence here as will be fatal to our form of government and to American ideals. ²

In view of the immense powers vested in the president by the constitution, it was a matter of the highest importance to us, that his friendship should never be alienated ; and it so happened that an issue of great moment was connected with this retention of the president's sympathy. During the first weeks of the war Sir Cecil Spring-Rice had reported that some German agents in Washington had started a manœuvre for involving the United States government in some kind of mediation between the belligerents. The manœuvre was supported by the German ambassador, and Mr. Bryan and Colonel House both countenanced it. In the beginning of September, therefore, Sir Edward Grey sent a telegram to Sir Cecil Spring-Rice for communication to the president, in which he warned the American government against the dangers of premature mediation. When the substance of the despatch was communicated to the president, he acknowledged it in friendly, but very guarded, language. This incident seems to have made an impression upon Sir Edward Grey, for, shortly afterwards, he informed Sir F. Bertie that, henceforward, the allies must be prepared for American mediation. ³

This is far more important and significant than the facts to which attention is ordinarily drawn, when our relations with America are reviewed. Great Britain's economic dependence upon America was admittedly a circumstance which would influence any British statesman in war. But America's importance as a mediator was greater than her importance as a granary, an oil well, a copper mine, or a munition factory ; for it is a commonplace of political history, that a mediating power is drawn into belligerency, if its mediation is unsuccessful. President Wilson was himself well aware of this, and when, later, he prepared what he considered to be a practical plan of mediation, he admitted to his intimate councillors that he must

¹ Sir Cecil Spring-Rice was on leave in England when war began.

² This is a hazardous statement because it differs from the appreciations of Mr. Ray Stannard Baker, President Wilson's biographer and the most laborious of men. (*See Life of President Wilson*, Vol. V, chapters III and IV *passim*.) Mr. Baker maintains, and produces documents to prove it, that President Wilson's heart and mind were as neutral as his neutrality proclamations. I leave my own statement unaltered, however, because Mr. Baker did not see the document that justifies it ; and also because Mr. Baker is a hero worshipper (the best quality in a biographer), who is anxious to prove that President Wilson was endowed with the qualities that Mr. Baker regards as most praiseworthy in an American statesman.

³ The American side of this attempt to mediate is set out fairly well in *Foreign Relations of the United States*, 1914 Supplement, pp. 91 *et seq.* and in Baker, *op. cit.*, Vol. 5, chapter VI *passim*. The manœuvre was conceived by Mr. Bryan, who gave it such impetus as is to be derived from public prayer meetings for peace, etc. The United States government had no intention, at this date, of declaring against the side that refused mediation ; but Sir Edward Grey was right in anticipating danger. When Mr. Bryan's move came to nothing, he at once used the setback as a stimulus to the agitation then beginning. That the export of arms and munitions be prohibited. Mr. Bryan was one of the greatest masters of political manœuvre who has ever lived, and everything that originated from him contained elements of danger as he considered it to be to his electoral interest to promote the " six of one and half a dozen of the other " theory, by every artifice that he could operate. *See* Sir Cecil Spring-Rice's letters of the pre-war period for instances of Mr. Bryan's ingenuity. (*Letters and friendships of Sir C. Spring-Rice.*)

be prepared to support it by arms.¹ In these early months of the war, the president's policy was not so definite, but inasmuch as the possibility of his mediation had been realised, the importance of avoiding friction with his government followed naturally.

XIV.—Why the conciliation treaty could not be invoked usefully

It may seem strange, that so warm a sympathy as the president had expressed, might have been endangered by an exchange of legal arguments about the continuous transportation of contraband ; and, indeed, it is not unnatural to ask why the British government did not decide to stand firmly to its declared policy, and use the Anglo-American conciliation treaty for settling any disputes that might subsequently have arisen. Mr. Bryan had, indeed, suggested that the treaty might be usefully appealed to for this very purpose.² If the British foreign secretary had been concerned only with the settlement of disputes on contraband, this course might, conceivably, have been followed with advantage. The foreign secretary's task was, however, much more comprehensive and difficult ; for it was that of keeping the sympathy and support of the president, and of those sections of American society which shared his views about the justice of the allied cause. A diplomatic machinery for settling disputes does not, in itself, alleviate the frictional effect of controversy ; and even though the treaty were appealed to, all disputed questions about the exercise of belligerent rights at sea would necessarily await settlement for a considerable period. Meanwhile, a succession of controversial claims and counter-claims, all raised upon disputed legal doctrines, would inflame American public opinion against us ; and it was precisely this which Sir Edward Grey was determined to avoid. Moreover, although our representatives in America were satisfied that American sentiment was on the whole favourable to us, they were also aware that the sentiment was not very stable ; Colonel House himself had intimated that a misunderstanding might turn it sharply into another direction.

XV.—American legislation in the matter of shipping

It was, moreover, a matter of some concern to our authorities, that, when the American government thus suddenly challenged the legal principles embodied in the last order in council, they were anticipating controversy upon a far more serious question ; an issue, indeed, upon which no British government could be anything but firm and unyielding. American legislation with regard to shipping was causing our authorities grave anxiety, as it was evident that the Americans were determined to purchase a large number of the German ships then sheltering in American harbours. One project had already been endorsed and approved by the president ; and the manner in which it had been debated and passed showed, that large groups of influential Americans were determined to brook no opposition.³ By the existing American law, no foreign-built ship could be placed on the American registry if she were more than five years old ; the law further provided, that ships under the American flag must be officered by American citizens. The bill introduced by Mr. Alexander on 3rd August abolished these restrictions ; its purpose was to give American citizens the right to buy any foreign ship, and to send it to sea with foreign officers. The bill was passed very rapidly by the house of representatives, but was more carefully examined in the senate, on 5th and 6th August. Here, Mr. Cummins, Mr. Hitchcock and several others urged, that the law with regard to the purchase of ships from belligerents was doubtful, and that the bill as a whole was laden with political consequences. The opposing view, very strongly expressed by Mr. Shiveley, was, that unless the American merchant service

¹ See : *Intimate Papers of Colonel House*, Vol. II, chapters IV, V and VII.

² Signed by Sir Cecil Spring-Rice on 18th September, 1914.

³ Approved and signed 20th August. See *Congressional Record*, 22nd August, 1914.

were very rapidly expanded, it was most doubtful whether the produce of the American harvests would be carried to Europe ; and that no interference from a foreign power ought to be tolerated. His view prevailed, and a bill substantially the same as that introduced in the lower house on 3rd August was endorsed by the president, five days later. This, however, was only a piece of provisional legislation. The government had themselves introduced a far more comprehensive act : To authorise the President of the United States to acquire, own, operate and maintain an American mercantile marine. This bill had been presented to the lower house on 11th August by Mr. Bryan, but had not been proceeded with for the time being. The intention was, however, to create the nucleus of a state-owned merchant service from purchased German ships.¹

The British government could certainly have lodged a strong protest against this purchase of German ships ; for, although the law in the declaration of London differed from the law embodied in British prize decisions, neither body of law permitted the shipowners of a power at war to escape the consequences of belligerency by selling their ships to a neutral. The British authorities had, however, lodged no protest, for the time being, largely because Sir Cecil Spring-Rice had warned us, that a formal protest would excite great irritation. But, as it was an essential part of our war plan, that German merchant shipping should be driven from the seas, the British government could not possibly remain indifferent to American legislation, which would virtually reconstitute the enemy's merchant fleet, and restore it to the general traffic between America and Europe. Sir Edward Grey had, therefore, instructed our ambassador to warn the American authorities, that we should never allow these purchased vessels to engage in trade with neutrals adjacent to Germany. As the British authorities were thus anticipating a controversy upon which they could not yield, it was important that they should be as conciliatory as possible on disputes of less importance.

XVI.—*That American policy about the export of arms was still uncertain*

Though less important, the question of munition supply was serious. The position was this. The Bethlehem steel factory had given Lord Kitchener an undertaking that they would sell all the arms and munitions they could manufacture to the British government.² This general agreement had still to be elaborated by special contracts, but the military authorities were depending upon it for arming a considerable number of the divisions that were to be put into the field in the spring. This

¹ The law of the course of admiralty is embodied in the decisions on : the *Sechs Geschwestern*, Christopher Robinson, IV, p. 100 ; the *Jemmy*, *ibid.*, IV, 31 ; the *Minerva*, *ibid.*, VI, p. 396, and the *Odin*, *ibid.*, I, p. 248. The British courts maintained that property transferred by a belligerent to a neutral must be bona fide and absolutely transferred, and that there must be a sale divesting the enemy of all further interest in it. This " further interest " to which Lord Stowell referred was apparently a subsidiary secret agreement between the neutral purchaser and the belligerent seller, that the original owner should continue to administer the vessel. Americans purchasing German ships were not likely to make any agreement limiting their ownership of the vessels ; but the established principle of law that the enemy should be divested of all interest in the vessels would certainly have been violated if those vessels had been used to carry supplies to Germany through neutral countries.

The law of the declaration of London ran thus :

The transfer of an enemy vessel to a neutral flag, effected after the outbreak of hostilities is void unless it is proved that such transfer was not made in order to evade the consequences to which an enemy, as such, is exposed. There is, however, an absolute presumption that a transfer is void :

- (i) if the transfer has been made during a voyage or in a blockaded port,
- (ii) if a right to repurchase or recover the vessel is reserved to the vendor,
- (iii) if the requirements of the municipal law, governing the right to fly the flag under which the vessel is sailing have not been fulfilled.

² General Edmonds : *Official History of Military Operations*. Vol. II, pp. 11-17 ; 25.

agreement was, however, already involved in American politics, for the parts of the American nation that were unfriendly to the allies were showing an unexpected coherence and singleness of purpose, and had succeeded in provoking a general discussion upon the supply of munitions by neutrals to belligerents. A group of senators, of whom the most eminent was Mr. Stone, was known to favour a policy of munition embargo. Pressed by these critics the state department circulated an official paper, which was entirely favourable to the allies.¹ In it, the United States government stated that any private citizen had the right to sell contraband to a belligerent. He must, however, recognise that a belligerent on the opposite side had a right to capture it.

If the enemy of the purchasing nation happens for the time being, to be unable to do this, that is for him one of the misfortunes of war.

Although the state department stated that this paper was declaratory of the law of nations, it was patent that it was as much a declaration of policy as of law. The policy could, moreover, be modified or reversed for reasons of state; and it was a matter of great moment to us that this should not be done. The first German invasion had been checked, but the hopes excited by the battle of the Marne were no longer tenable; and it was then clear that the German armies would not be dislodged from northern France for a considerable time. The British war minister had, indeed, stated publicly that he anticipated a three years' war, possibly an even longer one.

A general survey of Anglo-American relations was, therefore, more a survey of fluctuating, unsteady, influences than of certain fact; but whatever was uncertain, two conclusions were inevitable: The first was, that such American sympathy as we could count upon could, at any moment, be deflected by political forces that had just gathered enough strength to drive the president into a controversy that he disliked. The second was, that if the British government strengthened these adverse influences, by defying or ignoring criticism, and by exasperating the American government with insistent argument in support of a bare legal right, they would be engaging upon a reckless political adventure.

XVII.—That the economic war plan was still unaltered, and what was then known about enemy trade

Seeing, therefore, that some concession was necessary, Sir Edward Grey and his advisers had to decide what rights of intercepting trade could be abandoned without damaging British interests. This could only be decided by reviewing the results of the campaign at sea, and what was known of the enemy's trade and supplies. It is not, however, sufficient, at this distance of time, merely to examine the facts as they were then known; for no review of enemy and neutral trade, in the autumn of 1914 can be satisfactory, unless the objects and purposes of British maritime policy are clearly apprehended.

First, and most important, it must be remembered that the British government were not, at this date, committed to what may be called unlimited economic warfare; for, in the autumn of 1914, the economic campaign against the central empires was being waged for the limited purpose described in the war orders to the fleet. The government had not enlarged or augmented these objects since the war began, nor had military or naval advisers urged them to do so. The authorities did not, therefore, contemplate measures for controlling and stopping all the enemy's supplies; indeed, at this time, they did not even contemplate stopping foodstuffs, if they were to be consumed by the civil population of the central empires. The

¹ See Senate Record of 14th October.

limited objects that the government were then pursuing are enumerated in a telegram which Sir Edward Grey sent to Sir Cecil Spring-Rice, when he opened negotiations with the American ambassador :

We have only two objects in our proclamations : to restrict supplies for the German army and to restrict the supply to Germany of materials essential for the making of munitions of war. We intend to attain these objects with the minimum of interference with the United States and other neutral countries.

In seeking for a compromise, it was, therefore, necessary for Sir Edward Grey and his advisers to examine how far these objects were being pursued successfully, and to decide whether the enemy were supplying themselves from new sources. What, then, was known for certain about this ?

By the middle of October, the committee for restricting the enemies' supplies had presented twenty reports on the shipping movements and flow of supplies into northern Europe. These reports were more descriptive of an immense upheaval than of regular movements of ocean traffic ; it was clear, that the outbreak of war, and the withdrawal of the German merchant fleet, had seriously jeopardised the supplies of northern neutrals, who were only just beginning to enjoy a regular delivery of essential cargoes. Each neutral government had, in turn, imposed severe prohibitions against the export of food and fuel ; and for some weeks, the Netherlands government had been so alarmed, that they had stopped vessels bound for Germany, notwithstanding that the Rhine convention forbade it. The prohibitions had, however, been varied from day to day, and from week to week, and nothing certain could be concluded about their operation.

The reports presented daily to the committee were, therefore, confusing ; nevertheless they already contained indications of two unusual movements of trade. The enemy seemed to be endeavouring to obtain supplies of petroleum through Denmark and of copper through Holland. On 1st October, the committee reported that 48,500 barrels of oil were being carried from New York to Copenhagen. A week later they reported, that during the previous month, seventeen Scandinavian steamers had sailed from America, with 200,000 barrels of gasoline. As the average monthly imports of the three Scandinavian countries were only 40,000 barrels, the committee were convinced that the bulk of these shipments would be re-exported. The petroleum was, moreover, being carried exclusively in barrels, instead of in bulk, which made the presumption of re-export particularly strong. If these facts had stood alone, there would have been a strong case for at once taking drastic measures ; but the reports received immediately afterwards showed how difficult it was to form any hard and fast conclusion upon the available data. The committee's agent in Copenhagen at once discussed these import figures with the Danish authorities, who assured him, that all the petroleum cargoes had been consigned to the Danish petroleum company ; the Danes proved, moreover, that, at the outbreak of war, there had been a shortage of petroleum in Denmark, which the confusion of the following weeks had accentuated. These explanations, combined with the export prohibition proclaimed by the Danish government, rather modified the opinion previously given by the committee ; yet the stark fact remained, that the imports were abnormal, and that further shipments of petroleum were being reported.

An abnormal movement of copper into Holland was equally discernible. At the end of September, the committee reported that 4,170 tons had recently been received in the country ; they believed that its average annual importation was about 1,000 tons. Later reports showed that heavy shipments of oil and copper were on their way to Genoa.

As it was still exceedingly difficult to be positive about the final destination of these contraband cargoes, it was more difficult still to decide, whether the Admiralty's plan of exerting economic pressure upon Germany was succeeding or failing. The real test of this was whether Germany was compensating herself for the loss of her merchant

service, by establishing a general trade through neutral countries ; and statistics with regard to particular commodities like oil and copper gave little or no guidance. It was, however, a question which the committee were striving to determine, and their conclusion, formed upon the mass of reports that they had scrutinised between August and October, was that the volume of supplies that reached the enemy through neutrals was steadily increasing. But whereas it had always been anticipated, that Holland would be the great exchange house of Germany's indirect trade, the committee now thought, that Scandinavian countries, Sweden in particular, would prove to be the principal centres of re-export. Finally, it seemed, for the time being, as though the bulk of this indirect trade would be in foodstuffs.

In addition to the reports of the committee, the Foreign Office had before them a complementary source of information, in the reports of Sir Valentine Chirol. Since the war began, this gentleman had scrutinised the principal German papers, and the technical journals of the great trading and manufacturing associations in Germany, and was preparing monthly reviews of the economic conditions in Germany. Sir Valentine Chirol confirmed what the committee had reported about petroleum, and showed that the authorities were issuing strict regulations about the distribution of supplies. He also showed, that, although the German industries had partially recovered from the shock suffered when war began, the recovery was partial only, in that the loss of the export markets had thrown a large section of the population out of work, and that the magnates of the metal, jute and textile industries were openly anticipating the paralysis of their concerns, when stocks of raw material were exhausted. Finally, Sir Valentine Chirol's observations proved that German supplies of grain were short ; for the prices of wheat, barley, rye, malt and flour had all risen, and the federal council were issuing regulations about prices and milling. Sir Valentine Chirol's reports, therefore, showed that the Admiralty's economic war plan had done the enemy considerable damage, and that if it were adhered to without relaxation, it was likely to do more.

XVIII.—That the indirect trade of Germany had not been checked by the powers conferred in the last order in council

These reports and recommendations were the material upon which the government had to decide what could be conceded to the American government, and upon what points it was necessary that the British authorities should stand firm. As all the available material did not amount to much more than reasonable and well-informed conjecture, it was a matter of some difficulty to decide. If, however, the conjectures of the committee were accepted, the problem stood roughly thus. Germany's indirect trade was increasing, notwithstanding that, by our order in council, we claimed a right to intercept a considerable proportion of it. The rights that we claimed under the doctrine of continuous voyage were questioned by the American government ; could we, therefore, waive them, and at the same time, assert and maintain a general right to intercept this indirect traffic by other means ? This could only be determined by carefully reviewing the advantages that we had secured by upholding the doctrine of continuous voyage in our proclamation ; and although it may be surprising to the large number of persons, who consider that this doctrine was the directing principle of the entire blockade of Germany, it is none the less true, that, in October, 1914, the mere assertion of the principle had been of no advantage to us. On this point the records are conclusive. In the early part of November the cargoes of only three Norwegian and one Dutch vessel had been arrested. These figures represent the total interference with neutral trade ; and they show, quite conclusively, that the order in council of 20th August was still no more than the assertion of a legal principle. The authorities were still unable to give effect to the principle, because our agents abroad had not yet collected any of that sufficient evidence upon which particular cargoes could be condemned. Moreover, the report that the German

government were controlling foodstuffs—a report which had very much influenced the conference which approved the order in council—was, soon afterwards, proved to be untrue. In view of all this, it is not surprising that the British authorities decided, that our right to apply the doctrine of continuous voyage against cargoes of conditional contraband need not be insisted upon in our negotiations with the American government.

XIX.—The negotiations with the American government

On 29th September, Sir Edward Grey opened discussions with the American ambassador ; and the negotiations that followed are confusing, because the state department did not strictly adhere to the procedure that had been agreed to. As has been explained, it was agreed, that the American ambassador in London should negotiate in chief with the British secretary of state, which meant, that their proposals, and all discussions upon them, should be communicated to Washington, and that the officials of the state department should there examine them, and should then instruct the American ambassador what parts could be agreed to, and what parts ought to be altered. As soon as the negotiations in London were begun, however, the counsellor of the state department presented his own proposals to the British ambassador, with the result that two radically different projects were being examined simultaneously. It will be best to deal with the London negotiations first.

When the new contraband proclamation (in which copper, magnetic iron ore, rubber, and various other metallic substances were declared contraband) was communicated to the American ambassador, Sir Edward Grey explained the ends that the British government were then pursuing. They could not, he said, give any undertaking to observe the declaration of London : when the country was at peace, parliament had refused to ratify it, because they thought it compromised the nation's safety ; how, then, could any British government promise to observe it, with a war raging, because a foreign power pressed them to do so ? As for the doctrine of continuous voyage, it had been recognised as sound law before the declaration was negotiated, and the British government could not withdraw their recent proclamations upon it. Nevertheless, Sir Edward Grey thought that the British government could come to a settlement with America, by enlarging the lists of absolute contraband, and by applying the doctrine of continuous voyage against absolute contraband only, always provided that everything useful to the enemy's armies was recognized to be so. The discussions between Sir Edward Grey and the American ambassador were continued on 2nd, 3rd and 4th October ; and on the last day, a draft order in council was communicated. In it, motor oils, nickel, haematite, ferro chrome, and various other metals, were made absolute, but food, forage, textiles and fuels remained conditional contraband. With regard to this latter, the British government undertook, that the doctrine of continuous voyage should not be applied against it ; but that, if we had evidence that a neutral country was becoming a base of enemy supplies, then, we should reserve our rights over the entire trade. Mr. Page kept this project for some days, and after examining it thoroughly, recommended that it should be accepted. He urged this for reasons purely political, in the following language :

I cannot help fearing we are getting into deep water needlessly. The British government has yielded without question to all our requests and has shown a sincere desire to meet all our wishes short of admitting war material into Germany. That it will not yield. We should not yield it if we were in their place. Neither would the Germans. The English will risk a serious quarrel, or even war with us, rather than yield. This you may regard as final.

Since the last lists of contraband and conditional contraband were made, such articles as rubber and copper and petroleum have come to play an entirely new part in war. They simply will not admit them. Nothing that can be used for war purposes in Germany now will be used for anything else. Representatives of Spain, Holland, and all the Scandinavian states have conferred with me. They agree they can do nothing but acquiesce and file protests and claims.

They admit that England has the right to revise the list. This is not a war in the sense we have hitherto used the word. It is a world-clash of systems of government, a struggle to the extermination of English civilization or of Prussian military autocracy. Precedents have gone to the scrap heap. There is a new measure for military and diplomatic action. Suppose we press for a few shippers' theoretical rights. The American people as a whole gain nothing and the result is friction with Great Britain which is precisely what a very small minority of agitators would like. Great Britain can any day close the Channel to all shipping or can drive Holland to the enemy and blockade her ports.

Look a little further ahead. If Germany wins, it will make no matter what position Great Britain took on the declaration of London. We shall see the Monroe Doctrine shot through. We shall have to have a great army and a great navy. If England wins, and we have an ugly academic dispute with her because of this controversy, we shall be in a bad position for helping to compose the quarrel or for any other service.

The present controversy seems here, close to the struggle, academic and of the smallest practical consequence compared with the grave danger we incur of shutting ourselves off from a position to be of some service to civilization and to the peace of the world.

There is no practical need to consult other neutral governments. If we accept the proposed new order in council all the others will accept it and thank us after the event. Their representatives all come to me for advice and leadership here.

The question seems wholly different here from what it probably seems in Washington. There it is a more or less academic discussion. Here it is a matter of life and death for English-speaking civilization. It is not a happy time to raise controversies that can be avoided or postponed. Nothing can be gained and every chance for useful co-operation for peace can easily be thrown away and is now in jeopardy. In jeopardy also are our friendly relations with Great Britain in the sorest time of need in her history. I know that this is the correct, larger view. I recommend most earnestly the substantial acceptance of the new order in council or our acquiescence with a reservation of whatever rights we may have; and I recommend prompt information to the British government of such action. I should like so to inform Grey.

So far as our neutrality obligations are concerned, I do not believe that they require us to demand that Great Britain should adopt for our benefit the declaration of London which has never been ratified by Great Britain or any other nation except the United States and the effect of which in its application to the situation presented by this war is altogether to the advantage of Germany.

I have delayed to send this perhaps too long for fear I might possibly seem influenced by sympathy with England and by the atmosphere here. But I write of course solely with reference to our own country's interest and its position after the reorganization of Europe. Anderson and Laughlin agree with me emphatically.

While the British order in council was being explained to Mr. Page, and was by him being examined, other projects were presented to the British ambassador in Washington by Mr. Lansing, the counsellor to the state department. The projects examined in London and Washington were different, because the preoccupations of the American ambassador, and of Mr. Lansing, were not the same. To Mr. Page it seemed important, that the British government should not be pressed to do what they could never agree to, that is, promise to observe the declaration of London. Mr. Page knew, without explanation, that insistence on this matter could only provoke an outburst of indignation in England, and it was this that he wished to avoid. For the rest, Mr. Page was convinced, that American trade with northern Europe must be subject to a certain amount of control, and, as the new order in council reduced that control considerably, so, he thought it ought to be accepted. The counsellor of the state department, on the other hand, was exposed to influences from which Mr. Page was free: congress was about to assemble, and, as far as the state department could judge, the political managers in both houses were preparing to raise a great clamour on behalf of the declaration of London, by representing it as a charter of American rights, which no American government ought abandon. It was, therefore, of the last importance to the American ministers, that they should anticipate this attack, by shewing themselves as zealous on behalf of the declaration of London as the senators and congressmen who were seeking to discredit them. It was with these preoccupations in his mind, that Mr. Lansing pressed his proposals upon the British ambassador.

Mr. Lansing's first suggestion was that the British government should adhere to the declaration, and should then gain the freedom they required, by interpreting certain articles in it in the following manner. By the twenty-third and twenty-fifth articles, states adhering to the declaration were empowered to add to the contraband lists, with the limiting condition, that only articles that are exclusively used in war should be declared absolute contraband. Mr. Lansing thought that this awkward condition could be evaded :

This latter phrase may be open to more than one interpretation, but it is manifest that exclusively cannot be literally interpreted ; for example, a literal interpretation would exclude dynamite sticks used in mining from being declared absolute contraband, as they do not seem to fall under the term, explosives specially prepared for use in war. Manifestly, such an exclusion was not intended. My personal view is that in interpreting, exclusively used in war, there must be taken into consideration the methods of warfare, the locality to which the articles are presumably destined, and the situation which exists at the time of the declaration, and notification of the articles added to the absolute contraband list. This seems to me the commonsense view of article 23.

Mr. Lansing therefore suggested, that the British government should undertake to observe the declaration, and should then increase the list of absolute contraband, until it included every article of commerce that they wished to stop ; the doctrine of continuous voyage could then be applied against all cargoes on the list ; and all this could be called, acts performed under the provisions of the declaration itself.

While Mr. Lansing was explaining his project, the draft of the new order in council was presented to him, and he must have realized, at once, that it would be fruitless to press his suggestion further. Our objections to it were, that in our first order in council, we had interpreted the declaration in a manner entirely different from Mr. Lansing ; for, if the declaration gave us the freedom that he imagined, we should not have found it necessary to deal with cargoes of conditional contraband under the older, consuetudinary law. Furthermore, Mr. Lansing evaded what was uppermost in the minds of all British officials : If we did as he suggested, would he subsequently agree, that his own arguments should be used to support a declaration that foodstuffs, forage, textiles and fuel were absolute contraband ?

Nevertheless, Mr. Lansing still thought that he could cajole the British authorities into giving the declaration of London a formal recognition ; and in order to gain time, either he, or one of his subordinates, raised objections to practically every clause in the new order in council, and instructed Mr. Page to communicate the criticism. The new order did not sufficiently repeal the previous one ; and it was probable that cargoes of conditional contraband could be as severely treated under its provisions, as under the order to which objection had been raised.¹ In addition, Mr. Lansing professed to be greatly concerned at the clause in which the British government asserted, that if neutral countries became bases of supply for the enemy's forces in the field they should not be protected by the thirty-fifth article. On this point, Mr. Lansing expressed himself with some energy.

Section 4 of the proposed order introduces a new doctrine into naval warfare, and imposes upon neutral commerce, a restriction which appears without precedent. An analysis of the provisions of this section shews, that, in the discretion of one of his majesty's principal secretaries of state, a neutral country may be clothed with enemy character, and that the legitimate trade of another neutral with such country may be subjected to the rules which are applied to contraband trade with enemy territory. The effect of this provision would seem to be that a belligerent would gain all the rights over neutral commerce with enemy territory, without declaring war against the neutral country which is claimed to be a base of supply for the military forces of the enemy. It seems inconsistent to declare a nation to be neutral ; and, if it does so, other neutral nations can hardly be expected to permit their commerce to be subject to rules which only apply to commerce with a belligerent.

¹ In this, the lawyers of the state department shewed sound knowledge ; for the judicial committee of the privy council held the same thing later. See *Hull's Digest of cases decided in the British Prize Courts*. Section VI, 3.

As this criticism was so strongly worded, it is more than strange that, on the very afternoon when it was despatched, and within two hours of it, Mr. Lansing sent away his last appeal on behalf of the declaration of London, and added to it a recommendation that we should do the very thing against which he was protesting so vigorously. This, however, is the case, for at one o'clock in the afternoon of 16th October, Mr. Lansing sent an instruction to Mr. Page, of which the essential part ran thus :¹

Let the British government issue an order in council accepting the declaration of London without change or addition, and repealing all previous orders in council.

Let this order in council be followed by a proclamation adding articles to the lists of absolute and conditional contraband by virtue of the authority conferred by articles 23 and 25 of the declaration. Let the proclamation be followed by another, of which the United States need not be previously advised, declaring that, when one of his majesty's principal secretaries of state is convinced that a port, or a territory, is being used as a base for the transit of supplies for an enemy government, a proclamation shall issue [*sic*] declaring that such port or territory has acquired enemy character in so far as trade in contraband is concerned and that vessels trading therewith shall be, thereafter, subject to the rules of the declaration governing trade to the enemy's territory.

As can be imagined, this confused and inconsistent criticism made an ill impression upon the officials of the Foreign Office, to whom it seemed as though the concessions that we were making were not being received as concessions at all, but were merely provoking an exercise in chicanery. The blame for it was laid upon Mr. Lansing; but in this our officials were unjust. It now seems probable that the critical telegram was drafted by an official subordinate to Mr. Lansing, who did not understand what his chief was striving for, and who thought that it would be helpful to attack every line and clause in the British order in council, if it did not specifically recognize the declaration of London. Mr. Lansing, who was very overworked at the time, probably countersigned the telegram without studying it. The second telegram, which contained a constructive proposal, though a very impracticable one, was certainly drafted by Mr. Lansing, for he explained his suggestion to Sir Cecil Spring-Rice on the previous day. From this it can be concluded, that Mr. Lansing did recognise that the British government had a right to control the indirect trade of Germany, and that he was willing to excuse a harsh and arbitrary exercise of belligerent rights, provided always that the British government would recognize the declaration. The worst that can be charged against Mr. Lansing is, therefore, that he adhered rather obstinately to his instructions, and by doing so, aggrieved us needlessly; certain it is that among his faults, cheating and trickery were none.

Although Mr. Lansing advanced some very plausible arguments on behalf of his last recommendation, and even professed himself convinced, that the American government would give liberal consideration to a proclamation that neutral ports might be treated as enemy territory, no responsible official could countenance his proposals; for they would have roused all neutrals against us. It had been decided, that, when the new order was issued, we should at once negotiate with neutral governments for an assurance that they would prohibit the export of imported foodstuffs, textiles and metals. Securing these assurances was, indeed, deemed complementary to the order; and unless our authorities had deemed it probable that the assurances would be given, the order would have contained different provisions. If acted upon, Mr. Lansing's suggestion would have made these negotiations impossible; for it is difficult to believe, that any Dutch or Scandinavian minister would have discussed how imports and exports should be regulated if, at any moment, a British representative might have announced, on the strength of such evidence as was to be found in a few sheets of statistics, that Rotterdam, Copenhagen or Göteborg would, thenceforward, be treated as an enemy harbour.

¹ The telegram criticising the order in council, and protesting against the last clause in it was despatched at 3.0 p.m.

It was, however, thought best not to state our objections to this last proposal, as it was feared, that, by discussing it at all, we should provoke an even worse one. The outcome was, therefore, that Sir Edward Grey brushed all details and counter-proposals aside, and informed Mr. Page and Mr. Chandler Anderson, that the British government could not concede more than was yielded in the new order, and that they would publish it. Sir Edward repeated what he had previously said about the declaration of London, and suggested that the American government should neither acquiesce in the new order nor protest against it, and should merely wait to see whether it injured American rights. If it were found to do so, the American government would be free to act as circumstances required. Mr. Page and Mr. Chandler Anderson urged that this should be agreed to as an emergency arrangement, and, on receiving their reports upon the matter, Mr. Lansing at last abandoned the position that he had so faithfully defended, our ambassador was informed: That the United States government could not formally endorse a British order in council; but that the American administration would thenceforward regard the declaration of London as:

of no effect, and would treat each question, as it arose, on the principles of international law as maintained in the United States, especially in their relations with Great Britain.¹

XX.—The order in council of 29th October, 1914

The order in council was published on 29th October. It was declared to be abrogatory of the previous order, and Sir Edward Grey's decision, that the doctrine of continuous voyage should no longer be applied against cargoes of conditional contraband, was embodied in a clause which ran:

Notwithstanding the provisions of article 35 of the said declaration, conditional contraband shall be liable to capture on board a vessel bound for a neutral port if the goods are consigned to order, or if the ships papers do not show who is the consignee of the goods, or if they show a consignee of the goods in territory belonging to or occupied by the enemy.²

The ship's papers are conclusive proof both as to the voyage on which the vessel is engaged and as to the port of discharge of the goods, unless she is found clearly out of the course indicated by her papers and unable to give adequate reasons to justify such deviation.

The safeguard against allowing contraband to pour into Germany through neutral territory was incorporated in the second clause of the order:

Where it is shown to the satisfaction of one of His Majesty's principal secretaries of state that the enemy government is drawing supplies for its armed forces from or through a neutral country, he may direct that, in respect of ships bound for a port in that country article 35 of the said declaration shall not apply. Such direction shall be notified in the *London Gazette* and shall operate until the same is withdrawn. So long as such direction is in force, a vessel which is carrying conditional contraband to a port in that country shall not be immune from capture.

The contraband lists recommended by the interdepartmental conference were published without alteration in a separate proclamation.³

By many persons this order in council was considered to be an abrogation of our legal rights, made without consultation with the naval authorities, and for no sufficient reason. Mr. Arnold Forster was probably expressing a view widely held, when he stated that the order:

Had an injurious effect upon the exercise of our sea power. . . . thousands of tons of food, which were believed to be destined for the enemy authorities had to be allowed to pass through the blockade unmolested.

This criticism deserves to be examined.

¹ For the American state papers upon the negotiations, see: *Policy of the United States towards maritime commerce in war*. Vol. II, pp. 4 *et seq.* Carleton Savage. (State Department publication.)

² Article 35. Conditional contraband is not liable to capture except when found on board a vessel bound for territory belonging to or occupied by the enemy, and when it is not to be discharged at an intervening neutral port.

³ See Appendix I.

If, by the autumn of 1914, the British government had enlarged the plan of economic warfare that was embodied in the war orders to the fleet, and had determined to stop food and articles of general trade consigned to Germany, then, it might be said that the October order restricted and curtailed our plans of economic warfare. But it has been shown that, in the autumn of 1914, the Admiralty's plan was unaltered; and that it consisted solely in the interception of contraband. The October order can, therefore, only be regarded as a retrograde movement, if it made the interception of contraband more difficult. Can it be said to have done so? Hardly, for several reasons. First, cargoes of conditional contraband had not been condemned by the law of continuous voyage, because we still lacked the evidence necessary for making the law effective; nor did such information as we possessed about the neutral consignees of foodstuffs suggest, that we should ever be able to penetrate the thick curtain of disguise, which still sheltered the transactions of Germany's transit trade. Secondly, Sir Edward Grey's telegrams to Sir Cecil Spring-Rice show, that in the autumn of 1914, the British government still intended to distinguish between foodstuffs supplied to the armed forces of Germany, and foodstuffs for the civil population. We were still without any means of making the distinction; and it would have been quite impracticable to attempt to stop all foodstuffs, merely because we could not distinguish between military and civil recipients. Indeed, American apprehensions about our treatment of food cargoes had given as much force to their protests as their apprehensions about copper and cotton; for, at the outset of the controversy, Sir Cecil Spring-Rice had advised the Foreign Office, that unless foodstuffs were liberally treated, there would be little chance of agreement. Such concessions as we made were, therefore, concessions on a rule of war, from which we had then extracted no advantage. If the critics of the order can show that enormous quantities of foodstuffs passed through the blockade, after the order in council was issued, they ought, in justice, to add that those foodstuffs would in all probability have gone free, if the old order had remained in force. And, as a set off or counterpoise, to the concessions, the British authorities were thenceforward free to apply the doctrine of continuous voyage against cargoes of the enlarged list of absolute contraband, a list which now included copper, special ores, motor spirit and rubber.

It is never fair to attribute views to persons, if they have not explicitly expressed them, but it is possibly not disregarding the restraints that must be imposed upon legitimate argument to say, that there has been a great deal of misapprehension about the blockade of Germany, because its tentative beginnings are forgotten. The operation became so embracing, and was so successfully executed, that any cautious step during the preliminary manœuvres is remembered as a setback, or an obstacle, to the final plan. If it had been possible to wage unlimited economic warfare against Germany in the autumn of 1914, then, certainly, the order in council of 29th October would have been a calamity. As, however, it was then impossible to enlarge our plan of economic warfare, and as no extension of it was seriously suggested from any quarter, the order in council must be examined in the light of the circumstances which then obtained. Nor must it be forgotten that it secured to us two advantages. First, it gave us great additional freedom, for the Americans agreed that they would, thenceforward, consider that the declaration of London was of no effect. Secondly, which is more important, the order established the principle of relying upon political negotiations with neutrals, rather than upon legal doctrines, for stopping contraband cargoes destined for the enemy.

CHAPTER III

THE FIRST CONTRABAND AGREEMENTS

Negotiations for a contraband agreement with Holland.—Negotiations for a contraband agreement with Denmark.—Negotiations for a contraband agreement with Sweden.—Negotiations for a contraband agreement with Norway.—Negotiations for a contraband agreement with Italy.—Negotiations for a contraband agreement with Switzerland.—General conclusions upon the first contraband agreements.

THE order in council of 29th October, 1914, was accompanied by an intimation that the British authorities intended to negotiate agreements with neutral governments, and, thereby, to regulate all outstanding and debatable questions, by the rules of expediency and mutual convenience. The neutral governments to whom this note was addressed were still free to refuse negotiation, by asserting, that, as the Hague convention granted them the right to allow exports and re-exports of contraband to flow unimpeded and unregulated, so, there was nothing to negotiate about. This appeal to a bare legal right was, however, unlikely, as the order in council made it evident, that the neutrals claim to a free trade in contraband would be answered by a declaration, that the neutral country, whose authorities claimed this freedom, was virtually a base of enemy supplies, and would be so treated. Some neutral statesmen (more particularly the Norwegian among whom a knowledge of the sea is common) may have grasped that this course of conduct would involve Great Britain in such difficulties that she would be forced to abandon it ; but even if this was understood, it must have been understood, also, that the dangers of a general stoppage would be, to Great Britain secondary only, and to neutrals, immediate and formidable.

Moreover, although neutral authorities may have been conscious, that the British administration would be reluctant to be responsible for a universal stoppage, they must also have been aware, that we could exercise our rights far more rigorously than we had done hitherto ; for our legal right to stop contraband from going to Germany was absolute, and was not, in itself, weakened by the difficulty of collecting evidence against particular consignments. Obviously, therefore, we could abandon our practice of demanding mere guarantees against re-export, and could demand, instead, that neutral authorities should furnish satisfactory proof, that detained cargoes would not be exported to the enemy. This request for positive proofs, accompanied by detentions of all cargoes for which proof of innocent destination was demanded, would, in itself, have caused severe stoppages and dislocations ; and, as the neutral countries of Europe were only just recovering from an economic convulsion, their governments were but little inclined to endanger their countries commerce, by forcing the British government to adopt this more rigorous procedure.

A satisfactory settlement was thus possible, but it was not likely to be reached easily or quickly. The purpose of the negotiations was to transfer, from legal to political territory, all the issues we had raised by asserting the doctrine of continuous voyage in our first order in council. During the process of transfer, therefore, those issues would necessarily be exposed to all the influences that radiate from great centres of finance and industry ; and no proposals from the British authorities were likely to be agreed to, unless they were adjusted to the policies of the neutral powers.

Apart from this, many questions of detail remained to be examined by technical experts before agreements could be concluded. The British authorities had intimated, in their circular letter to the neutral governments, that contraband cargoes consigned to neutrals would not be stopped, if neutral governments would prohibit the export of all commodities on the contraband proclamations. This proposal contained the

material for a reasonable bargain ; but how should contraband goods be treated, if it were found, upon examination, that they stimulated an exporting industry in a neutral country, without being essential to it? What should be done with commodities which, although consumed in a neutral country, released other, similar, commodities for export to Germany? What transactions, in fact, would be treated as the transactions of a legitimate export trade between neutrals and the enemy? Every proposal under these heads was certain to be agitated among bankers, manufacturers, traders, landowners and peasants; and allowance would have to be made for a vast complex of interests, before any settlement could be reached.

To the Foreign Office authorities it was evident, that a special department would have to be formed, if negotiations of such compass were to be properly conducted; and the contraband department was founded, before the instructions were sent to our representatives abroad. The order for founding this department was, moreover, accompanied by another, equally important: Sir Eyre Crowe was removed from his post at the head of the war department, and was placed in charge of all contraband negotiations. This appointment placed a man who was, probably, the most far-sighted and able official in the British administration in control of what proved to be, later, an engine of such strength, that it shattered the fabric of two great empires. For the rest, the new department was placed under the immediate supervision of Mr. Parker, and was organized in geographical divisions: the first scrutiny of all negotiations with Italy and Switzerland, was entrusted to Mr. Craigie: Mr. Sargent supervised those with the Scandinavian powers and Holland: Mr. Vansittart was made the Foreign Office representative upon the licensing committee, which enforced the trading with the enemy legislation.

Simultaneously, or nearly so, the contraband committee was founded. From the first days of the war, Foreign Office and Admiralty representatives had scrutinised all the reports of detentions by the fleet, and had recommended appropriate action. It was not, however, until the beginning of November, that these meetings became the meetings of a regularly constituted committee with a permanent secretariat, and a set of minute books. Henceforward, an officer of the contraband department, and a representative of the procurator-general attended every meeting. The Admiralty representatives were officers of the trade division.

By thus drawing the political and military branches of the administration more closely together, these additions to the existing machinery served a good purpose. The union was, however, far from perfect, as it was only between branches of the service that were still subordinated to one authority. Notwithstanding that the war department of the Foreign Office had been founded to facilitate collaboration between the Foreign Office and the Admiralty, the high naval authorities acted quite independently, when they took a step that made neutrals extremely suspicious of our intentions. How this came about can only be explained by a retrospective survey of the campaign at sea.

The German naval staff were still executing their minelaying campaign, but their difficulties were great. Being ignorant how the British fleet was distributed, or where the main striking force was based, the Germans were, in consequence, uncertain what waters ought to be mined. Submarines were, therefore, repeatedly sent on cruises of observation, and, on 15th October, U-boats numbers 9 and 17 penetrated the patrol line of the tenth cruiser squadron, and sank the *Hawke*. Admiral Jellicoe now withdrew the grand fleet from the North sea, and the naval dispositions for intercepting commerce were modified. The old cruisers, which had hitherto done the service, were ordered to be paid off, and were replaced by armed merchant cruisers. The nucleus of the tenth cruiser squadron, reinforced by the third cruiser squadron, was ordered to patrol north of the Shetlands, and the cruiser forces of the grand fleet were directed to sweep out areas on the old patrol line, between Peterhead and

Norway. Thanks to these measures, the traffic to northern Europe was kept under observation, but our watch upon it was considerably relaxed, and was only carried out with its former regularity, when Admiral Jellicoe returned to Scapa.

As this evacuation of the North sea made the British fleet more difficult to locate than ever, the German naval staff determined to mine the approaches to a great commercial harbour, and ordered the *Berlin* to lay a minefield in the firth of Clyde. Her captain failed to do this, and mined the approaches to Tory island. The battleship *Audacious* sank on this new minefield on 27th October.

Soon afterwards, Admiral Jellicoe visited the Admiralty, to discuss the conduct of the naval war with the board. A general conference, of which the minutes of proceedings have been lost, was held on 2nd November, and a manifesto was published in the papers on the following day. It ran thus :

During the last week the Germans have scattered mines indiscriminately in the open sea on the main trade route from America to Liverpool, via the north of Ireland. Peaceful merchant ships have already been blown up, with loss of life, by this agency, the White Star liner *Olympic* escaped disaster by pure good luck. But for the warnings given by British cruisers, other British and neutral merchant and passenger vessels would have been destroyed. These mines cannot have been laid by any German ship of war. They have been laid by some merchant vessel flying a neutral flag, which has come along the trade route, as if for the purposes of peaceful commerce, and, while profiting to the full by the immunity enjoyed by neutral merchant ships, has wantonly and recklessly endangered the lives of all who travel on the sea, regardless of whether they are friend or foe, civilian or military in character.

Minelaying under a neutral flag and reconnaissance conducted by trawlers, hospital ships, and neutral vessels are the ordinary features of German naval warfare.

In these circumstances, having regard to the great interests entrusted to the British navy, to the safety of peaceful commerce of the high seas, and to the maintenance within the limits of international law of trade between neutral countries, the Admiralty feel it necessary to adopt exceptional measures appropriate to the novel conditions under which this war is being waged. They therefore give notice that the whole of the North sea must be considered a military area. Within this area merchant shipping of all kinds, traders of all countries, fishing craft, and all other vessels, will be exposed to the gravest dangers from mines, which it has been necessary to lay, and from warships searching vigilantly by night and day for suspicious craft. All merchant and fishing vessels of every description are hereby warned of the dangers they encounter by entering this area, except in strict accordance with Admiralty directions. Every effort will be made to convey this warning to neutral countries and to vessels on the sea, but from 5th November onwards the Admiralty announce that all ships passing a line drawn from the northern point of the Hebrides, through the Faroe islands to Iceland, do so at their own peril.

Ships of all countries wishing to trade to and from Norway, the Baltic, Denmark, and Holland, are advised to come, if inward bound, by the English channel and the straits of Dover. There they will be given sailing directions, which will pass them safely, so far as Great Britain is concerned, up the east coast of England to Farn island, whence a safe route, if possible, will be given to Lindesnaes lighthouse. From this point they should turn north or south, according to their destination, keeping as near the coast as possible. The converse applies to vessels outward bound. By strict adherence to these routes the commerce of all countries will be able to reach its destination in safety, so far as Great Britain is concerned, but any straying, even for a few miles from the course thus indicated, may be followed by fatal consequences.

It is a great pity that the documentary records of this conference have been lost ; for it would be interesting to know how Admiral Jellicoe, and the other high officers present, reached these conclusions. First, the naval mining experts never swerved from their conviction, that the minefields in the North sea had been laid by regularly equipped minelayers of the German navy ; secondly, how was this operation of laying mines from neutral vessels conducted ? To whom did the neutral vessels belong ? When and where had they received the mechanical equipment necessary for laying mines ? Why had the owners consented that their vessels should be put to such a use ? Why had neutral skippers agreed to conduct operations for which they had no training or experience, and why had the Germans entrusted them with such duties ? Where had these neutral minelayers obtained their clearance papers ? What arrangements had been made for corrupting the custom house and port officials who had granted false clearance papers ; and how had the insurance companies been duped into insuring vessels engaged in this un-neutral service ?

Every neutral statesman and shipmaster and shipowner knew, from the beginning that the accusations in this document were quite untrue ; but some weeks elapsed before they could collect proofs that refuted the whole paper.¹ As can be imagined, there was universal indignation, that these accusations should have been scattered about, without investigation or enquiry. Scandinavian shipmasters were particularly resentful of the charge that minelaying under a neutral flag and reconnaissance conducted by trawlers, hospital ships and neutral vessels were the ordinary features of German naval warfare ; for they read this as an unfounded slur upon their honour and good name. Neutral governments read the announcement, as an intimation that the Admiralty intended to close the North sea by mines, and to sever Norway and Sweden's communications with America. From Stockholm and Christiania, Mr. Howard and Mr. Findlay reported angry meetings of shipowners and shipmasters ; and it was with governments thus excited and indignant that they had to conduct a difficult negotiation.

NEGOTIATIONS FOR A CONTRABAND AGREEMENT WITH HOLLAND

The Scandinavian powers handed in a note of protest some days later. The Netherlands government had been pressed to join in the protest, but they declined to do so, for it seemed to them, that the Admiralty's proclamation only threatened restraints upon the traffic that entered the North sea at its northern end. Shipping for Dutch ports passed through the Channel, and was generally examined at the Downs. Dutch shipowners, therefore, considered that they were complying with the traffic regulations of the Admiralty's manifesto, and their government preferred to wait upon events, and to discover whether any unusual restrictions would be imposed, before they engaged in a controversy.

The Dutch authorities thus received the Admiralty proclamation more calmly than the governments of Denmark, Sweden and Norway ; but they were apprehensive of our intentions, and, just before negotiations began, they protested against the last order in council. The protest was, however, very mildly worded, and was directed against the clause that threatened drastic restrictions, if a neutral country were considered to be a base of supply. Sir Edward Grey answered, that the British government intended to make proposals for regulating contraband commerce, and that, when examined, the proposals would be found to be reasonable. It will be necessary to make a brief survey of the Netherlands commerce, before describing the proposals made by Sir Alan Johnstone, our minister at the Hague, and the reception given to them.

The sources of Dutch wealth are substantially the same as they were three centuries ago, when the Dutch East Indies fleet arrived in Europe twice a year, laden with goods which were subsequently sold in central Europe ; for now, as then, the Netherlanders are warehousemen, transit agents, and jobbers, for middle Germany. The commodities bartered have changed, but not the nature of the transactions from which the Hollanders draw their profits. In the seventeenth century, the Netherlanders sold spices, silks, furs, precious woods and rare animals to the wealthy Germans of the Rhineland : in 1914, they were buying food, fuel and metals in every country that produced them, and reselling, at a profit, when the markets to the south-east were good. Moreover, as the communications between north-western Germany and the Netherlands are better than the communications between eastern and western Germany, the Netherlanders were acting as distributors of large quantities of German materials.

¹ The Berlin reached Trondjhem on 17th November, and was interned there by the Norwegian authorities who soon discovered that she had laid the Tory island minefield. See Mr. Findlay's telegrams from Christiania, 27th-30th November.

In 1913, for instance, they bought 11,700,000 tons of coal from Germany and re-sold 1,100,000 tons in the same country. Germany was, indeed, their best customer ; for 46 per cent. of their imports came from Germany, and 50 per cent. of their exports were sold in that country. The Netherlanders were, moreover, much concerned in the re-export of the materials that we desired to control ; for they were importers and retailers of foodstuffs and forage, fuel, copper, lead and hides ; in each case, their best purchaser was Germany. The exact state of their normal trade in articles that had then been declared contraband is best described by statistics (*see* Table I).

From these particulars, it will be understood that no Netherlands government could easily pledge themselves to prohibit the export of contraband to Germany. They might, without danger, stop petroleum from leaving the country, for the Hollanders were not great dealers in oil ; also, they might stop the export of such ores as haematite and ferro chrome, for their imports of these commodities were small. If, however, they promised to stop their export trade in foodstuffs, forage, copper and fuel, it was obvious that they would be tampering with the sources of national income. And even though they could persuade their electorate of great and petty traders, that they were imposing restrictions in the national interest, it was doubtful whether they could restrain contraband trade by government decree, without involving themselves in a dangerous controversy with the central empires. When treaties of trade and commerce contained lists of contraband, signatories were under a vague, ill-defined obligation not to export contraband to belligerents ; but such attempts as had been made to enforce the custom had never been successful, and in 1914 it was no part of international usage.¹ Indeed, according to the Hague convention, neutrals were free to get what commercial profit they could out of the difficulties of belligerents. If, however, a neutral government did restrain trade in contraband, they were strictly obliged to restrict that trade equally with both sets of belligerents² ; and, as far as our authorities could foretell, it was at least possible that the Netherlands government would stand firmly on this convention, and declare themselves unable to discuss our proposals ; for, just before Sir Alan Johnstone started negotiations, the Netherlands minister at Berne handed Mr. E. Grant Duff a carefully drafted paper headed, *Quelques données au sujet de la situation actuelle des Pays Bas et de l'attitude du gouvernement néerlandais*. The paper was an elaborate explanation, that the export prohibitions hitherto promulgated by the Netherlands government had been imposed for domestic reasons. *Les défenses d'exportation émanant du gouvernement n'ont aucune tendance de politique internationale et ont exclusivement pour but de maintenir au juste niveau les provisions se trouvant aux Pays Bas. Il ne s'agit donc pas d'interdiction comme en fait mention l'article 9 de la convention concernant les droits et les devoirs des puissances et des personnes neutres en cas de guerre sur terre ; au contraire, le gouvernement néerlandais a toujours soutenu vis à vis des alliés le droit que l'article 7 du traité susdit réserve aux neutres de permettre l'exportation et le transit pour le compte de l'un ou de l'autre des belligérents.* If this paper had recorded the considered policy of the Netherlands government no negotiation would have been possible.

¹ See Lord Stowell's remarks on Danish obligations in the *Neutralitet*. Sir William Duncombe's despatches from Stockholm during the League of Augsburg war contain certain vague references to an endeavour to make the Swedish government acknowledge an obligation.

² Convention respecting the rights and duties of neutral powers and persons in case of war on land. *Article 7*. A neutral power is not called upon to prevent the export or transport, on behalf of one or other of the belligerents, of arms, munitions of war, or, in general, of anything which can be of use to an army or a fleet. *Article 8*. A neutral power is not called upon to forbid or restrict the use on behalf of the belligerents of telegraph or telephone cables or of wireless telegraphy apparatus belonging to it or to companies or private individuals. *Article 9*. Every measure of restriction or prohibition taken by a neutral in regard to the matters referred to in articles 7 and 8 must be impartially applied by it to both belligerents.

TABLE I
Dutch trade in certain commodities declared contraband in 1914

IMPORTS		Commodity	EXPORTS	
Principal sources	Quantity or value		Quantity or value	Principal markets
South America ..	303,500 tons	Wheat	1,729,000 tons	Prussia 1,620,000 tons
Rumania ..	142,600 "			
Russia ..	572,000 "			
U.S.A. ..	834,000 "			
Prussia ..	183,500 "	Rye	360,000 "	Prussia 333,000 "
Russia ..	323,000 "			
Rumania ..	80,922 "			
Russia ..	652,000 "	Barley	687,000 "	Prussia 618,000 "
Prussia ..	79,000 "			
Russia ..	212,000 "	Oats	439,000 "	Prussia 415,000 "
Rumania ..	168,000 "			
British East Indies ..	278,000 "	Rice	104,500 "	Prussia 46,000 "
Java ..	42,300 "			
Siam ..	42,000 "			
Great Britain ..	1,915 "	Beef and veal	17,870 "	Great Britain .. 7,400 "
South America ..	1,300 "			Prussia 9,760 "
		Mutton	Unimportant	
		Pork	35,200 tons	Great Britain .. 24,000 "
			Unimportant	Prussia 10,200 "

Prussia	11,700,000 ..	14,120,000 tons	Coal and coke	5,380,000 ..	Prussia	1,085,000 ..
Great Britain	1,970,000 ..				Belgium	1,035,000 ..
					Italy	658,000 ..
					Russia	421,000 ..
Belgium	5,750 ..	24,850 ..	Lubricating oils	Unimportant	Principally to Java and the Dutch East Indies	
Russia	11,150 ..					
Belgium	4,430 ..	33,700 ..	Hides	25,200 tons	Prussia	14,860 tons
Great Britain	4,420 ..					
Java	6,000 ..					
Germany	7,600 ..					
Spain	358,000 ..	372,000 ..	Copper ore	380,000 ..	Prussia	376,000 ..
U.S.A.	83,100 ..	90,000 ..	Raw copper	74,600 ..		66,800 ..
Australia	7,000 ..	8,320 ..	Lead ore	16,620 ..	Belgium and Prussia (equally)	

Finally, there were technical difficulties. The re-export trade was not entered in the commercial registers of the government as a transit trade, which in reality it was, but the greater part of the commodities brought into the country for sale abroad were registered for use (*tot verbruik*). The Netherlands government did, it is true, keep statistics of the transit trade, but the figures gave no measure of the quantities of goods which were brought into Holland, held there for a few weeks, and then sold in Germany. In the circumstances, therefore, the commercial magnates of Holland were better able than the Netherlands government to judge what goods were consumed in Holland, and what exports could be prohibited, without ruining the country.

The need for some agreement was, however, very pressing. During the first two months of the war, neutral governments had, certainly, much restricted German supplies, by prohibiting the export of food and raw materials. They had, however, imposed those restrictions solely for their own salvation, and out of no regard for British contraband proclamations. Confronted with an alarming decline in the supplies usually obtained from Russia, Germany, and the United States, neutral governments had forbidden food and raw materials to leave their countries, until they were satisfied that the people had enough food, and the industries enough material, to continue working. The upheaval of August and September was now subsiding, and supplies were being delivered with greater regularity. Our authorities could, therefore, expect that the neutral export prohibitions, which had fortuitously assisted us during the first weeks of the war, would be progressively relaxed, and that, unless some bargain could be concluded with the Netherlands and Scandinavian governments, the enemy would make good their shortages of food, metals and textiles during the first months of the coming year.

Our negotiators had thus good reasons for realising, that it was a matter of pressing importance to make a bargain, but it cannot be said that they opened the game with a good bargaining hand. British export trade with neutrals was still practically uncontrolled, and, in any case, the licensing committee was independent of the Foreign Office. The British negotiators had, therefore, no authority to threaten a stoppage of British supplies to neutrals, if their governments proved stiff and obstinate. Their best bargaining card was the unquestioned right of the British government to issue severer orders to the fleet ; but to threaten an exercise of this right was to play a dangerous game. If a more rigorous procedure against neutral cargoes were exercised, our harbours would, in a few weeks, be blocked with ships and cargoes, which no prize court would condemn ; and the American authorities might renew their protests, and make common cause with European neutrals.

Certain political influences, which we could not assess at the time were, however, operating in our favour ; and the Netherlands authorities, though possibly conscious of the weakness of our position, did not intend to provoke us by bald opposition. They had certainly decided to disengage themselves from all controversy ; but the memorandum presented to Mr. Grant Duff did not divulge all their intentions. Those intentions were subsequently made so clear, by the acts and decisions of the Netherlands authorities, that they can now be described without fear of misrepresentation. In the autumn of 1914, the Netherlands government anticipated a long and bitter struggle between the central empires and the entente powers, and were, therefore, determined to separate policy from commerce as far as they could be separated ; to assume and discharge the duty of keeping the country neutral, by avoiding controversy with either set of belligerents ; and to leave the great trading and shipping magnates free to maintain the national income as best they could, by adjusting their commerce to prevailing circumstances. The first step was already taken ; for, just before Sir Alan Johnstone presented the British government's

proposals, the Foreign Office learned, that a great trading company had been formed at the instance of the Netherlands government, and that this association would relieve the authorities of many of the duties that they had performed during the first months of the war.

It was not easy to decide whether the British Foreign Office could treat this company as a substitute for a regular government; and Sir Francis Oppenheimer, the commercial attaché at the Hague, at once visited London, to report how the association was constituted, and to communicate all he knew about the directors. Sir Francis informed the Foreign Office, that the chairman of the executive board was M. Juist van Vollenhoven, a great shipping director, and that his colleagues had been carefully selected from the principal houses in the country. Personally, Sir Francis Oppenheimer did not doubt, that this trading association would be a more effective organ of control than any department of government, and, after hearing all that he had to say, Sir Eyre Crowe was persuaded. A supplementary memorandum was, therefore, added to the papers that Sir Alan Johnstone was about to present, and on 18th November, the British minister and his French colleague communicated the proposals of the allied governments.

In the first, or general, memorandum, the allied authorities asserted their right to prevent contraband from passing to Germany through neutral countries. The last order in council explained how the right would be exercised; but, as the allies were anxious, that this stoppage of contraband upon the high seas should not paralyse the commerce and industries of neutrals, so, they desired to regulate the procedure. They therefore proposed: first, that neutral governments should forbid the export of all commodities on our contraband lists, and, secondly, that the governments themselves, or some firms of good repute, should, henceforward, be the consignees of all contraband cargoes. If these conditions were complied with, the allies would undertake that neutral ships carrying contraband should only be detained for so long as might be necessary to inspect their papers. In their explanatory memorandum the allied governments suggested, that the Netherlands government should be the consignee of all foodstuffs and forage, petroleum and copper, and that the new trading committee, now called the overseas trust, should be the consignee of all other contraband cargoes. The guarantee of the trust would be accepted, on condition that it was included in the bills of lading, and strengthened by a collateral guarantee from the shipping companies that carried the cargoes. Finally, those foodstuffs and fodders which would be considered contraband were described in detail.¹

Sir Alan Johnstone communicated the substance of these papers to the foreign minister, M. Loudon, before he presented them officially, and had made a few alterations to meet the ministers' wishes. He was satisfied that some agreement would be concluded, but doubted whether the Netherlands authorities would accept all the responsibilities which we desired to impose upon them. Nor was he mistaken; for the Netherlands government answered these proposals in a note which was little but a refusal to give any formal undertaking (4th December). After thanking the allied ministers for the friendly character of the proposals, M. Loudon answered:

That an agreement of the kind proposed between a neutral government and one set of belligerents would not be reconcilable with a strictly neutral conduct; and then explained, that, although the Netherlands government had purchased foodstuffs on its own account, and had forbidden their exportation, these exceptional measures could not be turned into a general

¹ Foodstuffs were described as: wheat, rye, barley, oats, maize, rice, rice meal and rice flour; Meat as: meat of all kinds, fresh, prepared and tinned, including tinned fish and lard; feeding stuffs as all articles used as fodder, as for instance, barley, oats, maize, rice, bran, green fodder, hay, potatoes, beans, vetches, lupines, peas, lentils, malt, distillers' waste, mangelwurzels, beetroot, beetroot chips, rapeseed, linseed, cotton seed, earth nuts, soya beans, oil cakes.

rule. If the government consented to any such arrangement, they would be party to a system of disguised guarantees, which would bar the entry of conditional contraband into the country In the government's opinion this commerce should be free. M. Loudon continued, however, that the interested parties had themselves discovered the most simple and effective method of overcoming the difficulties of the position, and then explained that the Netherlands overseas trust was a society formed in the first place to serve as an intermediary for importing the contraband articles which were necessary to the country, without government intervention.

If this official reply had been the only communication made to Sir Alan Johnstone, he could only have concluded, that the Netherlands government refused to give an undertaking of any kind ; and that the negotiation must either be continued with the Netherlands overseas trust, or abandoned. He had, however, interviewed M. Loudon several times, whilst the proposals were being considered ; and, when the official reply was handed in, there was another long interview between the Netherlands minister and the allied representatives. Sir Alan Johnstone thus penetrated the intentions of the Netherlands government, and was satisfied that their performance would be better than their promises. When the interview was over, he was able to report, that, although their official reply was by no means satisfactory, the Netherlands government could be relied upon to stop the re-export of grain, rice, copper and petroleum, and that they would agree to be the consignees of all cargoes of those commodities. They were quite determined, however, that they would accept no other responsibilities, and that the Netherlands overseas trust must be the recipient, distributor and guarantor of every other contraband cargo. Both the Foreign Office and Sir Alan Johnstone were now satisfied, that the trust was what M. Loudon described it to be : A society, which, by its composition and the mutual responsibility of its members, gave the highest guarantees of integrity and good faith. The task before them, after receiving the reply, was, therefore, to consider how a satisfactory agreement with the trust should be concluded.

After some consideration, the Foreign Office decided that the conditions to be insisted upon with this private company were : That Sir Francis Oppenheimer should be made a member of the trust ; that British shipping companies should be allowed to consign cargoes to it ; and that the legation should be furnished with exact statistics of the Rhine transit trade. As M. van Vollenhoven, the chairman of the trust, was as anxious to reach an agreement as the British government, these points were substantially agreed to in conversation. The trust only insisted on one modification : they could not agree that there should be a British member of the trust, for they would then be compelled to admit a German representative also. They were willing, however, that Sir Francis Oppenheimer should act as the British secretary to the trust ; if they were subsequently requested to appoint a German secretary they would answer, that, as soon as the volume of German correspondence was equal to that of the British, a German secretary would be appointed. M. van Vollenhoven was also willing that Sir Francis Oppenheimer should inspect all the transactions of the company, and all the statistics of the transit trade along the Rhine.

As soon as these questions were settled, Sir Alan Johnstone temporarily left the Hague ; Mr. Chilton therefore presented the notes in which the agreement was registered (26th December). The Netherlands government were to act as consignee for such quantities of wheat, flour, copper and petroleum as would be consumed in the country ; in the case of cereals, meat, fish, lard, fodder, leather and hides, home consumption was to mean consumption in the Netherlands and the Dutch colonies only ; other contraband cargoes might, however, be exported to neighbouring neutrals. An additional letter, signed by Sir Francis Oppenheimer, was sent to the trust ; in it Sir Francis elaborated the undertakings that the company was to give, and sent drafts of the contracts that were to register the obligations of the trust, and of its customers, the shipping companies.

These documents constituted the first of those trade agreements, which, later on, became the operating machinery of the blockade. The Netherlands authorities accepted them practically as they stood; the one slight modification insisted upon is, however, worth describing, not because it was a modification of any importance, but because the reasons why it was inserted are illustrative of the political influences that affected the negotiations, and which, at any moment, might have made all negotiation impossible.

The sixth paragraph in the letter to the Netherlands government ran thus:

With a view to a complete settlement of the questions relating to the trade of contraband, the British and French legations at the Hague reserve the right to appoint Sir Francis Oppenheimer to make the necessary arrangements with the Netherlands overseas trust.

To the wary M. Loudon it seemed as though this reference to a complete settlement of contraband questions might be construed as an undertaking given by a neutral, to a belligerent, government, and that, if he agreed to it, he might compromise the neutrality which he had been instructed to guard so jealously. At ten o'clock at night, at all events, Mr. Chilton, his French colleague, and Sir Francis Oppenheimer, were informed, over the telephone, that M. Loudon objected to the paragraph, and that, rather than accept it, he would allow the negotiation to fall through. The French minister feared that M. Loudon had determined to cause a breakdown. M. van Vollenhoven and the trust directors were, however, impatient of these niceties. Being charged with the duty of supplying the Netherlands industries, and of readjusting their country's commerce to the extraordinary circumstances of the time, they understood the dangers of delay and uncertainty, as clearly as M. Loudon understood the political dangers of a compromising phrase. M. van Vollenhoven, therefore, agreed to interview M. Loudon, before the allied ministers called upon him officially. What passed between the two Netherlanders has never been divulged; but, when the allied representatives reached M. Loudon's house, shortly after M. van Vollenhoven's visit, the Dutch foreign minister received them with profound apologies. The sixth paragraph of the official letter was slightly altered, and the negotiation was successfully concluded.

The incident is illustrative of the difficulties that our negotiators had to overcome. At the time, the harassed diplomats were exasperated at M. Loudon's scruples: reviewed in perspective, the Dutch foreign minister's caution appears just and reasonable. Whilst he was negotiating, German diplomats were scrutinising his proceedings with intense and suspicious curiosity; German armies were moving past the southern boundary of Holland, in an unbroken succession of troop trains, transport vehicles and marching men. Being determined that no word, written or agreed to by him, should compromise his government, or deflect that sinister procession of armed men towards the undefended frontiers of his native country, M. Loudon felt that no vigilance on his part could be excessive, and that if vigilance demanded that he should cavil at words and phrases, he must do so without flinching.

This first agreement with the Netherlands government, and the overseas trust, must be included amongst those small beginnings to a great operation which were subsequently forgotten. As an instrument of control the agreement was found faulty and elaborated later on; nevertheless it would be difficult to exaggerate the importance of the settlement provisionally concluded. Without provoking political controversy, the agreement transmuted the rule of continuous voyage from a disputed legal doctrine into a workable contract between business men; more than this, the agreement stopped up an avenue of commerce, which led straight into Germany, without asserting a single contested doctrine of international law. Nor was this all. Henceforward, no food or forage was to be carried to the enemy through Holland. The agreement, therefore, swept away those artificial distinctions

between civil and military consumers of food—distinctions which made it incumbent upon belligerent governments to discover, whether a barrel of flour would be baked at a field canteen, or in a burgher's kitchen, and whether a load of forage would be eaten by a cavalryman's charger, or a tradesman's drag horse. It is true that the dividing line between conditional and absolute contraband was, henceforward, blurred rather than rubbed out; but, inasmuch as this first agreement was a business man's arrangement for stopping all enemies' supplies, without ruining neutral commerce by wholesale detentions and appeals to law, it may be regarded as the first practical plan of economic war.

NEGOTIATIONS FOR A CONTRABAND AGREEMENT WITH DENMARK

While Sir Alan Johnstone and Sir Francis Oppenheimer were negotiating this agreement with the Dutch authorities, the allied ministers at Copenhagen, Christiania, Stockholm, Berne and Rome were conducting similar negotiations, with the governments to which they were accredited. Of these negotiations, those with the Danish authorities were, perhaps, the most important; for, during the autumn of the year 1914, Denmark was becoming a great conduit pipe for German overseas supplies. Germany's indirect trade with all northern neutrals was then steadily increasing, but with no country was the growth so rapid as it was with Denmark.

Our negotiators, however, only learned about the alarming growth of this contraband trade, after their proposals had been presented, and indeed examined. The normal commerce of Denmark, which the Foreign Office had considered when the first proposals were drafted, moved approximately in the following channels, and consisted mainly of the following commodities.

The Danish national revenues are largely maintained by the sale of meat and dairy produce; for no Danish export can compare in value with the export of live stock, meat, bacon, butter and eggs. In the year 1913, these commodities were sold in foreign countries at a total price of 525 million kroner; the subsidiary produce of the Danish farms: hides, animal fats and so on, were sold for an additional 75 million. As the Danes are great farmers of live stock, it follows that they are also great importers of grain and forage (*see* Table II); but, at the date which now concerns us, sources of their grain supplies were somewhat difficult to discover. The Danes bought considerable quantities of wheat in Hamburg, but the greater part of the wheat so purchased was known to be American and Canadian grain, which the Danes found convenient to purchase on the Hamburg corn exchange, or even to buy whilst it was afloat. Large quantities of other grains were bought in the same manner. In consequence of this, our negotiators and their expert advisers had always to remember, that American supplies were more important to Denmark than the official statistics would have led them to imagine. Also, Germany and Great Britain were Denmark's two most important customers, for with no other countries did the Danes do anything like such a volume of business.

As the Danes bought thirty-eight per cent. of their total imports from Germany, and sold a quarter of their domestic exports, and an equal proportion of their re-exports, in Germany, the German market was extremely important to the country; and it was not to be expected, that the Danes would ever sign a contraband agreement, which damaged their commercial interests in Germany. On the other hand, our negotiators started these discussions with advantages that were denied to Sir Alan Johnstone, at the Hague. The principal Danish imports from Germany were rye, hay, maize and barley; and all these supplies were very much reduced, as the German mobilisation, and the German shortage in grains and forage lowered the exports of all farm produce. As imports and exports run in the same channels, it followed that circumstances were deflecting Danish trade from the German markets.

In contrast to this Great Britain's economic ties with Denmark were strong. Sixty-two per cent. of the domestic exports were sold in Great Britain ; and it was to be presumed, that, if the Danish farmers increased the national production of eggs, bacon and butter, the British market would absorb the increase. Finally, the Danes bought the bulk of their coal from Great Britain, which further strengthened the economic links between the two countries. In all probability, therefore, prohibitions imposed upon the export of foodstuffs to Germany would not have damaged the Danish revenues, for the Danes could have compensated themselves for losses in the German market by rising sales in the British.

With regard to the ores, fuels and liquid propellants, which were then upon the contraband lists, the position was roughly this : the Danes re-exported considerable quantities of petroleum and of the ores now declared contraband, but their re-exports to Germany were not great, as their jobbing trade in these commodities was done mainly with Norway and Sweden.

These were briefly the economic influences which may be said to have supported the proposals presented by Sir H. C. Lowther on 19th November ; those which ran counter to it were these. Hides, which our military authorities considered to be an important article of contraband, were exported in large quantities from Denmark to Germany. As the skins were of cattle raised and slaughtered in Denmark, the Danish authorities could claim, that this was a legitimate export trade in contraband, and that they could not be expected to curtail the national revenues by restricting it. Also, although the British market would, at the time, have absorbed almost any additional produce of the Danish farms and slaughter houses, Danish exporters were nervous about the North sea passage, and hesitated to increase the volume of goods shipped from Esbjerg, the great export harbour for Great Britain, for Esbjerg lies at the north-eastern entrance to the bight, and was, therefore, within a zone of water where the German navy predominated. The Danes were, thus, inclined to seek new markets in Germany rather than in England ; and the tendency was stimulated by the rising prices of foodstuffs in Germany. These were admittedly adverse influences. On the whole, however, the British minister may be said to have held strong bargaining assets when the negotiations began ; he had, moreover, the additional advantage that the Danish court was exceptionally friendly. A few weeks after war began, King Christian sent Sir Edward Grey a paper recording his own personal sympathies with the allied cause. Later, he gave M. Andersen a confidential commission to maintain cordial and intimate relations with Whitehall. Prince George of Denmark described this M. Andersen as an old and trusted friend of the royal family, to whom any secret could be confided.

There was, however, one adverse influence, which neither economics nor royal sympathies could hold in check : the Danish ministry's dread of Germany. King Christian warned Sir Edward Grey that his ministers were : So hypnotised by Germany that they dare not show their mind from fear ; and our authorities discovered, later, that the words were no exaggeration. But although forewarned, and anxious to respect the fears of statesmen whose country lay at the mercy of a powerful neighbour, our negotiators can hardly have been prepared for the inconsequent suggestions and counter projects, which the Danes actually presented.

It should be added, however, as some justification of the Danes, that they, like ourselves, were embarrassed by difficulties that are inherent in the conduct of economic war. Exceptional movements of commercial traffic always precede such information as can be obtained of them ; for these movements are started and controlled not by one, but by many, commercial houses, and are not recorded by a central authority, until long after. Again, commercial movements cannot be watched as military movements in the field are watched ; for a paid observer, who merely took up his quarters at the London docks, or the Rotterdam quays, could watch the business

Germany ..	58,100	..	60,600	Hay	2,780	Great Britain .. Sweden ..	1,000 .. 1,100 ..	..	..
		Unimportant		Bacon	121,000	Great Britain	120,000	..	Unimportant
		Unimportant		Butter	89,600	Great Britain	82,000	..	Unimportant
		Unimportant		Eggs	44,600,000 (numbers)	Great Britain	43,000,000	..	Unimportant
U.S.A. ..	100,000	..	117,800	Petroleum and benzine	Nil			38,730	Sweden 18,900 tons
Great Britain	3,148,000	..	3,332,000	Coal and coke	Nil				Unimportant
Norway Iceland Greenland	3,100	..	3,280	Fish oil	Nil				Norway Iceland Faeroes } 9,600 ..
U.S.A. ..	270	..	733	Raw copper	Nil			206	Sweden .. 181 ..
Norway ..	100	..						2,580	Germany.. 1,190 ..
Great Britain	120	..							
Germany ..	190	..							
Great Britain	1,350	..	2,830	Lead	Nil				Unimportant
U.S.A. ..	575	..							
Spain ..	440	..							
Great Britain	170	..	324	Tin	Nil				Unimportant
Germany ..	100	..							

of the port from morning to night, and for months on end, without being able to ascertain whether it was normal or abnormal. The commercial movements in a foreign country can, in fact, only be ascertained by very expert observers, who have access to all those government departments which keep statistics of trade. These observers must, moreover, have friends and confidants in all the great trading houses, who transmit to them the daily gossip of the commercial centres. And even if they enjoy all these facilities, and possess the necessary qualifications, these agents of commercial intelligence have to spread their observations over a considerable period of time, before they can report exceptional movements of trade with any certainty ; for it is only by this long and careful observation, that the seasonal fluctuations of trade can be distinguished from abnormal movements. As a result of all this, the commercial intelligence necessary for conducting economic war is often presented with the most disconcerting suddenness. Facts that, for months on end, have supported no particular inference, arrange themselves unexpectedly into a chain of evidence ; and those responsible for conducting economic war have to adjust their measures to situations that have not been watched in the growth, and which, in consequence, have hardly been suspected.

When Sir H. Lowther was instructed to open negotiations with Denmark, the restriction of enemy supplies committee had already issued several warnings about the Danish trade in petroleum and other articles in contraband ; but, as has already been shown, the Danish authorities had always given satisfactory explanations, and nothing certain could be concluded. Moreover even though the known facts still warranted a certain amount of suspicion, our authorities had been given assurances that the system of export prohibition was being rigorously enforced, and that it would not be relaxed ; for, in reply to Sir H. Lowther's enquiries, M. Scavenius answered, on 22nd October, that no kind of cereal or of forage was allowed to leave the country, and that, although the export prohibitions had been imposed to prevent scarcity, there was little chance that they would be raised. In addition, M. Scavenius informed the British minister, that these prohibitions were being enforced against cargoes that entered the free port of Copenhagen, as the free port was inside Danish territorial waters.

The Danish list of prohibited exports was, moreover, fairly comprehensive, and less variable than the Dutch ; and Danish authorities were prepared to advise their shipping companies to obey the British traffic regulations in the North sea. On the face of things, therefore, the negotiation should have been easy ; a special arrangement was obviously necessary with regard to Danish exports of meat and dairy produce ; some additions to the Danish list of prohibited exports were very much to be desired ; and it was also advisable to secure a definite guarantee that the prohibitions would be permanent. None of these objects seemed particularly difficult of attainment.

On 19th November, Sir H. Lowther presented the proposals that had been prepared by the British and French authorities. M. Scavenius answered, that his government would firmly maintain all existing prohibitions, but that they could not agree to restrict the export of home grown meat and dairy produce, as these exports were the principal source of the nation's revenues. M. Scavenius was, moreover, unyielding on the general proposal, that all articles on the British lists of contraband should be placed upon the Danish list of prohibited exports. To do this, he said, would be to distinguish between belligerents ; and he could not agree that the Danish government should become a kind of branch office for enforcing British orders in council. Similar answers had, however, been given by the Dutch minister at the Hague, and we had found that these disagreements on the point of principle had not obstructed negotiations.

Almost simultaneously, however, the restriction of enemy supplies committee became aware that Copenhagen had become a base of German supply on a scale that had never been suspected. A new industry in tinned meats, called the gulash trade, had been started in Copenhagen; and, if the contracts by the firms concerned in it were in proportion to their orders for canning materials, the business in anticipation was enormous. In addition, large orders for canned goods had been placed in America, and 1,000 tierces of lard had been ordered from Chicago. In ordinary circumstances, the Danes exported lard. But these facts, though alarming, were trivial when compared to the information collected during the next fortnight. It was then ascertained, that 1,005,000 lbs. of lard had been imported into Denmark during October; that meat exports had trebled; and that the demands for American meat were so heavy, that the Swift Company of Chicago, and Armour and Company, another American concern, had both established branch offices in Copenhagen to deal with the enormous volume of business. There were similar increases in the orders for oil, rubber and copper; and large cargoes of copper were lying in the free port of Copenhagen. More disconcerting than all this, however, was the expanding mass of evidence, from the censor's office, that traders in contraband were establishing themselves in Copenhagen as regular business houses. Scores of intercepted letters were now before the Foreign Office: they contained instructions for sending goods to dummy consignees, so that they should not be stopped by British squadrons; further instructions for forwarding the goods to their ultimate destination; and a good deal of commercial intelligence about the goods most required in Germany. It would serve no purpose to examine this correspondence in detail; a few extracts from it may, however, be instructive. During the first half of November, the censor transmitted, amongst many other documents, a letter to Messrs. J. R. Smith of New York, which ran thus:

With reference to the letter we have just written, about beef, bung, gut, skins, it strikes us there is a possibility, though ever so remote, that the port of Rotterdam may be closed to us. To provide against this possibility, we give you the name of our agent in Copenhagen, a man who has represented us for a number of years. In case we cannot avail of the Rotterdam route for our shipments we may ask you to forward goods for us to Copenhagen instead of to Rotterdam, in which case you will have to draw on our account on den Danske Landmandsbank, Copenhagen, but state, in your letter, that it is for account of Vith: Elwarth, and advise the latter by mail and telegram. Of course do not mention our name in any of these telegrams. M. Elwarth is fully instructed by us.

This letter alone showed that American and continental dealers in contraband were fast becoming members of an organised trade. In addition, our ambassador at Washington had obtained a copy of a petition that the American houses most interested in the Danish trade had presented to congress. The facts recited in the memorial confirmed everything reported by the restriction of enemy supplies committee. The petitioners first drew attention to the great opportunities to extend our foreign trade brought about by the great conflict between foreign nations; after which they estimated, that meat products to the value of 2,000,000 dollars were then on the high seas or detained at British ports; in order to make their paper even more impressive, the petitioners stated: The prospective export business in these products to neutral countries. will aggregate upwards of 75,000,000 dollars annually, and it is in jeopardy because of the long detentions aforesaid and fear of seizures.

It was, indeed, at about this time that Sir Edward Grey sent a warning telegram to Washington:

Since H.M. government have insisted that cargoes must be consigned to named persons, American shippers have begun to consign cargoes to themselves. We are face to face with a powerful German organisation, aided by American sympathisers, who are straining every nerve to introduce contraband into Germany. I trust Your Excellency will be able, by utilising the information contained in this telegram, to convince impartial Americans that the outcry raised of our alleged interference with German trade is due to the real facts being unknown, misrepresented or concealed.

Sir Edward was in the right that a powerful organisation was at work ; but it may be doubted whether the organisation had any political sympathies. What had happened was that a gang of commercial adventurers, known as the Chicago meat packers, had started their operations, and they were concerned with gain, not politics.

It will readily be understood that this unexpected cataract of evidence made negotiations with Denmark peculiarly difficult. Sir Edward Grey and his advisers were inclined to negotiation ; for they realised that a contraband agreement between the two countries, concluded after all disputed points had been examined and settled in conference, would be a far more efficient organ of control than a drastic order to the fleet, or a proclamation that Denmark had become a base of enemy supply. Their view was not, however, shared by other branches of the administration, to whom negotiation seemed a mere waste of time.

The difficulties and uncertainties of the Foreign Office authorities were, moreover, augmented by the Danish authorities. It would seem as though the real facts about Germany's transit trade had been presented to the Danish ministers as suddenly as they had been to the British ; for, while the restriction of enemy supplies committee were reiterating their recommendations, the Danish minister made an independent admission. On 2nd December, he called at Downing street, and presented a paper, in which he baldly admitted all the facts that so disturbed our authorities, and appealed for help. In this curious document, the British government were invited to pay attention to : The circumstances that were making Denmark a place of transit for American goods ; agents were entering the country in hundreds, and a new line of steamers would shortly run between America and Denmark. It was obvious, therefore, that the country would soon be so choked with supplies, that the authorities would be obliged to raise the export prohibitions. In conclusion, the Danish minister asked that the British government should assist his country to check the flow.

This unexpected appeal for collaboration might have been a stimulant to negotiation, if the Danish authorities had supplemented it with any practicable proposal. Far from doing this, however, they seemed anxious to break off the discussions which Sir H. Lowther had just begun ; for, two days after the Danish minister had presented his paper in London, Sir H. Lowther telegraphed from Copenhagen, that he had again been in conference with M. Scavenius, who had informed him that the Danish government could not agree to the proposals in the Anglo-French memorandum, as they were satisfied that the Danish export prohibitions were a sufficient guarantee. The British minister elaborated this report in a despatch, in which he informed the Foreign Office that the Danish government would never consent to become the consignee of cargoes on the British contraband list, nor would they add to their lists of prohibited exports, unless the economic condition of the country made it necessary. In the circumstances, it seemed as though the Foreign Office would be compelled to declare, that the second article of the last order in council would be applied against Denmark. Sir Edward Grey did, indeed, inform the British minister that, as the Danes seemed disinclined to follow the Dutch example, and to form a merchants guild ; as their export prohibitions were not checking the flow of contraband into Germany ; as their country had already become a base of enemy supplies ; and as no distinction could be made between Danish and German cargoes, the government would shortly be compelled to hold up all contraband cargoes to Denmark, however consigned.

As the Danish authorities had appealed for assistance, and had said, in conversation, that they would be content if the British navy stopped all contraband, before it reached Denmark, there were grounds for supposing, that the Danish government would be somewhat relieved at this declaration. Instead of this, however, they at

once protested ; the Danish minister presented a note to the Foreign Office, in which he begged the British government to reconsider their decision, as he could promise far reaching and fatal consequences if the order in council were applied against his country. When this paper was presented the matter, therefore, stood thus : The Danish authorities had formally, and officially, invited us to stop the flow of contraband into their country ; and almost simultaneously, had protested against the measures that we proposed to take, at their own instance ; in London the Danish authorities had admitted, in writing, that their country was being choked with German supplies, and that their export prohibitions were becoming inoperative : in Copenhagen they had maintained the very opposite. If the attitude of the Danish government is here correctly described, wrote Sir Eyre Crowe when the last Danish memorandum was presented, I can only say that it is difficult to imagine anything more illogical or inconclusive. In their latest note, the Danes had, however, assured Sir Edward Grey that they still wished to treat : a few days later, the Foreign Office was informed that a special Danish envoy was being sent to London. It was, therefore, decided to await his arrival, and to see what proposals he was empowered to make.

This special envoy was M. Clan, the head of the Danish commercial department. He arrived in London in the middle of December, and Sir Eyre Crowe, to whom the negotiations were entrusted, at once gave him a memorandum in which the British contentions were explained. The substance of this paper was that the Danes had, by their own admission, shown that their export prohibitions might, at any moment, become ineffective. These prohibitions had been imposed to prevent a scarcity ; the scarcity was fast becoming a glut. Again, although the export prohibitions might possibly stop the re-export of foodstuffs and forage, of which the Danes required a great quantity, could they be relied upon to do the same for such commodities as copper or rubber ? The Danish consumption of these materials was small, and a few large shiploads might well accumulate a big surplus in the country. The British government, therefore, proposed : first, that all meat imports should be consigned to a representative association of bona fide importers, which should give the necessary guarantees against re-export ; and, secondly, that the firms importing other contraband articles should give guarantees in respect to every cargo consigned to them. This system of private and individual guarantees would not engage the responsibility of the Danish government, and, consequently, could not be objected to by the German government.

The Danish government had certainly given M. Clan very strict instructions ; for at the outset, it seemed as though he had been instructed only to act as the defender of Danish dairy produce, and the apologist of his government :

As regards meat stuffs (wrote Sir Eyre Crowe) I could get nothing out of him beyond a declaration that a prohibition was impossible, but that it might be possible to prohibit the exportation of tinned meat, not prepared from Danish home produce. I pointed out to him how large a scope this left to contraband trade. He continued to urge that we should seize any contraband cargoes before they reached Denmark, and, in the same breath, to protest against our applying article 2 of the order in council of 29th October. I tried my best, in many hours of argumentation, to explain that the application of article 2 was the one and only way in which we could legally stop the contraband shipments. I am afraid I did not succeed in getting him to see the point.....

M. Clan was, however, more impressed by Sir Eyre Crowe's contentions than he was prepared to admit in conference ; for, after several long interviews, Sir Eyre Crowe was satisfied, that the Danish government would recognise themselves to be under an honourable engagement to maintain their prohibitions, if they were left free to export their home produce without restriction, and to re-export contraband to other Scandinavian countries. They could not, however, consent to the formation of an importer's guild on the Dutch model.

It was evident that an agreement of this kind would be far more difficult to operate, than the agreement recently concluded at the Hague. The only alternative to it was, however, that the Danish proposals should be refused, and the second article of the October order in council put into operation. Was this the better of the two alternatives? At the time, many British officials thought it so, and the Foreign Office were being pressed, with the greatest insistence, to apply the order without delay; for it so happened, that, just when these negotiations seemed so unpromising, a Danish ship, the *Kentucky*, was brought into Kirkwall, and was found to be loaded with lard, wheat, lubricating oil, forage, iron and meat. Some of the cargo was consigned to order, the remainder to the Danske Fedt company, which had only started business a fortnight before, when the ship sailed. The contraband committee reminded the Foreign Office that they had no power to put the meat and lard into the prize court. Nevertheless they detained the vessel; the case was indeed so flagrant that they considered it required special treatment. Mr. Malkin, the legal adviser, showed that, although a case might be made against the cargoes consigned to the Danske Fedt company, the issue of the case would be very doubtful. The only method of securing the condemnation of these, and of similarly consigned, shipments would be to declare Denmark a base of enemy supplies, and to proceed against the entire cargo, when this had been done. Sir Eyre Crowe was persuaded that the declaration would have to be made, and recommended it to Sir Edward Grey.

The foreign minister refused to be persuaded, saying that the Danes would certainly retaliate, and would forbid the export of foodstuffs to England. This was the only reason specifically given; but there were others at least equally strong. At the time, the Foreign Office were in treaty with all the Scandinavian governments, with the Netherlands government, with the Netherlands overseas trust, and with the American meat-packers association. If any one of these negotiations failed, then the failure was certain to affect the remainder adversely, and it was particularly important that there should be no break-down with a Scandinavian power; for our diplomats were then watching what might have been the beginnings of a Scandinavian concert.

When the negotiations with M. Clan were most difficult, the three Scandinavian monarchs and their ministers met at Malmö. The avowed object of the meeting was that the Scandinavian authorities should conjointly discuss the extraordinary restraints imposed upon the commerce of each country; and, although we knew, from our ministers, that the policies and sympathies of the three governments were still very divergent, this friendly communion of the monarchs was, after all, in the nature of a Scandinavian congress. Any precipitate or arbitrary measure by the British government, any measure which a Danish, Norwegian or Swedish monarch could represent as an injury to his country, could hardly fail to give cohesion to this immature union. It was, moreover, significant, that almost as soon as the meeting at Malmö was over, the king of Denmark instructed his friend M. Andersen to inform our minister how important it was that there should be an early agreement. M. Andersen was even empowered to promise that the king would himself press his ministers to make the export prohibitions unbreakable.

The counsel pressed upon Sir Edward Grey was, therefore, hazardous, the more so, in that even the practical consequences of a general stoppage of Danish shipping were difficult to estimate. In contrast to this, a negotiated agreement secured certain very tangible advantages. So long as the negotiations undertaken were negotiations upon trade and commodities, then the attention of each neutral government would be more and more concentrated upon its own interests and its own concerns, and proportionately diverted from those principles of law, which, when invoked, have always provoked so much controversy. More than that, every agreement concluded established links between Great Britain and neutral countries, partly political and partly commercial; for they imposed obligations upon each, and these obligations were repeatedly examined and readjusted, a process which

kept the commercial systems of the two countries under a continual review. In addition, every contraband agreement could be revised if found faulty; Sir Eyre Crowe's extraordinary patience and forbearance during the negotiation with M. Clan proved, therefore, to be a far-sighted political investment. In contrast to this the alternative policy of announcing, *ex cathedra*, that Denmark was a base of enemy supplies, and of acting accordingly was a policy of declared coercion. If it failed, it could neither be readjusted to circumstances, nor abandoned outright.

The negotiation with M. Clan was, therefore, not interrupted and, by the beginning of January, Sir Eyre Crowe was able to report, that the Danish envoy had agreed to the general principles of an acceptable arrangement, and that it only remained to settle details. These details were not of particular importance, and on 12th January Sir H. Lowther was informed, that the agreement was concluded and that it was to be presented to the Dutch foreign minister for endorsement. By virtue of this agreement, the Danish government declared: That it was their firm intention not to raise their export prohibitions; and that the allied governments, could rely on the Danish prohibitions being maintained. This was the master guarantee that the Danish transit trade into Germany would be strangled; it was supplemented by stipulations, that the allied governments: Could seek special guarantees as to the bona fides of particular shipments going to individual importers, and that the prohibition to export raw materials should cover, not only such raw materials but their alloys and half finished products. . . . and also wholly manufactured goods, when the raw material, or its alloys, forms the essential part of the finished article. In return for these guarantees, the allied governments granted considerable liberty of trade in contraband; for they declared the Danes free to export meats and lard, if they had been raised or manufactured in the country. The Danish government certainly declared themselves willing to prohibit the export of imported lard, but this undertaking was weakened by article 10, which ran:

So long as the importation into Denmark of commodities which she generally exports [of which lard was one] does not exceed the normal quantities, the allied governments will not raise the question of such imports releasing an equivalent amount of goods in the country for exportation.

In addition to this, Denmark was declared free to export contraband to neighbouring neutrals, provided that the articles so exported were on the other neutral's list of prohibited exports. Finally, the allied governments declared, that they would not apply the second article of the last order in council, for the moment, and would give the Danish government due notice, if circumstances compelled them to do so.

NEGOTIATIONS FOR A CONTRABAND AGREEMENT WITH SWEDEN

Sweden is a country partly industrial and partly agricultural. The most important articles of Swedish export are timber and timber products, such as wood pulp, pit props, papier mâché, and so on: Swedish sales of the first amount to twenty-six per cent. of their total export sales, and of the second to seventeen per cent. In addition, the Swedes draw considerable revenues from the sale of iron and steel, both raw and worked; of specialised engineering machinery; and of live stock and meat produce. Swedish steel and iron are mined in the central part of the country, and in Lapland, and are of great importance to the industrial countries of Europe, for the Swedish metal is of exceptionally high quality. The country's most important imports are cereals and forage, textiles, artificial fats, coal and other propellants, minerals and metals. In 1913, Germany and Great Britain were Sweden's principal customers; for they supplied fifty-eight per cent. of the country's imports, and bought exactly half of its exports.

TABLE III
General review of Swedish imports and exports

IMPORTS		Commodity	EXPORTS	
Principal sources	Value (in 1,000 of kroner)		Value (in 1,000 of kroner)	Principal markets
Finland	2,321	Live stock	19,922	Germany Denmark
Norway	10,123	Meat products	73,432	Great Britain Germany Denmark
Germany Russia U.S.A. Argentina	24,709 11,554 4,476 8,349	Cereals, including forage	11,030	France
Germany U.S.A. Great Britain	47,904 21,300 35,053	Textile (commodities and manufactures)	8,066	Norway
	122,210	Timber	215,402	Great Britain Germany Denmark France
	Unimportant (barely 1/10th of imports)	Timber products (wood pulp, papier mâché, etc.)	142,784	Great Britain Germany U.S.A. France
	Unimportant (about 1/30th of imports)			61,642 15,565 15,541 16,840

Blockade of Germany

Germany ..	36,670	197,635	Minerals (raw, worked and half-worked)	131,491	Germany ..	72,765
Great Britain ..	101,213				Great Britain ..	19,854
Germany ..	16,738	48,796	Metals (raw and half-worked)	78,623	Germany ..	18,294
Great Britain ..	15,370				Great Britain ..	25,454
U.S.A. ..	8,226				U.S.A. ..	8,409
					France ..	5,452
					Norway ..	4,394
Germany ..	28,941	40,845	Metal work	29,543	Germany ..	5,395
Great Britain ..	4,718				Great Britain ..	5,494
Germany ..	25,341	51,267	Ships, engineering machinery, etc.	62,966	Denmark ..	2,298
Great Britain ..	11,230				Norway ..	2,726
U.S.A. ..	6,746				Russia ..	2,379
					Russia ..	17,562
					Norway ..	7,273
					Germany ..	5,377
					Great Britain ..	3,439
					Denmark ..	3,455
					France ..	3,567

TABLE IV
General review of Swedish imports and exports of cereals and forage

IMPORTS		Commodity	EXPORTS	
Principal sources	Quantity (tons)		Quantity (tons)	Principal markets
Russia	..	Wheat	Unimportant	
Germany	..			
Denmark	..			
British India	..			
U.S.A.	..			
France	..	Flour	None	
U.S.A.	..			
Germany	..	Rye	Unimportant	
Russia	..			
Argentina	..	Maize	Unimportant	
Germany	..			
Germany	..	Oats	67,600	France 62,700 tons
Russia	..			
Finland	..			
Argentina	..			
Great Britain	..			
Argentina	..	Bran (wheat)	Unimportant	
Russia	..			
Russia	..			
Germany	..			
France	..	Hay	12,720	Great Britain 8,060 "
Russia	..			
Germany	..			
France	..	Oil cake	Unimportant	
Russia	..			
Germany	..			

TABLE V
General review of Swedish imports and exports of propellants, oils and metals

IMPORTS		Commodity	EXPORTS	
Principal sources	Quantity		Quantity	Principal markets
Great Britain	.. 4,205,000 tons	Coal and coke	Unimportant	
U.S.A.	.. 93,800 "	Illuminating oils	3,019	Denmark 2,710 tons
Denmark	.. 17,080 "	Mineral oils	Unimportant	
Austria-Hungary	.. 12,441 "	Lubricating oils	Unimportant	
U.S.A.	.. 1,613 "	Petroleum	1,930	Norway 806 "
Russia	.. 11,380 "			Denmark 1,128 "
Germany	.. 4,870 "	Copper	1,269	Germany 1,195 "
U.S.A.	.. 4,610 "			
Netherlands	.. 6,440 "	Tin	Unimportant	
Great Britain	.. 2,290 "	Zinc	6,420	Norway 2,900 "
U.S.A.	.. 5,700 "	Lead	715	Germany 1,591 "
U.S.A.	.. 6,000 "			Germany 460 "
Norway	.. 1,301 "			
Germany	.. 1,295 "			
Great Britain	.. 725 "			
Netherlands	.. 210 "			
Belgium	.. 2,505 "			
Germany	.. 3,050 "			
Germany	.. 945 "			
Great Britain	.. 599 "			

Notwithstanding that the Swedes buy large quantities of foreign foodstuffs, their home production is considerable. Numbers of the territorial nobility are resident administrators of their properties, which are very scientifically farmed; while the yeoman farmers, who are exceedingly intelligent, and who exercise great political influence in the country, possess enough capital to work their farms on the best system. Thanks to this careful and methodical cultivation of the land, the country provides itself with hay and barley.

In the autumn of 1914, British coal exports to Sweden were the strength of her bargaining power. Coal was still the principal propellant for shipping and for industrial machinery, and practically all the coal imported into Sweden was British. America, Germany, Russia and Austria each supplied such quantities of domestic and lubricating oils, that the loss of any one source of supply would have been severely felt in the country. Swedish supplies of petroleum were obtained principally from America, but Great Britain controlled an important proportion.

The British authorities thus possessed a powerful bargaining lever, but they were by no means free to use it ruthlessly. The volume of Swedish trade with France and Russia was not large, but the Russo-Swedish trade, such as it was, was important to Russia; for the Russians were great buyers of those highly specialised engineering plants, which were then designed and manufactured in Sweden. A failure of this supply was bound to be severely felt in a country so ill-provided with industrial machinery. In addition to this, Russia's only line of railway communication with her western allies was in Swedish territory, and the Russian authorities were not in a position to bargain, that these supplies should be maintained, or that their line of railway communication should be left open; for they had no equivalents to offer or to refuse. In normal times, some of Sweden's forage supplies did, it is true, come from Russia; but those supplies were already failing, and the Swedes were replacing them by making purchases in the Argentine and America. If, therefore, the British authorities ever attempted to coerce Sweden, by some measure of economic duress, they could be certain that their hard pressed ally, Russia, would suffer severely from those measures of retaliation, which coercion inevitably provokes. Later, Russia's dependence upon Swedish supplies, and our own need for certain Swedish ores, very much influenced negotiations between the British and Swedish authorities. In the late autumn of 1914, however, British diplomacy was more affected by the uncertainties of Scandinavian policies, than by Sweden's economic strength.

In the first days of the war, indeed, before a war had actually been declared, the British Foreign Office were sharply reminded, that Sweden's long antagonism to Russia was still an influence powerful enough to affect Swedish policy. For when Russia, Germany and France were mobilising, the Swedish foreign minister informed Mr. Howard, that, if Great Britain declared war upon Germany, the Swedish government would almost certainly declare in favour of the central empires. At the time Sir Edward Grey thought the danger of Swedish intervention so serious, that he persuaded the other governments of the entente to declare jointly, that they would in no circumstances violate the neutrality of a Scandinavian power, and that, if the enemy did so, the country which suffered from their aggression could count upon British, French and Russian assistance.

The declaration was made to all Scandinavian governments; but our authorities had little reason to fear Norwegian intervention; for simultaneously or nearly so, they received reports of a very different kind from Christiania. On 3rd August, Mr. Findlay telegraphed, that the king of Norway had assembled a cabinet meeting; and that, after informing his ministers that he expected an ultimatum from Germany, he had urged them to make a declaration in favour of Great Britain. This, in the king's opinion, was the only way of securing the country's food supplies, and of guaranteeing it against Swedish aggression.

At the very beginning of the war, therefore, the reports of daily occurrences sent in by our ministers at Stockholm and Christiania contained a succinct appreciation of the diverging interests and contrasted sympathies of the two northern powers. In Mr. Findlay's words, written when the crisis was passed: Norway depends absolutely upon the predominant naval power in the Atlantic; Sweden depends largely upon the predominant power in the Baltic.

The British Foreign Office were thus reminded, almost daily, that the two Scandinavian governments were animated by different sympathies and purposes; but it was, at this period of the war, impossible to separate our Swedish, from our Norwegian, policy. The two repeatedly impinged; for, while our authorities were receiving a large volume of testimony to the different interests of the two governments, they were, at the same time, receiving an equal amount of proof, that the racial affinities of the Norwegian and Swedish peoples had created a sort of common Scandinavian sentiment. This Scandinavian sentiment was, moreover, no mere emotion provoked by similarities in the national literatures, musics, sports and food. It was a force powerful enough to influence policy, and to engage the attention of our diplomatic representatives, who examined and reported upon it, as carefully as they did upon the opposing policies of intervention and neutrality; for it was most peculiar, that, whenever the differences between the two governments were acute, Norwegian and Swedish ministers had a disconcerting habit of meeting in conference, of concealing their antagonisms, and of acting in unison. The very same crisis that provoked these contrasting declarations of foreign sympathies was, indeed, ended in this way: the two governments discussed neutrality together, declared it almost simultaneously, and, a few days later, published an agreement, whereby they bound themselves to maintain neutrality at all costs, and undertook not to make war on one another. Five days after M. Wallenberg had made his alarming statement, and the king of Norway had urged a declaration in favour of Great Britain, the Norwegian minister at Stockholm informed Mr. Howard, that the two governments were working together.

When in treaty with either country, the Foreign Office, and our ministers abroad, were thus bound to pay great attention, and to make provision, for these sudden, manifestations of Scandinavian unity. It so happened, moreover, that our two ministers were not agreed whether this rough union of Scandinavian powers should be encouraged or not. Mr. Findlay believed it to be a danger, and thought, that if the two powers acquired the habit of acting in concert, the policy most natural to Norway, of forging strong political and commercial links with Great Britain, would be subordinated to Sweden's more continental and Germanic interests. Mr. Howard thought differently. In his opinion, Norwegian influence at Stockholm gave additional strength to those sections of the Swedish nation that disliked intervention; and he thought this an advantage, as he did not disguise, that the parties who favoured intervention were powerful. The negotiations that he conducted during the autumn of the year were, indeed, conducted to a nasty, jarring accompaniment of rumours, that the interventionist party was strongly represented in the army, the navy, and at the court; and that, although checked for the time being, the leaders of the party were still confident their policy would ultimately prevail.

Although divided upon this larger question, both ministers were, however, convinced, that the prevailing practice of detaining ships, and of asking for guarantees was extremely irritating. The press in each country rarely distinguished between the detention, and the arrest, of a vessel, and, when the vessel brought in to Kirkwall was a liner, the indignation was loud and general. It mattered little that most of the ships detained were subsequently released; for, by then, the exasperating news

of the first detentions had done its work.¹ Mr. Howard had, therefore, discussed a more satisfactory procedure with M. Wallenberg, before the allied memorandum was sent to him, and had already been assured by the Swedish foreign minister, that, if the British government would trust the Swedish authorities to enforce and maintain their export prohibitions, which he promised they would do, then, the Swedish government would forbid the export of all raw materials not normally exported from Sweden. This was less than the undertaking we desired to obtain, but, at least, it was an approach to the proposals in the allied memorandum. This good beginning was, however, very much damaged by the Admiralty's announcement that the North sea would be treated as a military area, which roused all Sweden. Mr. Howard reported, at once, that it was universally represented in the press as a death blow to the Swedish merchant service, and as an announcement that Sweden was to be isolated from the rest of the world by indiscriminate minelaying. No less a person than the king of Sweden sent a reproachful message to the British legation. In fact, the French and Russian ministers thought the prevailing excitement so serious, that they met in conference at the British legation, and Mr. Howard telegraphed home a joint recommendation to placate public opinion as rapidly and as generously as possible.

It was with a government agitated by this excitement, that Mr. Howard had to discuss the proposals in the allied memorandum. His difficult task was, however, made easier by M. Wallenberg. Whenever our minister had reported upon the rumours of Swedish intervention, or upon the strength of the interventionist party, he had always expressed the greatest confidence in M. Wallenberg's judgement and honour. In these difficult times, M. Wallenberg showed that our minister's confidence in him was justified. Realising that a contraband agreement with Great Britain would give Swedish commerce and shipping the liberty that the Admiralty's announcement seemed to compromise, and would, on that account, reassure the nation, M. Wallenberg gave the allied proposals a better first reception than they had received from any other government. After examining the proposals carefully, the Swedish foreign minister answered, that his government would agree to the two main heads of proposals, that is, they would prohibit the exportation of articles on the allied contraband lists, and would prevent goods addressed to a named consignee from being declared in transit upon arrival, and then being re-exported. In return for these undertakings, M. Wallenberg demanded, that the allies should allow Sweden to import certain cereals and raw materials, and that they should not interfere with the export of goods if they were of genuinely Swedish origin. M. Wallenberg added, that the Swedish government would demand liberty to export contraband to Norway and Denmark, and to export minimum quantities of articles on the prohibited lists in special cases.

The first and last of the Swedish conditions were the subject of much discussion : for it seemed as though the Swedes, by their first reservation, were claiming the right to import unlimited quantities of such commodities as copper and ferro-manganese, and that they would refuse to place them on their list of prohibited exports, because they could prove a genuine Swedish export trade in the same materials. The right to export contraband to other Scandinavian countries was a right which the Foreign Office was willing to grant in the last resort ; but, just when the Swedes were advancing their claim to it, our authorities were receiving reports of the prodigious growth of the Danish transit trade, and the Danish authorities were confessing their inability to control it. It was natural, therefore, that the Swedish claim to trade freely in contraband with Denmark should have been discussed at Whitehall with considerable misgiving.

¹ Compare Mr. Findlay's remarks upon the detention of the *Bergensfjord* with the documents on the subject. In Norway the detention of the ship was treated as an insult to the country ; in Great Britain as an incident of daily business. (Mr. Findlay's private correspondence with Sir E. Grey, letter 14th November, 1914, and translation of leading article in *Verdens Gang*, 3rd November, enclosed in 68170/f 42134/14.)

After further discussion, M. Wallenberg agreed to our principal contention, which was that the allies should seize all contraband goods that had not been placed upon the list of prohibited exports. Seeing that the allies appeared to be particularly anxious about copper and rubber, M. Wallenberg also agreed, that all half-finished products, and any finished product useful for military purposes, should be placed on the list. On the other hand, M. Wallenberg strongly upheld the claim to grant exemptions for small quantities, and showed, that certain perfectly legitimate commercial transactions between Sweden and Germany, and Sweden and Russia, would be impossible unless the right were exercised.

It was upon this question of exemption that the contraband department of the Foreign Office and the British minister at Stockholm were most sharply divided. Mr. Howard was aware that these exemptions were occasionally abused; indeed, while he was urging that the British authorities should agree to the Swedish claim, he sent in a long report about the subterfuges of a certain M. Eloff Hansson, who was then trans-shipping imported cereals from Gothenburg to Germany. Mr. Howard was, however, anxious that our knowledge of these occasional abuses should not be allowed to obstruct the agreement that he was then negotiating:

The main thing, he wrote, is to prevent the Scandinavian neutral states becoming a regular channel of supply for Germany and Austria, and, at the same time, not to create a feeling of serious hostility or irritation towards ourselves, in these countries, by cutting off supplies which they really require. These objects will, I hope, be achieved by the arrangement which it is proposed to conclude with the Swedish government, but frankly, I do not expect that we shall be able, thereby, to exclude, absolutely, all supplies getting through to Germany. I do not doubt, however, that we shall hear, quickly enough, of any important exports of foodstuffs and other contraband into Germany and be able, with the help of Herr Wallenberg, to stop such abuses becoming the rule.

Mr. Howard had more reasons than those given in this despatch for urging that this question of exemptions should be subordinated to general policy. On the day that he telegraphed the draft of an acceptable agreement, he sent a careful review of the rumours of Swedish intervention to Sir Edward Grey, saying that he felt obliged to do so, because the war talk had begun again about a month previously. He now suspected, that the king had been saying that Sweden would be at war before long, and that the war minister had been saying there would be war by March. Furthermore, although M. Wallenberg would not admit that there was any substance in our minister's apprehensions, he did not disguise, that the early conclusion of an agreement was a matter of political importance. While the Foreign Office were still undecided whether the Swedish claims should be agreed to, the foreign minister showed Mr. Howard extracts from a note which the German government had recently presented at Stockholm. In language that Mr. Howard called little short of brutal, the German authorities were threatening severe reprisals, if the Swedes allowed Russian supplies to be carried by Swedish railways. M. Wallenberg was convinced, that the note had been written to deter the cabinet from making any economic agreement with the entente powers, and feared lest his colleagues might be influenced. There was, therefore, much to recommend his policy of concluding an agreement and of leaving the Germans to do the worrying (his own words); and it is small wonder that Mr. Howard endorsed it.

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TABLE VI
Showing the principal directions of the Norwegian import and export trades

IMPORTS		Commodity	EXPORTS		
Principal sources	By values in 1,000 kroner		By values in 1,000 kroner	Principal markets	
Russia	15,173	Cereals	132,038	Sweden	7,456
Canada and U.S.A.	10,477			Russia	9,994
Germany	25,632			Germany	19,624
				Great Britain	18,828
				Spain and Portugal	19,364
				Italy	6,991
				Australia	3,425
				U.S.A.	11,683
				Brazil	6,479
				Cuba	6,409
Germany	22,389	Textile manufactures	34,057	Great Britain	19,095
Great Britain	14,757			Belgium	2,130
Sweden	2,151			Netherlands	1,013
Denmark	2,024			South Africa	1,477
Sweden	4,960	Timber (unworked)	55,760	Australia	6,272
Russia	4,812			U.S.A.	13,443
Finland	1,638	Timber (worked)	21,189	Great Britain	19,487
Sweden	7,966			France	7,276
		Minerals (raw)	17,886	Belgium	3,708
				Metals (crude and half-worked)	See Table VII	Germany .. .. .	1,680
See Table VII	59,934					Netherlands .. .. .	1,663

These differences of opinion are worth recording, because they are illustrative of two tendencies, which affected the administration of the blockade from its first inception, and which, by their intrinsic justice, were often difficult to reconcile. It was only natural that those public servants, whose duty it was to watch movements of trade, and to detect secret channels of contraband supply, should have recommended the stopping up of every possible avenue with scientific detachment : it was equally natural that public servants, who had spent their lives in ascertaining the motives of foreign courts, should dread the consequences of a policy that appeared to attach more importance to a few tons of copper wire, than it did to the political sympathies and affinities of a foreign government, and of a foreign nation. The difficulty of reconciling these opposing tendencies was the greater, in that the partisans on either side were not always servants of one authority. Differences between two Foreign Office officials could be settled by higher authority, accustomed by training and habit to review the two contending opinions impartially. When two different departments of state were similarly divided, it was not so easy to decide on the justice of the opposing views, and to adjust the general policy accordingly.

In the present instance, Sir Eyre Crowe decided in favour of the minister :

I think, he wrote, we should, for the present, accept the Swedish offer. It has already been decided that we should give the proposed system a fair trial, and rely on the good will and good faith of the Swedish government to prevent serious abuses.

Mr. Howard, therefore, presented a draft agreement to the Swedish authorities on 8th December. First, the allied governments undertook not to interfere with ships carrying cargoes of contraband to Sweden (except in so far as was necessary for examining and verifying the ship's papers), if the ship's cargo was on the Swedish list of prohibited exports. If, however, the cargo had been declared contraband by the allies, and its export was not prohibited from Sweden, then, the allied governments would reserve their right to treat it as contraband. Secondly, the allied governments declared themselves free of their first undertaking, if the Swedish list of prohibited exports included only raw materials declared contraband. The half-finished products must also be included. Thirdly, the allies engaged themselves not to interfere with the export of genuinely Swedish goods. Fourthly, the entente powers promised not to prevent Sweden from importing raw materials from the entente countries, provided that those materials were to be consumed in Sweden. Finally, the allies acknowledged the Swedish right to export contraband to Norway and Denmark, if the commodities to be exported were on the Norwegian and Danish prohibited lists. The right to grant general exemptions for small quantities in special cases was also admitted. This agreement was signed by both parties on the day that it was presented.

NEGOTIATIONS FOR A CONTRABAND AGREEMENT WITH NORWAY

It has been explained that the Norwegian and Swedish governments declared their neutrality in concert, after expressing political sympathies that were diametrically opposed. The Norwegian authorities were, however, careful to show, that their agreement with Sweden was a Scandinavian agreement only, and that it had not subordinated their natural sympathy for Great Britain to any higher political interest ; for, while the two Scandinavian governments were still in conference, M. Ihlen, the foreign minister, gave Mr. Findlay an account of all those measures of naval defence which had been ordered by his government, and informed our minister how the Norwegian naval forces had been distributed, and for what purposes, and where minefields might subsequently be laid. To explain a defence plan, in great detail, to a government with which Norway was united by no alliance, or military convention, was an exceptional mark of confidence.

No circumstances of a nature to disturb these exceptionally friendly relations were reported in Whitehall during the first months of the war ; for the restriction of enemy supplies committee had not observed any unusual fluctuations of Norwegian trade. During August and September, when the heavy shipments of American petrol and copper had engaged the committee's attention, there had been no evidence that the Norwegian ports were becoming centres of re-export trade. An occasional shipment excited suspicions ; but the inference drawn from the available information was that the Norwegians had placed heavy orders for grain in north and south America, and that these exceptional orders had been made necessary by the failure of other sources of supply. Mr. Findlay was not, therefore, engaged in any important negotiation during the autumn of the year.

British relations with Norway were, however, exposed to a disturbing influence ; for, in no neutral country did the daily detentions of neutral vessels by British patrols excite so much suspicion and irritation as they did in Norway. As has already been stated, the procedure was, that after any neutral vessel had been detained, the neutral minister concerned was asked whether his government could give a guarantee that the cargo, if contraband, would not be re-exported. When the guarantee was given, the ship was released. As the British government had proclaimed, in their first order in council, that the doctrine of continuous voyage would be applied against both classes of contraband, it is difficult to see that any other procedure could have been adopted. Nevertheless, these detentions, enquiries and releases, which in Whitehall were treated as matters of daily business, were not so regarded in Norway ; and, after the procedure has been applied for three months, Mr. Findlay thought, that the authorities at Whitehall ought seriously to consider whether it should be persisted in. His appreciation ran thus :

The question now to be decided is, whether the general assurance which the Norwegian government has been able to give is a sufficient safeguard against supplies reaching Germany, or whether it is necessary to ask for a particular assurance in the case of every cargo consisting of prohibited articles which sails for Norway. The disadvantages of the latter course are obvious, for, besides giving a great deal of work at the ministry for foreign affairs, it appears to call in question the good faith of the Norwegian government, which, as I have had the honour more than once to report, I have no reason whatever to doubt.

There is another aspect of the question which should not be lost sight of. There is, undoubtedly, a growing feeling, which appears to be shared by the other small neutral states of western Europe, that their legitimate trade is being unreasonably hampered by Great Britain. As regards Norway, I would venture to submit that every consideration should be shown to her interests, so long as she follows her present policy of discouraging in every way in her power, the supply of contraband of war to Germany. I am not in a position to guarantee that absolutely nothing finds its way from Norway to that country ; but the leakage must be small, and so long as it remains small, its possible existence appears a lesser evil than the creation of a feeling of ill-will which would certainly lead to more leakage. Norwegians feel rightly or wrongly, that their efforts to run straight have not been fully appreciated.

Almost as the minister was preparing his despatch, the Admiralty issued their declaration that the North sea would be treated as a military area ; and, just as the Norwegians had been more suspicious about the detentions of their ships than any other neutral nation, so, they were the most indignant at this proclamation. They had, indeed, special reasons for resentment. No people in Europe are more intimately associated with the sea than the Norwegians : a large proportion of the peasantry are both farmers and fishermen ; the Norwegian merchant service is a great national industry ; and a fair proportion of the leisured classes draw their incomes from the profits of Norwegian shipping ; every section of Norwegian society has thus some interest in the blue water. A proclamation that seemed to subject every seaman in northern Europe to British regulations, was, therefore, ill received by a nation of sailors, who have always been notorious for their independence, and the Norwegian skippers had additional grounds for resentment. Seamen of all nations are brave and unselfish, when they know that other seamen are in danger, and,

even among seafaring folk, the Norwegian captains have a high reputation for honour and courage, and for answering appeals for aid at sea, without any thought of the consequences to themselves. When, therefore, the Norwegian captains learned that they were accused, by implication, of assisting to lay mines, upon which they and their fellow countrymen might subsequently lose their lives, it is small wonder that they went hot with anger.

The Norwegian nation was roused, and Mr. Findlay reported, almost at once, that the prime minister and his foreign minister were attending a great meeting of captains, shipowners, marine insurance men and company directors. The meeting unanimously urged the government to protest; as far as our minister could judge, the government needed no urging.

Having had no warning, he wrote, I was unable to prepare the ground. The German minister, assisted by the Swedish minister, has exploited the situation with unusual intelligence. It will take time and careful diplomacy before we recover the position we held two weeks ago.

Mr. Findlay was not merely regretful, that a people so friendly to us as the Norwegians should have been infuriated by an insolent proclamation. Being anxious that Norwegian foreign policy should be entirely free of Swedish influence, it made him apprehensive, that M. Ihlen's manner to him changed, and that the Norwegian authorities at once conferred with the Swedish. This unfortunate proclamation seemed, in fact, to be strengthening that immature union of Scandinavian powers, which Mr. Findlay had always thought dangerous.

My opinion, he wrote, is greatly strengthened by the pernicious influence which Swedish influence, obviously acting on German inspiration, has exerted in Christiania during the last three weeks. The plant which has grown into the identic note of protest was grown in Swinemunde, watered in Stockholm, and tended, night and day by the Swedish minister. The note itself is harmless enough, but the common action not so.¹

This general indignation abated, when it appeared that the Admiralty intended only to make their practice of sending ships into harbour for examination more regular. The British government's orders were, however, being watched with the greatest suspicion, when Mr. Findlay and his French colleague presented the allied proposals to M. Ihlen, and the Norwegian authorities did not at once reply. In the interval we learned, from an incident of the naval campaign, that, although the Norwegian authorities had lost some of their first friendly feeling for the allies, they did not intend to make a bid for the enemy's favour.

At ten o'clock on the morning of 10th November, the inhabitants of Trondhjem were astounded to see a German auxiliary cruiser steaming up the fjord to the anchorage. She was the minelayer *Berlin*, whose operations had been the cause of the trouble, in that the Admiralty had credited neutral skippers with the work done by her captain and crew. After laying the Tory island minefield, Captain Pfundheller made north for the Arkhangel route, where he attempted to operate against trade. Here his ship was buffeted, for several weeks, by the autumn gales, which blow with tremendous force in those high latitudes, and Captain Pfundheller decided that he would never be able to pass the British patrols with a ship so damaged by the bad weather. He therefore made for Trondhjem, and passed the outer forts unobserved, in a blinding snowstorm. The Norwegian authorities acted with great energy: Captain Pfundheller was informed, that his ship must leave within twenty-four hours or be interned, and, during the course of the day, a Norwegian cruiser entered the harbour, and anchored off the *Berlin*. The German minelayer was, indeed, disarmed and interned in a very businesslike manner, and the incident did something to revive the old cordial feelings between the two governments. Sir Edward Grey thanked the Norwegian authorities for acting so promptly and so firmly, and

¹ The note of protest was presented on 13th November. It was recitation of a few recognised legal principles; *mare liberum*, *contraband*, *continuous voyage*.

M. Ihlen seemed pleased at the message. Mr. Findlay again warned the authorities at Whitehall against irritating a government that had proved themselves so determined to perform their neutral duties.

The British authorities could not, however, allow that their proposals should be ignored, and the Norwegian government seemed disinclined to answer them. It was only after he had been pressed by Mr. Findlay, that M. Ihlen gave a guarded reply. Some weeks previously, indeed, before the allied memorandum had been issued, Sir Edward Grey had informed the Scandinavian ministers in London, that their export prohibitions were a satisfactory guarantee against the re-export of contraband. In his official reply M. Ihlen reminded the British government of this, and stated, that as the Norwegian prohibitions had thus been acknowledged to be an effective barrier, no further negotiations were necessary. He gave no answer at all to the general proposal, that all articles declared contraband by the allied governments should be placed on the Norwegian list of prohibited exports.

After receiving this reply, the French and British Ministers presented a second memorandum, in which they reminded the Norwegian government, that their prohibition lists did not correspond with the allied contraband declarations, and that the allied governments wished to be specially assured with regard to such metals as copper, aluminium, nickel, lead, iron ore, and to such commodities as rubber and petroleum. Of these articles, only rubber was on the list of Norwegian prohibitions when the allied memorandum was presented.

The Norwegian position in respect to these materials was roughly this. The Norwegians worked iron and copper mines of their own, and exported the ores mainly to Sweden, Denmark and Germany. They were, however, importers of that special copper which is used in electrical engineering; so that, as they were, at the time engaged in building great electric installations, the demand for imported copper was considerable, and the native, or Norwegian, copper was mainly exported. The Norwegian copper industry had another peculiarity, which was that large quantities of cupreous pyrites were raised from the Norwegian mines; and that this mineral, being used in the manufacture of sulphuric acid, was much needed in Germany. In addition, the Norwegians maintained several aluminium industries, and they imported and exported the metal; they were, however, dependent upon foreign countries for their lead and nickel, which they only export in small quantities.

After considering the second representation made to him, M. Ihlen answered, that his government would never circumscribe their freedom to sell metals raised in Norway where they wished, but that they might prohibit the re-export of imported metals, provided that the allies recognised their right to grant exemptions, and to trade in contraband with other Scandinavian countries. A few days after M. Ihlen gave this answer the Norwegian government did, in fact, prohibit the export of copper, and contraband department's enquiries about the scope and meaning of the prohibition were all answered satisfactorily. M. Ihlen intimated, also, that other prohibitions would shortly be imposed; and promised that when exemptions were granted, the allied governments would be given good notice, so that their expert advisers might investigate the destination of the exempted cargoes. The officers of the contraband department disliked this claim to grant exemptions, upon which all Scandinavian governments were then insisting; and, as the extraordinary growth of the Danish transit trade was causing much apprehension, it was natural that the authorities should have been mistrustful of the principle that Scandinavian countries should trade freely with each other in contraband goods. But although both were disliked, neither claim was seriously contested: the Norwegian government were going far to meet our wishes by notifying us of exemptions beforehand; and it was by then recognised, that the Scandinavian representatives at Malmö had agreed to

keep commercial traffic between the three countries free from all restraints. To have disputed this would at once have strengthened the Scandinavian concert, which Mr. Findlay so much mistrusted.

The negotiation with Norway thus became a negotiation for a more comprehensive list of prohibited exports ; and, although the Norwegian foreign minister was obviously instructed not to give any general undertaking, or to exchange notes, which could be called an agreement, his government met our wishes promptly on these questions of practical detail. The export of copper, aluminium, nickel, lead and jute was forbidden by decree during December, and our minister was given to understand that further additions would be made, if the government had grounds for suspecting surreptitious re-exports. By the end of the year, the Norwegian list of prohibited exports was so comprehensive, that the proposals in the allied memorandum was not further pressed.¹ Also, the minister recommended that the Norwegian copper and nickel supplies should be bought by the British government, and this proposal was being examined by some copper traders selected by the restriction of enemy supplies committee. This discussion upon particular materials and commodities, into which the negotiation thus resolved itself, revealed facts that suggested, that a sort of piecemeal policy of negotiating with particular trades, and trading houses, might be the best.

As far as I have been able to discover, Sir Edward Grey never passed judgement upon the conflicting opinions of our ministers in Stockholm and in Christiania, that is, upon Mr. Findlay's opinion that closer union between the Norwegian and Swedish governments was dangerous ; and upon Mr. Howard's opinion, that it would be a steadying influence upon Swedish politics, and ought, on that account, to be encouraged. The policy actually adopted by the British government was, however, substantially Mr. Findlay's ; for the complicated business of concluding bargains with the leading industries in Norway of necessity brought the country, as a whole, within the general orbit of British commercial policy, and established a predominating British influence. It was thanks to the growth of this influence that the British government were able, later on, to establish a control, not merely of the Norwegian metal markets, but of the great national industries, and sources of income, of which a brief description should here be given, to serve as an introduction, or explanation, of later undertakings.

Fishing is the greatest of the Norwegian industries ; but statistics give no indication of its importance in the national life, or of its influence upon the national customs. For some reason, which has never been fully explained, enormous migratory movements of herring, mackerel and cod pass along the coasts of Norway ; so that, at certain seasons of the year, the indentations of the coast line, and the channels in the immense archipelago off the mainland, become catchment basins for the stream of fish. In addition to this, the fjords abound in rock bass and deep water fish, which are much sought after by the local fishermen. The northern coasts of the country are, therefore, studded with fishing settlements ; and the Lofoten islands are a huge fishing base, from which the coddling fleet moves in search of the swarm, and to which it returns, to dry the catch. Individual fishermen get small profits from the industry. A few owners of drying stations, and the directors of the great export houses, are men of fortune, but the skippers and their crews, for the most part, earn a few kroners a day, after suffering great hardships. For the cod swarm is intercepted at the coldest seasons of the year, and in high latitudes ; the fishing boats are undecked, and are kept at sea for days at a time, when the normal temperature of the air is near freezing point, and the northern ocean is swept by tremendous gales, and by storms of sleet and snow. The yearly list of losses is heavy, but neither the hardships nor the dangers of the trade deter the Norwegian fisherman, who seem to follow the fish streams under the impulse of an instinct as powerful as the instinct

¹ See Appendix III.

that holds the Chinese peasant to his ricefields. A fleet of strongly built, and well equipped, steam trawlers hunted the seal and the whale in the White sea and the Antarctic, and frequented south Georgia, south Shetland, and the south polar continent. Thanks to the prodigious industry of the fishermen, considerable Norwegian revenues were obtained from the sale of fish and fish oil: the refuse of the drying and salting stations was ground into fish meal and exported to agricultural countries. The Norwegian catch of cod was sold in all the catholic countries of America and Europe: Great Britain and Russia were heavy purchasers of every kind of fish.

The second great source of Norwegian revenue is timber and wood products. The market for Norwegian timber is more concentrated and Great Britain is the principal purchaser (*see* Tables). It is, however, sold in all mining countries, and, before the war, Belgium bought considerable quantities.

NEGOTIATIONS FOR A CONTRABAND AGREEMENT WITH ITALY

In the autumn of 1914, the Italians were drawing their principal revenues from the sale of silk tissues; of stamped and woven cottons; of textiles, machinery, fruits and wines. Their revenues on each of these heads were these:

Silk tissues	530 million lire.
Stamped cottons	256 " "
Other textiles	109 " "
Worked metals and machinery	106 " "
Fruits, wines and oils	161 " "

The markets for these products were extremely dispersed, and the products themselves being, for the most part, highly specialised, were delivered in a great number of countries, in comparatively small consignments. Wealthy countries like the United States, Great Britain, Germany and Austria-Hungary were the most important purchasers; but Italian cottons and worked metals were sold in so many markets, that it would serve no purpose to reduce the Italian export trade in these commodities to a tabular form. The markets for their exports of cereals and fruits were more concentrated, and the Germans and Austro-Hungarians were the principal buyers (*see* Table VIII).

Normally, a fair proportion of the corn and meats imported into Italy came from within the Mediterranean (*see* Table IX); the Russian supplies had, however, failed, and Rumanian wheat was difficult to secure, as shipowners disliked sending their vessels into the Black sea, in times of such uncertainty. In the autumn of 1914, therefore, Italian supplies of grain and meat were coming entirely from the American continent. The metals most used in Italian industries were obtained in fairly equal quantities from Germany, France, Austria-Hungary, and Great Britain (*see* Table X).

Notwithstanding that the volume of Italian trade with the central empires was about equal to that of their trade with France, Great Britain and British India, the Italian commerce with the entente powers was of the greater importance. The Italians depended entirely upon Great Britain for coal (*see* Table X); and, if any Italian government had declared war upon France and Britain, there can be little doubt, that the country would have been prostrated by economic pressure, before any military success had been gained. The avenues through which an Italian army can advance into France are narrow and difficult; and although it might have been hard for the Franco-British armies to sustain a long campaign against the German armies in north-eastern France, and the Italian armies on the borders of Provence and the Dauphiné, they could, presumably, have held the Alpine passes, and the coastal roads from southern Piedmont, until the inevitable shortage of propellants

in Italy brought the Italian industries, and the Italian armies, to a standstill ; for it was practically certain that the British coal supplies, if lost, would be irreplaceable. The ten millions of tons annually consumed in Italy might, conceivably, have been raised in the German mines, but they would not have been delivered ; for they could not have been carried by sea, if Great Britain and France were enemies ; and the German railways, whose carrying power had been very much reduced by the allocation of rolling stock to the armies, could not have hauled such a mass of additional supplies, from Silesia and the Ruhr to the frontiers of Switzerland.

TABLE VIII
Showing the principal markets for Italian food exports

Commodity	Quantity (in tons)	Principal markets
Potatoes	13,903	Germany 4,839 tons Switzerland 1,394 .. British India 1,608 ..
Flour	94,314	Turkey 22,041 .. Tripoli 29,537 .. Switzerland 15,025 ..
Vegetables	92,872	Austria-Hungary 33,458 .. Germany 41,395 .. Switzerland 10,505 ..
Dried herbs, fruits	436,530	Austria-Hungary 116,769 .. Germany 57,703 .. Great Britain 50,573 .. Russia 46,960 .. U.S.A. 113,439 ..
Grapes and fresh fruits	203,933	Germany 133,428 .. Austria-Hungary 24,488 ..

TABLE IX
Showing the principal sources of cereals and meals imported into Italy

Principal sources	Imports (in tons)	Commodity
Russia 630,048 tons	787,511	Corn (hard)
U.S.A. 116,113 ..		
Rumania 314,451 ..	1,023,015	Corn (soft)
Russia 251,498 ..		
Argentine 297,183 ..		
Argentine 88,815 ..	106,412	Oats
Australia 21,754 ..	91,170	Fresh meat
Argentine 63,453 ..		
Norway 161,484 ..	412,035	Dried, smoked and canned fish
Canada 121,535 ..		

TABLE X

Showing the principal sources of the metals, combustibles and propellants imported into Italy

Principal sources	Quantity (in tons)	Commodity	
France	78,344 tons	Scrap iron	
Germany	71,348 ..		
Switzerland	47,379 ..		
British India	17,899 ..		
Argentina	20,017 ..		
U.S.A.	21,139 ..		
Great Britain	112,555 ..	Pig iron	
Germany	71,376 ..		
Austria-Hungary	13,722 ..		
Germany	63,725 ..	93,801	Iron and steel (laminated and beaten)
U.S.A.	24,255 ..	36,343	Copper, brass and bronze
U.S.A.	350 ..	1,200	Nickel
Norway	161 ..		
Austria-Hungary	297 ..		
Spain	10,315 ..	11,494	Lead
Belgium	5,041 ..	18,502	Zinc
France	4,158 ..		
Germany	5,256 ..		
Germany	190 ..	395	Aluminium
France	136 ..		
Switzerland	68 ..		
Straits Settlements	2,524 ..	2,973	Tin
Great Britain	9,397,142 ..	10,834,008	Coal.
Germany	96,777 ..		
U.S.A.	80,396 ..	115,374	Petroleum
Rumania	24,222 ..		

TABLE XI

Showing the principal sources of Italian imports of cotton, timber and rubber

Principal sources	Quantity (in tons)	Commodity	
U.S.A.	148,338 tons	Cotton (in mass)	
British India	35,225 ..		
Egypt	10,395 ..		
Austria-Hungary	90,407 ..	1,158,325	Sawed wood
U.S.A.	17,420 ..		
British India	139 ..	7,332	Rubber and gutta-percha (raw and worked)
Brazil	1,898 ..		
Straits Settlements	194 ..		
Africa	339 ..		
Austria-Hungary	535 ..		
France	594 ..		
Germany	885 ..		
U.S.A.	2,223 ..		

TABLE XII
Showing the general directions of Italian import and export trade

	IMPORTS (in thousands of lire)					EXPORTS (in thousands of lire)				
	Material for industry					Material for industry				
	Raw	Half worked	Finished products	Foods and livestock	Total	Raw	Half worked	Finished products	Foods and livestock	Total
Austria-Hungary	116,416	52,654	44,103	20,642	233,815	43,034	33,794	36,302	83,581	196,711
Germany	48,169	125,815	320,624	8,577	503,185	75,510	108,399	34,299	100,940	319,418
Great Britain	309,823	83,643	103,538	7,930	504,934	50,539	41,173	136,096	77,904	305,712
France	37,079	63,477	86,210	18,769	205,535	50,783	38,557	34,550	50,303	174,193
British India	134,721	1,426	351	2,851	139,349	424	5,257	29,669	3,339	38,689
U.S.A.	297,409	82,068	39,415	23,955	442,847	35,614	64,203	32,616	130,029	262,462

Summary

Percentage of imports from the Central Empires	..	..	..	..	..	..	..	..	..	..	25
Percentage of exports to the Central Empires	..	..	..	..	..	..	..	..	..	..	23
Percentage of imports from Great Britain, France and British India	..	..	..	..	..	..	..	..	..	..	29
Percentage of exports to Great Britain, France and British India	..	..	..	..	..	..	..	..	..	..	23
Percentage of imports from U.S.A.	..	..	..	..	..	..	..	..	..	..	12
Percentage of exports to U.S.A.	..	..	..	..	..	..	..	..	..	..	12

The entente powers had yet another advantage. The Italian and Austrian fleets, acting in conjunction, might have been powerful enough to supply the Italian garrison in Tripoli and Cyrenaica, or to have withdrawn it. But the combined fleets of Austria and Italy could not conceivably have shaken our hold on the straits of Gibraltar ; and, for so long as the straits were under Franco-British domination, all the Italian grain supplies from the United States, and most of the Italian export trade to the American continent, would have been stopped from the moment when Italy declared war upon the entente powers.

On a first inspection, the economic consequences of an Italian declaration against the central empires seemed less serious ; but, as that declaration would at once, have closed the markets for a quarter of the Italian import and export trade, it is small wonder that a strong party in Italy, headed by Signor Giolitti, were disinclined for anything but strict neutrality (*see* Table XII). Indeed, if Italian statesmen had been seeking for economic advantages, or if they had even been determined to protect the country against economic calamity, the entente statesmen could have counted upon Italian neutrality throughout the war.

But the Italian authorities were not free to regulate their policy by these calculations ; for, of all the neutral governments in Europe, the Italian were, perhaps, the most obliged to subordinate economic to political advantages. Their natural desire to unite all Italian speaking people under Italian rule is too well known to deserve explanation or comment ; it is, possibly, not so well understood, that this projected reunion excited other political ambitions, and that, during the autumn and winter of 1914, the Italian government were with difficulty controlling the passions of a dangerously excited nation ; a nation which was, indeed, so disturbed and uneasy, that the ministers often feared for the safety of the dynasty, and that so shrewd an observer as the Austrian ambassador thought their anxieties justifiable.

First, there was no doubt, that the feeling dominant in Italy was vexation and anger that the crisis in August, 1914, had not been foreseen ; and that the government had been so restricted by the obligations of an old alliance, that they had exerted no influence in the councils of Europe at the decisive moments.

National and personal vanities have been deeply wounded. wrote the Austrian ambassador some time later and it is here thought intolerable that Italy cannot take the part of a great power, and so receive proof that she is seriously thought to be one.¹

The British ambassador did not attribute the political agitations of Italy to the same causes, but he, like Baron Macchio, was much impressed by the fermentation in the country.

I find here, he wrote, in the first days of the war, a growing tendency to recognise that Italy must take a side or she will be left out of the final account. There is no doubt which way the general trend of public opinion is working. It is inconceivable that Italy should take part against us, public opinion won't stand it.

Sir Rennell Rodd several times repeated his first appreciation during the first months of the war.

Nations thus agitated are but little inclined to be satisfied with a policy that seeks only for economic advantages. In the first days of the war, therefore, the Italian cabinet, or the Italian premier, instructed the Marquis di San Giuliano, the foreign minister, to prepare the way for intervention ; and on 12th August, the Italian ambassador in London called at the Foreign Office to make a significant statement. After assuring Sir Edward Grey that his government wished to remain neutral, the ambassador added, that they might be forced into belligerency ; first, because they feared a change of equilibrium, which would be very disadvantageous to them, and secondly, because they feared that the central empires would never forgive the Italian government for declaring neutrality. The anxieties that were disguised, rather than

¹ *Documents diplomatiques concernant les rapports entre L'Autriche Hongrie et l'Italie*, p. 153.

explained, by this guarded language were presumably these. An Austrian army was then well established in the Serbian capital, and was preparing to move into the heart of the country and occupy it. Whatever the military position might be in other theatres, it therefore seemed certain, that the Austrians would shortly strengthen their hold upon the Dalmatian coastline ; and would, at the final settlement, be less than ever inclined to cede territories to Italy in the north-eastern corner of the Adriatic. As these were their preoccupations, it is small wonder that the Italian authorities had no thoughts for the economic consequences of intervention on either side ; their ambassador was, indeed, instructed to enquire, whether the British government would agree to nine conditions, if the Italian cabinet decided to intervene in favour of the entente. The first group of conditions provided for a rapid union of the British, French and Italian fleets ; the second for territorial acquisitions in the Tyrol and the Adriatic. It was, of course, extremely significant, that such a statement should have been made at all, only a week after war had been declared ; but the statement was qualified by many intricate reservations, and Sir Edward Grey answered cautiously, that, although the British government would probably agree to the most important of the Italian conditions, he could give no undertaking on any specific point, until the Italian government had decided to intervene.

The interview thus engaged neither party, but it determined the diplomacy of the two governments during the closing months of the year. Being convinced, from Sir Rennell Rodd's reports, that the Italian government might remain neutral, but that the nation would never tolerate intervention against the entente powers, Sir Edward Grey determined to make no move ; to restrain the French and Russian authorities, if they exercised indiscreet pressure upon the Italian consulta ; and to wait, until the pressure of public opinion forced the Italian government to make more definite proposals. On the Italian side, San Giuliano endeavoured to engage the British government more closely. During September and October he urged, on several occasions, that the British foreign minister should discuss the conditions presented in August ; and, whilst urging this, made what our ambassador described as the nearest approach to a positive avowal of intentions to which he had committed himself. The interview took place on 27th September, when San Giuliano told our ambassador, quite definitely, that Italy must sooner or later join the allies, but that he was much exercised about a proper pretext. He anticipated, however, that an Austrian advance towards Ragusa, or to some other part of the southern Adriatic, would soon provide one.

This statement, though more explicit than any that had yet been made, was, however, carefully qualified, for the marquis left the date of Italy's intervention very doubtful ; indeed he opened the interview by saying, that the Italians would not be completely ready in any measurable time. Sir Edward Grey, therefore, thought the statement insufficient, and refused to discuss details. Shortly before his death, the Marquis di San Giuliano again pressed the British foreign minister to give some kind of undertaking. At an interview with Sir Rennell Rodd on 11th October, the dying minister, for he was then failing fast, argued, that the moment for intervention would probably come unexpectedly ; and that it would be a great misfortune, if the Italian authorities were unable to act rapidly, because the diplomatic agreements between Italy and the entente powers were still undigested. He therefore urged, that a draft treaty should be prepared, and that it should be signed, when the moment for intervention had arrived. This was, substantially, an offer of alliance, but the Italian minister still declined to state anything definite upon the matter which Sir Edward Grey thought all important : At what date would the Italian government intervene ? When asked to be more precise on this point, San Giuliano replied, that the army was by no means ready, and that he must consult the minister for war. After this interview, the minister's fatal illness made rapid progress ; he died on 30th October, and a new government

was formed soon after. As soon as the new cabinet had been formed, Sir Rennell Rodd reported, that it would probably be more inclined to intervention than the last. He also stated, that the new foreign minister, Baron Sonnino, was a very straightforward man; and that, if he decided to press on with the negotiation that San Giuliano had begun, he would be much more definite, and easy to understand, than his predecessor.

From these particulars it will be seen, that, at the end of October, 1914, when San Giuliano died, our diplomatic relations with Italy were very finely adjusted. Sir Edward Grey did not consider that any statement made to him, or to the British ambassador, had been definite enough to justify closer negotiations; and he was still determined not to examine details, until principles had been agreed to. If this attitude and conduct were to achieve their purpose, it was essential that no controversy should disturb the friendly relations between the two governments, or damage the position to which the Italians had raised us by making the British Foreign Office their sole confidant on such delicate questions. Also, these intimate confidences imposed special obligations. Inasmuch as the Italians had made these statements to the British government alone, and had particularly requested, that they should not be communicated to our allies, it was clear, that they looked to the British Foreign Office to reconcile the French and Russian governments to their pretensions and demands, when finally made; and to obtain their consent to certain preliminaries, such as the occupation of Valona, where they landed an expedition during the month of October. In addition, it was important, that the new Italian minister, like the old one, should find the Foreign Office receptive of special confidences, and that no friction, on any subject, should alienate the sympathies of the Italian people; for these sympathies—which Sir Rennell Rodd reported to be growing in strength—would nearly certainly be the decisive political force. So long as the Italian public and their government were unruffled, it was probable that the Italian foreign minister would sooner or later, make those definite proposals, which the British authorities were expecting.

Sir Edward Grey arranged that Valona should be occupied without opposition from the French; but during October, the flow of contraband into Italy promised to raise questions that would not be so easy to settle. During August, September and the first part of October, our agents had detected no abnormal movements of Italian trade; but, in the second half of the month, Sir Rennell Rodd reported, that he was much disturbed at the quantities of goods that were being landed in Italy, after which they were declared to be in transit, and forwarded to Switzerland. This was soon confirmed by the committee for the restriction of enemy supplies, who reported, that the shipments of copper on their way to Italy were abnormally heavy. Several vessels carrying copper cargoes to Genoa were therefore detained at Gibraltar, and the cargoes unloaded.

The allied memorandum on contraband was presented to the Italian authorities when the contraband stream was at full flood; and it was no easy matter to press our legitimate contentions, without disturbing those intimate and cordial relations, which it was so important to preserve. For, although some of the contraband then being carried into Italy was for German consumption, a considerable proportion was unquestionably for use in Italy, and it was by no means simple to distinguish between the two. Italian metal imports were, in fact, abnormal for several reasons. In the first place, German agents in Italy had bought such enormous quantities of metal during the first months of the war, that there was a shortage soon after; in the second, the Italian government were already spending heavy sums on additional equipment for the army, and were placing large contracts with the great armament firms. As we had such good reasons for anticipating Italian intervention on our side, it was of the last importance that their military preparations

should not be impeded by precipitate interceptions of contraband cargoes, however justifiable they might be on other grounds. As to consignments sent forward to Switzerland, some were again sent on to Germany, but a proportion was undoubtedly for the Swiss industries. Normally, the metals used in the Swiss factories are mainly re-exported from Germany: these sources were temporarily closed, however, for the Germans were, at this time, very short of copper, and the Swiss were naturally placing large orders for raw metal abroad, and receiving it by way of Genoa. Finally, it was most important that our authorities should not act precipitately and severely merely because the Italian metal imports were abnormally heavy; for the Italian industries were so organised as to be peculiarly sensitive to stoppages of supplies. A few large concerns, such as Pirelli-Ansaldo and the Moa smelting works, dominated the rest, and employed an enormous number of hands. If the supplies of any one of these great houses failed, or even if their flow of supplies became irregular and precarious, thousands of workmen's families would suffer, with the usual consequences to public opinion. The heads of these houses were, moreover, men with great political influence, who were connected by marriage and interest with large numbers of deputies and senators. By irritating them, or by damaging their concerns, we should presumably strengthen the neutrality party under Giolitti.

The need for caution was even greater than we realised: our ambassador certainly reported that the new cabinet were more inclined to intervention than the old, but it seems hardly doubtful, that they had just decided that San Giuliano's tentative offers should not be renewed. Soon after the allied memorandum upon the interception of contraband was presented, the Italians opened a long and arduous negotiation with the Austrian government; and, unless we regard the proposals and counter proposals of the Italian chancery as an elaborate artifice for gaining time, we must conclude, that in the late autumn of 1914, the Italian premier and foreign minister were endeavouring to keep the country neutral.

Seeing that the flow of contraband into Italy was principally a swollen import trade in copper, and that, at the time, we probably had more information about it than the Italian authorities themselves, the Foreign Office instructed Sir Rennell Rodd to hand in a special preliminary memorandum, before our general proposals were presented. In this paper, the Foreign Office gave particulars, which proved beyond doubt, that some of the consignments recently seized had been destined for Germany: the final paragraph, written by Sir Edward Grey ran thus:

I do not suppose for a moment that the Italian authorities, if they realise this, will be anxious to facilitate an illicit traffic, which supplies Austria and Germany with ammunition.

When Sir Rennell Rodd presented the second or general memorandum on 8th November, he anticipated that the Italians would engage him in negotiations about the exports of certain foodstuffs, but, contrary to his expectations, the Italian government did not immediately reply. They may, or may not, have temporarily reversed the diplomatic course, which the Marquis di San Giuliano had attempted to steer, but, at least, they realised that a serious controversy upon contraband, with the entente powers, would have been as severe a set-back to their diplomacy as it would have been to ours. On 14th November, therefore, they issued a royal decree, which was no answer to the allied memorandum, but which, nevertheless, remedied a large part of what we complained of. By this decree, it was made illegal for any Italian importer to receive goods on the prohibited list, and to declare them in transit after receipt: it was also made illegal to tranship goods, if they were marked with an Italian destination when they arrived in an Italian port. These provisions were, moreover, supplemented by another, which had obviously been drafted to avoid all friction about the operation of the October order in council. It will be remembered that our proclamation made special reservations about conditional contraband, if it were consigned to order. The Italian government

therefore decreed, that all consignments marked thus would be appropriated to the internal use of the state. From this it was clear, that if the decree were rigorously executed, no cargo on the prohibited export list could reach Switzerland, unless its Swiss destination were clearly marked upon the bills of lading; for the Italian list of prohibited exports, though it did not include some articles on our contraband proclamations, was comprehensive with regard to petroleum, copper, nickel and aluminium—the commodities which had been declared specially important in the allied memorandum. After the Italian foreign minister had answered our enquiries about warehousing regulations and other matters of detail, the contraband department reported: The Italian measures for preventing goods passing in transit seem quite complete, and indicate a genuine desire to prevent fraudulent re-export. Our ambassador considered that the decree had superseded our proposals for an agreement, and that they might, in consequence, be dropped.

The contraband department could not, however, agree, without further enquiry, that the Italian proclamation could be treated as a substitute for an agreement. The question at issue was the same as the question that had been so difficult to resolve during the discussions with the Scandinavian powers: as the Italian government, in common with other neutral governments, intended to allow articles on the prohibited list to be exported under dispensation or licence, it was most important to discover on what scale these dispensations would be granted: would they be so frequent, and would they be granted to such large consignments, that they would open large breaches in the export barrier, or would only a few, insignificant transactions be allowed? The contraband department insisted, that very close enquiries must be made on these points, before the Italian legislation could be pronounced a satisfactory substitute for an agreement.

The Italian authorities assured us, that no exemptions would be granted in respect to manganese, aluminium, nickel, iron, rubber and petroleum; but they represented, with great force, that their great engineering houses would be incapable of completing their contracts, or of signing new ones, unless goods were allowed to be exported to neutral countries under licence. These assurances were, moreover, strengthened by a second order from the Italian government, who entrusted the execution and operation of the decree to a powerful committee of civil servants. The committee was ordered to examine every application for an export licence; to watch the movements of trade; and to report what new commodities ought to be placed on the list of prohibited exports. The inclinations of this committee were at least of as much importance as their constitution and powers; and such information as we were able to obtain about their procedure left but little doubt, that the committee were acting under a general instruction to reduce exports of all raw materials and metals; for, during their first sittings they ruled, that fencing foils were weapons; that felt hats were wool; and that no export licence could be granted in respect to either.

When these two successive orders were in operation, the Italian government answered what was proposed in the allied memorandum by informing our ambassador, that they did not wish to make a formal agreement with us, as it might expose them to an accusation of unneutral conduct. They claimed, however, that they had substantially agreed to our proposals, by making their list of prohibited exports nearly identical with our contraband proclamations, and by issuing their recent decrees for regulating the transit trade. And, though unwilling to sign a formal agreement, the Italian authorities nevertheless assured the ambassador, that there would be no dispensations in respect to copper, nickel, lead, aluminium, haematite, iron pyrites, ferro-silicate, rubber and petroleum—the commodities recently added to our lists of contraband:

At the same time, ran their memorandum, in order to maintain the national industries, and prevent a suspension of work in Italian factories, she reserves to herself power to give, when national requirements have been met, facility to export these commodities and articles manufactured from them, so long as they are only sent to a neutral destination.

The need for a satisfactory agreement was now pressing. The new Italian minister had not renewed San Guiliano's tentative offers, and the German government had just sent Prince von Bülow to Italy to watch and assist the negotiations between Austria and Italy. Public opinion, which had throughout been so friendly to Great Britain, was then, more than at any other time, the reinforcement upon which our diplomacy was counting. Moreover, Sir Rennell Rodd now noticed, with great regret and anxiety, that some influential members of Italian society were openly expressing bitter disappointment, that the British government had ignored recent legislation ; and that stoppages and seizures continued. During November and December the British patrols at Gibraltar, and the French patrols off Toulon held up several ships on their way to Italy, and the contraband committee approved the detentions.¹ Their reasons were presumably excellent ; but it was natural that our ambassador should dread the irritating effects of these detentions, however legitimate in themselves, as he knew that public irritation might at any moment sweep away the rather fragile diplomatic structure that he was endeavouring to strengthen. His anxieties were, moreover, shared by the king of Italy, who gave Sir Rennell Rodd two grave, but extremely friendly, warnings. From what the king said, our ambassador concluded, that the Italian government still intended to offer their alliance to the entente powers ; for which reason they were most anxious, that, when the moment for intervening arrived, Italian sentiment should be strong, and untainted by disappointment. It is thus hardly surprising, that our ambassador strongly recommended that restraints should be imposed upon this conscientious search for contraband cargoes, ambiguous manifests, and defective bills of lading.

The Foreign Office authorities were not divided. It is true that the contraband department suggested, tentatively, that a special agreement for the control of copper, nickel, lead and aluminium should be insisted upon ; and that, until it was concluded, cargoes of these commodities should be ruthlessly stopped, as the high prices paid for these metals in Germany would inevitably draw them into the country. This proposal was not approved, and when it was rejected, there were no reasons for delaying a settlement. On 23rd December, therefore, our ambassador at Rome was informed, that the Italian government's guarantees were satisfactory ; and that, in future, no contraband cargo consigned to Italy would be stopped, unless our authorities had satisfactory proof that the shipper, or the recipient, was engaged in fraudulent dealing. A week later, the necessary orders were sent to the naval patrols.

NEGOTIATIONS FOR A CONTRABAND AGREEMENT WITH SWITZERLAND

As the swollen imports of the port of Genoa, and the abnormal transit trade into Switzerland across the Lombard railways, were the matters most closely examined during the negotiations with the Italian authorities, it was natural, that our proposals for a contraband agreement with the Swiss republic should have been considered as a sort of complement to our negotiations with the Italian government. But although, at the time, the Swiss and Italian contraband trades were examined conjointly, the sources which nourished the trade of these two countries, and the directions in which Swiss and Italian commerce moved, were so different, that negotiations with Switzerland became negotiations for guarantees of a special kind. The differences between the economic systems of Italy and Switzerland will be understood from a brief survey of Swiss trade and commerce.

The principal sources of Swiss revenue are those preserved milks and cheeses, which are produced from the milk of the Alpine cattle ; Swiss cotton and silk goods ; and Swiss clocks and watches. The Swiss depend upon foreign markets for a large

¹ It is very difficult to discover the exact reasons, for, at this date, the contraband committee's minutes were very brief typescript notes, in which little was recorded but the names and voyages of the ships detained.

portion of their cereals, and like all importers of corn, they make heavy purchases of American and Canadian wheat. Until the war began, they had depended upon European oats and barley (*see* Table XIII), after which the failure of German and Russian supplies forced them to place additional orders for grain in the American continent. The Swiss are, moreover, considerable meat importers, and the bulk of their purchases are made in France, Italy, Germany and the Netherlands. They buy lard from America, but unlike other buyers of foreign meats they only make small purchases of Argentine beef and American canned foods.

In November, 1914, the raw cotton, which the Swiss worked into embroideries and networks, was obtained from the United States and the Sudan, in fairly equal proportions. The silk, which the Swiss worked into an enormous number of fancy articles, was obtained raw and in a half woven state, from France, Italy and the far east. Great Britain and the United States were the best purchasers of the Swiss silk and cotton goods; but although a good customer, Great Britain was far less important to the Swiss than Germany; for German supplies of iron and other metals were so essential to Swiss industries, that Germany might almost be said to have had a strangle hold upon the economic life of the republic. The Swiss statistics distinguish between one hundred and thirteen different kinds of iron import and export, which it would serve no purpose to enumerate; they consist mainly of iron and steel in a half worked state, ready for the Swiss industries and railways: in 1914, Germany supplied nearly seventy per cent. of the whole, and bought back a large proportion, after it had been converted into machinery. The same held good with regard to copper. It is true that the French supplied some of the half prepared metal, and bought some of the finished products: Germany was, nevertheless, in potential control of any Swiss industries that needed copper. The Swiss watch trade yielded a total revenue of 169,410,000 francs, and, here again, Germany was in a commanding position; for the nickel and other metals used by watchmakers were, for the most part, bought in Germany.

The British authorities had no bargaining asset that was in any way comparable to these German advantages; for British coal, which was so important to half the countries in Europe, was not imported into Switzerland, where electric power was the chief propellant. Of the entente powers, France was, perhaps, the best qualified to drive an economic bargain with Switzerland; for the volume of French trade with the country was greater than ours, and French meat stuffs were an important item in the Swiss dietary. Also, which was perhaps more important, the recent Swiss purchases of American grain were being delivered in the western ports of France, so that the Swiss depended upon the French railways for its transport. The two governments had, indeed, recently signed an agreement, whereby the French undertook to place a fixed number of railway wagons in the Swiss service.

When the allied memorandum was presented, our authorities had before them no very certain facts about Swiss trade in contraband, but a great deal of agitated gossip. It was realised, that the Swiss imports through Italy would be heavy in the circumstances, but we had, at the time, no means of discriminating between those imports, which, though abnormal, would nevertheless be consumed in Switzerland, and those, which were part of a transit trade in contraband. The French newspapers were, however, conducting a fierce and unscrupulous agitation against the Swiss importers, in the hope that the French government would break their undertaking to supply railway wagons for the transport of Swiss corn.¹ As far as we could judge, moreover, sections of the French administration were infected with this same rage for accusation and calumny. One of the most authoritative reports

¹ See articles in the *Gaulois*, *Matin*, *Temps*, October–November: any fact relating to Swiss trade is converted into an accusation of some kind. The agitation was fairly successful. Lieutenant Guichard (*Historie du Blocus*) states that the French government fulfilled all their undertakings. This was not Mr. Hurst's or Admiral Slade's opinion.

TABLE XIV
Showing Swiss imports and exports of textiles

Blockade of Germany

IMPORTS			EXPORTS		
Principal sources	Value (in 1,000 of francs)		Value (in 1,000 of francs)	Principal markets	
Egypt	25,601	Raw cotton	155,352	Great Britain	36,652
U.S.A.	26,980	Cotton embroideries on satin		U.S.A.	47,685
		Cotton embroideries on net work	12,414	U.S.A.	4,005
		Specialised cotton embroideries	25,670	Great Britain	3,407
				Great Britain	5,023
				U.S.A.	4,639
				Germany	4,103
				France	1,301
				British India	1,271
France	3,189	Silk waste	2,800	Germany	778
Italy	2,546			Great Britain	584
China	2,011				
Japan	1,368				
France	20,425	Combed silk	5,491	Germany	2,627
				France	2,276
		Organzin	19,308	Germany	16,974
Italy	51,765	Woolf silk	16,646		
France	12,895	Miscellaneous silk articles	105,199	Germany	14,702
Italy	28,441			Great Britain	45,170
				Canada	13,182
				U.S.A.	6,278
				Austria-Hungary	8,333
		Silk ribbons	42,062	Great Britain	23,930

TABLE XV
Showing Swiss imports and exports of propellants and combustibles

IMPORTS		Value (in 1,000 of francs)	Principal markets	EXPORTS	
Principal sources	Value (in 1,000 of francs)			Value (in 1,000 of francs)	Principal markets
Germany	15,905	Coal			
France	1,969				
Germany	14,845	Coke			
Germany	25,164	Briquettes			
Austria-Hungary	822	Petroleum			

TABLE XVI
Showing Swiss imports and exports of the principal metals

IMPORTS		Value (in 1,000 of francs)	Principal markets	EXPORTS	
Principal sources	Value (in 1,000 of francs)			Value (in 1,000 of francs)	Principal markets
Germany, about 70 per cent.	103,264	Iron	32,801	Various countries, Germany about 30 per cent.	
Germany and France	33,455	Copper	10,392	Germany and France	

in the records of the restriction of enemy supplies committee had been prepared by Monsieur Rey, a French civil servant of high position ; and this gentleman, after collecting and presenting a great deal of exceedingly useful information about the Swiss metal and chemical industries, urged the committee to regard all Swiss sales of metal goods and chemicals to Germany as downright breaches of neutrality. It has to be admitted, also, that some sections of the British administration were equally inclined to give a bad interpretation to every report of an unusual circumstance. Early in November, one of our naval agents discovered that Captain Messner, of the Swiss flying service, had gone to Berne, at government expense, and had there been in treaty with some German agents. As the Swiss government were then keeping large forces under arms, and as they had ordered large quantities of copper for their munitions, Captain Messner had presumably been instructed to negotiate with some German firms for the delivery of materials required by the air force. His visit to Berne was, however, officially represented as a most sinister transaction in which president Hoffman was implicated. It is not suggested for a moment that these wild accusations ever seriously affected the judgment of British negotiators ; they have, however, been recorded as a reminder of the nasty accompaniment of slander and gossip to which the negotiations with Switzerland were conducted.

The allied memorandum was presented on 14th November. The immediate purpose of the negotiation was to secure guarantees against the re-export of raw materials ; for, in the letter explanatory to the memorandum, the entente powers mentioned the heavy transit trade through Italy, and asked only that all articles on the British contraband list should be placed on the Swiss list of prohibited exports : no proposals were made with regard to the Swiss trade in worked articles of contraband materials. President Hoffman's reply was received about three weeks later : it was a long and ably drafted document, in which the Swiss authorities answered both the allied proposals, and the calumnies that were being directed against their administration. First, the Swiss government maintained, that a neutral state was not obliged, by any rule of international comity, to forbid the export of contraband to belligerents ; in consequence of which the republic could not undertake to prohibit the export of any commodity, unless the prohibition was imposed in the country's interest, and to make good a shortage. Secondly, the Swiss government suggested that there was too much abstract reasoning in the allied memorandum : *Toute la question doit être examinée uniquement à la lumière des faits : de la résoudre théoriquement, conduit, immédiatement à des conclusions fort erronées.* The relevant facts were these : The Italian ports, Genoa in particular, were already choked with supplies that could not be distributed even in Italy ; the consignments in transit for Switzerland were, in consequence, very much delayed, and the country was suffering. Import statistics were added to the note, and they proved, quite conclusively, that the deliveries of cereals during the previous quarter had been far below the normal average. The Swiss government therefore maintained, that Switzerland was not then, and could never become, a base of enemy supplies ; and that the second article of the last British order in council could not be applied against consignments that were transitted to them through Italy. Such transit trade as existed ought not to be interfered with, so long as Switzerland was a neutral country. Nevertheless, the Swiss government stated, that they would accept the substance of the allied proposals, and would forbid the re-export of such imported goods as were on the allied contraband lists ; it was, however, to be clearly understood, that they would grant exemptions and licences.

It might here be added, that although many reports about a large transit trade through Switzerland into Germany had been presented to the Foreign Office authorities, and although the reports had appeared consistent and conclusive enough to be digested into the allied memorandum, it seems probable that a great deal of what was then called German trade through Switzerland was, in fact, a legitimate

Swiss trade that had been diverted from its ordinary channels to the Italian railways. The diversion must, indeed, have been considerable. Our naval control of the North sea had turned Swiss imports from the Rotterdam route to the Mediterranean ; and the committee for the restriction of enemy supplies had accentuated the diversion, by recommending that no goods marked for Switzerland should be allowed to go by way of the Rhine. Now the port and railway communications to which this great volume of goods had been turned were poor : Genoa was ill-equipped to deal with additional deliveries ; and, although the railway system of the Lombard plains is excellent, the Alpine barrier between Italy and Switzerland is only crossed by two main lines. The first traverses the Alps between Domodossola and Brig, and connects with the main system at St. Maurice ; the second—from Como to Lugano—joins the main system at Lucerne. There is a third line, across the pass of Poschiavo, but it is subsidiary to the other two, and its carrying capacity is low. As a great proportion of goods that were normally carried by the German railways, and were then delivered to the magnificent railway system of northern Switzerland had been diverted to these two lines of railway, there is no reason to doubt the president's assertion, that Switzerland was short of cereals and raw materials. Such observations and reports as we had collected proved that the traffic upon one particular system was much swollen, but this did not, in itself prove an increasing volume of imports. As to the transit trade through Switzerland, it could only have been a legitimate, certified, trade, or a dishonest traffic in contraband goods, received in Switzerland, and subsequently sent forward. Goods in legitimate transit would be so declared in the bills of lading and manifests that our patrols inspected at Gibraltar : with regard to the second kind of transit traffic, it was inconceivable that the Swiss government should not have been exerting themselves to stop it, when the nation was admittedly short of food, oil and other raw materials. The high prices offered for certain metals in Germany had presumably drawn goods across the frontier ; but the contraband trade with Germany cannot have been on the scale that we imagined. The truth was that our authorities were compelled by circumstances to act upon rumours and reports, which would never have affected them, if they had been acting in a judicial capacity. One of the evidences of the Swiss transit trade was a letter from an English lady, whose villa overlooked a Swiss railway ; from her drawing-room window she saw a succession of goods trains, manned with German conductors ; the trucks were marked Munich and Baden. This made her extremely anxious and she reported it. Officials whose duty it was to watch every movement of trade through the telescopes of a very imperfect organisation could not disregard even these reports ; they were, in fact, often bound in duty to act upon them. But it must not be imagined that our diplomatic authorities were unconscious of the weakness of drawing inferences from statements that differed little from common gossip ; indeed Sir Eyre Crowe's comment upon the president's memorandum was explicit : I am afraid that we shall never learn how much is really going into Germany through Switzerland, until an efficient system of observation on the frontier is established.

The immediate outcome of these negotiations was that steps were taken to organise a proper system of observation ; and that the president's reply was treated as a sort of provisional agreement to our proposals. At the close of the year 1914, it was apparent that supplementary agreements of a peculiar kind would be necessary. The metals and raw materials for the Swiss industries were now passing through our patrols. The Swiss government could assure us, with absolute good faith, that these raw materials would not be re-exported, if they could help it. But when the iron, steel, nickel, aluminium, copper and silk imported into Switzerland had been converted into finished articles, the Swiss could claim, with equal justice, that by the accepted law of nations, these finished articles constituted a legitimate export trade. Could we, however, endorse the claim and allow these raw materials to pass freely through our patrols? Hardly, for legitimate as was the Swiss contention, our counter

contention was at least equally so. Although the exact quantities were not yet ascertained, it was admitted that a certain proportion of the materials required in Switzerland came from Great Britain; it was to be presumed, also, that the proportion was rising, owing to the German shortage. It was impossible to agree that wool, jute, textiles and metals, from the British empire, should be transmitted to Germany, after the Swiss factories had worked them into specialised articles of commerce. The guarantees necessary for preventing this could, however, only be secured after long preliminary investigations; for we were, at the time, not very well informed about the constitution of the Swiss industries, and our commercial attaché had only recently been appointed. Whilst these investigations were being undertaken, the campaign against contraband, which the Foreign Office was then conducting, was expanded into a plan of unlimited economic war.

GENERAL CONCLUSIONS UPON THE FIRST CONTRABAND AGREEMENTS

These first contraband agreements have been very contemptuously referred to in the literature of the blockade: Mr. Arnold Forster describes them as an unsuccessful experiment; Mr. Bowles seems to think they were an unjustifiable encroachment upon the authority of the British prize courts, or of the naval authorities, or of both. It is not thus that they must be appreciated.

The powers of interception enjoyed by the fleet, when war began, have already been described at some length. Those powers must be compared with the powers exercised, four months later, if the importance of these agreements is to be even faintly apprehended; and, if this is done, the difference will be found to be this. In August, 1914, the fleet had a circumscribed, theoretical, right to arrest contraband consigned to neutrals in certain prescribed circumstances: in practice the right was useless, because the officers of the fleet had neither the power, nor the means, of applying discriminatory tests to the cargoes that they inspected. By the end of December, 1914, every cargo inspected was subjected to a succession of tests; and the neutral governments of Europe were virtually collaborating with our own, in applying them. As the history of contraband seizures, and of blockades, is little but a history of neutral recriminations, resistance and reprisals, it may be doubted whether a belligerent right has ever been so much strengthened in so short a time. To point out that the system thus established was imperfect is no criticism at all; those who organised it were, later, its severest critics, and almost every suggestion for expansion or improvement came from them.

But even if the instruments compounded had been as unworkable, and as useless, as Mr. Arnold Forster believes, it would still have been a great achievement to have concluded them at all. In November, 1914, neutral governments had forbidden the export of certain commodities for purely domestic reasons: by the end of December they had undertaken, with reservations dictated to them by the peculiarities of their country's trade, that these prohibitions should be permanent. It is only possible to understand how great a barrier was thus erected against the circulation of contraband, by reviewing these neutral prohibitions in a comparative table (*see* Appendix III). If the table be so much as glanced at, it will be seen that the agreements, taken as a whole, raised a great barrier against Germany's overseas supplies of grain, and against most of her foreign supplies of meat. In addition, the contraband articles particularly mentioned in the original memorandum—petroleum, copper, aluminium, nickel and rubber—were either upon the neutral prohibition lists, or were being stopped on their way to the enemy by the Netherlands overseas trust. It has to be granted that our representatives were assisted by adventitious circumstances when they negotiated for these undertakings: neutrals were anxious about their supplies, and were, in consequence inclined to meet our wishes; but adventitious circumstances alone could never have brought so comprehensive a negotiation to so successful a conclusion. Each

neutral minister opened the negotiation by reciting the rules of the Hague convention, which did, in fact, free neutrals from every obligation to stop the re-export of contraband to belligerents. These declarations of independence were, however, converted into workable agreements, freely negotiated; for in all the records it is impossible to discover a single threat of coercion. Those who persuaded neutral ministers to give undertakings so contrary to their first declarations must have been endowed with qualities that are only dimly perceived in the written records: great patience and judgement, great forbearance, great persuasive powers, and great knowledge of the politics and economic systems of northern Europe.

It is, therefore, no exaggeration to say that these agreements occupy an important place in the history of war at sea: they constituted an original system for discriminating between nocuous and innocuous contraband; and they set up an international machinery for applying the old doctrine of continuous voyage. Even if the system had been wholly inadequate, it would nevertheless have been very remarkable that it had been elaborated at all. But was the system as imperfect as some persons seem to have imagined? This can only be decided by recapitulating the objects of the economic campaign, as it was first planned, and by determining how far those objects had been achieved.

The objects of the campaign are precisely described in the war orders to the fleet: the navy was to intercept contraband, and to drive the enemy's merchant fleet from the sea; these two blows against the economic system of the central empires would it was hoped, cause so much injury to German interests and credits, that serious economic and social consequences would follow. These objects are further defined in a number of statements made by Sir Edward Grey during the first months of the war. They are worth recording, for they are proof of the small beginnings of the campaign, and an illustration of its subsequent expansion.

His Majesty's government.....are not interfering with foodstuffs imported from neutral ships to Rotterdam so long as they are satisfied that such supplies are not destined for the German army. (Telegram to Sir F. Bertie, No. 791.)

We have only two objects in our proclamations: to restrict supplies for the German army and to restrict the supply to Germany of materials essential for making munitions of war. (Telegram 78, Treaty to Washington, 29th September, 1914.)

In our history we have always contended that foodstuffs and raw materials intended for the civil population are not contraband of war: that therefore they can only be made conditional contraband, and that, when on their way to a neutral country, they cannot be stopped unless we can show that they are destined, not for the neutral country, but for the armed forces of the enemy. (Private Correspondence—France. Letter to Sir F. Bertie, 27th October, 1914.)

These were the objects pursued; how far were they pursued successfully?

If the old definition of contraband is still good, then metals, fuels and propellants are the most intrinsically contraband goods in a modern state; for without them it is impossible to keep the smallest army in the field. In Germany the position with regard to these essential materials was this: In the early months of the year 1915, when the December agreements with neutrals were in full operation, the German supplies of each had been very seriously reduced. There was no lack of coal, for domestic fuel had not advanced in price. The iron mines in the country were moreover yielding enough ore to feed the most important industries. There was, however, an obvious shortage of all those metals, which had been designated as particularly contraband in the allied memorandum to neutrals, for by November, 1914, the current prices had risen thus:

				<i>Price per hundred kilos in</i>	
				<i>July, 1914.</i>	<i>November, 1914.</i>
Copper	..	..	..	125 marks	200 marks
Aluminium	..	..	..	160 "	450-500 "
Antimony	..	..	..	45 "	200-210 "
Nickel	..	..	..	325 "	550-600 "

These prices were still rising when the German government issued decrees for fixing maximum prices of each metal, at figures roughly double the pre-war prices. This was followed by another list of fixed prices for commodities made of contraband metals, and by yet another, ordering that all stocks should be reported to the government to facilitate requisitioning. The requisitioning of domestic copper was then carried out with a rigour that is hardly believable: private houses were searched from cellar to garret; kitchens were emptied of their copper pans, and drawing rooms were ransacked for the smallest copper object. In Belgium, church bells were removed, and private houses were literally ransacked. The whole German nation was then invited to supplement these extraordinary efforts, by observing a metal week, during which persons of every age and condition were to search untiringly for scraps of metal, and for superfluous metal objects.

In Austria-Hungary there was a similar revival in the iron and coal trades, and a similar shortage in the others. During the first months of the year the iron industry recovered from the upheaval of the autumn months and the total output for February was nearly normal.¹ The same held good with regard to coal supplies. The shortage of other metals was, however, as serious as in Germany; and the rise in prices was, even sharper:

	<i>Price per hundred kilos in</i>	
	<i>1st August, 1914.</i>	<i>December, 1914.</i>
Copper	150 kronen	340 kronen
Aluminium	265-300 "	545 "
Nickel	370 "	600 "
Antimony	55 "	300 "
Lead	54 "	267 "
Tin	300 "	1,100 "

After fixing maximum prices, the Austrian and Hungarian governments took measures similar to the German. In February, they requisitioned all supplies of nickel, aluminium and copper; established metal companies for distributing those metals to factories that were executing army contracts; and, virtually, withdrew contraband metals from private industry.

In both countries there was a shortage of petroleum and domestic oils. In February and March the German government issued severe regulations for restricting all motor traffic that was not in military service. Similar regulations were issued in Austria-Hungary, at about the same time, where the price of domestic oil rose to 90 kronen per 100 kilos. It fell off in the following month when the days became longer, and consumption declined, but remained at a very high figure.

So much for contraband metals. Our endeavour to restrict the enemy's food supplies was equally successful; for by the beginning of December, 1914, the price of essential grains had risen to the following figures in Germany:

<i>Per hundred kilos</i>					
<i>Wheat</i>		<i>Rye</i>		<i>Oats</i>	
<i>Average, 1913.</i>	<i>December, 1914.</i>	<i>Average, 1913.</i>	<i>December, 1914.</i>	<i>Average, 1913.</i>	<i>December, 1914.</i>
195.6 M	262.6 M	165.0 M	223.4 M	165.2 M	215.9 M

¹ Total output in meterzentners:

	<i>February, 1914.</i>	<i>February, 1915.</i>
Bar iron	277,195	348,325
Girders	64,616	43,360
Iron plates	36,050	47,192
Rails	114,810	30,167
Total	492,671	469,044

In addition to this the price of potatoes had risen by seventy-five per cent. and of wheat and rye flours by about thirty per cent. In Vienna the rises were even sharper :

<i>Per meterzentner</i>			
<i>Wheat</i>		<i>Rye</i>	
<i>January, 1914.</i>	<i>December, 1914.</i>	<i>January, 1914.</i>	<i>December, 1914.</i>
20.95 kronen	42.50 kronen	17.45 kronen	36.0 kronen

These rises, though formidable, were however small in comparison to the rises in the price of domestic vegetables :

<i>Prices per hundred kilos</i>					
<i>Normal.</i>					
<i>1st December, 1914.</i>					
Beans	22-30 kronen	72- 80 kronen
Peas	30-40	80-100
Lentils	48	160
Onions	7-12	34- 38

The prices rose further during the following month, and on 1st February the German government assumed control of all essential grains ; established a war corn company for distributing supplies ; and placed the whole nation on rations. This, wrote the Foreign Office adviser, is the most significant economic measure since the outbreak of war. Soon afterwards, the Austrian and Hungarian governments intervened almost as drastically, and issued a number of intricate regulations for controlling the distribution, and the prices of foodstuffs.

These are the relevant facts and their inference is obvious : the limited economic war plan of the war orders was expanding itself into a more embracing project ; originally directed solely against the armed forces of the enemy, it had been diverted from them, by pressure of circumstances, and redirected against the enemy population. Certainly the enemy's armies escaped from the economic restraints that we imposed ; for the effect of the regulations that we have just reviewed was to reduce the supplies of the German and Austrian peoples, and to secure the armies their supplies of foodstuffs, metals, fuels and propellants. General Falkenhayn states definitely that the armies did not feel the shortage until much later. The enemy's resistance to our first measures of economic pressure was, however, more costly than they knew at the time ; for their resistance was maintained by interposing the German people between the armies and the economic weapons that had been levelled against them, and by making the civil populace bear the suffering inflicted. This, in the language of the war orders, was a serious economic and social consequence. If the original purpose of the economic campaign had been to blockade the central empires, and to reduce them by famine, then, it might perhaps be said, that the opening manœuvres of the campaign were unsuccessful ; for our expert advisers were satisfied in the first months of the year 1915, that the enemy populations would be fed and nourished until the next harvest on their new diet of war bread and rationed meat. This, however, had not been the intention ; we had entered the war intending to inflict as much economic damage upon the enemy as we could. The damage done was considerably in excess of what had been hoped for ; and the December agreements with neutrals were, assuredly, the measures which intensified the original campaign. After they were concluded, neutral prohibition lists became a test that was applied indiscriminately against all classes of contraband ; and as those neutral lists then included all essential grains and foodstuffs, foods were, in practice, being treated as rigorously as military contraband. This was the first really successful manœuvre of the campaign, the manœuvre which brought the enemy's populations into the theatre of economic war. Those who devised and executed it may, possibly, be accused of pressing on too fast and ruthlessly ; they cannot be accused of moving too slowly.

CHAPTER IV

THE BEGINNINGS OF THE ANGLO-AMERICAN CONTROVERSY

*At an early stage the United States decided against acting in concert with other neutral states.—That the president's concern was to prepare for mediation between the powers at war.—The consequences of the war upon American commerce.—Irritation at the detentions of ships and cargoes not allayed by legal justifications : details of the procedure.—Whether there were American precedents for the contraband committee's procedure.—The contraband committee's procedure further considered : the American government could not remain impassive.—The American government protest and then suggest a compromise.—The compromise is not proceeded with, and controversy becomes inevitable.—Congress and the contraband question.—The senate discusses the treatment of copper cargoes.—The test cases of the *Wilhelmina* and the *Dacia* considered.—The first American note of protest is presented.—That the real intentions of the American government were still friendly.—A preliminary reply is prepared by Sir Eyre Crowe, who urges that no further concessions be made.—The official replies to the American note of protest.*

IT can hardly be imagined, that a man so wise and experienced as Sir Edward Grey hoped to lay Anglo-American controversy altogether by the concessions made during the October order ; but at least he must have hoped for more from them than they yielded, for it can be said, without exaggeration, that what Sir Edward Grey then conceded did not abate either the quality or the volume of the recriminations levelled against Great Britain by her American enemies. After the order, as before, Sir Cecil Spring-Rice reported an impending quarrel in despatches, private letters and telegrams, which were all written in the style of solemn warning. The controversy that Sir Cecil was thus introducing lasted for three whole years, and affected the conduct of the economic campaign more than any other political influence ; for at no moment during those three years was any official, high or low, free from the apprehension, that the operation in which he was engaged might be brought to ruin by American opposition to it. As it will be necessary to follow this controversy, step by step, and with great exactness, it will be proper to precede this review of particular effects by an account of the influences that dominated the controversy, either by making it inevitable that there should be one, or else by inflaming or by mitigating it, after it had been kindled.

I.—What were the inclinations and sympathies of the great American officers of state

Every American historian and biographer has attached great importance to the president's sympathies and inclinations ; but, strangely enough, they cannot agree as to what the president's sympathies actually were, for Mr. Stannard Baker, the biographer, and Professor Seymour, the historian and biographer, disagree on this simple point. If, however, the few opinions that President Wilson recorded in writing, during the first months of the war, are collected together, the collection leaves little doubt, that he sympathised with the allies rather than with the central empires. His sympathies were tepid ; but this is not surprising, as he was very ill-informed as to the causes of the outbreak. Not one of his ambassadors gave him a coherent account of the matter ; and it does not appear that the state department ever digested the state papers that were issued by the powers at war, and drafted a report upon them. One professor of history, Mr. Elliott, reported on the matter to the president ; but his report was crude and perfunctory, and it is uncertain what materials he used for his investigations. Being thus badly informed as to facts, the president was influenced by a sentimental attachment to England ; for some British classic was in his hands whenever he had a moment's leisure. His judgement of other governments was influenced by the prejudices of a democratic politician ; he stated in writing that he thought Russian absolutism had, in some way,

precipitated the war, and this alone proves how little he knew of the matter ; for although the Russian system of government has influenced the history of Europe, it exerted none over the diplomatic landslide that is called the origins of the war. The president was, indeed, so conscious of his own ignorance, that he was for ever saying that the causes of the war would be hidden for many years ; and that only historians of a later age would be able to discover them. This also proves how badly he was served. It is quite true, that only historians will be able to explain the secondary, or indirect, causes of the war—which must be sought for in fifty years of European history—but it is equally true, that the state papers published by all the governments at war provided material for a provisional judgment as to responsibility. For if those papers had been passed to the historical faculties of Yale and Harvard, or indeed to any competent and impartial scholar, they would have reported that the Austrian declaration of war against Serbia had made a general war inevitable ; and this would have been more accurate and more precise than the vague answers about secondary causes, which the president invariably gave to those who asked for his opinion.

If, however, we are to appraise the president's conduct rightly, we must recognise that the principal end of his policy was to mediate between the powers at war. He was thus manœuvring in support of a policy that very few Europeans could appreciate at the time, and which even fewer have dispassionately examined. More than this it must be recognised, that even now, only half of the president's difficulties can be appreciated by Europeans. We can understand the difficulties inherent in reconciling groups of belligerents that are divided on such questions as the future status of Belgium, Alsace-Lorraine, the Balkans, Poland and the Turkish empire ; but we can only make a vague, inaccurate assessment of the difficulties that beset an American president, who wishes to secure the undivided support of the American people on an issue of foreign policy. If President Wilson could have pressed his mediation in absolute secrecy, his task, though difficult, would have been easier than it actually was ; for he was bound, by the nature of his office, to convince not only the belligerent powers, but the whole American nation, that he would be a dispassionate, impartial mediator. It was this domestic unanimity which was so difficult to secure, and which was, at the same time, so essential to the success of the president's plans. No mediator has ever satisfied both sides ; and it must have been apparent to the president, that his mediation would only be successful, if the American nation supported him, when one, or both, sections of belligerents resisted his proposals. If, on the other hand, the opposition and complaints of either party excited the partisan sympathies of the American nation, the president's authority as a mediator would disappear. He would then be represented, in thousands of journals, and upon thousands of public platforms, as an agent of the entente powers, or as an instrument of Austro-German diplomacy.

A foreign ambassador's observations upon the domestic politics of the country where he resides can never be a complete appreciation of all the political forces and influences engaged, but Sir Cecil Spring-Rice's observations are at least explicit upon one point : That the coherence, energy and ability of those Americans who sympathised with the central empires were dividing American society, as it had not been divided for half a century. This section of the American nation, though very much outnumbered by those who sympathised with Great Britain, were, nevertheless, powerful enough to turn elections, to influence congress, and to cause civil disturbance ; for even such a cool-headed man as Senator Root considered the German faction capable of plunging the country into something resembling civil war. Now unless this party supported the president, or at least acquiesced in his mediation, it would have been useless for him to have attempted it ; and in the last months of the year, the German party was insistently demanding some visible tangible proof of impartiality from the president. It would be unfair to suggest that President Wilson authorised contentious

quarrelsome notes to the British government in order to secure the German vote, but it is hard to understand how he could have rallied the German party to his side without some open declaration of American dislike for a belligerent's restraints upon neutral commerce. The clamour of the party was therefore an influence, amongst many others which was forcing the president into controversy with Great Britain.

It must be remembered moreover, that Colonel House, the president's special envoy to Europe, was under instructions to press a doctrine that is known as the freedom of the seas upon the entente powers and the central empires. The meaning of this doctrine has varied in every century; it is, indeed, more a popular outcry against some belligerent practice that has been disliked, than a legal principle properly speaking. The meaning that Colonel House was to attach to it was, however, that both sets of belligerents should undertake that neutral cargoes and ships should be practically exempt from capture in war; and that the undertaking should be incorporated in the final settlement. An immediate controversy with the British government was not a necessary consequence of the president's policy; on the other hand it would have been almost impossible for him to acquiesce in all that was being done to make the economic campaign against Germany severe, and then, later, and without warning, to have pressed his sweeping and subversive proposals upon the powers at war. His determination to free neutral commerce from almost every restraint that has ever been imposed upon it therefore predicated some preliminary opposition to existing practice: not, possibly, the kind of opposition that was finally adopted, but opposition nevertheless.

In pursuing his ambitions, the president was thus following a course that led towards a controversy with Great Britain: the ends pursued by the secretary of state, Mr. Bryan, led in the same direction and by a straighter route. Mr. Bryan was a man of little reading and education, who had made himself a good platform orator by mastering the language of the Bible, and by learning so much of the text that he was never short of a quotation from the psalms, the prophets, or the book of revelations. The doctrine that Mr. Bryan professed was universal peace and charity; and it is beyond all doubt that he genuinely disliked war, bloodshed and violence. In everything that related to political manœuvre, however, Mr. Bryan was the most artful man alive; and it was patent to him, that the mass of the American nation sympathised with the allies; and that this sympathy was damaging to the popularity that he had acquired by maintaining that all parties to a war are equally blame-worthy. To combat this partisan sentiment, therefore, Mr. Bryan was continually doing violence to his own reason, and to the logic of plain facts, by seeking to distribute blame equally to both sides in any controversy that arose; and in seeking this, it was generally to his interest to lay particular emphasis on all matters in which he thought the allies were to blame; for, as has been said, American sympathy for the allies was what he thought most dangerous to his reputation.

It was therefore fortunate for the allies, that the only dispute between their governments and that of the United States was a dispute whether Great Britain was properly observing the rules of international law; for this was a matter with which Mr. Bryan was incompetent to deal, and in which the president had little interest. For these reasons it was left in the hands of Mr. Lansing, the counsellor to the state department, and Mr. Lansing was a man much less concerned in political manœuvre than the president or Mr. Bryan. Like all high officials of the state department Mr. Lansing was respectful to congressmen and senators, but he had risen to fame as a professional man rather than as a politician, and his interest was in the law, and not in political manœuvre. He had acquired a considerable reputation in arguing cases that are peculiar to the courts of the United States—cases demanding an adjustment between the law of particular states, or an application of some general principle of jurisprudence to municipal laws that are in conflict. This had made him an expert in what is known in international private law, and his training in it made him

a competent counsel on behalf of the United States in disputes upon contraband and maritime law. In his private capacity, Mr. Lansing sympathised with the allies, and did not desire that any controversy with them should develop into a political quarrel. His energy and ingenuity in argument were certainly disconcerting to allied ministers; but it can now be understood that he was a wise and conciliatory man, and not a mere attorney arguing on behalf of a client, as was often thought at the time.

There was another indirect influence at work, which was, that there was an antagonism between Sir Cecil Spring-Rice and the secretary of state, and, in a less degree, between Sir Cecil and Colonel House, the president's intimate counsellor. The real reason for this was, that although it was not given to any American official to see Sir Cecil's despatches and private correspondence, each one of them knew, from their dealings with the British ambassador, that he was wonderfully sensitive to any passion or emotion in the American nation; and that he was reporting on it all with a candour and analytical power that were distasteful to them. It was because the president, the secretary of state, and Colonel House knew so well what were the strong points in Sir Cecil's intellect, that they were very cautious when conversing with him; for if they had any motive that they wished to conceal, he was sure to discover it. American statesmen have excused their distrust of the British ambassador on the grounds of his hot temper; but this sounds like a mere excuse, for Sir Cecil was, by universal testimony, the most lovable of men, whose explosions never disconcerted a single one of his intimates. There may have been yet another source of antagonism. If the recorded conversations between Sir Cecil and the secretary of state are studied, it becomes apparent, that Mr. Bryan brought the methods that had made him a successful politician into the conduct of business, with the result that Sir Cecil was often refuting emotional harangues by the facts of treaty law and history. This must have been very irritating to Mr. Bryan, who was accustomed to nothing but applause; and it is not too much to assume that, being thus wounded in his vanity, he was resentful, and proportionately anxious to discover reasons and contentions that were damaging to any case that Sir Cecil presented.

II.—*The consequences of the war to American commerce*

The immediate causes of the Anglo-American controversy were the disturbances to American trade, and British practices at sea; and these, being reducible to plain facts, are more easily described than the political calculations of the secretary of state and of President Wilson. During the first year of the war, American trade had shrunk, and the national revenue had fallen; but the exports still exceeded the imports, and the total volume of trade was nearly equal to the total volume in the year 1909. The loss of revenue would not have been serious, therefore, if it had been well spread.¹ Unfortunately the loss had fallen very unequally, and the cotton states were bearing most of the burden. The sales of cotton had decreased by two hundred and thirty thousand dollars, and the farmers were anticipating great distress. These were the figures:

<i>Country to which exported.</i>	<i>Five months ending 31st December</i>	
	1913.	1914.
	Running bales.	Running bales.
United Kingdom	1,917,402	1,195,511
Germany	1,673,049	48,128
France	793,920	139,627
Italy	261,755	383,797
Other countries	737,354	840,101

¹ The figures were:		1913.	1914.
Imports (in thousands of dollars)	..	1,792,596	1,789,276
Exports (in thousands of dollars)	..	2,484,018	2,113,624

This great slump was presumably attributable to several causes ; and, if there had been no war in Europe, it seems practically certain, that American cotton sales would nevertheless have declined. The reports from Germany, which were presented to congress when the figures were examined, prove that in November, 1914, the German textile industries still had great surplus stocks ; for Herr Gruner of Bremen reported, that work was in full force in every spinning industry ; other reports were to the same effect.¹ Yet, notwithstanding that cotton had not been declared contraband, and notwithstanding that neutrals had only partially forbidden its export, Germany had only imported some forty-eight thousand running bales, during the last three months of the year. This was strong evidence that the markets had been overstocked ; to which the sharp decline in Italian purchases was confirmation.

The cotton slump was, therefore, in large measure, an ordinary economic depression ; but it was unquestionable that the war had aggravated it. Shipping was scarce, and in almost every petition presented to congress, the memorialists assured the government, that more cotton could be sold, if ships could be provided. This was, in fact, why President Wilson and the southern senators were determined to press on vigorously with the ship purchase bill, which our authorities thought so dangerous.

But farmers who are anticipating debt and the loss of their lands, do not as a rule make a dispassionate review of a question which makes them exceedingly anxious, and the memorials presented to congress by the southern farmers were neither just nor discriminating. Their distress was attributed to the British fleet, and to the British government, and the state department was sternly instructed to protect their interests. Here is one extract, selected almost at random :

Whereas taking the European war as an excuse, England placed such restrictions on the exporting of cotton from the United States, that it caused a ruinous decline in the cotton²

This unscientific explanation of cause and effect is worth noticing, for it illustrates an enduring sentiment : If, in a European war, the British fleet is exercising its rights in the traditional manner, some sections of the American nation will always be exasperated. It mattered nothing to the memorialists that cotton had not been declared contraband, and that the British government had exposed themselves to fierce criticism by being so tender to a foreign interest. The thought uppermost in their minds was that the British fleet was at sea, enforcing British orders in council ; this *ex hypothesi* was the source of their misfortunes.

The populations of the copper states had also suffered, although not so severely as the cotton farmers : the yearly revenue from the sale of copper had fallen by 1,370,000 dollars, and the revenue from the sale of manufactured copper by 27,327,000 dollars ; there had been similar declines in the sales of almost every other raw material on the allied contraband lists. The sales of meat and meat products, which were so frequently mentioned in the controversy, will be examined later.

In contrast to this, the sale of wheat and indeed of all breadstuffs had increased by 107 million dollars (*see* Table XVIII). The profits of the wheat growing farmers were not, however, sufficient to content the nation as a whole, and even those who profited most were watching our policy with an anxiety that was far from friendly. A great deal could be said in defence of our agreements with European neutrals, but nothing could disguise, that, in effect, they abolished the old distinctions between conditional and absolute contraband, by raising an even barrier against both. The American farmers and cattle-ranchers, and their representatives in congress were, naturally, extremely critical of a policy that assimilated foodstuffs to other classes of contraband.

¹ *Congressional Record* : 63rd Congress 3rd Session, p. 903.

² *Congressional Record* : 63rd Congress 3rd Session, p. 2937. The memorialists were the Louisiana State Farmers Union.

Finally, the munition factories, the chemical industries, and some sections of the engineering trades had increased their sales. These concentrated profits, when contrasted to the losses of the nation as a whole, made material for violent recriminations. It was not difficult for cartoonists and publicists to describe those who suffered loss as honest, hard-working men ; and those who profited as persons who disgraced the nation. This outcry against what was called the trade in blood became so loud that three bills for stopping the export of arms and munitions were presented when congress assembled. Our ambassador represented that if any one of them were passed, the German empire would benefit by its long military preparations, at the expense of the entente powers. The contention was just, but when pressing it, our ambassador, of necessity, irritated large sections of the nation, who desired that the bills should be made law, because they were genuinely indignant that human suffering should be made a source of commercial gain, and that their own fellow-countrymen should be the gainers.

TABLE XVIII

*Showing exports of breadstuffs from United States of America 1913 and 1914
by values in thousands of dollars*

	1913.	1914.
Barley	7,882	11,183
Bran and middlings	123	145
Bread and biscuit	661	725
Buckwheat	1.5	191
Corn	26,515	12,246
Corn meal	1,337	1,294
Dried grains	2,038	679
Mill feed	3,792	1,276
Oatmeal	1,347	1,028
Oats	2,106	19,106
Preparations of oats	2,461	2,403
Rice bran	880	2,079
Rye	1,376	7,794
Rye flour	25	249
Wheat	95,098	187,184
Wheat flour	56,865	62,391
All other breadstuffs	842	343
Total	203,391	310,280

III.—Irritation at the detentions of ships and cargoes not allayed by legal justifications : details of the procedure

It was, moreover, our disadvantage that we could only answer the complaints and grievances of so many sections of American society with legal contentions. We could show, and, apparently, Sir Cecil Spring-Rice did untiringly demonstrate, that our trading agreements with neutral countries were American interpretations of law converted into political compacts. We could therefore claim, and with justice, that we had virtually been negotiating on behalf of neutral commerce, in that the object of the negotiation was to distinguish rapidly between the contraband cargoes that we had a right to arrest, and the cargoes that could be passed freely through our patrols. These justifications were, however, not very consoling to commercial magnates whose yearly profits had fallen, and their complaints were more easily incorporated into the war cries of popular clamour than our excuses. To our explanations about the law of continuous voyage, the American exporters could reply : That what we called facilities to neutral, they called restraints upon American commerce ; and that if Rotterdam, Copenhagen and Genoa were Nassau ; if Holland, Denmark and Italy were small islands with no trade but a trade in contraband ; and if the coasts of Germany were blockaded, they would grant our contentions.

Again, although our right to intercept and examine neutral ships was well established, it is not to be denied, that the complaints about the long and vexatious detentions of certain ships were natural. The governing reason for these detentions was that the ship held was carrying contraband to some neutral firm whom our authorities suspected. In the first months of the war, nobody had foreseen how much information would subsequently be collected about the trading firms of northern Europe. During November, however, an enormous volume of information had been received by the military censors, and they, being concerned only with facts of military importance, forwarded their information to the Foreign Office. As a result, the contraband committee now had before them a list of at least 3,000 firms who, at some time or another, had done business with enemy houses. But although the mass of facts discovered was truly remarkable, the information collected about any firm was only occasionally information about the destination of a particular consignment. The case before the contraband committee generally stood thus: The Swedish steamer A, detained at Kirkwall, was carrying a cargo of aluminium and copper consigned by Messrs. B. & C. of New York to Messrs. D. & E. of Gotebörg. Messrs. B. & C. were entered on the list as an American firm with credits at a Bremen bank; Messrs. D. & E. as a firm which had recently sold metal filings to the Westphalian Kupfer Gesellschaft. This information was no evidence whatever against the consignment of aluminium and metal thus reported to the contraband committee; on the other hand, the committee were bound, in duty to make further enquiries. Pending those enquiries the ship was detained.

IV.—Whether there were American precedents for the contraband committee's procedure

It can hardly be doubted that these detentions often involved both the shippers and the consignees in heavy losses. The procedure of acting against particular cargoes on a general suspicion was nevertheless unavoidable, and the following facts will show that the Americans had themselves adopted it.¹ At the beginning of the civil war, when the union government decided to station watching squadrons off the British West India islands, Commander Gansevoort was the first recipient of their instructions. He was ordered to sail for Nassau, to discover what was happening there, and to watch the movements of vessels reported as having arms, munitions of war, etc., and as having sailed from Europe with the intention of violating the blockade, or of throwing their cargoes into the southern states by transshipments. The navy department then gave him a list of these ships, a description of their rigs, and their past history, as far as it had been discovered. All this information had, apparently, been collected by the union consul at Nassau.

Commander Gansevoort interpreted his instructions as an order to act against any vessel on the list; for, on 23rd July, 1862, when cruising in the Bahama channel, he fired so heavily on the British ship *Herald* that the British naval authorities protested. Gansevoort's excuse was simple: he reported to the navy department, that the *Herald* was on the list of suspected vessels that had been sent to him.²

When off Bermuda, Commodore Wilkes was ordered to act in the same fashion.³ In his first instructions he was given a list of three ships, about which the union authorities were suspicious. He visited Bermuda in October, 1862, to collect more information about them; and, when he left, he arranged with the union consul, that local pilots should be engaged to serve in his squadron. Shortly after he sailed, the navy department sent him a much longer list of suspected vessels and of their history. The following extract will show the general character of this intelligence: *Anglia* left some time since for the southern states, but was scared back by a United States cruiser. . . . has on board a valuable cargo of contraband.

¹ *Official Records of the Union and Confederate Navies*: Series 1, Vol. I, p. 399.

² *Ibid.* pp. 404, 406.

³ *Ibid.* pp. 470, 497, 499, 501.

It would be superfluous to labour the analogy between these lists of vessels, and their history, and the list of suspected firms in the contraband department ; in each case the authorities responsible for intercepting contraband had before them a body of facts, which justified strong suspicion, but which did not constitute evidence about the real purpose of any particular voyage. The analogy does not, however, end here ; for the naval officers of the union acted on their suspicions as the contraband committee acted upon theirs, and their authorities justified them with exactly the same arguments that the Foreign Office advanced in defence of their procedure. On 1st February, 1862, Commander Swartwout, of the western gulf blockade squadron seized the steamer *Labuan* near Matamoros, a Mexican port on the extreme border of the confederate states. The vessel was a notorious blockade breaker, but, when she was seized, there was but little evidence about the transactions upon which the master was engaged : ostensibly, he was trafficking with the Mexicans. Nevertheless, Commander Swartwout did not doubt that it was his duty to capture her. On boarding her, he wrote : She proved to be the steamer *Labuan*, which vessel is mentioned among the suspicious vessels in the list you furnished me. After capturing her, he held her crew in irons, aboard his own ship the *Portsmouth*.

The ship was sent in as a prize, and Earl Russell at once protested against the injustice of determining so clear a case of innocence by what he called : The distant and uncertain result of proceedings before a prize court. He added that even an award of heavy damages would not compensate the injured parties. The American ambassador at once replied, that his government could not avoid occasionally involving an innocent party in the suspicion attached to so many guilty ones. He then continued, that the *Labuan* had been suspected for long ; and even argued, that if one particular nation were known to be interested in contraband traffic, then, it would be reasonable to treat all vessels flying that nation's flag more rigorously than vessels of other nations :

I think it my duty to represent to your lordship, the fact that the government of the United States finds itself involved in peculiar embarrassment in regard to its policy towards the vessels of Great Britain from the difficulty, to which I have repeatedly called your lordship's attention, of distinguishing between the lawful and unlawful trade carried on upon the coast of the United States in vessels bearing Her Majesty's flag. It comes presented to me, in so many forms of evidence that I cannot avoid the painful conviction that a systematic plan to violate the blockade, through vessels either actually British or else sailing under British colours has been in operation for many months, and becomes more rather than less extensive with the progress of time. If, therefore, it happens that a Spanish or a Danish ship, when seized, is more readily released than a British ship the reason must be found, not in any disposition to be more partial to those nations, so much as in the fact that they have been incomparably less involved in the suspicion of attempting illegitimate methods of trade.

This is not a good statement of law ; but it is a very accurate explanation of the procedure that any nation at war will be obliged to adopt when its naval and administrative services are enforcing belligerent rights at sea. In the winter of 1914, our procedure was substantially the same as the American procedure half a century before ; and we could have made their defence or apology for it our own, by altering a few words and phrases.

V.—The contraband committee's procedure further considered ; the American government could not remain impassive

But although the procedure was dictated to our authorities by the same necessity, and the same sense of duty that had animated the American navy in the civil war, it is not doubtful that in December, 1914, the procedure was more onerous, than it had been half a century before. The union naval officers had then been acting against what might be called a compact blockade breaking force : our authorities were watching and inspecting a continuous stream of traffic between two continents ;

and the neutrals who suffered loss could hardly derive any consolation from the compelling necessity to which our authorities were subject. Here is an example chosen at random.

On 22nd December, 1914, the customs at Kirkwall reported the manifests of the *New Sweden*, a Swedish vessel, which had just been brought in. She was carrying armour plates, aluminium, copper, rubber and meatstuffs. Some of the consignments were to order, the remainder to named persons; and the committee decided that: Because the copper was being received by a firm that had previously sent copper to Lübeck and Stettin, there was clear evidence that the copper was intended for the enemy. An order was therefore given, that the copper, armour plates, aluminium, nickel and rubber should be put into the prize court, and the meatstuffs detained, until satisfactory guarantees were given. On the following day, however, they felt obliged to release the armour plates, which were then discovered to be for the Swedish admiralty. The vessel was now sent on to Newcastle to discharge the copper; but before this could be done, the committee were obliged to reverse their orders with respect to the rubber consignments. Finally, on 26th January, it transpired that the copper at Newcastle was required for the Swedish state railways. The steamer *New Sweden* was therefore detained for nearly a month, at enormous expense to the American shippers, and charterers, and to the Swedish consignees, because the committee had felt obliged to act upon suspicion. This is no reproach against them: it was their duty to do so, but they were, after all, exercising restraints upon foreigners and their property, which the British police could not have exercised against a fellow countryman suspected of crime. Our authorities never denied, indeed they repeatedly stated, that damages would be paid to any exporter or ship-owner, who could prove that his property had been illegally detained. This undertaking could not, in the circumstances, satisfy the injured parties, who were receiving an undertaking contingent upon the results of a law suit in a foreign country, in return for immediate loss. No foreign government, least of all the American, could regard these promises as a satisfactory indemnity. It should not be imagined for an instant that many ships were being thus detained. The records of the contraband committee show that cases like that of the *New Sweden* were exceptional; and that, as a rule, the committee acted very rapidly and promptly, after the manifest had been examined. It was, however, unfortunate that every detention on a mere suspicion was a grievance to neutrals; and that the persons injured by the detention were, as often as not, commercial and industrial magnates, who could address the state department, in the language of command. More unfortunate still, our best defence, American precedents, exasperated controversy more than it relieved it. Educated men, historians and scholars in America were certainly much impressed by the similarity between American and British practices; and the well informed articles that were written on the subject constitute a mass of testimony very creditable to the fairness and good judgement of educated Americans. The persons immediately injured, however, commercial magnates, tradesmen and political managers were people of a very different calibre; and they were not less clamorous, when they were told that British practices which damaged their revenues, or their popularity, were modelled from an American pattern.

An impartial review of the circumstances does, therefore, modify the bitter judgement that so many Englishmen have passed upon President Wilson and his administration. It is true, that the president and his advisers entered into a controversy with us in defence of a commercial interest; but it is equally true, that they were the elected representatives of a nation agitated by the disturbances that trouble a commercial people whose trade had been subjected to unusual restraints. No popularly elected government can ignore anxieties so widely felt, and so productive of political commotion. But were the interests that President Wilson defended so injured, that he was justified in entering into an open controversy with a

state, which, by his own admission, was struggling for every political principle that he held sacred? This was a question that only he and his advisers were qualified to decide. American ministers have exceptional opportunities for watching the complicated motions of American public opinion. Their public utterances are often imposed upon them by the party that has elected them, but their attachments to a party do not separate them from the mass of the nation; and, in their official capacity, they maintain an enormous correspondence, which can be roughly measured by the letters from private persons, the petitions and the memorials that are printed almost daily in the congressional record. The volume of printed correspondence is in itself impressive, and it is, presumably, only a small proportion of the unprinted. It must be acceded then, that when President Wilson and Mr. Bryan answered Sir Cecil's arguments, as they often did, by replying that they must defend American interests against injury, and American rights against encroachment, their instruments for measuring the pressure of public opinion were more sensitive and accurate, than the instruments of a foreign ambassador.

Finally, it must be remembered, that from the moment when President Wilson realised that an open controversy was inevitable, he determined that it should be harmless. He was always so guarded that many of his intentions can only be divined by inference; but of his determination that the Anglo-American controversy should never be anything more dangerous than an exchange of arguments there can be little doubt. This is almost provable by documents which will be examined later.

VI.—The government of the United States refuse to act in concert with other neutrals

It is curious, and to a historian very interesting, that from the outset, the American government manifested a peculiarity, which was to us a great safeguard: a determination to act alone. The first indication of this was given very early and in the following circumstances. When the October order was issued Sir Cecil Spring-Rice at once grasped, that it had not abated controversy; that congress would assemble in a critical angry mood; and that the state department might, in consequence, determine that the most popular course for them to pursue would be to obstruct the negotiations that Great Britain intended to undertake with the border neutrals. Nor was it doubtful that they were able to do it; for if anything can be certain it is that a mere whisper from the American ministers in Europe would have made the neutral governments very stiff and difficult. Realising the danger the British ambassador at once determined to probe it.

I pointed out, he wrote, that it was open to the United States to reserve their rights under international law; but that, if they went further than this, and entered a formal protest against the proclamation itself they would make it impossible for His Majesty's government to conclude agreements with neutral states.

The ambassador repeated this, even more emphatically, in a personal letter to the president.

As usual, Sir Cecil's scent of danger was very keen and true; for these letters synchronised with at least two invitations from neutral powers, that the president should act in concert with them: the Scandinavian ministers asked President Wilson whether he would associate himself with their protest against the closing of the North sea; and the Venezuelan government advanced a proposal for assembling a congress of neutrals for the defence of neutral rights. The alternatives of acting alone, and of acting in concert with other neutrals were thus presented to the president during the first weeks of the war, and the president decided to act alone. The Scandinavian ministers were given the surly answer: that, as the president could not ascertain whether the Germans or the British had closed the North sea, so, he did not know where the protest should be presented. The Venezuelan proposals were discouraged;

and, as though to announce this intention of acting singly even more strongly, the American ambassador in London was sharply rebuked for discussing a few technical questions about the seizure of contraband, with the Scandinavian ministers in London.¹

It would, of course, be assuming what nobody has the right to assume, to say that with these alternatives before them, the American authorities decided on a settled policy of acting alone. We do not know whether the answers to these proposals were given by the president, on his own responsibility, or by the president and the secretary of state, after deliberation together, or by the whole American cabinet. All that can be said is that the answers were given so quickly, that a cabinet deliberation upon them seems unlikely. The significance of the decision is, however, independent of the importance that the president and his advisers attached to it at the time. They may have regarded the decision as a mere incident in the daily business of the state department. If they so regarded it, then it is of peculiar significance to a foreign student of American state papers, as showing how easily business, thought trivial, will drive American statesmen to their traditional conduct of engaging themselves to no foreign power. The state department never subsequently departed from the course they had thus chosen; for all the projects of forming a neutral league, which were subsequently ventilated in Washington, were projects for mediating between the powers at war: disputed questions upon contraband and neutral rights of trade were never allowed to be intruded into them.

From the outset, therefore, the controversy upon blockade, contraband and restraints upon trade became a controversy in which Great Britain and the United States were alone engaged. It is true, that, as a manœuvre in the controversy, we associated the French government with our notes and explanations, and compelled the United States to address their protests to us conjointly. The mass of the American nation were never deceived by this; for the controversy, as they understood it, was one in which Great Britain and the United States were the antagonists. This was not a pure advantage: it did not mitigate controversy; in fact, it may almost be said to have embittered it, by exciting antagonisms peculiar to the two nations. The notes of accusations, counter-accusations and rebuttal statements were, indeed, often so sharply expressed, as to be thought by many to be mere exchanges of defiance. Nevertheless, it was an advantage that the controversy was thus insulated: a difference between the United States and Great Britain is a difference that national sentiment will necessarily soften, and this softening or mitigating influence—analysed in no state paper, but exerting itself continuously—was the real explanation why a dispute that seemed so dangerous and inflammatory never impeded the practical administration of the blockade; why, in fact, the dispute was a red light, or a warning sign, but never an obstruction. In all that follows, therefore, it must be understood that any analysis or historical review of the long quarrel in which the American and British governments were engaged is, of necessity, inadequate, in that this softening or mitigating influence can never be analysed. Its strength appears sufficiently from time to time: its origins, and the channels through which it flowed, are traceable only by an American historian. All that can here be done, therefore, is to be free with reminders that this mitigating influence was the most important of the political influences at work; and to show at what moments it exerted itself most strongly.

VII.—*The American government protest and then suggest a compromise*

During October, the steamers *Rockefeller*, *Platuria* and *Christian Knudsen* were stopped on their way to Copenhagen. They were carrying oil, and the contraband committee demanded guarantees against its re-export, as oil was not then upon the Danish list. The vessels were released soon after; but the United States authorities made this incident an excuse for issuing a general challenge;

¹ *Intimate Papers of Colonel House*: Vol. I, p. 317.

for on 8th November, they handed our ambassador a note, in which they attacked existing practice, and the bare principles that our authorities were applying. First, the acting secretary of state contended, that no vessel could be legally detained for such reasons as had been given to justify the detention of these three ships. The shipper of contraband was only responsible that it should be delivered at a neutral port :

The treatment which such goods may receive after delivery to the consignee in a neutral country is a matter between the belligerent government investigating the shipment, and the neutral government concerned, for which a bona fide shipper should not be made to suffer.

Secondly, the state department maintained, that no evidence could be used against an exporter's consignments unless it were collected during the inspection of a ship's papers :

In the opinion of this government the belligerent right of visit and search requires that the search should be made on the high seas, at the time of the visit, and that the conclusion of the search should rest upon the evidence found on the ship under investigation, and not upon circumstances ascertained from external sources.

If this note had contained arguments that would have been resolved, finally, by a court of law, it would have been of no particular importance. Shippers and ship-owners do not enjoy the freedom claimed for them by the acting secretary of state ; for they are obviously obliged to disprove, or answer, such evidence as a belligerent may have collected against their cargoes. As for the evidence itself, so long as it is good evidence, it matters nothing how it has been collected. During the civil war, the American courts very properly attached great importance to the history of vessels detained for carrying contraband, and to the transactions in which the interested parties had previously been engaged. The note was, therefore, a more serious challenge as a statement of policy than as a statement of law ; for the doctrine enunciated might have been converted into a general attack upon the negotiations that we were about to conduct ; and upon the agreements that we desired to conclude. The principle that we were trying to establish was that cargoes consigned to neutrals should be subjected to three tests : whether the neutral government had prohibited their export ; whether anything suspicious was known about the interested parties ; and whether particular guarantees were given on demand. The American note attacked the entire practice. It seemed, moreover, as though their authorities desired to make the challenge emphatic ; for, almost simultaneously, they forbade their customs officers to divulge any information about a ship's manifest for thirty days after her departure.¹

These arguments were repeated, later, with great vigour and with much elaboration, but, instead of standing firmly to them, the United States authorities contradicted themselves soon after, by making proposals that repudiated the contentions in their note. Ten days after this document was presented, the United States embassy suggested an arrangement that might have been elaborated into a general contraband agreement. The American textile and rubber industries were then anxious to secure larger supplies of rubber, jute and wool from Great Britain ; and Mr. Chandler Anderson, the embassy representative, proposed that the entente powers should freely grant export licences for these, and for several other raw materials, to firms that would give guarantees of domestic consumption. The United States government were to recommend the firms, and to supply information about the guarantees, and the method of enforcing them. In addition, Mr. Anderson suggested that this agreement should be supplemented by another, for regulating the United States exports of copper and petroleum.

¹ The note was never answered. It was sent to the French government for their observations. When these had been received, another American note (28th December) had been presented.

The contentions in the first note of protest, and the proposals made by Mr. Chandler Anderson were so conflicting that they might have been made by two separate governments. In their note of protest the American authorities attacked the entire system of making the free passage of contraband contingent upon guarantees: Mr. Chandler Anderson now proposed that his government should become a party to the system. This inconsistency was not however our concern. Mr. Chandler Anderson's proposals prepared a general settlement, and virtually cancelled the note of protest. The Foreign Office therefore explained what guarantees we should require in respect to copper and other contraband shipments, and communicated their proposals to Mr. Page. Anybody who compares the guarantees that were demanded with the anxieties that then beset us will be rather surprised that the guarantees were so unembracing. At the time, our authorities were endeavouring to apply both quantitative and qualitative tests to the cargoes that came under our inspection: did the weight or volume of the commodities suggest normal or abnormal trade; and were they, as far as we knew, assigned to traders doing business with Germany? The guarantees demanded of the United States did not strengthen either of these tests, for we asked, only, that the United States authorities should assist us in detecting fraudulent manifests, and concealed cargoes, of rubber and copper. The task of detecting smuggling and fraud was certainly exercising our officials at the time; but it was a small item in the much larger task of establishing a general, comprehensive system for discriminating between innocent and noxious contraband. We asked the United States government to assist us only in this minor, secondary difficulty, and in return, offered to undertake that their textile, leather, rubber and metal industries should receive unlimited supplies of hides, jute, aluminium, and bauxite.

VIII.—The compromise is not proceeded with, and controversy becomes inevitable

The bargain would, nevertheless, have been a good one, if by making it, we had been empowered to subject American cargoes to some of the tests that were then being applied. But when the draft proposals were submitted to the state department, congress was about to assemble, and the warning signals of an approaching controversy were clearer than ever. The state department were, therefore, alarmed, and after a short discussion with the counsellor, Sir Cecil reported that there was no hope of an agreement; for the United States authorities now ignored Mr. Chandler Anderson's suggestions and elaborated the statements of their earlier note. They informed our ambassador that they would not tolerate the prevailing system of detentions; and that they would stand firmly to the rule, that articles of doubtful use were not subject to capture unless they could be shown, by evidence, to be destined for the military or naval forces of a belligerent.

This doctrine, our ambassador concluded, will never be given up by the United States, and if trade with neutrals is stopped, on the presumption that it will reach the population of Germany, we may face a serious crisis in our relations with this country.

Notwithstanding that the state department now decided to enter into an irritating controversy with the British government, and refused us the assistance for which we had asked, they still hoped, that we should conclude that part of the agreement in which they were interested, by removing all our restrictions upon the export of jute and rubber. The Foreign Office answered, that the agreement with regard to British exports was inseparable from the agreement with regard to American copper. Inasmuch as the American authorities declined to exert any control over their contraband exports, the British Foreign Office claimed, that our naval forces and administrative departments must exercise their belligerent rights without relaxation.

The British and American governments had now taken their stand upon two irreconcilable sets of contentions; and even if it is admitted, that controversy of some kind was inevitable, and that the president and his advisers cannot justly be

attacked for performing the ordinary practice of popularly elected rulers, the admission does not weaken the charges that we could level against them. After repeatedly expressing sympathy with our cause, the president and his government selected the British government for reproach, amongst all the powers at war ; after stating explicitly that they would regard the declaration of London as an abrogated agreement, they surreptitiously reintroduced its most doubtful rules into the controversy ; finally, they refused to consider a general arrangement which they had suggested. It is not surprising that Sir Eyre Crowe almost doubted whether the state department were acting honestly.¹ As against this it must be remembered that Sir Cecil Spring-Rice, who was the better judge of motive, never suggested that this inconsistent conduct, and reversing of decisions was the outcome of double dealing: he never altered his opinion that the American administration was friendly ; and attributed their worst inconsistencies to professional incompetence, and to fear of congress.

The condition of the state department is chaotic, he telegraphed, as secretary of state seems to exercise no control and to have no interest in technical questions, while these latter are in the hands of different bodies of whose proceedings secretary of state and even council are ignorant. Besides these are politicians whose interests centre in congress and next election.

IX.—Congress and the contraband question

Congress now assembled. The pressure of domestic business delayed discussion upon these questions, until the American note of protest had been presented. But as the president, the secretary of state, and the officials of the state department, had explained each of their successive inconsistencies, and excused their attacks upon a government for which they expressed such friendship, by alleging that they could not resist the pressure that congress was about to exert upon them, it will possibly be excusable slightly to invert a strict chronological sequence, and to make a brief estimate of the forces and influences that were actually put into operation. The estimate cannot, however, be as accurate as that made by the American authorities themselves. We can roughly appreciate the strength of American parliamentary opinion, by examining the debates and resolutions of both houses, the memorials, petitions and bills presented ; but we cannot appreciate the impressions left upon American statesmen by their private correspondence, their conversations with senators and deputies, their discussions in congressional committees. Yet even if these gaps in our information are allowed for, enough evidence remains to suggest, that pressure was far less severe than had been expected ; and that American friendship for the allies, to which Sir Cecil Spring-Rice so repeatedly attested, was at least as powerful a political influence as the prevailing irritation about contraband seizures and interruptions to trade.

The protesting petitions and memorials were numerous, but they referred to particular questions. The British government's proclamation that resin and resinous products would be treated as contraband, had disturbed the southern states, and a number of representative petitions were filed in the early days of the session. As has already been explained, the cotton slump had aroused a good deal of traditional sentiment, and the memorials presented by the state farmers were harsh and provocative. The representatives who presented these petitions did not, however, insist that they should be immediately considered, and that all kindred questions should be brought under review—which every parliament demands when feeling is strong. Instead of this, they allowed several weeks to go by before anything like a general discussion was attempted. Indeed, there are strong indications that the unfriendly or obstructive elements of American society were more interested in the passage of bills for prohibiting the export of arms and ammunition, than in the administration's protest against British practices at sea. The weight of public opinion

¹ Sir E. Crowe's minute ran : They regard it as a grievance that we do not carry out—and that at once—our part of the very bargain which they themselves emphatically repudiate.

behind these bills was considerable : three separate projects were presented almost as soon as congress met ; but the history of these bills is another indication of the strength and coherence of the opposite sympathies. Our ambassador's opposition to them was notorious ; references were made to it in both houses ; but no appeal by the promoters was strong enough to persuade congress, that the bills ought to be considered.

There is strong evidence of the same tendency in the history of another measure : the bill for the state purchase of the German ships. On a first review, it would have seemed as though the objections to the bill could not have prevailed, even temporarily, against what could be advanced in support of it. The president was most anxious that the bill should become law ; and it could be, and was, represented as a measure for relieving the economic distress in the southern states ; for assisting American export trades ; and for checking the alarming rise in freights : its management was entrusted to Mr. Fletcher, one of the most popular members of the senate, whose even temper, good judgement and fairness were repeatedly applauded by his political opponents. Anybody would have thought that a mere whisper of our objections would have provoked an outburst of American fury. Nevertheless, the bill was held over until the next session, and the decisive arguments, advanced by Senator Lodge, were substantially the British objections, that the British would have an undoubted right to capture the ships when purchased ; and that, even if the right were not exercised, it would be an act of reckless provocation to load state-owned ships with contraband cargoes, and to send them into the war zone, where they would be subjected to the visits and seizure of a belligerent power.¹ It is not suggested for a moment that these bills were held over out of mere friendship for Great Britain.² No American public man would ever subordinate a domestic interest to his sympathy for a foreign nation. Nevertheless, a close inspection of the American records shows that, in those days, there was a curious affinity between British sympathies, British interests, and other influences of purely American composition. The two repeatedly coalesced and combined ; and this peculiar union of British and American concerns must always be remembered, when the bare facts of the controversy are considered. By some unforeseen, unprepared, procedure the British case was always represented, and it always left an impression.

X.—*The senate discusses the treatment of copper cargoes*

The strongest and most significant indications of general opinion are, however, to be looked for in the debate upon the question that had most affected our negotiations, and which had given us the most serious misgivings. For five months, copper supplies had been the central point of our representations to every neutral state, and from the outset, our authorities had apprehended fierce American opposition to the proclamation in which copper was declared contraband. The question was debated on 31st December, when the American case was presented to the senate by a gentleman who would not have sacrificed any of his popularity, if he had vigorously attacked the British government, and British practices, by making an emotional appeal to traditional prejudices ; for Mr. Walsh, who opened, and indeed conducted the debate, was a senator from Montana, and was, therefore, the representative of the greatest copper state in North America.

But Mr. Walsh's review of the most controversial question at issue between the two governments was so studiously moderate that it deserves examination. He successively examined the contraband doctrine as a whole ; its application to the copper exports of the United States ; and the effect of belligerent practices upon the industry and the mining population of Montana. If he had wished to make a purely

¹ *Congressional Record* : 63rd Congress, 3rd Session, 11th February, 1915, Senate record.

² The American money-making man was the driving force of the opposition to these bills. See : *Woodrow Wilson, life and letters*. Stannard Baker. Vol. V, p. 133.

partisan statement, he would have maintained, that the declaration of London was a statement of law ; and that any disregard of its rules was a violation of the law. Instead of this he used arguments which should be quoted in full.

From the outset, Mr. Walsh was emphatic about the legal status of the declaration, and about the doubtful interpretations that could be given to the accepted doctrine of contraband :

What is contraband of war is to be determined by international law and usage. As there is no final tribunal for the definite determination of these questions they are not as determinable as questions of domestic law. There are no general treaties amongst the nations of the world determinative of contraband of war. The London conference is valuable only as indicating the dispositions of the governments represented.

The senator then stated the consequences of this preliminary review with singular honesty :

Grave as is the situation which confronts us, there is no disposition to question the propriety, on the part of any belligerent nation, to exclude copper from the territory of its enemy if it lawfully can.

Mr. Walsh then reviewed the British orders in council with equal candour ; and showed, as was indeed the case, that in their operation, they would abolish all distinction between absolute and conditional contraband. He added, however, that the United States government was in no position to object to this and he freely admitted the contention that Sir Cecil Spring-Rice had been pressing upon every American whom he met in the course of business, or in society : That the rules in our orders in council were applications of American precedents. On this point the copper senator was as quite fair and judicial as he had been when he examined bare principles ; for he showed, that there was an obvious analogy between the neutral countries that the British government might proclaim to be bases of supply, and the West Indian ports during the civil war.

It transpired that the insignificant town of Nassau, on the island of New Providence, in the Bahamas, a British dependency was developing into a great commercial centre, and it was scarcely a secret, that its mushroom growth was due to the fact, that merchandise brought there from England had found its way into the war area by means of the blockade runners.

Then, after quoting the relevant judgements, Mr. Walsh concluded this part of his arguments in the following words :

Our citizens have accordingly, no just cause of complaint if contraband articles are seized at sea though they may be consigned to a neutral port. Obviously the power assuming the responsibility for the capture must be prepared to establish that the ultimate destination is the territory of the enemy.

The senator thus openly admitted practices to be reasonable, which the state department had declared to be illegal.

It should not, however, be imagined that Mr. Walsh's speech was an endorsement of British procedure as a whole. He showed that he was at issue with us, and the critical part of his utterance is as important as the other. The senator's criticism was, however, entirely a criticism of particular facts and circumstances : the state of the Italian copper market ; the American shipments to Italy, and Great Britain ; and the detentions, as far as he could ascertain them. His conclusions were, that the British authorities had arrested copper consignments because the volume of shipments to Italy had been abnormal. He admitted that they were so ; but showed, with an abundance of illustrative statistics, that after the German re-exports of copper had ceased, direct imports into Italy had increased naturally and inevitably. He treated the gossip then circulating about copper that had been smuggled in cotton, and concealed under grain cargoes with great contempt. When such frauds could be proved, let the guilty suffer the severest penalties imposable. The senator's criticism was, in fact, entirely directed against the existing practice of detaining vessels upon suspicion, and releasing them without explanation ; and he claimed, merely, that

shippers were entitled to damages for a great number of these detentions. While he asserted this with great vigour, however, Mr. Walsh was careful to add, that nobody could complain of a detention on a well-founded suspicion.

And so in every case in which a reasonable probability of a proscribed destination appears or a vehement suspicion, though Sir William Scott considered even that insufficient to justify confiscation, there will be no complaint on this side of the water, and no commiseration for the shipper who sought to enrich himself by contraband traffic.

Too much importance should not be attached to a single speech, made by an eminently fair and reasonable man; but Mr. Walsh's utterance is an indication, amongst many others, of the temper and sentiments of the American congress. For three whole months the state department had warned Sir Cecil Spring-Rice about the rising indignation of the nation's representatives, and had pleaded it as an excuse for the controversy in which they were about to engage. If, however, not one, but all the available indications of the American parliament's temper are examined, it is impossible to resist the impression, that the parliamentary pressure, when exerted, was less severe than had been anticipated during the months immediately preceding the winter session; and that the most influential members—and those whose material interests were most damaged or threatened—were better informed, and more judicial, than the state department, which professed to be acting on their behalf. It is, indeed, certain, that large sections of Mr. Walsh's public utterance could have been quoted to refute the state department's written protest of 7th November. These appear to have been Sir Cecil Spring-Rice's conclusions, for he reported, in the early days of the session, that the clamour against Great Britain was then much fainter: and that he noticed an inclination to settle the contraband question on a business basis.

XI.—*The test cases of the Wilhelmina and the Dacia considered*

This review of the nation's temper would not be complete unless it included an examination of two very elaborate incitements to political controversy which were attempted during this critical session. During the first weeks, the steamer *Wilhelmina* was loaded in America with grain and foodstuffs, which were then consigned to an American house in Hamburg. Just before she sailed, the German ambassador guaranteed that the cargo would be distributed among the civil population only. The shipment and the guarantees were thus intended to focus public attention upon the questions that had been so much agitated during the autumn, and to re-animate the slumbering dispute about the declaration of London: a controversy raised in the first days of the war, settled, provisionally, by the negotiations about the October order in council, raised again in the unanswered note of 7th November, and discussed all the autumn, by partisan articles in the American press.

Ostensibly the experiment was well prepared: Hamburg is so much a commercial harbour, that the forts at the entrance to the river do not make it a naval or a military base. The *Wilhelmina's* food cargo, was not, therefore, arrestable as contraband, provided that it was distributed to civilians. Great commercial interests were concerned in the result; for the grain brokers, all over the country, realised that the outcome of the matter would determine whether American grains and foodstuffs could be sent to Germany during the war; and our informants reported, that huge stocks were being held at New York and Buffalo *pendente lite*. Nevertheless, the managers of the venture would have been well advised to attempt it earlier; for, when they did attempt it, the legal issues were becoming confused. By the time the *Wilhelmina* reached Falmouth, and was there arrested (9th February), the German government had issued its first decree for controlling the distribution of grains and flours. This decree virtually made contraband of all grain consigned to Germany; for it turned both the holders and receivers of grain stocks into state agents. It is true that the German federal council hastily exempted grains imported from

America from the operation of the decree ; but the powers given to local bodies were so great, and the instructions sent to them so comprehensive, that there was at least a strong presumption, that grain cargoes sent to Hamburg would, in fact, be consigned to the state ; for Hamburg was a sovereign state, governed by its own senate. The proper definition of a fortified place was, moreover, much in doubt since the German bombardment of Whitby and Scarborough. Finally, although we had no exact information, it was almost certain that the garrison of Hamburg had been very much increased by regular troops and training depots, since the war began.

These doubtful questions were laid before the British and American nations in the published state papers ; but at this distance of time, it is of more interest to estimate the strength of the political influences that raised the case, than to examine the legal issues.¹ From the outset, our authorities in Washington were convinced, that the shipment of these cargoes was not an ordinary commercial transaction ; and that the whole business was being financed by some political party. The alleged cargo owners were Messrs. Green of St. Louis. They were a comparatively small firm ; for their capital was estimated at no higher figure than £40,000. It was therefore evident, that they were in no position to purchase the *Wilhelmina's* cargo on their own account ; and to send it unsold to Hamburg, as a speculation. In fact our informant thought it doubtful whether Messrs. Green had ever before done business in grains and provisions. He added, that an investigation would probably disclose that the firm never in their lives bought or sold any such commodities, except for use in their own families. He suspected that the real owners were the Annheuser Busch brewing company. Sir Cecil Spring-Rice, on the other hand, never wavered in his belief, that Dr. Dernburg, the German publicity agent in America, had arranged the transaction. Although the state department thought it prudent to endorse the legal contentions of the owners in an official note, they were as suspicious of the whole business as our authorities themselves ; and conducted an investigation, about which they informed us privately. They satisfied themselves that Messrs. Green were mere dummies, or agents, for a company that had been specially formed to finance the *Wilhelmina* and her cargo. The principals of the company were not discovered, but such facts as were ascertained strengthened the suspicion that Dr. Dernburg had organised the venture. Whoever the organisers may have been, it seems tolerably certain that they counted upon strong support from congress. For, while the matter was in agitation, a group of senators, headed by Mr. Stone, began to press the government, and Mr. Stone made arrangements for giving publicity to a letter written by him to Mr. Bryan, in which he alleged that the American government were not dealing impartially with both sets of belligerents. Sir Cecil Spring-Rice was convinced that the rather ostentatious publication of Mr. Stone's letter was part of the general manœuvre.

Before long, however, it became evident that this elaborate incitement to congress had failed. The issue was discussed in both houses with as much moderation as the contraband question had been discussed a short time previously ; and nothing more inflammatory was said than that the British government had made themselves liable to compensate the owners. After waiting for long enough to be sure what the outcome would be, Mr. Bryan ceased to interest himself in the case ; and the state department even went so far as to promise that the case would not recur. The mysterious owners also acknowledged failure, and agreed, suddenly, that the price to be paid for the cargo should be settled by arbitration.

The second experiment was, ostensibly more dangerous, for it was a manœuvre closely related to the ship purchase bill, which the administration were pressing. It was moreover, purely American in origin and execution. Since the ship purchase bill had first been presented, it had not been disguised that the merchant fleet, which the state was to finance, and indeed own, would be constituted largely from

¹ See Cmd. 6—1915.

the German and Austrian vessels in American harbours. The legal questions involved have already been explained : if judged by the law of the declaration of London, the purchase of these ships would certainly have been held invalid ; if judged by the older, admiralty law, the validity of the purchases was doubtful. The political issues were, however, of more importance than the legal ; for the arrest and condemnation of a German ship, purchased in America, could be represented as an act of defiance to congress, and to the nation as a whole. Sir Cecil Spring-Rice had throughout advised compromise on the question, and thought that it would be doubtful wisdom to stand on our bare legal rights.

A certain Mr. Edward Breitung seems to have been as convinced as Sir Cecil, that the British government would provoke an outcry, if they condemned a purchased ship, flying the American flag, and so determined to test the national temper.¹ This Mr. Breitung had a bad reputation, but, at least, he was careful to clear himself of any suspicion that he was acting in a foreign interest.² His father had been a member of the Michigan state legislature, in whose records he was described as a worthy man, who had promoted the state's welfare by discovering new sources of mineral wealth. From his father, Mr. Edward Breitung inherited a considerable fortune in lumber and mining properties ; but for some reason he found it insufficient. It has been my policy, he wrote to congress, to investigate and become interested in any propositions of a financial or commercial character that appealed to me as having merit. His enterprises were considerable, for they included a new railway in Quebec ; docks and terminal facilities on the Pacific coast ; and schemes for draining and colonising large districts in Peru. To such a man as this, the war in Europe offered exceptional opportunities ; and after studying the freight prices for cotton to Göteborg, Rotterdam, Copenhagen and Liverpool, he considered that the purchase of German ships would be very profitable. To quote him again : The first freight money earned would practically pay for the cost of the boats, and so the vessels would be standing on my books at a very low cash investment. In order to secure himself against loss of capital, if the ship were condemned, Mr. Breitung also bought the cotton cargo, which was not condemnable on any grounds. When, therefore, he purchased the German ship *Dacia* which was at once despatched to Rotterdam with a load of cotton, the transaction was nicely calculated to excite popular and congressional clamour : it was represented as patriotic, enterprising, and helpful to the farmers in the southern states.

While the *Dacia* lay at Galveston, waiting to sail, the press in both continents discussed the issues involved with great animation, and Sir Cecil Spring-Rice did not disguise, that he thought there would be a commotion if the ship were captured and condemned. Sir Edward Grey laid the question before the cabinet, who empowered him to stand firm ; and a very uncompromising instruction was sent to Sir Cecil :

This voyage of the *Dacia* is being looked upon as a test case. If we do not interfere with the *Dacia*, there will be, at once, a wholesale purchase, real or colourable, of German merchant ships and a transfer of them to a neutral flag (at prices, if the purchase is real, giving huge profits to German shipowners) to escape capture and carry on German trade.

Our anxieties were groundless. Senators Lodge, Root and Burton introduced the subject into the debate upon the state purchase bill, and explained the political issues with rare bluntness :

We have been informed, said Mr. Lodge, that the *Dacia* is to sail with the approval of the state department in order to make a test case. It seems to me a rather dangerous business to make test cases of this character in time of war, when belligerent governments are protesting against

¹ Sir Cecil Spring-Rice described him as the son of a German. This cannot have been literally correct unless the *pièces justificatives* in the Congressional Record were falsified which is hardly likely. It is, however, obvious from the name that the family was of German extraction.

² Allegations were made that he was, all the while, acting in the interests of the Hamburg-America line ; but they seem very unsubstantial. The Foreign Office authorities considered that there was " no proof " of any connexion between the two.

the action, and for the state department to approve sending forth a vessel which, as late as 13th January, our war risk bureau declined to insure When nations are fighting for their lives, as the nations engaged in this war on both sides believe they are, their feelings I take it are not unlike our feelings when we were fighting for our national life during the civil war. They are trying to win with all the desperation that a struggle for life gives to a man or a nation, and if they think that a neutral flag is being used in some way to help the power with which they are struggling for existence, it takes a great deal to stay their hands from what they regard as a great, a vital, act of self defence. Why should we protect a vessel bought from a belligerent and put under our flag into such a whirlpool of contending passions as the war in Europe to-day ?

These remarks were almost unchallenged ; and the American state department abandoned Mr. Breitung. They made no protest whatever when the *Dacia* was captured by the French auxiliary cruiser *Europe* and condemned by the *conseil des prises*.

This was the conclusion of these two attempts to inflame partisan sentiment. Each experiment was well calculated and prepared, and if the matters so keenly discussed before congress assembled: contraband proclamations, orders in council, the treatment of conditional contraband, and the rule of continuous voyage had been questions which excited a genuinely national sentiment, it is inconceivable that these experiments would have ended so ingloriously. Notwithstanding that it is most hazardous for any European to venture an opinion upon American politics, it nevertheless seems safe to say, that the political managers, the state department, our ambassador himself, all overestimated the strength of the partisan spirit that caused them so much anxiety during the autumn of the year, and undervalued the influence and power of those sections of the American people who were uninfluenced by the clamour, and determined that it should not alienate their natural sympathies, or distort their sense of justice. The *Dacia* and the *Wilhelmina* were indeed test cases, but, when tried, the tests exhibited the weakness, not the strength, of the passions that they were intended to inflame.

XII.—*The first American note of protest is presented*

Possibly because the weakness of the parties who were anxious to excite controversy between America and Great Britain was not manifest until later in the session, the president and the secretary of state still professed themselves bound to make a formal protest. Their note was presented at Whitehall on 28th December. The draftsmen contrived to make it friendly, and it was more a complaint against existing practice than a political challenge ; for it was a far more reasonable and moderate document than the earlier, unanswered, note of 7th November. Its substance was, that detentions and seizures were being ordered on mere suspicion ; and that ambiguities in the export prohibition list of foreign countries did not justify even the temporary arrest of a cargo. These contentions were expressed in the following passages :

This government relying confidently on the high regard which Great Britain has so often exhibited in the past for the rights of other nations, confidently awaited amendment of a course of action which denied to neutral commerce the freedom to which it was entitled by the law of nations.

This expectation seemed to be the more assured by the statement of the Foreign Office early in November, that the British government were satisfied with the guarantees offered by the Norwegian, Swedish and Danish governments and that orders had been given to the British fleet and customs authorities to restrict interference with neutral vessels carrying such cargoes, so consigned to neutrals, after verification of ship's papers and cargoes.

It is therefore a matter of deep regret that, though nearly five months have passed since the war began, the British government have not materially changed their policy.

The government of the United States do not intend, at this time, to discuss the propriety of including certain articles in its lists of absolute and conditional contraband, which have been proclaimed by His Majesty. Open to objection as some of these seem to this government, the chief ground of present complaint is the treatment of cargoes of both classes of contraband when bound to neutral ports.

Articles listed as absolute contraband, shipped from the United States of America, and consigned to neutral countries have been seized and detained on the ground that the countries to which they were destined have not prohibited the exportation of such articles.

The government of the United States readily admit full responsibility of the belligerent to visit and search, on the high seas, the vessels of American citizens, or neutral vessels of American citizens, or neutral vessels carrying American goods, to detain them *when there is sufficient evidence to justify belief that contraband articles are in their cargoes*,¹ but His Majesty's government, judging by their own experience in the past, must realise that this government cannot without protest permit American ships or American cargoes to be taken into British ports and there detained for the purpose of searching generally for contraband, or upon presumptions created by special municipal enactment which are clearly at variance with international law and practice.

In addition, the American government challenged our treatment of conditional contraband, and alleged, as was in fact the case, that, under the existing system, there was no discrimination between conditional and absolute contraband; and that we were no longer making the least attempt to discover whether foodstuffs consigned to Germany were, or were not, intended for the armed forces of the enemy.

As has been said, the language of the note was extremely friendly; it contained several complimentary paragraphs, and concluded with a reminder of the traditional friendship between the two countries. Nevertheless the note did, in a measure, challenge our entire system by issuing a general proclamation of illegality against the export prohibitions of neutrals; the assurances they had given that the prohibitions would be permanent; and the guarantees that we demanded in doubtful cases: all which were now as much part of our machinery for intercepting contraband as the intercepting squadrons.

XIII.—That the real intentions of the American government were still friendly

It seems well established, however, that the American government did not intend to embarrass us, and that the harsh paragraphs in the note were departmental minutes that had been written by subordinate officials, and then inserted into the note, without that careful editing, which alone could have put their language into harmony with the purposes of the president and the secretary of state. Sir Cecil-Spring-Rice, at all events, was convinced that the American government regarded the note as a manœuvre, and not as a challenge; and his appreciations, being better assessments of the American government's temper than the bare text of a note compiled by so many persons, should be quoted *seriatim*, and in his own words.

Some serious protests will have to be made against actions supposed to be injurious to American interests, but the general sentiment inside and outside the administration is sympathetic and is generally realising the true nature of the struggle.

There seems to be the impression here that you think this government unfriendly. This is certainly not the case although their action, that is, their official action, appears to be so. They have to defend American interests and to maintain what they believe to be American rights. But they certainly do not wish to offer unnecessary difficulties or to hamper England in her measures of self-defence.

I repeat that with the meeting of congress awkward questions will arise. Do not believe any assertions that this administration favours either party in the war. I am sure they will do their best to maintain neutrality.

Our ambassador's appreciations are, moreover, confirmed by two statements by the president himself. This was, indeed, the peculiarity of the controversy: the most peremptory challenges, and the most provocative documents were repeatedly presented by a government, which was, possibly, more friendly than any other neutral government in the world. On 11th November, in the course of what must have been a rather difficult interview, about the merchant ships that were supposed to be on the point of leaving American harbours to ravage the Atlantic trade routes, the president informed our ambassador: That ninety per cent. of the population favoured the allies. When it is remembered that the president took such infinite pains to make his public policy a mere consequence, or practical application, of public sentiment, as he understood it, his statement is not without significance.

¹ The words were in italics in the American draft.

It might, of course, be said that the president's statement was no more than a chance remark : but it seems quite impossible to belittle the importance of the private letter that he addressed to Sir Cecil Spring-Rice a few days before the official note of protest was presented at Whitehall ; for this private letter is virtually an admission that the president attached little importance to the official controversy :

I hope and believe, he wrote, that all these matters, handled in this frank and reasonable way, will be worked out without serious or lasting embarrassment. If the threads get tangled, we must patiently disentangle them.

XIV.—A preliminary reply is prepared by Sir Eyre Crowe, who urges that no further concessions be made

These assurances of a friendly temper did not, however, satisfy Sir Edward Grey, and Sir Eyre Crowe, who were both indignant, that the American administration should have selected the British government, from all the powers at war, as the only one which deserved their censure ; and that they should have started a controversy with Great Britain, at what was one of the most perilous moments in British history. For when the first American note was presented, the allied armies in Flanders and northern France had just held an assault of unprecedented violence and fury, and were still reeling from it. While we were compiling the reply, the Russian armies in east Prussia suffered an overwhelming calamity at the Masurian lakes. This seemed to us to be an ill moment for opening an unconcealed controversy with a state, which, in the president's own words, was contending for every principle he held sacred. As for the note itself, its most serious sections were those which challenged our impending arrangements with neutrals ; for if the American government stood to their contentions, that suspicions about consignees and insufficiencies in neutral prohibitions of export were no grounds for detaining ships and cargoes, then, our negotiations with neutral governments were in peril. The Foreign Office therefore lost no time in justifying this procedure ; and a memorandum prepared by Sir Eyre Crowe was handed to Mr. Page on 31st December. In this paper, Sir Eyre argued, that neutral prohibitions of export did not impede, but facilitated, innocent neutral trade in contraband ; and that the existing difficulties were due to imperfections that we were doing our best to remedy :

Their task [searching for contraband] has of late been lightened, and consequently the unavoidable inconvenience caused to neutrals by the exercise of the belligerent right of search, reduced, by the fact that several of the countries contiguous to Austria and Germany have, for the protection of their home markets, prohibited the exportation from their respective territories of large classes of commodities. Where articles on the lists of contraband are covered by such prohibitions of export from a particular country, the belligerents find themselves relieved of the necessity of inquiring as to any ulterior destination of goods consigned to that country, provided the prohibition is effectively enforced.

Sir Eyre Crowe then explained the imperfections. The northern neutrals refused to apply their export prohibitions against one another and their lists of prohibitions were not identical. As a result, contraband articles, of which Sweden had prohibited the export, might be sent on to Denmark, where there was no corresponding prohibition. Enquiries, sometimes long ones, were necessary in cases of this kind, and, generally, special guarantees had to be obtained. Northern neutrals were, however, assimilating their enactments, and when they had done so, there would be fewer detentions, investigations and impediments to neutral trade.

Sir Eyre Crowe further strengthened his arguments by showing, that most of the detentions of consignments for Switzerland were ordered because the federal government had, thus far, refused to adopt the system prevailing in northern Europe ; they claimed the right to grant unlimited exemptions from their export prohibitions ; and that they declined to stop the export of articles manufactured from contraband metals. As a consequence, the British government were obliged to demand

particular guarantees for most of the Swiss consignments. In conclusion, Sir Eyre Crowe suggested, without saying so explicitly, that if the prevailing system were made inoperative, practices very much more burdensome to neutral trade would be substituted for it. He was, indeed, persuaded that it was useless to try to placate the American government so long as their notes of protest and criticisms were mere moves in a party game; only a few days previously he had written a vigorous minute to that effect.

The state department, and I am afraid the president too, he wrote, cannot be relied on to deal fairly with us. They believe it pays them better to obstruct this country in the legitimate exercise of their belligerent rights than to obstruct the illegitimate practices of the Germano-American contraband traders, because they have been accustomed to find this country giving way to them whenever they parade their alleged difficulties with public opinion, whilst the Germans, by capturing the corrupt moneyed interest and playing with the weapon of the German-Irish voter, are thought worth conciliating to any extent at our expense.

Our proper course in these circumstances, is resolutely to enforce our undoubted rights in our prize courts. I feel sure, that, however the state department may bluster and threaten they will not carry with them American opinion, in trying to force upon us, at the moment when we are fighting for our life, doctrines and theories which their own government has always itself repudiated. We must vindicate the rights of our prize courts against the endeavour of the state department to get every case settled in their favour by diplomatic pressure outside the prize courts.

XV.—*The official replies to the American note of protest*

The final reply was given in two notes (7th January and 10th February), which were prepared in the Foreign Office and submitted, before presentation, to the attorney-general and the Admiralty. Sir Eyre Crowe's opinion, that we must stand firm, was substantially accepted; for each one of the American charges was, in turn, very carefully rebutted. In the first place it was shown, that as American exports during the first half of the year 1914 had been appreciably below those for the same period in the previous year, so, there was a strong presumption, that American trade was suffering from a general depression, when war began. Even the heavy decline of the following six months could not be attributed to the war, far less to British interference with trade, because American exports to neutrals bordering on Germany had risen considerably, during the last quarter of the year. Indeed the tremendous exports from New York the month of November proved, conclusively, that the war had stimulated some branches of American commerce. Finally it was shown, that as this swelling export trade was directed to Denmark, Sweden, Norway, Italy and Holland, there was at least a strong presumption that a large proportion was being passed on to the enemy. What was alleged to be a general decline in American trade was largely a cotton slump only:

Thus the exports of all articles of merchandise other than cotton from the United States during the first seven months of 1914 were 966 million of dollars as against 1,127 millions in 1913, a drop of 161 millions of dollars or 14½ per cent. On the other hand, the exports of the same articles during the months August to November amounted to 608 millions of dollars as compared with 630 millions in 1913, a drop of only 22 millions, or less than 4 per cent. It is therefore clear that, if cotton be excluded, the effect of the war has been not to increase, but practically to arrest, the decline of American exports which was in progress at the beginning of the year. . . .

A very much bigger question was answered in the remainder of the note: Whether the elaborate process of intercepting contraband—operated through searches in harbour, comparison of manifests with neutral prohibitions of export, and demands for special guarantees—was a justifiable method of applying the old law of continuous voyage. The Foreign Office maintained, that the procedure was no more than an adaptation of old practices to new circumstances; and their argument ran thus:

No one in these days will dispute the general proposition that a belligerent is entitled to capture contraband goods on their way to the enemy; that right has now become consecrated by long usage and general acquiescence. Though the right is ancient, the means of exercising it alter and develop with the changes in the methods and machinery of commerce. A century ago the difficulties of land transport rendered it impracticable for the belligerent to obtain

supplies of sea-borne goods through a neighbouring neutral country. Consequently the belligerent actions of his opponents neither required nor justified any interference with shipments on their way to a neutral port. This principle was recognised and acted on in the decisions in which Lord Stowell laid down the lines on which captures of such goods should be dealt with.

The advent of steam power has rendered it as easy for a belligerent to supply himself through the ports of a neutral contiguous country as through his own, and has therefore rendered it impossible for his opponent to refrain from interfering with commerce intended for the enemy merely because it is on its way to a neutral port.

No better instance of the necessity of countering new devices for despatching contraband goods to an enemy by new methods of applying the fundamental principle of the right to capture such contraband can be given than the steps which the government of the United States found it necessary to take during the American civil war. It was at that time that the doctrine of continuous voyage was first applied to the capture of contraband, that is to say, it was then for the first time that a belligerent found himself obliged to capture contraband goods on their way to the enemy, even though at the time of capture they were *en route* for a neutral port from which they were intended subsequently to continue their journey. The policy then followed by the United States government was not inconsistent with the general principles already sanctioned by international law, and met with no protest from His Majesty's government, though it was upon British cargoes and upon British ships that the losses and the inconvenience due to this new development of the application of the old rule of international law principally fell. The criticisms which have been directed against the steps then taken by the United States came, and come, from those who saw in the methods employed in Napoleonic times for the prevention of contraband a limitation upon the right itself, and failed to see that in Napoleonic times goods on their way to a neutral port were immune from capture, not because the immediate destination conferred a privilege, but because capture under such circumstances was unnecessary.

The facilities which the introduction of steamers and railways have given to a belligerent to introduce contraband goods through neutral ports have imposed upon his opponent the additional difficulty, when endeavouring to intercept such trade, of distinguishing between the goods which are really destined for the commerce of that neutral country and the goods which are on their way to the enemy. It is one of the many difficulties with which the United States government found themselves confronted in the days of the civil war, and I cannot do better than quote the words which Mr. Seward, who was then secretary of state, used in the course of the diplomatic discussion arising out of the capture of some goods on their way to Matamoros which were believed to be for the insurgents :—

Neutrals engaged in honest trade with Matamoros must expect to experience inconvenience from the existing blockade of Brownsville and the adjacent coast of Texas. While this government unfeignedly regrets this inconvenience, it cannot relinquish any of its belligerent rights to favour contraband trade with insurgent territory. By insisting upon those rights, however, it is sure that that necessity for their exercise at all, which must be deplored by every friendly commercial power, will the more speedily be terminated.

The opportunities now enjoyed by a belligerent for obtaining supplies through neutral ports are far greater than they were fifty years ago, and the geographical conditions of the present struggle lend additional assistance to the enemy in carrying out such importation. We are faced with the problem of intercepting such supplies when arranged with all the advantages that flow from elaborate organisation and unstinted expenditure. If our belligerent rights are to be maintained, it is of the first importance for us to distinguish between what is really bona fide trade intended for the neutral country concerned and the trade intended for the enemy country. Every effort is made by organisers of this trade to conceal the true destination, and if the innocent neutral trade is to be distinguished from the enemy trade it is essential that His Majesty's government should be entitled to make, and should make, careful enquiry with regard to the destination of particular shipments of goods even at the risk of some slight delay to the parties interested. If such inquiries were not made, either the exercise of our belligerent rights would have to be abandoned, tending to the prolongation of this war and the increase of the loss and suffering which it is entailing upon the whole world, or else it would be necessary to indulge in indiscriminate captures of neutral goods and their detention throughout all the period of the resulting prize court proceedings. Under the system now adopted it has been found possible to release without delay, and consequently without appreciable loss to the parties interested, all the goods of which the destination is shown as the result of the enquiries to be innocent.

It may well be that the system of making such enquiries is to a certain extent a new introduction, in that it has been practised to a far greater extent than in previous wars ; but if it is correctly described as a new departure, it is a departure which is wholly to the advantage of neutrals, and which has been made for the purpose of relieving them so far as possible from loss and inconvenience.

CHAPTER V

THE OPERATION OF THE FIRST CONTRABAND AGREEMENTS

First conferences between the British and French authorities.—What classes of contraband trade remained to be controlled; the importance of derivative contraband.—What was known about the overseas imports of the border neutrals in the first months of 1915.—What was known about the exports of the border neutrals during the first months of 1915.—The German exchange system was stimulating trade between Germany and the border neutrals.—The contraband committee and its procedure during the first months of 1915.—Evidences of a general hardening of purpose among the British authorities.—The first Anglo-Swedish controversy—January to February, 1915.—First evidences of a tendency towards special agreements with private firms; the copper agreement.

WHEN the last of the agreements described in a previous chapter had been signed, the naval and administrative machinery for intercepting the enemy's sea-borne supplies was working efficiently. Admiral Jellicoe returned to Scapa, with the bulk of the grand fleet, on 7th November; soon after, a new cruiser squadron, formed of converted liners, and thoroughly adapted to the work in hand, was spread upon three patrol lines, which intersected the stream of traffic to northern Europe. Our naval control of the northern exits to the North sea was thus reasserted. In the south, a French squadron under Admiral le Cannelier was watching the western entrance to the Channel; and the two allied governments had agreed to a convention for apportioning captures and prizes between the allied navies.¹

I.—First conferences between the British and French authorities

More important, perhaps, than this formal agreement, was a visit that Mr. Hurst and Admiral Slade paid to the French authorities during the last days of the year. The October order in council had been issued rather hastily, without consulting the French, who felt the slight, and were disturbed that an order of such importance should be issued before their practical objections to it had been carefully considered. But, notwithstanding their misgivings, they had loyally issued a decree in exact conformity with the October order, and the visit of our representatives went far to relieve the French apprehension that we were indifferent to their opinions. The allied representatives successively discussed the recent contraband agreements; the note of the Scandinavian powers, and whether it should be answered; how the naval forces in the Mediterranean should avoid duplicating the examination of vessels engaged in the Italian traffic; and what additions were needed to the contraband lists. This last subject was one upon which the British and French representatives were most divided. The French experts made out a strong case for declaring nitrates to be contraband. Our representatives could not agree that so grave a measure should be taken for purely technical reasons. They pointed out, that Chile supplies nitrates to all Europe; and that a contraband declaration so destructive to Chilean trade would be followed by serious political consequences. The British proposal was that the supply should be controlled by special agreements with the shipping firms that lifted the nitrates. Nothing was decided; but the mere juxtaposition of these conflicting opinions, in friendly conference, was of great service. Lieutenant Guichard, the French historian of the blockade, attributes the Anglo-French divisions on the conduct of the economic campaign, not so much to differences upon particular questions, as to French incomprehension of the British *sentiment commercial du blocus*, and to the British mistrust of economic measures of war, which were no more than applied reason. As it was impossible that policies with such different starting points should ever be completely reconciled, it was of the highest importance that the authorities on each side should appreciate the other's standpoint.

¹ Signed 9th November.

II.—*What classes of contraband trade remained to be controlled ; the importance of derivative contraband*

A closer union between the allies was the more necessary in that the mere interception of contraband was, in itself, becoming an operation of unprecedented compass. In most of our great maritime wars, it has been possible for the British government to arrest contraband without exercising severe restraints upon trade ; for, in the seventeenth and eighteenth centuries, international lawyers interpreted the accepted doctrine as a right to include quartermasters stores, ordnance, and dockyard equipment, in the contraband clauses of a commercial treaty. Contraband was thus defined in a general way, and in particular treaties between the great maritime powers, so that its interception was an operation with very limited objectives, which was only enlarged into general projects of economic coercion by blockades and reprisals. In the last week of the year 1914, the government published a contraband proclamation, which, virtually, swept away these old restrictions, and turned the limited project of the Admiralty war orders into a very much more embracing measure of war (*see* Appendix II).

This progress or expansion was quite inevitable. For the best of reasons, and with every justification, we declared a large number of the primary metals, propellants and foodstuffs to be contraband. In addition, three of our agreements with northern neutrals contained a clause in which we asserted a right to stop half-finished products, and manufactured goods, if they were composed of contraband materials. In the Danish agreement, there was a clause in which we claimed the right to check abnormal imports of contraband, if they released domestic imports of the same substances. As a considerable proportion of the general trade between modern states is in commodities which come within this general description of half-finished and manufactured goods ; and as the re-export trade, which grows automatically as a nation's commerce increases, is closely related to the disposal of surplus imports, a right to control ordinary commerce was, in effect, both asserted and acknowledged in these agreements. For the sake of brevity I shall henceforward call goods of the first class derivative, and goods of the second class substitute, contraband. The names given to them are, however, of less importance than their bulk and value ; for a glance at the trade between Germany and her northern neighbours will show how much contraband of this description was normally exchanged between them and how many complicated tasks were still incompleting when these agreements were signed.

In the first place, the distinctions drawn in these agreements are largely obliterated by the operations of modern commerce. Supply can never be exactly adjusted to demand, so that countries that normally import foodstuffs and raw materials, generally re-sell small surpluses during the course of a year's trade ; and it is impossible to trace the origins of commodities that have been in the country for many months, before they are sent out again. If they were subjected to abstract tests, these second sales would be classed as re-exports ; actually they are not counted so ; for countries with no mines reckon iron and other metals among their domestic exports. Secondly, raw materials are converted into particular articles by successive operations, and it is only in a few cases possible, and even then difficult, to trace the movement of contraband substances through the successive stages of modern manufacture. Metals imported into the great engineering industries are generally converted *in situ* ; but it is virtually impossible to trace the origin of such contraband ingredients as are sold in miscellaneous trades. To take a single example, hardware and clothing stores need supplies of metal and aluminium, and textile fabrics ; but through how many hands have the materials passed, before they reach the export warehouses in the finished state ? And who could trace the origin of the metals that are used in such things as cream separators, dairy churns and agricultural implements ; indeed were these articles to be considered derivative contraband at all ?

A large number of these untraceable exports were included in the normal trade of the northern neutrals. The principal articles of Danish export, live stocks, meat, fish and dairy produce, were assuredly domestic exports; yet even amongst these there were doubtful articles. A substance called *premier jus* was ordinarily exported, and, according to our information, the demand for it was rising. *Premier jus* is a compound foodstuff which might certainly be made up from pure Danish produce; but it might just as easily be manufactured from imports. Again, although the Danish exports of hides were, in the main, domestic, some articles in the general category were of doubtful origin, as for instance, dyed skins and leather, all which were declared contraband in the latest list.

The difficulty was even greater with regard to the Danish textile industries, for the Danes grouped all their textile exports under one single heading. It was therefore most difficult to decide anything about the trade itself, or about its contraband ingredients, imported from overseas; for textiles would include such things as canvas tents (absolute contraband by the eighth article) and clothing or fabrics for clothing, which were made conditional contraband by the third clause of the conditional list.

It was, however, more and more apparent that if the agreements were to be enforced, then their enforcement would not be solely contingent upon the interception of sea-borne supplies, in that British goods were the essential ingredients of a great number of trades in derivative contraband. The materials used in the Danish textile industry were, possibly, impossible to trace; but it was not to be doubted that wool and cotton, produced or woven in the British empire were amongst them. The same held good in respect to the Danish exports of fatty substances. This trade could not properly be called a commerce in either derivative or substitute contraband, because we had not then placed vegetable oils, an essential ingredient, upon the contraband list; but it was patent that the Danish export trade of coconut and soya oils was nourished by produce of the British empire, and by British shipping. The regulation of this trade was a task still uncompleted, indeed practically unattempted.

The agreement concluded with Norway was less precise than that with any other Scandinavian power, and contained no clause about derivative or substitute contraband trade. But if the general right to control these kinds of contraband exports were to be asserted at all, it was obvious that it would have to be asserted against Norway. The Norwegian exports of fish, fish oil, and timber, were of the same character as the Danish exports of live stock; and might be called purely domestic: this could not, however, be said of the Norwegian exports of saltpetre, nitrates, calcium carbide, copper and iron, which could obviously be very much increased by heavy imports of the same substances.

The agreement with Sweden contained no clause for the regulation of trade in substitute contraband. Trade in derivative contraband was, however, provided for quite clearly in the third clause; and a great deal of the normal export trade from Sweden to Germany was made up of commodities which came within the definition.

The successful execution of every operation of war is more or less contingent upon exact and sufficient intelligence, and, in the first months of the year 1915, our knowledge of the commercial transactions between neutrals and the enemy was much restricted. It is true that some sources of commercial intelligence had become more productive. As a reinforcement to our consular staffs, specially trained observers had been appointed to posts from which they could watch the movements of neutral trade; and the information supplied by the military censors was considerable. Intelligence of foreign trade will always be fragmentary, however, unless it is supplemented by a detailed analysis of a country's imports and exports, and in most cases, this was lacking. In the winter of 1914 neutral governments forbade the publication

of export statistics, fearing the vexatious questions that might be provoked when the figures were inspected abroad. Neutral import statistics were, however, still obtainable, and a special staff in Whitehall was compiling quarterly returns of overseas imports to northern Europe, and circulating them to the departments interested. It will, therefore, be as well to review the facts supplied from these various sources of information, and to show what inferences were drawn from them, and how those inferences affected our conduct and policy.

TABLE XIX

Showing the principal contraband imports of northern neutrals during the three months subsequent to the December agreements

Note.—Imports in excess of the estimated normal are in italics.

	Norway.	Denmark.	Sweden.	Holland.
Corn and grain—	Tons.	Tons.	Tons.	Tons.
January–March, 1915	<i>148,566</i>	<i>340,524</i>	<i>60,533</i>	<i>379,272</i>
Estimated normal imports for 3 months ..	104,283	252,108	90,564	1,307,790
Fodder and forage—				
January–March, 1915	<i>26,918</i>	<i>661,082</i>	<i>167,783</i>	<i>437,440</i>
Estimated normal imports for 3 months ..	18,474	483,306	79,710	474,881
Lard, margarine, meat, syrup, etc.—				
January–March, 1915	<i>10,866</i>	<i>39,054</i>	<i>9,397</i>	<i>33,068</i>
Estimated normal imports for 3 months ..	7,580	11,535	5,058	130,849
Aluminium, antimony, etc.—				
January–March, 1915	4,335	40	21	105
Estimated normal imports for 3 months ..	Not ascertainable	60	1,422	565
Copper, brass and bronze—				
January–March, 1915	<i>1,966</i>	<i>1,341</i>	<i>3,562</i>	613
Estimated normal imports for 3 months ..	732	1,722	2,652	25,764
Lead, nickel, tin, tinned plates—				
January–March, 1915	<i>15,699</i>	<i>8,310</i>	<i>5,834</i>	<i>7,024</i>
Estimated normal imports for 3 months ..	8,190	7,302	4,310	25,202
Oils and fats (animal)—				
January–March, 1915	<i>16,163</i>	<i>4,184</i>	<i>1,481</i>	<i>9,634</i>
Estimated normal imports for 3 months ..	765	3,264	1,389	25,981
Oils and fats (vegetable)—				
January–March 1915	<i>10,176</i>	<i>6,411</i>	<i>8,436</i>	<i>52,378</i>
Estimated normal imports for 3 months ..	3,402	7,506	Not ascertainable.	29,568
Mineral oils, including petroleum—				
January–March, 1915	10,210	<i>91,481</i>	32,004	54,535
Estimated normal imports for 3 months ..	20,835	70,737	41,277	50,757

III.—What was known about the overseas imports of the border neutrals in the first months of 1915

No doubt could be entertained about the accuracy of these figures, and although they were only issued in statistical tables every quarter, they were compiled from week to week and from month to month, so that, during the first quarter of the year 1915, our authorities were kept informed of the daily and weekly deliveries, which made up the following totals (*see* Table XIX). These figures showed, beyond all doubt, that the agreement with the Netherlands government and the overseas trust had been a more effective instrument of control than the purely political agreements with the Scandinavian powers. Indeed the committee for the restriction of enemy supplies reported: A greater measure of success has attended our efforts for restricting enemy supplies through Holland than through any neutral country.

It was quite impossible to conclude, however, that, because the Netherlands imports of contraband had fallen, and because similar Scandinavian imports had risen, the Scandinavians were, therefore, increasing their contraband traffic with Germany. Many other facts had to be considered conjointly. In the first place, a large proportion of the normal Netherlands trade had been a transit, or re-export, traffic. Any regulation or diminution of this transit commerce reduced the imports, of the Netherlands, as it would not reduce the imports of Scandinavian countries; for the bulk of goods normally imported into Norway and Sweden was for home consumption only. Moreover, there were good reasons for anticipating rises in some of the Scandinavian imports. The grain crops in Norway and Sweden had been poor; indeed, as the Norwegian grain harvest was twenty per cent. below the normal, it was, on the whole, surprising that the increased weight of imported grains was not greater. There were certainly rises in the metal imports of Sweden and Denmark and Norway, but these rises did not, in themselves, support more than a very general suspicion; for reports from other sources implied, that these rising imports of copper, lead and other metals hardly sufficed to make good the shortages that were the outcome of a heavy German buying in the early autumn. There was an admitted metal shortage in Denmark during the first quarter of the year; and the Swedish authorities themselves drew our attention to their heavy imports of copper and other metals, and explained, that large contracts for electrification schemes had been signed before the war, and that the state was interested in their execution. In addition, every suspicion based on these import figures had to be tempered by the known facts about the metal shortages in Germany and Austria-Hungary, which were severe enough to raise a strong presumption that neutral re-exports to the central empires had been much reduced.

IV.—What was known about the domestic exports of the border neutrals during the first months of 1915

Our knowledge of the export trade of neutrals was mainly about the great trades upon which they depended for their revenues. We knew, approximately, what were the movements of Danish meat stuffs, of Norwegian and Swedish ores, and of Norwegian fish and timber; but the trade in miscellaneous products, so closely related to the regulation of derivative contraband, was almost completely concealed.

With regard to Holland, the available evidence seemed to prove that the bulk of the Netherlands trade with Germany was in meat stuffs, live stock and dairy produce. The growing shortage in Germany was evidently making a good market, for the weekly deliveries were heavy. In the early weeks of January they were as follows:—

	17th December, 1914—		2nd January, 1915.		2nd–9th January.	
Cattle	(head)	289	..	1,052	..	1,052
Beef and veal	(kilog.)	112,935	..	205,698	..	205,698
Pigs	(head)	68	..	74	..	74
Pork	(kilog.)	126,557	..	284,369	..	284,369
Bacon	(kilog.)	48,843	..	75,598	..	75,598
Sheep	(head)	357	..	193	..	193
Mutton	(kilog.)	112	..	777	..	777

All this was a genuine Dutch trade, about which we had no right to make representations; but it was obvious such heavy exports of domestic produce would, inevitably, provoke heavy imports of foreign meats, and of fodder. The Dutch government and the Netherlands Overseas Trust could guarantee that no item of their complementary imports would be re-exported; but could our authorities, on that account, resign all thought of concerting new projects of restriction?

As far as we could tell, the old transit trade between the Netherlands and Germany was now very restricted ; for our observers reported that the traffic at Maastricht had practically ceased. On the other hand, it was by no means stopped, for Sir Philip Oppenheimer was repeatedly communicating the manifests of vessels that carried cargoes between Rotterdam and Mannheim. These cargoes were all transported by virtue of dispensations from the prohibitions. Finally, there was a growing trade in cocoa and oily substances between the Netherlands and Germany. This trade was, however, the derivative of a group of British export trades, and its control or suppression was not contingent upon our measures for intercepting contraband.

What was known of the Danish trade with Germany provoked the same reflections as the Netherlands traffic. The available figures were figures relating to a genuinely Danish trade in meats, lard and dairy produce ; but the lard exports were enormous, and it was fairly obvious that the country was draining itself of its domestic lard and obtaining high prices for it. Even if the imports from America were not re-exported (Sir H. Crofton Lowther was satisfied that the Danish authorities were honest) those imports were nevertheless filling a vacuum artificially created.

As far as we knew, the Norwegian ore trade with Germany was increasing. This was natural ; for we had attempted to purchase all the copper raised in Norway, and the negotiations had come to nothing. The difference in the price of copper in England and Germany had proved to be insuperable obstructions to a bargain. On the other hand, our authorities had evidence before them, that the new substitute trades were springing up in Norway, as they were in Holland and Denmark ; for in the early months of the year, our consul at Stavanger sent us a long list of goods recently shipped to Germany, and large quantities of grain and groceries were upon the list. The groceries were practically a new trade, and it seemed incredible that native grain should be shipped out of the country, when all the prefects and district governors were under strict orders to collect domestic stocks. Moreover, even though we claimed no right to intercept exports of genuine Norwegian produce, the rising figures of exported whale oil, herring, and fish refuse for fertilisers, suggested that we ought not to abandon our policy of purchasing Norwegian produce, merely because it had received one set back. Thanks to our minister the foundations of this policy were well and truly laid in the first months of the year. Profiting by the Norwegian inclination to Great Britain, Mr. Findlay persuaded the directors of a large number of metal companies to explain the nature of their business to him, and to inform him of the contracts they were executing and negotiating. None of these conversations had ended in a business agreement ; indeed they rather served to illustrate the complexities and ramifications of German trade with northern Europe, and to show how impossible it would be to sever it by a single agreement ; nevertheless, Mr. Findlay's policy of piecemeal investigation and of particular agreements was better adjusted to the exigencies of the time and the peculiarities of Norway than any other. In its preparation, it created intimacies and friendships between the British legation and the business men of Norway ; and the two most important agreements concluded in the first months of the year were its first results.

As far as our authorities could judge, the Swedish export trade had escaped from the constraint of the December agreements more completely than the export trade of any other neutral. There was a regular movement of miscellaneous cargoes between Sassnitz and Trelleborg ; and between Göteborg, Malmö and the north German harbours ; but the following details will show, that it was almost impossible to decide whether even the most objectionable consignments were being carried in contravention to existing agreements. On 4th January, the steamer *Ludwig* carried a cargo of vegetable oil, salted hides, oranges, coffee and cocoa to Hamburg ; during the following week cargoes of iron, steel, preserved meat, tin, candles, coffee, aluminium, brass scrap, light skins, salt herrings and tar were carried to Lubeck and Stettin. The consignments of aluminium and brass scrap were the only questionable

items of this traffic, for the cocoa and tin had probably been exported from Great Britain under licence. Nevertheless, it was by no means certain that even these deliveries of aluminium and brass scrap were objectionable, for large stocks of such metals are accumulated, in every industrial country, by engineering firms engaged on big contracts and anticipating others. It could, however, be predicated with certainty that these metal exports would, sooner or later, be replaced by imports from overseas, which the Swedish authorities could guarantee to be for use in the country in perfect good faith. The new imports would be consumed in the Swedish industries, in the same way that American lard was being consumed in Danish kitchens, and American fodder in the Dutch meadows; local consumption did not, in itself, stop a complementary trade in similar articles. Notwithstanding all these doubtful questions, however, our authorities were satisfied that a considerable proportion of the trade between Sweden and Germany was made up of what we could call objectionable transactions. During February we observed a movement of the following goods towards Germany:—

From Stockholm: Turpentine, cocoa, resin, brass scrap, aluminium scrap, copper wire, unworked copper, tin, oleine, hides, smoked sausages.

From Göteborg: Cocoa, stearine, oil, tin, meat, candles, horse shoes, nails, carbide.

From Malmö: Lard, pork, meat, cocoa.

From Trelleborg: Tin plates, tins, copper wire.¹

Our authorities were convinced that most of this trade was being executed by virtue of permissions and licences that were not compatible with the undertakings made in the December agreements. The weight of evidence thus seemed to justify the conclusion, that a great deal of the Swedish export trade was objectionable. Nevertheless, other facts were strong evidence that the export prohibitions were being honestly enforced; and a controversial writer could use the reports that the restriction committee issued during the first months of the year 1915, to support two conflicting contentions; for after calling attention to all that was suspicious in the movements of trade between Germany and Sweden, the committee also reported, that huge stocks of cotton and raw material were held in Malmö; and that the Swedish officials were enforcing the regulations with great severity. Nothing could better illustrate the uncertainties of the position than that the committee should have included these two contradictory conclusions in its reports, which are perhaps the most judicious, and scientific, surveys of a doubtful subject that have ever been prepared in war.

Our anxieties with regard to Switzerland were of another kind. The transit trade to Germany had certainly ceased; and the country seemed short of all its essential supplies. It was to us a matter of the last importance, that a small neutral country like Switzerland, which blocked a gateway into south-eastern France, should remain strictly neutral, and that its Government should not be tempted into political adventure; for which reason Sir Edward Grey more than once expressed grave anxiety at the reports of the growing distress in the country. Our anxieties were the stronger in that, as far as we could tell, the French authorities had yielded to the savage clamour of their newspapers, and were treating the Swiss with unreasonable harshness. When Mr. Hurst and Admiral Slade visited the French capital, the French authorities explained their policy very freely, and Mr. Hurst reported, that as far as he could understand, the French regarded all Swiss consignments as suspicious, and were not operating the agreement that one hundred and fifty railway wagons should be allocated to the transport of Swiss goods. But the Swiss government's applications for supplies only emphasised this conflict between what policy advised, and what the conduct

¹ This was the condition of affairs in mid-February. The evidence was clearer in the following months. See post, p. 327 et seq.

of economic war demanded. Licences were granted for the export of small consignments of copper, but no general regulation of the Swiss trade was attempted for the time being.

The case of Italy was peculiar, and showed that a neutral government's higher policy was perhaps the influence that resolved all difficulties. In March, the Italian government first made definite proposals for a political alliance; and this obliged us to facilitate, rather than to impede, their imports of raw materials. But even before the Italian intentions were thus declared to us, our observers were satisfied that the Italian legislation of November had stopped all contraband trade with the central empires. None of the doubts and suspicions that the restriction of enemy supplies committee entertained when they reviewed the state of Scandinavian trade, are to be found in their reports upon Italian commerce during January and February.

V.—The German exchange system was stimulating trade between Germany and the border neutrals

Our information about neutral trade with Germany was, therefore, sufficient to excite suspicions and anxieties, but insufficient to support any charge of bad faith against neutral governments. To judge fairly of their honesty or dishonesty it was necessary to decide, whether the dispensations that they all claimed a right to grant were being granted on a scale sufficient to constitute a real re-export trade in contraband or not. Our information on this most important question was very fragmentary; and even at this distance of time, it is still impossible to make a quantitative estimate of this licensed trade in contraband between neutrals and Germany. Facts subsequently made public do, however, show that the difficulties of neutral governments must have been far greater than we imagined; for the enemy were endeavouring to maintain their trade with neutrals as resolutely as we were endeavouring to stop it, and had entrusted the task to a highly competent body of men. When the German mobilisation was completed, and the German armies were on the march, the war minister asked Herr Rathenau to call upon him, and when he did so, empowered him to form a war supply department. The duty of this department was to secure and to distribute supplies essential to the armies in the field. It therefore became a controlling and distributing agency for every government establishment, or private firm, that was supplying the forces. Herr Rathenau at once assembled a number of export committees, and made them responsible for some particular branch of industry, rubber, coal, textiles, etc. Over these committees there was a central board, of which Herr Rathenau was chairman.

This department probably instituted the exchange system of which we received fragmentary reports during the first part of the year. The system appears to have been, that every German licence to export was valid only, if the licensee obtained an undertaking, that some commodity required in Germany would be exported from the border neutral in return. The Italian authorities were our best informants about the workings of this system; for they, being anxious that we should entertain no suspicions of their good faith, freely communicated details of the transactions that they were compelled to allow. The dispensations granted by Italy were admittedly considerable; in return for 18,000 tons of German scrap iron, which the Italians could not do without, the Germans obliged them to release a large quantity of macaroni and foodstuffs; later, they were obliged to barter for the import of 70,000 tons of coal on a strict system of exchange. But these and other dispensations caused us less anxiety than those granted by Scandinavian powers, because the Italian government informed us frankly, while the Scandinavian powers and Switzerland did not. Our authorities made a tentative proposal that dispensations should be published; but the Swiss president refused to entertain it; and Sir H. Lowther reported that the Danes would never agree. We were, therefore, compelled

to judge of the system from very inadequate information, which sometimes strengthened, and sometimes weakened, the inferences that were being drawn from other facts. The contradictions in the evidence presented almost daily can, indeed, only be understood by juxtaposing the intelligence obtained from two different sources upon the same subject. The facts collected about the Swedish trade have already been reviewed; they suggested strongly that the flow of mixed cargoes from Sweden to Germany was a licensed trade incompatible with the undertaking that Swedish export prohibitions would be maintained. But, when challenged by our minister, the Swedish foreign minister answered that he would show Mr. Howard a full list of the dispensations granted. Mr. Howard's report ran thus:

I went carefully over the exemptions granted to Germany, which included some twenty-five to thirty items; the majority being, as he promised, for very small quantities and special cases. There were two items of importance to us, the first being three consignments of jute sacks, amounting in all, to about 60,000, which had been allowed to go to Germany on the guarantee that they would be returned filled with goods required by the Swedish firm that sent them. The other was a shipment of about 30 tons of copper, which his excellency explained, was sent out in exchange for parts of machinery required by the Swedish government There was, also, a parcel of hides, but these were sent to Germany to be dyed, and under guarantees that they would be returned The exemptions to Norway and Denmark, which, I admit, I looked at less carefully, also showed no items of great importance, beyond a considerable number of hides to Denmark and some lubricating oil in no great quantities By far the larger number of exemptions were granted for Great Britain and Russia

Reports that were equally difficult to reconcile with those sent in by our special observers were being received from other ministries.¹

It is, even now, impossible to make a judicial review of these conflicting reports. Probably neutral governments had signed the agreements in good faith, and had not foreseen what pressure the Germans would exert against them. The commodities normally bought by the northern neutrals from Germany in a single year were considerable. Denmark's purchases amounted to 1,389,069 tons; Norway's to 584,630; Sweden's to 1,102,342; Switzerland's to 4,281,505; very few articles in this commerce amounted to ten per cent. of the total, either in value or in weight,² and the bulk of the trade was in half-worked goods, and such miscellaneous products as clothing, furniture, pianos, and so on. Herr Rathenau's policy had, as it were, collected this mass of goods into one great bartering pool, and seven million tons of commodities constitute a powerful bargaining lever. If neutrals granted dispensations on an increasing scale during the first months of the year, they probably did so because they were literally forced to it, and not because they were unfaithful to their engagements. It cannot be doubted, moreover, that Herr Rathenau's policy secured the armed forces the supplies that they needed, and as

¹ It should be added that these two sets of reports were not written at the same moment. M. Wallenberg showed this list of dispensations in January; as far as I have been able to judge, the German exchange policy was not really effective until rather later.

² TABLE XX

Normal German exports to border neutrals, 1913

	Total weight in tons.	Commodities amounting to 10 per cent. or more of total.
Holland	12,125,623	Coal (59.9 per cent.)
Denmark	1,389,069	Rye (12.9 per cent.)
		Coal (15.1 per cent.)
Norway	584,630	Rye (19.4 per cent.)
Sweden	1,102,342	Coal (16.7 per cent.)
		Coke (18.8 per cent.)
Switzerland	4,281,505	Coal (31.0 per cent.)

those supplied must have been considerable, it follows that the trade licensed by neutrals must have been fairly large. But as the whole question can only be reviewed in outline, the known facts of the growing shortages in Germany must be remembered conjointly with what is known about neutral re-exports of contraband. Even if we regard the licensed trade of neutrals as a leakage through the barrier that we had just erected, we still have overwhelming evidence, that the volume of trade that was stopped was many times greater than the volume that ran through the gaps.

VI.—The contraband committee and its procedure during the first months of 1915

To officials who are engaged in the conduct of war, suspicious facts will always be of more importance than re-assuring ones ; and the intelligence collected about neutral commerce supported suspicions that compelled the contraband committee to adopt a very rigorous procedure. They had now before them a list of about three thousand firms, who, at one time or another, had done business with the enemy ; and during the first months of the year, practically every ship was detained if it was bearing consignments to any firm on the list. This procedure may be said to have aggravated every grievance that neutrals sustained against us ; it inflamed the controversy with the American administration ; embittered our relations with Sweden ; and gave serious anxiety to Mr. Findlay in Norway. When doubtful interpretations of law were excused us, our detentions were quite honestly regarded as breaches of good faith ; but our officials were so persuaded of the justice of our case that they were even inclined to censure ministers abroad for being influenced by neutral grievances, which were so strong that they almost endangered good relations.

It has already been shown, that our procedure of detaining ships on a general suspicion was substantially the American procedure during the civil war. The practice seems, indeed, to be inevitable, for officials who are conducting an economic campaign will hardly escape from that universal rule of war, which compels all commanders to act upon guesswork. But even if this be admitted, it may still be doubted whether it was wise to allow neutral grievances to accumulate so rapidly, and to be so unresponsive to complaints. The practice, and the bitter sense of injury that it provoked can, however, only be appreciated by reviewing the procedure.

The list of suspicious firms in northern Europe was the basis or starting point of the whole procedure, and it would obviously be impossible to examine the evidence upon which every suspicion was founded. Selection of some kind is necessary, and the best method of selection would appear to be one that displays the weaknesses and frictional consequences of the procedure. Its successes were apparent in the notorious shortages in Germany, which have already been reviewed in some detail.

A large number of the copper cargoes that were despatched to Sweden in the first months of the year were consigned to the *Svenska Metallwerken* of Vesteras. At the beginning of the year 1915, we had learned, merely, that this company was highly suspicious, and that the destination of its output needed careful watching. This report came from Sweden, and cargoes of metal in the *Antares, Norheim, New Sweden, Canton, Soerland* and *Sigrun* were seized and unloaded because they were consigned to the firm. After these detentions and arrests had been ordered, however, our authorities obtained copies of letters exchanged between the firm and Messrs. Kleinwefers, of Crefeld, a large engineering concern. The letters left no doubt, that the *Svenska Metallwerken* were doing a great deal of business with Germany, but the transactions of which we now obtained the details were not objectionable. The firm had ordered four rolling mills from Messrs. Kleinwefers, who answered, that if the contract was to be executed, the Swedish firm must send them 1,000 kilogrammes of copper, 500 of tin, and 50 of antimony. The *Svenska Metallwerken* therefore petitioned the authorities for the necessary export licences, which the

government were quite unable to refuse, as the company were a contracting firm in one of the state's electrification plans. Later, the firm forwarded a detailed statement of the work that they had in hand, together with a schedule of the raw materials that they required to execute it, and even the Admiralty, who as a rule took a severer view than the Foreign Office officials, admitted that the firm had exculpated themselves.

The Swedish firm of Forsberg and Mark were also under suspicion, and large consignments to them were stopped. The Foreign Office were, however, always doubtful whether the suspicions we entertained against them should be acted upon too vigorously; for, as the house had first been denounced by an English copper firm, it was at least possible that the denunciation was tainted with commercial jealousy. Messrs. Forsberg and Mark had, moreover, visited the British legation at Stockholm, and offered that their books should be inspected. The contraband committee appear, however, to have thought it their duty to make no discrimination. A considerable consignment to the firm was therefore stopped and unloaded; but, soon afterwards, the censor intercepted a telegram, which showed that the arrested copper was for consumption in Sweden. It was released; but its release did not relieve the original grievance, for the authorities at Kirkwall had recently issued an order, that all reloading and re-shipping of arrested cargoes was to be done at the consignees or the shippers expense. Neutral firms who were endeavouring to complete contracts, and were in great need of the released consignments, were in no position to contest the order by a long and intricate action in the courts of a foreign power.¹ A few weeks later, the firm was posted on the British metal exchange for exporting copper to Germany in contravention of the export prohibitions; but even then, the Foreign Office authorities were doubtful whether a strong case could be made out against the firm. The Swedish government had only recently enlarged their prohibitions of copper export to include every commercial variety of the metal, and Mr. Alwyn Parker, still thought it possible that Forsberg and Mark had made the shipment in good faith. The firm normally did so much business with Germany, that it was only proper to refuse to allow British goods to be exported to them. It was, however, another thing to arrest their copper on the strength of suspicions that were weakened as often as they were reinforced.

The procedure was, moreover, most difficult to apply with equal justice to all, because the contraband committee considered, that a doubtful consignee cast suspicions upon the shipper; and the complications of this practice were considerable. Here is an example. Early in January, the sailing ship *Socotra* put into Queenstown in very bad weather, and was there detained and searched. It was found that she was carrying a cargo of linseed from the Argentine; the agents for the cargo were Messrs. Hardy Muhlenkampf, and the consignees, Messrs. Goldstuck Heinze of Amsterdam. There could be no doubt whatever about the nature of Messrs. Goldstuck and Heinze's business. They were a firm with no national affinities; for they had headquarters at Paris, Rotterdam, Amsterdam and Christiania, and branch houses in France, England and Russia. One of the principals had been born in Libau, and subsequently became a Frenchman; another lived permanently in his native town of Dresden; another was at Frankfurt on Main; the director of the English branch was an Austrian; a Belgian was in charge of the Antwerp offices, and a German of the offices at Rotterdam. Messrs. Goldstuck and

¹ When they issued this order the local authorities may have been within their rights. The Prize Court Rules laid down that the owners of a ship might claim compensation if one of their vessels had been brought in as a prize and then released (Order V, Section 2).

Under the existing procedure none of the neutral vessels brought into Kirkwall were prizes; the naval officers in charge of the boarding parties were always under very strict instructions to do nothing which could be construed as an act of force or capture. The neutral master was to issue all the course and speed orders to the quartermaster and the ship's routine was not to be interfered with.

Heinze were, in fact, descendants, by tradition and occupation, if not by parentage, of those great financial houses in central Europe, who, from time immemorial, have financed and profited from every armed conflict. Historians inform us, that the opposing armies at Pavia and Marignano were both paid and equipped from Frankfurt, Mainz and Milan ; and that a great central European firm subsequently acted as financial agents to Napoleon and his enemies.¹ Research would probably disclose houses of the same constitution, acting with the same impartiality, in each intervening convulsion. Our authorities decided, however, that Messrs. Goldstuck and Heinze were an enemy firm, and forbade their London agents to use the port of London.

Messrs. Hardy and Muhlenkampf were now infected by the suspicion that attached to any firm who consigned to Goldstuck and Heinze, and the suspicions were strengthened by the contradictory letters they wrote about the cargo. On hearing that Goldstuck and Heinze was an enemy firm (they may be excused for not associating them with any particular government or nation), Messrs. Hardy and Muhlenkampf first stated, that the linseed would be consigned to the Netherlands Overseas Trust ; soon afterwards they said that it would go to the *Aktieselskabet* at Lilleborg. Mr. Findlay reported well of this firm, which at once gave guarantees against re-export, but Messrs. Hardy and Muhlenkampf's behaviour appeared so shifty, that the *Socotra* was still held, and enquiries were made about them. The replies were baffling : Mr. Muhlenkampf had originally been a German ; he subsequently became an Argentine citizen, and our consul at Rosario reported that the firm were generally supposed to be sending maize and linseed to Germany, through Antwerp. Mr. Hardy lived at Antwerp, and from the Hague, Sir Alan Johnstone reported that he was a patriotic Belgian. We learned, subsequently, however, that Mr. Hardy had moved to London, where a very respectable firm lent him temporary quarters. A gentleman who gave the Foreign Office a great deal of information about suspected houses, reported upon him favourably, saying that Monsieur Hardy and his partner ranked as a first class firm, and that nearly all grain shippers had done business with Messrs. Goldstuck and Heinze at some time or another. The police were now instructed to call upon Monsieur Hardy and to inspect his books ; they did so and reported that he gave them all the information in his power, and that there was nothing incriminating in the papers at his office. The *Socotra* was now allowed to sail after having been held for one month.

Even when suspicions seemed irrefutable, unexpected facts might explain them away. The Danish ship *Uffe* was held, because she was carrying consignments to a firm whose chairman had been fined, by the Danish courts, for breaking regulations. But the Danish minister produced evidence to show that the court had never doubted the chairman's good faith. When tried, he had proved conclusively, that the re-shipment for which he was fined had been made when the government's regulations were by no means explicit. The court had, nevertheless, inflicted a maximum penalty upon him, to show that no excuses would be entertained, and the Danish authorities naturally thought it hard that they should be penalised for having acted with exceptional severity, in order to meet the British government's wishes. The cargo was allowed to go on ; but even the Danish minister's assurances were not conclusive ; for we discovered later, that the *Korn og Federstoff Kompagni* whose director had been fined, and to whom the cargo was consigned, was a branch of the Corn Products Company in Hamburg.

These examples have been chosen to show the dangers of the system ; and it should not be imagined that they are typical of the procedure. In some cases, the evidence was overwhelming ; as, for instance, when our authorities obtained papers

¹ See Lucien Romier : *La France à la veille des guerres de religion* ; also Conti : *Das Haus Rothschilds*, 2 vols.

which showed, conclusively, that the cargoes were to be shipped to Germany. In other cases, neutral shipping firms were themselves so suspicious, that they refused to handle goods to certain consignees, notwithstanding that they were their own countrymen. Also, it would have been impossible under any procedure whatever to allow enormous consignments of copper to pass freely into the hands of such a person as Mr. Hugo Tillquist, who, as far as we could discover, was a sort of middleman in copper, and the agent for a large German concern. It must be remembered, moreover, that the detentions, which have just been described in some detail, were made when the evidence available was still only a first deposit of the vast mass subsequently collected. Every day, the censor's office was collecting new facts, and, as the volume of evidence swelled, discrimination became easier. It nevertheless remains true, that by detaining vessels and unloading cargoes on the strength of suspicions that were subsequently cleared, and by refusing compensation, the contraband committee did accentuate grievances and mistrust. And, although it would be quite unfair to judge the sentiments of the contraband committee from such impersonal documents as their minutes, these minutes, nevertheless, contain vague indications that some sections of the administration, or some powerful persons in it, were urging suggestions that were as absurd as they were dangerous; and that the contraband committee could not entirely evade the pressure that was thus exerted upon them. I find, for instance, that Mr. Leverton Harris proposed, on 20th December, that such articles as copper and rubber should be detained whenever possible, even where there is no strong evidence of hostile destination; and that this was printed in the contraband committee's minute book. The Foreign Office replied, that our policy should be one of confidence in the effective operation of the prohibitions of exports enacted in the several neutral countries. It seems unlikely that Mr. Leverton Harris's proposal was purely his own, and at least it suggests a desire to act severely.

VII.—Evidences of general hardening of purpose among the British authorities

Again, the headquarters staff of the Foreign Office certainly considered that our ministers in Scandinavia were over sensitive to these neutral complaints about interruptions to trade. Anybody who reads the papers without prejudice or passion will assuredly be impressed by the severity of the official minutes. When Mr. Findlay reported on the growing exasperation in Norway, he wrote: A consistent policy on general lines, ought to be adopted and followed. His meaning was that the detentions, which caused so much uncertainty and commotion amongst Norwegian business men, were regarded by them as the outcome of a capricious severity. Even though the procedure was more regular than Mr. Findlay and his Norwegian friends imagined, it was at least natural that they should think of it as he described it. The Foreign Office at once answered: I share your opinion that a considered policy on broad lines is advisable. Our policy is being framed on such lines, and is being carried out accordingly. Mr. Howard's representations were read with equal impatience. When he reported that the Swedish press was unanimous in its criticism of our note to America, Sir Eyre Crowe minuted his despatch very severely. When Mr. Howard made further representations—which at this date read like dispassionate surveys of public opinion in Scandinavia—Sir Eyre Crowe complained bitterly, that he had never answered M. Wallenberg by pressing for an enlargement of the prohibition lists. Mr. Howard might possibly have made out a better case on this head; nevertheless, Sir Eyre Crowe's criticism seems to be beside the point. Our minister was reporting upon the political consequences of these long detentions. Even though he had scored a controversial point or two, in his conversations with M. Wallenberg, he would, presumably, have been equally impressed by the irritation in Sweden, and would have reported it in the same language.

These minutes would certainly not be worth mentioning unless they were illustrative of what may be called a secondary cause of the severe procedure that we had adopted. Neutral complaints about the irregular detentions of ships were strongest at one of the darkest moments in British history ; and officials who have spent their lives in the service of the state are more sensitive to a great national peril, and more conscious of their responsibility to avert it, than citizens who can console themselves for bad news, by reading the braggadoccio of the patriot press. These surveys of neutral opinion were probably read with such intense irritation, because it seemed intolerable that very rich Scandinavians, and even richer Americans, who had never followed any nobler occupation than that of buying and selling, should obstruct the British government's determination to assist the hard pressed armies in the field. But after thus reviewing the influences that were forcing the administration to treat neutral commerce severely, and, after admitting that a general stiffening of purpose was inevitable, it is only bare justice to add, that these neutral complaints cannot be dismissed as the recriminations of traders who have unexpectedly lost the profit of a dishonest transaction. Their grievances were substantial : their shipping directors agreed to send their ships to Kirkwall for examination, and complied as far as they could, with the clause in the October order about named consignees : this acquiescence to our wishes was then used as a sort of fulcrum for exerting more pressure upon them ; for their ships were detained in the harbour at which they had called voluntarily, and the consignees whom they named became our excuse for imposing new restrictions. Finally, it must be remembered that modern commerce is operated by houses that cannot sever their connexions with the markets upon which they have depended for a generation or more. A table of the commodities normally exchanged between Scandinavian countries and Germany shows, that the complex of exchanges that constituted the traffic between Germany and her northern neighbours, was part of a larger system, from which it could not be separated by a single agreement. In the list of goods exchanged, only a few items can be said with certainty to be exports of pure Scandinavian origin. It was therefore possible for many neutral consignees to give quite honest assurances, that the goods they were receiving were for home consumption, and for our authorities to discover that they had been sent on. The guarantors could assure us only about the particular transactions for which they were responsible, and those transactions could never be much more than small sections of an immense system of circulation.¹

VIII.—The first Anglo-Swedish controversy—January to February, 1915

The procedure that the contraband committee felt obliged to adopt therefore made the previous system of demanding particular guarantees more rigorous than ever ; for, although cargoes were occasionally released to suspected firms, the enquiries were long, and the guarantees, when given, were inspected very critically. As the Swedish government had been confident, that the first contraband agreements would supersede the old system ; and that their vessels would only on rare occasions be detained for more than a few hours, while the ship's papers were being inspected, they were proportionately disappointed, when they discovered that about one-third of the total traffic to northern Europe was still subjected to delays. There were, however, some mitigations. In the first place, the most dangerous consequences of declaring copper to be contraband were relieved by a first agreement with a great American copper syndicate. This eased the apprehensions of the American copper magnates, and transferred further negotiations on the same question from the state

¹ See, *inter alia*, Sir H. Lowther's telegram 33, Confidential, 5th February, 1915 :

In these circumstances it appears to me that declaration respecting goods, export of which is not prohibited, should be accepted with great caution. Instances have occurred of goods imported into Denmark, on guarantee of such declaration, having found their way to Germany, through second or third parties not bound by such declaration.

department to the great business houses. The Dutch traffic was comparatively free, as the agreement with the trust was working admirably. A considerable number of Danish cargoes were certainly stopped; but Captain Cold, the director of the greatest shipping line under the Danish flag, opened negotiations with the Foreign Office at the end of the year; and the anticipation of a general settlement probably checked the protests that the Danish manufacturers would otherwise have compelled their government to make. Also, although the irritation in Norway gave Mr. Findlay considerable anxiety, he still had enough influence with the great shipping magnates of the country to prevent the growing exasperation from becoming a political controversy between the British and Norwegian authorities. Acting on his advice, the Norwegian war insurance department demanded guarantees from certain lines, before they granted policies. This slightly eased the restraints that we should otherwise have imposed upon Norwegian shipping during the first months of the year. With Sweden the case was different. The detentions of metal consigned to Sweden were particularly severe; and no particular agreements with shipping lines tempered the procedure. In January and February the British government thus became engaged in a controversy which alternatively smouldered and blazed up for the rest of the war.

It has generally been supposed, that political antagonism was the motive force of the controversy. Political antagonism was undoubtedly an indirect influence; for, although the entente powers had not then proclaimed that they intended to make the world safe for democracy, the writings of their publicists, and the utterances of their statesmen, resounded with a democratic clamour, which must have been distasteful and jarring to the Swedish court and nobility. Apart from this, any Swedish government was bound to be apprehensive of a great alliance of which Russia was a member. There is, however, no evidence whatever that the first controversy with Sweden was in the least influenced by this latent antagonism. Nobody could have been more observant of political tendencies in Sweden than Mr. Howard; and he never mentioned them in his reports on the questions at issue. Nor were the central authorities conscious, at first, of any political influences; for, on the eve of the controversy, the restriction of enemy supplies committee reported that:

The Swedish government was showing every disposition to meet the wishes of the British government, and loyally to carry out their assurances in respect of re-exportation, and to maintain their prohibitions of export according to their list.

It was not until many weeks later, when the controversy was more acute, that their reports became harder. The Foreign Office appear to have been of the same opinion, for at the end of December, they informed Mr. Howard, that the agreement was based on mutual confidence; and that if we lost confidence in the Swedish government, the whole agreement would fall to the ground. The origin of the long dispute was, simply, that the Swedish government protested against the detentions of December and January, and stood firmly to their protest.

Between 8th December, when the agreement was signed, and the end of the month, some ten Swedish cargoes were either detained or unloaded and M. Wallenberg realised that the agreement was not working well. He appears to have been reluctant to raise a controversy at once, for his first proposal was that a Swedish government department should become the consignee for all metals imported into the country. This proposal was, however, accompanied by another, that the Swedish government should cancel a decree recently issued, which gave us an assured right to transit goods to Russia through Sweden. M. Wallenberg explained that if the order were abolished, transit traffic between Russia and the allies would run more freely, and that the abolition of the decree would not weaken or alter the export prohibitions. The Foreign Office could see no reason for connecting the two proposals, and were very suspicious of the second. When they refused to consider these proposals the

Soerland was being held at Kirkwall, and M. Wallenberg informed the French and British ministers at Stockholm that the agreement had broken down: some 2,700 tons of copper, consigned to Sweden in five British, two Swedish, and five Norwegian, ships, were then being detained. In M. Wallenberg's opinion a ship was automatically stopped if she was carrying rubber or copper and the stoppages were ordered without any regard to the Swedish prohibition list. The Swedish government therefore regarded the whole procedure as an elaborate method of impugning their good faith. Though emphatic, M. Wallenberg was still courteous and conciliatory, and stated, that he was quite ready to consider a new agreement; he insisted, however, that he could agree to nothing, unless the British authorities accepted the Swedish prohibition list as a full and satisfactory guarantee against re-exportation.

The Swedish authorities thus took their stand upon a contention that challenged the bare principles of our procedure. We considered it necessary to detain vessels if we suspected the consignees: the Swedish government maintained, that their regulations were being enforced against the firms about which we were suspicious. In order to make his protests more impressive, M. Wallenberg handed our minister a memorandum, in which the Swedish government gave us formal notice, that any detention of commodities and materials on their prohibited list would be regarded by them, as a breach of the December agreement; and that our rights with regard to commodities that were not on the list must be decided by universally recognised rules of law. The contention was not well received but a good case could be made out for it. The commercial intelligence that had forced us to stop ships on suspicion had come to us in a flood, and those responsible for the Swedish agreement of 8th December had not insisted that a clause empowering us to hold vessels until suspicions were cleared should be inserted in it. The agreement thus contained no article by which we could justify our procedure, whereas M. Wallenberg could support his memorandum by quoting the first clause, which was explicit.

Whenever the Royal Swedish government placed upon their list of prohibited exports, any raw material or article considered as contraband by the allies, which the Swedish government desire to see imported for bona fide consumption in their country, the allied governments will not interfere with the importation into Sweden of such goods, except in so far as is necessary for examination or verification in an English or French port, of the ship's papers and of the description of the cargoes

The Swedish government's case was, in many respects, so strong that they would have been well advised, if they had delayed a measure that might have very much embittered the controversy. In the first days of January the King of Sweden opened parliament, and said, in the speech from the throne, that the belligerents were practically disregarding all the known rules of international comity; simultaneously or nearly so, the government forbade the transit of all arms and ammunitions through Sweden. When questioned, M. Wallenberg stated that the decree was issued in order that the government should be impeccably neutral: our authorities judged the measure to be clearly unfriendly, as it was intended to restrict the supply of arms to Russia. Nevertheless, Sir Eyre Crowe thought it best to make no protest, as the Russian ambassador in London was anxious that the dispute with Sweden should be settled as quickly as possible. At the moment Swedish opinion was, undoubtedly, very heated. The first British reply to America had just been published; and the Swedes thought that we were drawing very unfair inferences from American exports to Scandinavia. Mr. Howard was impressed by the general indignation, and warned the Foreign Office that it was not a mere partisan clamour: To sum up, he wrote, though liberal papers are less aggressive in tone than the conservative, the Swedish press, as a whole, shows a striking consensus of opinion.

The Foreign Office's reply to the Swedish memorandum was drafted by Sir Eyre Crowe. In view of the Russian government's anxieties lest the recent decree about munitions of war should prove a preliminary to other more obstructive measures, the reply was written in a conciliatory style. Sir Eyre Crowe first reminded the

Swedish government, that we had virtually announced how we should deal with suspected cargoes, in the proposals that we had originally made to them; and maintained that nothing in the existing agreement could be construed as a cancellation of this first announcement :

His Majesty's government have maintained, and would, if opportunity had been offered, have made clear before 8th December, the position that, by virtue of the wording of the first paragraph of the memorandum of 8th December as quoted below, they reserved the right to seize consignments of contraband goods in cases where the British authorities had in their hands clear proof that such consignments were, at the moment of shipment, intended not to be imported into Sweden for bona fide home consumption, but to reach the enemy, and that the ostensible Swedish destination was not the genuine destination

Sir Eyre Crowe then assembled such facts about leakages as we could vouch for, in order to answer the Swedish contention, that their regulations were, in themselves, sufficient to frustrate the plans of dishonest firms. At the moment the available evidence was not very strong, for the most conclusive reports about the metal shipments from Göteborg and Malmö had not then been received. We had, however, collected enough testimony about the copper shortage in Germany to show that there must, inevitably, be a movement of copper and metals towards the German markets, unless the bordering countries made their prohibition lists very explicit and embracing. The strongest argument in Sir Eyre Crowe's memorandum was, indeed, that the Swedish prohibition list was faulty in respect to copper. The Swedish tariff law, and the official statistics of trade and navigation distinguished between thirty-five varieties of copper shipments, whereas there were only five headings, or categories, of copper in the prohibition list :

In mentioning these facts the memorandum continued, His Majesty's government can only repeat that they do not mean in any way to reflect on the perfect loyalty of the Swedish authorities in enforcing their prohibitions of export. All they mean to point out is that the most rigid application of those prohibitions still affords important loopholes for a free flow of contraband traffic. The argument they wish to place before the Swedish government, in the full confidence that it will be seen to be reasonable and convincing, is that the degree of security which they may fairly claim is not, in fact, afforded, and that on any proper construction of the memorandum of 8th December there is upon them no obligation to allow the unimpeded importation of copper into Sweden unless and until there is real security against importation in any form

This suggestion that the prohibition list be expanded proved to be a temporary solvent of the difficulties; for although he had been extremely stiff, when making his protests, M. Wallenberg had at least intimated, that he did not wish to stand immovably upon bare principles; and that he would always be ready to consider suggestions for a practical working agreement. The immediate upshot was that the Swedish foreign minister agreed to consider all the additions to the prohibition list that the British government thought essential. A very long list was presented soon afterwards, and M. Wallenberg accepted it with certain reservations.

*IX.—First evidences of a tendency towards special agreements with private firms ;
the copper agreement*

If anybody compares the complaints of the government authorities in Sweden and America with the complaints of neutral merchants, during the first months of the year, he cannot fail to realise, that, even if an agreement had been reached upon disputed rules of law, the uncertainties and anxieties of shippers and consignees would probably have been as great as they were before. Agreements between governments could never be sufficiently intricate or technical to give the merchants of a particular trade the certainty that they desired. They wished to know, only, whether a particular cargo, sent on a particular day, would reach its destination, for, lacking this knowledge, they could neither fulfil existing contracts nor seek new ones; and government agreements about export prohibitions, gave them no guidance.

It was therefore natural, that a conviction should have been spreading among American and Scandinavian traders, that government protests would increase rather than mitigate their difficulties, and that, if they were to overcome them, they must themselves negotiate with the belligerent powers, and discover what undertakings, if given by them, would relieve them of the uncertainties that obstructed their business. In November, Sir Cecil Spring-Rice reported a general tendency to get contraband into a business basis. Soon after Congress assembled, the feeling strengthened, for he then reported: For the present the feeling is that the moment of discussion is past, and that what remains for us to do is to make separated and isolated agreements with the different interests concerned. The first agreement for regulating deliveries of copper to northern Europe was concluded under the influence of this growing tendency; for it was devised by a group of British and American traders in the metal.

On behalf of the two great American concerns, for which they acted as agents, two city firms undertook to ship copper only to neutral countries, where the export was prohibited; in addition, they engaged themselves to send all shipments to the actual consumers of copper, and so to relieve our authorities of their anxieties about those neutral middlemen, and forwarding agents, whose operations were so difficult to trace. Alternatively, the shippers undertook to consign their copper to a recognised London merchant, or to a banker who was approved by the British government. Sir Eyre Crowe considered this a most valuable addition to our instruments of control. It was, however, very badly received in America, where publicists pointed out, that, as it would be so much easier to ship to a London firm than to a Scandinavian industry, so, the agreement was an elaborate instrument for cornering the market—the more objectionable in that the signatories were presumably those recognised firms who could receive unlimited consignments.

This severe criticism does not appear to have influenced congress, and it did not deter other American producers from becoming party to the agreement during the course of the year. It was certainly an agreement of very great importance; for of all controversial questions, those which related to copper were perhaps the most irritating, and the most burdened with political consequences: the high values of the shipments, the power and influence of the American producers, made stoppages of copper particularly dangerous. The agreement gave the contraband committee a rule for mitigating the detentions and confiscations that caused so much friction at the beginning of the year, and, by doing so gave an additional impulse to the policy that Sir Cecil Spring-Rice and Sir Courtney Bennett were elaborating in Washington.

CHAPTER VI

BRITISH EXPORTS AND THE TRADING WITH THE ENEMY LEGISLATION

International law and commerce between belligerents.—British law and commerce with an enemy.—The conflict of opinion between the Admiralty and the Board of Trade when economic warfare was considered.—A compromise between the Admiralty and the Board of Trade.—The committee's deliberations upon finance and the insurance of enemy property in war.—Continental law and legal opinion abroad.—Character and purposes of the legislation finally approved.—Trading with the enemy legislation.—Legislation in France, Russia, Japan and Germany.—A comparison between the restraints imposed upon British exports and neutral commerce.—The recommendations of the restrictions of enemy supplies committee.—Increasing restrictions upon exports.—British export trade with neutrals bordering on Germany.—The war trade department instituted.

IT is not to be expected that a press with strong partisan attachments should be either just or impartial in moments of national danger ; but it may be doubted whether public criticism of any operation of war has ever been so ill conceived or so misdirected as the criticism of the economic campaign. Measures for controlling sea-borne commerce, which had been elaborated with the greatest difficulty, and which, in their operation, stopped an enormous volume of enemy supplies, were described in the patriot press as instruments for providing the enemy with all they wanted ; the managers and organisers of the uproar did not scruple to incite one branch of the administration against the other, and later raised a furious clamour, that the navy should supersede the Foreign Office, and should be made solely responsible for the conduct of economic war. And yet, while their denunciations were most unrestrained, the press hardly mentioned that a large volume of supplies, produced in the British empire, and entirely under British control, was flowing, unchecked, into the enemy's territory. When, occasionally, attention was drawn to the extraordinary rise in certain exports and re-exports, the editors and their faithful leader writers generally invited their readers to believe, that the traffic was being conducted by German merchants, who were still resident in England ; and that when more Germans had been imprisoned, and more spies executed, the commerce would cease. As these explanations were generally considered satisfactory, it is no extravagant assumption to suppose, that the British nation's recollection of the greatest operation of the war is distorted and feeble.

The nonsense uttered on the subject can, therefore, be set aside contemptuously, but even when this is done, it is no easier to explain fairly and judicially, why British supplies should have been allowed to pass to the enemy, when the Foreign Office were endeavouring to raise obstructions across every commercial avenue into Germany. Such a conflict of aims and purposes would seem to be explainable only by incompetence or corruption, or both ; but the actual truth is that British supplies were allowed to pass into Germany by officials who were as devoted to the public service, and as single minded in the performance of their duties, as the officials who were engaged in an opposite endeavour. This contradiction can only be properly explained, by making rather a lengthy retrospective survey of the origins of those laws and decrees that regulated trade between Great Britain and the enemy ; for if those origins are examined, it will be found that our legislation was not devised for the single purpose of making all commercial intercourse with the enemy impossible ; and that those who drafted it were compelled, by the nature of their task, to strike a mean between conflicting opinions, and to adapt their legislation to customs and traditions that have influenced British law and policy for several centuries.

I.—International law and commerce between belligerents

Notwithstanding that trading with an enemy is, by its nature, an operation that falls to be regulated by municipal enactments, the body of the law relating to it has been elaborated by international jurists. Since a comparatively early date, civilians have agreed, that inasmuch as war severs all regular intercourse between powers at war, so, it interrupts all correspondence between their subjects. International lawyers claim that this is a universal rule, which can only be disregarded by persons who have been given special licences to trade with an enemy.

The British prize courts have applied this rule very consistently ; for decisions spread over half a century, fourteen in all, are recited in the judgement that is most often quoted in illustration. Here is the most relevant passage :¹

If there is a rule of law on the subject, binding on the court, I must follow where the rule leads me. In my opinion, there exists such a rule in the maritime jurisprudence of this country by which all trading with the enemy, unless with the permission of the sovereign, is interdicted. It is not a principle peculiar to the maritime law of this country ; it is laid down by Bynkershoek as a universal principle of law : *ex natura belli, commercia inter hostes cessare non est dubitandum. Quamvis nulla specialis sit commerciorum prohibitio, ipso tamen jure belli commercia esse vetita, ipsae indictiones bellorum satis declarant.*

British prize courts have certainly allowed a few equitable mitigations of the law ; it has nevertheless been applied as a rule to which no important exceptions can be allowed. Allied ships which have been seized whilst trading with the enemy have been condemned, and, in answer to the objection that a British prize court had no jurisdiction over them, Sir William Scott replied :

I am of the opinion that the case of the *Eenigheid* has effectually disposed of that question. On the part of Mr. A., a Dutch merchant. . . . it was in that case contended that we had no right to inflict forfeiture on a subject of Holland. But it was replied that it was no particular law of this country that inflicted such a penalty but that it was a universal principle of the law of nations.

British civilians never swerved from this doctrine, and, shortly before the dissolution of doctor's commons, the queen's advocate reaffirmed it as unequivocally as ever :

No principle of international law is more clear than that war renders all trade with the enemy, and all commercial intercourse with the enemy's dominions, on the part of merchants settled in a belligerent country, illegal, and subjects the property engaged therein to condemnation, in whatever ships, and under whatever circumstances it may be carried on.

The British prize courts have supplemented this general rule by definitions or tests of enemy trade. In the first place, they have laid down, that municipal laws about citizenship and nationality do not, in themselves, decide whether a person is engaged in enemy trade or not. The decisive test is, whether a particular transaction is an incident in the general movement of an enemy's commercial traffic, and whether, when it was being executed, it was, as it were, a component part of the general mass of an enemy's trade :

There is a traffic which stamps the national character upon the individual, independent of the character which mere personal residence may give him.²

No one test can, therefore, be decisive as to the character of a particular transaction ; the residence of the trader who originated it, the nature of his business, how long he has been engaged upon it, must all be taken into consideration. Residence is, however, the most important of these tests :

No position is more established than this that if a person goes into another country, and engages in trade, and resides there, he is by the law of nations, to be considered a merchant of that country.³

And, just as municipal laws about citizenship do not decide whether a merchant is, or is not, an enemy trader, so, sovereign rights have not, in themselves, been considered sufficient, in every case, to give trade that starts from a particular territory a

¹ *Hoop*, I, C.R., pp. 196 et seq.

² *Vigilantia* I, C.R., p. 15.

³ *Indian Chief* 3, C.R., p. 18.

national character. Traffic from or to European trading stations in the east is to be tested by the national character of the trading station itself, which is not altered by what Lord Stowell called: The empyrean sovereignty of an oriental potentate in whose territory the station is situated; more than this, persons carrying on trade in these settlements are to be judged British traders if the settlement is British; Dutch if it is Dutch; French if it is French, and so on.

An important limiting or circumscribing rule has been added to these tests: commodities cannot be classed as goods in the enemy's trade, merely because their original point of departure, or their final destination, is in enemy territory. If a neutral has acted as a mere forwarding agent, then the goods are enemy goods; but not if they have gone into his possession by a genuine sale.

We are of the opinion, wrote the law officers of the crown in 1854, that though a British subject cannot trade with an enemy through a neutral, or make a neutral his agent for the purpose of such trade, it will be lawful for an English merchant to purchase Russian produce from a neutral subject resident, or trading in, a neutral state, and that the goods so purchased would be safe in their transit from such neutral state to this country, provided the goods were *bona fide* the property of the neutral at the time of purchase.

In another paper to the foreign secretary, the law officers repeated this in more abstract and general terms: The material question, in such cases, when brought before the prize courts, relate to the *bona fide* property or interest in the goods, and the course of trade in which they were actually engaged when captured, and not the place of their original production or manufacture.

II.—*British law and commerce with an enemy*

It is obvious that these rules of universal jurisprudence are of limited application; for it is open to every state to regulate trading with an enemy by special enactments, and to enforce them in the courts of common law. British common lawyers have accepted the general rule that trading with an enemy is illegal; but, for several centuries, British courts could not apply the rule as consistently, and as logically, as the civilian lawyers. Allowance had to be made: for the long established customs of a trading community; for the peculiar customs of privateers, engaged in attacking an enemy's commerce; and for statute law, which has been extremely variable.

It must be remembered, in the first place, that national wealth has not always been assessed by the modern method. Nowadays, a nation's wealth, as distinct from its immediate revenues, is considered to be proportionate to its total volume of business: the revenues of the banks, and of the insurance companies, the proceeds of shipping, and the returns on capital invested abroad, are all included. This, however, is a comparatively new method of computation. Until the beginning of the nineteenth century, exports were regarded as revenue, and imports as a sheer loss, or a sort of overhead charge, which had to be deducted from export revenues, before profits could be estimated. This is now known as the mercantilist theory. Bookkeepers in the city were, presumably, its most authoritative exponents, but at least this ledger doctrine has been more than a bare theory: in the eighteenth century, most of our colonial legislation, and as much of our Irish legislation as was not the product of religious antagonism, were practical applications of the doctrine. As this general proposition, that exports were pure profit and imports pure loss, was universally accepted, it is hardly surprising, that some kinds of enemy trade have been sanctioned by custom, and occasionally protected by legislation.

Derogations from the general prohibition were generally made in favour of British exports to an enemy; but as the century advanced, and as international commerce increased in volume, even imports from an enemy were occasionally allowed. There was, moreover, one branch of the national revenues, which was considered a sort of tribute from an enemy's coffers. Ships of all nations were insured in London,

and as a community engaged in making money will never lack arguments to prove that their profits are a great national concern, so, the Lloyds brokers seem, for a long time, to have had public opinion behind them, when they claimed that insuring an enemy's property in war was a patriotic venture. Mr. John Weskett wrote at the end of the century, and was a little sceptical, but he thought the matter so doubtful, and the case of those who insured enemy profits so good, that it deserved a lengthy explanation. Indeed, he was probably setting out arguments that had been current in the city for more than a generation when he wrote :

Those who maintain the affirmative say that it is idle to make laws to prevent a transaction which may be carried on by means of private correspondence, and that even if such prohibitions could put a stop to the practice, it would be highly impolitic to lay a restraint on the commerce of insurance which produces a certain profit ; that we ought to be cautious, when any new regulation is proposed, in respect to trade, especially a regulation which may perhaps strip us of the only branch of trade we enjoy almost unrivalled, and may, very probably, transfer it to our enemies.

As these opinions were so widely held, and in such influential quarters, it was natural that British legislators should have hesitated to forbid the insurance of enemy property, and that the common lawyers should have shared their hesitations. Lord Hardwicke and Lord Mansfield looked on the practice as a customary derogation to the general rule ; and it was not definitely pronounced illegal until the end of the eighteenth century, when the struggle against Jacobin France and the Napoleonic empire was exciting fierce racial hatreds, and corresponding severities in the law.

Again, it was not strictly correct to maintain, as the civilians generally did maintain, that enemies had no right of enforcing contracts ; for by virtue of a very ancient custom, captains of ships engaged in operations against commerce did make contracts with their enemies, and these contracts were enforceable in the courts of the great maritime powers. Instead of taking a captured vessel into harbour for condemnation, it was open to the captor to release her, after her captain had signed an agreement to pay a stipulated sum, as a ransom for his vessel. As a precaution, a hostage was taken from the captured ship, and held until the ransom had been paid. These contracts were known as ransom bills, and were probably a survival of the mediæval law of arms. The custom was so generally recognised, that the British, Dutch and French authorities prepared ransom bills, in identic language, for the use of their privateers. At the close of the century, ransom bills were forbidden by law, but the practice was very general until privateering was forbidden, and its long recognition must be counted among the influences that have tempered the strict and logical rule of law enunciated by the civilians.¹

British statesmen have, therefore, been compelled to adjust their legislation to these practices and commercial interests; also special allowance had generally to be made for the commercial policy of our maritime allies ; and the Dutch, with whom we were so often in alliance, were even more inclined to permit trade with an enemy than we were ourselves. In consequence of all this, British legislation has alternated between very great severity, and considerable licence. It would be tedious and pedantic to review the numerous statutes that have regulated commercial dealings with an enemy, but it is important to recognise, that national sentiment has always exercised a very strong influence upon our legislation. Whenever the British nation have conceived themselves to be at war *totis viribus*, in support of some great principle, or in defence of its national freedom, legislation has been severe ; whenever we have been engaged as an auxiliary in a continental struggle, legislation has been comparatively easy. The following facts will illustrate this sentimental tendency.

¹ See Senior, *Law Quarterly Review*, January, 1918, for the law and practice of ransom bills, and their antiquity. Mr. Senior also shows, by quotations from a privateer's journal, that ransoming was very much preferred to capturing.

Although the war of the league of Augsburg is now remembered only by learned persons, a mere glance at the pamphlet literature of the times shows, that sentiment amongst the allies was then very strong. Upon opening a term catalogue of those days, almost at random, I find a title that is expressive of the same sentiments as those current through the nation in 1914: King William or King Lewis, wherein is set forth the inevitable necessity these nations lye under of submitting wholly to one or the other of these Kings, and that the matter in controversie is not now between King William and King James, but between King William and King Lewis for the government of these nations. The more famous publicists were as emphatic as the lesser; and there seems no reason to doubt that these writings were in harmony with the national temper.¹ The British people were content that armies of unprecedented strength should be despatched to Europe, and the spirit of the Hollanders was, at first, equally unyielding. Legislation was correspondingly severe, and was only relaxed during the last part of the struggle, when it became evident, that the allies were either unwilling, or unable, to stop commercial dealings with the enemy.² Considerable licence was allowed during succeeding wars; but as soon as the old sentiment of a great national peril was again excited, the severities of King William's legislation were repeated. The military struggle against Jacobin France was supplemented by strict prohibitions, which were only eased when Napoleon's measures of economic coercion compelled the British government to force British exports into the continental markets. During the Crimean war, considerable liberty was allowed, and, when attacked, the government of the day justified themselves with arguments that were substantially those of the eighteenth century business man: that we sold more to the Russians than we bought from them; and that it would serve no useful purpose to starve our textile industries, in order to inflict injury upon the Russian flax growers. There is, however, one important exception to this rule, that sentimental influences are decisive. Nobody conceived the Boer war to be anything but a great colonial expedition, yet, during the south African campaign, legislation was as severe, and as stiffly enforced, as the statutes against trading with Jacobin France. At the beginning of the twentieth century, therefore, a precise doctrine, in harmony with the mechanic tendencies of the age, was beginning to supersede the old politic calculations of loss and gain.

III.—The conflict of opinion between the Admiralty and the Board of Trade when economic warfare was considered

In 1911, the prime minister appointed a sub-committee for enquiring into past, and for recommending future, policy. The committee's legal experts proved, that the old exceptions to the general rule about trading with the enemy had been removed from the body of British common law, which had at last become consistent. The experts reported, moreover, that any kind of commercial transaction with an enemy was a misdemeanour, unless specially licensed; and that all contracts with an enemy were held, in law, to be either suspended until peace was declared, or cancelled altogether. The experts showed, however, that the process of eliminating the old exceptions from the body of the British law had been slow and unmethodical; and after its first deliberations, the committee were sharply reminded, that the influences that had made British policy so fluctuating and uncertain in the past, were again asserting themselves; for the Board of Trade's experts, the magnates of insurance and finance, and the professional lawyers, each, in turn, reminded the committee of facts and circumstances that provoked the old, traditional hesitations.

¹ See Samuel Puffendorff's letter in Groningius—*Bibliotheca Universalis librorum juridicorum*.

² See Clark, *The Dutch alliance and war against French trade*. Longmans, Green & Co.

In the first place, the experts of two departments of state were at issue. The Admiralty considered, that Great Britain's finance, industries and shipping might be made a single instrument of economic coercion. Three years before the sub-committee assembled, the Admiralty had prepared a paper upon the economic consequences of a war with Germany. In this paper, the Admiralty experts admitted that indirect trade between Great Britain and Germany would never be entirely stopped in war ; they believed, however, that appreciable damage could be done to Germany, by driving the German merchant fleet into harbour ; and by preparing special regulations for diverting British shipping from the indirect trade.

This statement at once raised the large issue : Whether it would be possible to supplement this blockade by regulating British imports and exports. This was a matter upon which the Board of Trade was the competent authority ; and their experts reported upon it in four state papers. In the first of these memorials, the experts of the department examined the entire complex of commercial traffic between Great Britain and Germany, to determine whether they could discover in it the element of an economic war plan ; in the subsequent papers, they reported upon the wool, sugar and jute traffic between the two countries.

The first of these documents represented the Board of Trade's considered opinion upon the bare advisability of commercial warfare. It was an exhaustive survey, illustrated by imposing columns of statistics ; and one general assumption served as an introduction or starting point : the Board of Trade did not share the Admiralty's belief that indirect trade between Great Britain and Germany could be reduced in war. To them it was axiomatic that it would continue to flow freely ; if British shipping were refused the right to engage in it, then neutrals would usurp their place and their profits. The points that the departmental experts desired to ascertain were, therefore, what would be the total volume of this indirect trade ; of what commodities would it consist ; and how far British interests would be advanced or injured by special prohibitions. The Board of Trade were too scientific to be positive on points of detail, but they had no doubts or hesitations about the major issues : if the direct trade between Germany and Great Britain were diverted without diminution to Holland and Belgium, then, it was almost certain, that the Dutch and Belgian ports would be unable to carry it. Assuming, however, that British coal were no longer sent to Germany, either directly or indirectly ; that some of the diverted trade went to the Baltic ; and that the trade of Germany and of all belligerent countries declined after war began, then, it seemed probable, that a very large proportion of the normal commerce would pass through the new channels. Was there some section, or branch, of this commerce which should be stopped at all costs ? The Board of Trade were sceptical :

There are undoubtedly cases in which, were we at war with a country of minor importance, we could do serious damage to that country by refusing to take imports, for which we are at present a principal market. Such cases are easy to cite. We could damage Greece by refusing to take her currants, Portugal by refusing to take her wine, Spain by refusing to take her oranges and onions, Denmark by refusing to take her butter and bacon. In each of these cases, it would be difficult if not impossible for the countries cited to obtain markets elsewhere anything like the equivalent to ours for the produce in question. In the case of Germany there is only one article of importance of which the exports to the United Kingdom constitute an overwhelming proportion of the total exports, viz., sugar, and in this case it is unfortunate to find that Germany is our principal source of this important article of food. A deliberate policy of excluding German sugar would probably do as much damage to ourselves as to Germany if it really resulted in the sugar not leaving Germany at all

The Board of Trade experts did not disguise, that we might replace German supplies by unrefined cane sugar from Cuba and Java, and admitted, that the project seemed attractive. German sugar was ready for consumption when it reached this country ; the Cuban and Javanese produce still had to be prepared : if, therefore, they were

substituted for the German variety, the British sugar refineries would get more work to do. Nevertheless, the experts considered, that the experiment would be unwise; for, if we deflected Cuban and Javanese sugar from its ordinary, natural market, America, we should merely give the German producers an opportunity of increasing their sales in America, at the expense of the Cuban and Javanese planters. At the outset, the Germans might find it difficult to transport their produce to America and the east, where Cuban and Javanese sugar was ordinarily sold, but so long as neutral ports were open, and neutral shipping was obtainable, they would overcome the difficulty. The final consequence would be that the British consumer would pay more for his sugar, and that the German producer would increase his profits. In their review of British export trade to Germany, the Board of Trade experts admitted, that some sections of the traffic were of great importance to Germany. Great Britain was Germany's principal source of supply: for herrings; for certain varieties of wool; for cotton yarns and cotton tissues; and it was improbable that German industries would supply themselves from elsewhere, if these commodities were made unobtainable. Great Britain also had this advantage, that imports for which Germany was the principal source were mainly half-manufactured articles; and that these commodities could probably be supplied by home industries, and alternative markets. On a first inspection, therefore, it seemed as though a reciprocal stoppage of exports would injure Germany more than Great Britain, and that it might be sound policy to attempt it.

The project seemed the more feasible, in that German exports to the British empire as a whole were insignificant in comparison to the imports from it. The dominions and protectorates bought from Germany goods that could, for the most part, be produced in England; in return for these miscellaneous articles, they supplied Germany with foodstuffs and raw materials, which were probably irreplaceable. From India and Ceylon, West Africa and the Straits Settlements, Germany received large supplies of cotton, jute, rice, rapeseed, rubber, copra and cocoanut oil; from Australia and New Zealand, the Germans bought wheat, wool, lead and zinc; and each of these commodities was of great importance. Indian cotton was nearly essential to those German industries upon which the poor people depended for their clothing and household textiles. Jute was particularly important, in that it was both an ingredient of cheap textiles and a packing material; for all those loose commodities that have to be bound before shipment are collected into jute packing bags and sacks; the material is, in consequence, a staple of commercial transport. As for the oil bearing nuts exported from the British empire, German chemists had devised a process for making rapeseed oil palatable, and it was very much used as a substitute for salad oil in the cheaper eating houses of Germany. Copra was used in the margarine industries, which had been increasing their production as the industrial towns grew in size, and as the supply of country produce moved towards the visiting centres, and the residential quarters of the great cities. The demand for copra was indeed heavy; for the Germans were buying a rising proportion of the west African and Ceylon crops. The Germans therefore bought from the British empire a large quantity of goods that are consumed by sections of the people who cannot easily change their diet, and who become restless and turbulent, when their habits are disturbed.

The normal commerce between the British empire and Germany was, therefore, unequal; but the Board of Trade experts doubted whether any advantage could be taken of this inequality in the economic battle ground; for to them it seemed certain that there would always be a gap in any economic barrier that we could raise against Germany; and that goods would flow through it. Whether they examined particular trades or commerce as a whole, the Board of Trade always returned to their original position: It was so certain that British and German

goods would pass through Belgium and Holland, that prohibitions of import and export would prove, in the end, to be costly deflections of trade, advantageous to shippers, railway shareholders and middlemen, but burdensome to British consumers. Their general conclusion, therefore, was that as trading with the enemy could not be stopped, it had better be left unregulated. As it would be easy to misrepresent a state paper so elaborately illustrated by statistics, the conclusions should be quoted verbatim :

As regards our export trade to Germany, then, it would appear : (i) that if prevented from reaching German ports, it would, to a large extent find its way to Germany by neutral ports, should they remain open ; (ii) that Germany might herself put obstacles in the way of its being carried on through such ports, but in view of the indispensable character of so large a proportion of the imports it is not likely to do so ; (iii) that if it ceases to be carried on, or in so far as it ceases, it will affect interests in England very unequally and that the worsted and cognate interests of Yorkshire and the comparatively smaller herring curing trade of Scotland and East Anglia would be those chiefly affected.

On the stopping of German imports into England the Board of Trade reported : That unless we choose to prohibit imports from Germany, German goods will continue to reach us through neutral ports so long as they remain open.

That a deliberate policy of refusing to import German goods would affect mainly the interest of the private consumer rather than the manufacturing interests as such, though the manufacturers who use coal tar dyes would suffer, and some of the industries, especially the tin plate and ship building trades which now secure cheap steel from Germany, might find their expenses of production increased.

That sugar is the only important foodstuff we derive in large quantities from Germany, and that the question whether or not we should get adequate supplies of sugar would depend largely on the ability of Germany to send her sugar, if not direct to us, then to some market outside Europe.

On the general trade between the empire and Germany, the Board of Trade concluded :

As steps taken in the colonies to prevent colonial goods reaching Germany would probably be even more fruitless than similar steps in the United Kingdom, it may be assumed that (neutral ports remaining open) the greater part of the colonial goods demanded by Germany would ultimately reach her, in other words that any reduction in their importation, would be mainly due to the reduction in German demand that might result from a state of war.

IV.—A compromise between the Admiralty and the Board of Trade

The sub-committee were somewhat divided upon this able, but unpalatable, state paper. In the first place, the customs officials did not agree, that indirect trade between Great Britain and Germany would be as uncontrollable as the Board of Trade imagined ; for they pointed out, that a proportion at least could be stopped by demanding declarations of ultimate origin and destination from shippers and receivers who could, in addition, be obliged to give bonds and sureties. The naval members of the committee were anxious that their projected blockade of the German coasts should be supplemented by other measures, and urged that the economic coercion of Germany should not be pronounced impracticable without further study. They added, that the blockade of Germany would be enforced by operations that would, in all probability, deter shipping from entering the southern part of the North sea. Further, they objected, that the Board of Trade's experts had assumed that Great Britain and Germany would be engaged without allies, and that the other states of Europe would be neutral : it was far more probable that Great Britain, France and Russia would be in alliance against a large coalition, and that Belgium would be invaded and occupied. In this contingency, which the naval and military members both thought likely, the Belgian ports would probably be blockaded, together with the German ; and the indirect trade would be very much restricted in consequence.

The Board of Trade therefore re-examined those sections of Anglo-German trade that seemed to offer an economic weapon. In their additional reports upon these matters, the experts admitted that a fair amount of damage could be done to Germany by stopping all her supplies of British wool; but, on the question of sugar imports, they adhered to their first opinion:

If all the sugar could be effectively bottled up in Germany we should harm both Germany and ourselves more, but we should touch less than a third of her output in a trade which occupies, at best, a very minor place amongst German industries.

After a further consideration of the whole matter, the Board of Trade authorities modified their first conclusions slightly, and agreed, that as the Admiralty were determined to wage economic warfare against Germany, it might be politic to prohibit the export of a few staple articles, very carefully selected and specified; but in the paper that recorded the considered opinion of the Board, Sir Hubert Llewellyn Smith again warned the sub-committee against hasty experiments with the economic weapon.

It is obviously out of the question to attempt to subject the whole of our carrying trade between neutrals to the rigorous conditions which alone could make prohibition effective, without intolerable interference not only with our own carrying trade, but also with neutral commerce. The result of any such attempt would undoubtedly be to supplant British shipping by neutral shipping in large sections of the carrying trade of the world, while provoking strong protests from neutral countries, who would regard our action as a monstrous attempt to stop them altogether from trading with the enemy. Moreover the practical difficulty of enforcing a general prohibition of British indirect trade with the enemy through neutral channels would be such that I strongly recommend that the attempt be confined to the same list of articles as is scheduled for the purpose. There will certainly be great cause for discontent if (e.g.) Australian wool be stopped from going to Antwerp, *en route* for Germany, while, nevertheless, British shipping is allowed to carry Argentine wool to the same destination to take its place. This would be a policy involving a maximum injury to our own producers and a minimum of injury to our enemies.

This view was incorporated into the digest of agreed opinions, which the chairman circulated to the committee before its last meeting, and the resolution finally taken was that: The list of articles, other than warlike stores, in regard to which trade with the enemy should be prohibited, should be a very small one.

V.—The committee's deliberations upon finance and the insurance of enemy property in war

This resolution determined the regulations that were to be issued about the direct exchange of goods, and the movements of shipping, between the two countries. The committee had still, however, to devise regulations for controlling financial transactions and marine insurance. With regard to these, the law was consistent and clearly established; but the committee were not free to recommend that it be declared by statute and enforced; for they discovered, after a brief investigation, that the underwriters at Lloyds, and the great insurance companies had circulated a declaration of policy all over Germany, and that it would be impossible to ignore it. In this declaration, the underwriters re-stated the policy that their predecessors had followed two hundred years before: the policy of insuring ships and cargoes of every nation against every kind of risk, and of avoiding courts of law by making prompt payments in all doubtful cases.

This declaration which so much influenced the committee's deliberations, was the outcome of commercial jealousy. On 6th August, 1905, a newspaper in Hamburg published an article of which the most important passages ran thus:

In Germany there is no law that limits the liability of an underwriter in the event of war. On the other hand, the English law, which is not codified, and decides according to acts of parliament and precedents. expressly forbids any guarantee to be observed towards the king's enemy. even when, for example, an underwriter is bound thereto by the terms of

his contract. Thus, any insurance effected in England, on German property, would be invalid or suspended in effect, from the moment of Germany entering upon war with England, because no Englishman would pay on German property insured, whether it were lost by measures of the British government or its fleet, or by circumstances entirely unconnected with the war. In no circumstances whatever, would an English underwriter, while the war continued pay for damages sustained, not even *ex gratia*, for he would then expose himself to the risk of proceedings for high treason, on the ground that he had abetted a King's enemy.

The writer of this article did not state the law very accurately : a British subject may be indicted for high treason, if he supplies arms and munitions to the king's enemies, but not merely for engaging in commerce with them ; for this is only punishable, if a statute prohibits it and prescribes the punishment. Those who employed the writer may possibly have instructed him to make the mis-statement deliberately, *in terrorem*. If so they succeeded ; for the article was read by men with great experience in the manœuvres that damage a rival's reputation and divert his custom ; and a few weeks later, Lloyds and the great insurance companies issued a joint declaration by way of a counterblast. In it, they stated that they would fulfil their liabilities in war as in peace, and that there was no law in England that prevented them.

This declaration was within the bare letter of the English law ; for our courts had decided only, that contracts for insuring enemy's property at sea, and claims arising out of the contracts were not enforceable. There was no corresponding criminal law on the subject, so that, if Lloyds chose to insure enemy property, and to pay all claims, it was doubtful whether they could be prevented. This, at all events was the opinion of Lloyds' legal advisers who reported :

It is certainly not the case that an English underwriter, who accepts liability to a foreign assured, during a state of war between England and the assured's country, would be guilty of high treason, or of any other punishable offence, or would render himself liable to any penalty.

But though accurate as a bare statement of the law, the declaration was openly defiant of its spirit and principles, as Lord Alvanley had defined them :

It is not competent to any subject to do anything which may be detrimental to the interests of his country, and such a contract is as much prohibited as if it had been expressly forbidden by act of parliament.

When questioned, the insurance magnates stated, that they had issued the declaration to defend their honour and good name ; but Lord Esher forced them to admit that they had feared loss of commercial profits at least as much as damage to their reputations ; and it is, on the whole, surprising, that the committee should have been so patient of a declaration that was in the last degree contemptuous of the public interest. They were, however, compelled by common prudence to treat Lloyds' commercial policy respectfully, for the insurance magnates, whom they summoned before them, assured the committee : That a considerable proportion of the German merchant fleet was insured at Lloyds ; that a great number of the policies covered war risks ; and that the underwriters were determined to pay all claims by enemy subjects regardless of the public interest. It was patent, therefore, that if the navy captured a large number of German vessels during the first months of the war, which the Admiralty thought probable, then, Lloyds would compensate the owners without waiting for the end of hostilities. As these operations could only have been rendered impossible by drastic elaborations of the criminal law, which the committee had no power to recommend, they were compelled to recognise what was inevitable, and yet to devise measures that would debar the underwriters from pouring British treasure into the enemy's coffers during the whole course of a war.

The bankers and financiers who appeared before the committee further emphasised what the departmental experts and the insurance magnates had already proved, that the strict rules of British law could not be incorporated into policy without

mitigation. Indeed, the committee had hitherto been examining a general assumption that the British government might open an economic offensive against the enemy, whereas the bankers now warned them of weaknesses that could only be covered by a carefully planned defence. They stated, in the first place, that the accepting houses of London paid £1,000,000 a day upon German bills of exchange. A hasty or ill-devised prohibition of all financial correspondence with Germany would, therefore, deprive the London bankers of the immense sums recoverable from these transactions. In the second place, the bankers feared that the German authorities would proclaim a moratorium for the *Reichsbank*, and for all banks that had settlements to make in London, and, by this means, start a general attack upon British credit. Some of the bankers believed that the Germans would prepare this financial assault by steadily withdrawing credits and investments from London, during the preliminary period of diplomatic strain. Other bankers were sceptical; for they thought it improbable that the Germans could withdraw their funds, without provoking a ruinous fall in prices. The committee were not empowered to consider all the defensive measures that the financiers recommended, and only endorsed the general proposal, upon which the financiers were agreed, that British bankers should be granted considerable freedom of financial manœuvre at the beginning of a war. The committee therefore recommended, that there should be no embargo on the export of gold, when war was declared; that all transactions undertaken before war began should be completed; and that a general warning should be issued against subscribing to the loans of an enemy government, which is high treason in law.

VI.—Continental law and legal opinion abroad

In conclusion, the committee were confronted with a difficulty that had repeatedly influenced British policy. What would be the policy of our allies; would they, as allies had so often done in the past, endeavour to substitute their own goods for ours in enemy markets, if our prohibitions of trade were comprehensive? This question could not be examined in collaboration with responsible experts, but the committee were naturally impressed by a report on continental law prepared by their legal adviser, Dr. Oppenheim. The report showed, that continental law was far more doubtful than ours, in that, whereas trading with the enemy was at least illegal in England, there was no corresponding rule abroad. The French, Italian, and Netherlands experts whom Dr. Oppenheim consulted each replied, that their governments might decree that enemy trade was illegal, but that it was certainly not so in a general way. The committee were further compelled to recognise, that if legal opinion on the continent proved powerful enough to influence legislation and policy, it would probably insist that laws and decrees should be easy, rather than severe. Recent international conventions presupposed a certain amount of communication and trade between belligerent countries,¹ and the Italian government had not prohibited trade with Turkey during the recent campaign.

VII.—Character and purposes of the legislation finally approved

These were the conflicting opinions and interests that the committee had to amalgamate into a common policy; they decided, that tradition was the best guiding rule, and that public sentiment, which had so often determined the character of our legislation in the past, should determine it again. Foreseeing that the struggle during which their legislation would be operative would be a struggle of unprecedented compass, and that it would excite the most violent racial passions, the committee decided, that public opinion would demand a general prohibition. They therefore

¹ See Article 16 of the Hague Regulations concerning the laws and usages of war on land.

recommended, that all trade with the enemy should be pronounced illegal, as soon as war was declared, and that a few derogations of the rule should be allowed in favour of Lloyds and the bankers. In addition, and as a concession to the Admiralty, they recommended that measures should be taken for stopping all exports of raw cotton and wool, of rubber, coal, palm nuts, copra, jute, rapeseed and linseed. But while recommending this, the committee reminded the government that this legislation might easily prove too severe. In conclusion they repeated the substance of the Board of Trade's warning about indirect trade, and added, that its regulation and control—if either were possible—were closely related to high policy.

This report was considered by the Committee of Imperial Defence at their 120th Meeting.¹ The measures recommended were approved, and discussion was focused upon the indirect trade, which had occupied so much of the committee's time. When confronted with the problem, the ministers of state displayed strong feeling. Mr. Lloyd George said, that if neutrals adjacent to Germany were granted the full rights of neutrals, it would prove impossible to exert any economic pressure upon Germany at all, and that we ought, in consequence, to prevent them from importing anything more than they would require for their own use. Mr. Churchill added, that the neutrality of the low countries was out of the question, and that they must be treated as friends or enemies. Notwithstanding that the prime minister warned the meeting, that it would be a serious thing to treat neutrals as though they were belligerents, the final decision ran :

In order to bring the greatest possible economic pressure upon Germany, it is essential that the Netherlands and Belgium should be either entirely friendly to this country, in which case we should limit their overseas trade, or that they should be definitely hostile, in which case we should extend the blockade to their ports.

This resolution was a declaration of policy, and even as a declaration, it was ambiguous. The Committee of Imperial Defence decided it was essential that the low countries should be friends or enemies, and did not consider what was to be done if this essential condition were unfulfilled, and if those countries obstinately maintained a strict neutrality. Moreover, the resolution was only applicable if the naval forces blockaded the German harbours of the North sea ; if the navy failed to enforce this blockade, the resolution was of no effect. The draft legislation submitted to the Committee of Imperial Defence was, therefore, not influenced by this resolution, and was incorporated into the war book without alteration. Before reviewing this legislation, its immediate consequences, and the circumstances that subsequently caused it to be so much elaborated, it will be expedient to repeat, by way of conclusion to this long preamble : (i) that our original laws and decrees were a compromise between a demand for extraordinary severity, and a warning from experts that severity would damage ourselves more than our enemies, (ii) that the compromise was substantially an adherence to a tradition that national sentiment should determine whether our laws were to be stiff or easy, and (iii) that the legislation incorporated into the war book, and promulgated when war began, was drafted on the assumption, that a considerable volume of indirect trade would continue between the two countries.

¹ 6th December, 1912.

VIII.—*Trading with the enemy legislation*

The draft proclamations that the sub-committee had prepared were issued during the first two days of the war, in the following order :

- (i) A proclamation forbidding the exportation of certain warlike stores, or their carriage coastwise (3rd August).
- (ii) A proclamation forbidding the exportation of naval and military stores, to all European countries, and all countries in the Mediterranean and the Black Sea, except France and Russia (5th August).
- (iii) A proclamation relating to trading with the enemy (5th August).
- (iv) A proclamation notifying the commercial and financial operations that were equivalent to adhering to the King's enemies, and therefore high treason (5th August).

Of these proclamations the third was the most important for it contained that geographical test of enemy trade which had for centuries been adhered to by our prize courts and courts of common law. The proclamation thus upheld the principle that experts had maintained so firmly during the preliminary deliberations: That commercial domicile was to be the test whether traders were enemies or friends. This rule was embodied without modification into the decree; the commerce forbidden was commerce between persons carrying on business in Great Britain and the British dominions, and persons carrying on business in the German empire.

Now therefore ran the proclamation, we have thought fit by and with the advice of our privy council, to issue this our royal proclamation, and we do warn all persons resident, or carrying on business, or being in our dominions: Not to supply or obtain from the said empire, any goods, wares, or merchandise, or to obtain the same from any person resident or carrying on business or being therein.

Under this proclamation, therefore, persons of every nationality were still free to occupy their offices in Great Britain, and to pursue their business. The restrictions were imposed equally upon British and German citizens: provided that they were living within the boundaries of the British empire, there was no differentiation between them.

British lawyers had also maintained, that enemy trade did not divest itself of its character, if commodities were passed through neutral countries by forwarding agents; and this rule was embodied in the clause which forbade persons: To supply, or to obtain, from any person, any goods, wares or merchandise for, or by way of transmission to, or from, the said empire. This, however, was circumscribed by the final clause, which stated that the expression person was to include:

Any body of persons, corporate or unincorporate, and that, where any person has, or has an interest in, houses or branches of business in some other country, as well as in our dominions or in the said empire (as the case may be) this proclamation shall not apply to the trading or commercial intercourse carried on by such person solely from or by such houses, or branches or business in such other country.

These two clauses were, therefore, a definition of what would constitute a genuine, and what a transmissory, sale to neutrals, and it has to be admitted that the definition of a genuine sale was liberal in the extreme. The meaning of the clause was that if the firm of A, resident in Hamburg, had established a branch business, called B. & Company, at Copenhagen, then, commercial houses in Great Britain could carry on business with B but not with A. Even if it be admitted that the deliberations of the committee had proved, that adherence to tradition would be the wisest policy, it may still be doubted whether such a close adherence was necessary on this

particular matter ; for the committee had themselves drawn attention to the extraordinary development of transmissory commerce during the nineteenth century, in an impressive paragraph of their report :

At the time when the rules which are embodied in British prize decisions were established, the commercial operations of individuals were, speaking broadly, carried on at the places where they themselves resided. If a trader in London bought or sold goods from or to a trader in Hamburg those goods would almost invariably have been shipped from Hamburg to London or vice versa. Consequently it made no difference in actual practice whether the rule was regarded as prohibiting trade between London and Hamburg, or prohibiting commercial operations between a trader in London and a trader in Hamburg. To stop the one was to stop the other. A similar rule holds good no longer. Mails and telegraphs, and the complications of modern commercial relations, render it just as likely that, if goods are shipped from New York to Rotterdam, it will be the result of an agreement between a man in London and another man in Hamburg as of one between a merchant in New York and another in Rotterdam.

This was an admission that the old rule about transmissory sales needed revising. The committee had added, however, that they did not suggest a revision, because they believed that it would be useless, and that if the law were made more severe, commercial men would evade it. For this reason, the proclamation repeated the old rule without modification. The committee had not understood that the telegraph and telephone are as much at the service of those who enforce the law, as of those who break it, and that, if they assist a dishonest trader, they also assist those who attempt to penetrate his subterfuges.

These were the most important articles in the proclamation. It also contained a clause, which forbade persons resident in Great Britain to make new contracts of insurance with enemies, or to make payments on insurance contracts that protected German ships and goods against capture by British men of war. In conclusion, the proclamation stated, that commercial operations with the enemy were allowed, provided that they were neither treasonable, nor expressly forbidden. The proclamations for controlling exports were complementary to this general prohibition. No British statute empowered the crown to control exports, but two acts for regulating traffic in arms and munitions were sufficiently embracing to be used for the purpose ; for they authorised the crown to stop the export of arms and warlike stores, and of any materials that might assist an enemy to make them. These two instruments were the starting point of all our regulations for controlling the industrial produce and raw materials of the British empire.¹ The powers given to the

¹ The exportation of arms act 1900, and Customs and Inland Revenue Act 1879. The empowering clauses run thus :—

Exportation of Arms Act. It shall be lawful for Her Majesty by proclamation to prohibit the exportation of all or any of the following articles namely : arms, ammunition, military and naval stores, and any article which Her Majesty shall judge capable of being converted into or made useful in increasing the quantity of arms, ammunition, or military or naval stores, to any country or place therein named, whenever Her Majesty shall judge such prohibition to be expedient in order to prevent such arms, ammunition, military or naval stores being used against Her Majesty's subjects or forces, or against any forces engaged, or which may be engaged, in military or naval operations in co-operation with Her Majesty's forces.

This act shall be read as one with the Customs and Inland Revenue Act 1879, and all the provisions of that act, so far as they are applicable to the exportation of prohibited goods shall apply, as if they were embodied in this act, and as if section one of this act were part of section eight of that act.

Customs and Inland Revenue Act. The following goods may by proclamation or order in council be prohibited either to be exported or carried coastwise ; arms, ammunition and gunpowder, military and naval stores and any articles which Her Majesty shall judge capable of being converted into or made useful in increasing the quantity of military or naval stores, provisions, or any sort of victual that may be used as food for man : and if any goods so prohibited shall be exported, or brought to any quay or other place to be shipped for exportation from the United Kingdom or carried coastwise, or be waterborne to be so exported or carried, they shall be forfeited, and the exporter or his agent, or the shipper of any such goods shall be liable to the penalty of one hundred pounds.

crown under each statute were virtually identical, but it was nevertheless decided that the proclamations under each act should be for different purposes. The customs act, which was slightly the more explicit, was used for prohibiting absolutely the exportation of all goods that might be required for home consumption: proclamations issued under the exportation of arms act contained lists of goods that could only be exported to allied countries, or to countries outside Europe. The first lists were issued on 3rd and 5th August. They had been prepared by joint committees of Admiralty and Foreign Office experts, and contained a large number of articles of general commerce, such as cotton, fuel and certain common metals. They were additional to lists of contraband; for the regulations forbidding the export of war-like stores were applied against articles on the contraband declarations. The two together thus made up a long catalogue of restricted exports. It must be remembered, however, that the experts had prepared the lists solely for the purpose described in the preamble: to impede the enemy from providing himself with materials for munitions. These first declarations did not, therefore, prohibit the export of those raw materials that had been admitted to be of particular importance to Germany.

Simultaneously, a special committee for administering these proclamations assembled at the privy council's offices, under the presidency of Sir John Simon, the attorney-general. Its instructions were: To consider, with a view to the co-ordination of departmental action, questions arising out of applications and enquiries from the public, as regards trade with an enemy. The committee's principal duty was to interpret and operate the proclamations; and they did, from time to time, issue interpretative statements. In practice, however, they became a committee for granting licences to export goods that were on the prohibited lists, and were, in fact, generally known as the licensing committee. When these proclamations had been issued, and the committee for operating them had been appointed, such measures of economic restraint upon the enemy as had been planned and projected beforehand were complete. All subsequent enlargements were ordered as a general orders tactical and strategical movements in the field: to meet special emergencies, to ward off special dangers, or to inflict special injury upon the economic structure of the central empires. It will possibly be as well to survey the compass of these first restrictions, before continuing this narrative.

Steam coal was by far the most important of the exports that were prohibited or restricted by these proclamations. In the year before the war, 73 million tons of British coal were exported, and of this total, some 45 millions were sold to countries that were now forbidden to receive it. To enforce this sweeping prohibition to the letter was obviously neither possible nor desired, and if the proclamation had specified no other commodity or raw material but this, the committee for operating it would have been charged with an arduous administrative duty. The proclamation also forbade the sale of steam ships, a great national industry; but from the first days of the war, the output of our shipyards declined, and for over three years, such building as was done was entirely on British account. This part of the prohibition, therefore, needed no administering; it operated automatically. Some important metals and raw textiles were also on the list; but, as British exports of copper, tin, waste cotton and silk, during a whole year, were only valued at eight millions of pounds, their restriction was not felt by the mass of population. Great Britain was a re-exporter of the oils and lubricants on the list, but their total value was small. The forage and provisions exported from this country were mainly re-exports of surplus colonial produce; and although the Netherlands bought a certain quantity, the sales were no important part of our revenues. These first proclamations, therefore, only restricted one important British export, coal. The metal and textile industries were still virtually free

to place their goods where they could sell them ; and only a small proportion of our £525 million of domestic, and £109 million of colonial and foreign, exports were affected for the time being.

It rested with no one body or department to enlarge or reduce these prohibitions and restrictions. First, the cabinet themselves could, and did, order additions to the lists and set up several committees, whose records have been lost, to recommend other additions. Secondly, the service departments were responsible for recommending prohibitions of such substances as are required for the armament factories ; but as the country was not then short of raw materials, the recommendations of the naval and military experts were mainly in respect of chemical substances that could be withheld, or released, without affecting general commerce. Thirdly, the Board of Trade were responsible for watching national consumption and supply, and for enlarging the prohibitions of export, if it seemed advisable to secure any stocks of essential goods that might be in the country. Finally, the restriction of enemy supplies committee, who were authorised to recommend any measure that would damage German trade, were responsible for suggesting any restriction of British export that might injure the enemy. In addition, the committee for restricting enemy supplies soon became the body to which special questions were referred for an opinion. The licensing committee administered the proclamations, for it was within their power to make the prohibitions absolute by refusing all applications for licences ; or to relax them by granting licences freely. Notwithstanding the eminence of its chairman, and the high attainments of its members, the licensing committee was ill-qualified to administer restrictions upon commerce, which were not imposed for one single purpose, but for many. The committee was not a permanent body ; it only met on certain days in the week, and each one of its members was a government official with responsible duties to perform in his own office. No permanent secretariat was provided, nor was the committee supplied with the daily and weekly statistics of imports and exports, which are kept at the customs. Lacking these figures, it was impossible for the committee to know whether they were supporting or obstructing the purposes for which the restrictions had been imposed.

IX.—*Legislation in France, Russia, Japan and Germany*

It has been explained that when the sub-committee prepared the report, which was the base or starting point of our legislation, they had been much embarrassed by being unable to ascertain the policy of our allies, but that they had anticipated, in a general way, that the laws of continental powers would incline to leniency. They had also expected, that the government of Germany would endeavour to damage British credit, when war began ; but their forecasts were wrong. As the legal expert to the committee had advised, the French codes did not forbid trading with an enemy : the seventy-seventh article of the penal code came nearest to it, but this related only to treacherous correspondence with an enemy. After some consideration, the French government issued an interpretative statement of this article, admitting that it was insufficient, and supplementing it by a decree against trading with the enemy. The governing clauses ran thus :

A raison de l'état de guerre, et dans l'intérêt de la défense nationale tout commerce avec les sujets des empires d'Allemagne et de l'Autriche-Hongrie ou des personnes y résident se trouve et demeure interdit. De même, il est défendu aux sujets des dits empires de se livrer directement, ou par personne interposée a tout commerce sur le territoire français ou de protectorat français.

The decree was made retroactive : every transaction with a German or Austrian subject subsequent to the declaration of war was declared *nul et non avvenu* ; no payment was to be made in performance of contracts entered into before the outbreak

of war ; contracts to which French and enemy subjects had engaged themselves, before the declaration of war, by instruments signed in France or in French possessions, were to be annulled by a civil court on the petition of any French, allied, or neutral, citizen who might be party to the contract.

The French law was therefore far severer and more embracing than ours. The British prohibition was strictly geographical, and it gave no consideration to race, political allegiance, or even to business affinities ; for branch houses of enemy firms were treated as British or neutral firms, provided that their offices were outside enemy territory. In order that there should be no doubt about this, the Treasury issued an interpretative statement on 22nd August :

For the purpose of deciding what transactions with foreign traders are permitted, the important thing is to consider where the foreign trader resides and carries on his business. Consequently, there is, as a rule, no objection to British firms trading with German or Austrian firms established in neutral or British territory. What is prohibited is trade with any firms established in hostile territory. If a firm with headquarters in hostile territory has a branch in neutral or British territory, trade with the branch is (apart from prohibitions in special cases) permissible, so long as trade is bona fide with the branch and no transaction with the head office is involved.

In contrast to this, the French decree was a strict and rigid prohibition of any commercial transaction that might benefit the enemy : it forbade commerce with all persons residing in enemy countries, because their trade and revenues were part of the enemy's resources ; furthermore, it forbade commerce with all persons of enemy allegiance, because their revenues supported the enemy's state. Our legislation was the product of a long commercial history. It embodied the doubts and hesitations of traders who are accustomed to balance loss and gain, expenses and profits ; and whose training has taught them to calculate opportunities, and to anticipate set-backs. The French decree was expressive of a tradition purely military and Cæsarean ; it predicated that an enemy is to be attacked wherever he is to be found, and with every weapon available. It is hardly surprising that governments whose sentiments and policies were so contrasted should have misunderstood each other's intentions.

Russian legislation was on the French model, though not quite so sweeping. The ukase of 28th July withdrew all privileges and rights enjoyed by enemy subjects in the Russian empire, and so, presumably, deprived them of the right to sue in the Russian courts. This was followed by an ukase forbidding all direct and indirect payments to subjects of the enemy empires. An exception was, however, made in favour of enemy subjects who owned commercial and industrial undertakings, and other immovable property, within the Russian empire. The ministers of finance and commerce were, empowered to administer the decrees, and to allow exceptions to the rules. The ukase appears to have been complementary to a rigid prohibition of domestic exports ; for the restriction of enemy supplies committee reported, at their second meeting, that the Russian government had forbidden the exportation of all staple articles of Russian produce ; and that even exports to allied countries could only be authorised by the minister of finance.

The other great allied country, Japan, was reluctant to pass similar legislation. It has been explained, that before the war, continental lawyers were inclined to consider that the strict rule of war, predicating a rupture of all intercourse between all subjects of belligerent states, needed revision. Japanese lawyers endorsed this view strongly, knowing well that eastern customs are in conflict with these scientific conceptions of belligerency. Japanese traditions impose an exceedingly stern code of military honour, but eastern peoples, when uninfluenced by western theories, do

not consider, that the subjects of princes who are at war are under any obligation to break off intercourse with one another. Sentiment is the original source of all laws that enforce the duties of citizenship, and eastern sentiment is different to ours. In democratic practice, the citizens of a state are persons who have united together in a loose partnership for administering the national concerns, and for dividing the profits between themselves. The motive force of Japanese sentiment is entirely different, and the contrast at once becomes apparent if the language is consulted.¹ It may seem strange that the Japanese, who have always shown such readiness to give their lives in defence of their flag, should yet have no word for patriotism in their ancient language. This, however, is actually the case; the word used for the purpose is entirely imported, and scholars estimate its age at about fifty years. The word that expressed patriotism and good citizenship in the old language was a word meaning obedience and unshakable fidelity to all superiors in the patriarchal and imperial hierarchy. The word indicated a characteristic purely personal, and contained no suggestion whatever of common interest in a common concern; still less did it suggest rivalry or jealousy. Again, the Japanese law of arms, and Japanese rules of war, are more the product of civil, than of international conflicts, and a Japanese declaration of war, on the old model, was little but an order that the armed forces of one party should overthrow the armed forces of another. These old-fashioned declarations always contained a clause exempting farmers, peasants and traders from the effects of warlike operations. Those subjects of the belligerent authority who did not receive the order were, therefore, as free to pursue their occupations as though it had never been given; their friendships and business connections were unaffected. The doctrine that war automatically severs intercourse between the subjects of belligerent powers is a doctrine of European composition, and nothing that resembles it is to be found in any eastern classic upon strategy, politics or morals. The opposite is, however, strongly maintained in the Chinese classic upon the conduct of war which is studied in the Japanese staff colleges. The author, Sung Tzu, maintained that it was futile to coerce an enemy by economic pressure. If this pressure were exerted by devastating an enemy's country, it generally turned to the disadvantage of the devastator; if it were attempted by other means, the whole machinery of pressure could be upset by an enemy victory in the field.² General Tsao Tsao, another eastern Clausewitz, was equally opposed to the whole conception.

The Japanese government had always been influenced by these humane, but warlike, traditions. They did not prohibit commerce with China during the war of 1894, or with Russia, ten years later. In 1914, direct commerce between Japan and Germany ceased automatically, but no prohibitions were imposed, no regulations were issued, and no restraints were placed upon enemy subjects living in Japan. Indeed the Japanese people were very compassionate to the Germans and Austrians who were so suddenly deprived of their occupations, and whenever possible, employment was found for them in the great business houses. It was not until much later in the war, and under pressure from the western allies, that the Japanese government issued an ordinance prohibiting trade with the enemy.

The German government adopted a policy very different from what had been anticipated. Realising that their country's supplies would be much restricted, they restrained the free circulation of commodities as little as possible; and never issued a decree or law prohibiting trade with the enemy. Their first decree was issued on 30th September; it forbade money payments to persons resident in

¹ I have no documentary authority for what follows: nor have I any knowledge of eastern literature and philosophy. My authority is Commander Shigetada Horiuchi, I.J.N., who has explained the matter to me with great particularity and has shown me the Japanese and Chinese derivations of all words expressing conceptions of public duty.

² See *The Ping Fa, or art of war*.

Great Britain and the British Dominions, but stated that rights to payment were only suspended until further orders ; this decree appears, indeed, to have been a mild reprisal against enlargements of our first proclamations.¹

X.—A comparison between the restraints imposed upon British exports and neutral commerce

It will be evident, from the preceding descriptions, that our domestic legislation and our first order in council did not place equal restraints upon sea-borne commerce ; and that the distinction was entirely in favour of our domestic exports. In the order in council of 20th August, the British government announced, that certain kinds of indirect trade between neutrals and the enemy would be stopped, whenever the authorities had collected sufficient evidence ; in their first trading with the enemy proclamation, and in their interpretative statement, the authorities announced, that British exports could be sold to branches of enemy firms established on neutral territory, provided that the goods were transferred to them by a sale made in good faith, and that there was no transaction with the head office. It will be convenient to illustrate the difference between these two rules by a hypothetical case. Supposing, therefore, that the customs authorities in the Downs reported that the neutral ship A contained grains and provisions consigned to the neutral firm of B, established at Copenhagen, and that the contraband committee's records showed, that the firm of B was a branch office to the firm of C, in Hamburg. The cargo would then have been unloaded and placed in the prize court ; for the committee's records show, that they felt themselves bound in duty to stop cargoes consigned to firms that had such close affinities with the enemy. If, however, the cargo had been a British export on the list of prohibited or restricted exports, and the shippers had desired to obtain a licence to export it, the restrictions would have been much lighter. The shippers would then have been called upon to prove only, that their transaction was with the buyer B, and that he had undertaken to pay for the cargo outright ; to receive it from them ; and to reduce it into possession.

It does not appear that the difference between these two rules was examined by any joint committee of Foreign Office and Board of Trade experts. The difference was, however, so glaring, that steps were taken to reduce it ; and during September, the government issued a supplementary proclamation, and placed two new acts upon the statute book : the customs exportations act (28th August) ; the second trading with the enemy proclamation (9th September) ; and the trading with the enemy act.

The first of these instruments merely enlarged the powers of the crown in respect to domestic exports. The two empowering acts referred only to arms, warlike stores, and all materials necessary for making them. This had been sufficient for the

¹ The Austro-Hungarian law was enunciated in four decrees. By the first (16th October, 1914) it was merely stated, that the government was empowered to issue regulations for controlling and stopping legal and commercial communications with the enemy ; and that the penalty for disobeying the regulations would be imprisonment or fine. In the second decree (22nd October, 1914) it was announced, that by virtue of the law of reprisal, all persons and corporate bodies within the Austro-Hungarian empire might be freed of all claims that might be made against them by subjects of the enemy powers ; and that all property against which enemy subjects might have claims might be placed in the custody of a bank, or other authority, selected by the government. In the third decree (22nd October, 1914), all payments, direct or indirect, by any kind of negotiable instrument, to subjects of Great Britain and Ireland, or of France and her colonies, were forbidden. Persons resident in those countries were included in the prohibition. By the fourth decree (28th October, 1914) an exception was made to the prohibition enunciated in the third decree if the payments were for maintaining or prolonging patents, or for sample and trade mark rights. The Belgian government issued a decree on the French model. The Serbian and Montenegrin decrees have not been recorded anywhere. See : *Wirtschaftskrieg. Sammlung der in den kriegführenden Staaten erlassenen Zahlungs und Handelsverbote, u.s.w. Zusammengestellt vom Bureau der Handels und Gewerbe kammer für das Erzhohtum Osterreich unter der Enns.* Wien. 1915.

first proclamations, but it became evident, a few days after war had been declared, that all commercial exchanges might have to be controlled, if the nation's wants were to be supplied. The new act therefore empowered the crown to prohibit or restrain every kind of export.

The second trading with the enemy proclamation superseded the original. Notwithstanding that the first proclamation, and the interpretative statement to it had been very carefully drafted, and had explained what commerce was prohibited, and what allowed, British traders had not understood it. An immense number of enquiries were addressed to the licensing committee during the first weeks of the war, and when the question was discussed in parliament, members were as much engaged in asking for explanations, and authoritative statements, as in criticising the legislation itself.¹ The new proclamation specified with great particularity what payments and transactions were henceforward prohibited. These prohibitions, though more explicit than those in the previous proclamation, were, nevertheless, in harmony with the recommendations of the sub-committee, and were not an enlargement of existing policy. The provisions with regard to indirect trade were more embracing; for the seventh sub-section of the fifth article was a severer prohibition than any contained in the original instrument. It ran thus:

Not directly, or indirectly, to supply to, or for the use or benefit of, or obtain from, an enemy country or an enemy, any goods, wares or merchandise, nor directly or indirectly to supply to or for the use or benefit of, or obtain from any person any goods, wares or merchandise for or by way of transmission to or from an enemy country or an enemy, nor directly or indirectly to trade in or carry any goods, wares or merchandise destined for or coming from an enemy country or an enemy.

The next article rescinded the previous permission to deal with branch houses of enemy firms; for it allowed transactions with them only if they were outside Europe. The geographical definition of an enemy trader was repeated with a slight alteration. In the old proclamation, an enemy was defined as any person: Resident or carrying on business or being, in the enemy's country; in the new, the definition was: Resident or carrying on business. Common lawyers attached some importance to the difference.²

Experience was to show that, if commerce with an enemy is to be stopped, the most embracing definitions must be given to enemy trade; and that those charged with the duty must be free to treat any transaction that directly or indirectly benefits an enemy subject as part of an enemy's commerce; for modern commerce resembles a fluid of enormous percolating power, which flows or trickles past political boundaries, tariff walls and natural obstructions. Any geographical definition of enemy trade is, in consequence, an impediment to those who are directed to stop it. Yet, notwithstanding this defect, the new proclamation gave the administration more power over British exports than the Foreign Office and the contraband committee could exercise against indirect commerce between neutrals and the enemy; for those operating the proclamation were virtually authorised to stop any transaction that conferred direct or indirect advantage upon the enemy. This was a greater power than that enjoyed by the contraband committee, who were only empowered to stop indirect commerce in contraband, if sufficient evidence could be collected. The power to control British exports was, moreover, incomparably greater than the powers granted under the second order in council, which suspended our right of intercepting indirect trade, until a particular country could be proved to be a base of supply. Furthermore the proclamation was supplemented by a regulation that obliged all shippers and receivers of goods in the United Kingdom to present certificates of destination and origin to the custom house authorities, if they were

¹ See remarks by: Mr. Taylor, Sir G. Younger, Mr. Duke, Mr. Holt, Mr. Leslie Scott. *Hansard*, 9th September, 1914, pp. 587 *et seq.*

² See Mr. Leslie Scott's question and Sir John Simon's answer. *Hansard*, Vol. 66, pp. 598 *et seq.*

trading with any port in Europe, unless it were a port in Russia, Belgium, France, Spain or Portugal. It is hardly doubtful, that city merchants were still free to obtain these certificates without making very scrupulous enquiries,¹ but if all the certificates presented had been inspected as critically as the manifests of neutral ships were inspected by the contraband committee, the new regulations would have stopped British supplies from reaching the enemy's countries in any quantity. They continued to do so, because enlightened opinion still doubted whether this would be wise.

Sir John Simon introduced the trading with the enemy act on the day that the second proclamation was issued. The bill prescribed penalties for breach of the existing regulations, and empowered the Board of Trade to inspect the books of all firms suspected of trading with the enemy, and to take such measures as were necessary for appointing receivers to a business, if it had been abandoned by its German directors, and if it were judged expedient in the national interest, that it should continue in operation. The existing regulations were deemed sufficient to prevent any profits of the business from being transmitted to Germany. In its operation, the act more affected the domestic administration of firms with enemy affiliations than the control of sea-borne commerce; but, when introduced, the bill provoked a discussion, in which the abstract principles of economic warfare were enunciated and examined, in such a way as to leave no doubt that parliament was not yet prepared to endorse an unrestricted campaign. Mr. Henderson, the member for west Aberdeen, at once advocated the principles embodied in the French legislation: To attack the enemy's trade wherever it was known to flow, to stop any transaction that was of any benefit to him, to ruin every business that gave any yield upon the enemy's capital:

If we are to carry on war against any nation ruthlessly because that nation is carrying on war against us, then we ought to attack their trade in every form we can. I think that must be common sense for the sooner you destroy their trade the sooner you destroy their army. One is as important as the other, and one leads a great deal further, very often, than the other².

Mr. Henderson subsequently illustrated his argument by facts about the trade in copper between the United Kingdom and Holland, and announced that he would propose an amendment for making the bill more embracing.

It is something of a misfortune, that Mr. Henderson's amendment was a rather impracticable proposal to wind up every firm in the country that might be under enemy influence, for this deflected the discussion from the general question, whether British exports should be treated as severely as the sea-borne commerce of neutrals, who were suspected of dealings with the enemy. The house does not seem to have grasped that this was the great issue; and accepted Mr. Duke's statement, that firms originally under German management were completely isolated from the enemy, as though it disposed of the question raised about indirect trade. Mr. Henderson's statement of abstract principles was, consequently, neither attacked nor endorsed, and was soon buried under the criticism of particular clauses. But the general temper of the house was made sufficiently plain. The more thoughtful of the national representatives were not prepared to assimilate the economic to the military campaign; there is a reverberation of the old hesitations in each succeeding speaker's remarks.³

¹ There appears to have been universal scepticism about the honesty of these declarations by business firms. See Sir Alan Johnstone's telegram No. 122 Commercial received 23rd February: Commercial Attaché mentioned scheme suggested by Sir N. Highmore, that the British Custom House should in future inform Dutch Custom House authorities of all consignments leaving Great Britain with declarations of ultimate destination to render re-export to enemy countries impossible. There are grave doubts whether such scheme would be effective, as Dutch customs have no control once goods have been handed to consignee, who does not consider himself bound by the British consignor's declaration [of which the British consigner must have been aware.]

Root of the evil is in Great Britain, where declarations are given recklessly [a very polite word]. Declarations without subsidiary safeguards are regarded as a farce by Dutch experts and officials.

² *Hansard*, Vol. LXVI, pp. 694 etc.

³ See Remarks by Mr. Duke and Sir Frederick Low.

XI.—The recommendations of the restriction of enemy supplies committee

These doubts and hesitations were as strong in the administrative offices of the government as they were in the house of commons ; and even those bodies, which, by their constitution, would have been most inclined to recommend heavy constraints, were satisfied with the law as it then stood. The terms of reference given to the restriction of the enemy's supplies committee were : To examine and watch continually all means or routes by which supplies of food and raw material may reach Germany and Austria ; to recommend by what methods financial, commercial, diplomatic and military, they may be hampered, restricted, and if possible stopped, A commission so embracing made the committee independent of the calculations of profit and loss which influenced a department like the Board of Trade, for Sir Francis Hopwood and his colleagues were instructed only to consider how the enemy's wants were to be aggravated. But the committee, after examining how the produce of the British empire should be withheld from the enemy, pronounced the existing measures sufficient ; and after considering whether the dominions should be invited to send their domestic exports only to Great Britain and the allies, decided that this was not to be recommended. Sir Francis Hopwood did, however, make some specific suggestions with regard to materials almost entirely under British and allied control : nickel, bauxite, manganese, plumbago, rubber and jute.

It rested rather with the governments of the dominions, than with the British, to impose unbreakable restrictions upon the export of these substances. The Canadian government had no objection to enforcing all measures necessary for stopping nickel from reaching the enemy, and French legislation was sufficiently explicit to make it easy for the authorities to control exports of bauxite, a mineral which is the principal ingredient in the manufacture of aluminium.¹ Manganese, plumbago and jute are, however, produced in India, and the Indian government, which had to estimate the political consequences of every measure of economic restraint, and to decide whether it would directly or indirectly strengthen the disruptive agencies within the country, did not consider it would be wise to issue a sweeping prohibition upon the export of jute, as the committee recommended. They did nevertheless place considerable restraints upon its export.

The control of rubber repeatedly engaged the committee's attention during the first months of the war. Rubber was upon the contraband list and upon the lists of prohibited export, and the committee evidently did not consider that its re-export from neutral countries in Europe was likely. This contingency was, at all events, not examined. The committee did think, however, that it was almost as dangerous to prohibit all supplies of rubber from going to the United States—which was done on 10th November, 1914, when it was placed on the list of absolute prohibitions—as it was to allow it to be exported to America without restraint, which had been done previously. They therefore recommended, that licences should be given for exporting rubber to the United States from Great Britain, Ceylon and the Strait Settlements, provided that each American purchaser gave a special bond for each shipment. This recommendation was not embodied in an agreement until several months later.

The committee examined another question very carefully, whether special restrictions should be placed upon the export of tea, coffee and cocoa. The policy finally adopted exposed us to fierce criticism from our allies, and from neutrals ; it is therefore proper to discover the motives and calculations that were the original sources of the policy as accurately as they can be discovered from documents, and to explain them without prejudice.

¹ About half of the world's supplies of bauxite are produced in France.

The tea crop that is produced under British supervision and control is of considerable value. In the year 1914, the Ceylon and Indian plantations yielded about 540 million pounds of tea, and the Chinese estates about 140. The industry is therefore a sort of prop to British rule in the east ; for British doctors, British schools and rudimentary British institutions, gather round estates that support thousands of natives who, in other occupations would be unaffected by British influences. The planters in China support a great structure of credit and influence in the far east by their wealth and power.

Most of the tea produced by British capital is consumed in Great Britain and the dominions, but the consumption of other countries has always been considerable enough to constitute an important revenue. Forty-four million lbs. were exported in the year before the war, and as all the great estates shared in the profits of these foreign sales, the loss of the foreign market would have been felt by a large number of natives, and would, in consequence, have exposed additional strata of the Indian population to subversive influences.

In the early months of the war, which we are now considering, it was not likely that the foreign tea market would be lost : the question was, to what proportions would the market expand. Its extraordinary inflation is best expressed in tabular form :—

<i>Importation of tea in</i>				
	<i>August, 1913.</i>	<i>August, 1914.</i>	<i>September, 1913.</i>	<i>September, 1914.</i>
	lbs.	lbs.	lbs.	lbs.
Denmark	79,328	54,552	82,365	487,763
Netherlands	305,729	155,549	340,696	1,263,641

Being aware by these, and by other statistics equally impressive, that the British tea merchants were almost pressing their goods upon the enemy, the committee looked into the matter. They were not unanimous, but they reported, that, as tea does not support life, and as it is not an article of military supply, they could not recommend that its export should be severely restricted ; nevertheless, they gave instructions that the figures should be brought to the notice of the leading tea merchants. The Board of Trade evidently knew that this appeal to the principle of honour would not be of the slightest effect, and placed tea on the list of restricted exports. It will be shown, later, how the tea magnates adjusted the contending claims of honour and commercial advantage.

The case for restricting our cocoa exports was strong. Food and provisions had been placed on the contraband list, and cocoa is certainly human food : it contains fat and sugar, and is obviously a valuable article of diet in countries where food supplies are running short. The rising export figures showed, moreover, that the German population were substituting cocoa for some of the foodstuffs that were becoming difficult to obtain. On the other hand, cocoa was not required by the forces in the field ; it was no part of a German soldier's food rations ; and both the British War Office and the French authorities reported, that there was no demand for it in the armies. Nevertheless, if the tests that had been applied to other similar questions had been applied to cocoa, there would have been a strong case for declaring it to be at least conditional contraband, and for treating it accordingly. The authorities did not, however, consider that the problem could be separated from the larger issues of imperial policy. The cocoa farms of the Gold coast are the outcome of one of the most creditable experiments in British administration. The great industries of India and South Africa are concerns in which the native races are servants to the European directors ; the farms of Australia and New Zealand, and the Tasmanian orchards, are established on lands from which the native aborigines

have been expelled ; the Canadian granary is ploughed, sowed and reaped by the European farmer, who has long since confined the Indian huntsman of the steppes in reservations and compounds. In contrast to all this, the Gold coast cocoa is grown by a society of negro yeomen, who own and work their plantations without the aid of British capital or British guidance, and who, in 1914, were steadily outstripping all rival growers. The competition was, however, not decided in the closing months of 1914, when the matter was being examined. The Gold coast farmers now supply about half the cocoa consumed in Europe, America and Asia ; they then provided about a quarter, and their principal rivals were the Portuguese of San Thomé, and the great landowners of Brazil and Ecuador, who worked their estates by a system of forced labour, which impartial observers consider to be as oppressive and as cruel as organised slavery. The committee were satisfied that severe restrictions on British colonial produce would benefit not so much a rival producer as a rival system. It is true, that by declaring cocoa to be contraband, the British government would have imposed equal restrictions on all sea-borne cargoes, but this would have damaged the native grower more than his slave-owning rival. Being aware that the market was expanding, the Gold coast farmers were increasing their crops very fast ; so that any general measure of restraint would have glutted the London receiving houses, and would have caused a ruinous fall in price, which the Portuguese and Brazilian landowners could have borne more easily than the native farmer. The governor of the Gold coast was, indeed, very much concerned about the surplus that might accumulate in the colony to the utter ruin of the industry.

The committee therefore pronounced strongly against an export prohibition, and, as the authorities could not be persuaded to declare it contraband, British colonial cocoa was transported to border neutrals without restraint, until the government were forced by circumstances to design and operate a plan of economic warfare more in harmony with the fierceness of the military struggle.

XII.—Increasing restrictions upon exports

It will be evident from all this, that, although particular branches of our export trade were from time to time examined, our system of control, and the purposes it served were not discussed or criticised during the first months of the war. No person, or body of persons, in authority enquired, whether our policy should continue to be purely defensive of British commercial interests—which the Board of Trade had virtually urged before the war—or whether the moment had arrived, when we should reconsider the position, and use the resources of the British empire as a coercive weapon. The question was raised in parliament but not examined. In the mere execution of their considered policy, the Board of Trade were, nevertheless, preparing for more aggressive measures. In the first place, they had been compelled to reverse their previous recommendations about sugar imports. When this matter had been considered in 1912, the Board of Trade experts had maintained, that it would be most unwise to prohibit imports of German sugar. In October, 1914, a proclamation was issued which forbade all persons resident in Great Britain to receive German sugar, directly or indirectly. Apart from this, the list of British exports that were prohibited or restricted at the end of 1914 was far longer than any list that the Board of Trade would have sanctioned before the war. Coal had certainly been removed from the list ; its first appearance had provoked an outcry from British shipowners in every part of the world ; but many articles of general commerce had been added, and it will possibly be instructive to examine the materials that were now, in theory, withdrawn from the enemy, and to estimate in what degree this withdrawal of British supplies accentuated the shortage that was apparent in Germany at the close of the year.

Our power to injure the textile trades of Germany was formidable but not decisive. It was derived from our control of jute production, which was absolute, and from our partial control of German wool supplies, of which well over half were drawn from Great Britain and the Dominions. In the matter of cotton, we had no outstanding advantage. It is true, that a great proportion of the cotton yarns and cotton goods which were bought by Germans in overseas markets, were purchased from England; this, however, did not give us any real control of the German cotton industries. The Germans were spinners, weavers, and dyers, of cotton, and the raw material was the nutritive essential to the industry as a whole. If this was assured, the subordinate trades in yarns and finished products were safe. Now the bulk of the raw material was bought from America, so that, for so long as the British government were unable to declare cotton contraband, the German industry was tolerably secure. Our control of Sudanese and Indian cotton was not dangerous to the enemy, and it was, presumably, for this reason that the Board of Trade had placed cotton waste, and not raw cotton, upon the restricted list; for cotton waste was the only product of the raw material that was then being used in the manufacture of explosives.

We controlled two sources of metal that the Germans could ill afford to lose, for half the zinc and lead that were normally brought into Germany was supplied by the British empire. The German supplies of iron, copper and aluminium were not, however, greatly affected by our prohibitions. The same was true in respect of mineral oils.¹ Our control of these was exercised mainly through the Russian prohibitions, which stopped only one tenth of the whole supply. We sold the Germans nearly one-half of the rubber that they purchased in a normal year, and the withholding of it was a serious matter to the motor industry. On the other hand, the economic duress that we could eventually exert against Germany was not calculable by juxtaposing British exports of certain goods to the German consumption of them. The Germans were exporters of goods manufactured from British raw materials; and any exporting country possesses large stocks, which can be used for internal use. The Germans had thus a sort of economic savings bank at their disposal, from which they could make good their loss of French silk goods, British woollens, British zinc, lead and rubber, for a considerable period of time. In any case, the quantities of British and allied goods that could be withheld from Germany by export prohibitions were only a small proportion of what could be withheld by controlling overseas supplies; our lists of exports restricted and forbidden were, therefore, no more than a slight reinforcement to our endeavour to exert a stronger hold over the neutral commerce of northern Europe.

It was nevertheless important, that the reinforcement should be as strong as it could be made, and the tropical products, which we largely controlled: copra, palm oil and so on, were not on the list. It was, indeed, very apparent, during the last months of the year, that we were not exerting as much pressure as we could.

XIII.—British export trade with neutrals bordering on Germany

The statistics of general commerce showed how severely the convulsion had damaged our export trade as a whole. During the last quarter of the year we exported £44,450,122 of goods, which was only just over half the corresponding

¹ The figures are:

Commodity.	(a) Total German imports.	(b) Imports from sources affected by allied prohibitions of export.	Percentage of (b) to (a).
Mineral oils, all kinds ..	1,282,256 tons	162,891 tons	12 per cent.

(C 20360)

H*

figure in the previous year, £84,170,820. It was therefore peculiar, that, notwithstanding this tremendous decline, the exports to the neutrals bordering on Germany were slightly above the normal. The figures were :

<i>British exports to</i>	<i>Last quarter of</i>	
	1913.	1914.
	£	£
Sweden	2,110,097	2,185,231
Denmark	1,484,440	1,644,816
Norway	1,383,690	1,531,140

As against this, however, exports to Italy and Switzerland fell considerably ; those to the Netherlands declined by nearly a third, £2,840,079 as against £4,083,750. This proved that the movement of British goods towards border neutrals, and thence, presumably towards Germany, was local ; the tendency was, however, well proved by the statistics of the re-export trade in foreign and colonial goods.

This branch of our trade had declined from £22,990,395—the value of our re-exports in the last quarter of 1913—to £16,119,848, a decrease of about thirty per cent. The fall had therefore not been proportionate to the fall in our domestic exports, and the explanation was easy to find. Our re-exports of foreign and colonial goods to the neutrals bordering on Germany had risen in the following fantastic proportions :

<i>British re-exports to</i>	<i>Last quarter of</i>		<i>Percentage increase.</i>
	1913.	1914.	
	£	£	
Sweden	215,415	631,394	294
Norway	132,938	345,314	263
Denmark	94,520	882,402	935
Netherlands	1,205,217	3,521,820	294

It is, unfortunately, impossible to analyse these totals : the relevant materials are in the archives of the Board of Customs and Excise, and it would be an enormous labour to convert these values into the corresponding commodities. Figures are, however, available which show the general character of the trade.

In the case of Sweden, the largest increases were in respect to cocoa, oils and fats. The figures for cocoa must, indeed, have relieved the anxieties of those colonial authorities who feared the utter ruin of the industry. In 1913 the Swedes had bought about 150,000 lbs. of British cocoa ; in 1914 they imported 2,403,733. The rises in respect to oils, fats, soda ash, jute and tea were these :—

<i>Swedish imports in</i>		1913.	1914.
Cocoa-nut oil (unrefined) ..		2,726 cwts.	14,772 cwts.
Cocoa-nut oil (refined) ..		20 cwts.	6,875 cwts.
Oleo margarine and oleo oil ..		3,085 cwts.	9,794 cwts.
Soda ash		42,120 cwts.	72,865 cwts.
Jute		988 tons.	2,350 tons.
Tea		245,660 lbs.	377,533 lbs.

In the case of Norway the rises, though proportionately large, were in respect of different commodities : coffee, colonial grain, tea, raw cotton and soda ash. The figures were :

<i>British exports and re-exports to Norway in respect of</i>	<i>Total for the year</i>	
	1913.	1914.
Coffee	6,758 cwts.	16,941 cwts.
Corn and grain (colonial) ..	43,306 cwts.	213,844 cwts.
Tea	164,364 cwts.	277,039 cwts.
Cotton (raw)	6,045 centals.	33,496 centals.
Soda ash	33,677 cwts.	100,822 cwts.

And for Denmark and the Netherlands :

<i>British exports and re-exports of</i>	<i>Total for the year</i>		
	1913.	1914.	
To Denmark {	Soda compounds	53,575 cwts.	120,763 cwts.
	Coffee	4,699 cwts.	18,511 cwts.
	Corn and grain (colonial) ..	39,232 cwts.	933,186 cwts.
	Tea	830,014 lbs.	4,422,298 lbs.
	Oil nuts	542 tons.	3,372 tons.
	Petroleum	43,348 galls.	86,170 tons.
To Netherlands {	Cocoa	2,205,282 lbs.	12,203,463 lbs.
	Coffee	105,865 cwts.	282,369 cwts.
	Tea	3,810,730 lbs.	19,739,338 lbs.
	Corn and grain (colonial) ..	29,828 cwts.	783,958 cwts.
	Oil seeds	5,265 qrs.	15,943 qrs.
	Cotton seed oil	7,538 tons	14,662 tons.
	Soda compounds	121,288 cwts.	310,023 cwts.
	Jute piece goods	1,676,400 yds.	4,016,300 yds.
Manures	4,669 tons.	11,247 tons.	

It would be hasty to suppose that all these commodities were re-exported to Germany. Soda ash, and soda compounds are used as bleachers of cotton and linen textiles, and countries with large spinning industries naturally accumulate stocks of soda for export. Normally, Scandinavian countries bought their soda from Germany, and the unusual exports from Great Britain were presumably making good a supply that had failed after German mobilisation had been ordered. Nevertheless, it is hardly doubtful, that the greater part of the abnormal exports of food-stuffs were passed on to the enemy ; and that commodities from Great Britain and the dominions were making good some of the shortages that had been imposed by the restrictions exercised against neutral commerce. The extraordinary sales of cocoa in Sweden and the Netherlands, and the heavy sales of oily substances and oil nuts showed, clearly enough, that the Germans had been substituting new nutrients for those that were difficult to buy ; and that the resources of the British empire had virtually been placed at their disposal. The colonial corn and grain, which all the border neutrals had bought so heavily, may conceivably have been for domestic consumption ; for, as has been repeatedly said before, the sudden loss of the Russian and German supplies had placed the neutrals of Europe in an awkward predicament. Nevertheless, corn and grain were conditional contraband ; many neutral cargoes of cereals had been held up during the last quarter of the year ; and had only been released after neutral governments had pledged their word that they would not be exported. The colonial corns and grains had been allowed after the re-shippers had filled in their certificates of ultimate destination. In the case of neutral cargoes, therefore, a government was required to take responsibility, knowing well that if they were careless, or if they allowed themselves to be deceived,

strong diplomatic protests would be made. The oath of a British merchant was the only guarantee required in respect to British goods, and this guarantee was judged valueless by our minister at the Hague, and proved to be so by our statistics of trade, before the proclamations had been in operation for a month. The difference in the strength of the two guarantees was flagrant. Moreover, the extraordinary sales of jute goods to the Netherlands showed, that the legal restrictions might be so operated that they positively stimulated exports, instead of cutting them down.

But when these figures are scrutinised, it must never be forgotten, that they are in some respects the records of a policy that the Board of Trade had announced beforehand. Colonial oils and fatty substances were not restricted, because, large as the British supplies were, the Netherlands East Indies were a rival producer, and the Board of Trade's experts had repeatedly said, that it would be folly to damage our own commerce and to benefit a rival's, without inflicting appreciable injury upon the enemy. Also, it cannot be too often repeated, that in the autumn of 1914, we were not engaged in an unlimited economic campaign in which every commercial transaction, and every branch of trade, is considered as though it were an economic weapon for use against the enemy. The campaign that was being conducted was still for the interception of contraband, and was of sufficiently limited compass to justify old fashioned estimates of commercial gains and losses. When Colonel Hankey reported the defects and weaknesses of the administrative machinery, he particularly reminded the government, that the additions to our restrictions of export had been made by different bodies and for different objects: It must be borne in mind, he wrote, that these lists are not drawn up solely from the point of view of injuring the enemy. Yet, even when every allowance has been made for the inclinations of a department of state constituted for the assistance and encouragement of British trade, it may be doubted whether our re-exports to border neutrals should have been allowed to swell to such proportions at such a time. Some middle way could surely have been found between so restricting our exports that a rival would benefit, which we were careful never to do, and allowing them to expand so prodigiously for an enemy's advantage, which we adopted as the only alternative. Indeed, if the authorities who allowed these huge exports of feeding substances had attempted to co-ordinate their measures with those taken by other departments, they would have realised, that the moment had arrived when our commercial policy was to be reconsidered. Since the October order in council had been issued, that is, during the last two months of the year, the Foreign Office had repeatedly warned neutrals, that we could not allow their countries to become bases of supply for the enemy; and that we should consider ourselves justified in presuming that the commodities were being passed to the enemy, if abnormal quantities were being imported. Sir Eyre Crowe's long negotiations with Mr. Clan had turned round the charge, that Danish imports showed that the country was becoming a German base. It was, therefore, very damaging to our reputation for honourable dealing, that British supplies had helped to make it so; and that while we were stopping Danish supplies of American lards and fats, we were glutting the country with British tea and cocoa. It was a poor defence, that most of our re-exports were not contraband; in fact the excuse only made our case worse. The British contraband list declared that foodstuffs were conditional contraband, and the contraband committee virtually interpreted the word as anything that was either edible or nutritive. This being so, the exception in favour of cocoa was an exception so obviously to our own advantage, that, by making it, our authorities excited universal suspicion of our honesty, and helped to build up a charge that many thoughtful foreigners consider to have been proved against us: that the British authorities laboriously and consistently endeavoured to substitute British goods for those neutral wares that had been stopped, or confiscated, by the most formidable fleet that has ever been assembled at sea; that the goods we sold in the markets that we had depleted by force, sustained the

enemy's resistance; and that, as all this was done deliberately and by calculation, we showed ourselves more careful of the profits of a few gluttonous city merchants than of the blood of our fellow countrymen and of our allies. Those parts of the charge which relate to bare facts are substantially true; those which relate to motive not so. Motive implies a considered plan; and the exports and re-exports that so injured our reputation were sanctioned, because our commercial policy, and our restraints upon neutral commerce had not been combined into a general system. The Board of Trade's anxiety to interfere as little as possible with British exports to neutrals; the decisions taken with regard to cocoa, tea and coffee were in themselves reasonable; but were so in conflict with the restraints exercised against indirect trade between neutrals and Germany, that they might have been taken by two rival governments. Our fault was therefore one of omission rather than of deliberate intention: the government had neither co-ordinated the divergent policies of the two departments of state, nor established a central authority with the necessary powers. Foreigners may therefore be excused, if they believe us guilty of their accusations, for they cannot be expected to understand the real explanation: that two departments of state, with their headquarters in the same thoroughfare, and separated by only a few yards of pavement, were engaged on two opposite endeavours, at a moment of great national danger.

XIV.—The war trade department instituted

It was, however, something of a misfortune, that the incoherencies of our administration were apparent to the whole world, when other governments were able to detect faults in their own systems without public scandal; for it may be doubted whether any allied government re-organised and expanded their administrative departments as rapidly and effectively as we did ourselves. At the beginning of the new year, at all events, the defects in the administration of British exports were reported to the Committee of Imperial Defence by the secretary, and the remedies suggested by him were very readily adopted. After reviewing the existing procedure, and showing that it was faulty because the licensing committee was too loosely connected to the other branches of the administration, Colonel Hankey suggested, that the licensing committee should be expanded into a small department with a permanent secretariat and staff. The office was to be subdivided into branches, or divisions, corresponding to the geographical distribution of our export trade (i) a branch for granting licences to neutrals bordering on Germany, (ii) a branch for granting export licences to the United States and (iii) a branch for all other countries. The essence of the reform consisted in the better distributing of commercial intelligence. The postal and cable censors, and the various departments of state were each collecting information that was of the utmost value to the committee dealing with contraband, indirect trade, and exports, but no provision had been made for digesting it into a coherent corpus of intelligence. Colonel Hankey therefore urged, that reports from all sources should be collected by a central authority and should be by them redistributed after critical scrutiny had been made of them. These proposals were approved by the Committee of Imperial Defence; and the war trade department was instituted in February. It consisted of divisions, and of a war trade intelligence department, organised roughly as Colonel Hankey had suggested, and of a statistical department, which issued reports of the imports of northern neutrals in tabular form.

CHAPTER VII

THE FIRST DECLARATION OF SUBMARINE WAR AGAINST COMMERCE

The origins of submarine warfare : the German government's deliberations upon economic pressure.—The last enquiries into Germany's economic position in war, the weakness of Germany's position in the last months of 1914.—The German naval war plan and its failure.—The first proposals for submarine war on commerce.—The composition and the powers of the German high command.—The German government misunderstand the British order of 2nd November, which gives a great incentive to submarine warfare.—The German government's opinion upon reprisals.—Why the first proposal for submarine warfare was thought premature.—The proposal for submarine warfare raised again.—Admiral von Pohl made commander-in-chief ; the German public begin to exert pressure.—Admiral von Pohl persuades the chancellor and the emperor.—British and German methods of exerting economic pressure.—The beginnings of the German-American controversy.

IN a previous chapter, I examined the economic duress to which the enemy was subjected in the first months of 1915, and explained, that the measures then taken against the enemy's sea-borne commerce had reduced their supplies on a scale that had hitherto only been effected by regular blockades. On the other hand, my enquiry showed, that our measures of constraint, though more embracing than had been hoped for, were by no means the equivalent of a blockade, in that a considerable portion of the general trade between Germany and neutrals was still uncontrolled. It would be interesting to speculate, whether, with the instruments of coercion at our disposal : the fleet commanding the commercial avenues to northern Europe ; and the doctrine of continuous voyage asserted, agreed to, and operated through special agreements, we should ever have controlled this general trade. Our authorities would certainly have endeavoured to do so ; and it is equally certain that they would have found it very difficult ; for neutrals would have resisted stiffly. The German government gave us an opportunity, and indeed a right, to claim that the general commerce of northern Europe was an object within the theatre of our maritime operations ; for after long and careful deliberations, in which the chances of war were repeatedly reviewed and calculated, the enemy decided to stop up the sea communications of Great Britain with their submarine fleet, and to press their attack without pause or respite. By this decision, the Germans changed the war at sea from a succession of cruiser forays, minelaying expeditions, and fleet sorties, into a struggle as ferocious, as desperate and as unrelenting as the war by land ; for their decision engaged them in a battle for the mastery of the sea highways, and the battle raged for nearly four years, before either side secured a decisive advantage. Inasmuch as the Germans intended that every ship plying to Great Britain should be sunk, that is, that every link in our network of communications should be severed, if they could cut it, the British government had no option but to make a corresponding declaration. They answered, therefore, that they would block up all the communications of the central empires, and stop all supplies from reaching them. Both sides thus proclaimed that they would do the same thing with different agencies, and from the dates on which these two announcements were made, two rival methods of exerting economic pressure were struggling for mastery : our economic campaign, and the German submarine fleet, were as much pitted against one another as the armies on the western front, or the battlefleets at Scapa and Wilhelmshaven. The German and British governments declared what the philosophers of military history would call unlimited economic war.

It is an ancient rule of military honour never to belittle the achievements of an enemy who has fought hard and well ; and, if the rule had been observed in England, the public would be better able to appreciate the place that submarine war upon commerce will occupy in the history of strategy and war. Unfortunately, the

screams of terror, and the ill-considered vituperation of the pressmen have been repeated from more responsible quarters, with the result that the catchwords about piracy and assassination have passed into the language, and have excited appropriate sentiments in the hearts of the people.¹

The subject deserved more scientific treatment. I propose therefore : to review the origins and beginnings of this form of warfare ; to show in what councils it was deliberated, and by what general influences and apprehensions of danger those councils were influenced ; and to compare the economic warfare that the British government conducted with diplomatic instruments, with the economic warfare that the German government conducted with submarines ; for it is only by thus inspecting the origins of submarine warfare, and by explaining what obstacles to its exercise were overcome by the German government, and what obstacles were found impassable, that the two rival methods of exerting economic pressure can be accurately appreciated.

I.—The origins of submarine warfare : the German government's deliberations upon economic pressure

Submarine operations against commerce cannot be attributed to any single person or to any particular operating cause. The first declaration was issued : because the German authorities had a great dread of economic pressure, and thought, quite honestly, that reprisals against those who exercised it were justifiable ; because the German naval war plan proved a failure, and the German naval commanders could not agree what plan should be substituted for it ; and because the proposals of those who urged that submarines should attack commerce proved a sort of rallying point to statesmen, admirals and generals. These controversies upon strategy, and these apprehensions of danger were, so to speak, collateral currents of cause and effect, which were forced into a single channel where their united strength was irresistible. I shall now examine each in turn.

It was certainly an achievement to have embarked upon a regular economic campaign by the close of 1914 ; but it cannot be said that the campaign was then a danger to Germany ; for the Germans subsequently resisted pressure far more severe than any to which they were then exposed. It is therefore strange, that, in the winter of 1914, German statesmen, admirals and generals should have considered the economic campaign to be the urgent danger, which darkened the whole prospect, and which was only to be combated by desperate measures. This however was their estimate. In the autumn of 1914 the German nation's powers of resistance were still untested ; the dangers of an economic campaign, or, as the German officials called it, a three front war, had been repeatedly reviewed ; and the warnings of the expert advisers, standing commissions, and naval and military commanders were a large and gloomy volume of official literature. The provisions that the German government had made against economic pressure in war, their insufficiency, and why such conscientious and able public servants as German ministers and their staffs should have been unable to make adequate preparation against a danger that they measured quite accurately, can only be explained by a retrospective survey.

It is curious, that Germany's capacity for resisting economic pressure in war was judged sufficient, in the days when the military leaders anticipated a long drawn struggle, and when the naval commanders considered that Germany's enemies would

¹ At the first Washington conference Lord Lee of Fareham, the first lord of the Admiralty, made a number of ill conceived remarks about the only scientific review of the subject : *Synthese de la Guerre Sousmarine*, by Captain Castex. He said that Captain Castex was infusing poisonous doctrines into the French navy, a strange description of the first dispassionate review of what was at least one of the great operations of maritime history.

blockade all her coasts from Memel to the Ems. These, however, were the official forecasts, when France and Russia were considered to be the most probable enemies of the empire. In 1883, the German war staff asked for an enquiry into supplies of wheat and meat, and the imports that could be counted upon during a double front war (*Zweifrontenkrieg*); the ministry of commerce replied, after long and careful examination, that, even if Germany were blockaded, the armies and population of the empire could easily be supplied with food and necessaries, from the produce of her own soil.¹ This satisfied the military authorities, who had only raised the question, because they wished to be certain that the stocks upon which the quartermaster-general's department depended would always be available; they did not think that the matter was a great national concern, and many years passed before it was so regarded. Nevertheless, provision for an emergency was made; for, a few years later, German consuls in Belgium and Holland were instructed to arrange, that the great grain dealers should send corn supplies into the country, if the consuls were warned that there was a danger of war. In addition, the Austro-Hungarian war ministry undertook to prohibit exports after mobilisation was ordered, and to send a certain proportion of the Hungarian grain crop into Germany. In the last official appreciation it had, however, been stated, that there was no reason to suppose that indirect trade through neutral states could be interfered with, and this seems to have satisfied the general staff that there was no danger. During the next decade, therefore, the matter was more discussed by publicists than by high officials, and Admiral von Tirpitz appears to have been the first minister of state to question this assumption.

The Schlieffen plan of invading France through Belgium was elaborated and approved in the year 1905. Early in the following year, Admiral von Tirpitz presented a paper to the war minister. The naval secretary first invited his colleague to consider what would happen, if Germany were ever simultaneously engaged against continental forces, and against a power overwhelmingly strong at sea. The German coasts would then be closely blockaded, and it had hitherto been assumed that this would only be a serious matter for the coastal towns and provinces, provided that trade with neighbouring neutrals was unimpeded. Was this general assumption accurate? High Admiral von Tirpitz was doubtful. In the first place, he did not think it reasonable to suppose, that the British government would allow neutrals to thwart their blockade. If indirect trade between neutrals and Germany were found to turn the flank of the blockade, then, the British authorities would certainly impose restraints upon Dutch, Belgian and Danish commerce. Also :

If military operations of any kind extend to border countries, the best possible excuse will be provided for closing their harbours against German imports and exports.²

In conclusion, Tirpitz urged that Germany's powers of economic resistance must be reviewed as a whole. Even though neutral harbours remained open, there would be enormous congestions; was it certain that the German railways could distribute goods after the points of delivery had been displaced, that is, when Rotterdam and Copenhagen had been substituted for Hamburg? These matters were no longer questions affecting only the military and naval departments of supply; they must be investigated by a commission on which all the departments of state should be represented.

The military authorities gave this paper a rather cool reception, but Tirpitz succeeded in forcing an enquiry. The conclusion of the German home office and statistical department, who carried out the investigation, was that although imported foodstuffs and forage had now become essential to the nation, domestic

¹ *Weltkrieg : Kriegsrüstung und Kriegswirtschaft, Band I*, pp. 296-299.

² Tirpitz to General von Einem, 13th March, 1906. *Kriegsrüstung und Kriegswirtschaft*. Anlage No. 70.

supplies would nevertheless suffice for nine months. The investigation therefore proved, that Germany's powers of resistance were contingent upon an early and decisive success in the field. The provisioning of the people, and the maintenance of the armies were henceforward looked upon as tasks that would be discharged successfully, if the continental campaign were comparatively short. It is, therefore, of some interest to determine in what degree the military leaders were confident, that the plan to which they were committed, when executed, would end in that overwhelming victory upon which everything depended.

When Schlieffen¹ and his staff elaborated their famous plan of operations, they obviously abandoned Count von Moltke's² views, who had warned the *Reichstag* that the German nation must discipline itself to anticipations of : A seven, aye even of a thirty years war. Presumably also, the new plan cancelled a number of more conservative projects, which implies confidence in its efficacy. Nevertheless, if the few utterances made by Schlieffen, or by his assistants, are read carefully, they suggest that he prepared his plan for a great flanking movement through Belgium, more because he was impressed by the dangers of a long war, than because he was confident, that his project ensured a short one. Even in their official report, Schlieffen's staff stated only : In Manchuria, armies could remain in unassailable positions for months at a time. In western Europe we cannot allow ourselves the luxury of this kind of warfare. This is more a warning of danger than a voucher of success, and Schlieffen himself elaborated it :

A campaign protracts itself. Such wars are however impossible, when a nation's existence depends upon an unbroken movement of trade and industry. The strategy of exhaustion cannot be attempted when milliards must be spent to support millions.

These are the observations of a man who has reflected deeply upon the nature of war ; but they express dread of a long war, and not blind confidence that it can be averted. Moltke,³ Schlieffen's successor, was even more conscious of the danger ; for to him it seemed as though the industrial structure of a modern state was not the brittle, flimsy thing that it had often been supposed to be ; and that it was rather an organ of national life, very adaptable to changing circumstances, and, on that account, a great source of endurance in war. As these were the views of those responsible for executing the war plan, it is rather strange that they should have minuted the latest review of Germany's economic resources, her supplies of potatoes, corn, meat and fodder as they did. For, on the general conclusion, that the German nation could maintain itself on its own resources for nine or ten months, but no more, the military authorities reported only : This suffices for present purposes.

The naval secretary was alarmed at this complacency, and circulated a remarkable warning of the dangers that the latest enquiry had made patent. In the first place, he protested strongly against concluding that all further enquiry was unnecessary, because it had been proved that there were sufficient supplies for a nine months' war, and because this was supposed to be its probable period. Even if both assumptions proved correct, was it not plain sense to institute a further enquiry into Germany's economic resistance during an eighteen months' war ? The naval secretary then repeated his mistrust of the prevailing confidence, that trade with border neutrals would not be interfered with : to assume this was to regard international law as absolute security for German imports. Apart from all this, the experts at the ministry of marine had recently conducted an independent enquiry, which proved how necessary it was to make further investigations. This enquiry contained impressive figures, illustrating the difficulty of distributing imports if they were diverted to neutral harbours.⁴ In the first place, the German railways had never

¹ Count von Schlieffen was chief of the general staff in 1905.

² The elder, chief of the staff during the Franco-Prussian war and subsequently.

³ The younger, chief of staff at the outbreak of war.

⁴ *Kriegsrüstung und Kriegswirtschaft*, Anlage 70 and 75.

carried the surplus foodstuffs of eastern provinces to the great industrial centres of the Rhineland, which had always been supplied from overseas, by Rotterdam and Antwerp. Food-consuming armies would suddenly be added to this food-buying population, and rolling stock would be diverted from commercial to military uses. Even though prohibitions of export kept the requisite quantities of foodstuffs within the country, the accumulations in the eastern provinces would accentuate the difficulties of distribution, which could, indeed, only be overcome by long and careful preparations. Finally, the home office experts had only enquired into supplies of food; was it not equally important to enquire into the supplies of the metal and textile industries, and to test the reciprocal influences of all consequences of war?

Admiral von Tirpitz and his staff were, in fact discovering by their investigations that Germany was slowly dividing itself into two economic units. The manufacturing towns of the west were feeding and stocking themselves with supplies carried by sea to Holland, and thence down the Rhine to the industrial areas; while the central and eastern parts were sending their surplus products to the local market towns, or into Russia and industrial Bohemia. It would have been well for the empire if their military leaders had been as quick as the naval chiefs to grasp the implications of this; actually the general enquiry that Tirpitz asked for was not undertaken until six years later. Some preparations were made during the intervening period, mostly by the department for home affairs, but these preparations were principally for securing better and more regular statistical returns of agriculture and consumption; and for increasing production by enlarging the areas of cultivated land. According to the German official historian, the explanation of this indifference is, that two great conferences on international law were assembled during this period; and that responsible authorities in Germany considered, that the code of maritime law agreed to at the London conference was a satisfactory guarantee against economic pressure. Admiral von Tirpitz represented that an unratified instrument gave no security whatever:¹ the official view appears to have been, that, ratified or unratified, the declaration of London had been recognised officially as an authoritative corpus of established usage,² and that serious departures from it were not to be expected. It is certain, at all events, that for five years, the question was but little agitated in official circles.

When, however, the question was raised afresh, those who reviewed the economic position of Germany drew gloomy conclusions. In November, 1911, the quartermaster-general's department circulated a paper at headquarters, and a few months later, a certain Dr. Fröhlich presented a memorandum at the chancellor's office. These two independent investigators drew identical inferences from the figures that they had examined. Both admitted that agricultural production had increased during the previous decade, but maintained that the increase had not been proportionate to the increase in imported foodstuffs. Some agricultural products were being exported, but they were of a special kind; and keeping them in the country would not assure the nation a sufficient supply of bread. These two surveys were made when the German nation was still excited by the memory of the Agadir crisis; no official action was taken on either of them, indeed Dr. Fröhlich's memorandum was suppressed; but it would appear as though the official anxiety

¹ The naval secretary's warning was repeated by Count von Reventlow in an exceedingly able pamphlet. In the closing chapter Reventlow reviewed the *Macht frage* that might make the declaration imperative. *Gross Britannien, Deutschland und der Londoner Declaration*. Berlin, 1911.

² See Dr. Kriege's memorandum—*Krieg zur See, Handelskrieg mit U-booten, Band I*, pp. 44, 45. Dr. Kriege was a legal adviser to the German foreign office; the memorandum quoted in the German official history was certainly written at a later date than the one here being considered; but there is no reason to doubt that the views there expressed had been held consistently by German officials during the decade preceding the war. Dr. Kriege was obviously making a departmental and not a personal review of the question, when he prepared the document.

of the previous decade had by now become a popular apprehension of danger. The growing conviction that Great Britain would be a belligerent, and that overseas imports would, in consequence, be precarious, was engaging the attention of the mercantile classes, and of a number of scientific observers from the universities, who placed their brains at the disposal of the industrial magnates. After the Agadir crisis, pressure from these quarters was too strong to be resisted. The official historian's words are worth quoting :

No publicity had been given to the discussions between the military and political leaders on these questions of economics in war. The official silence which had been preserved on matters relating to military mobilisation was maintained on these matters also. When, therefore, there was an animated public discussion about Germany's economic position in war, the growing anxiety about Germany's political difficulties was strengthened still further. These public discussions began in 1907 and continued until war began ; they were more frequent and more anxious than the calm and confident appreciations made at the beginning of the century.

This intervention may have alarmed and annoyed the officials of the home office—where Dr. Fröhlich's paper was subjected to scathing criticism—but at least it enlarged the boundaries of the matter under discussion. The official anxiety had been mainly in respect to military supplies, and the home office had taken the view that military supplies would best be secured by leaving trade and agriculture alone. Industrial magnates, and corporate bodies now agitated the question, because they were anxious about their factories and industries. The public that they represented were demanding not an enquiry or a more exhaustive review, which had been the burden of Tirpitz representations, but active preparation : a *wirtschaftliche Mobilmachung*. The government yielded to the pressure ; a conference of ministers assembled at the end of the year 1912, and recommended that a standing commission be appointed. This commission regulated a number of highly technical matters : improvements in the statistical returns of agriculture ; deciding what allocations of rolling stock would ensure a proper distribution of supplies ; determining where stocks from the agricultural states were to be stored, and to which industrial centres they were to be carried. In fact this standing commission may be said to have prepared Germany's extraordinary resistance to economic pressure, and to have made it possible for a nation, lacking a quarter of its normal quantity of foodstuffs, and an even greater proportion of certain raw materials to defy a ring of enemies for four whole years.

II.—The last enquiries into Germany's economic position in war, the weakness of Germany's position in the last months of 1914

But the execution of these preliminary measures only showed how difficult it would be to prepare any plan for supplying the whole nation during war. In the first place, the long and careful enquiries of the commission proved, as no enquiry had proved before, that the country's sources of economic strength had become so numerous, that they could not be covered by any one protecting plan. In consequence of this, the commission were persuaded, that what the public had demanded—economic mobilisation by an economic general staff—would be most unwise, in that it predicated an interference with trade and industry which would be extremely damaging to both. In fact, the last review of Germany's power of resistance, which was presented a few months before war began, was little but a repetition, with an abundance of illustrative statistics, that a short war, and free, unimpeded commerce between Scandinavia and America were the only protection of any permanent value. It is true that the commissioners did not state this, in so many words, but their last report upon the difficulties that were still to be overcome contains an equivalent admission :

These figures are a proof that German industries and agriculture are now woven into the economic life of other states, to an extent that was by no means the case during the last war ; they explain also why anxiety has increased yearly about the effects of a war in these altered circumstances. When it is realised that the war will be on three fronts, that the imports of raw

materials and half finished goods and the export of finished articles will be virtually crippled, it will be understood that Germany will be changed, abruptly, from a country connected on all sides with the industries of the world, to an isolated industrial zone, and it will also be grasped how much will have to be done to provide the people with means of life, and to produce what is needful.

The report that continued this gloomy preamble was practically a catalogue of the measures that were still to be taken to distribute supplies in the besieged country ; very little was suggested on the great question how the siege was to be broken. The commission admitted, that they had entered into engagements with the great corn receivers at Rotterdam, whereby they were to purchase all the supplies they could, and forward them to Germany ; but these purchases were only to be made at the outset. It was so uncertain whether they could be continued, that the commission did not suggest making Rotterdam a point of regular supply, and allocating rolling stock accordingly. The words of the chairman, Dr. Clemens Delbrück, are indeed explicit, that the future seemed dark and gloomy, and that the only relief to it was the hope of an early, crushing victory in the field.

According to my memory of the business transacted, wrong and overcheerful reviews of our position, or a tepid reception of suggestions, is the last thing that can be charged against my colleagues. Certainly nobody anticipated that the war would begin so soon ; but every person [on the commission], took his tasks most seriously, being persuaded by the enemy's encircling policy that defence against it would sooner or later be necessary. Admittedly it was often repeated, dogmatically, that a long war was impossible ; but the members of the commission were too conscious of their responsibility to make up their minds upon such suppositions. Unfounded optimism was not what actually crippled our will power ; it was rather the contrary, a well founded pessimism. There was a doubt, stronger and more widely felt than the official records can show, whether what was proposed would avert the danger or so much as mitigate it, whether real security was even possible [*im Bereiche der Durchführbarkeit*].

This being the considered opinion of the commission, in the first months of the year 1914, when the secretary for home affairs presented the last report, it can readily be understood how grave the whole future of Germany must have seemed in the last months of the year, when the naval and military war plans were under review. Falkenhayn had then abandoned his attack upon the Channel ports—a last desperate endeavour to secure a decision in the field—and was preparing for a spring campaign. The government were, therefore, menaced by the two dangers that the expert advisers had regarded as most serious: a protracted war, and a stoppage of commercial intercourse with America. It is therefore not surprising to find, that a way out, and a separate peace, were then commonly discussed at great headquarters ; indeed Falkenhayn and Tirpitz appear to have talked of little else.¹ Civilian ministers had an additional reason for being apprehensive of a protracted war, in that they appear to have undervalued the work of Delbrück's commission, and to have thought that the country was literally defenceless against economic pressure. Helfferich writes as though he thought that nothing had been done at all :

We had no plan prepared for collecting, holding in reserve, and distributing the foodstuffs and raw materials needed for the people and the conduct of the war, or for maintaining our industry and commerce, or for grouping our supplies of labour

It must be remembered, moreover, that whereas the British authorities were then imposing all the restraints that could possibly be imposed upon commerce, by applying the law of contraband and continuous voyage against it, and were persuaded that no more pressure could be exerted for a considerable time, the German authorities were convinced, that our economic campaign had only just begun. The decree of November, which was prepared by the Admiralty without consulting any other government department, and was intended only as precaution against mine-laying by neutrals, was by the Germans interpreted as a declaration of unlimited

¹ See minute of conversation between them. *Tirpitz Politische Dokumente*, pp. 166, et seq.

economic war. The extraordinary stimulus given by this decree to the desperate counsels then in agitation will be explained later. It is only when all these dangers measured as the Germans then measured them, and not as we assess them now, with their greatness much depreciated by our memory of Germany's stupendous resistance, that we can understand how such crude proposals for a new war plan as were then canvassed, were agreed to by the chancellor and his colleagues.

III.—The German naval war plan and its failure

The danger of a protracted war, and of the consequences that the German commissions had foretold might, in itself, have been enough to incline the German authorities to desperate expedients. They were, however, subject to an additional influence: the naval war plan was an admitted failure, and a sharp controversy about the plan most suitable as a substitute was engaging the attention of the high naval command, when the proposals for submarine war were first presented.

It has been explained, in a previous chapter, that until Admiral Wilson left the Admiralty, and a naval war staff was appointed, the British naval authorities intended to blockade the German coasts; and that the war orders under which the British fleet actually took up its stations were only issued a few months before war began. The first draft of the new war orders was, however, completed in 1912, so that, from this date, the project of closely blockading the German coasts may be said to have been abandoned.

The agents and observers upon whom the German authorities placed most reliance seem to have divined, vaguely, that our naval war plans were under revision; for in a report prepared shortly before war began, the German naval intelligence department stated, that they could not decide whether the British intended to blockade the German coasts closely or from a distance.

There is nothing certain about how England will wage war. A series of fleet manoeuvres in previous years suggested a close blockade of our coasts; later manoeuvres, and a number of weighty considerations suggest that a distant blockade had been chosen as the starting point of the British war plan.¹

The German naval staff decided, however, that under either plan, the British would place powerful outpost forces within striking distance of the German bases, and that these outposts would be supported by battle squadrons of the first line. It was also thought certain, that, under both plans, powerful squadrons would, from time to time, sweep into the Heligoland bight to attack the German outposts.

It was under these assumptions that the Germans drew up their first naval war plan. It was a plan of attrition: the forces supporting or operating the British blockade were to be reduced by minelaying and minor attack, or by offensive sweeps with the battle cruisers; when such losses had been inflicted that the battle fleets were roughly, of equal strength, then, the high seas fleet was to force a fleet action. The actual text of the order was as follows:

His Majesty the Emperor has issued the following orders in respect to the conduct of war in the North sea:

1. The object of the operations is to damage the British fleet: by offensive sweeps against the forces watching or blocking the German bight; by ruthless minelaying expeditions carried right up to the English coasts; and, when possible, by submarine attack.

2. When this campaign has made the two forces equal [*ein Kräfteausgleich geschaffen ist*] all our forces shall be made ready and assembled, and an endeavour made to force an action under favourable circumstances. If a good opportunity offers before this, it is to be seized.

3. War against commerce is to be conducted according to prize regulations. The commander-in-chief of the high seas fleet will give the orders for war against commerce in home waters.

¹ *Krieg zur See Nordsee, Band I, p. 54.*

It will be as well to explain, with some particularity, why this plan was pronounced a failure during the first months of the war.

First as to the minelaying. The British battleship *Audacious* was certainly sunk on the German minefield off Tory island ; but this did not shake the conviction of the German staff, that minelaying could not be made a major operation of naval war. Between August and the end of the year, the Germans made five minelaying expeditions. The minelayer *Berlin* had been unable to return ; and two other expeditions (3rd November and 16th December) had been supported by the battle cruiser squadron and the high seas fleet. During the same period, two expeditions had been abandoned, and another overtaken and destroyed (17th October). The inference was clear : the campaign could not be pressed in the continuous, unremitting, fashion that a major operation is pressed, and it was futile to expect that the British fleet would be reduced by it.

In contrast to this, the U-boats, which were ordered to assist in this war of attrition, had inflicted considerable loss upon us : the *Pathfinder*, the *Hogue*, *Aboukir* and *Cressy*, the *Hawke*, and the *Formidable* were all destroyed by U-boats during the first months of the war. This was impressive, and so high an authority as Sir Julian Corbett thought it strange :

That a nation credited with so full a measure of the military spirit should so soon have turned its promising method of offence against a commercial objective instead of persevering in a purely naval one.

The explanation is that neither the German authorities nor the submarine commanders rated these successes as highly as the British official historian. It was evident to the enemy, that these dramatic blows had been struck against ships of low combatant power, and it was not until early in October that the U-boats established contact with the grand fleet, and got some measure of the task before them. The sweep conducted between 6th and 9th October by U-boats numbers 5, 12 and 16 seems to have made a deep impression. The track of the submarines carried them into a zone that grand fleet units were patrolling, and for many hours they watched the grand fleet squadrons passing and repassing them. They delivered one unsuccessful attack, and the difficulty of assisting that *Kräfteausgleich*, which was the first object of the war plan, must have been apparent to everybody concerned. This, moreover, was not the only failure. Simultaneously, the German submarine commanders made a very determined attempt to interrupt the movements of military transports in the Channel and the Flanders bight. They failed to sink a single one.

It must not therefore be imagined, that the first successes of the U-boats excited an exaggerated belief in their combatant power. Quite the contrary ; as scouts they had failed ; for the grand fleet was unlocated at the end of the year in spite of their repeated cruises into the North sea ; as instruments of attack against first-class ships they had failed ; and they had been powerless against fast-moving, escorted traffic. The German naval historian is probably repeating views expressed in the reports of these long cruises when he states :

No U-boat had been able to score a success against war vessels after *U 9's* lucky attempt ; for when the *Hawke* was destroyed the enemy withdrew his warships from their reach. In contrast to this, the sinking of the *Glitra* proved that submarines might be used successfully in war against commerce, although the U-boat commanders were satisfied, that it was the business of the surface forces to stop the heavy steamship traffic off the south-west coast of Norway by offensive sweeps.

Towards the end of the year, therefore, it was generally recognised at German headquarters, that although the submarine flotillas had done good service, they could not execute any part of the general plan of attrition. The submarine commanders were, in fact, representing strongly, that the operations upon which they were engaged had been misconceived, and that their orders needed drastic revision. Their opinions upon the operations they thought themselves best adapted to execute will be reviewed later.

In the second paragraph of the German war orders there was a reference to a good opportunity of fighting a successful action with the British fleet. The good opportunity anticipated by the German naval staff was an offensive movement into the Heligoland bight by the entire British fleet, when it was hoped that the German squadrons would be able to give battle in their own waters, and among their own minefields. Their hopes were not unfounded. Admiral Wilson had intended to attack Heligoland and to seize islands on the German coast, but, as had been explained, his successors abandoned the plan. It is true that Admiral Fisher, who went to the Admiralty in October, was attempting to revive the project during the last months of the year ; but this was unknown to the German staff, who seem to have been quite satisfied, that the British fleet would not execute a major operation against the German coasts. Indeed they believed, that the grand fleet had been permanently withdrawn from the North sea, and that it was based upon some remote Scottish inlet.

From all this, it will be understood that the operations by which the German fleet was to execute the great object of the war plan failed, successively, during the first months of the war. Indeed, nobody can fully appreciate how keenly the failure was felt by the German high command, and how insistently a more embracing war plan was being demanded, unless he reads the actual words in which the German admirals expressed their disappointment. Admiral von Tirpitz was, perhaps, the most emphatic, for he criticised the war plan from its first inception, and pronounced it an utter failure, with a force of argument that exasperated the emperor and his entourage. In a letter to Prince Henry of Prussia, dated 10th September, the high admiral wrote :

Your Royal Highness will freely admit that our fleet was built for battle. Defensive, guerilla warfare can never, in my opinion, turn to our advantage. Believing this I am in opposition to the naval great ones of to-day and indeed to His Majesty.

Later, when he found that the commander-in-chief was partially of his opinion, he wrote a vigorous minute which he concluded :

Experience shows that we cannot hope to equalize forces by this guerilla warfare, we can rather expect the opposite.¹

These are two extracts from an enormous correspondence on the same subject. The high admiral's measured criticisms, sober appreciations, and intemperate sarcasms, have all been collected together ; they cover about five hundred pages of print, and are little but repetitions, or variants, of a single assertion, that the German fleet had been built for battle, and not for a miserable *Kleinkrieg*.

In the letter quoted, High Admiral von Tirpitz referred to his disagreements with persons whom he called the naval great ones. He was certainly in open controversy with two admirals on the emperor's staff ; but he appears to have had the weight of German naval opinion with him on the main issue, that the war plan was not succeeding, and needed revision. On this point the commander-in-chief, von Ingenohl, was as outspoken as Tirpitz himself :

After six weeks of war, he wrote in his memoirs, the enemy had undertaken no offensive operation—with the exception of the sweep on 28th August—and our guerilla warfare had done nothing to equalise the forces, notwithstanding the enterprise and energy of the torpedo boats and submarines that had been engaged, and the single but splendid success of *U 9*. It therefore appeared to me that the general operation order was no longer adapted to existing circumstances. The assumption and basic hypothesis of the whole order had proved wrong, viz. : a strategic offensive by the enemy to enforce a blockade or to maintain a permanent watch upon the German bight. This alone would have provided an opportunity for equalizing the forces and fighting a major action under favourable conditions.²

It is true that Admiral von Ingenohl wrote this some years after he was removed from his command ; but it accurately expressed his opinion, for his official representations were just as emphatic on the failure of the general plan. In the early autumn, he

¹ *Politische Dokumente*, p. 121.

² *Krieg zur See Nordsee Band II*, pp. 83, 84.

reviewed the conduct of the war at sea, in a long paper which he sent to the chief of the naval staff for submission to the emperor. The paper contained the following passages :

An operation with the entire high seas fleet is, in my opinion, the best way of securing an action with a detachment of the enemy fleet. But the operation order, and the emperor's wishes, communicated to me by your excellency, limit the employment of the high seas fleet ; according to these orders we are to wait for an attack against the high seas fleet. Our submarines and minelayers have, it is true, scored a few successes ; but whether they will equalize the forces is, at the lowest, most doubtful. It is my firm conviction that this equalization of naval forces will only be effected by forcing one or more actions with detachments of the enemy's fleet. This however can only be done if we seize the initiative, take the entire high seas fleet to sea to cut off detachments of the enemy's fleet, which have been reported at great distances from their coasts.

Subordinate officers admitted the failure just as frankly as these high commanders, for at the end of the year, Captain Zenker, an officer of the operations division, circulated a paper at headquarters containing the following remarks :

Notwithstanding the successes of our U-boats and our mining operations, we have not sensibly damaged the enemy's main forces. This mining warfare will not oblige the British to search for the enemy to their commerce, by blockading the German bight, or to seek him at his ways of exit. The measures pursued thus far : U-boat patrols, mining expeditions and occasional attacks against the British coast will probably be even less productive in future. When we consider the future conduct of the war at sea we must not count upon an equalization of forces, by minor attack, nor must we expect the enemy to alter his strategy, so long as we adhere to ours.

The German admirals and their staffs were not merely grumbling at the war plan, and criticising those whom they thought most responsible for it. They were, it is true, declaring the bankruptcy of the *Kleinkrieg* on which they were engaged ; but they were far from declaring the greater purpose of the war orders to be impossible of achievement. On the contrary, they were asking with the greatest insistence, how the German fleet could best dispute the command of the ocean highways with the British. The war plan had been ordered for that purpose ; it had failed, what plan of operations was to be substituted for it ? If the German admirals had agreed that the best policy would be to engage the British fleet at the greatest advantage obtainable, and to force a decision, submarine operations against commerce would certainly have been postponed for many months, possibly they would never have been ordered. It so happened, however, that German naval opinion was sharply divided. Tirpitz, Ingenohl, Capelle, Behncke, and a number of captains serving at sea believed, that although the British fleet had been withdrawn further north than they had anticipated, it would still be possible to overwhelm detachments, if the high seas fleet were more freely employed ; and that, after a succession of these partial victories, the German fleet would be able to force a general decision. There was, however, an equally strong body of opinion that disagreed ; for Admiral von Müller, who advised the emperor on naval appointments and promotions ; Admiral von Pohl, who advised the emperor on naval operations ; and Admiral von Lans, who commanded one of the battle squadrons, each opposed any plan for engaging the high seas fleet in the northern and central parts of the North sea. Admiral Scheer, who subsequently became commander-in-chief, seems to have held views midway between these two opinions. By his subsequent conduct, he showed that he did not fear a fleet action ; but he states expressly, in a paper written during these critical months, that a German success would never, in his opinion, be decisive enough to enable the German fleet to deprive the British of their control over the ocean highways :

Even after a successful action we could scarcely hope so to control the ocean that we should drive English traffic off the sea.

The other admirals' objections to a fleet action were highly technical, and are therefore not relevant to this history.

The question was repeatedly under discussion during the last months of the year 1914, and the opinions of the cautious party prevailed. Two imperial orders were issued, one in October, the second in January. The first order was substantially a decision that the *Kleinkrieg* be adhered to for the time being; the second granted the commander-in-chief more freedom than he had previously enjoyed, but it still debarred him from forcing a major action at any considerable distance from Heligoland. The last clauses in the order were decisive:

The commander-in-chief is empowered to undertake frequent sweeps into the North sea, on his own judgement, with the object of cutting off and overwhelming outpost forces of the enemy. But he is to avoid, as far as possible, himself becoming engaged with superior enemy forces; [and must remember] that, as the general position stands to-day, the high seas fleet is of particularly high significance as a political instrument in the imperial hands, and that, in consequence an unsuccessful fleet action would be a very heavy burden.

Projects for sweeps of greater compass, up to the enemy's coasts are to be submitted beforehand, to His Majesty the Emperor.

In the opinion of the staff this order left things as they were:

His Majesty's decision (wrote Captain Zenker), is, in my opinion, equivalent to a refusal to agree to your excellency's proposal. Under this decision, the commander-in-chief is not empowered to change the conduct of war, and a radical change is necessary unless the fleet is to be for ever debarred from asserting its military and political influence

Naval officers in high position did not unanimously endorse the last decision; but at least they must have realised that it would not be altered, for everybody knew that the emperor had not issued it on his own responsibility and without consultation. Pohl and Müller seem to have advised it, and the first order had only been issued after Pohl had summoned a general meeting of flag officers at Wilhelmshaven, and discussed the issues with them. Apart from this, it must have weighed with the emperor and his naval advisers, that Ballin, writing on behalf of the great shipping interests, most strongly urged that there should be no adventures at sea. If the German empire was to emerge from the war as a great maritime power, then, the structure of her maritime strength must be preserved undamaged. It was curious, that the great industrial magnates whom Ballin represented should have been urging that the German fleet should be kept for peace—after previously agreeing that hundreds of millions should be spent upon preparing it for war—but this was their considered opinion, and it was weighty and influential. Tirpitz has stated in an impressive passage of his memoirs that it was the German commercial magnates, and not the military aristocracy and the nobility, who unswervingly supported the great building programmes.¹

This, therefore, was the position at the close of the year: The German navy were unanimous that Great Britain could not be permitted to enjoy the uncontested control of the ocean highways: but though united in purpose they were much divided as to method; and the most natural and simple plan of forcing a succession of great actions at sea was pronounced unwise after long and careful consideration. It was to a high command thus distracted that the first proposals for a new campaign at sea were submitted.

IV.—*The first proposals for submarine war on commerce*

During the first weeks of the war, the German submarine commanders were engaged on the *Kleinkrieg* about which there was so much discussion at headquarters. They were, in consequence, employed on cruises against our main forces, in the northern and central parts of the North sea; and it was not until the end of September, that they were ordered to undertake warfare against our lines of communication. Towards the end of this month, the German high naval command despatched boats to interfere with the transports that were moving across the

¹ *Erinnerungen*, pp. 100, 109.

Flanders bight and the eastern Channel; and it was by those who conducted these operations, and who watched the uninterrupted movement of commercial traffic to and from the Thames through their periscopes, that the first proposals were made. Captain von Hennig of *U 18* was the first submarine commander to penetrate the Dover straits. He took up his station off Dover mole, and after remaining there for several hours, wrote in his log :

Many freighters passed going to and from the Downs. In my opinion sinking a few merchantmen with U-boats would make an unexpected commotion in public opinion and disturb England's economic life. It would be easier to do this than to lay minefields.

The very first document on the subject thus contained a reference to the *Kleinkrieg* with which everybody was so dissatisfied, and to the terror that would seize the British nation if the submarine commanders could be given a free hand. Later on, this extraordinary confidence, that a score of U-boat commanders could terrorise millions of brave and resolute men infected everybody, and became a strong persuasive influence.

Hennig's entry in his log was not, however, an official proposal: the first submission to high authority was made by Captain Bauer, who commanded the submarine flotillas, and who, in consequence, closely cross-questioned the U-boat commanders on their return. It does not appear, however, that Bauer was influenced by Hennig, for his argument was that the British minefield, which was laid across the straits as soon as the Admiralty learned that submarines had entered the Channel, was laid in violation of international law, and justified reprisals. He was, in fact, arguing that, as the minefield would restrict submarine cruises in the Channel, so, his commanders should be given more powers in zones where they were still free to operate.

We must henceforward reckon that U-boats operating in the Channel will suffer losses, and I submit, with the greatest deference, that the following public announcement be made: If the barrage, illegally placed across the Channel is not withdrawn within a given period, the Germans will, on their side, start submarine operations against commercial traffic on all the British coasts.¹

This proposal was laid before Admiral von Ingenohl, the commander-in-chief. A few days previously Admiral von Pohl had convened the conference of flag officers on board the *Friedrich der Grosse*, and had virtually informed them, that the war orders could not be revised, and that the battle fleet could not be engaged on any major operation. This may have inclined Ingenohl to Bauer's proposals to which he gave a good reception.

From a purely military point of view, he wrote, I beg to point out that a campaign of submarines against commercial traffic on the British coasts, will strike the enemy on his weakest spot, and will make it evident, both to him and to his allies, that his power at sea, is to-day insufficient to protect his imports.²

Then, after referring to the heavy stream of commercial traffic that submarine commanders had observed off the firth of Forth and the Thames, Admiral von Ingenohl continued, that the consequences of sinking a few steamers off these great centres would be considerable; and that probably all the traffic up the east coast would come to a stand, if U-boats off the firth of Forth could block the harbour. Further, as there was then but little traffic to the German harbours, the enemy could not retaliate effectively. Admiral von Ingenohl was, however, conscious that the proposals could not be judged purely by their military value:

It is beyond my judgment, he added, whether it will be held possible and feasible to proceed with this proposal, for considerations of policy and law, neutral opinion, and the weight to be attached to it, must be reviewed conjointly.

These documents were sent to the chief of the naval staff, and it will, at this point, be convenient to describe briefly, how the high naval command was constituted, and what were the responsibilities of those that belonged to it; for it was because

¹ *Krieg zur See Handelskrieg mit U-booten, Band I, Anlage 1.*

² *Krieg zur See Handelskrieg mit U-booten, Band I, Anlage 2.*

the constitution of the high command was peculiar, that the first proposals for submarine warfare were never critically examined. Under any other system of command, the proposals would have been subjected to that general inspection which serves as a check upon hasty decisions.

V.—*The composition and the powers of the German high command*

By the constitution of the German empire, the emperor was responsible for all operations by land and by sea. He had, however, failed to exercise any effective control over continental operations; for, had he attempted this, he would have been compelled to live almost permanently at great headquarters, surrounded by a vast staff of military secretaries, and separated from his ministers at Berlin: in fact lost to the empire. His control over naval affairs was, however, more easily exercised, and we have it on the authority of Admiral von Tirpitz that he was determined to assert it. In point of fact his powers of control were great: the commander-in-chief was not empowered to take the fleet to sea, unless the operation he proposed had been explained to the emperor, and by him approved.¹

Two officers of high rank were the emperor's principal naval advisers. As chief of the naval staff, Admiral von Pohl was responsible for preparing war plans, projects of operations and allocations of forces. In theory, he alone was responsible, but in practice, he seems to have felt obliged to consult other flag officers occasionally. The great defect of this arrangement was that whereas the officer holding the post should have been, above all things, a seaman of good judgment, the talents most useful to him were those of a courtier: the emperor's permission had to be obtained before any operation could be begun, and, according to Tirpitz, permission was more often obtained by cajolery than by rational explanation.

The emperor's other naval adviser was Admiral von Müller, the chief of the naval cabinet. In theory, it was his duty to advise the emperor upon appointments, promotions and honours; but it is undoubted that he had great influence on matters outside the boundaries of his official responsibility. The post of *kabinetschef* was the only naval office in Germany with a constitutional tradition, for the chiefs of the civil and military cabinets have, for centuries, been high officers in the Prussian government. These *kabinetschefs* have acted as secretaries on military and civil affairs, and were, in the past, responsible for informing the king of Prussia of all the facts and circumstances that he should be aware of, and of transacting, on their own responsibility, that daily business with which the king was not concerned. Naturally a great deal of responsibility was transferred from the *kabinetschefs* to the ministers of state, in the later constitutions of the empire: the fact remains that the offices survived, with all their traditional associations attached to them. It is therefore not surprising, that Tirpitz speaks of Admiral von Müller's extraordinary influence. This was inevitable, for his office was old: the office of naval secretary was new. It is, however, impossible to say exactly on what questions Müller exerted this influence: the published documents show that he drafted and transmitted the emperor's decisions on the conduct of war, and that he was empowered to discuss strategical questions with such men as Ballin. He was, therefore, well qualified to feel the pulse of public opinion on naval matters, and to report on it.

These two officers and their staffs were the emperor's principal advisers, and may be said to have constituted the high naval command; for the naval secretary, Tirpitz, was an administrative officer, responsible only for building programmes, material, and for naval budgets. As it was impossible to deny the officer who had built the German fleet the right to suggest how it should be employed, Pohl had been instructed, by a special order, to consult Tirpitz on war plans and operations.

¹ *Politische Dokumente*, p. 33.

This, however, gave the naval secretary no influence on questions that were settled by the emperor and his advisers. Tirpitz's objections to the *Kleinkrieg* war plan were consistently disregarded.

The theory of the constitution appears to have been, that the chiefs of the staff were solely responsible for naval and military strategy, and the chancellor and foreign secretary for political. The proposals that Ingenohl laid before the chief of the staff in the first week of October were, however, neither purely military nor purely political. When such matters were in agitation, it was the custom for the chief of the staff to come to a preliminary understanding with the chancellor. There was no difficulty about this; constant attendance on the emperor brought these two officers together, and, to judge by the documents exchanged between their staffs the union between their two offices was close. There was, however, another alternative: that of convening the chief officers of the empire, and obtaining their opinion. It is difficult to say anything certain about the powers of this extraordinary council. It was frequently assembled later on, when those present were consulted about the conduct of war; but it does not appear, from the minutes of proceedings, that this great council was a regular organ of the constitution. Officers who were present at one meeting were absent from another—which suggests that it had no regular composition—and it is to be remarked that Gebhart does not mention the council, in his work on the constitution. This council was not, therefore, a body comparable to a French or British cabinet, whose resolutions are binding orders to ministers of state. It appears rather, to have been an assembly convened at moments of great danger, and dismissed at pleasure. It was not consulted about the original proposals for submarine war, but was frequently convened, later on, to discuss its political repercussions.

From all this it will be evident, that although the civil and military officers of the empire had ample opportunity for consulting one another on matters midway between strategy and policy, they were, nevertheless, under no compulsion to submit their proposals to the general scrutiny and criticism of the whole government. In the documents published there is good testimony that the chief of the staff felt obliged to consult the chancellor and the foreign secretary; but there is in them nothing analogous to the minutes that are always to be found upon the original documents of the British orders in council, diplomatic notes to America, and the other great measures of the economic campaign: To be brought before the cabinet, or: Cabinet approves. This may explain in part, why the history of the submarine campaign is a record of furious charges and precipitate retreats, and the history of its great opponent, the blockade, a record of regular progress.

VI.—The German government misunderstand the British order of 2nd November, which gives a great incentive to submarine warfare

Admiral von Pohl did not feel obliged to consult the political officers about the first proposals, and decided on his own authority, that they could not be pressed. He considered that submarine warfare against commerce was a rude violation of international law, and did not think that British violations warranted it. He added, however, that the proposals, if executed, would make a great impression, and would probably incline England to peace. He therefore agreed with Ingenohl upon their military value. The two persons who considered the question were thus persuaded, at the outset, that the measures proposed were justifiable only as a reprisal.

The Admiralty declaration of 2nd November gave the German naval authorities the excuse for which they were waiting. It was, in fact, quite misunderstood by them, which is natural. Before it was issued, Germans of every condition were apprehensive

of the economic campaign, and they regarded this November declaration as an announcement that it would be pressed with the utmost vigour. Ballin spoke of our first order in council as a measure of extraordinary and quite unwarranted coercion ; Ingenohl thought the same, and wrote to Pohl that the British government intended to stop all German commerce with the outer world. As these expressions were used in private correspondence, which the writers did not intend to be circulated, they show that whereas we considered, in the first months of the war, that we were conducting a restricted campaign for stopping contraband, the German authorities regarded it as unlimited economic war. They circulated a note to neutrals in which they virtually so described our first measures ; and as the note is an elaboration of sentiments that high officers expressed in their private correspondence with one another, it would be futile to describe it as a partisan statement. It was rather a document that faithfully accorded how much the German government dreaded a danger that had been reviewed at intervals for twenty years, and which, on each successive assessment, had appeared more formidable.¹

It is not surprising, therefore, that the German authorities considered the November declaration to be an announcement that the country was blockaded. Two days after the declaration was published, Admiral von Pohl reversed his first decision, and laid a general proposal for submarine warfare against commerce before the chancellor ; in it, he claimed that the recent declaration justified the measure, as the German government had an obvious right to extraordinary retaliation. As this German claim, that they had a right to make reprisals has been treated with great levity by British publicists, it will be worth while to discover what opinions were honestly held in Germany and for what reasons.

VII.—The German government's opinion upon reprisals

Both the chancellor and Helfferich have maintained, that England's measures for subjecting Germany to economic duress were quite unjustifiable. Their remarks are, however, very general, and are not directed against any particular measure. It is not possible to decide, from what they have written, whether the measures in force when submarine warfare was begun, that is the orders in council of August and October, were by them considered as flagrant violations of legal principle. It is true that the chancellor's words come rather near it, for he says :

Even though there was no international code about U-boat warfare, our claim to neutral tolerance was nevertheless well founded. Viewed from the standpoint of international law the U-boat warfare was a reprisal against England's hunger blockade.

This, however, is not satisfactory. When the German government ordered submarine war, the British authorities were only intercepting contraband, and were not attempting to impose a hunger blockade. The chancellor, writing retrospectively, has obviously confused dates and facts. But he expressed exactly the same conviction, that the government had a right to exercise reprisals, in an official paper to Admiral von Pohl, which was written in December, 1914, when every clause and sentence of our orders in council must have been familiar to him :

When we consider the purely utilitarian rules by which the enemy regulate their conduct. [when we think] of their ruthless pressure on neutrals, on the pretext that they are stopping contraband, we may conclude that we are entitled to adopt whatever measure of war is most likely to bring them to surrender.²

Unless we dismiss these words as the statement of an expert hypocrite (for which we have no warrant) it must be granted that they express an opinion honestly held.

¹ *Politische Dokumente*, p. 282, and *Krieg zur See Handelskrieg mit U-booten*, Band I, Anlage 9.

² *Handelskrieg mit U-booten*, Band I, p. 54.

Helfferich is equally vague as to facts but quite as explicit as to the general proposition¹ :

As soon as war began, he writes, the British government issued orders which forbade all payments to persons living in enemy territories under pain of penalties. The prohibition was soon extended to any transaction with the enemy. British measures at sea were even more severe. Without allowing her purpose to be deflected by international custom, Great Britain subjected all commerce, even that of neutrals to her control in order to stop all traffic to Germany, direct or indirect. Then neutrals were subjected to control, in their own country, so that the blockade should be effective along all Germany's borders. From the moment war began, Great Britain, supported by her allies, openly and ruthlessly endeavoured to supplement the pressure of her land and sea forces by an economic strangulation. By stopping raw materials required by Germany in war, the country was to be made defenceless, by stopping imported foodstuffs she was to be starved and forced to surrender. From the very beginning Great Britain treated this not as a means, but as an object of war : independently of military operations Germany was to be reduced to submission by economic pressure ; Germany's industrial strength—so harassing to Great Britain—was to be stricken a death blow.

It is not relevant that these statements are arguable ; for the question at issue is not whether a court of justice would decide that our orders in council, and our contraband agreements with neutrals, were as illegal as the German ministers claim them to have been, but simply, how German ministers viewed the economic campaign at the close of the year. As evidence of a conviction these statements are decisive, for no doubts can be thrown upon the honour of those who made them. They are, moreover, confirmed by a document of an entirely different kind : Dr. Kriege's official paper on the German government's right to reprisal. This gentleman was a legal adviser to the German foreign office, and it would be waste of time to question his honesty. Dr. Kriege maintained, that as the declaration of London had been acknowledged to be a code of recognised custom, so, a flagrant breach of it was a breach of international law. The British government had, in his view, violated the declaration, not perhaps by one particular measure, but by their general conduct. By assimilating conditional to absolute contraband, and by declaring commodities on the free list to be contraband, the British government were imposing restraints upon commerce not warranted, indeed expressly forbidden, by customary law. None of these measures had been taken as a reprisal against anything done by Germany, and were therefore mere arbitrary acts of power.

It would be just as easy to answer Dr. Kriege's interpretation of the law as it would to answer the chancellor's and Helfferich's ; but his statement, like theirs, is here only recorded as evidence of a conviction ; moreover, all three statements must be adjusted to the circumstances in which they were made, and to their antecedents. The German official historians have proved, that German statesmen had always considered the declaration of London to be a protection against economic pressure, and had been so confident that it was an adequate protection, that they had deprecated making preparations for resisting an economic campaign. But we know from the reports of our expert observers, that in the last months of 1914, Germany was being subjected to economic pressure far more severe than we had thought possible to be inflicted with the engines of pressure that we controlled. It was not until the early months of the new year, that the first German recovery was evident. Surprise that Germany should so suddenly have suffered such wants ; terror of the dangers ahead ; ignorance of the country's resisting power, evidently combined to make the danger appear greater than it actually was, and to convince the German authorities that their country was being subjected to unwarranted coercion ; and that they, in consequence, could justifiably order extraordinary measures of retaliation. From the moment that Admiral von Pohl's proposals were received in the chancellor's office, those proposals were tested solely by the rules of expediency. The emperor's emotional dislike of submarine warfare, Pohl's original hesitations

¹ *Weltkrieg, Band II*, p. 38.

were no longer an obstacle¹; nor did the German foreign office ever object that the proposals were in themselves, unjustifiable. A number of circumstances thus made the project submitted by Admiral von Pohl exceptionally attractive.

VIII.—Why the first proposal for submarine warfare was thought premature

In the paper now submitted to the chancellor, Admiral von Pohl suggested that Great Britain should be declared blockaded, and that neutral governments should be warned, that as the blockade was to be executed by submarines, neutral ships would run a grave danger of being sunk without warning, if they attempted to break it. He had, however, presented this paper without waiting for the report which he had ordered his staff to make, and they saw serious technical objections. They estimated, in the first place, that ten blocking positions would have to be held, if anything resembling a blockade was to be enforced, and although they thought that this would be very difficult, they deemed it just barely possible. They were, however, exceedingly sceptical of the results. The extraordinary campaign against commerce would only be justifiable if it were really successful; it would only be so, if it were executed for a long time, and were so destructive and terrifying, that neutral shipping avoided British harbours. The staff did not, at the moment, state whether they thought this probable or not, but they added unequivocally: We are not in a position so to cut off England's imports that the country will suffer hunger.

This report was prepared after consultation with the foreign office officials, who presented another.² Having been warned by the naval staff that the submarine fleet was hardly strong enough to execute the project, the diplomatic advisers drew attention to the political dangers of threatening more than would be actually done. The strength of neutral protests would, in their opinion, be in inverse ratio to the success of the plan; sporadic sinkings would not so terrify them that they would avoid the danger zone, and would, indeed, only harden their opposition and make it dangerous. It was, therefore, essential that the operating submarines should stop all traffic to England for a week at a time. If less destruction and stoppage was anticipated, then it would be better to wait until more submarines were available, and the military position on the continent was really good. The naval secretary objected to the proposal for exactly the same reasons. Tirpitz admitted that submarine war was the last and most effective means of coercing England; it was, on that account all the more important that it should only be tried when everything was ready. The moment chosen by the chief of staff was obviously unsuitable: Lord Fisher had recently replaced Prince Louis of Battenberg at the Admiralty, which made it probable that the British fleet would make some attempt against the German bight; until British intentions were clearer, it would be most unwise to detach large numbers of U-boats from the high seas fleet to make war on commerce. The entire proposal, concluded the naval secretary, sounds too much like bluff.³

The chancellor was not called upon to exert himself against this proposal, for the emperor, uninfluenced by him, was not prepared to countenance it. On 25th November, he ordered Pohl and Captain Zenker to attend him at dinner, and told them, he did not approve of the suggestion.⁴ He confirmed this, on the following day, to Tirpitz, to whom he said that he had no objection to submarine war, in itself, but that he was determined to wait until it could be waged effectively. If these objections to beginning submarine war without adequate preparation had

¹ The German official historian states that the emperor had a strong sentimental dislike of submarine war, which is confirmed by an anecdote in Helfferich's memoirs. Vol. 2, p. 305.

² *Handelskrieg mit U-booten*, Band I, p. 53.

³ *Politische Dokumente*, p. 286.

⁴ *Politische Dokumente*, p. 287.

been sustained, submarine operations against commerce would not have been attempted until much later ; when attempted, the method of execution would have been entirely different, and the German authorities would not have involved their country in an overwhelming catastrophe ; for it will be shown later, that the American government would have tolerated submarine operations, if certain limiting precautions had been imposed. But these objections to a hasty, ill-conceived operation were either abandoned by those who first made them, or swept away by others in a few brief weeks. Indeed, a scandalous pamphleteer would hardly dare to accuse the German authorities of such levity and frivolity as their own official records prove them guilty of.

IX.—The proposal for submarine warfare raised again

It is rather curious that Admiral von Pohl, who has been described as the smallest and the vainest of men, should have over-persuaded so many persons more eminent than himself. That he did so is proof, that even though he had the faults charged to him, he was also a man with an extraordinary talent for manipulation. On 14th December, that is, just three weeks after the emperor had refused to entertain his proposals, he sent a new paper to the foreign office. His arguments were these : during the discussions that had just come to an end, the foreign office had proved that there were serious objections to declaring England blockaded ; Admiral von Pohl therefore proposed to declare the waters round England to be a war area, and to use the same language, and the same warnings of danger, that the British government had used in their November proclamation.¹ The foreign office had also objected to beginning the campaign prematurely ; in reply to this Pohl stated, that by the end of January, the naval authorities would have made all the necessary preparations : he therefore proposed to issue the declaration on that date ; to give neutrals a fortnight's delay ; and to begin active operations at the end of February.

For the moment, this new paper only provoked a repetition of all the objections that had previously been made. Tirpitz explained, that the submarine fleet would only be ready when a large number of small boats could be massed at the Belgian bases for operations against the Thames and the Channel ; he could not promise the necessary forces until the autumn. Admiral von Müller also opposed the suggestion. The chancellor was therefore still supported by expert naval opinion, when he objected to proceeding further with the proposals. In common with the other political advisers he had peculiar reasons for being distrustful of this new naval plan. Early in December, the Italian ambassador at Vienna informed the Austrian authorities, that their invasion of Serbia upset the equilibrium of central Europe, and that Italy was entitled to compensations. This communication presumably warned every diplomat in the central empires, that the consulta was critical and unfriendly, and might become dangerous. Hitherto the German foreign office had only dreaded serious opposition from America ; henceforward therefore they had this additional anxiety, that the Italian government might make submarine war a pretext for giving a nasty turn to negotiations that would, in any case, be difficult to conduct successfully.

The substance of the chancellor's reply was, therefore, that there was great danger of active opposition by America and Italy.² America might order a commercial boycott of Germany—which would effectively stop such indirect trade as was being maintained through neutrals—the Italian government was very uncertain. Why then, provoke this dangerous opposition, at the very moment when the British, by their coercion of neutrals, seemed in a fair way to exasperate half Europe ? For the recent meeting of the Scandinavian kings at Malmö seemed proof that the northern neutrals would not tolerate British restraints upon their commerce.

¹ *Politische Dokumente*, p. 237. ♦

² *Politische Dokumente*, p. 292.

The chancellor considered, moreover, that submarine warfare should only be begun, if the submarine fleet were strong enough, and if the military position were really good. At the moment, the military position was that there was a deadlock on both fronts, and that the Austrians had been defeated in Serbia.

X.—Admiral von Pohl made commander-in-chief; the German public begin to exert pressure

Admiral von Pohl answered this in a rather feeble paper; but, in the meantime, circumstances combined to rally naval experts around him, and to introduce a new influence: the pressure of public opinion. If the objections hitherto raised by the naval experts are inspected closely, they suggest that Admiral von Pohl's staff and Tirpitz had not reviewed the suggestion for submarine war as a single proposal; but had all the while been adjusting it to the bigger controversy about seeking a decision with the battle fleet. They had not abandoned the hope that permission to force a fleet action would be given, and had therefore been trying to adjust submarine warfare against commerce to their bigger plans for forcing a decision at sea. This is certainly the explanation of Tirpitz's objections to detaching large numbers of submarines from the high seas fleet; and there is a passage in the first appreciation of the naval staff, in which they suggest that submarine war against commerce should be made part of a general plan of operations, executed by all available forces. So long as the naval staff hoped that the entire naval war plan might be reconsidered, it was natural that they should receive all subsidiary projects cautiously. But on 7th January the second imperial order was issued to the fleet, in which the commander-in-chief was forbidden to engage the battle squadron seriously; in addition, as though to make the order more rigid, it was then generally known, that the emperor intended to remove Ingenohl from the command of the high seas fleet, and to replace him by Pohl, who was very adverse to great fleet actions. Henceforward, therefore, submarine warfare against commerce was the only naval war plan being considered; even Tirpitz admitted it was no longer of any use to urge that the high seas fleet should be more freely used. During this month of January there was, in consequence, a sharp change in naval opinion. On 20th January, the staff, which a few weeks before had reported against starting submarine war, reversed all they had previously said, and urged that it should be begun without delay. Henceforward, writes their official historian, Admiral von Pohl was pressed on by his own staff.¹

The chief of the staff was assisted by another adventitious circumstance. The German naval staff had never examined how economic warfare could best be waged against the British empire; the plans considered and approved had, apparently, been plans for breaking a close blockade, and for making the German coasts unapproachable; pelagic operations had never been considered. Now only Captain Bauer and the captains of the U-boats had any expert knowledge of submarine operations; neither Pohl nor any member of his staff had ever served in a submarine. The matter under discussion was, therefore, one about which few positive facts had been collected, so that when Pohl made dogmatic statements, nobody could refute or even criticise them. This immunity from criticism was of the greatest service to him; and he unexpectedly received support from yet another quarter.

On 21st–22nd December, that is just after Pohl raised the question afresh, the great organs of the German press published the report of an interview between Admiral von Tirpitz and an American pressman.² During the interview, the naval secretary stated:

America has raised no protest and has done little or nothing to stop the closing of the North sea against neutral shipping. Now what will America say if Germany institutes a submarine blockade of all England to stop all traffic?

¹ *Handelskreig mit U-booten, Band I, p. 66.*

² *Politische Dokumente, p. 623.*

The pressman then asked whether such measures were contemplated. Admiral von Tirpitz answered :

Why not if we are driven to extremities ? England is endeavouring to starve us ; we can do the same, cut off England and sink every vessel that attempts to break the blockade.

This interview had apparently been given a month previously ; but the German censorship was only asked to pass it for publication on 19th December. They discovered, upon enquiry, that a copy had been carried past the frontiers by a press courier, and that the foreign press had already published it. The truth is that Admiral von Tirpitz had been taken unawares. The interview took place in his bedroom at great headquarters : his bed was still unmade, and he had presumably only just got up.¹ He did, it is true, make the pressman promise to submit his report of the interview to the foreign office ; but he took no precautions. He was probably sleepy and tired.

When the German nation studied the report of this interview, foodstuffs were becoming scarce, and the great industries were still dislocated by the first shock of the war. The people read in it an announcement that this incipient blockade would be broken ; their reception of the news is best described in the chancellor's own words :

The first and decisive step was thus taken. The enemy was openly warned to prepare for a submarine blockade ; an infallible measure of war was announced to the German people. Thereafter U-boat warfare was not to be removed from the heart of the people.²

For the time being the chancellor stood to his objections, and the emperor supported him. On 7th January, Admiral von Pohl's second proposal was answered by an imperial order, that submarine warfare was to be postponed for the time being ; and that, when the military position was clearer, the question was to be raised again. This was the chancellor's view ; but forces were now gathering that neither he nor the emperor could control.

The chief of the staff and his advisers were not only supported by public opinion (writes the official historian) they were openly driven by it. The report of the Wiegand-Tirpitz interview echoed through the German press. Thereafter, the high naval command, and the political authorities, were assailed by a mass of papers written by eminent financiers, shipping and industrial magnates, politicians and scientists, in which they urged the government not to be deterred from using a decisive weapon by any false misgivings.

The pressure was, indeed, the more difficult to resist in that it was now exercised by persons of high qualifications and knowledge, who knew well how to support their petitions with telling arguments and statistics. In January, the chancellor, the chief of the naval staff, and the commander-in-chief of the high seas fleet received a paper prepared by the highest unofficial experts in the empire : the professor of political science, the professor of law, and five other dignitaries of the university of Berlin added their signatures by way of endorsement.³ Men of such high standing cannot be silenced by any censorship ; for, whatever laws may be enforced, persons in their position can always persuade thousands, by explaining their views in their lecture rooms and in society. The paper circulated by these gentlemen was the more weighty in that it was extremely sober. After carefully considering the available facts, the university experts gave it as their opinion, that the industries of the country would not be paralysed by the existing shortages, and that they would shortly revive. Also, the professors considered that difficulties of distribution, then so apparent, would soon be overcome. They insisted,

¹ *Sien Amtszimmer ist das grosse Schlafzimmer, worin das Bett noch so war wie es sein Besitzer verliess.* (German text of the reported interview.)

² *Krieg zur See Handelskrieg mit U-booten, Band I, p. 60.*

³ *Handelskrieg mit U-booten. Anlage 24.*

however, that the recovery would be temporary; and that it could only be made permanent by forcing Great Britain to relax some of the restraints imposed upon neutral commerce:

If matters reach such a pass that our navy is not able to prevent an organised attack upon our commerce, it will no longer be a fact that we can supply ourselves with necessaries. . . . or that starvation is not to be feared. On the contrary; in this case there will be a serious shortage of imports, and if the shortage continues for a whole year, after our stocks of domestic wheat, cereals and other foodstuffs are exhausted, there will not only be a tremendous rise in prices, which must cause a panic, but such a lack of everything necessary that the country will no longer endure the war. . . .

The professors completed this by a survey of British stocks, and importations, from which they concluded, that a general organised attack upon London by airships, and upon sea-borne commerce by submarines, would so reduce British supplies that the country would be in great difficulties.

XI.—Admiral von Pohl persuades the chancellor and the emperor

Being conscious that he was now so universally supported, and that his wishes would sooner or later be irresistible, Pohl took no heed of the last imperial order, and repeated his proposals. There was, however, one person whose objections were not to be overcome by merely repeating what had already been urged; for the chancellor stood firmly to all his objections to a war plan that would exasperate America and Italy, and was not to be shaken. His objections were overcome by downright misrepresentation. On 1st February, Pohl discussed the whole matter at the foreign office. Besides himself, Bethmann Hollweg, Zimmermann, the assistant foreign secretary, Clemens Delbrück, the minister for home affairs, and General von Falkenhayn, the chief of the general staff, were present. No minutes were taken, but Zimmermann states, that he remembers the conference; and that, after Bethmann Hollweg repeated all his fears about the irritation of neutrals, Pohl answered, that it would be possible to distinguish between enemy and neutral ships; and that only enemy ships would be sunk. The chancellor then said that he would not raise any further objections. It has been questioned whether Zimmermann's memory is to be relied upon, and it has to be admitted, that the assistant secretary could easily be mistaken about an interview which took place some sixteen years before he was asked to describe what took place. Some exceptional assurance must, however, have been given; for the chancellor admits he was persuaded against his better judgment:

I must admit without disguise, that in the winter of 1914, the confidence of the naval leaders made an impression upon me. I did not strongly resist the urgent representations of the naval staff.¹

After this, the emperor's consent was easily obtained; but Pohl took every precaution that his assurances, whatever they may have been, should not be subjected to the scrutiny and criticism of the other admirals on the high command. He carefully concealed his interview with the chancellor from Tirpitz, and when Admiral Bachmann relieved him as chief of the staff, on the following day, he informed him that the matter had been settled, and that it could not be raised again. Bachmann was astounded to discover that a declaration was prepared and ready for issue. The emperor had still to give his consent, but this was easily secured: on 4th February he inspected the high seas fleet, over which Pohl was about to take command, and while the kaiser was in the cabin of a picket boat that was carrying him across the harbour, confused and flustered by the bustle of an official inspection, Pohl took the orders for submarine war from an inner pocket of his coat, and the emperor signed them. In this extraordinary manner, and under this extraordinary combination of circumstances, submarine war upon commerce, one of the boldest

¹ *Betrachtungen Zum Weltkrieg, Band II, p. 116.*

and most desperate campaigns in the history of sea warfare, was ordered to be begun.¹ As the complex of measures that is popularly known as the blockade of Germany, and the German fleet's operations at sea may henceforward be likened to opponents engaged in a relentless struggle, it will be appropriate, at this point, to compare the strength and fitness of the two antagonists.

XII.—British and German methods of exerting economic pressure

The economic campaign against Germany, and submarine war upon commerce were being executed for a common purpose : the control of communications ; and as the object of nearly every great operation, whether it be conducted by land or by sea, is to stop up an enemy's communications, or to enlarge your own, both plans were well adjusted to the great purposes of war. The German plan of operations was virtually an assertion, that submarine commanders must be allowed to exercise the same severities at sea that commanders of armies have always exercised by land : it assimilated the sea communications of the empire to strategic roads and railways, and it assumed belligerency in whole nations, since everything necessary to the British nation was to be destroyed. This assumption that the civil population are belligerents of a second order is the excuse for all strategic devastations. The Palatinate was wasted in order that the imperial armies should be denied the agriculture produce of the country ; Marlborough destroyed the farms and crops and cattle in Bavaria for a similar purpose ; Wolfe ravaged the province of Quebec for the same reason. In fact, requisitions that leave whole populations starving, and strategic devastations that spread ruin, desolation and famine are the common-places of military history ; and it would be pedantry to multiply illustrations. The argument that pure communicational warfare at sea is exceptionally cruel is therefore hollow and unsound. The civil population has always been afflicted by this form of warfare, and it has always been their scourge. The thirty years' war reduced the population of Germany by millions ; the seven years' war was nearly as destructive ; Masséna's requisitions, and the evacuations ordered by Wellington in Portugal starved 40,000 souls. These tremendous calamities have been inflicted by armies endeavouring to secure and to deny supplies : the very purpose in which the British foreign office and the German submarine commanders were engaged. The statement, that civilians and armed forces have only been treated as a single belligerent mass since the year 1914, is one of the most ridiculous that has ever been uttered : more ridiculous still, the statement has been accepted as true in a country where a hundred million pounds of public money are spent yearly on the people's education.

It will be objected that this analogy between land and sea warfare is imperfect because the belligerent on land has full jurisdiction over the territory that he holds, whereas the sea is a *locus communis usus*, where neutrals, as well as belligerents, have rights ; and where such rights as a belligerent possesses, are only exercisable when he has complete control of the waters in which he operates. That is certainly the law, but it does not damage the analogy ; for the sea, like the land, is subject to what one may call a higher law of war, from which neither treaties,

¹ Admiral von Müller's opinion is worth quoting : I approved of this stage management as little as the naval secretary. The moment was badly chosen, the means not sufficiently ready, the declaration unskillfully drafted. Pohl secured the approval of the chancellor, who knew nothing about the technical side of the question, and then hurried the emperor into approving the declaration, during a boat trip across Wilhelmshaven. It was disloyal of Pohl not previously to have discussed the declaration and its issue with the naval secretary ; it was also disloyal to me, whose advice he had always taken when important decisions were being considered. He desired above all things that the declaration should be issued over his own name. (*Politische Dokumente*, p. 307.)

nor conventions nor written codes will exempt it. This higher law of war may be stated thus: the greatest devastations of property that are recorded in military history have been ordered by a belligerent, who is determined that his enemy shall not enjoy the use and benefit of some tract of country; and who only has an imperfect, or temporary, possession of the district from which he wishes to debar his enemy. A moments reflection will shew that the economic campaign against Great Britain was subject to this general law. For the first time in history, economic warfare was becoming a major operation, which promised to be decisive: in every major operation there is a decisive theatre, and the decisive theatre in the economic campaign against Great Britain was the Channel, and its western approaches, and the Irish sea. The Germans were thus bound to deny their enemies the use and enjoyment of this theatre as far as they were able; they could not do this by establishing a full, undisputed control of waters that they could only enter as raiders, for which reason, they were driven, by sheer necessity, to operate by destruction.

The confused and tortuous state papers of the German authorities, and the crafty manœuvres of Admiral von Pohl must not, therefore, be allowed to excite prejudice against the principle for which they were contending. The principle was sound on all points, if tested by military logic, and was that every area of strategic importance, whether it be a town, a district, or a zone of water, may properly be treated as a theatre of military operations; and that inasmuch as the Channel and its western approaches constituted a zone with a strategic importance equal to that of Toul, Verdun and northern France, so, it was ridiculous to struggle for the mastery of the one with vast armies, and military engines of every kind, and to allow Great Britain the undisputed enjoyment of the other. The weakness of the German plan was that it could only be justified by logic and reason, which do not in themselves make drastic innovations palatable.

It would be waste of time to recite the rules of comity, which have tempered the practices of sea war; and it must be sufficient to say, that the accepted rules of international law quite obviously forbade such operations as the Germans were about to undertake. But just as our authorities discovered, that rules elaborated largely by the civilians of the seventeenth and eighteenth centuries could not be applied *ad litteram* against the complicated transactions of modern commerce, so, the Germans could claim with equal justice, that rules elaborated when cargoes were intercepted, searched and destroyed by three deckers and frigates, and when the political structure of Europe was entirely different, were in need of revision. They could in fact argue, that, whereas the British government were controlling the communications of northern Europe by elaborate diplomatic instruments, strengthened by all the mechanical devices of the modern world: telegraphy, scientific deciphering and the rest, they, on their part, were debarred from attacking the communications of the British empire, unless they did so in the eighteenth century manner.

It is, however, a mere commonplace that all the restraints imposed upon war against sea-borne commerce are concessions to neutrals; for if commanders at sea had been as free as commanders by land, they would long since have treated all cargoes with a hostile destination as army leaders have treated crops, cattle and industrial plant. It followed, therefore, that war upon commerce could only be relaxed or enlarged after very careful tests of what neutrals would tolerate; and it was on this point that the British plan was incomparably the better. We claimed, that our contraband agreements with neutrals, and the private agreements with great traders and shipping firms were instruments for applying the law of continuous voyage; that they were necessary for adjusting the law to present circumstances, and justifiable, because the essential principles of the law were upheld. A supreme

court of justice might, or might not, endorse this, which is not a matter of great moment. Strict legality does not in itself satisfy neutrals; for practices that the most learned lawyers in England honestly believed to be justifiable in law, raised two coalitions (politely termed neutralities) against us. The great virtue of our practice in 1914 was that every claim advanced was carefully tested by long negotiations; for every sentence in every agreement was inserted after discussion and treaty, and was thus a record of what would be tolerated. Our practice was therefore tried step by step and was a slow experimental adjustment of old rules to modern circumstances.

In contrast to this, the German plan tested the temper of neutrals by experiments of which nobody could foresee the outcome. The political consequences of sinking a small cargo steamer with a miscellaneous lading, and a crew of obscure and humble men, were certainly less dangerous than the consequences of sinking a steamer that carries persons of wealth and influence; but no submarine commander, when he fired his torpedo, could foretell whether, by doing so, he would involve his government in serious complications; or whether he would merely make them the recipients of a formal protest. The authorities that ordered the operations were even less able to calculate the consequences, or to mitigate them. The whole plan was thus a hazardous experiment, which was operated by contributory experiments on the high seas that were even more hazardous.

This was not the only point in which the British plan was superior. It is undoubted, that the difficulty of operating either plan successfully was the difficulty of adjusting purely military conceptions of war to what political caution demanded. This was hard to surmount, because a plea for severe measures will always sound more convincing than a plea for caution, notwithstanding that prudence is as necessary to the conduct of war as boldness. It was not a peculiarity of German generals to urge that necessity knows no law, but it was a defect in the German system that this counsel was allowed to become irresistible. Now the British system gave ample opportunities for adjusting this inevitable conflict between military and diplomatic opinion, and of doing justice to each, simply because no section of the administration was independent or powerful enough to force a serious diplomatic conflict by its own acts. To give a single example: the severe detentions of Swedish copper, during the last months of the year, certainly provoked a controversy between the British and Swedish governments; but the controversy was not comparable to those excited by the German submarine commanders, and in any case, as it fell to the Foreign Office to conciliate the Swedish government, and to consider their complaints, they were at once able to judge, whether the contraband committee's severities were likely to cause a serious complication or not.

Again, American opposition and anger was a danger that threatened the British economic campaign, and German U-boat warfare, alike, and our precautions against it were by far the more effective. It is true the British administration cannot take the entire credit for reducing the chronic controversy with America to an exchange of notes, for American public opinion was more or less decided that the controversy should never be serious; but at least it was left entirely to the Foreign Office to watch over this great danger of American opposition, and to do whatever was necessary to avert it. No section of the government could possibly have forced the Foreign Office to subordinate Anglo-American politics to military necessity. In contrast to this, the German naval authorities did actually maintain, that the operations of the submarine fleet should not be impeded by concessions to the American government, and they frequently had their own way.

Moreover, there was no possible reconciliation between what the German submarine commanders and the German admirals demanded, and the precautions that the German foreign office thought necessary. When the German diplomats insisted, that neutral shipping must not be treated with the same severity as enemy ships,

the German seamen replied, that for technical reasons differentiation was impossible. Neither the emperor nor the chancellor could ever adjust these differences; indeed the German navy and the German diplomatic service were demanding things so different, that each successive order upon the conduct of submarine war became, virtually, an announcement that the foreign office's proposals had been entirely granted, or entirely refused. It will be shown, later, that this inevitable conflict between civil and military opinion began a few days after the declaration had been issued, and that it was a juxtaposition of demands intrinsically irreconcilable.

Finally, there was a fatal weakness in the German plan: it was a calculation of success, which started from an assumption so ridiculous, that it is difficult to understand how it could ever have been entertained. The German naval experts admitted freely, that they could not stop British supplies merely by sinking; they hoped, nevertheless, that seamen of all nations would be so terrified by their operations, that all neutral traffic would abandon British harbours; and that the British nation would be so panic stricken, that their government would sue for peace. Their confidence as to this can only be appreciated by reading the expressions they used, and the statements that they made, in the secret and official papers that they exchanged with one another:

(i) We must reckon after all, that we are not in a position so to cut off British exports that the nation suffers hunger. But it is to be hoped that losses in ships and cargoes, added to losses in human lives will be such a threat to Great Britain's safety and well-being that, combined with the diversion of neutral traffic it will incline the nation to peace. (Official report of the naval staff to Admiral von Pohl, 13th November, 1914.)

(ii) Before we can judge of the miscarriage (*Misserfolg*) feared by the staff, we must be clear as to what kind of success is anticipated. This success will not be the entire destruction of British trade, but will be achieved by terror, which will reduce supplies by forcing traffic on to uneconomic routes, and by raising insurance premiums. (Captain Bauer, commander of the U-boat flotillas to the commander-in-chief, high seas fleet, 1st January, 1915.)

(iii) I told [the chancellor] that, inasmuch as submarine war upon commerce was an untried experiment, there could be no absolute certainty about its military consequences. But I was persuaded that such a deep impression would be made that a great number of merchantmen would be held back by the menace. . . . (Minute of conversation between Tirpitz and the chancellor, 27th January, 1915. *Politische Dokumente*, p. 301.)

(iv) The naval secretary and the chief of the naval staff are persuaded that Great Britain will give way [*einlenken*] six weeks after the new war on commerce begins provided that all available military means are applied to this form of warfare. (Joint report of Tirpitz and Bachmann, 15th November, 1915. *Handelskrieg mit U-booten*, Band I, p. 119.)

(v) The declaration of commerce warfare against England has already exercised a terrifying influence. The commerce of the northern kingdoms with the east coast of England is already crippled. But this will only continue if our U-boats in the North sea make themselves conspicuous. (Bachmann to the Emperor, 19th November, 1915. *Handelskrieg mit U-booten*, Band I, p. 132.)

Many of the German staff's miscalculations can be explained and understood, but this one is simply incomprehensible. It can be understood, for instance, why they estimated that half of the submarine fleet would always be actively engaged upon operations, whereas experience was to show, that only a third to a fifth could be counted upon. The mistake was natural: submarines had hitherto only been employed as raiders and reconnaissance vessels; the additional repairs, refits and rests that would be necessary when they were engaged in a continuous, unbroken operation had not been calculated, and were still incalculable. But why should the German staff have imagined that their enemies were so timid, when everything proved the contrary? If the British nation was to be stricken with a craven panic by a mere threat of danger, the western front would long since have been broken, and the British armies would have been scattered fugitives in all the towns of France; for not even the German staff can have supposed that Englishmen are brave men in France, and arrant cowards when they live at home. As for the assumption that shipping of all nations would fly in terror from four to six U-boats, posted off a few

British harbours—no more were available at the time—it was equally extraordinary. If Tirpitz, Bachmann, and the staff had been counting for success upon the exceptional courage and discipline of the German navy, they would have made no miscalculation. This, however, was not their method of reckoning. They started from an assumption that experienced seamen ought never to have made; for they had served long enough at sea to know, that seamen do not lack courage, and that although sailors may be charged with many faults, they cannot be accused of poltroonery. The great miscalculation of the German staff was, therefore, that their plan was only good if their assumption was just, that they were living in a world of cowards.

XIII.—*The beginnings of the German-American controversy*

The exact undertakings given by Pohl to the chancellor are perhaps doubtful; it cannot, however, be doubted that he secured the chancellor's support for his plan by giving a fairly definite promise about the lives and safety of neutrals. The first declaration, approved by the chancellor, but issued without consulting the naval experts, neither confirmed Pohl's undertaking nor withdrew it: the document was merely ambiguous, and its material portions ran thus:

The waters surrounding Great Britain and Ireland, including the whole English channel, are hereby declared to be a military area. From 18th February onwards all enemy ships within this area will be destroyed, irrespective of the impossibility of avoiding, in all cases, danger to the passengers and crew.

Neutral shipping will also be in danger, in the military area, for, in view of the misuse of neutral flags ordered by the British government on 31st January and of the uncertainties of naval warfare, it will not always be possible to avoid neutral vessels suffering from attacks intended for enemy ships.¹

The operations against commerce were only due to begin on 18th February, and as Pohl had not consulted his colleagues, nor the submarine experts, when he gave his promise to the chancellor, no orders had been prepared for the conduct of the submarine commanders. When the declaration was issued, those responsible for executing the plan were conscious that only very weak forces were available, and were, therefore, but little inclined to endorse any promise of moderation that Pohl may have given. The staff now estimated, that they would be able to station one U-boat off the Tyne, another off the Thames, another in the English Channel, another in the Irish Channel, and another off Bristol. With this force they hoped to terrify half Europe, so that it was to them in the last degree important, that no restraints should be imposed.²

Neutral governments, however, gave the announcement such a reception that both the chancellor and the foreign office were persuaded, that if the operations were directed indiscriminately against all shipping, the German government would be involved in really serious difficulties. On the very day that the declaration was issued, the Italian premier renewed the demands of his government for territorial compensation from Austria-Hungary more insistently than ever; and Baron Sonnino's remarks upon the declaration confirmed what the German foreign office had feared.³ The Italian premier refused to discuss the accusations against Great Britain, or to admit that Germany had a right to make reprisals. Great Britain's conduct, he said, was a matter which lawyers must decide upon. About the declaration itself, he was cool and ambiguous, and Bülow reported that the Italian government would probably watch the American government closely, and govern their conduct accordingly. At a later interview, Sonnino was unfriendly and almost menacing: he said that if an Italian ship were sunk it would be *Une chose énorme*.⁴

¹ Official translation, circulated to the Cabinet by the Foreign Office.

² *Handelskrieg mit U-booten, Band I*, p. 96. ³ *Osterreichisches Ungarisches Rotbuch*, p. 85.

⁴ *Handelskrieg mit U-booten, Band I*, p. 133.

The Italian authorities did, indeed, represent in the United States that neutrals ought to act in concert, and although the secretary of state sternly discouraged these offers of co-operation, the Italian ambassador in Washington was probably able to inform his government, that the American government intended to protest against the German announcement. The American protest, received a week after the declaration was issued, strengthened all the chancellor's apprehensions, and persuaded him that definite guarantees must be given to neutrals. The discussions showed, however, that the naval and political desiderata were not to be reconciled.

The German authorities considered the American note to be very sharp : it did certainly contain a serious warning :

If the commanders of German vessels of war should act upon the presumption that the flag of the United States was not being used in good faith and should destroy on the high seas an American vessel, or the lives of American citizens, it would be difficult for the government of the United States to view the act in any other light than as an indefensible violation of neutral rights, which it would be hard to reconcile with the friendly relations now so happily subsisting between the two governments.¹

The German chancellor and the foreign office authorities were decided, that the reply to this ominous note must contain an undertaking, that neutral ships would not be deliberately attacked. In the answer prepared by them, they therefore stated, that German naval officers would receive orders not to molest neutral ships, if they were recognisable, and provided that they were not carrying contraband.² They qualified this with every possible reservation : that it would be most difficult to recognise neutrals, that visit and search would not always be possible, and so on.

Admiral von Pohl agreed that this vague undertaking should be given ; but the other naval experts protested vigorously, explaining, which was indeed undeniable, that if this undertaking were given, then, U-boat commanders must be specifically forbidden to attack neutral ships ; and that for technical reasons, they would be unable to obey the order. How, for instance, could a submarine commander, operating off Liverpool, distinguish between enemy and neutral shipping during the night ? Apart from this, the naval experts were persuaded, that if these restraints were imposed, they could no longer hope to terrorise neutrals, and it has already been shown that intimidation was the essence of the plan. The foreign office and the naval authorities were both immovable, and their contentions were laid before the emperor at headquarters. The foreign office were, however, unexpectedly supported by Falkenhayn, who represented, that it would be the height of folly to irritate the American government, while the British armies were still unbeaten in the field. The emperor realised that his consent had been too lightly given, and complained that Admiral von Pohl had laid this enormously weighty question before him during a steamboat trip in Wilhelmshaven.³ He therefore approved the foreign office's draft reply, and made a few additions of which the most important was, that U-boat commanders should be forbidden to attack American vessels if they were recognisable. Instructions were also given, that submarine commanders were not to attack neutrals.

¹ *United States Foreign Relations, 1915 Supplement*, pp. 94, 117, 122. The American determination to act alone was truly remarkable. The Netherlands government enquired, on 16th February, whether they could count upon the moral support of the United States government if a Dutch ship were sunk under the German declaration. The reply was that the Dutch government could count upon sympathy but that the secretary of state : Did not understand what moral support means. (Secretary of State to Minister in the Netherlands, 17th February, *United States Foreign Relations, 1915 Supplement*.) This was the second time the United States authorities gave a surly answer to a suggestion that neutrals should act in concert.

² *Handelskrieg mit U-booten, Band I*, p. 112.

³ Von Treutler's minute of proceedings reprinted in *Handelskrieg mit U-booten, Band I*, p. 118.

But the emperor gave this instruction as hesitatingly as he had given his previous approval, and in a few days it was withdrawn. Admiral Bachmann again represented, that if the order were allowed to stand, the campaign must be abandoned outright. He was strongly supported by Tirpitz, and the two admirals, working in close collaboration, drafted several papers, in which the technical difficulties of executing the order were explained with great force and clearness. In the words of Admiral Spindler the arguments were: *militarisch unlösbar*. The emperor was shaken, and allowed his order to be cancelled. The final instructions were that the U-boat commanders were to take heed of the difficult political relations with Italy and America; they were to allow American cotton ships to pass through the Channel to Rotterdam and Bremen; and they were warned to be particularly careful of Italian ships, which mostly plied to Liverpool. A handful of naval officers, most of them under thirty years of age, without political training, and isolated from the rest of the world by the nature of their duties, were thus given a vague and indefinite instruction to give a thought to politics before they fired their torpedoes. It was under these orders that they started their operations.¹

¹ It is hardly credible that such an order could have been given. Here, however, is the text of it. *Seine Majestät der Kaiser haben befohlen dass der am 18 Februar übersandte Allerhöchste Befehl für die Durchführung des Handelskriegs mit U-booten, nunmehr für das ganze Kriegsgebiet in Kraft zu treten habe. Seine Majestät der Kaiser wollen jedoch die U-boots Kommandanten ausdrücklich darauf hingewiesen haben, dass mit Rücksicht auf das schwierige politische Verhältnis zu den Vereinigten Staaten und Italien, in bezug auf amerikanische and italienische Dampfer die grosste Vorsicht geboten ist, um ein unbeabsichtigtes Versenken derselken zu vermeiden. Bezüglich der amerikanischen Passagier dampfer vergleiche Sachlage vom 21 Februar. Amerikanische Baumwoll dampfer passieren den Kanal auf dem Weg nach Rotterdam und Bremen and Zurück. Italienische Dampfer gehen mit Ladung zum Teil nach Hafen der Irischen See, in grosseren Zahl nach Kohlenhafen des Bristol Kanals, um dort Kohlen und Fracht zu nehmen. (Handelskrieg mit U-booten, p. 139.)*

CHAPTER VIII

THE RECEPTION OF THE GERMAN DECLARATION AND THE PREPARATION OF THE REPRISALS ORDER

How European neutrals received the German declaration and the British announcement that neutral flags would be used as a ruse de guerre.—The American government's preoccupations when submarine war was declared.—Our ambassador's appreciations of the American government's temper.—America and the allied munition supplies.—The British and French government's deliberations upon the reprisals to be undertaken against Germany.—Sir Edward Grey was prepared to consider a compromise.—The reprisals order in council.—American precedents considered.—The American proposals for a compromise, and the German government's deliberations upon them, and the British reply.—What reception was given to the reprisals order by neutral governments.—The economic theatre when the reprisals order was issued.—The enemy's metal supplies, and the state of their trade with border neutrals.

IT must be explained, at the outset of this chapter, that the origins of the order in council that was issued on 11th March, 1915, cannot be examined with the same particularity as the origins of the German declaration of submarine war. There is a difference in the documentary records of Germany and Great Britain, which is due to a difference in the national customs. The German records show exactly what motives inspired the first declaration, what doubts the chancellor entertained, how and why those doubts were overcome. The British order in council was prepared in the cabinet, and there is no documentary record of the discussions that it provoked. The circumstances to which the cabinet attached importance, can certainly be reviewed in detail; but no scrutiny of documents, however careful, will supply materials for a historic account of the doubts and hesitations of the cabinet as a corporate body, or of the doubts and hesitations of its members. The most that can be done is to examine the facts to which the cabinet's attention was drawn, during the month of February, when the reprisal order was considered.

I.—How European neutrals received the German declaration and the British announcement that neutral flags would be used as a ruse de guerre

In February, 1915, no person in authority imagined that the German announcement was the beginning of a campaign, which, eventually, became the most dangerous that the British navy has ever combated.¹ The naval authorities were satisfied that the German submarines could do but little damage, and British diplomats could not believe that the German government had sufficient appetite for reckless adventure to make such innovations in the practice of sea warfare, without adequate excuse or diplomatic preparation. The official review of the first announcement was, therefore, that the Germans were threatening more than they would dare to execute:

The warning to neutrals had made a considerable stir among them, wrote Sir Walter Langley². It is improbable that Germany will act up to the letter of her notification, and this is largely bluff. Destruction of neutral ships without examination, on the plea that our use of neutral flags makes mistakes inevitable, would bring down on her all the neutral nations.

Sir Walter Langley overestimated the spirit of European neutrals; for, within a few days, it was apparent that the announcement would not rouse neutrals against Germany, and that they were determined to act cautiously. Much to our surprise,

¹ See Mr. Churchill's remarks in the House of Commons, 15th February: Losses will no doubt be incurred, of that I give full warning, but we believe that no vital injury can be done if our traders put to sea regularly, and act in the spirit of the gallant captain of the merchant ship *Laertes*. . . . and if they take the precautions which are proper and legitimate, we expect the losses will be confined within manageable limits, even at the outset, when the enemy must be expected to make his greatest effort to produce an impression.

² One of the under secretaries of state.

every neutral government introduced what was then known as the flag issue into the controversy ; and we were astounded to find, that what we considered to be an innocent stratagem, well established by custom, was by neutral governments regarded as a serious invasion of their rights. It will be worth while to explain why neutrals treated the matter so seriously.

The German submarine commanders had opened their attack against British shipping some days before the official announcement was issued. On 30th January the *Ikaria* and the *Oriole* were sunk in the Channel, and the *Graphic* chased off Liverpool bar ; on 1st February, Captain Hennig attacked the hospital ship *Asturias* off Le Havre. Hennig genuinely mistook the *Asturias* for an ordinary merchantman ; but the news of an attack that seemed so ferocious warned the naval high command that something serious was impending. On 2nd February, therefore, the Admiralty issued a special instruction to merchant captains on the Dutch route, through the consul-general at Rotterdam. Merchant skippers were advised to hoist neutral colours, when submarines were known to be about, and were further advised to steam at full speed, if a submarine were sighted, and to keep her dead astern.

This order about the use of neutral flags was no innovation ; for hoisting a foreign flag has, for centuries, been considered an ordinary stratagem of sea warfare. It so happens, however, that the artifice has been more used by combatant vessels than by merchantmen, in consequence of which the rule governing it is more a rule of military honour than of international law : the captain of a warship may endeavour to deceive an enemy by flying a foreign flag, but he may only fight under his own colours. This ancient regulation is to be found in countless books on sea warfare, from the *Ordonnance de la Marine*, compiled in the seventeenth century, to the German *Prisenordnung*, compiled in the twentieth. The practice has been to keep the foreign flag flying for as long as the disguise is likely to be of any use, and to hoist the national flag just before the first shot is fired. Captain von Müller, for instance, approached Penang with the British flag flying from his cruiser, the *Emden*, and broke the German ensign when he had passed the harbour mouth, and was ready to attack the *Zhemchug*.

It is, obviously, quite legitimate for a merchantman to try to escape capture and destruction, by employing an artifice that is universally regarded as a legitimate preliminary to an act of war ; indeed, the British Merchant Shipping Act expressly recognises a foreign seaman's right to use the British flag, if he is in danger of being captured. Notwithstanding this, it was natural that neutrals should have been apprehensive of the Admiralty's instructions to British merchantmen, and it is curious that the seamen, who prepared the instructions, should not have foreseen the anger that it would excite among seamen. Like many other practices of maritime warfare, this practice of hoisting a neutral flag was most common in the seventeenth and eighteenth centuries, when commercial traffic moved in blocks or fleets, at known seasons of the year. The months in which the Baltic, the Levant, and the West Indies fleets started on their voyage, and their points of assembly, were settled by consultation between the city merchants and Whitehall ; after which naval escort was collected, and the necessary instructions given. Even when escort was not provided—and the French sometimes found it hard to provide—the colonial traffic assembled and sailed in groups, which, it is true, got very dispersed at the end of the voyage.¹ Serious attacks upon trade were, therefore, made by vessels or squadrons, which assembled on the route that a trading fleet was known to follow, at a time when the fleet was expected. Stratagems used for deceiving the defending

¹ See Captain Auphan's review of the French convoy system and trade route protection in the war of American Independence. *Revue Maritime*, March, April, 1925.

or the attacking party were, in consequence, stratagems that only influenced the fortunes of a particular operation, or of a particular group of ships. An example will not, perhaps, be superfluous.

In the year 1744, Commodore Barnet, the British naval commander in the East Indies, determined to intercept the French China fleet, which was due to pass the straits of Banka during January of the following year. He reached his intercepting position in good time, and disguised the ships of his squadron as Dutch vessels; the disguise was so good that the French escort were within a musket shot, when the commodore hauled down the Dutch colours and opened fire. The episode is a very good illustration of how trade was then intercepted, and it does not matter that the neutral flag was used by the attacking party; for whoever employed the stratagem, its success or failure only concerned commodore Barnet and his enemy. No other vessel on the high seas was affected.

But commercial traffic moves, nowadays, in a continuous, unbroken stream, and not in blocks; so that the captain of a raider takes his ship to a point where the traffic is dense, and steams to and fro across the trade lane, attacking and sinking merchantmen, until he is disturbed by hostile vessels.¹ The German plan for submarine war was an example of the new method: the German announcement declared only, that shipping round the British isles would be indiscriminately attacked; but every seaman in Europe must have foreseen, that the German submarines would station themselves on the traffic lanes that converge on Liverpool, London, and the Bristol channel. In these circumstances, the use of neutral flags was an artifice that concerned every vessel on or near the great traffic lanes; for it was obvious that the submarine attack would be more ruthlessly pressed, if the submarine commanders even suspected, that the stratagem was being successfully employed: its long recognition during the seventeenth and eighteenth centuries did not reconcile neutral statesmen, or neutral seamen, to its use in the twentieth.

The German declaration, coinciding as it did with the British order about using neutral flags, did not, therefore, excite the indignation that our authorities anticipated. From Christiania, Mr. Findlay reported that the Norwegian press was very guarded, and that the public seemed, on the whole, to be just as inflamed against Great Britain as against Germany. From Stockholm, Mr. Howard reported an interview with M. Wallenberg, who said that the British order had made an exceedingly bad impression. Certain organs of the Swedish press elaborated this with the telling criticism, that if the British government resorted to such stratagems, it was a proof that their navy could no longer defend the sea highways. Sir Henry Crofton Lowther reported precisely the same from Copenhagen, where a great shipowner told him, bluntly, that legal justification of the stratagem did not alter the plain fact that it endangered Danish seamen. The Dutch were equally firm: M. van Aalst spoke strongly about the British orders to Sir Alan Johnstone, and the consul-general at Rotterdam reported that the seafaring population were exceedingly reserved. The American government's conduct was adjusted to many complicated influences, and will be examined later.

The immediate outcome was, therefore, that the Scandinavian powers sent simultaneous notes to Germany and Great Britain. In the notes presented at Whitehall, the northern governments did not argue the legal issue, but stated that an old usage could not equitably be defended, if it endangered neutral lives and property: *La tolérance qui, dans les temps passés, a pu être prouvée vis-à-vis d'incidents isolés, n'est plus possible dans les circonstances actuelles de la guerre, et lorsqu'il s'agirait d'un abus systématique et prémédité.* The Netherlands government protested independently, and in even stronger language; for they claimed that no foreign

¹ See Captain Count zu Dohna Schlodien's operations in the *Moewe*. *Naval Operations*, Vol. III, pp. 267-70.

government could decide how, or when, the Netherlands flag was to be used. As for the argument that ships not on the British register were allowed, by British law, to fly the British flag in special circumstances, the Netherlands government replied that this was not their concern. It seems, indeed, that the Netherlands ministers were very determined; for they issued a decree, ordering their port authorities to arrest and detain any foreign vessel that was known to have flown the Netherlands flag without permission.

The stratagem had no influence upon the fortunes of the submarine campaign, for neutral shipowners took measures that made the ensign a secondary identification mark. The national colours were painted along the upper bulwarks of every ship; the national flag and the ship's name were painted amidships; and after dark, a light was focused upon these notifications of identity. In a few weeks the controversy was virtually forgotten, and it has only been thought necessary to record it, because it is a reminder of the circumstances in which our measures of retaliation were prepared and acted upon. The British government had no assurance of neutral sympathy or toleration, when they determined to devise special measures of retaliation against the submarine campaign. Quite the contrary: the reports from all our ministers abroad proved, that we had not communicated our indignation to the neutral populations of northern Europe, or to their governments, who were inclined to regard the war at sea as a sort of competition in belligerent excesses, for which each side was equally responsible.

But although everything indicated that the northern neutrals would be careful of exasperating the German government, there were also indications that they had no intention of provoking the allies; for an incident, which seemed trivial at the time, showed that the Scandinavians were apprehensive of doing anything that would provoke us to greater rigours at sea, even though what they contemplated was perfectly justifiable. The incident had a significance that can only be explained by making a brief preliminary digression.

In April, 1917, when every measure of defence against the German submarines had failed, when they were sinking thousands of tons of British shipping a week, when, in fact, we were threatened with a disaster unprecedented in European history, it was decided to run the Scandinavian trade in convoy; and this experiment, to which nobody attached any particular importance at the time, was a sort of turning point in the campaign. The losses on the Scandinavian route at once fell sharply, and the Admiralty were so impressed by this unexpected success, that they decided to make the system more embracing, and to place the ocean trades in convoy. This proved the decisive manœuvre in the war at sea.

A peculiar interest, therefore, attaches to a project that the Scandinavian ministers examined, when submarine war against commerce was first declared. At a special conference, which the northern governments convened to concert measures for protecting their commerce, they discussed a proposal for placing the Scandinavian trade with Great Britain under convoy. This project is the more interesting in that the German authorities themselves suggested it.

If anybody had foreseen the future of the campaign, these Scandinavian proposals would have been given a cordial reception, and a negotiation started to ensure that Scandinavian vessels on the American route should only receive escort, after they had been examined and passed by our patrols.¹ But as the future was hidden to all,

¹ Mr. Hurst must be given the honour of having grasped this; his minute ran thus: The more Scandinavian produce that comes to this country the better. How do we lose by the Scandinavians avoiding the Berlin decree by putting their vessels *en route* for this country under convoy? Germany's object is to get a better answer to the neutral government if she torpedoes a neutral merchantman not under convoy, but I do not see that that injures us. It seems to me that every neutral merchant ship blown up is another nail in the German coffin, and if convoys are discouraged by us and the idea abandoned, it may lead to an increase in the number of mines sown by the Germans. (20314/f, 13659/15).

and as the naval authorities were convinced that the submarine campaign against commerce would not be formidable, the British government considered this proposal for a Scandinavian convoy to be dangerous. By the declaration of London neutral vessels under national convoy were exempt from search. Seeing that the Germans had urged the project upon the Scandinavians, it seemed, therefore, as though it were part of a plan for thwarting the system of detaining vessels in port, until all our information about the cargo and its consignees had been examined. After consulting the Admiralty, the Foreign Office thus felt obliged to raise strong objections to the Scandinavian proposals, and although it was quite competent to the Norwegian and Swedish governments to make the experiment notwithstanding that we objected, they abandoned the project, when they learned our dislike of it; for the Norwegians and Danes insisted that it would be folly to irritate the British government at such a moment. The inference to be drawn from all this was, therefore, that European neutrals would protest against every intensification of the war at sea, but would actively obstruct nothing. American intentions were not so easily penetrated.

II.—The American government's preoccupations when submarine war was declared

Whatever doubts may have been entertained about the sentiments of the American government, of congress, and of the American public, it must have been evident to every trained diplomat, that American policy would be focused upon two negotiations, that the American government had recently undertaken with the belligerent powers. First and most important, Colonel House landed in England, a day after the Germans made their first announcement. He was instructed to discover the intentions of the governments at war, and by intimate and secret conversations with British and German statesmen, to prepare them for American mediation. For so long as the president's envoy was engaged on this delicate business, the American government were bound, in common prudence, to make no official statement about the submarine campaign, which could expose them to a charge of partiality for either side. One hasty or ill-considered sentence in an official document might have wrecked the incipient negotiation that the president was so anxious to foster.

Secondly, the German government had so manipulated the controversy about the *Wilhelmina's* cargo of foodstuffs, that the American government had been obliged to receive and consider a proposal for securing the free entry of American foodstuffs into Germany, and to open a negotiation upon it. On 7th February, the German authorities sent an official assurance to America that all foodstuffs imported into Germany from the United States would be consumed by the civil population. This was supplemented by a proposal, that the American government should establish an organisation for distributing food supplies, and place it under the control of American consuls. Mr. Gerard reported, that if the British government would agree to this, he was convinced the German declaration would be withdrawn. It now seems certain that the president never intended to press the proposals; for Count Bernstorff suggests, without saying so explicitly, that the president and the secretary of state were very tepid about them. This, however, was hidden from us at the beginning of February, when it was known only, that the American government had consented to entertain the German proposals, and to present them to us. It was therefore a matter of high importance to discover whether the American government would urge these proposals. Such indications of American policy as were communicated by the president's envoy, and by our ambassador from Washington, may now be examined in order.

Colonel House had his first interview with Sir Edward Grey on 7th February, and discussed American mediation with him, at short intervals, during the rest of the month. Colonel House avoided the Foreign Office, and only conversed with Sir

Edward at Eccleston square or in other private houses. In consequence of this, the Foreign Office have no documentary records of these conversations ; for Sir Edward Grey never drafted an official summary of them. We have, thus, no means of judging what importance Sir Edward Grey attached to Colonel House's proposals, or whether he thought that they were relevant to the matters which then occupied the government's attention : the reprisals meditated, and their probable reception in America and Europe.

Ostensibly, however, Colonel House cared for none of these things. He was instructed to discover, whether the governments at war would be inclined to negotiate a settlement, if the president brought them together, and to be most reticent on all matters relating to the war, and to the policies of the allies. The president's aim, as Colonel House explained it, was to convene a general congress of neutrals, which should draft new laws of war and new rules of comity, and present them to the belligerents, when they had adjusted their differences. Colonel House's proposals about the freedom of the seas were equally detached from the issues of the moment. According to him—and he was a man of the greatest integrity who would never make a false record—he discussed the immunities of neutral commerce with Sir Edward Grey on 10th February, at the American embassy, and suggested that the general congress should :

Forbid the killing of non-combatants by aircraft, the violation of neutral territory, and should : Set forth certain lanes of safety at sea in order that shipping of all countries, both belligerent and neutral should not be subject to attack when they were in those lanes.

Sir Edward Grey thought it would be better if all private property were made immune from capture.

Colonel House thus gave Sir Edward little or no guidance about the president's immediate intentions. He had left the United States before the submarine declaration had been issued, and he received no additional instructions during February, the critical month. Nevertheless, there are a few, very vague indications that Colonel House did discuss the submarine campaign, and that his counsel made a considerable impression. This will be examined later, when our measures of retaliation are described.

III—Our ambassador's appreciations of the American government's temper

It might possibly have been inferred, from the friendliness of Mr. Wilson's special envoy, that the president would not countenance any active obstruction of the allied practices at sea. This, however, was uncertain ; for while Colonel House was engaged in these peaceful conversations, the American government were manifesting a different temper. Their first official communication did not differ, materially, from those of the Scandinavian governments. When Mr. Lansing, the counsellor to the state department first discussed the German declaration with Sir Cecil Spring-Rice, he told him, that protests would be lodged simultaneously in London about the use of the flag, and in Berlin about the declaration. This communication was followed by another, which was more provocative : on 24th February, the secretary of state informed our ambassador, that his government were inclined to treat the exportation of arms, the British restraints upon German food supplies, and the German submarine campaign against commerce, as a single matter :

The secretary of state called upon me wrote Sir Cecil, and told me he wished to give me a friendly warning on the subject of the British attitude towards the importation of food-stuffs for the civil population of Germany. He said that an unpleasant impression would be created here if the British government, while importing from this country for its own use large quantities of munitions of war, were to prevent the civil population of an enemy country from obtaining food supplies. The American people might raise objections to a system under which they were called upon to assist in supplying one belligerent with the means of destroying life, and were debarred from supplying the other with the means of sustaining it.

Owing, he proceeded, to the threat we held over Germany as to starving her into submission, Germany had resorted to a new method of warfare, which was most dangerous to neutrals and which had already resulted in grave loss to American lives and property. The German government had made certain proposals which he had caused to be unofficially conveyed and he wished me clearly to understand the point of view of the American government. This was, that while maintaining the traditional right of a neutral to supply both belligerents with munitions of war, the United States government were bound to insist that the belligerents should not depart from the recognised principles of international law. Great Britain had always maintained that food for the civil population of an enemy could not be declared contraband, and she was bound to observe this principle with regard to other nations.

If this warning had been really descriptive of the American government's policy, it would have been an intimation that the American president had, as Sir Cecil put it, adopted the point of view of the German government ; and it would have been unwise in the last degree to have pressed on with our measures of retaliation, which were then virtually agreed upon ; or to have rejected the American proposals for a compromise, which were then lodged at Whitehall. Sir Cecil Spring-Rice had, however, been at great pains to discover whether the American president and the secretary of state did genuinely regard the British restraints upon commerce, and the German submarine campaign as two equally grave excesses ; and such evidence as he had collected sufficed to show, that the official communications of the United States government by no means represented their final judgment.

In the first place, Sir Cecil was satisfied, that the feeling prevalent in the country and in the administration was alarm lest the country should be involved, against its will, in the ferocious struggle upon which the navies of Germany and Great Britain had engaged ; dread that the diplomatic crisis would arise suddenly and without warning, as it had arisen in Europe ; and terror that this rapid transition from peace to war, far from uniting the nation, would excite partisan furies that would overpower the forces of public order. These were the apprehensions of Senator Root ; and Sir Cecil's longest appreciation of the government's attitude was only made after long consultation with him, with Mr. Roosevelt, and with Senator Lodge. It was written a few days after the German declaration was received, when the sentiments of the American nation were most spontaneous and easily observed :

Most people, he wrote, who come here are impressed by the atmosphere of fear which pervades congress and the departments. The president once spoke to me about the danger of civil commotion and the spread to America of the national antipathies of Europe. There is also an atmosphere of hatred. Thus the struggle which is going on in Europe has its counterpart here, and it is felt sometimes distinctly, sometimes dimly, that the defeat of the allies would mean the triumph of the German idea in America as well as in Europe. The result is that the conflict in Europe is regarded by many people here with a dreadful sort of personal interest, and by many with an intense desire to avoid being involved in it. For what would happen, should a conflict take place affecting America, is unpleasant to contemplate. There is a strong probability that if this country went to war against Germany there would be something like civil war here. You will see how much the government must fear anything approaching to a collision with Germany.

This report, which Sir Cecil elaborated by others during the month, was a valuable explanation of the official demeanour of the American government : it is, perhaps, even more significant that Sir Cecil satisfied himself that the president's personal sympathies, which were expressed so unequivocally when war began, had not been alienated ; for he reported, later on, that a prominent democratic senator, with a strong inclination for Germany, had told a personal friend : The president is, at heart, as pro-English as you. Sir Cecil attached great importance to this, for he repeated it in a private and secret telegram to Sir Edward Grey ; which is proof that he thought it no mere gossip, but an indication of what the president's policy was likely to be.

The British government had, therefore, good reasons for believing that the president's rather irritating communications disguised his sympathies ; and to the trained diplomats of the Foreign Office it was apparent, that the communications

received by us and by the German authorities were not equal and opposite protests, inspired by an equal indignation against both sides. In the first interview between Mr. Lansing and Sir Cecil Spring-Rice, Mr. Lansing cautioned our ambassador—in rather reticent and ambiguous language it is true—against concluding, hastily, that the United States government regarded British and German practices at sea as equally objectionable. In addition, the first American note to Germany, which was communicated to the press, and which our authorities could compare with any they received on kindred subjects, was not drafted in the same language as the notes addressed to Whitehall. It was very much sterner, and the German authorities judged it to be a serious document; so serious indeed, that the emperor at once assembled his principal naval, military and diplomatic advisers, in order that it might be examined in conference.

Finally (a circumstance that was unknown to us at the time), the Secretary of State, and Mr. Lansing, the state counsellor, did not leave the impression upon Count Bernstorff that they left upon Sir Cecil. Mr. Lansing certainly admitted to the German ambassador, that submarine war upon a commerce was reasonable; but whatever placatory remarks he may have made, his reception of the declaration was interpreted by Bernstorff as a serious warning.

Lansing repeated to me, he telegraphed, that he had drafted the American note upon submarine warfare under the conviction that if an American vessel were destroyed, it would cause extraordinary excitement among the people and that the consequences would be unforeseeable.¹

This was far graver than anything said to our ambassador, and Bernstorff was satisfied that the American government did not intend to make equal protests to the two sides—the attitude which they announced officially to our ambassador. In the German ambassador's opinion the protests might be simultaneous; they would never be of equal vigour: I do not believe, he wrote, that this government will ever decide to take such measures with England that the position will improve.

IV.—America and the allied munition supplies

But all these consoling indications did not conceal the stark fact that American public demanded a strictly impartial conduct by the president, and that this demand might, at any moment, force the government to forbid the export of munitions. The secretary of state warned us of this officially, and a few words are necessary to explain how serious an American embargo upon munitions would have been to the allies.

In October, 1914, the Bethlehem steel company engaged to supply us with 100,000 shrapnel shell for 18-pounder guns; with 30,000 4·7" shrapnel, and 30,000 high explosive shell. These first orders were rapidly enlarged, and by the end of 1914, we had placed orders for 1,280,000 filled, about 4,000,000 empty, shell, and for at least 200,000,000 rounds of small arm ammunition. The latest contracts provided that the deliveries should be continued up to August, 1916. The importance of these contracts can, however, only be understood by reviewing them conjointly with the appreciations of the military position, which were then before the cabinet.

The most important of these was a general review that had been prepared by Sir John French at the beginning of the year. In this paper, the commander-in-chief estimated that the British, French and Russian armies would jointly be numerically stronger than those of the enemy, until the late autumn, when the recruits coming forward from the enemy's training camps might redress the balance. The British and French commanders in the field were, therefore, persuaded, that it was of the highest importance to attack the German positions early in the year, with our full strength.

¹ *Krieg zur See Handelskrieg mit U-booten, Band I, p. 134.*

Sir John French added, however, and this was the significant part of his report, that the execution of this plan was entirely contingent upon the delivery of more munitions.

In order to attain the double objective. he wrote, it is absolutely necessary that I should have more troops, a liberal supply of artillery ammunition of all kinds, but especially high explosive, and a sufficient number of heavy guns. I have constantly been told that the ammunition and the guns will be available by the middle of this month, and if this is actually so, there will be nothing to hinder the progress of the operations I have outlined.

The War Office's appreciation differed, for they estimated that the enemy's armies were temporarily stronger than ours. They counted that the armies then being raised would redress the balance; and as the American munition contracts were depended upon for equipping these armies rapidly, their review only supplemented the commander-in-chief's on this all important question.

It is small wonder, therefore, that when Sir Cecil Spring-Rice reported the secretary of state's ominous remarks about food supplies for Germany and munition supplies for Great Britain, Sir Edward Grey minuted the paper with an instruction, in his own handwriting, that Sir Cecil was to discover, whether the president was at all likely to prohibit the export of arms on his own authority, whilst congress was in recess: Sir Cecil Spring-Rice replied that he was convinced that the bill then before congress would not be passed, and that the president would never act without congressional sanction. On the general position; however, he reported, after watching every indication of the American temper during the month of February, that the British government would be well advised not to retaliate against the German submarine campaign, and to stand aloof, as diplomatic friction between Germany and America was certain to be aggravated as the campaign progressed.

V.—The British and French government's deliberations upon the reprisals to be undertaken against Germany

The month of February, when the order for reprisals was sanctioned by the cabinet, was thus the second occasion during the war, when every indication of American policy and intentions was considered by the government as a whole. On the first occasion, October, 1914, the American attitude had appeared so uncertain, that the government had deemed it wise to make a concession. The review made in February shewed that the same unsteady influences were still operating, but our observations, having been now spread over a longer period, enabled us to make a better estimate of their strength. First, more was now known about the president's desire to mediate. In October it had seemed a possible danger, in that the president might have been contemplating mediation in the old style, which consisted in forcing a particular settlement upon the belligerents, and in bringing severe pressure upon the party reluctant to accept it. Colonel House's explanations must have shown that there was not the least danger of this. Secondly, there was a growing conviction in government circles that concessions to American public opinion were of doubtful value; for there were no indications that the points ceded by the October order had been appreciated in the circles from which the clamour started. After the order, as before it, there had been the same angry criticisms, and the same half threatening comments about British practices at sea. Time had thus shown, that Sir Eyre Crowe's appreciation was accurate: That we should never placate congress and the American press, as a whole, and that the best policy would be to stand firm, and at the same time to spare no pains to explain that our measures were reasonable. Time had also shown, that congress had been less influenced by these successive blasts of popular excitement than had been anticipated. On the other hand, the German declaration of submarine war had made American public opinion more unsteady than ever, and had forced the government to a conduct of public affairs of which the ultimate consequences were unforeseeable.

From all this the cabinet might reasonably have decided, that as our ambassador in Washington advised caution, and as the naval authorities did not believe the submarine campaign would be dangerous, it would be as well to postpone retaliation and reprisals, until the torpedoing of some great merchantman, or a repetition of Captain von Hennig's attack upon a hospital ship strengthened our case. For it must be remembered that there was no public clamour in England when our policy was being considered. The press answered the German announcement with excited leading articles about piracy and murder; but they affected great contempt for the campaign itself. The *Times* announced: That the day had arrived, and that nobody appeared to be any the worse for it; other leading organs professed equal indifference. Indeed the campaign began so badly for the Germans, that the first lord's assurance to parliament was judged by all to be an accurate estimate of the danger.

Nevertheless, the cabinet decided on reprisals very early in the month; for a first draft of a retaliatory order was presented to them on 9th February, and it contained all the essential passages of the declaration finally issued. No other principle of retaliation was announced in any of the drafts subsequently prepared; so that the cabinet may be said to have decided to order special reprisals about a week after the first German declaration.

This is confirmed by statements made by two of the ministers most concerned. On 11th February, the prime minister announced in the house: That the government were considering the question of adopting more stringent measures against German trade; four days later, Mr. Churchill stated definitely that reprisals had been approved:

The reply, which we shall make, he said, will not perhaps be wholly ineffective. Germany cannot be allowed to adopt a system of open piracy and murder, or what has always hitherto been called open piracy and murder on the high seas, while remaining herself protected by the bulwark of international instruments which she has utterly repudiated and defied, and which we, much to our detriment, have respected. There are good reasons for believing that the economic pressure which the navy exerts is beginning to be felt in Germany. A further declaration on the part of the allied governments will promptly be made which will have the effect for the first time of applying the full force of naval pressure to the enemy.

After this first approval, the attorney-general was made responsible for revising the announcement; and he explained it to Admiral Moreau and Monsieur Fromageot, who crossed to England, as representatives of the French government.

M. Fromageot and Admiral Moreau had been instructed to press an entirely different project upon the British government. They wished, in the first place, to announce, that the allies would make a fund from the sale of all German property found in neutral ships; and that they would make compensatory payments from the fund to neutrals who were injured by the German submarine campaign. The French further desired, that, after this announcement had been made, the allied governments should invite each northern neutral to concert measures with them for stopping all trade with Germany.

The Foreign Office authorities were impressed by these proposals, which, as they said, were a most adroit manœuvre for making a breach of the declaration of Paris palatable to neutrals; but their admiration for the French delegates' ingenuity and power of contrivance did not reconcile them to the project. After the proposal had been considered carefully, Sir Eyre Crowe informed M. Fleuriau, the representative of the French embassy, that the cabinet could not agree to make retaliation against Germany contingent upon negotiations with neutrals. These negotiations would necessarily be long, and the public would become restive; in any case, neutrals would probably be tempted, by our very invitation, to make a concerted resistance against what we proposed. The French government withdrew their proposals, and on

20th February informed us that they would act with the British government : in order to make their adherence the more emphatic Monsieur Augagneur, the minister of marine, told a deputation of French pressmen, that the allies had resolved : To tighten the network of surveillance which obstructs German supplies. The French did, however, suggest an additional paragraph, inviting neutrals to assist the allied governments to stop Germany's overseas trade. The British government could not agree to this ; for they had then determined that the announcement should contain no suggestion of bargain, negotiation or compromise.

The announcement was, at this date, in what may be called a second edition, which differed very slightly from the first draft. In the original, it had been stated that the allied fleets would detain and bring into port any vessel that was suspected of carrying German goods : in the revised text it was stated that the allied fleets would consider themselves free to do so. There was no other alteration of any consequence. This document was reprinted twice, and was ready for issue on 26th February ; the alterations inserted in these two last editions were quite trivial.

VI.—Sir Edward Grey was prepared to consider a compromise

From all this it will be clear, that, if the British archives were our only sources of information, it would be safe to conclude, that the cabinet decided on special reprisals early in the month of February ; and that, having so decided, they never again wavered or hesitated. Nevertheless, it is practically certain that the cabinet did hesitate, and that Sir Edward Grey asked Colonel House to inform the president that we would consider a compromise. The offer was made so guardedly that it is impossible to say precisely what was suggested. The known facts are these.

Colonel House discussed American mediation with Sir Edward Grey on 7th and 10th February ; and it is fairly certain that no immediate issue was examined at either interview. On both occasions, Colonel House stated that the American president would not concern himself with such territorial readjustments as the belligerents might agree to ; his report to President Wilson ran thus :

We went over some of the ground we had covered on Sunday, regarding a permanent settlement, and Sir Edward reverted to his view that our government should be a party I told Sir Edward, more directly than I did on Sunday that we could not do so ; that it was not only the unwritten law of our country, but our fixed policy, not to become involved in European affairs.

On 13th February, there was another interview, during which Sir Edward tried hard to force the American envoy to consider the actual state of Europe, and it would seem as though he made some impression ; for the result of these conversations was that Colonel House reported, very guardedly, to the president, that some connexion must be made between the empyrean in which his proposals floated, and the earth on which they were to operate.¹ Three days later (16th February) Mr. Page received a telegram from Mr. Bryan, in which he was instructed to press the British government to allow foodstuffs to go into Germany. The instructions ended : You may suggest that it seems probable that the war zone order will be withdrawn. It was not until some days later that these proposals were presented officially at the Foreign Office ; but Mr. Page carried out his instructions on the following day, when Sir Edward Grey and the prime minister had luncheon at the American embassy. The purpose of the luncheon was to enable Sir Edward to continue his conversations with Colonel House.

On this occasion the British ministers informed Colonel House, quite bluntly, that they could not engage the government to countenance a negotiation for peace, unless the American president could secure a promise from the enemy that all invaded territory would be evacuated. Colonel House now tried hard to get Sir Edward, and

¹ See his report 15th February, *Intimate Papers*, Vol. I, p. 380.

afterwards Mr. Asquith, to examine the last proposal from America, but reported: With usual British slowness they put it off until Thursday. Quite obviously, therefore, Colonel House associated himself with the proposals that Mr. Page had been instructed to press on the previous day; and the conversation left a different impression upon the two American diplomats. To Colonel House it seemed as though the British ministers had merely adjourned the discussion: Mr. Page considered that they had been more definite:

A full and frank canvas of the whole situation, he wrote, by the prime minister, Sir Edward Grey and me, at noon luncheon to-day brought out the possibility that the British government may propose to the German government, in answer to Bernstorff's note that it will not put food on absolute contraband list if Germany will sow no more mines, and will attack no more commercial ships by submarines.

The cabinet approved the announcement of reprisals about a week before the prime minister and Sir Edward had this conversation with the American ambassador, which is possibly why Mr. Page added, that the British ministers' inclination to a compromise was to be regarded as very secret.

On the following day (February 17th) the cabinet approved a revised draft of the declaration of reprisals; and on 20th February Mr. Page received detailed instructions from Mr. Bryan about the bargain that he was to negotiate: our restrictions upon food-stuffs were to be bartered against the submarine campaign against commerce. He presented these additional proposals in an official letter on 22nd February; and discussed them with Sir Edward on the following day. Sir Edward has left no record of this conversation about which Mr. Page reported:

He is non-committal, but I inferred from his conversation that he favours your proposals, at least in principle. But he informed me that it would require some time to give an answer since it must be presented first to the cabinet and then to the allies.

Sir Edward Grey thus confirmed the impression that he had left upon the American ambassador at luncheon on the 17th: that there was no obstacle to a compromise, and that he personally was inclined to it.

From these indications, it can safely be inferred that Sir Edward Grey thought himself bound to explore the American proposals notwithstanding that the government were preparing an announcement of unlimited economic war. This incipient negotiation was, however, so conducted that there was no English record of it, which makes it peculiarly difficult to appreciate Sir Edward's motives; and to decide whether he disliked the economic campaign because he thought its consequences would be dangerous, or because he thought it impracticable, or because it was abhorrent to him to make women, children, old men, and sick persons suffer hunger, for no better reason than that they happened to be citizens of a state with which we were at war. Also, it is impossible to decide whether Sir Edward's misgivings were personal to himself, or whether he was the representative of a party in the cabinet, or whether his cabinet colleagues were informed about the bargain that he countenanced.

There is, however, no trace of these hesitations in such cabinet records as we possess; for, on 24th February, the cabinet approved and amended another draft of the retaliatory order, and it is probable that the official American note was considered conjointly.¹ Nothing definite was decided on that day, however; for on 25th February, Sir Maurice Hankey circulated a memorandum, in which he urged the cabinet to countenance no compromise, as the only weakness which Germany had hitherto shown was in regard to her food supply. This shows that the question was still an open one on that day, and the day following. On 1st March, however, the order was ready for issue. During the three intervening days, therefore, the British

¹ On 23rd February Sir Edward wrote on the docket of the official note: Circulate at once to the cabinet with minutes.

government must have determined to accept the German challenge and to refuse all compromise. Notwithstanding this, however, it is certain that Sir Edward was still anxious that the reprisals we had ordered should not make all compromise impossible, and that he asked Colonel House to make this known to the president. Proof of this is to be found in a document of a later date ; and it must here suffice to say that months afterwards, when Sir Edward Grey openly doubted whether the blockade could be persisted in, Lord Crewe reported the matter to the cabinet, and informed them that : Sir Edward had already informed the president of the United States through a secret and indirect channel that His Majesty's government would not refuse to consider such a proposal. The remainder of the paper made it plain that the proposal was the bargain suggested at the conversations on 17th and 23rd February, and in the note of 22nd February.

VII.—The reprisals order in council

The declaration of reprisals was presented to neutrals on 1st March ; and the order in council, or legal instrument of the declaration, was published eleven days later. In the preamble of our declaration the government explained, that, by declaring a war area within which all enemy ships were to be destroyed, the Germans were, in effect, announcing that submarines would attack merchant vessels at sight, without ascertaining what were their cargoes, or on what voyages they were engaged, and without giving any heed to the safety of the passengers and crew. Then, after reciting the recognised customs about visit and search, discrimination between neutral and enemy property, and provision for all persons found on board a captured vessel, and after showing that a submarine commander could observe none of them, the announcement continued :

Germany is adopting these methods against peaceful traders and non-combatant crews, with the avowed object of preventing commodities of all kinds (including food for the civil population) from reaching or leaving the British islands or northern France. Her opponents are therefore driven to frame retaliatory measures in order, in their turn, to prevent commodities of any kind from reaching or leaving Germany The British and French governments will hold themselves free to detain and take into port ships carrying goods of presumed enemy destination, ownership or origin. It is not intended to confiscate such vessels or cargoes unless they would otherwise be liable to condemnation.

The order in council which gave effect to this declaration was the first order since the war began, in which the forces of the crown were empowered to stop all German trade, import or export. This was stated in the last clause of the preamble, which ran : And whereas, His Majesty has therefore decided to adopt further measures to prevent commodities of any kind from entering or leaving Germany. The order itself was in eight articles. As the previous orders sufficiently explained how contraband intended for Germany would be dealt with, no additional provisions were necessary on that head. The direct trade of Germany was to be stopped under the provisions of the first two articles, which stipulated that no vessel proceeding to a German port, or sailing from one, after 1st March, would be allowed to complete her voyage. The first article, therefore, announced that non-contraband goods intended for Germany would be requisitioned, or restored to the owner on such terms as the court should deem just. The second article, under which exports were to be dealt with, laid down that goods laden at a German port should be placed in custody, and requisitioned or sold.¹

The third and fourth clauses were those which most concerned neutrals ; for it was in these articles declared, that a vessel proceeding to a neutral port, or coming from one, would not be allowed to complete her voyage, if she were carrying goods

¹ The proceeds were to be paid into court and dealt with in such manner as the court may in the circumstances deem to be just.

intended for the enemy, or goods of enemy ownership or origin. These goods would be treated in exactly the same fashion as goods dealt with under the two preceding articles.

The sixth article declared, that vessels which proceeded to an enemy port, after clearing for a neutral or an allied port, would be liable to condemnation, if captured on any subsequent voyage.

It will be obvious, therefore, that this famous order could not have been issued unless an extraordinary occasion had been provided. The declaration of Paris, signed more than half a century before, provided that the neutral flag should cover the goods on board a ship entitled to fly that flag, unless they were contraband. With certain equitable modifications, most carefully weighed and considered, the reprisals order swept away this rule; in the words of an officer in the treaty department: We do not pretend that our reprisals policy is consistent with the ordinary rules of international law. It is our answer to the illegalities committed against us by Germany.

The retaliatory order was, however, very skilfully devised, in that the most serious opposition to it was certain to be American; and it was not open to the American administration to object that the order in council violated the declaration of Paris, because their government had not adhered to it. The only objection that the American government were at liberty to make—and which indeed they did make—was that the order conferred the rights of a blockading squadron upon squadrons that were not blockading any coast, and which were, in consequence, only entitled to stop contraband with an enemy destination. It will therefore be proper to consider this contention.

There was certainly substance in the objection. Admiral de Chair's squadron was patrolling a line between the Faeroes and Iceland; and the Downs boarding flotilla was many hundred of miles from the German coasts, yet these forces were thenceforward to stop all goods of enemy destination or origin, the duty of a blockading force. The point to be considered, however, is whether these practices were as striking an innovation as the Americans pretended, which can only be settled by a retrospective review of restraints upon commerce that the Americans had themselves imposed.

VIII.—American precedents considered

When Abraham Lincoln declared the confederate states to be blockaded, the navy department stationed forces of cruisers off the principal ports of entry to the rebel states, and reinforced them with river and inshore flotillas. The vessels engaged on these duties were ordered to stop all goods going to or from the rebel states, and were blockading forces in the old, most rigid, sense of the word. If the navy department had taken no measures but these, the American government would have had the right to say that they had always interpreted the law of blockade in an orthodox conservative way; but in point of fact, the navy department enforced the blockade of the southern states by other measures as well.

The British islands of Bermuda and Nassau, and the Spanish port of Havannah soon became bases of a blockade running fleet; the masters who passed the cordon of federal cruisers knew, by the weather and by agents, when the cruisers were likely to be away from their stations; and though many captures were made, the traffic flourished. In order to supplement the blockading forces off the rebel coast, the navy department therefore sent a squadron to the West Indies under the command of Commodore Wilkes. Although this squadron was stationed off neutral harbours, and was not entitled, by the strict and literal laws of nations, to arrest any vessel

unless it were carrying a contraband cargo direct to the enemy, the American government ordered Commodore Wilkes to do far more than this :

The primary object of the West India squadron, wrote Secretary Welles, is the protection of our commerce Next to this is the intercepting and capture of illicit traffic, and sending in for adjudication vessels overtaken on the high seas that are manifestly engaged in it.

There was, in these instructions, no word about distinguishing between contraband and non-contraband, and no syllable of explanation as to what Secretary Welles meant by illicit traffic. Commodore Wilkes was, moreover, given all the boarding and searching instructions of the blockading forces ; and was made to understand, that he was to hold up any ship that was under the slightest suspicion of blockade running. The ship's position, course and cargo mattered nothing ; she was to be searched : Without regard to clearance or destination. Also, Commodore Wilkes felt quite at liberty, indeed empowered, to place chains of watching cruisers off neutral ports ; not to search for contraband, but to harry vessels suspected of blockade running.

There are many vessels running the blockade, he wrote. They consider they can do it with impunity. I am fully confident that, with a sufficient force I can put a stop to it, or make it so difficult as to cause it to cease. There are positions which I desire to occupy, which their vessels must pass and resort to, of which I am fast obtaining information.

The areas that Commodore Wilkes subjected to this maritime domination were, of course, the exits and approaches to the neutral harbours of the Bahamas. Later in the year, he asked that even more forces might be sent to him : In order that every point of egress or ingress to Nassau and other confederate rendezvous may be guarded.

These orders and instructions to Commodore Wilkes gave him far wider powers than any conferred on the 10th cruiser squadron by the March order in council, and the American courts reviewed them and pronounced them legal. On 2nd April, 1862, the British vessel *Bermuda* was held up while on her way to Nassau, at a point that is not far from the eastern coast of Great Abaco island.¹ The vessel was then sent to New York for adjudication ; and after a long and elaborate judgement, the cargo was condemned on the grounds that it was contraband with an ulterior, and enemy destination ; the ship was also condemned as a contraband carrier, and as enemy property. But, in order to leave no doubt that the vessel was condemnable on the wider charge of blockade running, the court stated : Having thus disposed of the questions connected with the ownership, control and employment of the *Bermuda*, and the character of her cargo we need to say little on the subject of liability for the violation of the blockade Then after reciting all the evidence available about the real intentions of the master and the final destination of the vessel, the court concluded :

The liability to condemnation for attempted breach of blockade was, by sailing with such purpose, fastened on the ship as firmly as it would have been by proof of intent that the cargo should be transported by the *Bermuda* herself, to a blockaded port, or as near as possible, without encountering the blockading squadron.

A similar judgement condemned the ship *Circassian*, which was captured on her way to Havannah. These decisions sufficiently prove that the American government claimed powers of interception far greater than any to which we pretended. They had established watching cruisers at the very entrance to a neutral port, which we had no intention of doing ; they had given their naval commanders far severer instructions than any issued by us ; and their courts had pronounced the instructions legal.

The American treatment of cargoes with an enemy destination is, however, the relevant analogy. Our orders in council proclaimed, that we should condemn all contraband goods going to the enemy through any channel ; and that we should

¹ *Prize cases decided in the United States Supreme Court, 1798-1918, Vol. III, p. 1566.*

buy up, or turn back, other kinds of goods. Though not stated in the order, we relied upon our knowledge of neutral firms, and the business upon which they were engaged, to supply us with evidence about enemy destination and ownership. The American courts had maintained that far more rigorous measures than this were justifiable applications of legal principles.

On 3rd February, 1863, the bark *Springbok* was seized by an American cruiser, when she was on a voyage from London to Nassau; it was found that she was carrying a general cargo of foodstuffs, and a few cases of contraband. It was admitted by the court, that the ship's papers were regular, and that they showed that the voyage on which she was captured was from London to Nassau. The papers relating to the merchandise showed, that the owners of the ship had no interest in the cargo; the persons dealing with the cargo were all known to have been concerned in trade with the southern states. The case was therefore exactly analogous to the cases considered almost daily by the contraband committee. They, like the American court, had to consider what was to be done about cargoes being consigned to countries that were bases of enemy trade; they, like the American court, had to recognise that the ship's papers and cargo manifests showed nothing but a neutral destination for ship and cargo; and they, like the American court, had a good deal of information about the business of the consignees.

The analogy ends, however, when the decision of the American court is compared with the decision that would have been made if the British order in council had been applicable to the case. Our courts might conceivably have considered, that there was a very strong presumption that the contraband was intended for the enemy, in which case they would have condemned it. The contraband carried by the *Springbok* was, however, only a small proportion of the whole lading; and with regard to the rest, our courts would, at the most, have ordered that it was to be pre-empted or bought in. This would have been done, moreover, as an act of retaliation warranted by extraordinary circumstances. The American court condemned the entire cargo, and maintained that they were applying the ordinary law of nations.¹

The American courts made a somewhat milder judgement in the case of the *Peterhoff's* cargo, for they released a large number of consignments that were not contraband. In some respects, however, the decision was even severer. The *Peterhoff* was carrying her cargo to the Mexican town of Matamoros, which is separated from the Texan, then the rebel, town of Brownsville, by the river Rio Grande, a stream that can be crossed in a rowing boat. Nothing incriminating or suspicious was known about the consignees of the cargo, and the mere fact that contraband was being carried to Matamoros, which was acknowledged to be a neutral dépôt for Brownsville, was deemed to justify its condemnation. Our courts never gave such weight to general assumptions of ulterior destination; so that it may be said that both the principles upon which we acted, and our method of giving effect to them, were more considerate to neutral trade than American practice.

¹ The judgement shows that the American judges regarded the rule of continuous voyage as one of universal application, and considered that it would be pedantic to treat it as a rule that was applicable merely against contraband with an enemy destination, or (as Lord Stowell had applied it) as a rule for circumventing the artifices of British merchants who were trading with the enemy. The relevant passage is quite explicit, and runs: We do not now refer to the cargo for the purpose of determining whether it was liable to condemnation as contraband, but for the purpose of determining its real destination; for, we repeat contraband or not, it could not be condemned if really destined for Nassau and not beyond: and contraband or not, it must be condemned if destined to any rebel port, for all rebel ports are under blockade.—*Prize cases decided in the United States Supreme Court*, Vol. III, p. 1627.

IX.—The American proposals for a compromise, the German government's deliberations upon them, and the British reply

Having thus decided to retaliate, the government could only give the American proposals for a compromise one answer. These proposals were: (i) That both governments should agree to lay mines only for defence, and to lay such mines as should be harmless if they parted their moorings; (ii) that submarines should only attack merchant vessels in order to enforce visit and search, and (iii) that merchantmen should not disguise their identity by flying a neutral flag.

In addition, the German government were to agree, that all food imported from the United States should be consigned to agencies appointed by the United States; and that these agencies should be solely responsible for distributing it to the civil population: the German government was to exercise no control over them whatever. The British government were to agree, that foodstuffs consigned to these agencies would not be interfered with.

It has already been shown, that these proposals were laid before the cabinet on 24th February; and that the cabinet virtually refused to entertain the American offer, by approving and publishing the retaliatory order. This left the Foreign Office authorities free to answer the note as they deemed best; and when the paper was first presented, they were rather divided as to the answer most proper to be given. As the first lord had announced in parliament that the submarine operations against commerce were not likely to be dangerous; and as this was universally known to be the Admiralty's considered opinion—which was confirmed by the poor results of the first weeks of the campaign—it seemed obvious, that the German government would secure very great advantages by accepting the proposals outright. In Mr. Hurst's words, the advantage to Great Britain would be that a few tramp steamers would not be sunk; and to Germany, that her food supplies would be secured to her for the rest of the war. The other legal adviser to the Foreign Office, Mr. Malkin, doubted whether the German government would accede to these proposals, and pointed out, that although the bargain was entirely to Germany's advantage, it was nevertheless probable, that the Germans would be reluctant to abandon a campaign from which they hoped for so much. For this reason Mr. Malkin urged, that no answer should be given, until the Germans had themselves replied; it will therefore be of some interest to ascertain the opinion of the high authorities in Germany.

Our two best informants, Bethmann Hollweg and Helfferich, say little about the American proposals, and nothing at all about the view they took of them. They state merely, that the negotiation came to nothing on account of British opposition. Bethmann Hollweg's silence is rather remarkable; for he held very strong opinions, which he had to defend against criticism from Tirpitz and Bachmann.

But although we lack an unequivocal statement from the ministers who were best qualified to judge what advantages Germany would have secured from the American proposals, it seems fairly certain, that these proposals were far less attractive to the German authorities than they would have been a few weeks previously. There was a revival in the German industries during the month of February; and the first orders about the distribution of foodstuffs gave such relief, that Dr. Delbrück was able to state in the Prussian diet, that the nation would not lack basic food supplies before the next harvest. This was an official utterance from a minister who had the relevant statistics before him.¹ In confirmation of this, Mr. Gerard, the American ambassador, informed his government, on 17th February, that German supplies of food and raw materials would not fail during the year; he had been instructed to report on the economic state of Germany, and was, presumably, at some trouble to ascertain the facts. The German ministers did not, therefore, regard the American proposals as a line of escape from a dangerous economic position, which they probably

¹ He was Minister for the Interior.

would have done, if those same proposals had been presented two months previously, when the economic dislocation of the country was more serious. In contrast to this, the submarine campaign against commerce was still thought to be the opening move of what would prove a decisive manœuvre. It is true Admiral Tirpitz and Admiral Bachmann both regretted, that the declaration had been so hastily issued ; but they never swerved from their opinion, that, when sufficient submarines were available, and when submarine attacks upon freightships could be supplemented by mining the entrances to all British harbours, then, Great Britain would be so endangered, that her government would be obliged to sue for peace.

This indifference to the American proposals was, moreover, strengthened by the naval staff's objections. Admiral Bachmann doubted whether American foodstuffs could be brought to Germany, unless the German merchant service carried them. America notoriously had no tonnage available ; the spare tonnage of other neutrals was being rapidly absorbed into the British service ; and the enormous rise in freight prices was proof, that existing tonnage did not suffice for the actual carrying trade of the world. It seemed to Admiral Bachmann, therefore, that, if the American proposals were agreed to, as they stood, very little foodstuff would be imported into Germany ; and that it would be necessary to stipulate, that if German merchantmen in neutral harbours were sold to neutrals, Great Britain would not subsequently capture them. Even if this were conceded, Bachmann and Tirpitz still thought that the advantage would be with Great Britain.

The German ministers were therefore indifferent to the American proposals, or extremely critical of them ; but the chancellor was convinced it would be unwise to reject the American offer outright (he then knew that Colonel House would be in Berlin shortly), and he had strong objections to inserting any of Admiral Bachmann's stipulations in the official reply. To ask that German merchantships should be free from capture after they had been sold to neutrals was, in his opinion, to ask that a recognised rule of international law should be abrogated to secure a German advantage ; and that the American government should, as it were, guarantee and uphold the abrogation. Apart from this, Bethmann Hollweg ascertained, that Admiral Bachmann's opinions were his own, and that the shipping magnates did not share them. Ballin, Stinnes, and the Hamburg and Bremen chambers of commerce were all satisfied, that American foodstuffs could be carried to Germany by neutral tonnage then in service.

As these opinions could not be reconciled by exchanging written memorials, the emperor summoned a conference at Bellevue, at which the naval authorities were at open controversy with the chancellor : even the cold official minutes make mention of Admiral von Tirpitz's angry tone of voice, and of Bethmann Hollweg's gesticulations. At the end of the meeting Admiral von Müller sided with the chancellor, and pointed out that the American note could be agreed to without abandoning submarine war, which could : Still quietly go forward. The emperor endorsed the chancellor's view ; but the note drafted as a result of this conference was by no means an official endorsement of the American proposals. Everybody present agreed, that the American government offered no proper equivalent to the abandoning of submarine warfare ; and the note, as finally drafted, was little but a clumsy suggestion, that the Americans should offer to secure more advantages for Germany ; and that the German government should undertake rather less than the American president had invited them to undertake. The Germans stipulated, that a supply of all raw materials on the free list of the declaration of London should be assured to them, in addition to the foodstuffs mentioned in the American note. If this were granted, the German government professed themselves willing to moderate submarine warfare ; but their undertakings were very guarded, and they refused to abandon minelaying.¹

¹ See Text of Note in *Foreign Relations of the United States Supplement, 1915*, p. 129, and *Politische Dokumente*, p. 327.

This ill-composed document superseded another, of which no copy had been made public. It would seem, therefore, as though Admiral von Müller's policy of agreeing to the American proposals, and getting on quietly with submarine warfare had left a deep impression.

As Mr. Malkin had foreseen, the German reply to the American proposals indicated how our rejection of them should be drafted. The Foreign Office answered, therefore, that as the Germans had not undertaken to abandon submarine and mining operations against peaceful commerce, so, they had virtually refused the American offer. It is, indeed, rather strange that Bethmann Hollweg and Jagow should ever have imagined that their note would throw the odium of refusal upon Great Britain. They had, in effect, invited the American government to force Great Britain and France to withdraw their contraband lists, and had given no assurance worth having upon what Mr. Lansing and Mr. Bryan had insisted in such grave language: That American lives and property should not be put in jeopardy by the German submarine fleet. Bethmann Hollweg and Jagow must have very much misunderstood the American government's temper if they imagined, that the administration at Washington would embitter their relations with Great Britain and France, in return for such vague and flimsy undertakings as the German government offered.

X.—What reception was given to the reprisals order by neutral governments

When the last of these notes was despatched, every proposal for a compromise had been rejected; so that the governments at war had nothing left to do, but to watch the consequences of their diplomatic preparations; and to observe how neutrals would receive these successive announcements of the fierce and implacable struggle that was henceforth inevitable.

The policy of the northern neutrals was not doubtful: their citizens suffered from the German submarine campaign long before they suffered from our reprisals against it, and the Netherlands and Norwegian Foreign Ministers virtually informed our diplomatic representatives that they would not retaliate. They were thus obliged to be equally easy about the retaliation order, and their protests were mild and formal. The three Scandinavian governments presented notes in which each announced, that they made positive reservations about their commerce. The Netherlands government stated, that they were not concerned with what belligerents did to injure one another; but that they could not be indifferent to the abrogation of the declaration of Paris. The Foreign Office were satisfied that the northern governments attached no importance to these notes, and that no reply need be given to them.

The American reception of our announcement was the important matter, the test of our long diplomatic preparation. The American ambassador was given our first announcement on 1st March; he said, at once: He was sure it would not give rise to trouble with the United States government; and that he himself, had prepared them for it. Mr. Page's statement was valuable, in that Colonel House was still in London, in close consultation with him. Sir Cecil Spring-Rice could not however report such a good reception as Mr. Page had promised. He again warned the Foreign Office, that the president was as determined as ever to do nothing that might prejudice his mediation; and that he would in all probability think it necessary to lodge a vigorous protest as proof of his impartiality. On the other hand, our ambassador reported that the legal adviser to the state department was advising amicable negotiations on questions of practical detail, such as the treatment of cotton cargoes. When the American government's first note was presented (8th March), there were, therefore, strong indications that they would acquiesce. This note was far less severe than Sir Cecil Spring-Rice had anticipated, and was, in effect, a long demurrer against applying modified blockade that we had announced. The note ended, however, with the significant admission that modern warfare had made old fashioned, orthodox blockades impossible.

Another, and rather severer note was, however, presented on 2nd April. The American government now made an elaborate criticism of the order in council; and showed, which was not very difficult in the circumstances, that we were attempting to isolate Germany by measures of restraint for which there was no precedent. But the note, though critical, was friendly, and contained some remarkable statements. The American government admitted, that the law of nations was subject to organic development; and that it did not cease to be the law, because it was adapted to changing circumstances. They admitted, also, that blockading lines might be established at considerable distances from the blockaded coasts; and that blockading forces might even be stationed on the lines of approach to neutral harbours. More remarkable still, the American government virtually acquiesced in our claim, that we had a right to stop all goods from passing into Germany; for they asked us to assure them, that American merchantmen with a neutral destination, or point of departure, would not be interfered with: When it was known that they did not carry goods which were contraband or goods destined to, or proceeding from, ports within the belligerent territory affected. This was substantially a declaration, that the American government would not object if the order in council were applied, *ad literam*; and that they only desired to be assured, that no additional restraints were contemplated. But while admitting all this, the American government protested against any interference with neutral trade in non-contraband goods, no matter what its ultimate destination might be. Sir Eyre Crowe was quite baffled by the note, which seemed to him:

To represent a compromise of different views, and to leave it open to the United States government to turn in different directions, as they may be compelled, or disposed hereafter, owing to the pressure of politicians, traders or theorists.

Anybody who has studied Sir Cecil Spring-Rice's reports upon the president's desire to rally every section of American society to his policy; upon his difficulties; and upon the fierce accusations to which he was exposed, will agree that Sir Eyre Crowe's appreciation was accurate. The information collected by our ambassador in Washington, during the week that followed the presentation of the note, showed, however, that for the moment, the Washington administration attached far more importance to their acquiescences, than to their criticism. On 7th April, the *Times* published an article, which their correspondent had written after consulting the legal adviser to the state department: the article stated, that the American government freely acknowledged the British government's right to enforce a blockade by somewhat unorthodox methods. More important than this, however, were Sir Cecil Spring-Rice's reports upon the attitude of the great shipping and export magnates, who were all pressing for a settlement of practical details, and asking for guidance about the treatment of particular cargoes. Sir Cecil was even able to report, that large numbers of influential persons, out of desire for some clear and definite rule, would be very glad to see our contraband lists include all goods that we desired to prevent from reaching Germany.

The Foreign Office's considered opinion was, therefore, that the note was a sort of invitation to a legal controversy; and it was decided that Professor Oppenheim should be invited to assist in drafting the answer. The reply did, indeed, most ably elaborate the admissions of the American note, by reviewing the organic development of the law of blockade and contraband; and by showing how American practices had modified old rules without violating basic principles. The British note has subsequently been reproduced, almost textually, in more than one American work upon public law.

It can therefore be said to have been the great achievement of the Foreign Office, that they secured substantial acquiescence to the measure that made the isolation of Germany possible. It is true this acquiescence was no guarantee for the future: the American government were as free after April, 1915, as they were

before, to yield to those sections of public opinion which were pressing for active opposition. Observations of the influences to which the president was exposed, of their strength and fluctuations, had therefore to be made as meticulously, and to be considered as carefully, as before. But if the reports sent to England by Sir Cecil Spring-Rice are read conjointly with the reports that Bernstorff was sending, at the same time, to Berlin, the success of British diplomacy becomes apparent. Notwithstanding his nervous, apprehensive temper, Sir Cecil Spring-Rice felt at liberty to report, at the end of April, when the order in council was in full operation, and when the Americans were less exposed to passing squalls of excitement :

I think we may say that, roughly speaking, you have achieved, so far, a very great diplomatic success in your negotiations with this government. You have asserted the rights of a belligerent in a very severe form because those rights are necessary to the existence of this country.

Count Bernstorff, it would seem, was only able to report a rising resentment at the first sinkings of the U-boats, and demands for explanations that might, at any moment, become dangerous protests. This initial contrast was made more striking later : the German government were forced to withdraw their first orders to the U-boat commanders, and every attempt to act upon the original declaration was made impossible by the American government. No demand was ever lodged with us, that we should balance German temperaments to their submarine operations by easing the restraints that we were imposing upon European trade. This is proof sufficient, that what the Germans were attempting was impracticable, and that our measures were properly adjusted to circumstances.

XI.—The economic theatre when the reprisals order was issued

When the allied governments had thus declared, to the whole world, that, as far as they were able, they would stop up all sources of the enemy's power, and strangle every artery of their trade and commerce, the tasks that awaited accomplishment were tolerably well delineated. It was clear, that the measures hitherto taken against the enemy's commerce had been, as it were, the shocks, or frontier battles, of what was likely to be a long drawn campaign ; and that the positions and strengths of the forces engaged had very much altered since the winter months, when it had been uncertain what sources of supply would remain open to the Germans, after the first scramble for foodstuffs, metals, and propellants had terminated.

High hopes had then been excited by the confusion in the enemy's industries, and by the excitement and anxieties of their populations, during the first shortages, but these hopes could no longer be entertained. By April, 1915, the German government, and in lesser degree the Austro-Hungarian, had organised their nations into military societies, which were acting as auxiliaries to the forces in the field, and the resulting position was roughly this. All grain supplies were being distributed by the government or their appointed agents, and regulations for the supplies of meat were being enforced throughout the two empires. There was no longer any doubt, that the measures taken would secure a sufficient supply of food to the armies, and the civil population, until the harvest was gathered. Doctor Delbrück made several confident statements in the *Reichstag*, and our own experts admitted that his confidence was justifiable. This, however, only signified that one preliminary encounter in the campaign had ended satisfactorily to the enemy : every forecast of its ultimate consequences was so tainted with uncertainty and conjecture that calculation, in the proper sense of the word, was impossible.

If the food supplies available to the enemy had been drawn exclusively from their own soil, then, perhaps, a scientific estimate might have been made of the consumption of the people, and the stocks available. It was, however, plain enough, that all the border neutrals could very much increase their deliveries of native produce to Germany, and so strengthen German resistance. Holland sent about twelve thousand head of cattle, and about 19,000 tons of meat to Germany, during the first

quarter of the year ; while Denmark sent about 50,000 tons of native meats ; in each case the quantities were far above the normal. During the same period Sweden shipped 80,000 head of cattle to Germany : the usual figure was about 42,000. In the east, the same thing was occurring in spite of great impediments. Early in the year, the Roumanian government imposed an export tax upon grain and corn, with the avowed purpose of keeping supplies in the country ; notwithstanding this, the Austro-Hungarian authorities forced the Roumanians into an agreement to deliver about 3,500 tons of grain daily, after the harvest had been gathered. Nothing certain could be forecasted from all this : statisticians could, it is true, have estimated what proportion of the German deficit would be made good by these additional deliveries, but the calculation would have been no indication of the future ; for nobody could say, whether the border neutrals would continue to supply foodstuffs in these quantities, and nobody could estimate what German consumption would be : it was certain only, that the high prices of meats and flour, and the regulated allowance for bread, would reduce consumption ; and that the enormous army in the field would increase it, by unknown quantities. The uncertainty as to the future can, indeed, be best appreciated by juxtaposing appreciations made by two of the highest experts in Great Britain. Sir James Wilson, president of the international institute of agriculture, estimated that the German recovery was only temporary ; and that wants and shortages would become really pressing during the autumn of 1916 : Mr. Rew, the assistant secretary to the board of agriculture, after examining all the facts and probabilities scrutinised by Sir James Wilson : the deficits that were certain ; the wastage at the front ; the probability that the harvest yield would be lower than normal, owing to shortage of labour and of drag horses, concluded, that the German nation had adjusted supply and demand ; and that their diet, though abnormal, was sufficient : In short, Mr. Rew concluded, I have no belief in economic pressure as a means of victory to our arms. . . .

The uncertainty and futility of all calculation and forecast was still further emphasised by the news which reached us a few weeks after the order had been in operation. As soon as the spring thaws and rains were over, the Austro-German armies fell upon the Russian forces in the eastern theatre, and utterly defeated them. The Russian armies abandoned all their conquests in Galicia, and throughout the summer, the Germans advanced through Poland and southern Russia. The countries thus reduced were rich in corn, grain, cattle and oil ; so that, from the moment these victories were announced, the blockade became the blockade of a new country, for which no statistics had ever been taken, or could possibly be obtained. Experts were at issue as to the consequences : some predicted that ill-organised countries like Poland and southern Russia, held by a million armed men, would yield little or nothing but a few supplies to the troops in occupation ; others foresaw the opposite, and believed that German conquests in the east would relieve the shortages in Germany.

Yet notwithstanding this uncertainty, and these discouraging facts, it was as certain as anything could be that the campaign was promising enough to be persisted in. Neither the German nor the Austrian censor could disguise, that the civil population in each country was distressed and anxious ; and that the recovery in Austria had been far slower than the recovery in Germany. In both countries supplies had been secured, but prices had continued to rise, and the two enemy governments had been unable to regulate them. Also, one great weakness was even then evident : for reasons that we could not trace to their sources, fats, oils and greases were uncommonly difficult to obtain. Seeing that all our first measures had failed to stop, or even check, the enemy's enormous purchases of lards and fats ; and seeing that the enemy had just slaughtered a prodigious number of pigs, in order that a greater proportion of the potato harvest might be delivered to the population, this was the last thing that would have been expected ; and the proper inference was an

encouragement to those engaged in the endeavour to stop the enemy's supplies, and another warning, if more were needed, against prediction or forecast. This surprising shortage, the most obvious of all the results observed during the summer of 1915, was only explainable by admitting, that restraints upon the enemy's trade, however incomplete, were giving results that were unforeseeable; that one shortage automatically caused another; and that, however imperfect its mechanism and design might be, we were operating an engine of enormous power.

XII.—The enemy's metal supplies, and the state of their trade with the border neutrals

If it was uncertain whether we could, or could not, reduce the enemy's population by hunger and want, it was even more uncertain whether we could so restrict their supplies of metals, textiles and propellants as to enfeeble their armies in the field. Military experts were satisfied that a really severe shortage in the most important metals would be of great military consequence. Was it, however, in our power to bring this about? Germany's position in respect to these metals was closely analogous to her position in respect to food: the home supplies were not sufficient; but the country's industries had been converted into a vast arsenal that consumed less than the national industries in times of peace; and this arsenal was drawing considerable supplies from sources that we could not hope to control.

Sweden was the most important of Germany's metal suppliers. From the reports of our observers, we estimated that about 100,000 tons of iron ore were passing monthly from Narvik to western Germany; this was a considerable supplement to the native supplies, but it was in itself supplemented by weekly cargoes of pig iron, iron bars, iron slag and iron scrap. In addition, Mr. Phillpots, the assistant commercial attaché, was reporting weekly cargoes of brass scrap, aluminium scrap, copper scrap, copper wire, tin plates and tin. Moreover, just as the northern neutrals were raising their production of home grown foods, so, they were raising their production of metals. On this point the Swedish statistics were ominous.

Exports to Germany of :	August–December, 1913.	August–December, 1914.
Unwrought copper (in tons)	526	2,071
Miscellaneous metal scraps	729	2,310
Unwrought aluminium	Nil	5,511

In addition, Norway was becoming a metal supplier second only in importance to Sweden. The figures available during the first months of the year were these :

Exported from Norway to Germany :	<i>During the year</i>	
Iron (in tons) :	1913.	1914.
Norwegian pig iron	556	2,004
Lead (in tons)	26	146

The figures certainly showed decreases in Norwegian exports of copper and aluminium, but the inference which was to us so important, at a moment when the entire economic theatre was under survey, was that the Germans, by their exchange system, had secured to themselves a regular supply of metals from this border country. We learned, shortly after these figures were available, that the Norwegian copper magnates, under the guidance of Admiral Børresen, had agreed to supply Germany with 10,000 tons of copper, in return for machinery.

But, when all the relevant figures were assembled, nothing certain could be inferred from them except that this movement of Scandinavian metal towards Germany was important. Whether these additional supplies would be sufficient was the merest speculation. The search for metals in Germany was continuing without pause or respite, which implied that supplies, from all sources, were not meeting the demand.

On the other hand, there were no signs of shortage or unemployment in the meta-industries, and unless some shortage occurred, it was tolerably certain, that the blockade would not dislocate the industries themselves; for it was estimated that the textile, metal and engineering concerns in the country were now fulfilling government contracts roughly equal in value to the value of their commercial sales in ordinary times.

The final outcome of the campaign was thus a matter of the purest speculation, but at least certain strategic points were visible on the theatre in which it was to be fought, and at least there were indications of the measures that would have to be taken, if the struggle was to be fought to a decision. First, and perhaps most important, it was evident that the control of cotton was an object that must be pursued with all the energy of which we were capable. It was no longer possible to accept the judgement of military experts as final. They had reported that no military advantage was to be expected from the stoppage of cotton: it was now patent, that, if the enemy's explosive factories were independent of overseas cotton, the enemy's populations were very much concerned with it, and that the stoppage of cotton with all its attendant difficulties and political dangers was the first task that confronted the Foreign Office; and that the task was the more difficult to accomplish in that it was not even begun. Every neutral state in Europe was fast becoming a base of cotton supplies.

Secondly, it was patent that Sweden had now become Germany's most important conduit pipe, and that the original agreement was becoming unworkable. Our relations with the Swedish authorities were steadily deteriorating, and it was not to be disguised that Swedish policy was obstructing a settlement. The controversy about the detention of copper cargoes, during the first months of the year, may be treated as a disagreement on technical matters, provoked by an executive committee, whose members were ignorant of the political consequences of their measures. In April, it was evident that Swedish policy, and the sympathies of the Swedish government, were irritating the controversy; for we then had proof before us, that the Swedish authorities had been surreptitiously unfriendly when the Scandinavian powers presented their notes upon submarine warfare, and upon the use of the neutral flag: every sentence to which we took exception in the note presented to us had been drafted by the Swedish Foreign Office.

More important than this, however, was the growing volume of evidence that a large proportion of the Swedish trade with Germany was being carried on in defiance of the export regulations, and that the authorities were conniving at it. At the beginning of the year, Mr. Howard had been reluctant to believe that this was so: during the following months, however, our authorities received from the assistant commercial attaché, Mr. Phillpots, a succession of despatches, which obliged everybody to revise their opinions. Thanks to an industry that must have been prodigious, Mr. Phillpots contrived to report the weekly movements of cargoes from Trelleborg, Malmö and Stockholm, and to expose the subterfuges that were employed to evade the export regulations, in despatches which are, in point of substance, amongst the most instructive and penetrating, and in point of form, the most disorderly and confusing, documents that have ever been compiled by a diplomatic agent. Any abbreviation of the immense collection of facts assembled by Mr. Phillpots is an injustice to his industry: here, however, is the substance of what he reported during the first months of the year.

From Stockholm, there were daily shipments of brass, aluminium, tin, copper, cocoa, preserved foodstuffs and cocoa.

From Göteborg, the shipments were of cocoa, stearine and meat, hides, oil, lard.

From Malmö, lard, pork and cocoa.

From Trelleborg, tin, copper.

From Helsinfborg, copper.

On the evasion of regulations Mr. Phillpots reported, that goods imported from other Scandinavian countries were generally sent straight forward; and that the prohibitions on metals were easily evaded, as the Swedish officials were not attempting to distinguish between what was native and what imported.

If, after studying these reports, any person in authority still hesitated to believe that the Swedish authorities were deliberately, and as a matter of policy, conniving at the transit trade in contraband, his doubts must have been dissipated by the Swedish government's treatment of their lard imports. During the first months of the year, this commodity, which hitherto had been passing through Denmark, changed its direction and moved towards Sweden. Mr. Phillpots reported that enormous shipments were going forward to Germany, notwithstanding that it had been placed on the list of prohibited exports at the request of our minister. When asked for an explanation, M. Wallenberg answered that he had always intended to grant exemptions for the lard that was afloat when the prohibitions were ordered. When asked whether these would be the only exemptions granted, M. Wallenberg declined to answer. Even Mr. Howard, who had been so reluctant to believe that the Swedish government were deliberately deceitful, and who had sent so many warnings about the detention of Swedish ships, was now persuaded that the Swedish government were playing double, and that severe detentions would be the only remedy.

Furthermore, the Swiss national industries were now delineating themselves as a strategic point that would only be secured by measures to which all other measures of control bore little or no resemblance. In the first place, the German administration had scored its greatest success in that country; and the textile and metal industries in northern Switzerland were fast coming within the orbit of German exchange system. Secondly, no system of control that we could devise could possibly sever the commercial arteries between Germany and the cantons: Westphalian coal would always supplant British coal, carried precariously over the Alps, and along the congested railway system of northern Italy; apart from which, the Swiss government were determined to defend a peculiar traffic, called by them the *commerce de perfectionnement*, and to sign no agreement that imperilled it. This trade was the outcome of the affinities between the two countries. The engineering firms of northern Switzerland were partly German owned; those under purely Swiss management were managed by directors of German speech; and both countries possessed a highly specialised engineering plant. As a result, it had become customary for German firms to manufacture metal articles essential to the Swiss watch-making trade, and for a large number of Swiss engineering firms to work as sub-contractors for the German concerns in Westphalia. This arrangement was a rational division of labour which no Swiss government could allow to be disturbed; and in order to protect the system, the Swiss authorities were bound to resist any attempt to control the exchange of raw materials that was essential to it. As a reminder how difficult it would be to close up the Swiss channel, even partially, our authorities had evidence before them that the Germans, in spite of all the shortages apparent, had yet sufficient supplies of raw copper and other metals to bring a large number of Swiss firms within the compass of their system.

This was the complex of difficulties and obstructions that were to be overcome if the order in council was to be more than an empty threat, or a vainglorious proclamation, and the subsequent history of the blockade is, in large measure, the history of collateral endeavours directed against the economic objectives then visible in the theatre of war. These endeavours divide themselves into the following groups: (i) the negotiations preliminary to declaring cotton to be contraband, (ii) the devising of a system for checking the inflated trade between northern neutrals and Germany, which eventually became the rationing system, (iii) measures taken to check the flow of contraband from its source in America, which eventually

became the navicert system, (iv) negotiations with Sweden, distinguishable from all others undertaken by the political influences that obstructed them, and (v) measures for controlling the economic resources of the British empire. A few words should be added about these last.

Notwithstanding that the war trade division had supplanted the first rudimentary organisation for granting licences to export British goods, indirect trade between Great Britain and Germany continued unchecked during the first quarter of the year. In each of the neutral countries our expert advisers reported, that British tin was passing to Germany, and that oils and greases, produced in the empire, were being carried to the enemy ; and were making good the shortages in fats and greases. The committee for the restriction of enemy supplies repeatedly reminded the authorities, that we should never be able to stop neutral transit trade with Germany, if neutral authorities were daily and weekly collecting proofs that we ourselves were party to it, and that our own record was almost as bad as theirs. But notwithstanding that the warnings were multiplied, and that our list of prohibited exports were enlarged week by week, the trade flourished ; and it was only when the first quarter of the year was out that the damage done to our case was apparent : our re-export trade to foreign countries had fallen unless those countries bordered upon Germany ; with them it had risen in the following proportions :—

Re-exports to :	<i>Quarter ending</i>	
	<i>March, 1914.</i>	<i>March, 1915.</i>
	£	£
Sweden	194,720	1,224,914
Norway	149,606	688,027
Denmark	118,743	1,156,795
Netherlands	1,314,319	3,529,449

When these totals were examined with the reports sent in by our agents and observers, and with statistics for particular commodities, it could only be concluded that Great Britain was becoming not so much a pipe, or channel, as an open sluice gate for as much British tin, as much Egyptian and Indian cotton, as much Australian wool, meat and corn, as much oil and linseed, and as much flax, tea and cocoa, as could be poured into the enemy's borders. The assistance given to the enemy was a less serious matter than the damage done to our reputation for honourable dealing. Our representations to neutrals, and above all our good name in America, so important to us when American public opinion and American policy were unsteady, were both exposed to the damaging retort, and the telling accusation, that we ourselves had not got clean hands, and that our indignation was hypocritical. To this damage another was added : the mistrust and suspicion of a hard pressed and stricken ally, whose government had severed every commercial connexion with the enemy.

PART II

THE RATIONING SYSTEM

CHAPTER IX

THE OPERATION OF THE MARCH ORDER IN COUNCIL

An estimate of the total restraints imposed upon neutral trade.—Details of the coercive procedure.—Suspensions about particular consignees.—Why the Netherlands Overseas Trust could not be universally adopted.—Agreements with the shipping companies proceeded with.—The Norwegian oil agreement.—The general submission to the order and obedience to its provisions.

THOUGH highly significant as a rule of war, the March order in council introduced no novelty in the point of procedure. Germany's overseas imports would have been virtually stopped when the contraband lists of December were published, if the contraband committee and the Foreign Office authorities had then been able to collect reliable evidence about the ultimate destination of each particular cargo, or packet of goods, reported to them from Kirkwall and the Downs. The order in council merely enunciated a doctrine, and laid no additional evidence before the authorities responsible for enforcing it; those authorities, therefore, continued to discriminate between cargoes that were to go on, and cargoes that were to be detained, by applying exactly the same tests as they did before the order was so much as rough cast. In the words of Sir Edward Grey: The order in council does not, in itself, seize a single cargo. What will make a difference are the instructions to the fleet.

These instructions were approved by the cabinet on 10th March, and were, in effect, that the order in council was to be used as an engine of pressure, for securing better guarantees against the re-export of doubtful cargoes.

The object to be aimed at, ran the general instructions, should be to induce vessels not to carry goods for Germany. Vessels should therefore be detained long enough to make them feel the inconvenience of carrying such goods, and the advantage of not doing so, but they should be given the benefit of the doubt when the case is not clear.

The contraband committee and the fleet were, however, specifically authorised to act on suspicion; for, by the sixth article of these instructions, they were empowered to hold up cargoes of food-stuff, cotton and nitrate, if they so much as suspected an enemy destination. They were, moreover, to hold these cargoes until the contrary was proved, and were left free to decide what constituted proof. Goods on the prohibited lists of Scandinavian countries were to be allowed to go on, unless the Foreign Office reported that the prohibitions were not being enforced, or that the importations of a particular commodity were abnormally large. The Netherlands list of export prohibitions could, however, be ignored, as the agreement with the N.O.T. was considered to be a sufficient guarantee. In conclusion, specially lenient treatment was to be given to cargoes destined for Italy, as the transit trade through Italy was then virtually stopped.

In plain language, the new instructions were a licence to be more rigorous, and to be particularly severe to cargoes with a Swedish destination, for the Foreign Office were satisfied that the Swedish government were not enforcing their export regulations. The easy treatment of Italian cargoes was, presumably, ordered because the Italian ambassador presented a project of alliance a week before the order was published. The system of discrimination that had been applied since the war began was, in fact, left unaltered.

But inasmuch as the new order empowered the authorities to stop and requisition all goods of enemy origin, it was deemed necessary to entrust this supervision of the enemy's export trade to a new specially constituted body: the enemy exports committee. The instructions to this new committee were substantially the same as those to the contraband committee; for they were authorised to hold up suspected cargoes, until certificates of neutral origin were produced. Their procedure was

modelled on the contraband committee's: the manifests of outward-bound vessels were reported to them daily, and, when necessary, the committee demanded certificates of neutral original through the Foreign Office. The business transacted by them was, however, much less burdensome than the daily business of the contraband committee. Between five and six cases were considered daily by the exports committee: the contraband committee were daily scrutinising between twenty and thirty reported manifests, some of which contained more than five hundred entries.¹

I.—An estimate of the total restraints imposed upon neutral trade

Before reviewing the particular consequences of the new order, it will be as well to get some measure of the total restraint that was imposed upon neutral trade after the instructions were issued. This is, perhaps, best done by a tabular statement of the detentions before and after the order. In the gross, these detentions were the organ of pressure; for it was by detaining ships rigorously that we obtained guarantees against re-export from neutrals to Germany; and it was explained in the general instructions, that we relied upon this total restraint to induce neutrals to comply with our wishes. The table is rather striking.

	A. Total number of cases considered by contraband committee.	B. Orders issued involving detention of ships, unloading of cargo, or prize courting.	Proportion of B. to A.
January	198	54	27 per cent.
February	210	46	22 ..
March	314	97	31 ..
April	351	157	45 ..
May	493	205	41 ..
June	451	207	45 ..
July	517	218	42 ..

The total restraint imposed can, however, only be estimated by comparing the detentions ordered with the traffic of each border neutral. Tables of these two quantities give the following results:—

1. The Netherlands

The total number of arrivals from overseas in

March	was	140	of which	26	were detained.
April	..	176	..	37	..
May	..	199	..	48	..
June	..	156	..	65	..
July	..	186	..	51	..

2. Denmark

The total number of arrivals from overseas in

March	was	95 (approx.)	of which	19	were detained.
April	..	105	..	31	..
May	..	91	..	35	..
June	..	73	..	43	..
July	..	59	..	44	..

¹ The average number of entries on the manifest of a ship carrying a general cargo was in the neighbourhood of 1,300.

3. Norway

The total number of arrivals from overseas in

March	was	78	of which	10	were detained.
April	„	43	„	18	„
May	„	43	„	26	„
June	„	48	„	27	„
July	„	38	„	34	„

4. Sweden

The total number of arrivals from overseas in

March	was	71	of which	35	were detained.
April	„	64	„	51	„
May	„	79	„	38	„
June	„	46	„	41	„
July	„	46	„	39	„

The consequences of the new system of coercion were, therefore, that nearly half the neutral ships plying between America and northern Europe were detained for periods that varied between a week and a month ; but that a certain section of the Dutch traffic enjoyed special privileges. It is of course impossible to make a quantitative estimate of the coercion thus exercised. Some notion can, however, be given of the aggregate loss, which would be the sum of the following totals.

(i) For vessels on time charter (of which there were a great number) :

Total number of days detained × *daily charter rate.*

And (ii) For vessels working in the service of their owners :

Total number of days detained × *ships daily charges*

(a sum which often included the cost of supplying hundreds of passengers with a first-class hotel fare). The total would certainly be many millions of pounds.

The coercive effect of the order can, however, only be fully apprehended if the system is inspected in its details, for it will be seen from this inspection of particular cases, that, what the committee demanded, became, later, the governing conditions of a covenanted agreement with the great shipping companies.

II.—Details of the coercive procedure

(a) *The case of the Hans B.* On 1st May, 1915, a Danish steamer, the *Hans B*, was brought into Kirkwall. She was carrying 7,000 tons of maize from the Argentine to Malmö to consignees about whom nothing suspicious was known. The first consignee, Mr. Ove Klenau, of Malmö, was a middleman for the Buenos Ayres merchants ; the second, the Skanska Landtmanns Kentral Forening, were, apparently, a firm of agricultural agents. Messrs. Lambert brothers, the ship's city agents, were a respectable trading house. There had, however, been a certain amount of gossip about the vessel's previous voyage between South America and Göteborg ; for it had then been reported that the vessel had discharged a grain cargo into small coasters, and that one of them had gone to Germany. The committee therefore determined to hold the vessel, until everybody concerned had purged, or confirmed, the suspicions attaching to them. Telegrams were sent to our ministers at Stockholm and at Copenhagen.

Messrs. Lambert, who were also told of our suspicions, at once answered that neither they, nor the captain of the ship, could say what had happened to the previous cargo, after it had been transhipped. The *Hans B* was therefore held until our ministers had received satisfactory explanations from the merchant to whom the previous cargo had been consigned. After three weeks, he produced

papers proving that every parcel in the earlier cargo had been delivered in Scandinavia. It was, apparently, a custom of the Scandinavian grain trade, that the cargoes of corn and forage were carried across the Atlantic to the larger Scandinavian ports, and then distributed, through the smaller coastal towns and villages, by light draft vessels, barges and motor lighters. The story about transshipment to Germany was, it would seem, the malicious gossip of a trade rival.

(b) *The case of the Henrik.* The *Henrik* was one of the large vessels of the Norwegian America line. On 27th March she was brought into Kirkwall and the cargo reported. It was what is called a general cargo: there were 187 entries on the manifest, some of which were synthetic; the last of all, for instance, read thus: 153 cases of machinery weighing 194 tons, forges, chucks, carburundum and two boxed motors Spiero Winge Company, Christiania. For the rest, the ship was carrying: copper scrap, hides, flour, lard, syrup and an immense number of miscellaneous articles: cans of axle grease, rubber pipes, centrifugal washing tubs for steam laundries, carpet sweepers, shoes, parts of machinery, and gardening tools.

The contraband committee were suspicious about a few items only, and their suspicions were reasonable. First, a great deal of lard was then passing into Scandinavia, so that there was a general presumption against the lard consignments. Secondly, some of the trade marks upon the parcels of machinery were doubtful; V.L. was the mark of a certain Mr. Loewener of Copenhagen, whom the censor reported to be a forwarding agent. The committee therefore decided to put the lard into the prize court, and to make enquiries about the doubtful consignees. The answers to these enquiries certainly strengthened suspicions, but supplied nothing approximating to legal proof, that the cargoes held would be forwarded to Germany. Mr. Paus¹ and Mr. Phillipotts both agreed, that the consignee of the copper was a shifty fellow; and Mr. Findlay thought, that Messrs. Christessen and Thorgessen, the lard purchasers, were little better. Our minister added, that there was no market for pure lard in Scandinavia, but that another quality, called neutral lard in the grease trade, could be used in the margarine factories.

There was a clause in the general instructions to the fleet and the contraband committee, that passenger steamers were to be treated leniently, and were not to be held, if only a small proportion of the cargo was suspicious. The committee did not consider that these instructions bound them strictly, for the *Henrik* was ordered to discharge the lard. This naturally involved the owners in great loss and inconvenience: first, a suitable port had to be found; secondly, practically the whole cargo, amounting to several thousands of tons, had to be unloaded and then reloaded, the wharfage and harbour dues being all charged to the owners. More damaging than this, however, were the indirect and consequential losses of the Norwegian company. Their trade with America was conducted on the assumption, that their steamers would sail at regular intervals; that the company's agents could accept bookings for passenger accommodation; and that they could safely conclude contracts for freight, weeks, and even months, before any particular vessel sailed. The sudden withdrawal of a great steamer from the service of the line threw all into confusion, and even exposed the company to claims for non-fulfilment of their engagements. In the words of the ship's London agents: Detention through being held up is completely ruinous to our itinerary. The pressure thus exerted against the company was made particularly severe by the detention of another great steamer, the *Romsdal*, on the same pretext.

The *Henrik* was only released after being detained more than five weeks (27th March to 6th May); the *Romsdal* was held for about a month. During all this time, the company, and the Norwegian government promised, that no suspicious

¹ Assistant Commercial Attaché, Christiania.

parcel of goods should be delivered, until the British minister at Christiania was satisfied that the consignees would not re-export them. The committee were obdurate ; it will, however, be convenient to postpone examining what the committee demanded, and what the company offered, until the conditions exacted from the shipping companies are under review.

(c) *The case of the London.* This vessel was an oiler, and had been chartered by a certain Mr. Alfred Olsen of Copenhagen. She was brought in by the northern patrol ; her manifest was reported to the contraband committee on 11th May, from which it appeared that the cargo was to be transhipped to a number of Swedish and Norwegian ports. The names of the Swedish consignees were not given. Mr. Alfred Olsen had, however, been at some trouble to clear his cargo of suspicion ; for he had caused it to be laden under consular supervision, and had secured a statement from the Danish minister in the United States, that every consignee had declared that the oil, when delivered, would be consumed in Scandinavia. More than this, our own minister in Copenhagen pronounced himself satisfied, that the ultimate destination of every consignment was Scandinavia. He admitted, that Danish importations of oil were, at the moment, rather heavy, but he had recently discovered, that the Danish oil jobbers were endeavouring to make themselves the general distributors for the whole Scandinavian market. Notwithstanding all this, the contraband committee determined to hold the ship ; their minute may be quoted verbatim.

The contraband committee have, within the last month, allowed the steamship *Roma* and the steamship *Paris* to proceed to Scandinavia with a total of 16,722 barrels of oil for Sweden, and 1,737 barrels for Denmark. It is well known that Germany is short of lubricating oil, and it is difficult to believe that such large consignments can be genuinely wanted for home consumption in Sweden and Denmark. Although the committee is aware that there is a prohibition of export it is felt that the temptation to smuggling is very great. All the consignments destined for Sweden on the *London* have no consignees given. Olsen is merely an agent for the Sun company. The committee have therefore decided to place the whole of this consignment, with the exception of item 6, which may proceed, into the prize court under the notice placed in *The London Gazette* on 15th March for the reason that they are not satisfied as to its destination

There was the usual delay about finding a suitable port and wharfage for the cargo that was thus ordered to be discharged, and, during the interval, Mr. Alfred Olsen presented a list of the ultimate consignees to our minister in Copenhagen ; to this he added a declaration from each, that the oil would be consumed in Scandinavia. The committee now doubted whether the cargo would be condemned in the prize court, and ordered that it should be requisitioned : but the crown's right to requisition neutral cargoes, though asserted in the prize court rules, was doubtful, and the procurator-general was persuaded, that, even though the right were eventually upheld in a general way, it could not be exercised against the *London's* cargo, to which neutrals had proved their title. The ship had now been held for three weeks, and Mr. Alfred Olsen estimated his loss at 400,000 kronen ; for, as has been said, the vessel was time chartered. The procurator-general therefore asked for a written declaration from the contraband committee, that the *London* was not being held on his account. On receiving the assurances of the Danish consignees, the committee allowed the ship to go on ; but, when the order for her release was given, she was actually discharging the suspected cargo. Some 357 barrels of oil were left behind when the ship sailed on 7th June, after 27 days' detention.

It was certainly a very high proceeding that a committee bearing no responsibility for the consequences should have thrust such barriers and obstructions into the course of neutral trade ; should have turned so many millions of tons of goods from their destinations ; should so peremptorily have ordered that the property of many powerful companies was to be held at pleasure ; and should have imposed enormous fines upon the shipping magnates of foreign states. The proceedings

seem the more severe when it is remembered that the committee were mulcting these great Scandinavian companies, because third parties, who were unknown to the directors and shareholders, were suspected. If our legal right to impose these charges had ever been contested, it is difficult to say how the matter would have been decided ; but the great justification of all this pressure and duress is that the ship-owners regarded the whole matter substantially as we did : they protested that they were unjustly punished for deceptions to which they were no party ; they presented appeals *in misericordiam* ; but they never contested our bare right to prevent goods from passing to the enemy. In all the negotiations undertaken with them, I can find no syllable about our legal rights in the matter : the shipowners merely negotiated for security against these detentions, and we for guarantees that would be satisfactory. It will, therefore, be convenient to review the points at issue, and to explain the difficulties that obstructed a settlement.

In the cases of which particulars have been given, the ships were detained on three distinct pretexts. The *Hans B* was held because a general suspicion attached to her ; the *Henrik* because some few consignments were going to doubtful purchasers ; and the *London* because large quantities of oil had already been imported into Scandinavia. Nearly all the orders for detention that were issued during the summer of 1915 could be grouped into these three divisions : detentions on the ground of general suspicions, or of suspicions supported by statistics ; and detentions because particular persons were suspected. The negotiations with the shipping companies were for the purpose of enabling them to purge these suspicions rapidly.

It was clear, however, that there was no universal remedy. No declaration by owners in the predicament of those who had chartered the *Hans B* could possibly deter the contraband committee from holding the ship, until their enquiries were completed. It was a matter of experience that plausible explanations would at once be offered, and as certificates of ultimate destination produced by British traders were universally deemed worthless, it was not to be expected that declarations by an unknown neutral merchant should be thought more reliable. In such cases, neutral shipowners could only clear themselves of suspicion by the long and laborious process of proving themselves trustworthy, and this was only to be done by making their relations with the contraband committee, and with other responsible authorities, more intimate and friendly. There was, however, always a barrier to these friendly relations : the committee could not state their whole case, for, by doing so, they would have put every dishonest trader on his guard, and would have stopped up many sources of information ; also, the committee would, in some cases, have proclaimed how vague were the suspicions upon which they acted. Small shipowners and traders were thus often at the disadvantage of those who are fighting with shadows. Nevertheless, there had been a substantial advance towards an accommodation. At the instance of Sir Cecil Spring-Rice and his advisers, many American shippers and Scandinavian shipowners had been persuaded to load their cargoes under consular supervision, and to obtain a consul's endorsement of the manifest. The procedure only guaranteed that the cargo was properly declared, and did not, in itself, clear the contraband committee's suspicion that the consignee was ready and able to evade the prohibition ; but at least the new procedure supplied the contraband committee with better statements of cargoes and their destinations. The records of commercial transactions cannot be compared with the records kept in government offices ; for persons engaged in buying and selling are not at all concerned with precedents. Traders accept or refuse business relying, largely, upon what they know, or can discover, about their customers. Enormous transactions are sometimes completed by telephone conversations, and when distance makes written communication necessary, the records kept are often of a kind that no government official would ever rely upon ; badly worded telegrams, bills of lading so ill completed that they are difficult to understand, incomprehensible bills of exchange and unintelligible insurance contracts.

These slovenly documents secure the end proposed, that the goods shall be delivered and paid for, and a merchant who kept records as carefully as a government department keeps them would simply increase the overhead charges of his business to no useful purpose. Many detentions had, in consequence, been ordered because the entries in the manifests, though quite sufficient to ensure that the entered goods would be safely delivered, were deemed an unsatisfactory description of the goods themselves; and the suspicions thereby excited had often been aggravated by discrepancies about trade-marks, which, though generally due to nothing worse than to slovenly clerical work in the shipping offices, and of no importance to the buyers or sellers, were always reported with great particularity by the customs officers at Kirkwall and the Downs. The new procedure of lading under consular supervision may, therefore, be said to have assisted towards a general relief, by inducing commercial men to keep better documentary records of shipments and transactions that were subsequently scrutinised by a severe, meticulous committee.

III.—Suspicions about particular consignees

It will have been understood, from the cases that have been examined, what penalties were imposed upon great shipowners, if so much as one consignment in a ship's manifest were under suspicion. Great ships were then removed from the service in which they were engaged; thousands of tons of goods, admitted to be innocent, were withheld from the purchasers; and enormous wharf charges were imposed upon the owners. The best adjustment would have been that the whole ship and cargo should have been allowed to proceed, on an undertaking being given that the suspected packets should be returned to us, on a later voyage. This was, however, difficult to arrange, in that, by the law of all Scandinavian countries, every cargo that passed the customs came automatically within the operation of the export decrees. If we had insisted that suspected consignments should be re-delivered to us, we should have been obliged to petition each neutral government, almost daily, for exemptions from their prohibitions; and this would have agreed ill with our complaints that the prohibition decrees were not sufficiently comprehensive, or that they were being evaded.

A great Danish shipowner, Captain Cold, was the first Scandinavian magnate to come to an agreement. His original agreement was made after he had conferred with Sir Eyre Crowe in London, and with the British embassy in New York. It was an informal agreement, which enabled Captain Cold's managers and agents to be sure that they were complying with the October order in council; and its principal provisions were therefore in respect to contraband cargoes: Captain Cold undertook to make enquiries about all Danish recipients of contraband, and to forbid his agents in America to accept any cargo, until they have been informed by him that the purchasers were above suspicion. As an additional security, Captain Cold's agents in New York were to inform the British consul-general, that the enquiry had been made; and that the goods would be shipped on a specified date, by a specified steamer. The arrangement was necessarily superseded in March, when all German goods were proclaimed seizable; but it made that advance without which no other was possible: a neutral shipowner had entered into friendly intercourse with the coercive authorities in Great Britain, had convinced them of his good faith, and had come to an arrangement, which they and he collaborated to make effective.

IV.—Why the Netherlands Overseas Trust could not be universally adopted

This first agreement with Captain Cold was not, however, immediately recognised as a model that could be copied with advantage. It was rather hoped, that the restraints upon neutral traffic would be more systematically imposed by establishing bodies similar to the Netherlands Overseas Trust in other countries, and, ostensibly, there seemed to be good grounds for supposing it.

When the order was published and put into operation, vessels bound to the Netherlands were almost a privileged traffic, for they alone were released or detained on a regular system : if their cargoes were consigned to the trust they were passed on, if not, they were held. It is true detentions were numerous ; but the vessels that were allowed to go on without delay constituted a regular, ordered traffic of ships, whose owners were fulfilling their contracts and keeping their time tables. It was this regularity that ship owners and traders were demanding, and only the Netherlands magnates and, in a lesser degree, Captain Cold enjoyed it. More than this, it was at once patent that if additional restraints were to be imposed under the order in council, then, they could be imposed by agreement with the trust : the existing agreement provided only for the detention of contraband, and therefore needed to be enlarged or superseded by a new agreement, which would enable us to stop all goods of German origin and destination. Dutch commerce and industry are connected so closely to the German industrial system, that many points of detail had to be considered before satisfactory tests of what constituted Dutch, and what German, goods could be devised ; but it was patent, from the outset, that a satisfactory arrangement would be concluded, and that the trust would operate it loyally. The preliminary agreement about the Dutch export trade was settled rapidly and without friction. During April, Mr. Van Vollenhoven visited the Foreign Office authorities, and drafted the main heads of a new agreement in collaboration with them ; it was some weeks before this agreement was perfected and put into operation, but no doubts were entertained that it would be satisfactorily concluded. Seeing, therefore, that the trust was an institution which discriminated between enemy and neutral trade in a manner satisfactory to ourselves and to neutral merchants, and that it made the discrimination a mere matter of business, it was natural that the Foreign Office authorities urged the northern neutrals to set up similar bodies in their own countries, when they notified them, that the existing agreements with regard to contraband would have to be adjusted to the provisions of the new order in council, and made more embracing.

This proposal was discussed during March and April at the three northern capitals, and our ministers reported that there were grave objections and difficulties. The trust was, in fact, a body adapted to the peculiarities of the Dutch trade, and was not an institution that could be copied universally ; Mr. Andersen, the King of Denmark's personal friend, and Captain Cold each showed how difficult it would be to subject Danish traffic to regulations on the Dutch model. Denmark was a distributing country for all Scandinavia, and a large proportion of Danish imports were actually Swedish and Norwegian imports ; the free port of Copenhagen was an immense Scandinavian warehouse, where goods were stored before their final distribution. If a Danish trust were to be an effective organ of control, therefore, it would have to secure guarantees against re-export from Norwegian and Swedish, as well as Danish, consignees, and this would only be possible if it were made into a general Scandinavian trust. The Norwegian magnates might be persuaded to co-operate, but there was little or no hope that the Swedes would do so ; even Norwegian assistance would only be secured after long negotiation, as the Norwegian and Danish merchants were bitter, suspicious rivals. Mr. Prior, a high official of the Danish department of commerce, and Mr. Andersen thought that an international company, financed by Great Britain, France and Russia, might serve the purpose, if the merchant guilds and trading banks collaborated with it. This, however, was a project that required long and careful preparation.

The objections of the Norwegian magnates were equally strong. Mr. Henrikson, their representative, pointed out that the trust had regulated Dutch trade in contraband because Dutch overseas trade is very concentrated. An overwhelming proportion of Dutch traffic enters and clears at Rotterdam, for which reason it was comparatively easy to control and regulate Dutch trade from a single institution,

well connected to the main commercial centre. In contrast to this, ships in the Norwegian trade enter and clear from ports widely separated, and ill-connected by road and railway. A Norwegian trust would certainly have to be established in the political capital, Christiania, and it would be a matter of extraordinary difficulty to devise a system of guarantees, which could be enforced, from the capital, against importers in the northern provinces.

Some Norwegian magnates were less critical; indeed a representative of the Norwegian government visited Holland, and reported well on the Dutch system, but the Norwegian government disliked our proposal. Mr. Henrikson had only drawn our attention to one particular point of contact between the Swedish and Norwegian economic systems: there is a very heavy transit trade through Norway; and a Norwegian trust, exacting guarantees from Swedish consignees, would inevitably have caused political friction between the two countries. There was, during these months, a revival of the old warlike spirit in Sweden. It was being said, almost openly, at the court, and in the clubs and restaurants frequented by the generals and the nobility, that the tremendous victories of the German armies in Russia were giving Sweden the opportunity that she had been waiting for. The Norwegians doubted whether the Swedish nation and the Swedish parliament would ever agree to active intervention, but the government authorities at Christiania did not disguise from Mr. Findlay that they were anxious: they were, in consequence, very reluctant to take measures that would, in their opinion, inflame Swedish excitement.

The Norwegian and the Danish governments did, therefore, consider our proposal carefully, and gave us very good reasons why they could not at once adopt it. The Swedish authorities peremptorily refused to discuss it at all: they claimed, instead, that the March order in council, being an illegal doctrine, did not supersede the December agreement, and that all detentions made by virtue of the new order were violations of the agreement. They made this chicanery sound ugly and threatening by placing severe restraints upon the transit traffic to Russia. Mr. Howard reported that it would be futile to urge the proposal.

Seeing, therefore, that there was but little hope of enforcing the March order by a universal system, designed upon the model of the Netherlands trust, the Foreign Office authorities had no choice but to encourage industries and shipping houses to make agreements that would, in their operation, ease the restraints that were being imposed, or at least, make them regular and foreseeable.

V.—Agreements with the shipping companies proceeded with

The Danish and Norwegian shipping directors expressed themselves willing to conclude these particular agreements, and from Christiania, Mr. Findlay reported, that agreements with all the companies engaged in the Atlantic trade would prove the substitute for a receiving trust. These agreements were not, however, signed at once, and during the spring of 1915, that is the first three months during which the order was in operation, only three agreements were registered: (i) a new agreement between Captain Cold and the contraband committee, (ii) an agreement between the government and the Norwegian America line, and (iii) an agreement between the government and the East Asiatic company (Danish).

It has already been explained, that the contraband committee were willing to allow neutral ships to pass freely, if it could be arranged that consignments about which they entertained suspicions would not be delivered. This was secured differently in the three agreements. Captain Cold undertook to refuse delivery of all consignments of goods on the Danish prohibition list, if our authorities were doubtful about them, and to store these suspected consignments in his warehouses, until both

he, and the British minister, were satisfied. With regard to goods not on the prohibited export list, Captain Cold promised, that he would refuse to deliver any consignment, if the British minister notified him that it was suspicious; and that he would hold the goods, until the consignee had given guarantees satisfactory to himself and the minister. This undertaking was given with respect to all consignees, of goods carried in Captain Cold's steamers, Danish, Swedish and Norwegian. This agreement was between Captain Cold and the contraband committee, with whom Captain Cold preferred to treat because he had a strong inclination to the naval member of the committee, Captain Longden. The real guarantee was Captain Cold's proved honesty, and his friendly relations with the committee.

The other two agreements were prepared at the Foreign Office, and served as a model for those concluded later. On 18th April, Mr. Andersen had a long interview with Sir Eyre Crowe, and informed him that he was ready to agree :

To any conditions His Majesty's government liked to make as to the carriage of German goods if, in return, his vessels might be allowed to proceed without interference from our cruisers.

The words are striking proof how little the shipowners cared about legal theory, and how earnestly they desired that their commerce be subjected to known regulations. At another meeting, Mr. Andersen's manager, and Mr. Parker of the contraband department, prepared the heads of an agreement. The great obstacle to be overcome was that, by the common law of all Scandinavian countries, the courts would give an order for the delivery of goods, if the consignees could show that they had been paid for. The legal advisers to the British legation reported, however, that this general right could not be enforced against shipping companies, if they redrafted their bills of lading. Mr. Mygdal therefore undertook to insert three special conditions in all bills of lading issued by the company :

(i) That the directors reserved the power to withhold, in their own discretion, delivery of any cargo carried on board their vessels, calling at Danish, Swedish or Norwegian ports, if they were not satisfied that the ultimate destination of the goods was neutral. (ii) That the goods thus withheld would, at the option of the consignee, be landed and sold by the company for consumption in Denmark, or stored in Denmark until the end of the war, and (iii) that the company might, at their own discretion, demand such securities against re-export as they thought adequate before delivering goods to a particular consignee.

The remainder of the agreement provided for collaboration between the company and the British authorities. The company engaged themselves to refuse lading for goods, unless the consignee had been approved by the head office at Copenhagen. If a newly established, or doubtful, firm asked for cargo accommodation on the company's vessels, the directors promised to grant it only, if a deposit of money, or a bank guarantee were given to them, and they further promised to give the Foreign Office full particulars about these consignees at the earliest possible moment. In addition, Mr. Mygdal undertook that the company's ships would carry no copper, rubber, nickel, petroleum, lubricating oils or hides for Norway or Sweden, no matter how reliable the consignees might be deemed. In return for all this the Foreign Office undertook : To discuss freely any subject which might in future rouse their suspicion.

A copy of this agreement was at once sent to Christiania, and was there signed, with a few unimportant alterations, by a director of the Norwegian America company. The first success of the policy which the Foreign Office was compelled to follow as an advance towards a more general system was, therefore, that the carrying power available for the indirect trade of Germany was substantially reduced, in that three great companies virtually withdrew their ships from all participation in it. Whether this automatically reduced the volume of supplies that was passing to Germany from the American continent may be doubted ; for as those supplies had themselves been reduced, less transport was needed to carry them. It cannot be doubted,

however, that these agreements did eventually shorten German supplies; for this provisional policy of debarring the Atlantic carriers from carrying German goods, was followed consistently during the year, and Mr. Findlay persuaded the directors of nearly all the large Norwegian lines to sign agreements on the model prepared by Mr. Parker in April.¹

VI.—The Norwegian oil agreement

Another agreement, which was equally the outcome of these pressures, was concluded at about the same time. It was of some importance; for it deflected a large quantity of oil and grease from the German market, and so accentuated that shortage of fats which was the first notable success of the economic campaign.

In addition to being ordinary lubricants, oils of all kinds are a staple for the soap and tallow industries, for any oil can be reduced to a grease by chemical process. The most important of these processes is that of hydrogenation, when the oil is treated with a substance called the catalytic agent, which accelerates chemical action in the oils. Nickel is the best known catalyst for oils, but a substance known as *kieselguhr* has been found very good: *kieselguhr* is a very light, porous earth, which is found, amongst other places, at Stavanger in Norway.

Fish oils, which are here being considered, are obtained by boiling the fish, or, in the case of whale oil, the blubber: all fish oils can be reduced to grease, and pure whale oil is particularly valuable, in that it is used as a hardener for steels. Metal that is to be made into cutting and boring tools is plunged into great vats of boiling whale oil, and then cooled: the most familiar objects prepared in this way are the drills used by road builders, ordinarily called navvies teeth. After the oils have been reduced to greases, glycerides can be extracted from the greases by a second process; these glycerides are an essential component of a large group of explosives.

Being great hunters of the whale, and great fishermen, and having a good catalytic substance ready at hand, in their own country, the Norwegians have for long been pre-eminent as refiners of whale and fish oil, and as manufacturers of the products. The early industries appear to have amalgamated with other, kindred businesses; for, in 1913, the Norwegians were exporting oily substances that are not extracted solely from the whale and fishing catch. Here are the relevant figures: .

Principal sources.	Imports in thousands of kilogs.	Substance.	Exports in thousands of kilogs.	Principal markets.	
Great Britain	344	Stearine, etc.	618	Germany	353
Germany	226			Sweden	63
Netherlands	124			Netherlands	94
				Great Britain	90
U.S.A.	3,959	Tallow, oleomargarine, etc.			
Great Britain	1,093				
Netherlands	1,069				
		Glycerin	125	Germany	64
				Netherlands	49

¹ By the end of the year the following shipping agreements were in operation:

- (i) The agreement with Captain Cold.
- (ii) " " " The Norwegian America Line.
- (iii) " " " The East Asiatic Company.
- (iv) " " " The Garonne Line (Norwegian).
- (v) " " " The Norway-Mexico Gulf Line.
- (vi) " " " The Norwegian Africa and Australia Line.
- (vii) " " " The Thor Thoresen Line.
- (viii) " " " The Nordensfjeldske Dampskip skelskab.

The Norwegians were not, however, entirely free ; for they hunt the whale in the Antarctic under concessions from the British government, and it was estimated, at the beginning of the year 1915, that 80,000 of the 100,000 tons of oil which was to be refined, saponified, and hydrogenated, in the Norwegian factories during the course of the year would be extracted from whales slaughtered under British licences. Notwithstanding this, the Norwegian government maintained that whale oil was a domestic product, and hesitated to prohibit its export : our authorities claimed that whale oil and blubber obtained under a British concession could only be exported under licence ; a number of Norwegian whalers were therefore seized and held at the beginning of the year.

The agreement finally concluded was not, however, an agreement between the British government and the Norwegian oil factories. The Cornhill committee,¹ after examining the matter, discovered that the largest of all the Norwegian oil companies, the Norske Fabriker, was connected to Sir William Lever's soap factories by a sort of commercial alliance. The Norwegian concern was independent of the Sunlight business, and Sir William Lever had no control over it, but he was powerful enough to damage it ; for the Norwegian factory needed vegetable as well as fish oils, and these it ordinarily purchased from him. Sir William Lever withholding linseed and cotton oils, and the contraband committee arresting and holding whalers, were, therefore, a combination that the Norwegian magnates did not dare to resist ; and at the end of April, the Foreign Office were able to approve an agreement, whereby the Norwegian company engaged themselves to buy 30,000 tons of oil from Messrs. Lever Bros. and to sell to them all oils produced in their factory, and all fats hydrogenated by them. The agreement was particularly valuable to the Norske Fabriker, in that their great trade rival, the Vera Company, was not party to it, and was therefore still exposed to all the pressure that we could exert by detaining whalers, and by refusing of export licences for oil and blubber obtained under British whaling concessions.

VII.—The general submission to the order and obedience to its provisions

If the only consequences of the order in council had been those described, it would follow that the immediate set-back had been greater than the immediate gain. On the credit side the consequences would be : three agreements with Scandinavian shipping directors, and a supplementary agreement with a blubber company ; on the debit side would be : an immense dislocation of the trans-Atlantic trade, with all the friction consequent upon it ; a proposal for a better regulation of trade, examined and found unworkable ; and an aggravation of the Swedish controversy. The aggregate result would therefore be equivalent to a heavy adverse balance on the profit and loss account of our achievements. There is, however, another consequence, far more difficult to estimate, because it is recorded in no particular document or bundle of documents, yet far more significant than all that has been described, in that it constitutes a voluntary submission, not by one, but by many thousands of commercial magnates, to the regulations of the new order in council. Some weeks previously Sir Cecil Spring-Rice had reported a tendency to get contraband on to a business footing, and both he and his advisers had laboured untiringly to encourage it. The results of their endeavour are recorded in the many thousands of messages that reported the daily business transacted with those commercial and shipping magnates, who disregarded legal rights and niceties, ignored political controversy, and adjusted their business to this new regulation, by negotiating with the British embassy in Washington and the authorities at Whitehall. In the aggregate, these incidents of daily business constituted an admission that trade between America and Europe was being adjusted to this new rule of war.

¹ A committee of city men, presided by Sir Austen Chamberlain : the committee advised on financial matters.

A brief tabular digest of the transactions reported from America during three weeks (which have been selected at hazard) will illustrate the tendency towards a *de facto* recognition of the order in council, which no legal controversy ever checked. It is an illustration only, which is all that can be attempted.

<i>Date.</i>	<i>Number of Telegram.</i>		<i>Substance of Telegram.</i>
April 22 ..	25	from Boston ..	Bankers report upon the Boston agents of s.s. <i>Rigi</i> .
	422	from Washington ..	State Department's assurances about cotton cargo of s.s. <i>Carolina</i> .
23 ..	433	.. ..	State Department's request that special consideration be given to f.o.b. contracts.
24 ..	442	.. ..	Reports explanations by Messrs. Wolff about cotton on s.s. <i>Marie</i> . Representative of State Department present at interview.
26 ..	451	.. ..	Further explanations by Messrs. Wolff and representative of the State Department.
	457	.. ..	Association of Marine Insurance Companies give an explanation about certificates of insurance for cotton cargoes.
27 ..	468	.. ..	Treasury Department file policies and papers relating to s.s. <i>Navajo's</i> cotton cargoes.
May 10 ..	558	.. ..	State Department enquiries whether recent arrangements with N.O.T. may be applied to certain cargoes of German origin required in United States of America.
	564	.. ..	State Department ask that cargoes in which Tunnell and Company and Brown Brothers and Company are interested be given favourable treatment.
	568	.. ..	Requests more information about colonial regulations, for communication to certain business houses.
	585	.. ..	Further conversation with a representative of the State Department about cotton cargo in s.s. <i>Navajo</i> .
12 ..	588	.. ..	Guaranty Trust Company request information about treatment of cargo in s.s. <i>Kioto</i> .
	590	.. ..	State Department enquire what proofs N.O.T. require with regard to cargoes purchased from Germany before 1st March.
	591	.. ..	Conversation with State Department about form of consular certificates of lading.
	592	.. ..	Conversation with Commissioner of Navigation about owners of s.s. <i>Gargoyle</i> .

<i>Date.</i>	<i>Number of Telegram.</i>	<i>Substance of Telegram.</i>
May 13 ..	597 from Washington ..	State Department give information about cargoes purchased by the Apollinaris Company.
June 3 ..	836	State Department give information about cargoes in which Messrs. Lorsch & Company are interested and ask for favourable treatment.
	837	State Department submit the case of N. Nathan with full particulars.
	838	State Department submit the case of Leubrik Elkus with full particulars.
	840	State Department submit the case of Hamburger & Sons with full particulars.
	841	State Department submit the case of Shackman & Company with full particulars.
	842	Elberton Cotton and Copress Company. Particulars of their cotton shipments.
4 ..	742 from New York ..	Explanations of Chile Exploration Company with regard to purchase of machinery.
	854 from Washington ..	Messrs. Gaston Williams & Wigmore, N.Y., ask that they may be given His Britannic Majesty's Government's opinion upon a purchase of Austrian ships that they are contemplating.
	Unnumbered, from Washington.	State Department submit the case of N.Y. Merchandise Company with full particulars.
5 ..	879	State Department submit case of Stern & Bendix with full particulars.
	880 from Washington ..	
	881	State Department submit case of Gottschalk & Daviss with full particulars.
6 ..	883	Messrs. Patterson Boardman & Knapp give particulars about cargoes purchased by them.
8 ..	756 from New York ..	Messrs. Soloman Brothers give full particulars about their recent shipments of cotton linters.
	757	Similar particulars given by American Linters Company of Boston.

The transactions thus tabulated all had their origins in the order in council; for the particulars given by the state department were, for the most part, presented to prove that the cargoes were not detainable under the order; or that they were within the scope of the cotton agreement; or that they should be purchased under the conditions recited in the third and fourth articles. More than this, the state department associated themselves with a great proportion of these requests for favourable treatment, and it was, presumably, at their instance that particulars about purchases and

insurance policies were so freely given. It must be remembered, moreover, that this brief statement is no accurate measure of the practical recognition given to the order, which can only be calculated by inspecting the registers of the contraband department : for one week in May there are over a hundred entries in the contraband register for America, and each one records a transaction initiated and concluded on the assumption that the order in council was in force, and that it would remain in operation.

It would be just as easy to exaggerate, as it would be to belittle, the significance of all this ; probably the best estimate will be made by drawing an analogy from military history. Military historians, consulting the documentary records of an old campaign, often become aware of a circumstance that is attested to in no document : that, during some particular period of the campaign, the relative strength of the two armies must have been changing rapidly ; that the discipline, endurance and fighting spirit of the one must have been rising, and of the other declining, from the corrupting effects of some bad influence. This analogy must serve to illustrate the importance of this voluntary submission of so large a part of the American export traders to our latest regulations. It gave our regulations solidity and cohesion, and it added a deadening accompaniment, the dull roar of business, to the shrill, piercing notes of political controversy. Certain it is, that at the very moment when our achievements seemed so unimportant, our advance towards our objectives so imperceptible, and the obstacles ahead so formidable, the economic forces that we were controlling were tested against the enemy's and were proved to be incomparably the stronger.¹

¹ See Chapter XX, Progress of the enemy's economic campaign.

CHAPTER X

THE BEGINNINGS OF THE RATIONING SYSTEM

The origins of the rationing system.—Differences between the French and British commercial policies.—The Anglo-French conference upon economic war.—The conference urge that a rationing system be adopted.—Why the rationing system could not be enforced at once.—Prize law and statistical evidence.—The rationing system initiated by diplomatic negotiations.

IT will have been evident from the previous chapter, that there was an immediate submission to the March order, in that the great shipping magnates of the north American trade soon offered to observe its provisions. On the other hand, it will also have been evident, that the March order could never have been operated through agreements so local and partial as those immediately concluded with the Scandinavian shipowners. Nor could it have been operated solely by the detentions that the contraband committee were instructed to order, or by the severities that they were told to practise. Indeed, if no advance had been made upon the first instructions: to be stricter with neutral shipping, and to relax in favour of any company that gave satisfactory undertakings, it is difficult to believe that Germany's import and export would ever have been stopped. The March order was, in fact, only to be operated by setting up a universal system for distinguishing between enemy and neutral trade; and the most feasible plan for making this distinction was a plan so simple and natural, that nobody can claim the credit of having thought of it first that of allowing neutrals bordering on Germany to receive their normal imports of food, forage, textiles and propellants, and of stopping all excesses above the normal. This simple project, called rationing, was so much a corollary of the March order, that the history of the order is a history of the rationing system.

I.—The origins of the rationing system

It would be imagined that the system was adopted, because the overseas imports of the border neutrals were known to be exceptionally heavy during the summer of 1915. This was certainly an assisting influence, but the decisive, impelling reason was quite different. In the last days of January, 1915, the French government informed us, that our regulations for controlling exports were not in harmony with their own, and that a better co-ordination of the two might at least be attempted. They gave as an example a licence that we had granted for exporting certain consignments of tin, zinc, and spelter from Great Britain to Switzerland. These packages reached France with the ultimate consignees not declared, and the French licensing committee had temporarily refused to allow them to cross the frontier. In a further communication, the French government informed us that they had no desire to stop British tin from passing in transit through France; but that their licensing committee were very apprehensive about granting free passage, without further enquiry, to consignments of a metal which is used in munition making. It appeared to the French, moreover, that, in many respects, the authorities in Great Britain were less restrictive than those in France. For these reasons, and because it was very much to be desired that the allied governments, who were pursuing the same ends, should have a common doctrine in such matters, the French urged that there should be a meeting of technical experts. These communications from the French government were supplemented by others from the British chamber of commerce in Paris, who drew our attention to the impediments imposed on the leather trade between the two countries by the unco-ordinated regulations of the British and French governments.

The Foreign Office, the War Office, the Admiralty, and the restriction of enemy supplies committee were all anxious that the proposals of the French government should be agreed to, and a conference convened. The Board of Trade, on the other hand, strongly deprecated that British export licences, or the system under which they were granted, should be discussed with any foreign power. Their opposition was not overcome for many months, so that it was only in June, that is five months after the proposal to convene a conference had been first made, that the allied experts assembled in Paris; and, even then, the Board of Trade declined to send a representative. It was, however, agreed, that not only export licences, but economic warfare as a whole, should be examined by the experts. It will therefore be necessary to review the state of the campaign as an introductory explanation of the decisions that were subsequently taken.

First, as to the state of affairs in Germany and Austria. The remarkable recovery from the first shortages, which had been noticed in March, had certainly been well sustained. The reports of our expert observers during March, April and May, were very similar to one another: the German and Austrian economic systems had been adjusted to existing circumstances, and were working, not normally, it is true, but regularly and without convulsions; the textile and woollen trades were in some difficulties, but nothing suggested that the difficulties would not be overcome. With regard to food, it was as certain as anything could be that there was enough until the next harvest. Nevertheless, two dangerous shortages were apparent: a shortage of meat and fats, and a shortage of oils and lubricants, and this was the immediate, tangible success of the campaign. The success seemed, moreover, to be a permanent gain, which the enemy would not easily wrest from us.

Secondly, as to the importations of border neutrals. The import figures, which were being very carefully and accurately kept, were now becoming complementary evidence both of the shortages in Germany, and of their severity; for just as our expert observers on German affairs reported shortages in meats, fats and oils, so, our expert statisticians observed heavy importations of each by the border neutrals. It will be instructive to review the imports of each country in turn.

The magnates of the Netherlands trust and of the ministry of commerce had fulfilled their undertakings faithfully, for the imports of corn and grain, and of the principal contraband metals, were well below normal. The figures were:

Corn, grain and fodder imported from January to July ..	1,933,576 tons.
Normal for the same period	4,159,547 ..
Copper, aluminium, lead and tin plates, imported from January to July.	22,721 ..
Normal for the same period	115,380 ..

There was, however, a sharp rise in the imports of those substances that in some form or another might serve to make good the shortages of fats in Germany. The imports of vegetable oils were twice their normal figure, 118,352 tons as against 69,125 normal; oil-bearing nuts and seeds were fifty per cent. above normal. It is improbable that these substances were re-exported as they were received; they were presumably refined and worked into greases, and then sold in Germany as native Dutch produce. There was no subterfuge in this; for the doctrine of derivative contraband had never been closely defined, and, when stated, had been applied to metals only. No charge whatever could be raised against the trust on the strength of these figures, which were evidence only that the shortage of fats in Germany was serious.

Denmark.—The Danish figures were, in large measure, complementary to the Dutch, for the abnormalities were in similar commodities. The imports of lard were about eight and a half times in excess of what was usual, 10,969 tons as against 1,218; the imports of oil-bearing nuts had been doubled, and of rice quadrupled. The

other Danish imports were normal, or nearly so, as there was no marked increase in imported metals, or vegetable oils. The imports of corn, grain, fodder and meats had certainly risen above the usual, but the rises were not remarkable or striking. The importation of mineral oils was somewhat higher than normal.

Sweden seemed to be a re-exporting country of certain metals, in addition to lard, rice and oil-bearing nuts. In the matter of corn and forage, the rises were roughly proportionate to the Danish. It will, however, be more convenient to review the Swedish figures later, when the negotiations with Sweden are described.

Norway.—The Norwegian figures showed that very much remained to be done before the Norwegian conduit pipe could be choked, for, notwithstanding that the great shipping directors and the business men in Norway had shown themselves so ready to meet our wishes, it was as clear as anything could be, that metals and fats were being re-exported from the country in considerable quantities. The relevant figures were :

Imports of corn, grain and fodder from January to June, 1915.	243,886 tons.
Normal for the same period	245,514 ..
Imports of aluminium from January to June, 1915 ..	965 ..
Normal for the same period	4 ..
Imports of copper, brass and bronze from January to June, 1915.	4,695 ..
Normal for the same period	1,464 ..
Imports of tin from January to June, 1915	1,151 ..
Normal for the same period	186 ..
Imports of lard from January to June, 1915	4,376 ..
Normal for the same period	450 ..
Imports of animal fats from January to June, 1915 ..	27,084 ..
Normal for the same period	1,341 ..
Imports of vegetable oils from January to June, 1915 ..	17,307 ..
Normal for the same period	6,804 ..
Imports of oil-bearing nuts from January to June, 1915 ..	14,138 ..
Normal for the same period	7,746 ..
Imports of crude and manufactured rubber from January to June, 1915.	867 ..
Normal for the same period	450 ..

II.—Differences between the French and British commercial policies

If these figures of neutral importations had been the only statistics that the allied experts had been convened to consider, then, their task would have been to devise some means of stiffening our control over neutral imports of fats, oils and kindred substances. This, if not simple, would at least have been straightforward, for there were no substantial differences between British and French practice in respect to this trade between neutral and neutral. The French decrees were on an exact footing with our orders in council, and their intercepting squadrons had received instructions similar to those issued to our own. It would, thus, have been a task of no great difficulty to devise additional restraints with regard to sea-borne cargoes of oils, fats and lubricants, and to apply and test these restraints in collaboration. Unfortunately the task before the allied experts was more arduous: by their instructions they were convened to consider whether the allies could not prosecute the economic campaign on a single uniform plan; and this uniform plan, or common doctrine, was not easy to devise, because there were grave differences between the commercial policies of the allied powers.

The French licensing committee—the *commission des dérogations aux prohibitions de sortie*—had throughout assumed, that any abnormal import by a neutral to a neutral raised a presumption that he intended to re-export to an enemy. Acting on this assumption, they had kept all French exports to border neutrals to the normal figures, with mathematic rigour and precision. Our own system, if system it can be called, was very different. The Board of Trade certainly acknowledged, that the licensing system had been devised to stop contraband from passing to the enemy; but they were also convinced, that the maintenance of British exports was essential to a successful prosecution of the war (their own words); and, finally, they were determined, that the licensing system should never be used to debar British traders from entering a market that would be left open to American, and other foreign, traders. These purposes, each admirable in itself, were however so different, that they could not be combined into a single logical system; and it followed, that, as jealousy of America was the impelling force of the whole policy, so, licences were freely granted for sending goods to any market where large quantities of American goods were being purchased. Now, as American exports to Europe in general, and to the Scandinavian countries in particular, were rising month by month, the Board of Trade had felt bound in conscience to secure some of the profits of these expanding markets to British traders, in consequence of which exports and re-exports to neutrals bordering on Germany had risen surprisingly. Our exports to every other country had fallen. In plain language, therefore, our only gains had been gains in a suspect trade; and, if the presumptions that were made when a neutral's imports were abnormal were sound and justifiable, then, the general presumption that British goods were passing to Germany was best expressed in the following round figures:

TABLE XXI

Illustrating British exports and re-exports during the first and second quarters of 1915

British exports to	For the 1st quarter of 1913.	For the 1st quarter of 1915.	For the 2nd quarter of 1913.	For the 2nd quarter of 1915.
Holland	£ 3,901,718	£ 4,465,822	£ 4,089,848	£ 4,558,234
Denmark	1,532,550	1,782,618	1,292,743	1,913,399
Norway	1,454,650	1,812,370	1,813,511	1,991,070
Sweden	1,779,853	1,846,389	2,121,581	2,028,471
Holland	£ 1,450,594	£ 3,529,449	£ 1,302,619	£ 4,440,030
Denmark	119,969	1,516,795	157,671	1,067,856
Norway	159,149	668,027	136,375	615,058
Sweden	333,687	1,224,917	268,151	1,046,389
Greece	12,933	33,923	10,676	72,270

The ordinary rises were therefore in the region of three hundred per cent. and the extra-ordinary very much higher: the inference proper to be drawn was not doubtful.

It is not possible to convert these statistics of values into exact statistics of the corresponding commodities. The general nature of this abnormal trade is, however, easily ascertained; it was in meats, oils, oil-bearing nuts and fatty substances, in

fact, in all those commodities, that the shortage in Germany was drawing towards re-exporting states. Cocoa exports had multiplied themselves by three; exports of colonial meats and grains by between three and six; the exports of cocconut, cotton seed and linseed and lubricating oils, and oil-bearing nuts had risen fantastically. The figures were :

TABLE XXII
British exports during the first and second quarters of 1915

	Exports January-June, 1913.	Exports January-June, 1915.
Cocoa	8,584,243 lbs.	27,695,835 lbs.
Meat	238,994 cwts.	492,501 cwts.
Grain and flour	1,865,567 cwts.	5,754,618 cwts.
Cocconut oil	28,007 cwts.	79,695 cwts.
Cotton-seed oil	414 tons	7,520 tons
Linseed oil	16,247 tons	42,155 tons
Lubricating oils	537,967 gallons	1,177,933 gallons
Flax and linseed for oil pressing	12,767 qrs.	79,192 qrs.
Other oil seeds	11,370 tons	67,391 tons

What the French experts must have thought so peculiar about this trade was that a large number of these commodities were on the list of prohibited exports: Meat, namely beef and mutton, fresh or refrigerated was on list A, whereby exports of the commodity described were prohibited to every destination. The prohibition against oils was in four specifications, each embracing enough to have stopped the traffic: lubricants, vegetable and mineral oils, animal fats and oils, oleaginous nuts and seeds (very carefully specified) were on the second list, which forbade export to all destinations abroad other than British possessions and protectorates. The only exception to this was in respect to what are called essential oils, which, according to the best authorities are volatile oils, or essences, formed naturally, in various trees and plants, so that according to the list, all the oils of which such prodigious quantities were being exported were, by law, prohibited exports. In addition to this, most of these substances were contraband: meats, foods and forage had been declared so in the first proclamation; lubricants had been declared conditional contraband in December and absolute in March. Linseed oil had not, it is true, been inserted in any contraband list when the conference assembled, but the final clause of the March proclamation was very explicit as to oil-bearing nuts and fats; for it ran thus:

And we do hereby further declare that the terms foodstuffs and feeding stuffs for animals in the list of conditional contraband contained in our royal proclamation aforementioned shall be deemed to include oleaginous seeds, nuts and kernels, animal, vegetable oils and fats (other than linseed oil) suitable for use in the manufacture of margarine; and cakes and meals made from oleaginous seeds, nuts and kernels.

The authorities had therefore most carefully drafted the list, so that it should include all substances that might serve to make good the German shortage in fats, oils and lubricants. Finally, our authorities had been allowing abnormal exports, even in those metals that might, without abuse of language, be called the most absolute of all articles of absolute contraband, in that they had been specially mentioned in our first memorandum to neutrals, presented in November, 1914—a document that may well be likened to the first rude foundations of a vast edifice. During the first six months of the year, the Norwegians imported two hundred and forty times their normal requirements of aluminium; Great Britain supplied 113 tons, which was in itself twenty-five times the normal figure. Abnormal quantities of tin, which the French committees treated as a metal very much used in munition making, had also been sent to Norway. The country's usual supply for a half year was 186 tons: the Norwegians had actually received 1,151 tons between January and June, and the whole quantity had been sent from Great Britain, which meant,

that our authorities had given permission for shipments six times larger than the country's normal requirements, notwithstanding that tin was absolute contraband, and a prohibited export. Our condescension to the Swedes had been even greater. Sweden was suspected, on good grounds, to be the country which re-exported more contraband to Germany than any other ; in spite of this, the Swedes had been allowed to take in 3,387 tons of tin from Great Britain, which was about six times their normal import.

It can easily be imagined what apprehensions these figures must have excited among the French export committees, and it should be added, to the honour of the French representatives at the conference, that they discussed these matters with great restraint, and urged only, that the three western allies, France, Great Britain and Italy should pursue a common policy. A few sharp remarks were certainly exchanged, as for instance, when Monsieur Gout, reminded us, that the unco-ordinated purposes of the French and British governments were raising a nasty feeling in France, where commercial men were watching British goods flowing into markets that they themselves were forbidden to enter. The warning was justifiable, and it would have been easy to elaborate it. Inasmuch as the French never did so, they are more to be congratulated on controlling their indignation, than reproached for a few sharp phrases, which they could have made much sharper, if they had allowed themselves to swerve from their purpose of promoting the common good.

III.—The Anglo-French conference upon economic war

The allied representatives met daily between 3rd June and 9th June, and, although the discussions were for the most part very technical, it must have been evident to all, that the bare technical differences in the British and French regulations might remain unadjusted, without prejudice to the general plan, if the higher policies of the two governments could only be put into harmony. The actual difference was, that, whereas our own prohibition list was in four sections, the French had issued a single list, but had allowed certain commodities on it to be exported to allied countries without special authorisation. If the authorities in Paris and London had been pursuing the same ends, that is, if the British licensing authorities had been keeping British exports to border neutrals to their normal quantities, then, it would have been a matter of no great moment that the administrative process was slightly different. Again, it appeared upon a close inspection, that our own prohibition lists mentioned commodities not to be found in the French. The French authorities readily agreed to make the additions that we suggested ; but it was somewhat ironical that we should be asking the French to make their prohibitions more embracing, when they were urging us to reduce our trade with the enemy. Furthermore, it was of little or no assistance to the common cause, that such articles as sulphate of antimony, molybdenum, molybdenite, scheelite and selenium should not be exported from France to the United States (which was all that we had to ask) unless general policies were better regulated. Finally, it was an excellent principle, that all articles on the contraband lists should also be on the lists of prohibited export ; but when the two lists were juxtaposed, it was at once seen that the additions necessary for making them uniform were comparatively trivial. The only big difference was that coal was absolute contraband, though not a prohibited export ; the export of coal was, however, being rigidly controlled by a special committee. In any case, a bare uniformity between contraband and prohibited exports settled nothing. The point at issue was, that the treatment should be uniform, that is, that huge consignments of tin, tin plates, and aluminium, should not be exported from Great Britain, when French and British cruisers were stopping contraband metals on the high seas ; and that prodigious quantities of oils, fats and greases should not be sent from Great Britain to border neutrals,

while the French and British contraband committees were detaining similar cargoes on evidence that was largely statistical. It was equally easy to devise satisfactory regulations for transmitting British goods through France ; for the French authorities expressed great willingness to facilitate their passage ; but of what use was it that the French should not apply their export regulations against British goods in transit, if their jealousies and suspicions of our good faith remained ? So long as figures of our rising exports to border neutrals were issued from month to month, and were inspected by the French committee for restricting the enemy supplies, and so long as the French authorities could only report (as they once did) : *c'est moins la Hollande que la Grande Bretagne qui alimente l'Allemagne*, then, each permit for passing British goods through France was certain to excite new suspicions, more indignation, and new controversy. Every question examined by the conference thus served as an introduction or preliminary to a general resolution upon policy : that it was highly desirable to reduce neutral supplies to normal, first by reducing the allied exports, and then, by stopping or confiscating all abnormal supplies from neutral to neutral ; and that this general regulation and co-ordination of allied policies was only to be achieved through a rationing system, applied with equal justice against allied and neutral trade.

IV.—*The conference urge that a rationing system be adopted*

It was fortunate that although the three British representatives, Mr. Hurst, Admiral Slade and Captain Longden, understood and appreciated the policy that had thus allowed British exports to flow towards border neutrals, they were not prepared to defend it vigorously. Mr. Hurst did, indeed, state the case for the Board of Trade, that it was of no use to cut down allied exports to neutrals, if the only consequence would be to stimulate American trade in markets that the allies would abandon ; and the French chairman was fair minded and conciliatory enough to call this a just and reasonable apprehension. The British representatives felt, however, that they could not possibly stand on this contention, when the answer to it was so obvious : That no systematic regulation of American supplies to border neutrals could be attempted, unless and until the allies had systematically controlled their own exports to the same markets. In Mr. Hurst's own words : The principle is so sound in theory that Admiral Slade and I both felt there were limits beyond which it would not be prudent to oppose it.

When the British representatives had thus agreed to the principle, there was no further obstacle ; for the Italian delegates were as anxious that it should be adopted as the French, and the resolutions which may be called the beginnings of the rationing system ran thus :

1. *Les délégués émettent le voeu que soient prohibés à la sortie, tous les articles de contrabande absolue, et que la même règle soit appliquée aux produits ou objets de contrabande conditionnelle, étant entendu que, pour la définition des vivres et fourrages on se refera aux listes établies par la marine française et par l'Amirauté britannique.*

Ils expérimentent aussi le voeu, que les listes de prohibition soient unifiées le plus tôt possible et dans la plus large mesure possible.

2. *Cotinement des neutres. Les délégués émettent le voeu que les pays alliés permettent la sortie des articles cotinémentés dans la limite des quantités exportées en périodes normales. Lorsque les demandes d'exportation seront supérieurs a ces quantités, des pourparlers seront engagés entre eux pour la détermination d'un cotinement supplémentaire, d'après une base que sera fixée ultérieurement.¹ Ils expriment, en outre, le desir que des études soient enterprises*

¹ This clause was inserted at our instance, and was intended to keep the door of a good neutral market ajar.

d'un commun accord, dans les pays alliés, en vue déterminer les conditions dans lesquels devront jouer l'Ordre en Conseil britannique du 11 mars, 1915, et le décret français du treize mars au regard de l'approvisionnement des pays neutres, ainsi que de fixer les quantités à partir desquelles la destination ennemie pourrait être présumée, la preuve de l'innocence de la marchandise devant être fournie par le commerçant neutre. Ils recommandent également à leurs gouvernements l'étude des produits sur lesquels devra porter le contingentement, quand ils sont à destination de pays neutres voisins de l'ennemi.

V.—*Why the rationing system could not be enforced at once*

It will be seen, that these resolutions imposed an obligation to ration allied exports, as a preliminary to a more general system of stopping abnormal exports from neutral to neutral. With regard to the second task, the conference had done little but state that it was a thing, in itself, desirable. No plan for effecting it had been considered; for the legal expert, Monsieur Fromageot, merely stated, that detaining and condemning cargoes on statistical evidence might, conceivably, be justified on the doctrine of continuous voyage.

Sir Eyre Crowe and the officers of the contraband department, who were conscious that any delay or hesitation in endorsing these resolutions would be productive of bad consequences, urged the Board of Trade to agree. The Board of Trade did, certainly, agree in principle at an early date; but their letters only showed how great were the differences that still had to be adjusted. As has been said, the conference had considered this rationing of allied exports to be the first necessary task; the Board of Trade maintained, that unless the contraband committee could undertake to enforce a rationing system on neutrals immediately and at once, they could see no use in forcibly reducing British exports to neutrals. This demand, that the two parts of the system should be operated simultaneously, or not at all, was, virtually, a demand that the resolutions of the conference should be agreed to in principle, and ignored in practice; for it was manifest, that an unprecedented restraint upon neutral trade could not be imposed as quickly as new restraints upon British exports, for which all the necessary powers were available. Nevertheless, the Board of Trade do not appear to have stood immovably upon their objections, for a number of administrative preparations were made during July, and, in the middle of August, the Foreign Office convened another allied conference to consider details. At this conference, it was agreed that neutral imports of all the more important articles of contraband should be reduced to normal, on legal principles.¹

VI.—*Prize law and statistical evidence*

Investigation only showed, however, how extremely difficult it would be to give effect to this resolution. However generously the doctrine of continuous voyage were interpreted, it yet remained a settled principle of law, that the doctrine could only be applied against particular cargoes, and would only be effectively applied if statistical evidence alone would justify condemnation. Supposing then, that the statistical authorities reported, on a certain date, that a border neutral had by then

TABLE XXIII

¹ The commodities on this first rationing list were :

Copper.	Wolfram.	Cotton.
Aluminium.	Foodstuffs and forage.	Wool.
Antimony.	Oleaginous nuts, seeds, etc.	Rubber.
Nickel.	Lard.	Hides.
Chrome.	Rice.	Graphite.
Ferro alloys.	Maize.	Jute.
Tin, tin plates.	Cattle food.	Resinous products.
Manganese.	Oils, fats, lubricants.	Tanning.
Tungsten.		

imported its normal quarterly allowance of a specified article. What presumption would there be against the first, or even the second, third, or fourth, neutral cargo in excess of this normal allowance? Obviously there would be very little; for statistical evidence would only be decisive after neutral imports had very much exceeded the normal. In other words, a rationing system applied on legal principles, which was what the last conference recommended, would be no check at all to abnormal importations, and would only be effective for a short time, after large quantities of contraband had been allowed to pass, in order to pile up evidence against later cargoes. Again, supposing a neutral manufacturer imported for himself more of a contraband article than was allowed to his whole country for the current quarter; but supposing also, that he showed he had bought very little during the previous year, and needed what he was now buying for his business: the question before the court would not be what the trading community in his country were doing, but what he personally was doing; and there would be no ground for condemning his particular consignment.

It so happened, moreover, that what could, and what could not, be inferred from statistical evidence had been inquired into by the crown lawyers during the preceding months, for the *Kim* case (which had just been tried) had turned on that very point. The cargoes held and condemned in the ships *Kim*, *Alfred Nobel*, *Fridland* and *Bjornstjerne Bjornsen* were cargoes of meat products, consigned to Copenhagen by the Chicago meat packers. The detentions had been ordered: because the ships were chartered by the Gans line, a very doubtful concern; because the lard shipments in these vessels alone were nearly thirteen times the normal yearly import of all Denmark; and because our consul-general in Chicago reported, that German agents were organizing the shipments. The statistical evidence therefore raised a strong presumption that the cargoes were intended to be re-shipped to the enemy. The ships were detained during the last months of the year 1914, and the case was tried in July of the following year: the case for the crown was prepared during the intervening months.

Now when the known facts were first laid before the procurator-general's counsel, the counsel reported that they could not get a condemnation from those facts alone; but that they were confident if enquiries were made about every person mentioned in the papers, then, that additional evidence would be obtained. Sir Cecil Spring-Rice, and our ministers in Scandinavia were, therefore, instructed to make these enquiries; as a result, information was collected which proved, that the Chicago packers had originally sent their goods to Hamburg, but that, when war broke out, they moved their Hamburg staff to Copenhagen and Rotterdam, and gave them instructions to re-establish their old German connections from there. In addition to this, the correspondence between the Hamburg agent and the Cudahy company in Chicago was communicated to us, and it left no doubt whatever, that the meat packers were simply using Copenhagen as a distributing warehouse. The greater part of the cargoes were condemned in consequence; the condemnation was, however, secured only by lodging the information collected about the packers and their business. The statistical evidence was regarded as a guide, or an indication, but no more.

Nevertheless, it could be regarded as tolerably certain, that close enquiry would disclose facts similar to those discovered in the *Kim* case, whenever statistics proved the import of a particular commodity to be quite abnormal; for great and unusual shipments of any commodity are generally arranged by commercial juntas, who cannot conceal their operations altogether. More than this, whenever large detentions are ordered, the shippers and consignees are driven, by force of circumstances, to exchange telegrams and letters, which inevitably fall into the censor's hands, and furnish good evidence of their intentions. It was, therefore, no mere lucky chance which placed so much relevant evidence in our hands: if a wool and meat

combine in South America had been imitating the meat packers operations, similar evidence would almost certainly have been obtainable. There were thus good grounds for believing, that if statistical evidence were treated as a starting point for further enquiry, then, that enquiry would be fruitful. There was, however, a great difference between the condemnations that could be obtained by this method, and the automatic condemnation of all cargoes in excess of normal import, which would be necessary, if a general rationing system were to be operated by the courts alone.¹

VII.—*The Rationing system initiated by diplomatic negotiations*

Apart from these difficulties, there were others purely administrative. Assuming that we could justify wholesale detentions on statistical evidence, were the detentions to begin after a neutral had absorbed its normal ration for a year, for a quarter, or for a month? Each alternative seemed dangerous. Supposing that the yearly ration were taken as the standard, and supposing that the importers in a neutral country took in the yearly ration in four months; our authorities would then be obliged to stop all traffic in the commodity for the remaining eight months of the year, a most dangerous proceeding. There were equally strong objections to detaining after a normal quarter's imports had been received in a neutral country. The dishonest merchants would secure their goods during the first part of the quarter, leaving our authorities to deal, as best they might, with imports in excess of the normal, but consigned to firms of good standing, who could prove that their consignments were for their own use.

It is small wonder, therefore, that the system was still no more than a bare project or plan, three months after the conference in Paris had adjourned. In Mr. Hurst's words: For months past we have talked about it, and hankered after it. As the general system was still a mere project under discussion, and as the Board of Trade had stated, from the outset, that they did not think it wise to reduce British exports to neutrals bordering on Germany, until the whole system was perfected, they did not consider themselves under any obligation to give effect to the resolutions originally passed in Paris. During July, August and September, therefore, a great volume of British exports were allowed to pass into Holland, Denmark, Sweden and Norway, and the figures for the quarter were these:

TABLE XXIV
Illustrating British exports and re-exports during the third quarter of 1915

British exports to	For the 3rd quarter of 1913.	For the 3rd quarter of 1915.
	£	£
Holland	3,401,754	4,019,545
Denmark	1,479,930	2,260,090
Norway	1,496,436	1,573,287
Sweden	2,221,446	1,275,515
Greece	571,436	423,032
British, foreign and colonial exports to		
Holland	1,169,646	2,268,787
Denmark	178,950	927,886
Norway	92,350	348,704
Sweden	191,644	980,441
Greece	16,493	50,431

¹ The prize court was never invited to condemn a cargo on statistical evidence alone, so that the law on the point is not settled. The relevance of statistical evidence as proof of an ulterior, and enemy, destination was discussed in the *Kim* case, see *British and Colonial Prize Cases*, Vol. I, p. 405 *et seq.*

Nevertheless, a great advance was impending. During August and September, the statistical experts prepared the most elaborate tables of all the commodities that were to be rationed; each commodity was made the subject of a statistical monograph, which contained figures of the quantities imported by each neutral country in a year, the amount imported from each ally, and the amount received from other neutrals. The tables for cotton, and for the most important grains and metals, were completed by September.

When these figures were available, the contraband department of the Foreign Office assumed responsibility for enforcing such a system as could be enforced; but it does not appear that the business was transferred to them by any special order or instruction. The transfer was made, because the Foreign Office authorities saw an opportunity and seized it. They were then in treaty with the *Industrieraadet* of Denmark, with the Netherlands Overseas Trust, and with certain textile associations in Scandinavia; authoritative statistics of normal imports became available before anything had been concluded, and the Foreign Office determined to use these statistics in the negotiations then proceeding. The system was thus constructed piecemeal, because the long preliminary investigations had only served to show, that the first, simple, project for a universal system was unworkable.

The actual construction and operation of the system were, indeed, exceedingly laborious: first, as the bare principle was admitted to be a necessary corollary to operating the March order, so, it was inserted in all the great contraband agreements concluded in the year 1915, which may thus be called the struts or pillars of the system; secondly, when the principle was admitted, and the admission registered in the contraband agreements, a number of other agreements were negotiated for regulating trade in particular commodities; thirdly, the cotton trade between America and Europe was brought under control. The history of the system was thus the history of these three advances in the economic campaign: the contraband agreements of the year 1915; the agreements complementary to them; and the regulation of cotton. Negotiations on these points were subjected to so many influences, political, military and economic, that the rationing system was but a small item in a great complex of disputed questions. Nevertheless, the neutrals of northern Europe could not have been rationed, unless negotiations for operating the March order had been successfully concluded; and unless the government of the United States had been persuaded to acquiesce in a declaration that cotton would be treated as contraband: the difficulties encountered on all these heads are thus illustrative of the difference between the simple, logical, concept of rationing, and intricate system by which it was made operative.

CHAPTER XI

THE RATIONING SYSTEM. NEGOTIATIONS FOR A GENERAL AGREEMENT WITH THE NETHERLANDS OVERSEAS TRUST

How German exports were regarded during the investigations undertaken before the war.—German exports during the first months of the war.—Why the German exports ran mainly by way of Holland.—German export trade and the Dutch East Indies.—The Netherlands government and the March order in council.—The Netherlands Overseas Trust make provisional arrangements for operating the order in council.—The movements of German trade observed during April and May.—The difficulties of stopping German exports.—Two vessels bearing trust certificates are detained.—M. van Vollenhoven in conference with the Foreign Office.

IF it were possible to make a quantitative, or even a comparative, estimate of the German commerce that was stopped by each agreement with neutral firms, traders, and associations, then, it is hardly doubtful that our agreements with the Netherlands trust would be entitled to a high place on the table; for whereas most of our agreements were intended to restrict German imports only, those with the trust constituted an immense barrier against the German export and import trade, and so blocked up two commercial movements. It will, therefore, be proper to make a brief survey of what is known about the German export trade, in order to appreciate the importance of the agreements concluded.

I.—How German exports were regarded during the investigations undertaken before the war

It has already been shown, that the Committee of Imperial Defence examined certain branches of economic warfare, during the decade before the war, but that no general plan was ever prepared or considered by them. Their investigations upon trading with the enemy, or upon the consequences of seizing enemy vessels when war was declared, had, so to speak, served as avenues of approach to large territory, which they had never been able to explore and survey. It must be remembered, moreover, that German sea-borne supplies had always been the subject matter of such investigations as the committee had been allowed to undertake: it is true, that German trade as a whole had been reviewed in the state papers drafted by the Board of Trade, but the committee's terms of reference had, in every case, been too precise, and the labour of investigating the questions submitted to them too heavy, to allow them to enlarge their survey. It followed, as a consequence of this, that, although the damage that might be done to Germany's economic system by restricting imports had twice been estimated, no calculation had ever been made of the damage that might be done by severing German export and import trade with overseas countries, at one and the same time, in order to choke and dislocate the economic machinery of the empire by a single operation. There is thus no state paper in the government archives, about Germany's power to purchase goods from neutrals by exporting to them, nor any plan for weakening it. Nevertheless, it is impossible to read the reports prepared by the committees which did investigate economic warfare, and the state papers annexed to those reports, without being persuaded, that many persons in authority assumed, that German export trade would automatically dwindle to nothing when the grand fleet took up its war station, and the cruiser squadrons in the Atlantic drove the enemy's merchant fleet from the seas. No document can be quoted to prove that this was assumed, and yet many documents suggest it: the economic advantages of what was then known as

a command of the seas were so much overestimated. To give an example: in a paper presented to the committee on the military needs of the empire, the Admiralty's experts reported:

Germany's credit must, it seems, depend on her capability to continue her trade, and *provided our navy does what is expected of it*, the prospect of Germany in this respect does not appear bright. What both nations have to fear, however, is the stoppage, or rise in price of foodstuffs and raw materials. In the case of either country these two eventualities must tend to produce a position which might become intolerable. Both nations must keep their foreign markets, but if the goods they have manufactured cannot successfully hold their own in the markets of the world, stagnation in their industrial concerns must result. This must end in unemployment, distress, etc., and eventually, bankruptcy. It seems, then that we must do all in our power to check the German industrial output, or if possible, to stop it at its source, i.e., prevent the import of raw material.

This is not explicit, but the words at least suggest that the Admiralty assumed, that German exports would automatically dwindle after the fleet had blocked up the avenues of import.

This is not the only example: in the first paragraphs of the final war orders to the fleet, the Admiralty stated:

The continual movement in the North sea of a fleet superior in all classes of vessels to that of the enemy will cut off German shipping from oceanic trade, and will as time passes, inflict a steadily increasing degree of injury upon German interests, and credit, sufficient to cause serious economic and social consequences.

Certainly this is not an explicit statement that the naval war plan, when executed, would stop German exports, yet this confidence in: Serious economic and social consequences and in: The steadily increasing injury to German interests, seems to imply a confidence in high places, that German commerce of all kinds would avoid the majestic presence of the British fleet, and that it would abandon the ocean highways. Also, it must be remembered, that if we had been able to exert no more economic pressure upon the enemy than was predicted in the war plan, then, the injury done to Germany would have decreased, until it was no injury at all, and its economic and social consequences would have been trivial, instead of serious. If the general consequences of possessing a more numerous fleet than the enemy's were so much overestimated, it is not very extravagant to assume, that particular consequences were imagined to be greater than they actually proved to be.

II.—German exports during the first months of the war

This conjecture is strengthened, when it is remembered that our first measures of economic warfare were directed solely against German imports: the August order in council gave us rights of intercepting indirect imports; the October order reasserted those rights, and the committees that were assembled for administering these proclamations were concerned only with German supplies. More than this, our system of demanding guarantees against re-export from neutral countries was a practice established solely for restricting German imports. The March order in council was, therefore, a declaration for which preparation had only been made in part: the machinery for intercepting German imports was already assembled, and it remained only to perfect and enlarge it; nothing, however, had been done to stop the produce of the German soil, and the output of the German factories, from passing freely into overseas markets, if neutral ships were willing to carry them; for which reason it is of some interest to discover what export trade the Germans had maintained during the first eight months of the war.

If, as seems probable, it was generally assumed, that German export trade would fall away to nothing, when the German merchant fleet was driven into harbour, then, those who imagined this were very much deceived. In a normal year, about 33,000 foreign vessels entered and cleared from German harbours with cargoes; so that, even if a large deduction is made for the allied ships, which could not at once be put into service, it is certain that a considerable fleet of neutral vessels was in

German harbours, awaiting cargoes, when war began. Also, as a neutral vessel was not detained at all on an outward journey from Rotterdam or Hamburg, and very liable to be held when carrying a cargo from America to Copenhagen or Göteborg, neutral shipmasters were inclined to tender for German cargoes, when it became apparent, that the declaration of Paris was being respected, and that German exports were protected by it. This is probably the explanation why the German export trade was so well maintained during the first convulsions of the war; for although it is not possible to make a complete and satisfactory review of German exports, during the autumn of 1914, the known facts all indicate, that German export trade suffered hardly more than the British during the great commercial upheaval between August and December. German exports to the United States for the year 1913 were valued at about 189 million dollars: during the year 1914 their total value was nearly 190 million dollars, a slight, but perceptible, rise. Our own exports to the United States also showed a rise when the year 1914 was ended, and our re-exports remained steady, so that, in this great market, both countries roughly maintained their sales. German exports to the Argentine fell from 496 to 322 million dollars, a decrease of more than a third: our own had, however, fared no better, as the year's figures showed a fall of about eight million pounds sterling from a normal total of twenty-two millions. For some reason, which is difficult to explain, European exports to Brazil were very much cut down during the first months of the war; but the curtailment of German exports was in about the same proportion as our own: the German figures showed a reduction of about a half: 5.7 million pounds as against 11.7 million pounds for 1913. Our exports to Brazil were also halved: 6.2 as against 12.4 million pounds sterling. As far as can be judged, Germany's exports were tolerably well maintained in European markets: the country's exports to Spain fell from 185 to 108 million pesetas, a decrease of forty per cent. The fall in British exports to the same country was about twenty per cent. The figures of German exports to northern neutrals have never been published, so that it is impossible to complete the survey. Such figures as are available, and as have been here reviewed, seem, however, to indicate, that, during the first months of the war, the German export trade suffered hardly more than our own, notwithstanding that the enemy's merchant fleet was driven into harbour, that their cruisers became hunted fugitives in three oceans, and that our own squadrons dominated the ocean highways. It would be unjust to withhold admiration for the diligence and public spirit of those German officials and commercial magnates, who achieved what was generally deemed to be impossible.

III.—Why the German exports ran mainly by way of Holland

Even though German export trade suffered more severely than the available figures suggest, it is at least certain, that a very large trade was being maintained in March, 1915, when we declared our intention of stopping it; and, for reasons that will be given hereafter, it is equally certain, that everybody concerned very much underestimated the strength and volume of the trade current that we had determined to block up. One thing only can have been evident from the beginning, which was, that the bulk of this trade was running by way of Rotterdam and Holland: in the month of April the enemy cargoes reported to be coming out of Holland were five times more numerous than those reported out of Scandinavian ports; the proportion seems to have been maintained, until our measures forced the trade stream into another channel. There were, of course, natural reasons for this. The agricultural exports of Germany having ceased, there remained the export trade in manufactures, textiles, chemicals, dyes, and coal, which came principally from the industrial parts of the Rhineland; this mass of goods moved naturally by way of the Rhine and Rotterdam. Also, although our agreements with the Scandinavian shipping companies were by no means complete in the spring of 1915, Captain Cold had, by then, taken his great fleet of tramp steamers out of the German service

altogether, and the German export agents presumably knew, that the time was fast approaching, when nine-tenths of the Scandinavian holds would be closed against all German cargoes. This knowledge of what was coming, which must certainly be assumed, strengthened the flow of German exports towards the only gate left open.

IV.—*German export trade and the Dutch East Indies*

It so happened, moreover, that a certain proportion of this export trade, that which ran to the Dutch East Indies, was of an importance far in excess of its commercial value; and it is only equitable to show, that the representations made to us on this head were fair and reasonable. The four great Dutch colonies, Sumatra, Java, Borneo and the Celebes are at very different standards of civilisation; but the Dutch have endeavoured, in every colony, to keep the native population attached to the soil, and the native aristocracy to their countries and peoples, by giving the peasants and farmers an assured hold over their land, and by vesting the nobles and sultans with a show of political power. On the other hand, the Dutch have contrived that the native magnates shall not enjoy that wealth, nor make those displays, which secure position and influence in European society. The staple exports of the islands, copra, tea, tin and sugar, are controlled by Europeans, and, as a consequence, the great dwelling houses in Batavia, Sumatra and the other centres are owned almost entirely by Dutchmen, Englishmen, and Americans, who are alone empowered to make those ostentations of wealth, which are proper to the heads of a commercial oligarchy. The native aristocracy live more or less in the native manner, in the country parts, and direct local affairs under the supervision of the Dutch officials: the courts of the native princes are poor and shabby. By good management and careful planning, the Dutch governors have, therefore, succeeded in maintaining a distinction, which is visible to every casual visitor, between the dominant, and subject, races of their colonies.

TABLE XXV
Principal trade of the Dutch East Indies in 1913

IMPORTS.				EXPORTS.		
Principal commodities.	Per-centage of total.	Thou- sands of gulden.	Country.	Thou- sands of gulden.	Per-centage of total.	Principal commodities.
Total imports (in thousands of gulden)—436,683.				Total exports (in thousands of gulden)—614,205.		
Textiles (22·6%)	33·5	145,259	Holland ..	172,616	28·0	Tobacco (51·2%)
Textiles (54·9%)	17·5	76,571	Great Britain	23,934	3·8	Copra (10·2%)
Unimportant Sugar Refining, etc., machinery (19·1%)	6·5	28,776	France ..	26,715	4·3	Tea (26·0%)
Textiles (10·5%)			Germany ..	14,307	2·3	Rubber (28·7%)
Unimportant Mineral oils (46·2%)	2·0	9,033	Japan ..	35,812	5·8	Copra (53·8%)
Rice (43%)	7·6	33,319	United States of America	13,331	2·1	Copra (48·2%)
Meal (15·5%)			{ India	102,596	16·7	Sugar (90·8%)
Textiles (12·5%)	18·7	81,658	{ Australia	130,802	21·2	Foodstuffs (37·9%)
Rice (26·4%)			{ Penang			
Foodstuffs (19·5%)			{ Malaca			
			{ Singapore }			
						Sugar (78·7%)
						Mineral oils (33·0%)
						Copra (10·6%)

As a result of all this, the native population of the islands are not great buyers of European goods : cheap textiles are certainly bought by the natives in the batik or dyeing trade ; but the bulk of the purchases made in Europe are made either by the government, or by the European magnates of the sugar and copra trades ; and these purchases are the struts and supports of their political power. First, the government have cut a number of magnificent highways through the main islands, and these roads, which are far bigger than what would be necessary if commercial traffic alone were considered, are regarded by the Dutch governors as monuments of their power and authority—reminders to every native prince, and to every village headman, that the Dutch garrison can be moved to the most remote and inaccessible parts of their territories. These great highways are, however, carried across high mountains, which are washed by tropical rains, so that the labour of maintaining them is enormous, and for this reason, the Dutch make heavy purchases of cements, surface hardening materials, and road-making machinery, in the German Rhineland. Secondly, as the import and export trade of the islands trebled itself between the years 1880 and 1914, and as the navigation of the Dutch East Indies is difficult by reason of the intricacy of the channels, the Dutch have repeatedly been obliged to embark upon great schemes of harbour improvement : buoyage, beaconing and lighthouse building. Their engineers have found it cheapest to buy the machinery and materials from the German market.

Finally, as to the Dutch coffee trade. In the middle of the nineteenth century, most of the coffee consumed in Europe was grown in Java, and, as a consequence, the Amsterdam market was to the coffee trade what London is now to the tea trade, the distribution centre for all Europe. In the last half of the century, however, the South American coffee growers in Venezuela and Brazil outstripped the Javanese producers, and the sales of East India coffee fell away steadily ; but the Dutch, who are great contrivers in a difficulty, at once put their ships into the Brazilian coffee trade, and carried the South American coffee to Holland. Amsterdam coffee brokers thus suffered no loss of business, and Dutch shipping earned revenue in the rival trade. The Dutch were lifting a large proportion of the South American coffee in March, 1915, and this explains why they made such strong representations for lenient treatment of coffee with a German destination, for, to do them justice, they never disguised that it would be sold in Germany. This, therefore, was the complex of interests and commercial connexions that were threatened by the March order in council.

V.—The Netherlands government and the March order in council

When the order was published, the Dutch government presented a note, which was little but an elaboration of the note presented, when our first contraband agreement was negotiated. Professing themselves to be concerned solely with the rights of neutrals, and the rules of international law, the Netherlands government informed us :

That they could not judge whether the acts of war by which the belligerent powers were injuring one another were justifiable or not ; but that it was incumbent upon the Netherlands, a neutral power, to protest against any measure that was in conflict with the established rights of neutrals. Since the outbreak of war, the royal government have protested against any encroachment by belligerent powers upon neutral rights. Their attitude to the present measure cannot be different, in that it ignores the great principle of the declaration of Paris, signed in 1856, that all property, enemy and neutral, shall be inviolable if it is in a neutral carrier, provided it is not contraband.

This, of course, was a protest purely formal ; but the Netherlands government were as determined as they had been in November to be party to no arrangement for administering the order. In November, they refused to give us any official undertaking that their export prohibitions would be permanent, and it was only with

great difficulty, that Sir Alan Johnstone discovered that the authorities did actually intend to make them so: in March, apprehending that they might be asked to give an assurance about Dutch shipping, the Netherlands government informed us: Article 8 suggests that the order in council will be more leniently applied against the vessels of a country which declares that no goods of enemy destination or origin shall be carried under its flag. I [the minister for foreign affairs] think it proper to make it quite clear that the Netherlands government will make no such declaration; in their opinion the obligations of a neutral power are such that they cannot give any engagement of the kind.

The note was therefore an intimation, that the government would continue to take no official cognizance of the trust, nor of the arrangement made with them.

If the best organs of the Netherlands press were representing the national sentiments accurately, then, it seems tolerably certain, that the government were acting as the nation required; for the leading articles in the best Netherlands papers were all, or nearly all, to the effect that the adjusting of Dutch trade to the orders in council must be made a matter of business. The editor of the *Nieuwe Rotterdamsche Courant*, which has always been an authoritative organ, was probably expressing the considered judgement of the Dutch people when he wrote it was useless to expect, that any diplomatic negotiation would induce the British government: To renounce the use of the most important weapon of attack that it has chosen in the economic war against Germany; the stoppage of foodstuffs. The editor added it was equally absurd to expect, that the German authorities would ever be persuaded to relax their attack upon British sea-borne trade. This leading article, which was supposed to have been written under official influence, was, in fact, an intimation that the Netherlands government were bound, by their duty to the nation, to risk no charge of being partial to either side, and to be quite impassive to the appeals that both belligerents were making for neutral favour; for it must be remembered, that, at this time, our own state papers, and the German, contained many reproaches that neutrals were so easy about the submarine campaign, or the orders in council, and an almost equal number of exhortations, that they should defend themselves against coercion and violence.

VI.—The Netherlands trust make provisional arrangements for operating the order in council

Our authorities were thus assured simultaneously by the Netherlands government and by the Netherlands press, that the March order could only be administered, if the Netherlands trust, and the business community, agreed to assist us. On this point, the indications were hopeful; for during the first quarter of the year, when the original agreement was in operation, the Netherlands Overseas Trust had certainly shown themselves willing to carry more responsibility than could have been laid upon them by the bare letter of the December agreement, as they agreed, successively, to be the consignees of all goods exported under licence from England, and to relieve the Netherlands government of their undertakings with regard to petroleum and copper. Nevertheless, the order in council, which announced to the directors of the trust, that trade currents that had been running freely for months were about to be severed, made a great commotion; for M. van Vollenhoven and M. van Aalst had to ascertain how many contracts for receiving, or for carrying, German goods, could be enforced against Dutch traders, and what German goods were needed in the colonies. On 3rd March, there was a joint meeting of the Hague trading committee (which advised the government on export prohibitions) and the Netherlands overseas trust; later in the day, the shipping directors held a meeting. The outcome of these two consultations, was that M. van Vollenhoven and M. van Aalst warned our ministers, that we must grant a respite, unless we desired to do reckless damage; they added, however:

In the same way that the committee have succeeded in solving satisfactorily the question of contraband goods they believe they are able to find a solution satisfactory to all parties.

The shipping companies determined to order all their agents in Germany to refuse German cargoes, and instructed van Vollenhoven and van Aalst to negotiate for permission to carry all German goods paid for, or delivered in Holland, before 1st March; the order in council only granted free passage to goods actually paid for before that date. This was agreed to, and M. van Vollenhoven, who had had no time to estimate the volume of the commerce that would thus be licensed, stated, rather unwarily as it appeared later, that he did not believe it would be great. Simultaneously, the Hague trading committee appointed a committee of overseas interests. This committee undertook to examine all the manifests of vessels carrying German goods to the colonies, and promised that general trade between Germany and the colonies would not be allowed. They claimed, however, to have the right to license German goods essential to the welfare of the colonies, and gave us a provisional list of cargoes that they intended to license: engineering goods for harbour works; goods required for executing government contracts; building materials; aniline dyes; medicines and mineral waters. Our authorities agreed to accept the licences granted by the overseas committee, and, as a result of these preliminaries, the Dutch secured for themselves a free, licensed, traffic in essentials, a week after the order had been published.

This agreement was merely provisional, and much remained to be settled. The point most important to the Dutch was, that there should be a better, and closer, definition of goods that were to pass freely, without certificates of any kind; for, although we had never claimed any right of intercepting the domestic exports of a neutral country, a strong suspicion of German origin attached itself naturally to goods that were being exported from a country, which was at once a transit route, and a harbour, to all western Germany. Also, the general memorandum of November, 1914, which was referred to in the agreement reached in December, contained a clause about derivative contraband, and the Dutch, foreseeing that this doctrine might be variously interpreted, and so introduce endless controversy, were anxious to give it a good definition. In addition, the Dutch desired to lift as much South American coffee, and as much dried fruit from the Mediterranean, as their ships would carry; finally, they were determined to get an absolute security, that traffic between Holland and the colonies should not be impeded. These points were substantially agreed to in a letter that was deposited with the trust on 11th April. In this document, our authorities agreed to recognise the committee for Dutch overseas interests, and to accept certificates of Dutch origin if they were issued by the Netherlands customs officials; and they granted the Dutch contention, that bulbs, dairy produce, candles, and gin, when shipped from the Netherlands, should be assumed to be Dutch domestic produce, and that no certificates of origin should be demanded for them. The licensed trade in enemy goods for the colonies was specified as the Dutch had first stipulated; and it was agreed, that colonial shipments of coffee, cinchona, and tobacco were not to be consigned, either to the trust, or the committee. The Dutch were granted the permission they desired to carry Mediterranean fruits to Holland. This agreement gave the Dutch the breathing space they desired, and enabled both them and us to watch the movements of traffic to northern Europe during the months following the first issue of the order, and so, to make the observations necessary for concluding a general agreement.

VII.—The movements of German trade observed during April and May

What appeared most plainly, from such observations as we were able to make, was that the flow of German exports was unexpectedly great. We had agreed that German goods should go free, if they had been paid for and delivered before 1st March, without being very precise about the proof of payment that we should consider satisfactory: provisionally, we felt obliged to accept certificates given by the consuls of the countries to which the German goods were to be carried. Now, if the list of commodities

that the Germans shipped to the United States is inspected, it will at once be seen, that a large number of American traders and shopmen must have been very much concerned in the safe delivery of these German goods, among which were included a considerable number of half worked textiles, leather goods, glass wares, cutlery, and aniline dyes. Indeed, it will be shown later, that the fountain waters of the Anglo-American controversy were changed during the summer; and that, whereas the exporters of contraband had pressed the state department during the first months, the associations that receive and distribute German goods became the instigators of controversy, during the summer and autumn. Presumably, these German goods were even more important to the shopkeepers and retail dealers of the South American cities; for pressing requests that German goods should be leniently treated were handed in by a number of American governments during the course of the summer. It was, therefore, natural that the consuls of these receiving countries, knowing what interests were threatened, should have been very easy about the certificates demanded of them, and should have been anything but inquisitorial, when German manufacturers assured them, that the goods they were sending to Holland had been paid for, before the date stipulated. As for the German export agents, they were exhorted to regard plausible misstatements as a patriotic endeavour, for we obtained a copy of a circular issued by the Hamburg chamber of commerce, in which the German experts drew attention to all those frauds and disguises that would be difficult to detect. Here are some of the recommendations: All papers are to be completed by persons residing in neutral countries. All marks showing that the articles were made in Germany are to be effaced. If possible certificates proving that these articles are neutral property should accompany them.

The document was entitled: How German export trade may be continued without impediment.

VIII.—The difficulties of stopping German exports

It can easily be understood, that the first obstructions raised against a trade current that was running in such strength were soon swept away. Early in May, we estimated that between thirty and forty thousand tons of enemy goods had passed out of Rotterdam, and Amsterdam, since 18th March. When his attention was called to this, M. van Vollenhoven could only answer, that the cargoes had been certified under the agreement in force. The truth of the matter was, that neither party had had time to estimate the volume of these German exports, when the agreement was made. M. van Vollenhoven admitted freely, that his first calculation had been quite wrong, as he now discovered that the Dutch warehouse masters normally allotted 30,000 cubic metres of space to German goods awaiting shipment. The mass of waiting goods had been increased by the enormous purchases that American agents made in Germany, when the provisions of the March order became known. Our authorities were also apprehensive about the heavy imports of oils into the Netherlands, and the contraband department were anxious to secure an agreed interpretation of the undertakings given by ourselves and the trust. The written agreement of 11th April, had been supplemented by undertakings with regard to the import of cotton linters, and of goods on the British prohibition list; and the general and particular engagements in respect of coffee were numerous and confusing. More important than these doubtful points, however, was the recent detention of two Dutch ships; for those detentions raised the question which was the starting point of all the controversies in which we were engaged: If we had good grounds for suspecting consignments that were guaranteed and in good order, then, were our suspicions, or the guarantees, to determine the treatment given? Even though it involves a certain amount of repetition, it will be as well to describe these detentions in detail; for it cannot be too often illustrated, that the issue between ourselves and neutrals was not a controversy upon doubtful points of law, but a

challenge whether we had a right to impede trade and traffic, upon a bare suspicion. If this could have been regulated sooner, then, in all probability the history of the blockade would have been recorded in a small volume of diplomatic notes written in language that would have been as insipid, and as colourless, as the language of the last note from the Netherlands government. The two test cases were these :

IX.—Two vessels bearing trust certificates are detained

The steamer *Salland* was carrying a cargo from Amsterdam to Montevideo, and the enemy exports committee were notified, before she sailed, that the entire cargo was of German goods ; and that the shipowners had been granted a certificate from the trust. The only question at issue was, therefore, whether the evidence that the goods had been paid for before 1st March was satisfactory. The committee selected three consignments, and asked that the trust should obtain additional and collatorial evidence of payment ; as the only evidence forthcoming was a declaration by the Argentine minister at the Hague. The trust protested, that they could not obtain further evidence ; and that it was quite unfair to ask that they should do so, in that they themselves had warned our minister how unsatisfactory these consular declarations were likely to be. The committee, on the other hand, considered that the trust was bound to produce further evidence by virtue of the clause in the April agreement which ran :

His Majesty's government feel confident that, in cases of doubt as to the propriety of a shipment being made, the committee will supply to His Majesty's commercial attaché at the Hague, or some other British representative, on his request, with a full explanation of the circumstances of the case at issue, such explanation to be supported by the production of any documentary evidence which may bear upon the subject.

To this the trust could answer, and indeed did answer, very hotly, that they had given their explanation, and had produced the relevant documentary evidence, the declaration of the Argentine consul ; and that, inasmuch as we had never intimated that we should not accept these declarations, so, we were discrediting the trust, by ordering that a cargo guaranteed by them should be discharged. This was ordered nevertheless.

The case of the *Rotterdam* was more involved. This vessel was on a voyage from Rotterdam to New York, and the committee thought that four consignments were suspicious. The suspected goods were : gelatine, and photographic paper, which were being sent to Paul Zuhlke, Broadway, New York ; artificial silks, cotton ware, and glassware, which were being consigned to Albert Eckstein, to Rosenthal and Grotta, and to Graham and Zenger. About these gentlemen we knew : (i) that Herr Krebsler, of Vaals in Holland, who was an agent for Herr Krebsler of Aachen, in Germany, had recently told Herr Zuhlke, of New York, that he was sending four wagons by the *Nieuw Amsterdam*, three by the *Potsdam*, one by the *Oosterdyk* and four by the *Noordam* ; and that he would ship six wagons on 8th May ; (ii) that Herr Albert Eckstein, of Berlin, had recently telegraphed to Herr Eckstein, of New York (the consignee of the artificial silk) : That he would continue to ship Austrian silks ; and (iii) that Rosenthal and Grotta had recently received the following telegram from Herr Wulfratt of Rotterdam : Two Swiss cases *Noordam*, further fifty-six cannot be shipped unless special permit obtained your side.

The committee decided, that the vessel should be ordered to discharge her cargo, unless a satisfactory explanation was given ; and the trust at once produced what they considered a perfectly satisfactory explanation ; the Swiss chambers of commerce had given them a certificate that the consignments to Zuhlke and to Eckstein were Swiss goods, and the French and British consuls had endorsed the

certificate ; the Dutch customs had certified that the other consignment was Dutch. Our minister at the Hague considered that the vessel ought to be allowed to go on. The exports committee's final minute should be quoted in full :

It cannot be doubted that there is still a considerable export from Holland of goods of enemy origin, and the committee have regretfully come to the conclusion that this trade will not cease until strong measures are taken to bring the shipowners to a proper sense of the risks they incur in carrying on this prohibited trade.

The *Rotterdam* was therefore ordered to discharge the suspicious consignments at Avonmouth, and this was done, not to assert a legal right, but as an act of power, ordered *in terrorem*.¹

X.—M. van Vollenhoven in conference with the Foreign Office

These decisions were still pending when M. van Vollenhoven visited London ; but he then knew that vessels with the certificates of the trust were being detained, and he did not disguise, that, unless some agreement could be reached, he would be badly compromised with the Dutch traders. Leaving these particular questions to be settled later, however, M. van Vollenhoven, endeavoured to satisfy us on matters about which we were apprehensive, and by so doing, to remove all obstacles to a general agreement. On the general question of German exports, M. van Vollenhoven closed the controversy by agreeing, that no certificates should be granted after 1st June. Thereafter, the conference turned mainly round the abnormal importations of oils into Holland, and the guarantees given by the trust. The importation statistics were certainly of a kind to cause anxiety :

Mineral oils imported between April and June	95,160 tons.
Normal for three months	50,757 „
Vegetable oils imported between April and June	54,048 „
Normal for three months	29,568 „

We knew, moreover, that Dutch dealers in oils had recently been placing large orders in England, and there was a strong suspicion that these imported oils were being re-exported to Germany, notwithstanding that they had been consigned to the trust. Nevertheless, M. van Vollenhoven's explanation, which everybody accepted, showed how easily inferences made from evidence purely statistical could be rebutted. M. van Vollenhoven explained, that most of these oils had only been declared contraband in March ; before that date, therefore, there had been no need to consign them to the trust, and heavy orders had been placed in America. Tonnage had, however, been scarce, and a large number of consignments were waiting shipment when the last contraband list was published ; soon after this the trust was requested to take consignment. The trust had done so ; and those Dutch firms who required oil for their plant and machinery, knowing that oils consigned to the N.O.T. would never be re-exported, had then placed orders on the English market, hoping that the Dutch dealers, for whom the trust were holding the oils, would thereby be terrified at the prospect of having a great, unsaleable, stock on their hands, and would make panic sales at a ruinously cheap price. M. van Vollenhoven assured us, that the trust would hold the oils until the fight between the buyers of oil and the dealers was finished. The other matters discussed were : Dutch exports and prohibition lists, cotton, Anglo-Dutch trade, and black lists ; on the whole question at issue M. van Vollenhoven gave a general undertaking, that, as the

¹ M. van Vollenhoven paid a special visit to London in July to get these cases settled. It was agreed that the *Rotterdam* should be allowed to proceed—she had not then discharged—that the *Salland* should be allowed to reload and proceed. The companies to which the ships belonged (the Holland America and the Royal Holland Lloyd) agreed not to bring any claim for detention or demurrage against the government, and to pay unloading, reloading and wharfage. (See 89768/F, 27127/15.)

trust already took consignment of so many things, they might as well take the rest, meaning, thereby, that the trust would accept the additional responsibility of becoming the consignees, not only for contraband, but also for articles of general trade. This was the assurance needed for preparing an agreement to supplement the March order.

There is no indication of any dispute over the major articles in the final agreement, which was concluded very rapidly. The trust undertook that all cargoes consigned to them, whether contraband or not, should be consumed in Holland; if goods were re-exported to a neutral country, guarantees of local consumption would be obtained beforehand. Agricultural products and meats were, however, controlled more severely than in the agreements that were concluded, later on, with the Swiss and the Danes; for it was stipulated, in the ninth article, that imported rye, barley, oats, maize, tinned fish, lard, vegetables, forage, hides and leather should not be re-exported to any destination. The safeguards for the colonial trade, secured by the previous, temporary agreement, were confirmed (Articles 17 to 19). It was, moreover agreed, and the agreement was placed on record, that this instrument was to be used for introducing and enforcing a general system of rationing :

In conformity with the tendency of the new rules, wrote the directors, the N.O.T. will endeavour to restrict the import from all sources into Holland of any article required for home consumption, as defined in that agreement. Acceptance of consignment of goods will, so far as possible, be limited to that amount, and where goods in excess of it have been consigned to the Trust, without their consent, the goods will be warehoused by the trust, and it will not be allowed into circulation, until the normal level has again been reached.

CHAPTER XII

THE RATIONING SYSTEM

NEGOTIATIONS FOR A GENERAL CONTRABAND AGREEMENT WITH THE DANISH ASSOCIATIONS

The Chicago meat packers and their operations.—The Danish business houses and the Danish government desire a better regulation.—The Danish government and the March order.—Negotiations with the Chicago meat packers.—The grievances of the Danish shipping companies.—The business community in Denmark desire a general agreement.—Negotiations with the Danish societies.—The general agreement concluded, and cotton imports are rationed.

WHEN Sir Eyre Crowe and M. Clan negotiated the first Danish contraband agreement, each had treated with the other, under the pressure of circumstances that were only partially appreciated. Our authorities knew that prodigious quantities of meats and fats were then passing into Denmark; and it was concluded, that this great flow of unusual trade had been set in motion by the business community in Copenhagen. The Danish government thus fell under what might be called a derived suspicion; for it was assumed, that the authorities in Copenhagen would never be able to enforce their export prohibitions, after they had thus allowed the country to be glutted with contraband; indeed it was doubted whether they honestly wished to enforce their decrees. Facts ascertained during the months following the agreement went far to dissipate these suspicions; for it subsequently became clear that Denmark had been turned into an enormous supply centre for Germany; but that the Danish government, and the business community at Copenhagen, had been innocent of any complicity.

I.—The Chicago meat packers and their operations

The actual truth, was that during the first months of the war, a junta of American traders, known collectively as the Chicago meat packers, realized, from the reports of their agents and salesmen, that the populations of northern Germany would be short of meat before the year was out. These most able, but unscrupulous, men at once organized a movement of contraband into Germany, on a scale so great that it seemed almost impossible, that a small combination of business houses should have undertaken it. Copenhagen was chosen as the best depot, because it was a free port with large wharves and warehouses, and the following quantities of meat packers products were passed into it:

TABLE XXVI

Imports into Denmark from the U.S.A.

	1914.	1913.
	Kilos.	Kilos.
Imports of beef for the period August–December ..	348,564	126,139
Imports of lard for the period August–December ..	15,455,839	3,022,957
Imports of oleo for the period August–December ..	2,135,225	1,396,732
Imports of guts and plucks for the period August– December	1,204,104	425,138

In the main the meat packers conducted their business themselves. Occasionally, they employed a Dane of low character to act on their behalf; but the great Copenhagen firms were no fit agents for the Chicago junta, who desired that their officers should be experienced operators of an American corner: their transit agents, salesmen,

and dummy consignees were therefore very carefully selected. The few Danes who were allowed to assist fell into great disrepute among their own countrymen ; for the Danish shipowners and commercial magnates, being patriotic, bitterly resented seeing their country endangered by the unscrupulous enterprize of a few foreign traders, and were proportionately contemptuous of those Danes who were party to the venture.

II.—The Danish business houses and the Danish government desire a better regulation

It was some time before these facts were fully appreciated ; but when they were better understood, it was evident that our authorities could rely upon the better class of Danes to assist them in preventing a recurrence. The Danish business community, who, though not party to the Clan agreement, were much interested in it, were alarmed at the dangers in which the country had been involved by this American adventure, and determined that Danish commerce should henceforward be conducted by Danes only. The business community at Copenhagen were, indeed, so resentful of every foreign influence, during the first months of the year, that our Commercial attaché, Mr. Turner, found his position very difficult ; for the Danes resented every enquiry that he felt it his duty to make. On the other hand, Mr. Turner was convinced, that the great Danish houses were determined to detect, and to report, any firm that was trying to evade the law. This anxiety to clear their country, and to pursue their ordinary business, as far as it could be pursued in circumstances so exceptional, became, later, the motive force of the negotiations undertaken, and the safeguard of the agreements concluded.

The Danes made the first advances. Early in the year, Mr. Prior visited this country, and negotiated an agreement with the Board of Trade. Mr. Prior's agreement secured the Danish textile manufacturers a regular supply of British wool, of cotton, and of cotton goods, all which the Danes ordinarily buy in England. The *Industrieraad*, or manufacturers' council, whom Mr. Prior represented, did not offer to make themselves sole consignees for British wools and cottons, but they undertook to make enquiries into the business of every Danish manufacturer who applied for a licence to export British goods, and to secure, and to give, guarantees that the articles manufactured from these goods would be sold in Denmark, or in Scandinavia. The Foreign Office were not party to these negotiations ; but they learned from them, at a comparatively early date, that there was in Denmark a body representative of the great industries ; and that this body was ready, and able, to scrutinize the operations of its members, and to accept responsibility on their behalf.

Meanwhile the Danish government emerged from the fogs of the first controversy as a very honourable body of men, with more firmness of purpose than had been attributed to them during the first uncertainties. They very much enlarged their list of prohibited exports, and, as soon as they were able, forbade the export of imported lard. They were able to do this sooner than was anticipated, for the German agents had bought huge quantities of Danish meats, and, dairy produce, during the last months of the year 1914, and the Danish government were confronted with a growing shortage during the summer. By March, the Danish export prohibitions included a considerable number of feeding stuffs, and Sir H. Lowther reported, in despatch after despatch, that the decrees were being rigorously enforced. As was to be anticipated, however, the German exchange system was operated with great severity ; for the German authorities refused to accept Danish bacon, or dairy produce, as exchange goods, and demanded, that horses, or rice, or lard, or cocoa, or imported grains, be sent out of the country in return for every licence granted to Danish importers.

III.—The Danish government and the March order

When the March order was issued, and the first detentions of Danish cargoes were ordered, the Danish government at once protested that the agreement concluded with M. Clan was being broken; we answered, that the Clan agreement had been negotiated before we had determined to stop all German imports and exports, and was therefore inoperative; but we invited the Danish authorities to negotiate a new agreement with us; the Danish government never answered this invitation. The German government lodged a very strong protest against the Clan agreement, and the Danish government probably thought it would be dangerous for them to be party to an agreement for operating the March order. For many months, therefore, the Clan agreement was nominally in force.

Nevertheless, the agreements with Captain Cold and Mr. Anderson, though different in point of detail, gave us a positive assurance, that goods carried in their ships would only be delivered to the consignees, if they were to be consumed in Denmark or Scandinavia; and that no goods of German origin would be carried in their vessels. These agreements did, then, give practical effect to the order in council; and the resulting position was, that about seven-tenths of the ships engaged in the overseas trade of Denmark were under bond to perform no service forbidden by an order in council that the Danish government refused to recognise. It will be as well to show what confusion resulted.

The Clan agreement related only to contraband; but was elastic, in that it gave us assurances with regard to any commodity that the British government might subsequently declare contraband. When the agreement was concluded, however, we had assumed, that the three northern powers would enforce their export prohibitions equally; great freedom had, in consequence, been granted to the trade between Denmark and Sweden. Now, as the year advanced, it became patent that the Swedish prohibitions were not being enforced. Whenever, therefore, the Danish authorities claimed that some cargo, then being detained, was entitled to go free by the Clan agreement, Sir Eyre Crowe felt obliged to answer, that the cargo would be released, if the Danes would secure a guarantee against re-export from Stockholm.¹ The Danes occasionally complied; but, as often as not, they declined, saying (which was quite reasonable), that a special British mission was then in Stockholm negotiating on that very point; and that they could not make representations, which would expose them to the accusation that they were surreptitiously supporting the British case.

Another equally serious defect in the Clan agreement was that it left the Danish commerce in hides and boots unregulated. By the eleventh article, the Danish government promised: To devise some arrangement for effectively restricting any excessive importation of hides of all kinds, dry and wet, pigskins, raw and dressed; leather, dressed and undressed. This rather vague article had not been elaborated by subsequent agreement, and the entire Danish leather trade was, in consequence, more or less under suspicion.

This unsettled point provoked a long, wrangling, controversy, which lasted the entire summer. We discovered later (and the Danes, to do them justice, had not foreseen what would happen), that the Danish leather trade was fed by imported

¹ See, in particular, Sir E. Crowe's minute on 108761/F287/15:

We may eventually have to point out to the Danish government that article 26 of our agreement of 2nd February would obviously be altogether stultified and meaningless if Denmark gave large exemptions for re-exports to Sweden, in the case of goods whose export from Sweden is prohibited, unless the word means effectively prohibited. If, and so long as Sweden adopts the practice of granting unlimited exemptions in favour of goods going to Germany, we cannot admit that the export of those goods is prohibited in the only sense of the word that would have any meaning in article 26.

hides. The heavy Danish hides were used for boot soles and saddlery ; the lighter, imported, hides were used for boot tops, upholstery, and so on. Having discovered this, we stopped all supplies of quebracho—a bark essential to the tanning factories—on the plea that we would not allow it to enter the country, as it was stimulating a trade in military boots. The Danes at once protested that this was done in violation of the Clan agreement of which the opening preamble ran : The allied governments disclaim any intention of putting pressure on the Danish government with the view of interfering with the export of Danish agricultural or industrial products. The stopping of tanning materials was, in the Danish view, the coercion of a purely Danish industry.

We, however, had grounds of complaint. By the third article, the Danes declared, that it was their firm intention not to raise their export prohibitions. The Danes were, however, obliged to raise their prohibitions twice during the summer. The German exchange system pressed heavily upon them, and they released 10,000 drag horses during July ; later, they released a considerable quantity of raw hides, because their leather factories could not use them. The Danish authorities informed us so frankly about these releases, and the reasons for them, that we could hardly fail to appreciate their difficulties. Nevertheless, we pointed out that such operations were forbidden by the very agreement to which the Danish government so obstinately adhered.

The Danish government were thus compelled, by the steady pressure of circumstances, to allow the Clan agreement to be superseded by something more comprehensive. The process of persuasion was, however, slow, because the agreements with the great shipping companies constituted a rough *modus vivendi* ; and it was only when these agreements proved unsatisfactory, that the need for revising them was universally admitted. It will, therefore, be instructive to explain, briefly, why these agreements became inadequate.

It will be remembered, that the two great shipowners negotiated these agreements, in order that they might free their vessels. In return for an undertaking that their ships should not be detained, unloaded, and reloaded, they promised, that any consignment that we suspected should be withheld from the consignees, and, if necessary, brought back to England on the return journey. These agreements gave the shipowners what they desired, but the uncertainties from which they were relieved were only transferred from them to Danish merchants at large. Orders to withhold goods were given almost daily ; during August alone, twenty consignments, amounting in all to several thousands of tons of goods, were warehoused. It can therefore be imagined how many manufacturers, dealers, and shopkeepers were left uncertain, whether they could execute their contracts, or fulfil their undertakings.

Again, these agreements did not free all Danish traffic, and although the detentions were lighter during the summer, they by no means ceased. Worse than all this, however, the agreements only relieved Captain Cold for the time being, and, before the summer was out, he was once more at issue with the contraband committee, the reason being that the Chicago meat packers had again resumed their operations.

IV.—Negotiations with the Chicago meat packers

In the agreement with M. Clan, the British government promised to come to some arrangement with the Chicago junta ; and Mr. Urion, their chief manager, opened negotiations with Mr. Leverton Harris in March. It was soon found, that the meat packers' conditions were of a kind that no British department of state could agree to. Mr. Urion demanded, that all the consignments detained should be paid for at the price obtainable if they had reached their destination, that is, at the famine prices ruling in northern Germany, during the first months of the year.

After all this meat and lard had been thus bought up by the British government, Messrs. Armour and Company (the packers salesmen for central Europe) would place the goods on the British market at a commission of seven per cent. When the transaction was completed, the meat packers would reduce their shipments to central Europe to an agreed figure. The substance of these proposals was, therefore, that the British government should pay a subsidy to the meat packers for trying so hard to provision the enemy, and then pay them a commission for glutting the British market. During the negotiations, however, a number of letters came into our hands which, according to the attorney-general: Clearly established the fraudulent transactions of the packers in trying to get their contraband cargoes into Germany through channels ostensibly innocent. As it seemed fruitless to go on treating with persons who were unlikely to honour any engagement, or to carry out any undertaking, it was decided that the cargoes held should be placed in the prize court; later, they were subject matter of a famous judgement (the *Kim* case).¹ Just before the case came before the court, however, Mr. Urion sent a letter to the Foreign Office, in which he announced that he was not discouraged, and would resume his operations shortly:

Having regard to the state of feeling which exists in the United States. I regard the decision of the prize court as of comparatively minor importance, and whatever decision is arrived at by the prize court will in no way affect my clients conduct, or the steps they will take to obtain through their own government, the redress to which they are entitled.

Heavy shipments were therefore sent in Captain Cold's vessels during the last months of the summer, and it was these shipments which put the shipping agreements in jeopardy. As the action taken by the contraband committee provoked grievances which were, occasionally, not far from bitter indignation, it will be instructive to review the whole matter, without partiality or favour.

V.—The grievances of the Danish shipping companies

First as to the bare facts. There can be no doubt, whatever, that the shipments of meat products, lard, and oleo were exceptionally heavy during the summer; the figures were:

Danish imports, January–September, 1915

Lard	.. .. .	12,019 tons.
Normal for nine months	.. .. .	1,827 "
Margarine and oleo	.. .. .	6,630 "
Normal for nine months	.. .. .	3,600 "
Meat products	.. .. .	20,539 "
Normal for nine months	.. .. .	3,879 "

Most of these shipments were made in Captain Cold's steamers, and the contraband committee noticed, that, when the shipments were resumed, names of suspicious consignees (known, or believed with good reason, to be mere agents for the Chicago meat packers), were again to be found in the papers and correspondence.

On the other hand, it is equally beyond question, that the inferences that could fairly be drawn from these figures were not the same as the inferences that could have been drawn from similar figures in January and February. On several occasions during the summer, we asked the Danish government to explain the abnormal importations to which we drew their attention; and, if the explanations given are examined as a whole, they may be said to amount to convincing evidence, that Denmark was short of supplies, and that the authorities were anxious. We had asked for explanations with regard to oil cakes, and with regard to cotton, benzine, and imported grains. In their reply, the Danish authorities had informed us, with

¹ See, also, Chapter X, section vi.

an abundance of illustrative figures : That, as their harvest was likely to be bad, they would need larger quantities of winter feed ; that, as they could no longer import German piece goods, so, they would need more raw cotton ; that they had not, even in midsummer, made good their shortage of petroleum and benzine ; and that the prices of their home-made barley and rye breads were rising so fast, that they were compelled to import foreign grains heavily.

These facts were only evidence of a general shortage, and did not bear directly upon the question at issue : Whether the meat packers' heavy shipments would be re-exported, or whether it would be consumed in Denmark. On this point we had, however, reasons for supposing that the Danish government were very anxious about the nation's food supplies, and were preparing for a hard winter ; for, during the summer months, decree followed decree for keeping agricultural and dairy produce in the country. Finally, the meat packers' goods were all on the list of prohibited exports. On the whole matter, therefore, it could be said that the Danish authorities would probably do their utmost to keep the greater part of these imported meats in the country. The unregulated trade between Copenhagen and Sweden, and the commercial policy of the Swedish government, of course, still made every general assumption doubtful.

The contraband committee decided to withhold all, or nearly all, the meat packers shipments from the consignees, and asked Captain Cold to store the more doubtful consignments, in accordance with the terms of his agreements. The quantities ordered to be stored were, however, exceedingly heavy, and Captain Cold represented, that, if he refused to carry goods urgently needed in his country, or, alternatively, if he refused to deliver them after the government had forbidden their re-export, he would be in serious trouble with the Danish authorities. Stripped of its incidental details, Captain Cold's plea was, that he had never contemplated choking his warehouses with goods that were on the list of prohibited exports ; and that, even though the agreements obliged him to it, equitable consideration ought to be given to his difficulties. As the contraband committee were inexorable, Mr. Calkin (Captain Cold's agent) was compelled to agree that large consignments should be unloaded from the steamers *United States*, *California*, and *Fredrik VIII*, and placed in the prize court. The upshot of the matter was, therefore, that, after a few weeks of relief, the Danish shipowners were suffering all the losses from which they had hoped to free themselves ; for their steamers were again being taken off service and detained in British ports, for long and uncertain periods of time.

It remains to be said, although it was natural, that the contraband committee should have been anxious to secure a judgement upon shipments that so closely resembled the shipments condemned in the *Kim* case, they seem to have decided to stop this new stream of meat cargoes on grounds of policy rather than of law ; for, in a memorandum sent to the Foreign Office, when the Danish ships were being unloaded, they argued, with some force, that the Chicago meat stuffs were releasing Danish meats and dairy produce to the enemy, and ought, on that account, to be held up. If however, the committee acted from political motives, they would have done well to have consulted Sir H. Lowther, who alone was competent to counsel them about Danish public sentiment, and Danish policy. He, at all events, was satisfied that it was most unwise to deal so arbitrarily and harshly with persons who had voluntarily come to an agreement with us, whose honour had never been in question, and who were the magnates of a community very friendly to our cause. His review of the whole matter ran thus :

My dear Crowe,

I am availing myself of Captain Cold to have this letter delivered by safe hand.

I think it better to let you know that I gather there is a growing feeling here on the part of the Danish government, and shipping companies which have entered into an agreement with His Majesty's government, that they are being treated with the same suspicion and with as little consideration as if no agreements existed.

It is the holding up of articles which are on the Danish list of prohibited exports that rankles. These prohibitions I believe to be strictly observed. The feeling appears to be gaining ground that making additions to the prohibition list at the request of His Majesty's government, and endeavouring to act up to the spirit as well as the letter of the Clan agreement, count for nothing.

If there really is some ground for complaint in this respect, it might, it appears to me, have the affect of making Danish officials feel that loyalty, in spite of pressure from another quarter, is thrown away, and render them more inclined to follow the line of least resistance.

I gather, too, that shipping companies who are doing their best to act up to agreements entered into with His Majesty's government are disheartened at finding that goods carried by them, which are covered by the Danish prohibition of export, are not on that account free from suspicion.

Without full knowledge of any special grounds which His Majesty's government may have for suspicion, I cannot be certain to what extent this feeling, which appears to be assuming the shape of a standing grievance, is justified, but I think it as well to call your attention to the fact that considerable disappointment apparently exists at the small supposed benefit experienced as the result of agreements entered into with His Majesty's government.

Captain Cold is, I believe, visiting England in the hope of clearing up matters so far as the United Shipping Company is concerned. He believes, I am given to understand, that he has a grievance, and it might I think be useful were he to unburden himself to you, and if you could dispel any misapprehension on his part. I am quite convinced that Captain Cold is absolutely straight and can be treated with such consideration as is possible, without any risk.

Were it possible to avoid hurting Danish susceptibilities in the matter of articles the export of which from Denmark is prohibited, it would undoubtedly have a good effect.

The holding up of meat from America destined for consumption in Denmark, and which would release Danish produce for export to England, is also causing considerable feeling, and is being worked up into a national question by the social democrats.

I would not trouble you with this letter if I were certain that you were aware of the prevalent feeling of dissatisfaction here at the apparent failure of agreements to ease the situation, or if I believed this feeling to be inevitable and that it was impossible to do anything to allay existing irritation.

VI.—*The business community in Denmark desire a general agreement*

It will readily be understood, therefore, that the entire merchant community of Denmark became progressively anxious, as the summer advanced, to devise a system of guarantees, which would be deemed satisfactory by the British authorities. Even if the shipping agreements had worked smoothly, the desire for a more comprehensive arrangement would have been equally strong; for it cannot be too often repeated, that the merchants and traders of northern Europe were striving only to secure the safe, regular, delivery of their goods, which the shipping agreements, in themselves, could never have secured them. Moreover, the merchants of Copenhagen quite appreciated what was the source and origin of these detentions, ware-housings, and uncertainties; for they knew, that the British authorities had collected a list of suspected firms, and were determined to act on their suspicions. This was well known to Captain Cold and Mr. Anderson, and the whole issue was explained to the public at large in a leading article in the *Börsen*. Being aware of the cause, therefore, the merchants were the better able to devise a remedy.

It has already been explained, that the Danish government and the shipowners both considered that a Danish overseas trust, on the Dutch model, would effect no useful purpose. There were, however, in Denmark, two chambers, or councils, which, though rather different in their constitutions, were co-operations truly representative of the merchants and manufacturers in the country. The merchant guild, or the *Grosserer Societat*, was composed of individual traders, and represented the merchant community at large. It was an old society, vested with legal powers of a rather peculiar kind, in that it could impose fines and penalties on members who broke its regulations; for these penalties, if contested, were upheld by the Danish courts. The *Industrieraad*, or manufacturers' council (with whom the Board of Trade had concluded an agreement) was a body representative of the chief industries; no individual, as such, could be a member of the *Raad*. Although a newer body than the *Grosserer Societat*, the *Raad* had similar legal powers.

Early in the summer, the guild made a move, and reported to Mr. Turner that they would henceforward : Legalize all guarantees given by Danish merchants to foreign officials, by which, apparently, they meant, that they would make every importer deposit a declaration before them, and submit to investigation by the merchants' guild. This was done to assist the Danish authorities, but the guild were careful to inform Mr. Turner of the step they had taken, and to let him know, that they would be prepared to apply their system to the entire overseas trade of Denmark. The principal members of the guild and the *Raad* were well known to Mr. Turner, who was satisfied, that all engagements made by them would be scrupulously and honourably executed.

The system proposed by the guild was thus entirely different from the system operated by the only other commercial body of which we had cognizance. The Netherlands trust was a universal consignee and distributor, with technical sub-committees for advising on metal, rubber, textile, and fuel consignments, and with a number of commercial agents and spies in its service. The Danish guild declined, from the outset, to be a general consignee, and let it be known, that they would not guarantee the raw materials in which the manufacturers council were interested. The Foreign Office therefore received these new proposals very cautiously. As a merchant or tradesman is nearer to the final consumer (and so better able to watch him) than the head of a factory, the officers of the contraband department recognised, that this guild of merchants would, perhaps, be a better guarantor against re-export than the industrial council. On the other hand, there was so much inconvenience in having two guaranteeing bodies, that it was hoped the *Raad* and the guild might be persuaded to combine. The Foreign Office were, however, doubtful whether the guarantees of these corporations, who had no organized intelligence system, would ever be of a value equal to the value of guarantees given by the overseas trust. Nevertheless, they expressed themselves ready to treat with a representative of the guild, and Doctor Federspiel arrived in London, in the first days of August, and was received by Mr. Sargent.

VII.—*Negotiations with the Danish societies*

Our doubts upon the values of the guarantees were soon dispelled by Doctor Federspiel. In the first place, the guild knew far more about the firms whom we suspected, and the operations on which they were engaged, than we did ourselves. Our authorities had, so to speak, watched them through the keyholes of intercepted telegrams and censored letters : the respectable firms in Copenhagen had been watching them, with intense suspicion and jealousy, for a whole year. Mr. Turner, the commercial attaché, was emphatic that the Danish firms knew more about their rivals than we could ever hope to learn :

In a small country like Denmark, he wrote, where everybody knows everybody else's business, and where, moreover, 90 per cent. of the trade is done through Copenhagen, an individual has very little chance of carrying on trade without it being known. I have got to know most of the big merchants personally (I usually see from fifteen to twenty people a day on trade matters) and from them I gather, not so much perhaps, what they themselves are doing, but what others are about. No man likes to see another man making a profit which he himself, from lack of initiative, cowardice, or mere honesty, has foregone. It has therefore, been possible to form a pretty shrewd idea as to which merchants are to be trusted and which are not. Evidence gathered in this manner is not suitable for prize court proceedings but the fact that things are known, and enquiries made, acts as a great deterrent. Neither shipping companies, insurance companies nor banks are anxious to do business with firms whose trade will not bear too close an inspection.

Doctor Federspiel explained, moreover, that to deal with the guild would, in itself, be a barrier against suspected firms, as the senate, or council, of the guild had steadily refused to admit these new war firms, and would not guarantee any of their transactions. In all cases in which fraud was alleged, the guild would submit the whole matter to an investigating jury. Doctor Federspiel might have added, that the

jury, being trade rivals of the accused person, would be more inclined to break, than to excuse, him. The fine imposed would, moreover, be only a part of the penalty; for the person found guilty would be expelled from the guild, and none of his later applications to import would be so much as considered, he would, in fact be ruined.

The guild's guarantee being thus explained and found satisfactory, it remained to be settled how it should be applied. Mr. Sargent explained, at the outset, that the major purposes of the agreement would be to secure guarantees against re-export of goods to Germany, Sweden, and Norway, and to introduce a general rationing system: I made it clear to him, he wrote, that we must reserve our right to prevent imports into Denmark over and above their normal average consumption (i.e., total imports minus exports to enemy countries) as we could not risk the accumulation of stocks in Denmark.

Doctor Federspiel appears to have agreed to the bare principle with as little demur as M. van Vollenhoven; for in all the papers, there is no trace of any dispute upon it. Indeed the doubtful articles in the agreement were settled by applying the rationing principle to the points at issue. The truth is that merchants, and merchant communities rather welcomed the rationing principle, as being one, which, when applied, would make business more regular and steady.

The matter most difficult to settle was the guarantee against re-export to Sweden and Norway. When Doctor Federspiel laid his first project before Mr. Sargent our negotiations with Sweden were labouring heavily, and we felt bound to insist on the guarantee.¹ Doctor Federspiel accepted our condition, but explained that Copenhagen was not only a Danish, but, a Scandinavian, port, in that goods of a certain kind were distributed from it to Norway and Sweden, and for these goods the guild could not give a guarantee. Before a settlement could be reached, therefore, an agreed list had to be prepared, specifying the commodities that were recognized to be in this distributing trade, and the quantities normally distributed. This list was the subject of long and careful negotiation; for, although we admitted that exemptions were to be granted to the Scandinavian trade which radiated from Copenhagen, we could not agree that important articles of contraband should be outside the general system of control.

VIII.—*The general agreement concluded, and cotton imports are rationed*

This preparing of an agreed list much protracted the negotiation; for Doctor Federspiel was compelled to return to Copenhagen to consult with his board. The amalgamation between the *Raad* and the guild was found to be impossible; both bodies were, however, party to the final agreement. By this instrument, which was signed early in November, the guild and the *Raad* undertook to give the British government a guarantee that imported cargoes certified by them would be consumed in Denmark. The goods that might be re-exported to Scandinavian countries were specified (cocoa, coffee and metal plates were the most important items); the guild and the *Raad* undertook, however, to secure additional guarantees from every Swedish and Norwegian consignee of the goods, and the entire trade was to be reduced to normal. A small list of articles that might be exported to Germany, notwithstanding that they might have been manufactured from British raw materials, was added; but this trade was also limited to an agreed figure. It was, indeed, only a list of miscellaneous articles such as printer's ink, earthenware goods, dairy machines, and so on. Finally, the goods that might be exported to Germany, for securing an exchange, were specified; and it was something of a concession that tea, which was obtained entirely from Great Britain, was included in the list. As has been explained, the agreement was declared, from the outset, to be an instrument for introducing a general system of rationing. It was further agreed, that the articles to be rationed, and the quantities to be allowed should be the subject of separate agreements. The Danish representatives consented, however, and apparently without

¹ See Chapter XVI.

disliking the suggestion at all, that the commodities of which the imports had appeared to us to be abnormal, and a good many more as well, should be rationed.¹

These matters were not settled for several months; but a great advance was made by the *Raad* during the negotiations. Danish imports of cotton had been the subject of frequent enquiry during the summer. We were satisfied the imports had been unusual and the Danes did not deny it; but explained (as has been said before) that their textile industries were striving to manufacture the piece goods that were ordinarily bought from Germany, and so needed more cotton. Once again, therefore, we were reminded how weak are the inferences drawn from bare statistics. It is, however, interesting to juxtapose the figures which seemed to justify such strong suspicions, and the figures which dissipated them.

We informed the Danes, that, if our observations were correct, they had received some nineteen thousand tons of cotton between January and July; and that their normal importations, for a period of seven months were about 3,700 tons. The Danes did not dispute our figures; but answered, that, owing to the convulsions of the previous year, they had lost some four thousands of tons of cotton that was ordinarily bought in Germany; and that, whatever our statisticians might allege, the books of their four great spinning houses proved, conclusively, that they needed cotton, and that they would be compelled to close down, if more cotton cargoes were stopped. They communicated the stocks then held by these houses, and, although it was impossible to compare these figures with our import statistics, it was equally impossible to doubt that they were accurate.²

On a closer inspection of the matter, however, it was found that the Danish calculations for the future did not differ very materially from ours; they estimated that they would need 625 tons a month, and we, that they would need 500. In a negotiation with the *Industrieraad*, which seems to have been very short, we granted the higher figure. Cotton imports into Denmark were therefore rationed before the general agreement for rationing the country was concluded.³

¹ The list agreed to by the Danish representatives was :

TABLE XXVII		
Cocoa.	Hemp (raw).	Tanning materials.
Copper (wrought, part wrought and unwrought).	Jute (unmanufactured).	Tin (unwrought).
Animal oils and fats.	Nitrate of soda.	Paraffin wax.
Vegetable oils and fats.	Rubber.	Rosin.
Oleaginous nuts, seeds and kernels.	Wool (raw).	Nickel.
Corkwood and its manufactures.	Hides.	Antimony.
Graphite.	Leather.	Ferro tungsten.
	Turpentine.	Ferro chrome.

² The figures were :

TABLE XXVIII				
Firm.	Stock in hand (bales).	Sufficient for (weeks).	Estimated yearly consumption (bales).	Estimated requirements for 1915 (bales).
Danske Bomuldsspinderier Velje and Valby	1,200	3	20,000	12,000
Windfield Hanses Bomuldsspinderier Velje	425	4	5,000	2,500
Forenede Textilfabriker-Aalborg ..	700	8	3,900	1,650
Forenede Jyske Farverier ogtrikotage fabriker-Aarhus	240	8	1,500	900

³ See Agreements print. Cotton agreement between the Industrieraadet and H.B.M.G., August, 1915, and 117768/F2671/15.

CHAPTER XIII

THE RATIONING SYSTEM

NEGOTIATIONS FOR A GENERAL AGREEMENT WITH THE SWISS

The Swiss economic system.—The first agreement virtually settled little or nothing ; the Swiss copper shortage.—The great shipping firms refuse to carry Swiss cargoes.—The German exchange system as applied against Switzerland.—The negotiations for a general syndicate or receiving trust.—Why concluding an agreement could not be treated as a matter of pure business.—The French alterations to the original draft, and the Swiss government's objection to them.—The Swiss government's additional proposals.

I.—The Swiss economic system

EVEN though it involves a certain amount of repetition, it will here be convenient to recapitulate, briefly, those peculiarities in the Swiss economic system, which obstructed a general regulation of the contraband trade between the Swiss federation and Germany. Switzerland's great sources of revenue are : her exports of such foodstuffs as condensed milk, chocolate and cheeses ; her exports of specialised silk and cotton embroideries ; and her export of cheap watches : and, although all these trades may be called national, they are each fed with contraband materials that were then obtained from the countries at war. First, the artificial foods were made in industries that are situated in the northern cantons of Vaud, Fribourg, Berne, Zoug, and Zurich ; and all the mechanical plant used in the manufacture of them was driven by German coal. Even if this motive power were left out of consideration, it could not be said, that the cheeses and condensed milks were independent of foreign contraband, for a large proportion of the winter feed that is given to the Alpine cattle was imported.

The same was true, in an even higher degree, of the great textile industries ; for the coal, silk, cotton, and wool, which were the essential ingredients of those industries, were drawn from Germany, France, Great Britain, and Italy in the following proportion :

TABLE XXIX

1. Coal imports :					
	Swiss imports of coal from	Germany	..	..	71,2 millions of francs.
	"	all other sources	..	..	12 " "
2. Silk imports :					
	Swiss imports of silk from	Italy	..	..	99,4 millions of francs.
	"	France	..	..	43,6 " "
	"	Germany	..	..	14,0 " "
	"	the far east	..	..	15,0 " "
3. Cotton imports :					
	Swiss imports of cotton from	Great Britain and Egypt			68,3 millions of francs.
	"	Germany	..	..	30,3 " "
	"	U.S.A.	..	..	23,0 " "
4. Wool imports :					
	Swiss imports of wool from	Germany	..	..	52,8 millions of francs.
	"	the British empire	..	..	20,2 " "
	"	France	..	..	16,8 " "

These raw materials, having been mixed, churned, combined, and recombined, in the Swiss factories of the north-eastern provinces, were sold, all over the world as *broderies*, *plumetis* and *soieries* ; and there was no traceable connection between the first ingredients and the final products. The confusion was even greater in respect to the watch trade, about which it was only possible to say, that a large part of the metals required in it were bought in the German re-export market.

From this, it will be understood, that, if the principle of derivative contraband, which had been inserted in our first agreements with neutrals, had been applied against Switzerland, then, it would have been necessary to purchase all the foodstuffs, textiles, and watches that were sold in the German market, and, at the same time, to stock the country with coal, metals, wool, silk, and cotton, or, failing this, to treat the country as an enemy. As neither alternative was thinkable, it was necessary to regard a great mass of Swiss exports as outside the operation of any agreement. There remained the engineering and chemical industries.

The factories and workshops of these trades are also situated in the north-eastern cantons; and although it is possible to trace a connection between the iron, steel, and copper that goes into an engineering house, and the machines that come out of it, there were peculiarities of this Swiss trade that obstructed a logical regulation. First, German coal was the motive power of all these industries, and, after long and careful enquiry, it was decided that British coal could not be substituted for it. The German Ruhr coal, transported by the Rhine, could be delivered in Switzerland at forty-six francs a ton: Cardiff and Newcastle coal, which would have been twice transhipped on its way to Switzerland, could not have been sold at a cheaper rate than sixty-four to seventy francs per ton. It was, moreover, exceedingly doubtful whether the French general staff could allocate the lighters necessary for transporting the coal up the Seine, or the rolling stock necessary for carrying it from Besançon to the frontier. The assumption preliminary to any contraband agreement with these Swiss metal industries was, therefore, that the German government had the power to insist, that a certain proportion of whatever was made in Switzerland should be delivered in the central empires.

Secondly, the Swiss industrial system resembles the national, in that it is more a mixture, than a true compound, of French and German concerns, as some of the largest of the engineering houses have affiliated companies in France, Austria, and Germany. It therefore followed, that some of these houses could not be denied materials from the allied markets, merely because they were delivering goods in Germany; for this would have been injuring a parent stock, whose branches were a useful part of the allied system. A concrete example will best illustrate these complications.

The house of Brown Boveri and Company was unquestionably a Swiss company; the companies immediately affiliated to it were, however, in France: the *compagnie electro mécanique*, at le Bourget; and the *société d'applications industrielles*, in Paris; in Germany: the *Motor Aktiengesellschaft*; the *Elsässische Kraftwerke*, and the Brown Boveri Company of Baden; in Austria: the *Brown Boveri Aktiengesellschaft of Vienna*; and in England: the Brown Boveri of London. A company whose roots were so spread was certainly exposed to coercion; it was, however, no easy matter to apply the coercion skilfully, and to get good results from it. Even the French authorities, who were more inclined than ours to conceive plans that were mere derivatives of some rational concept, and having conceived them, to execute them ruthlessly, admitted that their project of pressing this great house could not be proceeded with. Another circumstance made it peculiarly difficult to regulate the Swiss contraband trade: the largest engineering houses were simultaneously executing large munition contracts for the allies and for Germany. The *compagnie des aciéries* at Schaffhausen, for instance, was a branch of the *Georg Fischer Metalwerke* of Baden; and, after drawing coal and metal supplies from allied and enemy countries indiscriminately, was selling: thirty-two per cent. of its goods in Switzerland; forty-eight per cent. in allied countries; and eighteen per cent. in Germany. The British war office authorities were so anxious that the deliveries to the allies should not be delayed, that they pronounced strongly against any interference with the company, thinking it preferable that a certain proportion of British metals should go on to Germany, than that any part of their own contracts with the company should be unexecuted.

Finally, the Swiss industries were engaged in a trade that was a natural corollary to the European composition of the industries themselves: the trade was called the *trafic de perfectionnement*, and its nature was this. As the Swiss engineering industry, taken as a whole, is complementary to the engineering industry of Germany, the great houses of the two countries have arranged for a rational distribution of work between themselves. Raw materials bought by Swiss engineering houses were thus worked up, in the first instance, in the Westphalian industries, because the plants there established could do the work more quickly and cheaply than the Swiss houses. This was called the *passif de perfectionnement*. Conversely, certain highly specialised Swiss houses could execute fine work for the Westphalian firms, from whom they received raw materials. This was called the *actif de perfectionnement*. The component parts of this traffic, *actif* and *passif*, were a complicated mass of sub-contracts and trade agreements, and a flow of metal consignments, which moved across the frontier and back again. Our authorities were much concerned with the *passif*; for the Swiss engineering magnates never disguised, that metal consignments allowed them by the allies would go to Germany for perfecting. The Swiss maintained, however, that their contracts with the German houses were a sufficient guarantee that the metals would be returned. Our authorities, with much evidence of the metal shortage in Germany before them, were naturally apprehensive lest the metals should be requisitioned by the German government, after they had passed the frontier.

II.—*The first agreement virtually settled little or nothing;
the Swiss copper shortage*

It has been explained, in a previous chapter, that the Foreign Office made a temporary accommodation with the Swiss government, by receiving an undertaking from them, that their prohibitions of export would be permanent. The federal authorities added, however, that particular applications to export goods on the prohibited list would have to be considered. It will now be instructive to show how little this regulated matters.

After the notes had been exchanged in December, and the declarations of policy subsequently made by the Swiss government had been received, both parties were still virtually standing upon two irreconcilable contentions. The Swiss could maintain, as indeed they did maintain, that, as the Hague convention did not compel neutral governments to prohibit the export of contraband, so, the federal council had already done more than they were obliged to do by the rules of international comity, and were free to grant what export licences they chose. On the other side, the British government could argue, that they had an acknowledged right to stop contraband from reaching the enemy, and that the declarations of the Swiss government virtually made every contraband cargo with a Swiss destination suspect; for, to their reservations on the matter of prohibited exports, the Swiss soon added the declaration: *La possibilité d'importer des matières premières n'a de valeur pratique pour l'industrie suisse que si elle peut disposer de ses produits*. To this general suspicion was added the suspicions that attached to the numerous firms with German affiliations, whom we regarded as suspect consignees, and whom the Swiss regarded as national concerns, entitled to receive goods from all parts of the world, and obliged to render account of their operations to the Swiss government only. This, indeed, was the footing upon which the allied and the Swiss governments stood after the first contraband agreement had been negotiated, and if the known, admitted, rules of international law had been the only judgement seat before which these opposing contentions could have been laid, no accommodation would have been possible. It will be instructive to review the mischievous consequences of this unsettled controversy.

From the outset, the Foreign Office authorities recognised how dangerous it would be to exercise our right to intercept cargoes without relaxation ; for, as suspicion attached to most of the Swiss cargoes, little or nothing would have been allowed to pass :

The alternative to an agreement, wrote Mr. O'Malley, in a review of the whole position, is to starve Switzerland and to bring widespread ruin on many of her industries. To starve Switzerland is a visible and blatant exercise of sea power. In my humble opinion, one result of the war will be a revolt of land powers against British sea power, which will be far more determined than any we have had to face so far. On this ground anything which will now in part obscure the exercise of our power is very desirable.

During January, the Swiss minister in London represented, that the condition of Swiss industries, and the growing unemployment, were making the population very unsteady ; he added, that the excitement consequent upon the distresses in the country might make it difficult for the authorities to maintain that strict neutrality which they wished to adhere to. Soon afterwards, it was reported, that the Swiss minister in Rome had made an even more threatening statement, from which it was inferred, that the federal council had sent identic instructions to their representatives abroad.

When, however, Monsieur Carlin was pressed to explain exactly how we could relieve the distresses of which he complained, it transpired that the Swiss government were anxious about copper supplies, and that, if we would promise that a consignment of 1,385 tons should be allowed to enter Switzerland, we should be giving all the relief in our power. The federal government guaranteed, unequivocally, that this copper should not be re-exported, but again they reminded us, that re-exporting was so much a part of their economic system, that they could give no general promise for the future. The Foreign Office were inclined to think that Monsieur Carlin had exaggerated the political consequences of the shortage ; for our minister at Berne was convinced the Swiss authorities could not abandon neutrality, without provoking something like civil war between the French and German cantons. Nevertheless, both he and Mr. Skipworth, the commercial attaché, confirmed Monsieur Carlin's strongest representations about the growing distresses of the country. The Foreign Office therefore agreed, that the immediate relief asked for should be granted. The Admiralty, however, criticised this decision severely, and circulated figures showing that the firms who would receive this copper had already imported more than their normal supplies. Many weeks later, figures collected by Mr. Skipworth proved, that Swiss imports and exports of copper had fallen away prodigiously, and so confirmed the warnings given by Monsieur Carlin and his government. Economic warfare resembles warfare in the field, in that the conduct of it has to be determined from disconnected reports, and incomplete observations : comprehensive statistics are very rarely available at the moments when controversy is keenest ; indeed, it is because they cannot be consulted, that suspicions are strong, and accusations of bad faith are readily accepted. During January and February, the Foreign Office could not refute the Admiralty, by inviting them to examine figures upon which no doubt could be cast, and so, were compelled to rely upon their judgement that severe interceptions and detentions of Swiss cargoes would raise dangerous commotions in the country.

This general agreement, that 1,385 tons of copper should be allowed to pass our patrols was, however, a mere introduction to a succession of irritating incidents. Thinking, probably, that they were under no obligation to give exact particulars about the firms to whom the copper would be distributed, as they themselves guaranteed it would not be re-exported, the Swiss government only mentioned three houses. In point of fact, more firms than this were affected, so that, when the new houses notified what shipments were due to them, and what trade marks

would be found on their consignments, our authorities at once suspected artifice and fraud ; and even when these new suspicions had been purged, the doors of our administrative system were by no means open to the passage of the copper.

It had been agreed that two hundred tons of copper, which were then being detained by the French authorities at Marseilles, should be reckoned a part of the total consignment allowed. The Swiss authorities, therefore, applied to the French government for a licence to export this copper, but were informed that the military had requisitioned it. Requests for an equivalent quantity were, therefore, lodged with the British war trade department, and when the requests and the explanations attached to them had been very critically examined, the Swiss minister was informed, that the French army authorities had requisitioned the copper at Marseilles by mistake, and that it would be released.

And even after these fusillades of applications and explanations had been discharged, the allowed consignment was detained at Gibraltar. The greater part of it was shipped in the steamer *Strathtay*, which left New York in the middle of April. The suspect firm of Aubert Grenier contrived to load a consignment of their own on the same steamer, and the Swiss authorities, on learning this, telegraphed to New York, ordering that the Aubert Grenier copper be unloaded, if possible, and if that were not possible, that it should be consigned to them. The French authorities intercepted the second part of this telegram only, and were persuaded, that the Swiss government were engaged in a discreditable manœuvre to secure more copper than had been allowed them : by good fortune our deciphering staff decoded the whole message, from which it was patent that the Swiss government's intentions were strictly honourable. But the message also proved, that a suspect consignment had been loaded in the steamer, and orders were at once issued, that the steamer should be held at Gibraltar, and the Grenier copper unloaded, which was exactly what the Swiss authorities had striven to avoid.

III.—The great shipping firms refuse to carry Swiss cargoes

The Swiss government were, however, confronted with a difficulty greater than the difficulty of persuading a number of able and conscientious civil servants, that they needed copper, and that they would not allow it to be re-exported. It has already been explained, that the Admiralty representatives on the contraband, and restriction, committees vigorously criticised any concession to Switzerland. As the Admiralty were determined, that any cargo with a Swiss destination should be subjected to the severest scrutiny, the head of the trade division warned the big steamship lines in the Atlantic trade, that they would be well advised to refuse all contraband cargoes with a Swiss destination. Simultaneously, or nearly so, the Italian companies on the Atlantic route learned that a number of Swiss firms were suspect ; in view of the Admiralty's warning, the Italian companies refused cargoes. During the first months of the year, the Swiss authorities were thus menaced with a stoppage that would have resembled a blockade, if it had been continued ; and for a peculiar reason this proved of grave prejudice to our credit. The Admiralty did not inform the Foreign Office that they had warned the steamship companies, so that, when the Swiss minister protested against this universal refusing of Swiss cargoes, the Foreign Office replied, in all good faith, that the British government had nothing to do with it. The Foreign Office were thus committed to a statement that the Swiss government soon learned to be untrue ; for they cannot have remained ignorant of the Admiralty's letter during their long correspondence with the shipping companies. It is not, therefore, surprising, that, when some weeks later, we were in treaty with the Swiss authorities, we found them reticent, and watchful, and very apprehensive lest our real and avowed intentions were quite different.

Meanwhile, Mr. Grant Duff and Mr. Skipworth were watching the growing paralysis of Swiss industries with rising anxiety; for they soon had evidence before them, that it was driving the big engineering houses into the orbit of the German system:

It would be something of a disaster, wrote Mr. Skipworth, if the largest Swiss engineering works went over to the enemy, and there is nothing to prevent their doing so, unless they can be induced either to remain neutral or to work for the allies. The above works cannot be kept going with the raw materials which exist in this country. Germany is apparently in a position to supply, at any rate steel, in any quantities required, witness the almost daily consignments arriving here, or going through to Italy. If, therefore, these works cannot get the materials necessary for carrying on their normal work, they will be obliged in their own interest, to fill their works with other work, which will almost certainly take the form of ammunition for Germany for which the latter will supply the raw materials.

Mr. Skipworth then explained, in very grave language, that symptoms of the tendency were already visible. During the last fortnight, the head of a locomotive works, a federal engineer, and the director of a very large engineering house had each informed him, that, as copper supplies could not be counted upon, he was seeking new contracts from Germany. Unfortunately, these intimations became a stimulus for new severities; for the committees in Whitehall, on receiving the names of those firms which were seeking contracts with the enemy, at once recommended, that all licences should be refused to them; and that all metal consignments addressed to them should be held up. This, indeed, was the damaging consequence of an unsettled controversy, that it gave a baneful momentum to acts of coercion, which proved more damaging to ourselves than to the enemy. It was thus a piece of singular good fortune, that the German authorities were themselves following a course of conduct, which debarred them from profiting by our mistakes, and seizing the advantages that offered.

IV.—*The German exchange system as applied against Switzerland*

It can easily be understood, that this review of our own difficulties is substantially a review of those matters that gave the German authorities cause for anxiety; for they, like ourselves, were conscious that the Swiss industries were a central European, rather than a purely Swiss, concern, and they, like ourselves, were particularly anxious, that such quantities of metals, chemicals, and dyes, as they could spare, should be used in industries that supplied their own markets.

The German government were, therefore, the first to insist on guarantees from the Swiss. After negotiations of which we have no record, the Swiss authorities succeeded in dissuading the Germans from making coal supplies a matter of bargain: why the Germans were ever persuaded to lay aside such a powerful coercive weapon is a mystery. The plan finally agreed to was a compound of the German exchange system, and of a rigid, inelastic, system of particular guarantees. The Swiss government established a *bureau fiduciaire*, which sent experts to every firm that applied for a licence to buy metals from Germany; these experts examined the firm's books, and reported on its transactions. In addition, the *bureau fiduciaire* received bank guarantees, and securities for fulfilment of conditions. The *bureau* then became responsible to the German licensing board, that all guarantees against re-export were being observed, and that the commodities required in exchange for the licence granted would be duly delivered. We know very little about the operation of this system, but the little we do know is significant. It rested with the German authorities to state, in each licence granted, what goods were to be exported to Germany in exchange, and how the goods that were manufactured from metals supplied by Germany should be disposed of. The Germans seem to have insisted upon very burdensome conditions; for a large and representative deputation of Swiss magnates went on a special journey to Berlin to beg that the system might be relaxed, and that some consideration might be given to the needs of the Swiss

market. We have no information about the reception that was given to this delegation ; but even lacking it, we can say, with certainty, that the Germans wasted an exceptional opportunity by being so harsh and unbending : during eight whole months, the commercial links between Switzerland and the allies were so weakened, by friction and misuse, that an enterprising, and supple, German minister might have severed them altogether, and replaced them by a chain of his own forging : instead of doing this, the Germans instituted a system of trade control, so arbitrary, so inquisitorial, and so exasperating, that it obstructed all commercial operations between Germany and Switzerland, and endangered a large number of them.

In order to mitigate the pressure that was then being exerted by both belligerents, the Swiss established a metal trust ; and although our representatives were very critical of this body, as it was then constituted, they yet considered that it might serve as an imperfect, experimental, model of a general receiving trust. Sir Francis Oppenheimer was therefore instructed to go to Berne, to negotiate a settlement.

V.—The negotiations for a general syndicate or receiving trust

Three draft projects were examined during the negotiations that followed. The first was prepared by Sir Francis Oppenheimer, shortly after he reached Berne, and was agreed to generally by the Swiss government ; the second was this first project with some additions made by the French authorities ; the third closely resembled the first. The system of regulation that was finally agreed to was common to all three drafts, and it will be convenient to explain it at once.

First and most important, was the list of those trades that were classed as national ; for the produce of these industries was deemed domestic produce, no matter where the raw materials were obtained. In the final project, these trades were thus classified : chocolate ; condensed milk ; silk, raw and half worked ; clocks and watches ; cotton and silk embroidery ; ribbons, woollen clothing, women's clothing. A considerable proportion of Swiss commerce was thus only affected incidentally, and by way of repercussion, by the general settlement. It was, however, stipulated that all exchange goods demanded by the German licensing bureau should be goods manufactured by these national trades, or goods that had been produced in Switzerland from materials obtained in the country whose government insisted on the exchange. The industries that came within the operation of the plan were to receive their materials from a general importing trust, which was to obtain from abroad all the raw materials, and the finished, and the half finished, goods that were required by the Swiss industries. This supervising body was to bind itself, that all raw materials received by it should only be exported, or re-exported, according to the conditions stipulated by the country where the materials were obtained. Although it was in no sense to be a government organ, this superintending body was, nevertheless, to be recognised as the federal council's expert adviser on all matters relating to prohibited exports. More than this, the federal council were to grant the superintending body the right to initiate prosecutions, by laying incriminatory matter before the Swiss judiciary. Syndicates of particular industries were to collaborate with the supervising trust, and, having received their supplies, were to distribute them to particular firms.

The *trafic de perfectionnement* was regulated by defining the perfecting processes, and by allowing a certain amount of metal, but no more, to go into the traffic : casting, rolling, drawing, forging, and pressing into sheets were the allowed processes ; the quantities of metals allotted to the traffic were : copper 300 tons per annum ; zinc 300 ; tin 100 ; lead 100 ; nickel 50. It was stipulated, in addition, that all consignments in this traffic should pass the frontier by way of Waldshut, Bingen or Romanschorn, where they could be checked. Sir Francis Oppenheimer was persuaded, that the traffic must be allowed, and that the danger of a leakage was not great. The German firms were so occupied with munitions contracts, that

they were becoming less and less inclined to roll and press for the Swiss industries ; also, the Swiss customs authorities, being accustomed to the traffic, would at once report any abuses. Finally, which was perhaps most important of all, the quantities of raw materials and goods that were to be consigned to the superintending body were to be calculated from the quantities normally imported into the country. These were the essential points of the project that was presented to the federal council in April ; they were agreed to, with very little alteration, so that it is rather surprising, that the negotiation was only concluded when the autumn was well advanced.

VI.—Why concluding an agreement could not be treated as a matter of pure business

The obstacles to an agreement, were, however, formidable ; for the federal authorities were still obliged to reassure those sections of Swiss society which were apprehensive of the negotiations, and powerful enough to obstruct them ; also, it seems highly probable, that the German and Austrian ministers at Berne pressed the Swiss government severely. It will, therefore, be as well to review the difficulties with which the federal council contended, as far as they can be understood.

First, the Swiss general staff would have preferred to bring the country's industries entirely within the orbit of the German economic system ; and, if the matter is reviewed dispassionately, it must be admitted, that the Swiss generals would have preferred this out of no sentimental preference for Germany, but for reasons that were entirely patriotic and creditable. The Swiss army had been mobilised in the early days of the war, and a great force was still stationed along the frontier. Now, it must have been patent to the Swiss generals, that, if they were eventually obliged to defend their country, they would only do it successfully, by collecting as large a stock of arms and munitions as they could, before the storm of invasion burst upon them. As the Swiss army was armed upon the German model, with Mauser rifles and Krupp guns, and as the Swiss engineering houses were largely complementary to the German, the Swiss general staff, quite properly, considered that the interests of the army would be best served, for the time being, by strengthening the economic links between Germany and Switzerland, or, at least, by doing nothing to weaken them.

It was probably because the Swiss generals feared German retaliation, and dreaded its consequences to their munition houses, that they so much disliked the economic agreement with the allies. As far as is known, the German government never retaliated upon Switzerland for concluding an agreement with the allies ; but this does not, in itself, prove that the fear of it was unreasonable. For it must be remembered, that, even in those state papers which the German authorities exchanged among themselves, high and responsible officers of state maintained, that our contra-band agreements, indeed that our whole system, was a flagrant contravention of the law of nations. As they were honestly convinced of this, it is only to be supposed, that their diplomatic representatives were instructed to be harsh and unyielding ; and certainly the few indications that can be collected about German diplomacy in the matter show, without exception, that the German ministers in neutral countries were uniformly truculent, threatening, and unreasonable. M. Loudon's scrutiny of every word and phrase that could possibly compromise his government ; M. Wallenberg's admission that his difficulties with our government were as nothing to his difficulties with the German ; the German minister's peremptory protests at Bucharest, are each either an echo, or a repetition, of the menaces that were repeatedly lodged in all neutral chancelleries.

These threats were, moreover, being made at Berne, while the German armies were driving the Russians before them, and were marching into the heart of the Russian empire. Just after the first draft agreement was presented to the Swiss authorities, the Germans burst the Russian line at Gorlice ; three weeks later, Przemsyl was

abandoned ; during the last weeks of the negotiations Warsaw fell ; in the same period, the allied armies soaked the soil of northern France with their blood to no useful purpose. Foreign military experts were, at the time, persuaded, that, although the Germans were not likely to defeat the western allies outright, they would yet sign a good peace treaty, before the coming spring ; and all neutrals bordering upon Germany were very apprehensive, lest the waves of a last German onslaught upon the allied lines in France should roll across their own frontiers. It was therefore natural, that the Swiss general staff, conscious that the authorities of the great military power on their northern border could stop the country's coal supplies by a mere executive order, and aware that they had only with difficulty been dissuaded from doing so, should have dreaded an economic agreement, which they knew would exasperate the German staff. In the words of a French representative, *La situation militaire pèse lourdement*. It seems probable, moreover, that not only the Swiss staff, but Monsieur Frey, who conducted the negotiations on behalf of the federal council, dreaded German pressure ; for Monsieur Frey visited Berlin, during the early months of the year, where the German authorities communicated their wishes in the intimidating style that they used, whenever contraband agreements were under discussion. This does not excuse M. Frey's conduct during the negotiations ; but at least it explains hesitations, reticences, and obstinacies, which often exasperated the allied diplomats. Monsieur Frey and M. Hoffmann, the minister of foreign affairs were, in fact, negotiating on behalf of a small, but high-spirited, nation, whose troops were guarding a frontier that abutted upon the greatest military empire in the world, and whose frontier fortresses almost overlooked an enormous battlefield.

VII.—*The French alterations to the original draft, and the Swiss government's objections to them*

It had always been intended that the final agreement should be between the French and British governments on the one hand, and the superintending body on the other. When, therefore, the Swiss federal council had approved the first project, in a general way, Sir Francis Oppenheimer went to Paris to explain it to the French authorities, and to invite their collaboration. The French authorities did not alter the draft very much, but such alterations as they made were certainly alterations, which, if agreed to, would have placed additional responsibility upon the federal council. It will be convenient to review these additions briefly ; for although they amounted, in all, only to a few sentences, they made a great commotion.

First, it was stipulated that the allied governments should themselves determine what articles were to be consigned to the superintending body ; secondly, the clauses in which it was stipulated, that the supplies granted should not exceed the quantities normally imported, were re-drafted and made more precise ; thirdly, the allies asked that they should be consulted, before the president and secretary-general were appointed. More important than this, however, were two clauses in the covering note that was to be exchanged between the allied representatives and the federal counsellor : by the first, the federal council were scrupulously to guarantee that all the engagements in the documents should be fulfilled ; by the second, the Swiss authorities were to promise, that they would seize aluminium consigned to Germany, if the German authorities requisitioned metals in the *trafic de perfectionnement*.

The federal authorities informed us that these alterations constituted *un changement radical de tout le système*, and were emphatic, that they could only be responsible for establishing the superintending body ; and that they would never guarantee its operations :

Whereas, previously the trust was to be created as a private association, thus leaving the federal government independent and neutral, the government is now involved by the demand that it shall guarantee the obligations that the trust undertake.

The Swiss government continued, that public opinion in the country would not tolerate an agreement that would be regarded as an attainder against the country's independence :

If the federal council assists in establishing a body with such wide powers as those conferred upon the SSE, they cannot agree that a supplementary control be exercised by the representatives of foreign powers.

The Swiss authorities were only stating the bare truth, when they warned us that large sections of the nation were watchful and suspicious ; for our own minister reported precisely the same thing. Our representatives were, however, suspicious in their turn ; for they had good reason to believe that the Swiss federal council, or some members of it, were themselves inciting the press against the entire negotiation. Sir Francis Oppenheimer, at all events, was persuaded that Monsieur Frey, while actually conducting the negotiation, had written articles in the *Neue Zürcher Zeitung*, and had divulged a number of confidential conversations, in order to make the articles well informed and weighty. It is only fair to add, that Monsieur Hoffmann complained, on his side, that our representatives influenced the Swiss press improperly. Probably, therefore, the Swiss authorities were more nervous than they need have been about the additions to the second draft, and thought, quite honestly though quite wrongly, that the phrases of which they complained were the heralds to some vast plan of economic coercion.

VIII.—The Swiss governments additional proposals

Our representatives were embarrassed by the criticism that was directed against them, in that it synchronised with a new contention that was advanced by the Swiss authorities, and to which we could not possibly agree. During the spring, we allowed considerable quantities of rice and maize to be imported into the country from overseas, on a guarantee being given that they were for domestic use. The federal authorities now demanded that these consignments of rice and maize should be exported to Germany and Austria as exchange goods. As we calculated, that the rice alone would feed a considerable body of troops, for six months, this was a demand that could not possibly be acceded to. The Swiss authorities represented, on the other hand, that we were adding unreasonably to their difficulties by refusing. According to them, Switzerland was bound to import dyes, metals, and sugar from Germany and Austria, to the monthly value of twenty-two million francs, and it was a matter of the greatest difficulty to collect goods of an equivalent value, which the central powers would accept in exchange. This demand was pressed upon us at a time when the Swiss press was attacking the whole negotiation fiercely. Simultaneously, or nearly so, M. Hoffmann made a speech to the Swiss parliament, which our representatives thought to be a preliminary intimation that the negotiation would fail. Our representatives were, therefore, inclined to suspect, that this continuous criticism of words and phrases had, all the while, been intended to disguise an intention to stand unshakably firm, and to break off the negotiation, if we refused to yield upon this question of exchanges. Nevertheless, each side suspected the other somewhat unjustly. All the phrases upon which the Swiss authorities had been so sensitive were removed from the final agreement ; and the Swiss withdrew their demand that rice should be made an article of exchange. They asked that some additional article of contraband should be placed on the list of goods in the exchange traffic, and undertook that some four thousand waggon loads of miscellaneous goods, which had been bought by the government of the central empires, should, for the time being, be used in the exchange circulation. This was the compromise finally agreed to.

CHAPTER XIV

THE RATIONING SYSTEM COTTON DECLARED CONTRABAND

The first deliberations upon cotton.—American and British shipments of cotton to border neutrals.—The cotton question reconsidered by the cabinet.—Warnings are received from Washington.—The United States government acquiesce; the whole controversy reviewed.

THE agreements that have been examined in the foregoing chapters may be called the preliminaries to the rationing system, in that they secured a general consent that the system should be tried. Bringing the cotton trade between America and northern Europe within the compass of the system was, however, an operation in itself; for a staple export of the greatest exporting country in the world could not be treated like the substances that were regulated in the agreements with the northern neutrals. Like all operations of war, this regulation of the cotton trade could, in fact, be described as a test of the national temper (for it excited the nation as much as the battle of the Marne), or as a political hazard, or as a technical necessity; but it will here be most proper to show only by what successive steps the cotton trade between America and Europe was brought under control, and in what measure the regulation of it contributed to the whole operation.

I.—The first deliberations upon cotton

When the matter first became pressing, the officers of the contraband department were not all agreed whether or not the law of contraband was a useful auxiliary to the rationing system. The question stood thus: inasmuch as the March order was an order to stop all the enemy's commerce, and inasmuch as enforcing a rationing system was recognized to be the most equitable method of executing the order, so, there was a strong case for bringing articles of general commerce within the compass of the system, no matter whether they were contraband or not. As against this it was argued, that whatever agreements were made with neutrals, and no matter how many commodities were included in the rationing lists, detaining ships and cargoes on suspicion, and *in terrorem*, would always be part of the system; and that these severities were more plausibly excused, if the cargoes held and detained were contraband. These two systems were called the blockade, and the contraband, policy; but although opinions on the two were much divided, all responsible officials were agreed that cotton must be declared contraband, before the trade in it could be regulated. This declaration could only be issued, however, if careful diplomatic preparation were made for it; for, during the first months of the war, when the economic campaign was hardly begun, the British government gave undertakings about cotton, which were difficult to rescind. The reason why this undertaking was given was this.

It has already been shown, that, when the press first attacked the government for not declaring cotton to be contraband, Sir Edward Grey convened a committee of technical experts from the Admiralty and the War Office, to report on the matter; and that they reported there were no sound professional reasons for making cotton contraband. The experts added a number of political reasons for not doing so; that it would anger the United States, irritate the Lancashire cotton spinners, and so on. These expert advisers were possibly thinking more of politics than of military operations, when they gave their advice, which was, perhaps, the strangest that has ever been given by professional men upon a professional subject. Stripped of technical details, the connection between cotton and explosives may be stated thus. A substance that chemists call cellulose is the basic tissue of all vegetable growths

that are convertible into textiles, textile substitutes, textile pulps, and celluloid films; and of all these plants and vegetables, cotton contains the most cellulose (ninety per cent.). Cellulose, by itself, is merely inflammable; but when nitrated, that is, when treated with strong nitric and sulphuric acid, it becomes a basic substance to a large group of explosives and propellants. About four-tenths of a pound of cotton are consumed in manufacturing a pound of cordite, and about a quarter of a pound of cotton is used up in every pound of ballistite. Cotton waste is certainly the form of cotton most easily handled by munition factories, but cotton in any form can be used, if additional plant is installed. The quantities absorbed into the munition factories of a nation at war may be guessed at from the following facts. Early in the summer of 1915, the ministry of munitions opened negotiations with a cotton concern known as the British and foreign supply association, and as a result of the negotiations, all the mills of the association were placed at the government's disposal. The ministry's programme was that the mills should deliver waste to the factories at the rate of fifteen thousand tons a year; and that they should raise this to forty thousand tons a year, as soon as the necessary plant had been installed.

II.—American and British shipments of cotton to border neutrals

When the government decided, in October, 1914, that cotton should not be declared contraband, Sir Cecil Spring-Rice was instructed to reassure the American secretary of state on the matter. He carried out his instructions, by sending a letter to Mr. Bryan, which contained an assurance that was given on behalf of Sir Edward Grey himself:

Cotton has not been put in any of our lists of contraband, and, as your department must be aware, from the draft proclamation now in your possession, it is not intended to include it in our new list of contraband. It is, therefore, as far as Germany is concerned, on the free list and will remain there.

Being thus reassured, the cotton jobbers in the United States shipped 3,353,638 centals of cotton to Scandinavia and Holland, during the first five months of 1915: their normal shipments to these countries were about 200,000 centals. It should be added, however, that our own jobbers contributed to this trade with less justification; for, if anything was well explained to the nation at large, during the first months of the year, it was that cotton was to the munition factories what bricks are to the building trade. Scientists of the highest standing explained, by letters to the papers, how nitro cellulose is manufactured; journalists enlarged upon the explanation; and the managers of the conservative press, who were very irritated that a liberal premier was still head of the government, inflamed party rancour as best they could, by repeating these ill-digested facts in every issue of their newspapers.

It can therefore be said, that, as the nation was so deeply stirred, every decent citizen was at least bound in honour not to ship cotton to a doubtful destination; and it is one of the wonders of this fierce controversy that the editors of the party press, who twice daily reviewed this cotton question with as much malice, rancour, and invective as they were masters of, never mentioned that our own city magnates were helping to inflate the cotton trade to border neutrals, and were drawing large profits from it.¹

Between January and May, 1915, we exported 504,000 centals of cotton to countries bordering on Germany, which was about fifteen times as much as we exported to them in a normal five months. To all countries that did not border upon Germany, we exported less than the normal quantities. More than this, we sent a large proportion of these abnormal exports, after the March order in council had been

¹ Public feeling was so strong that Lord Robert Cecil received letters in which he was called a murderer of his own countrymen. See 17418/f.302/16.

issued ; we may therefore claim to have sent large quantities of a basic textile into Germany, after the government had announced unlimited economic war. The available figures are so interesting that they are worth quoting :

	<i>Tons.</i>
Total Norwegian cotton imports, April and May, 1915	2,237
Quantity obtained from Great Britain	1,183
Normal imports for two months	650
Total Swedish cotton imports, April and May, 1915	17,331
Quantity obtained from Great Britain	1,500
Normal imports for two months	3,900
Total Netherlands cotton imports for April	16,217
Quantity obtained from Great Britain	5,352
Normal monthly import	9,000

After the reprisals order was issued, cotton cargoes to northern Europe were on the same footing as every other cargo ; that is, they were detainable, until the consignees gave good assurances against re-export. The government realized, however, that special treatment would have to be given to a trade of such importance, and so gave an undertaking, that cotton shipped before 31st March would be bought in at an agreed price, provided that contracts for sale and freight had been concluded before 2nd March. Some £2,000,000 worth of cotton were bought in by the government during the next few months ; and, although the United States authorities more than once complained that we operated this agreement in a very unbusinesslike manner, this mitigation of the March order may be counted among the influences that inclined the American government to be patient. During June, however, it was universally recognized, that a general regulation of the cotton trade would have to be attempted, before the new crop came forward, and the cabinet appointed a special committee of ministers to examine the relevant issues, and to decide.

III.—The cotton question reconsidered by the cabinet

Like most committees of ministers, this committee kept no minute books or written records, so that its proceedings cannot be followed step by step ; the general course of the committee's deliberations is, however, fairly well beaconed by the state papers that were laid before the committee, and by papers and instructions that were obviously influenced by the committee's deliberations.

First, the committee was well apprised of Sir Eyre Crowe's view, which was that every arrangement hitherto made for mitigating the blockade had failed to satisfy the American government ; and that controversy of some kind must be deemed inevitable. Sir Eyre Crowe and the contraband department were, however, doubtful whether the controversy would be appreciably aggravated by declaring cotton to be contraband. No matter what protests the American government might subsequently make, it could at least be assumed they would be more inclined to acquiesce in the arrest and detention of a cargo, because it was contraband, than because it was arrestable under an order in council (which they had not admitted to be justifiable) ; and nobody, either in America or Europe could any longer doubt, that cotton was absolute contraband by the strict law of nations. The committee may also be assumed to have attached great importance to the rising feeling in the country. Even little villages like Cranbrook were then sending written memorials to Whitehall. Professional opinion at the Foreign Office, and the nation at large were therefore decided. There was, however, an opposite influence, which exerted itself strongly in cabinet circles, and about this a few words of explanation must be given.

Lord Grey has stated in his memoirs, in a very general way, that he was always apprehensive lest American irritation at our restraints upon commerce should become active opposition to it ; but he gives very few dates or particulars, and does not explain

when his apprehensions were strongest. He also states : That he was not familiar with the executive details of the blockade ; but makes it clear, that he considered the treatment of cotton to have been so important a matter, that he reserved it for himself and the cabinet. It will be necessary to add some particulars to this statement.

It has been shewn, that, during his conversations with Colonel House, Sir Edward Grey twice offered to exert his influence to mitigate the blockade : first, when the Germans declared submarine war upon merchantmen ; and secondly, when the American government were in controversy with the Germans about the sinking of the *Lusitania*. But these offers were not both made in order to allay American irritation, for Sir Edward Grey was careful to make Colonel House acknowledge, that the second offer was given to assist the American government in a difficulty. Presumably, therefore, Sir Edward Grey was looking far ahead, when he gave these undertakings, and was attempting to place the American government under an obligation. Even though this was not his motive, it seems certain, that, after his conversations with Colonel House, Sir Edward Grey was persuaded it would be wise to mitigate the blockade ; for on 14th June, just when the American envoy was landing in America, Sir Edward sent a letter to Lord Crewe in which he urged a general relaxation.

I think on the whole (he wrote) it is better, when one is away, to leave things wholly alone, and I am very doubtful of the advantage of making suggestions when I am only half in touch with what is going on.¹ But I think the Government should make up its mind whether it will not be to our advantage in the future to agree to what is called the freedom of the seas. We are more dependent than any country has ever been upon having the sea free for our commerce. It is probable that the development of the submarine will a few years hence make it impossible for us ever again to close the sea to an enemy and keep it free for ourselves. If this be so, we should make up our minds to agree in the final terms of peace at the end of this war to the immunity of commerce at sea in the future. If this premise and conclusion are right, then the practical question is to decide what concessions, conditions or guarantees we should demand in return for our consent to the future freedom of the seas if it is proposed to us either through or by the United States.

Another practical question is whether we should lose anything material by ceasing to prohibit the import of all food stuffs into Germany through neutral ports and by falling back as far as food stuffs are concerned upon the ordinary rules that apply to conditional contraband.

If we decide that to change our policy and attitude on these two questions is desirable, we can I think easily secure that the friction between Germany and the United States is not shifted to us and we shall retain and probably improve the good will and the advantageous position which we now hold in the United States. If on the other hand we decide that it is of paramount importance for us to maintain a rigid and inflexible attitude on these two questions we must face the consequence of possible trouble with the United States.

It is important to decide without delay which of these two alternative policies the interests of the country require. We must avoid drifting into the position of incurring the disadvantage of the latter alternative and then discovering later on that the former alternative was the better policy. And if the former alternative is, as I think, the better policy, the sooner that decision is taken the better, for we can then begin in our dealings with the United States to use it to great diplomatic advantage. I should like Asquith to see this letter.

We have no written record of the impression that this letter made upon Mr. Asquith, or upon the cabinet as a whole ; but certainly no order was given to relax the system, or to hold up any of the negotiations that were then in progress. Nevertheless, Sir Edward Grey adhered to his opinion that the economic campaign could not be proceeded with ; and, shortly after his return from leave, an incident in the daily business of the campaign gave him an opportunity of inviting the cabinet to reconsider the whole matter. The incident was this. When the first detentions of German exports were ordered, and the American purchasers of German goods first felt the pinch of the blockade, the state department lodged a sharp, hasty note about the detention of the *Neches*, a vessel carrying German dyes from Holland. After

¹ Sir Edward Grey was then taking a short rest at his house in Northumberland, and Lord Crewe was foreign secretary *ad interim*.

their usual manner, the state department supported their contention that the *Neches* should not have been seized, by enunciating an abstract rule of law in a harsh, challenging manner :

The department desires that you inform the Foreign Office courteously, but plainly, that the legality of this seizure cannot be admitted, and that, in the view of this government, it violates the right of the citizens of one government to trade with those of another, as well as with those of belligerents, except in contraband or in violation of a legal blockade of an enemy seaport. The department must insist upon the right of American owners of goods to bring them out of Holland, in due course, in neutral ships, even though such goods may have come originally from the territories of Great Britain's enemies.

If the bare, literal meaning of these words had also been the inner meaning of the note, the state department would certainly have issued an open challenge to the March order ; but Sir Cecil Spring-Rice, after making enquiries, was satisfied the state department did not intend this. The telegram to London had, in fact, been shown to him, and had been drafted by a subordinate department, which did not usually deal with such matters. Sir Cecil informed the counsellor of the state department, who showed him the telegram, that judgements given by the supreme court of the United States could be quoted in refutation of the doctrine enunciated in the note : the state department did not press the matter.

Notwithstanding that Sir Cecil Spring-Rice had been assured, by the American authorities themselves, that the note was harmless, and that nothing more would come of it, Sir Edward Grey made a special report to the cabinet upon this incident ; and represented it as one so illustrative of the dangers to which we should be exposed, if we persisted in our policy, that the policy, as a whole, ought to be reconsidered. It would not be proper to say that Sir Edward Grey specifically recommended that economic warfare should be modified, for he said this was a question which only the cabinet could decide. Nevertheless, the paper was, in effect, a recommendation that some mitigations should be tried ; for, in the opening paragraph, Sir Edward Grey stated, that if we adhered to the order in council, acted upon it, and justified it in controversy, protests would increase, and the United States would be progressively more difficult to deal with. The paper was upon policy in the gross, and not upon cotton ; but inasmuch as it was circulated to the cabinet when the treatment of cotton was in agitation, it is clear that the cabinet were considering, at one and the same time, a proposal for relaxing the blockade, and another for stopping the great export staple of the United States. Furthermore, it seems tolerably certain, that, when the treatment of cotton became a pressing matter, the party inclined to moderation were temporarily in the ascendant ; for Mr. Page, who was on intimate terms with Sir Edward Grey, reported in mid-July : I think that the government will make a vigorous effort to resist the agitation to make cotton contraband, with what result I cannot predict.

The opposite influence was, however, very strong. The French government consistently urged that cotton should be declared contraband, and shortly after they had presented a paper, giving their views on the matter, they heard, through their ambassador, that Sir Edward Grey was recommending the British cabinet to relax the blockade. This gave them the greatest anxiety ; for although they freely acknowledged, that the execution and administration of the blockade was a matter in which Great Britain was a principal, and they an auxiliary, they held that the western allies were conjointly responsible for the policy that had been adopted and proclaimed ; and that no modification of it should be attempted, unless the allied governments thought it necessary. Now the French government contended (and in very impressive language), that the moment for yielding anything seemed singularly ill chosen, as the Russian armies were still retreating, and nothing had been gained in the west. Any relaxation of economic warfare would, therefore, be described by half the press of Europe as an incident in the general defeat of the allied cause ;

for it would certainly be said, that, just as the Russian armies had been beaten by the German, so, the British government had given way before the onslaught of the German submarines, and the anger of neutrals.

From all this it will be seen, that the committee deliberated upon this cotton question to an accompaniment of conflicting recommendations ; it is not therefore surprising, that the final decision was one which must rather be attributed to the general course of events, and to the pressure of circumstances, than to any particular person or persons.

IV.—Warnings are received from Washington

The actual preliminaries to the final decision were these. Early in July we received information, that the German authorities had brought the cotton industry under government control. In point of fact, the decree that the German government issued on this point was of no more significance than the regulations issued, almost weekly, about the distribution of foods, metals, fuels and propellants ; but Sir Eyre Crowe, while freely admitting that too much importance should not be attached to this decree, argued that it assisted our case ; and submitted a memorandum to the acting secretary of state (Lord Crewe). In it he maintained, that no concession from us had satisfied the United States ; and that, as we had reason to believe that another general protest against our policy was in preparation, it would be as well to declare cotton contraband as soon as possible, and so compel the American authorities to state all their objections in one single document. Lord Crewe and Lord Robert Cecil both put it on record, that they agreed with Sir Eyre Crowe ; they may therefore be presumed to have pressed this general contention inside the cabinet.

Unfortunately, Sir Cecil Spring-Rice could report nothing definite or conclusive, after his preliminary enquiries. In his first reports (July 6th, 7th) he stated, that the declaration would be accepted by many as justified, and would, indeed, be justifiable by American precedents ; on the other hand, it would greatly increase irritation in the south, which was already dangerously strong, and would bring most of the southern senators and representatives into line against export of arms and munitions. On the whole matter, however, Sir Cecil was inclined to think, that the declaration might safely be made, if arrangements were also made for steadying the price of cotton ; and if neutral imports were guaranteed up to a certain figure. To Sir Cecil, as to so many others, therefore, an agreed ration appeared as an alleviation of restraints upon commerce, and as a lubricant to controversy. Some days afterwards he reported that the price might be kept at a good level, if a syndicate were formed to purchase two and a half million bales.

If these reports had been unmodified by any others, the decision would probably have been taken fairly soon. On the following day, however, Sir Cecil Spring-Rice sent away a grave warning, that the agitation which he had foreseen in his first telegram was gaining strength rapidly. It does not appear as though Sir Cecil intended this report to cancel, or supersede, his recommendations about purchasing part of the crop, but it was certainly a warning against acting hastily. Its material portions ran thus :

Situation here is growing very serious. We are dependent for at least a year and a half upon this country for war supplies. A campaign, supported by various organisations, some of them not in sympathy with Germany, although acting on parallel lines, is being conducted against the export of munitions of war, and movement is growing in strength. In the circumstances, it is essential that we take what action is possible to conciliate public opinion, where this is possible, through material interests. Cotton interests, which dominate the south and the administration, meat interests, which dominate the central states, and standard oil combine, which have great power in New York, are as is an eminent personage, in sympathy with us. But rightly or wrongly they think that their interests are being disregarded. I beg to remind you that Crawford, of whose zeal and great ability there can be no question, was sent out as advisor to me on these questions. His opinion entirely coincides with my own, and with that of all our sympathisers

here, namely that something ought to be done, and done soon, to conciliate the powerful interests who consider themselves aggrieved. With the greatest earnestness, I beg that you will take these matters into your most serious consideration, and lay them before the cabinet (15th July).

As Sir Edward Grey was then so discouraged, and was pressing for a relaxation of the entire campaign, one would have imagined, that he would have seized the opportunity thus offered of urging that no restrictions should be placed upon the cotton trade. Actually, he did the opposite, and said that whatever might be done as a general concession, cotton would have to be treated as contraband, or stopped by some other means. Simultaneously, or nearly so, however, the secretary of state, and Mr. Page gave very discouraging replies to the first tentative suggestion that cotton would have to be treated as contraband. Mr. Lansing stated, that the suggestion troubled him very much, and at once instructed Mr. Page to remind Sir Edward Grey of the promise made in October, that cotton would always be on the free list ; and to say, that to declare it contraband would be to break a solemn undertaking. Sir Edward therefore wired that no decision would be taken for the time being.

The explanation of all this is that a gust of artificial excitement was then blowing across the American capital. The stopping of German exports had unexpectedly inflamed controversy, because it had irritated a very large number of people. German toys, for instance, are distributed to millions of Americans at Christmas ; and shopkeepers all over America were announcing, that there would be none that year. This rather trivial circumstance stimulated the complaints of the textile dyers, who genuinely wanted aniline dyes, and it gave an exceptional opportunity to Senator Hoke Smith, who had now decided to make himself the head and leader of all who were dissatisfied with our policy, and to inflame the southern states, by all the means in his power. In June, he assembled a great meeting at the Hotel Biltmore, New York, and succeeded in passing an inflammatory resolution, which was transmitted to the state department ; then, pressing his agitation in the southern states, he so influenced the two houses of the state legislature of Georgia, that they also passed resolutions : That the president be urged to raise the British blockade by diplomatic protest, and, if necessary, by retaliation and reprisal. It should be added, that although Senator Hoke Smith may have entertained a sincere dislike for the British blockade, he was not quite disinterested on the particular matter of cotton ; for he was then in treaty with the *Baumwoll Einfuhr Gesellschaft* of Bremen, and was anxious to deliver them a million bales of cotton at an extremely high price. It was this agitation that so alarmed Sir Cecil Spring-Rice ; and the state department were presumably endeavouring to estimate its strength, when they received the first intimation from our ambassador, that cotton might soon be declared contraband.

V.—*The United States government acquiesce ; the whole controversy reviewed*

The secretary of state was, however, only manœuvring to gain time, when he sent his first instructions to Mr. Page ; for, two days later, he again received our ambassador, and, in company with Mr. Chandler Anderson, told him, that to declare cotton contraband would probably be the best way. This may therefore be said to have been the decisive intimation ; for, having received this assurance, our authorities, were free to make the declaration, as soon as they had perfected their plans for keeping up the price.

Since Sir Cecil Spring-Rice had sent in his first recommendations on this head, this matter of keeping up the price had been under review at the Board of Trade ; who, on the advice of their cotton expert, Mr. Rose, were inclined to a scheme for making a considerably larger purchase than that of two million bales, suggested by our ambassador. Sir Richard Crawford's enquiries, however, persuaded him that this would not be necessary ; for he had recently got into touch with Mr. Harding,

the chairman of the cotton committee of the federal reserve board, who was convinced that there was no danger of a slump, and that the British government could keep the price steady, by making occasional purchases at eight cents a pound, when quotations drooped. This was actually done by Mr. Rose, who went out to America in the autumn. After these conversations, Sir Cecil Spring-Rice was able to report, that President Wilson had expressed himself quite satisfied with our arrangements: raw cotton, cotton linters, cotton waste and cotton yarn were therefore declared contraband on 20th August, and the declaration was calmly received throughout America.

It is interesting to ascertain why this declaration, which excited so little controversy when actually made, should always have been thought so hazardous. Why, in fact, did the cotton magnates of the south accept it so calmly, when everything had been done that could humanly be done, to rouse them? The explanation appears to be that when Senator Hoke Smith started his campaign, his editors and agents committed themselves to statements so alarming and inflammatory, that the purely technical cotton press entered the controversy, not as a partisan, but as a guide and an investigator. This press, which watches over the sales of the great American staple, is one of the best informed in the world, and its powers of investigation are enormous. Certain it is, that from July onwards, a number of articles appeared, in which the whole position was reviewed with an immense number of illustrative statistics. The first point established was that during 1914 more cotton had been sold to Germany and Austria, than had been sold to France and Russia. This very much discredited Senator Hoke's war cry, that the great slump of the previous autumn was attributable to the allies. By good fortune, these facts were first publicly agitated by a southern senator from a cotton-growing state, and the argument that he erected from them was repeated, with some insistence, by the press in the capital: If the German and Austrian fleets had controlled the ocean highways, was it conceivable that Great Britain and France would have been allowed to import their normal quantities of cotton? According to Senator Sims, the inference most proper to be drawn from the available statistics was:

That the southern statesmen, who were trying to stir up trouble with the allies, were making a great mistake; and that it was safer with sea control where it is now than with sea control anywhere else.

Of course it would be unwise to state definitely, that any one particular utterance was the turning point in a controversy; but it is significant, that, from the time when Senator Sims of Tennessee so much discredited the major contention of the agitatory party, our ambassador was able to transmit a rising number of articles in the big papers, advocating moderation. Furthermore, it was frequently represented, and with great force, that if the agitation about prohibiting the export of arms munitions and contraband were passed, it would, inevitably, become an agitation for prohibiting the export of cotton, as it was no longer doubtful that cotton was contraband.

These arguments would not, in themselves, have reassured the cotton growers; indeed, they would have alarmed them; for, if the free exports of cotton to all belligerents had not alleviated the slump of the previous autumn, what was to be expected after the German and Austrian markets were closed? It was on this point that the editors of the technical cotton press intervened, with decisive effect; for they estimated, that the munition contracts that had been placed in America had so increased the domestic consumption of cotton, that the loss of the German market would not be felt. This, in fact, is what actually happened: by October, the average price of cotton was well above the eight cent level at which we had undertaken to keep it; and in November, we intercepted a telegram, which reads like a memorial tablet to the controversy. In it, the directors of the *Baumwoll Einfuhr Gesellschaft* informed Senator Hoke Smith, that they now cancelled their offer for a million bales, but assured him that they were open for business again as soon as the shipping difficulty was overcome.

CHAPTER XV

THE RATIONING SYSTEM

THE AGREEMENTS FOR OPERATING THE RATIONING SYSTEM

The agricultural policy of neutral governments, and the difficulty of reaching agreement on figures.—Why the rationing figures could not be fixed by pure calculation.—The Dutch rations of forages, animal fats, etc.—The Danish rations of animal and vegetable oils.—The peculiarities of the rationing system.

THE first parent agreements, which have already been described, were supplemented by a number of others: (i) with the Netherlands overseas trust and the Danish manufacturers guild, (ii) with associations of companies such as the Norwegian and Swedish cotton spinners, (iii) with purely private companies, such as the Arendal Smelteverk or Mustad & son, the largest oil extractors and refiners in Norway, and (iv) by a number of agreements with the American companies that controlled the Scandinavian supply of certain contraband materials; typical of these was the Vacuum Oil company of New York. It would be worse than fruitless to examine this mass of agreements seriatim; when arranged in tabular form, however, with the object of each agreement roughly described, the table, or digest, does convey some notion (vague and unsatisfactory it is true, but a notion nevertheless) of the system as a whole. It shows, in the first place, that although the mass of agreements that constituted the system was a barrier to the overseas trade of Germany, the barrier was never complete or even. Denmark and Holland may be said to have been rationed in contraband, for the rationing agreements with the Netherlands trusts, the guild, and the *Raad* put the entire countries on a ration. A glance at the table shows, moreover, that the Norwegian system differed from all the others, and about this a word of explanation is necessary. Why it was not possible to establish a single importing trust, or a single guaranteeing body, in Norway has already been examined. It might, certainly, have been possible to conclude a rationing agreement with the Norwegian government; but this was thought inadvisable by Mr. Findlay and his staff, who were convinced, that a rationing agreement thus concluded would be indifferently operated by the Norwegian authorities, if policy demanded that they should be easy with the Germans. For this reason, Mr. Findlay concluded a large number of particular agreements with those firms and associations who distributed the substances that we most desired to ration. If the table of Norwegian agreements were alone consulted, it might be doubted whether Norway was ever as much within the rationing system as Denmark or the Netherlands: actually the country was as effectually placed on a national ration as any other country.

TABLE XXX
TABULAR DIGEST OF THE RATIONING SYSTEM
I.—Netherlands rationing system

No.	Date of agreement.	With whom concluded.	Substances rationed by agreement.
1	1.IX.15	Netherlands Overseas Trust	Cotton
2	23.IX.15	Ditto	Maize and rye, linseed, oil cake and meal, animal and vegetable oils and fats, oleaginous nuts and seeds, lard, mineral oils, petroleum and its products, gas and fuel oil, raw wool.
3	28.VI.16	Ditto	Supplementary to No. 2, commodities added: cocoa beans, tin, hides and leather, tanning materials, asbestos, paraffin wax.
4	2.IX.16	Ditto	Rice.

TABLE XXX—*continued**II.—Danish rationing system*

No.	Date of agreement.	With whom concluded.	Substances rationed by agreement.
1	23.VIII.15	Industrieraad	Cotton.
2	24.IX.15	Industrieraad & Merchants Guild. Danske, Petroleums Aktieselskab and its affiliated companies in Norway and Sweden.	Cotton. Petroleum and petroleum products, benzine, naphtha, etc.
3	29.II.16	Industrieraad & Merchants Guild.	Animal and vegetable oils and fats, oleaginous seeds, cocoa, corkwood, graphite, hemp, jute, nitrate of soda, rubber, hides, leather tanning materials, tin, nickel, antimony, copper, ferro alloys, malt, coffee, fresh and dried fruits.
4	8.VI.16	Danish Trade Associations	Phosphates and superphosphates.
5	28.IV.16	International Harvester Corporation, Chicago.	Agricultural machinery and binder twine.
6	19.V.16	Danish Trade Associations	Turpentine.
7	19.VII.16	Industrieraad	Cotton (supplementary to No. 2).

III.—Norwegian rationing system

No.	Date of agreement.	With whom concluded.	Substances rationed by agreement.
1	31.VIII.15	Norwegian Cotton Mills Association.	Cotton.
2	29.IV.16	Ditto	Supplementary to No. 1.
3		Mustad & Sons, also with their establishment in Sweden.	Copra and oil-producing substances for margarine factories.
4	26.VII.16	Ditto	Supplementary to No. 3.
5	24.IX.16	Aktieselskabet Lilleborg Fabriker and Aktieselskabet Damp Olie Mølle.	Copra, linseed, rapeseed and oils produced therefrom, glycerine.
6	5.X.16	Ditto	Supplementary to No. 5.
7	17.XII.15	Norwegian Automobile Club	Rubber tyres.
8	2.X.16	Ditto	Supplementary to No. 7.
9	29.XII.15	Aktieselskab Valloe, Oljefinierie.	Petroleum and products.

TABLE XXX—*continued*
 III.—*Norwegian rationing system—continued*

No.	Date of agreement.	With whom concluded.	Substances rationed by agreement.
10	11.III.16	Bergen, Kristiansund and Aalesund Margarine Manufacturers.	Oils, fats and seeds used in margarine manufacture.
11	11.III.16	Stavanger, Kristiansund and Haugesund Margarine Manufacturers.	Ditto
12	11.III.16	Trondjhem, Melbo and Tronsö Margarine Manufacturers.	Ditto
13	12.XI.15	Norwegian Tanners Association.	Hides and tanning materials.
14	28.III.16	Christiania, Drammen Tonsberg Fredrikshald Margarine Manufacturers.	Oils, fats and seeds used in margarine production.
15	18.III.16	Oljegrappen av Maskingrossisternes forening.	Lubricating oils.
16	28.IV.16	International Harvester Corporation of Chicago.	Agricultural machinery and binder twine.
17	18.IX.16	Norwegian Pulp Makers Association.	Resin.
18	5.X.16	Norwegian Soap Makers Association.	Vegetable and fish oils, resin.
19	25.IX.16	Norwegian Colour Merchants Association.	Paraffin wax, turpentine, varnishes, shellac, linseed oil, rape-seed oil, resin, animal and vegetable oils.

IV.—*Swedish rationing system*

No.	Date of agreement.	With whom concluded.	Substances rationed by agreement.
1	24.VI.15	Swedish Cotton Spinners Association.	Cotton.
2	28.IV.16	International Harvester Corporation of Chicago.	Agricultural machinery and binder twine.
3	8.VIII.16	Swedish Government ..	Lubricants.
4	3.VII.16	Ditto ..	Cotton—supplementary to No. 1.

TABLE XXX—continued

V.—Scandinavian rationing system¹

No.	Date of agreement.	With whom concluded.	Substances rationed by agreement.
1	24.XII.15	Alfred Olsen & Company ..	Lubricating oils.
2	4.VIII.16	Ditto	Supplementary to No. 1.
3	23.XII.15	Asiatic Petroleum Co. ..	Petroleum and products.
4	13.III.16	Ove. C. Ege of Copenhagen	Lubricating oils.
5	7.IV.16	Bloch & Behrens	South American wool.
6	29.XII.15	Skandinavisk Petroleums Aktieselskap.	Lubricants and paraffin wax.
7	22.X.15	Vacuum Oil Co.	Lubricants, oils and paraffin wax.
8	13.IV.16	American meat packers ..	Meat products.
9	3.V.16	Cudahy Meat Packing Company.	Ditto.

VI.—Swiss rationing system

No.	Date of agreement.	Between whom concluded.	Substances rationed by agreement.
1	26.I.15	Swiss and French Governments.	Petroleum and its products.
2	17.V.15	Ditto	Supplementary to No. 1.

Switzerland was never formally rationed, even in cotton, although the bare principle was admitted by the *société de surveillance*, and in large measure acted upon, in that all importations sanctioned were compared with normal figures. Even the countries that were rationed as countries were not rationed in the same commodities; for the Netherlands supply of metals was regulated by a set of agreements that fixed no ration, but which ensured home consumption. Finally, Sweden was always a gap in the barrier; for the Swedish government resisted the system no matter whether it was administered through particular, or general, agreements. Yet even on this point, it would be far too sweeping to say that the Swedish import trade was outside the operation of the system; for although the Swedish government resisted the system, they did, nevertheless, make some important concessions to it.² More than this, many of the agreements controlled all Scandinavian trade in certain products.³ Finally, it will be seen that the system, which, as conceived, was to be a permanent regulation of neutral trade, was more like an organic growth than a fixed system of control, in that the first agreements only served as stocks or scions for many others that were grafted on to them. This tabular digest, therefore, shows, which perhaps is the most important point to be remembered, that, when the bare

¹ These agreements have been called Scandinavian in that they operated in all Scandinavian countries.

² See Nos. 3 and 4 of the Swedish rationing system.

³ See Scandinavian rationing system—Section V of table.

principle of rationing neutral countries was converted into a workable system, then, that system was as complicated, and as irregular, as its animating principle was simple and logical. Nevertheless, if this uneven barrier is juxtaposed in the imagination, to the unsteady, precarious advances of the enemy's system of economic coercion, the great advantages that we had secured, after eighteen months of economic war, can hardly be questioned. The barrier that we erected was of materials that varied in strength; its arrangement was irregular and untidy; but, at least, it was capable of being perfected and reinforced; and at least it was a barrier removable only when we chose to remove it: the enemy's greatest gains were all in jeopardy, whenever the United States challenged their system; they were equally in jeopardy, if the British system of trade defence improved. Some few words of explanation should, however, be added about the matters on which agreement was easily obtained, and about those other points, which provoked long and arduous negotiation.

I.—The agricultural policy of neutral governments, and the difficulty of reaching agreement on figures

It will be seen, by referring to the table, that the cotton trade of northern Europe was regulated by agreements with the Netherlands trust, with the *Industrieraad*, and by agreements with the Norwegian and Swedish cotton spinners associations. The quantities to be allowed under these two classes of agreement were estimated by entirely different methods: agreements with private associations could only be drafted after returns of stocks in hand, and estimates of domestic sales, had been inspected; whereas the quantities of cotton to be consigned to the Netherlands trust, or guaranteed by the *Industrieraad*, could only be calculated from the import and export returns of the Netherlands and Denmark. Notwithstanding that the systems of calculation were so different, and notwithstanding that the loss of the German piece goods had made the operations of the northern textile industries very unsteady, the agreed figures were easily arrived at; for there is no suggestion of arduous bargaining in any of the original records of the cotton agreements. The same may be said with regard to the rations of metal: our figures were substantially accepted, after a few adjustments had been made, to allow for special contracts by railway, shipbuilding, telegraph and telephone companies. In contrast to this, the rationing of grains, meat stuffs, fats, and other agricultural products was an exceedingly difficult matter; and in order to explain the difficulties encountered, it will be necessary to state briefly what was then known about the state of agriculture in the border countries.

In the first place, there was no doubt whatever, that the governments of all these countries were very anxious about the approaching winter, and were endeavouring to keep stocks in the country. The decrees issued by each government would fill a volume; but as all were issued under the same apprehensions, and for the same purpose, a few examples, chosen at random, will show the character of the legislation.

Cattle and meat are staple exports of Holland, so that the government could not prohibit their export altogether. Nevertheless, by a royal decree of November, 1914, the export of fresh, dried, salted, and smoked bacon, of tried, and untried, pork, and of beef grease, was prohibited. By a later decree, burgomeesters were instructed to make returns of stocks, in order that licences might be granted by a central bureau. This was simple in comparison with the regulations controlling the export of cheese, another Dutch staple. By two decrees, issued in October, 1914, the export of cheese and butter was prohibited. The magnates of the dairy industry were, however, invited to form a committee for advising on licences; and, on their recommendation, a central bureau for cheese and butter exports was assembled at the Hague. This bureau granted licences to all firms who bound themselves to place twenty per cent. of their total stocks on the home market. During April and May the percentages

were altered : dairies in the northern provinces were bound to keep only fifteen per cent. of their stocks for home consumption ; if they held a variety known as Edam cheese, then, ten per cent. only need be held. In October, however, the proportion was raised to forty per cent., for all provinces, with an exception in favour of Leyden and Delft cheeses. The same intricate regulations were issued, almost monthly, with regard to eggs, milk, rye, barley, hay and so on. In Denmark, Norway and Sweden there were similar regulations, though not, perhaps, so methodically conceived and drafted. From all this, it will at once be apprehended how ill the rations, as at first calculated, were adjusted to the existing state of agriculture in northern Europe. The estimated ration of any commodity was the average import, less exports to the enemy, for the normal years 1911, 1912 and 1913 : the year 1915 was abnormal ; and it was fruitless to ignore the abnormalities.

II.—Why the rationing figures could not be fixed by pure calculation

On a first inspection of the matter, therefore, it could be admitted, and those who negotiated the agreements did admit, that neutral countries so anxious about their domestic stocks, should be granted an extra allowance of forage, grains, winter feed, oil cake, and of the oil-bearing seeds from which cake is manufactured. This, however, was only one side of the question ; for although our knowledge about the exports of northern neutrals to Germany was scrappy and incomplete, what we did know sufficed to make us certain, that, notwithstanding all these regulations about stocks for home supply, the northern neutrals were increasing their exports of all those meats and foodstuffs, which were so closely controlled. The total exports were not known : we had, however, secured weekly returns of the Danish produce that was sent to Germany by Vamdrup, which were at least a measure of the total, and we also possessed weekly returns of some of the Dutch meat exports. Now in the first months of the summer, we noticed that more than a million kilogrammes of Dutch pork had gone over to Germany, in the week 25th April to 1st May ; the figure was maintained during the weeks following. There were, moreover, good grounds for supposing, that the Dutch authorities hoped to maintain these exports indefinitely ; for, in a new decree, the Dutch minister for agriculture announced, that the quantities for which licences would henceforward be granted would be calculated on the quantities exported during the very period, when exports rose from less than half, to more than a million, kilogrammes. In addition to this, we were in possession of figures which implied, without actually proving, that the Dutch colonial exports to Germany were rising. During April, for instance, the Dutch imports and exports of coffee, copra, coconut oil and linseed were discovered to have been :

<i>Imports.</i>		<i>Exports to Prussia.</i>	
21,964 tons	coffee	14,343 tons.	
16,730	„ copra	19,627	„
1,728	„ coconut oil	916	„
7,819	„ linseed oil	14,693	„

The returns of the Vamdrup traffic showed the same tendency in Denmark ; there was a decline during April and May, but this was soon reversed, and the heavy increases were maintained. There was fragmentary, but quite good, evidence that the Norwegians were increasing their exports of fish and fish products to Germany, and these indications were confirmed by similar indications from Sweden. On 1st May, the Swedish newspaper *Dagens Nyheter* published tables of the Swedish imports and exports during the first quarter of the year. The return was obviously incomplete as it contained no figures for metals or lard, the commodities about which we were in controversy with the Swedish government ; it was, however, quite explicit on some points, notably that the export of herrings had been quadrupled, and of ham and cattle very much increased.

If the rationing system, as actually operated, had been regulated by any legal principle, these indications of a rising volume of domestic exports from border neutrals to Germany would have been of no relevance ; for there was no question that this rising commerce was in domestic produce. But as the rationing system was animated by pure policy—the policy being to press the economic campaign with as much energy as possible—so, these domestic exports were very relevant ; for it was beyond all doubt, that all the forages, winter feeds, and oil-bearing substances that were to be rationed stimulated exports that we desired to diminish. Even the exports of fish from Scandinavia were affected ; for fish refuse is an agricultural manure. The more liberally the Scandinavian countries were supplied with forages and winter feed, therefore, the better could they dispense with their herring catch, and leave their forage crops unmanured, in the expectation that imported foods would make good the falling yield of the unmanured fields. If, therefore, the rations were adjusted to the known shortages in neutral countries, actual and prospective, then, there were good reasons for making rations generous : if, however, they were adjusted solely to the major purposes of the economic campaign, then, there were equally good reasons for insisting that rations should be calculated from normal years. In other words, the policy adopted had to combine two opposites ; and even now the difficulty of estimating a proper ration of all these forages is not fully presented. Whatever could, or could not, be inferred from our occasional, and interrupted, inspections of the exports from border neutrals to Germany, there was no doubt whatever that their domestic exports to Great Britain were sharply declining. The value of Swedish agricultural products that were exported to Britain, butter, eggs, meats and so on had fallen from £2,537,244 to less than half (£1,150,693) ; Norwegian fish exports had fallen from 1,420,472 to 1,161,866 cwts. ; Danish meats, lard, bacon and eggs had fallen even more sharply :

	<i>Exported in 1915.</i>	<i>Exported in 1913.</i>
Eggs ..	2,657,825 great hundreds.	4,264,943 great hundreds.
Lard ..	2,835 cwts.	17,516 cwts.
Bacon ..	2,063,221 cwts.	2,334,945 cwts.
Pork ..	37,350 cwts.	193,233 cwts.

The Dutch butter, cheese, mutton and pork exports to Great Britain were between a half and third of normal ; the bacon exports had fallen to a thirtieth of normal (6,760 cwts. as against 185,718 cwts.).

These declines were a serious matter. There was, it is true, no shortage of food in Great Britain, but there was already a distinct shortage of freight, and freight rates were rising. It was, therefore, a cardinal point of our economic policy to encourage all imports that could be carried to Great Britain by the short sea routes, and it was precisely these imports that were declining so fast. It was evident, moreover, that a rationing system, mathematically calculated and sharply operated, would accentuate the decline still further. The movement of Danish, Dutch and Swedish agricultural produce from the British to the German markets was, after all, a movement caused naturally by the exceptional prices obtainable in Germany, and it was virtually impossible to check or reverse it : the most that could be done would be to balance it ; and this was only possible by allowing neutrals to accumulate very considerable stocks of exportable produce, and by inducing them to place some proportion of the surplus on the less profitable, British, market. If this were to be brought about, then, generous rations of forages would have to be allowed. In conclusion, it will be instructive to give a few typical illustrations of the contending demands which had to be adjusted.

III.—*The Dutch rations of forages, animal fats, etc.*

When reduced to tabular form, in which they can be seen at a glance, the Dutch and the British contentions stood thus :

<i>British calculated ration.</i>			<i>Ration as calculated by N.O.T.</i>	
600,000 tons per annum		Maize and rye	900,000 tons per annum for maize alone.	
240,000	“ “ “	Oil cake and meal	356,000 tons per annum.	
74,000	“ “ “	Oil nuts and seeds	230,000 “ “ “	
56,000	“ “ “	Animal oils and fats	62,500 “ “ “	

As the British ration was calculated from figures about which there could be no doubt, it would seem, on a first inspection, as though the Dutch claim that they required such large additions to the normal could not have been justified. Nevertheless, the Dutch representatives did give so good a defence and explanation of their figures, that great concessions had to be granted. Even the immense differences about oil nuts and seeds were so explained, that the Dutchman's principal contention was admitted. The whole matter turned round the production of margarine. This butter substitute, which we, in Great Britain, needed in increasing quantities, is a compound of vegetable oils, animal fats, and sterilised milk. The animal fats may be obtained by hydrogenating whale oil and fish oils. Our imports of margarine had risen by half a million cwts. during the year 1915, and the Netherlands was the only country with the plant and apparatus necessary for maintaining the supply. M. van Vollenhoven showed by reference to statistics, that if the additional supply was to be given, then, a very large additional import of oil seeds would have to be allowed. Our negotiators were not, it is true, persuaded that M. van Vollenhoven's high figure was to be conceded ; but at least they made considerable alterations to their first estimate.

Agreement on this point, however, only accentuated disagreement upon another. The figure finally conceded was about eighteen per cent. below the figure first presented by M. van Vollenhoven. It followed from this, therefore, that, inasmuch as the total quantity of oil seeds to be imported was less than the Dutchman had calculated, so, there would be less oil seed residue available for making up into oil cake and winter feed. As the export of live cattle had been prohibited the Dutchmen argued, first, that they would need far more oil cake and winter feed than were imported in a normal year, and secondly, that even their high estimate ought to be increased by eighteen per cent. Again, a considerable concession was made to the Dutchman's claim, before agreement could be reached.

IV.—*The Danish rations of animal and vegetable oils*

These differences were, however, insignificant in comparison to the differences between the British and the Danish figures which stood thus :

<i>British calculated ration.</i>			<i>Ration as calculated by the Raad and the Guild.</i>	
8,000 tons per annum		Animal oils and fats	24,000 tons per annum.	
14,400	“ “ “	Vegetable oils and fats	26,000 “ “ “	
40,000	“ “ “	Oleaginous nuts and seeds (oil bearing value).	100,000 “ “ “	
2,400	“ “ “	Cocoa and cocoa beans	14,000 “ “ “	

Here, it would seem, were figures which could not conceivably be reconciled ; but the great differences were, in part, explainable by the different methods of calculating them. The Danish representatives made their estimate from returns

that were given to them by the firms and industries that dealt in the commodities : our negotiators were not prepared to admit that rations could be calculated from anything but the national statistics of imports and exports. Yet, even though we could not agree to the Danish method of calculation, it cannot on that account be dismissed as unfair or improper : the firms that gave these returns were firms whose transactions the *Raad* and the *Guild* were prepared to guarantee ; and we had accepted the guarantee that was offered after careful enquiry into its strength, and value. It should be added, also, that the differences were not so great for commodities that were not affected by the commotions in the agriculture of northern Europe.

Again, the discussions turned round the domestic production of margarine and butter substitutes, and although it cannot be said that the Danes had prepared their case as carefully as the Dutchmen, it is yet true that they set up a tolerably strong one. They argued, in the first place, that the entire national dietary was altered : the breads and farinaceous foods consumed by the poor people were of different, and less nourishing, materials, and there was, in consequence, a natural demand for more fats and greases. To meet it, the Danes had increased their margarine making plant, and the firms in the trade hoped to produce some sixty thousand tons of margarine during the year. Nor was this all : the soap-making factories in the country had been growing steadily during the past five years, and a great stimulus had been given to them, by the decline in the German exports of soap. The Danes did not, it is true, justify all their figures to our satisfaction, but at least their contentions shook our original calculations.

In conclusion, a word should be added about the actual working of the system. When in operation, as far as it ever was in operation, the steady and regular returns of cargoes inspected at the Downs and Kirkwall, together with the returns of cargoes cleared from Great Britain, gave us all the materials necessary for compiling accurate statistics of neutral imports. The statistical departments of the war trade department digested these returns with great rapidity and reported, month by month, to the Foreign Office and the contraband committee, how much of an agreed ration had been imported ; when the limit was approached, the firms or guilds responsible for operating the agreement were notified. These notifications do not appear to have been seriously disputed : in fact, the practical operation of the system was the only thing about it which was simple, yet even this was not effected by a single administration ; for Switzerland, being very dependent upon French and Italian imports, was rationed by an interallied commission which collected the relevant statistics through an independent organisation.

V.—*The peculiarities of the rationing system*

What is perhaps most remarkable in these long negotiations is that the rationing principle should have been accepted so readily by the representatives of neutral nations ; for ostensibly nothing could have been more incompatible with all that is understood by neutral rights, sovereignty and the like, than that a neutral country's trade should have been reduced to a figure calculated by statisticians, who were working in the service of a belligerent government. And when it is remembered how often a debatable point of maritime law has been made the substance of diplomatic controversy ; when it is reflected, that restraints upon neutral commerce incomparably smaller than the restraint of rationing twice set the neutral powers of Europe against us, and once provoked the United States to make war upon us, it will seem strange indeed that this tremendous innovation was agreed to without dispute. This, however, is an accurate account of what occurred ; for M. van Vollenhoven's written undertaking, that the trust would reduce the imports of Holland to the amount required for home consumption was given quite readily and

willingly ; and the Danish delegates passed all the rationing clauses of their agreement, without comment of any kind. Nor does it appear that the bare principle of rationing was seriously contested during the more difficult negotiations conducted at Berne. The explanation is that the rationing principle did not then appear as harsh and arbitrary as it looks in retrospect ; and that neutral merchants probably thought of it as a measure, which would give more freedom to neutral trade, by establishing a simple distinction between enemy and neutral commerce ; for neutral traders, as a community, were not striving to maintain trade of any particular volume, but were endeavouring only to be subjected to a plain regulation, which, if obeyed, would enable them to fulfil their contracts and to strike new ones.

Our own interest in securing agreement to a rationing system hardly needs explanation ; for to ourselves, as to neutrals, rationing seemed a path that led away from the undergrowths of controversy into more open ground. It was, in appearance, the only rational, regular, method of enforcing the March order, and the only method of putting the Board of Trade's economic policy into harmony with the policy pursued by the Foreign Office and our French allies. In addition, it was hoped that the system, when properly in operation, would prove a lubricant to the recurrent friction between the United States and Great Britain, in that it would turn controversy away from abstract principles and conceptions of law, and focus it upon questions of detail and matters of business. It will therefore always be a curiosity of maritime history, that the rationing principle, which was, to all appearances, as severe an encroachment upon the immunities of neutral commerce as any attempted for three centuries, was yet a principle which belligerents and neutrals endorsed, and put into operation, without any of that antecedent adjustment of conflicting opinions and interests, which constitutes negotiation.

It is, however, significant that this ready, unconditional, assent was only given, when the neutral negotiators were the representatives of trade guilds and similar associations, that is, when they were men concerned only with securing their revenues, and with making or completing contracts of purchase or sale. The principle was less easily digested, when a neutral government was a party to the negotiation, for then the undertakings given, or required to be given, were subjected to political scrutiny, and juxtaposed to the abstract principles of neutrality, national freedom, and national honour. This was the case at Berne ; where the Swiss government did not, it is true, object to the bare principle of rationing, but objected, in the strongest terms, to having any responsibility for operating it, on the grounds that they were determined to be, independent and neutral ; and that they would never allow their administration to be supervised by the representatives of foreign powers. The negotiations at Berne showed, therefore, that the rationing system was acceptable and workable only if it were made a matter of pure business, and that it was not one which a corporation with political responsibilities could easily operate. This rather vague warning received in Berne was, moreover, repeated with greater emphasis during the negotiations in Stockholm, which, though undertaken for the same ends and purposes as the negotiations undertaken elsewhere, were yet unsuccessful, because business was throughout subordinated to a policy that made all accommodation impossible.

CHAPTER XVI

THE NEGOTIATIONS FOR A SWEDISH AGREEMENT

The reasons why the controversy with Sweden became stiffer than that with other neutrals.—The detentions ordered by the contraband committee.—The Swedish government display their sympathies by allowing certain irregularities.—The Swedish government agree to negotiate.—The domestic politics of Sweden.—The negotiations are opened with the Swedish government.—The Swedish delegation reject the British proposals.—The importance of the Russian transit traffic through Sweden.—The negotiations renewed : new proposals submitted.—The Swedish government's reception of the new proposals.—A draft agreement is provisionally accepted.—The draft agreement was thought dangerous : but could not be rejected outright.—The Foreign Office decide that the agreement should not be ratified.

IT has been explained, in a previous chapter, that the first controversy between our authorities and the Swedish government was a controversy uninfluenced by politics or political sympathies ; and that it arose only, because the contraband committee ordered a large number of copper consignments to be detained. The matter was explained by Sir Eyre Crowe in a long despatch, the substance of which was that we could not allow cargoes of contraband to pass, unless the Swedish government so enlarged their list of export prohibitions that no variety of a contraband article could be re-exported. On receiving this note, the Swedish authorities did at once make very considerable additions to their decrees, so that, up to the end of January, the dispute with them had not differed, in form, or substance, from the disputes with other European neutrals. After this date, the Anglo-Swedish controversy differentiated itself from all others, for reasons that must now be briefly reviewed.

I.—The reasons why the controversy with Sweden became stiffer than that with other neutrals

First and most important, the reports received from our commercial intelligence agents attested to a state of affairs in Sweden that differed radically from what obtained in other countries. Our authorities had reason to believe that goods were being smuggled across all neutral borders ; but none at all to suspect the governments concerned of being lax about their export prohibitions. The reports from Sweden, during the weeks that preceded and followed the March order, were conclusive evidence of a very considerable re-export trade in lard and metals. More than this, our expert observer was satisfied that this re-export trade was being conducted with the connivance of the Swedish customs. It would, of course, be far too hasty to say that all his accusations could have been made good before a judicial body ; the facts to which he attested were, however, so numerous, and so consistent with one another, that those administering the economic campaign had no choice but to take action. In order to show the quality of the evidence upon which we acted, it will possibly be as well to give a few carefully chosen selections from the mass of testimony that was laid before the contraband department, during the first months of the year.

Extracts from a report dated 20th February : The following goods were recently ordered for Germany by boats arriving here :

By S.S. *Corunna* from New York :

630 barrels of oil cake for Hecht, Pfeiffer and Company, Hamburg.

327 barrels of lubricating oil for Bessler, Wachter and Company, Berlin.

500 barrels of oil cake for Bremen.

By S.S. *Regina* from Gulf of Mexico :

400 casks of lubricating oil for G. Busche, Hamburg.

By S.S. *Norwega* :

51 barrels of oil.

270 barrels of beef entrails for Hamburg Supply Company—Swedish receivers Berlin Bersen and Company.

By S.S. *Nordpol* :

334 casks of mineral oil for Martin, Cohn and Company—Swedish receivers Westkusten Petroleum Company.

Extracts from a report dated 16th March : The returns of the exports to Germany show that large quantities of tin from England and the straits continue to be exported to Germany. An attempt has been made to note the marks on the ingots in order that the exporters in England, and, through them, the names of the consignees, may be identified. American lard is also being carried to Germany despite the prohibition, as this is done quite openly, here as at Malmö it may be presumed that the Swedish government is giving licences to export freely. The exports of tin to Germany, which have been going on from various Swedish ports for the last month show that the practice of demanding declarations not to re-export to an enemy country is of no efficacy at all events in the case of metals.

Malmö imported 6th March, 1915 :

1,000 barrels American lard came in lighter from Copenhagen and were shipped to Germany by S.S. *Bismark*.

100 cases American pork from Göteborg to Germany.

150 barrels red oil Eagle Brand with S.S. *Nissan* from Göteborg to Germany.

Extracts from a report dated 22nd April : Gothenberg. Sixty-five barrels of fatty oil marked OCEI/65 ex-steamship *Nordpol* have during the week ending the 18th April been despatched from Göteborg by the S.S. *Elbe* to Hamburg for account of the Hanseatic Oil Company, Beim Alten Weisanhaus Hamburg. The following shipments of lard have been observed during the last fortnight :

From Malmö :

8th April : 250 barrels lard by S.S. *Nissan* to Germany.

13th April : 150 barrels lard by S.S. *Nissan* to Copenhagen to Lübeck.

13th April : 100–200 barrels small grocery lard from the North Packing and Provision Company, United States of America by S.S. *Halmstad* to Germany.

13th April : 300 barrels American lard.

It will at once be granted, that the substance of these reports was no mere gossip and rumour ; and that even if explanations could have been given with regard to some shipments, the general state of affairs could hardly have been satisfactorily explained. It is, moreover, important to remember, that what was happening in Sweden had occurred a few months before in Denmark, for Sweden was obviously being used as a base by the Chicago meat packers. This, if borne in mind, will show, that from a comparatively early date, the Anglo-Swedish controversy on contraband trade differentiated itself from all others. When the Chicago meat packers first flooded the Danish market, the Danish authorities quite freely admitted what was occurring, and took remedial measures ; our complaint against them was that they seemed rather helpless, but never that they equivocated or withheld explanations. The Swedish attitude was different : from the outset the Swedish authorities refused to admit, that the administration of their laws and decrees could be discussed with the representatives of a foreign state ; and they refused, consistently, to give us any figures of the quantities of contraband exported under licence from the country. This was the great point of difference between the conduct of the Swedes and the conduct of the other European neutrals.

II.—*The detentions ordered by the contraband committee*

It will be understood that the contraband committee felt bound to deal severely with cargoes that were part of a trade so suspect ; indeed they could hardly have claimed to be doing their duty, if they had allowed these enormous shipments of lard and meat stuffs to pass unhindered. It must be added, however, that the general evidence of an illicit trade between Sweden and Germany was far stronger than the evidence as to the destination of particular cargoes. Having given examples of the quality of the first, it will be as well to do the same for the second. The

detentions that most exacerbated the rising controversy were the detentions of the ships *Balto*, *Grekland*, *New Sweden* and *Nike*, which were stopped and ordered to unload a large portion of their cargoes. The consignments thus stopped were mostly American meat products; the pretext being that an enemy destination was suspected. What, however, was the strength of the suspicion, apart from the common knowledge that there was a large re-export trade between Sweden and Germany? It has to be admitted that the evidence against the consignees was weak.¹ In addition it seems certain, that in some cases, the contraband committee ordered consignments to be unloaded merely because they were absolute contraband. The customs authorities, for instance, were ordered very carefully to examine a case marked machinery, when they were unloading the lard, bacon, and meat that were ordered to be discharged from the *Grekland*. The customs reported that this machinery consisted of agricultural machinery, and of three high speed large lathes for turning steel. To this the customs added: They are made of cast iron and steel. A metal plate attached bears the name Greaves Klusman and Company, Cincinnati, United States of America. The committee ordered that these lathes should be prize courted, because as there was reason to suspect an enemy destination. One may be permitted to wonder what the reason was: nothing at all was known about Axel Christianssen, the consignee, or about Greaves Klusmann, the manufacturer. The machinery could certainly have been used in a munition factory; but this, in itself, proved nothing. An order almost exactly similar was given for discharging some antimony from the *Japan*; nothing incriminatory was known about the consignee, M. Kjellborg of Göteborg; in fact the committee's minutes read as though the discharge was ordered solely because antimony was absolute contraband.

If, then, the points at issue during the first part of the Anglo-Swedish controversy are reviewed impartially, the conclusions that seem proper to be drawn are: (i) that with such evidence before them of a large re-export trade between Sweden and Germany, the contraband committee were forced, by circumstances, to order detentions but: (ii) that many of the discharges ordered would not have been upheld by a judicial body. Also, it should be added that these orders for detentions *in terrorem* were ill adjusted to policy; for the Swedes had two powerful retaliatory weapons ready for use: their pit props, and high grade ores (both of which were essential to us), and their control of the transit traffic to Russia.

¹ Précis of evidence against the suspected consignees of goods shipped to Sweden in the *Balto*, *Grekland*, *New Sweden*, *Nike* and *Japan*.

Sandstrom, Strane	Had previously forwarded chemicals to Riedel of Berlin, and was now receiving tools.
Eric Johnsen, Göteborg	Had previously received lard from Swift and Company in S.S. <i>Maraccas</i> . The captain of the <i>Maraccas</i> had apparently made a few indiscreet remarks when his vessel was examined.
Christianssen and Thorgessen	Also a consignee of some part of the <i>Maraccas</i> cargo. Noted as being very active in selling all kinds of goods to Germany. The known connections of the firm were, however, all with American houses.
Buch and Company	Said to be a middleman between the Austrian Government and the Recoil Rifle Company. Known to have sold hides to Germany. Suspected because there was no good reason why such a firm should be dealing in lard.
P. Melin	A consignee of part of the <i>Maraccas</i> cargo.
Mayström, Malmö	Known by the Foreign Office to be exporting lard to Germany.
Kjellborg	The consignee of antimony in the <i>Japan</i> . No information.

These successive detentions were protested against, and justified, in a number of communications, which dealt more with particular circumstances than with the general principles involved ; but while these communications were being exchanged, the Swedish authorities committed themselves to a course of action, which still further emphasised the difference between their policy, and the policy of the other northern neutrals. It has been shown that these detentions and discharges were, at first, inflicted fairly equally upon all the Scandinavian shipowners ; but that several large Danish companies voluntarily gave us undertakings not to deliver suspected consignments ; and that these agreements eased the restraints imposed upon neutral shipping. Now, comparatively early in the year, a great Swedish shipowner, M. Axel Johnson, expressed himself willing to give undertakings similar to those given by Captain Cold, M. Andersen and M. Mygdal : the negotiations for an agreement were almost concluded, when the Swedish government intervened, and forbade M. Johnson to proceed any further in the matter. This, then, was another very important difference between the attitude of the Swedish and the attitude of the Danish, Norwegian and Netherlands governments : these latter had actively encouraged all private agreements for relieving trade ; the Swedish government positively forbade them.

In addition to this, and at about the same time, the Swedish government refused to make any more additions to their list of prohibited exports, and placed restraints upon the transit trade to Russia, by ordering that goods with a Russian destination should only be allowed to leave the country, if a licence to export them were applied for and granted ; and by refusing to allow arms and ammunition to pass to Russia at all. The Swedish authorities intimated, that every licence granted for passing goods to Russia would be balanced by a licence to re-export an equivalent quantity of goods to Germany. When affairs were in this posture, the steamer *Ernest Cassel*, which was carrying a cargo of Swedish magnetic ore to Rotterdam, was brought in. As it was not disguised that the ore was intended for Germany, the cargo was ordered to be put in the prize court, and then dealt with under the March order. The two governments, British and Swedish, were now standing upon two sets of contentions that could only be resolved by further negotiations. The Swedish government refused to admit that any ship could be detained, or any cargo removed, by virtue of the March order, as the order was in itself illegal ; they claimed, moreover, that as we had not declared magnetic iron ore to be contraband, and as we could not legally stop the domestic exports of Sweden, so, this detention was entirely *ultra vires*. We, on our side, could not admit one particle of these contentions. In addition to this, and giving force to the controversy, were the unresolved complaints that each party had been making against the other since the beginning of the year : the Swedes maintaining that if we suspected consignees we had no right, on that account, to detain cargoes, as the Swedish decrees were being so enforced that dishonest traders could not evade them : we replying that we had so many reasons for knowing the Swedish decrees were being evaded, that we could not allow suspected consignees to receive their goods. The only point upon which the two governments were agreed was that the December agreement had broken down.

III.—The Swedish government display their sympathies by allowing certain irregularities

Thus far, the Swedish authorities had not openly shown that their conduct was influenced by their political sympathies ; soon afterwards, however, they became party to an irregularity that was only to be explained by their notorious inclination for the Germans. In March, Sir Cecil Spring-Rice reported rumours that the Swedish embassy at Washington were transmitting messages, in their own ciphers, for the German diplomatic service. The matter was investigated, and strong

indications were discovered that the Swedish minister at Mexico city was transmitting messages to Stockholm, for his German colleague. When a complaint was first made to Count Wrangel, he answered, airily, that there could be no truth in the rumour ; our authorities were, however, so convinced that there was substance in the reports they had received, that they presented a note, and demanded a reply. When thus pressed, Count Wrangel assured us, on his government's behalf, that no cipher messages from a foreign representative would henceforward be sent by Swedish official agency, but he added that he was not authorised to discuss the facts. This was, virtually, an admission that there had been an irregularity : it gave us a considerable advantage in the discussions that followed ; when our censorship of neutral mails and telegrams became involved in the controversy upon contraband cargoes. In addition, our assistant commercial attaché was, at about this time, involved in a troublesome affair with the Swedish police : the incident was rather trivial, but the Swedish authorities, by their method of conducting it, showed, clearly enough, that they resented Mr. Phillpott's enquiries into the state of trade between Sweden and Germany ; and that they intended to thwart and obstruct him, if they could. This also was a disturbing symptom, that nearly every Swede in official employment had a strong inclination for Germany : the German minister and his advisers were notoriously performing duties similar to those performed by Mr. Phillpotts, without being so much as criticised.

IV.—*The Swedish government agree to negotiate*

It seems clear, however, that the Swedish government were watching this rising controversy with some alarm ; for, when giving such explanations as he was allowed to offer, Count Wrangel engaged in a long and conciliatory conversation with Sir Eyre Crowe, and assured him that the Swedish government, the prime minister in particular, desired an accommodation. Sir Eyre Crowe replied, that we had repeatedly invited the Swedish government to come to a settlement ; but that there could be none, unless the Swedish authorities admitted our right to stop contraband from passing through Sweden to the enemy. Count Wrangel was obviously acting on instructions ; for, practically simultaneously, M. Wallenberg suggested, that the two governments should come to a temporary accommodation, on a few urgent matters, and, then open negotiations for a general settlement. The matters then chiefly in agitation were : that we had pre-empted a large number of cotton cargoes for Sweden, by virtue of the cotton agreement with the United States ; and that we were so consistently refusing licences for shipments of rubber and rubber goods, that tennis balls were practically unobtainable in Sweden. Even the king had been compelled to abandon tennis playing, and this appears to have exasperated him against us. The outcome of these more conciliatory conversations was that we undertook to release a considerable amount of cotton and rubber ; and that Swedish licences were granted for transmitting a list of goods prepared by the Russian military attaché. As for the general settlement, the Swedish government agreed to receive a special mission for negotiating it.¹

This special mission, which was composed of Mr. Vansittart, Mr. Lancelot Smith, Mr. Cleminson, and Mr. Hambro reached Stockholm in the last days of June, and Mr. Vansittart at once became aware that the negotiations entrusted to him would be very much influenced by the political inclinations of the delegation

¹ The bases of discussion agreed to, which were subsequently the subject of controversy, were these : Removal of all obstacles to free commercial interchange between the United Kingdom and Sweden for their respective products ; removal of obstacles to passage of letters and telegrams between Swedish and neutral countries ; freedom of imports into Sweden of all goods from neutral countries in quantities necessary for home consumption in Sweden ; security that goods imported into Sweden on basis of such an agreement will not be re-exported so long as their export is prohibited ; transit trade across Sweden between Great Britain and Russia. See Telegram 521 from Stockholm, 19th June, 1915.

with which he was in treaty. It will therefore be necessary, at this point, to make a brief retrospective survey of what was then known for certain about Swedish policy, and what was still uncertain about it.

V.—The domestic politics of Sweden

For several years before the war, the Swedes had watched the growing rivalry between the two groups of great powers with more partiality to the German group than the Danes, the Hollanders, or the Swiss, had ever shown. In his yearly report, issued just before the war, our minister stated that the party which desired to take up arms on the German side during a general war was strong enough to be a danger. After reviewing the balance of parties in the country, he concluded :

The possibility, therefore, must always be taken into consideration that any government in Sweden, however desirous it may be of maintaining Swedish neutrality, may either be swept from office on the outbreak of a Russo-German war, or else forced by public opinion to take sides with Germany. The reasons for this, which are not so easily understood before one has come into personal contact with the Swedish atmosphere and *Stimmung*, become more intelligible after one has been here even for a short time. It then becomes evident that the Swedes do not see as clearly as the Swiss, for instance, that their independence depends on that very neutrality, and that as a small state, if allied with a great empire like Germany, they would become merely hangers on, forced to follow the line taken by the larger power, which would be practically an overlord.

This forecast of a general excitement, in which the wilder party would exert great influence, proved to be very accurate ; for, notwithstanding that M. Hammarskjöld and his ministers desired to keep the country neutral, they were yet obliged to make a very threatening statement about Swedish intervention, during the diplomatic crisis that preceded the war. We had therefore good reasons for knowing, from the outset, that the warlike party in Sweden could shake the government, and force it away from its chosen course, in moments of excitement, and this was exactly what our minister had foreseen. From the beginning of the war, therefore, Swedish intervention had been an acknowledged danger ; and every indication that the danger was advancing, or receding, was most carefully scrutinised, both in Stockholm and in London. All despatches containing appreciations of Swedish politics were regularly circulated to the cabinet.

This first threat of intervention was, however, soon withdrawn ; and it became clear the Hammarskjöld government had only made it, because they had not then accurately assessed the strength of those parties who desired intervention, and of those who desired neutrality, and had thought, quite wrongly as it proved, that they would only remain in office, if they rallied to the party that desired war. Since then, the state of Swedish sentiment had become clearer, and the government had been able to set their course accordingly. There was not the slightest doubt that the court, the high nobility, and the garrison at Stockholm were anxious to take up arms on behalf of Germany, for they detested the Russians, and were disgusted at the democratic clamour that resounded in almost every public utterance that was made by a statesman of the western allies. The queen of Sweden very candidly announced her preferences. The officers of the Stettin regiment collected a large number of shrapnel scraps, chips of iron, empty cartridge cases, broken bayonets, dead men's helmets, and other debris from the battlefields, made them up into a crown, and caused it to be presented to the queen by some ladies-in-waiting. The queen was so far from being disgusted at a symbol of royalty that had been cleaned of human blood, human brains, and human viscera before it was put together as a crown, that she announced, openly and without disguise, that she would wear it, when she greeted the regiment on its return to Stettin : Crowned with the laurels of victory. It is to the honour of the Swedish press, that at least one editor had the courage to say that a crown of such materials was a most repulsive present, which no woman should have accepted.

Now the court party, being wealthy, and commanding a powerful press, could make a great clamour at any given moment. The party was weak, however, because its leaders in parliament were, for the most part, dull, bigoted men, and because the party's allies outside parliament, the army and navy, were little better endowed. The Swedish navy had, it is true, produced one man, Admiral Lindmann, who had presided over a conservative cabinet; but this was more because Admiral Lindmann was a very wealthy man, and the owner of a newspaper, than because he possessed the talents of a statesman. Another weakness was that the most gifted men in the court party, upon whom the king and queen relied for guidance, were persons of high standing and character, it is true, but men with little or no experience of political manœuvre. Dr. Sven Hedin, traveller, archæologist and writer, and M. Heidenstam, a very gifted poet, were the king and queen's most intimate councillors; both were emotional men, with a passionate affection for Germany, which they conceived to be a sort of radiating point for everything that was high or noble in Europe.

The greatest weakness of the party was, perhaps, that desiring war, they yet had no good pretext for declaring it. If what is called the Åland islands question was excepted, there was no outstanding, unsettled, issue between Sweden and Russia; and the Åland islands question was not one of those urgent controversies that precipitate war. The matter stood thus: The Åland islanders were a population of Swedish fishermen and dairy farmers, who had lived quite happily under Russian rule since 1809; for, after being ceded to Russia, the islands were made part of the duchy of Finland, and the population enjoyed the constitutional liberties granted to the duchy. The islanders were, in any case, too poor and hard working to be much concerned that they were under foreign rule, for their farms are deep in snow, and their harbours are blocked with thick ice, for several months in the year; and it is from this frozen soil, and from this ice bound sea, that they have to earn their living. The islands are, however, a sort of bridge between western Finland and Sweden, and the Russian government were bound by a convention (dated 1856) not to fortify them.

This old convention put the Russians into something of a difficulty; for if the German fleet had ever attempted to operate in the gulf of Finland, their fleet commanders would assuredly have done their utmost to seize these islands, and to use them as an advanced base. The Russians were, therefore, bound to take precautions, and the precautions they took might, on a very narrow interpretation, have been called a breach of the convention; for they built entrenchments, gun emplacements, and, in fact, did whatever was necessary for repelling an attack from the sea. While doing this, however, the Russian government undertook to remove all these field fortifications, when the war was over, and it may be taken as tolerably certain, that the Swedish general staff and the Swedish government knew the islands were not being turned into an arsenal, or a regular place of arms, which was the danger against which the convention provided. It was, thus, quite futile for the publicists of the court party to proclaim that the Russian garrison on these islands was: A pistol at Sweden's head (which some had the folly to do); and it was equally futile for Dr. Sven Hedin to say they were a *Suecica irredenta*, for the mass of the nation knew they were nothing of the kind.

Far stronger than this court party was that section of the Swedish people, which the Hammarskjöld government represented: the traders, the middle classes, and the educated farmers. This section of the nation shared some, but by no means all, the sympathies of the court and of the high nobility: being patriotic, and inclined to what were then called liberal opinions, they disliked the Russian government; having many affiliations with the German universities and with German commercial houses, they were friendly to Germany as a nation; but this general sympathy did not incline this section of the Swedish people to embark upon a military adventure

on the German side. They hoped, and the Hammarskjöld government hoped with them, that the war would end with no marked advantage to either side. This middle party was, however, a potential source of danger to us, because there was no strong line of cleavage between them and the court party; and because most of their leaders admitted it might be necessary to take up arms on the German side, though not for the reasons given by M. Sven Hedin and his emotional colleagues.¹ They would probably have rallied to the court party, if the German empire had been seriously endangered by the Russian armies, for it is significant that the Hammarskjöld government became restive and anxious, whenever the coalition against Germany seemed to gain strength. When M. Wallenberg first threatened to intervene on the German side, he excused the threat by saying, that Great Britain seemed to be on the point of taking up arms against Germany; and that the Swedish government could not stand neutral, if Germany were to be crushed. When it seemed certain that the Italian government would join the entente powers, M. Hammarskjöld and his ministers again became very uneasy, and advised the King of Sweden to send a doubtful, ambiguous, message to the King of Italy: the message caused us some concern at the time. It is, therefore, one of the curiosities of political history that those disasters to the Russian armies, which were of such prejudice to the allied cause, confirmed this middle party in Sweden in their determination to keep the country neutral; in that they relieved the party of the only anxiety that might have determined them to make war.

In addition to the middle party, were the workmen and the socialists, who were divided between the two hatreds equally strong: hatred of their own army and nobility, and hatred of the Russian system of government. This party appears to have had a considerable inclination towards the allies; our minister often consulted the leader, M. Branting; and the party's representatives in the *Riksdag* severely criticised the Hammarskjöld government, for having allowed the controversy with Great Britain to become so heated, and to continue unsettled for so long.

Soon after the outbreak of war, the Hammarskjöld government grasped that the great mass of the Swedish people desired to remain neutral, and that a needless intervention would so divide the nation that the monarchy would be endangered. Having grasped this, they repeatedly assured the allied ministers that they intended to remain neutral, and the Norwegian minister at Stockholm, who was naturally a good judge of such matters, was satisfied the Swedish ministers meant what they said. But though convinced that the Hammarskjöld government had justly appreciated the wishes of the Swedish nation, and that they intended to bide by them, our minister was by no means certain that the ministry's ascendancy over the court party was an assured, permanent ascendancy; for while he reported: It may be stated, without fear of contradiction, that, for the moment at least, any serious fear among the Swedes that this country may be forced into the war has practically died away, he yet qualified this by adding: We cannot, even now, feel absolutely certain that this country may not eventually participate in the war (March 1915). Our minister therefore considered that every indication of political disturbance, and every rumour that the government were diverging from the course of strict neutrality needed careful scrutiny; and amongst the symptoms that most disturbed him was a rising anger against Great Britain, which was being expressed even in those newspapers that endorsed the government's policy.

This long digression has been necessary, in order to explain why the Anglo-Swedish controversy upon contraband slowly differentiated itself from all other controversies of the same kind. Ostensibly, the matters in dispute were always whether

¹ See the appreciation of the Swedish Government published later in the Norwegian paper *Tidens Tegn* (149783/f.11538/15). The Norwegian editor showed that they were a government kept in power by the left and centre parties, but yet a government of the right in that they were in the closest possible intimacy with all the editors and owners of the conservative papers.

this or that detention was justifiable, and whether the decrees for prohibiting the re-export of contraband were sufficiently embracing: actually, the government that conducted the dispute was influenced by preoccupations peculiar to itself. The Danish, Norwegian, Netherlands, and Swiss nations desired to remain neutral without reserve or qualification, and their governments were best obeying the national mandate, by standing aloof from controversies upon blockade and contraband, and by encouraging their traders and chambers of commerce to make such arrangements with the belligerent governments as would ensure a supply of raw materials for the national industries, and of food for the people at large. The Swedish government also desired to remain neutral, but the nation they represented did not desire neutrality as unequivocally as it was desired by the Danes, the Dutch, and the Swiss; for Sweden could participate in the war, without being immediately invaded. The Swedish people were therefore free to express their preferences without danger to themselves, and the Swedish government were under a mandate to respect the preferences and prejudices of an electorate that maintained them in power, during a time of peculiar anxiety. For reasons which they only were capable of appreciating, M. Hammarskjöld and his ministers decided that they would best secure the support of the nation at large, by treating the violent prejudices of the court party respectfully, by keeping on terms with them, and being prouder and stiffer than other northern neutrals, when disputed questions were in agitation.

VI.—The negotiations are opened with the Swedish government

This, then, was the position of affairs, when Mr. Vansittart opened the negotiation for a contraband agreement, and, as soon as he landed, he received news that showed that the Hammarskjöld government had determined to lean upon the court party during the negotiation; for the delegates appointed to treat with us were Admiral Lindmann, M. de Trolle, and M. Westmann, who were closely associated with it.

In his first statement to the Swedish delegates, Mr. Vansittart explained the instructions under which he was acting; they were: To ensure that commercial exchanges between Sweden and Great Britain should be as little impeded as possible; to secure guarantees that goods imported into Sweden should not be re-exported to Germany; to come to an arrangement whereby Swedish imports should be reduced to what was required for home consumption; and to secure a free passage for goods consigned to Russia.

It will, of course, be seen, that the third head of these instructions was the important matter; for this reducing of neutral imports to normal was the cardinal point of our whole policy, and the means whereby it was hoped to make the March order effective. Also, it was apparent to us, from the negotiations then being conducted at Berne, and from the readiness of the Netherlands trust to operate the system, that trading associations, trusts, and guilds would always be more ready to accept the system, and better able to enforce it, than governments and their departments of state. The policy of encouraging these associations had, it is true, been set back by the objections of the Norwegian and Danish magnates, and a temporary substitute had been found for it in the agreements with the shipping companies. The policy was, nevertheless, again in the ascendant, because no satisfactory alternative had been discovered. It was therefore on these two points: the reduction of imports to normal, and the establishing of an association for receiving and distributing these imports, that Mr. Vansittart laid most emphasis in his opening statement. After remarking that M. Wallenberg had himself agreed that the negotiation should be: For removing obstacles to the free import into Sweden of goods from neutral countries, required for home consumption, Mr. Vansittart explained that similar obstacles had been effectually removed in Holland by the Netherlands trust; and that the Swedish cotton spinners association had recently made an agreement with us,

whereby we were informed of the amount of raw cotton the association required, and were assured that the worked cotton would be consumed in Sweden. If, therefore, it was impossible, or inconvenient, to establish a central receiving and distributing trust in Sweden, would it not be possible to form separate associations of those trades and industries that imported food, textiles, metals, and propellants, and to conclude similar agreements with them? Knowing that many Swedish newspapers had represented these trading agreements as attainders upon the freedom of neutral commerce, Mr. Vansittart very carefully forestalled this objection :

The point I wish to make is this : under the present system we grant, for example, in the month of March licences to A, B, and C for various consignments of a commodity, and so on until it happens that the export reaches the stage of abnormality and we find ourselves unable to afford to part with any more. Now this does not seem to us satisfactory from the Swedish point of view, for it probably means that some Swedish traders do not get their share. Thus A, B and C were satisfied because they applied in March before any shortage or abnormality took place ; while D, an equally worthy applicant, who applied on the 1st April, could not be satisfied. Now this means that in fact under the present system we do to some extent and almost involuntarily control the distribution of goods within Sweden as distinct from export to that country generally. The proposal that we now have to make you would, on the contrary, mean that the distribution of the goods that we send to Sweden would be entirely in Swedish hands. This seems to us both fairer and probably much more satisfactory to you. We hope that you will consider our proposal as regards the formation of associations in this light.

VII.—*The Swedish delegation reject the British proposals*

It seems certain that the Swedish authorities had anticipated these proposals, and had decided that they would not accept them ; for, before they were actually presented, the leading newspapers in Stockholm were animating the public against them. The *Stockholms Dagblad* represented a Swedish import trust as : An instrument for giving England absolute control of Swedish trade ; then, after giving an account of the Netherlands trust the leader writer continued : It is apparently England's wish to subject Sweden and other Scandinavian countries to this inquisitorial control. It need hardly be pointed out that this would be unworthy ; it would be surrender. The *Svenska Dagblad* and the *Nya Daglight Allehanda* issued similar articles. From the outset, therefore, the negotiations were conducted to a disturbing accompaniment of a clamour from outside that the matters in dispute were to be adjusted to what the national pride demanded, and that they could not be treated as mere matters of business or convenience. Two days later, the Swedish delegates refused to consider the British proposals: their refusal was so unqualified, and their counter-proposals so harsh and peremptory, that the whole negotiation seemed in danger. First, the Swedes refused to admit that any cargo could be detained under the March order, unless it were contraband in consequence of which they declared they could not allow that the undertakings given in the December agreement (which referred only to contraband) should be enlarged. Secondly, they stated that they could never give any guarantee against re-export other than the guarantee of their laws and decrees, and that no negotiation would be possible, unless we formally acknowledged that their decrees were being properly administered, and desisted from any further enquiry into the matter. On the question of transit, they declared that a strictly neutral conduct obliged them to grant no favour to one belligerent, unless it was balanced by an equal favour to another ; in consequence of which, they informed us that the goods transmitted to Russia, and the goods re-exported to Germany, must be kept equal. They admitted our main contention, that imports should be reduced to what was necessary for home consumption ; but they claimed that they alone would be responsible for defining home consumption, and for calculating figures of normal imports ; they informed our envoys, with great emphasis, that neither the definition, nor the relevant statistics, could be discussed with a foreign representative. As this vague admission about normal imports was now the only joining point between the British

and Swedish proposals, Mr. Vansittart disregarded the proposals about the December agreement, and focussed the discussion upon this single point of union, by demonstrating that imports could not be reduced to normal, unless quantities were calculated beforehand, and monthly deliveries closely watched. Under any other system, abnormal imports only declared themselves to be so, long after the average figure had been exceeded. The Swedes, however, carefully disengaged themselves from any discussion of practical details; and maintained it was a matter of national pride that Swedish commerce should be regulated solely by the Swedish government. To this Admiral Lindmann added a curious warning, that any agreement concluded would have to be agreeable to the parliamentary party which he represented. This was presumably an intimation that M. Wallenberg's inclination for a business agreement, on the Swiss or Netherlands model, would exert no influence.

VIII.—*The importance of the Russian transit traffic through Sweden*

The British envoys were now satisfied that to persist in the first proposals would precipitate a breakdown, and were persuaded that it would be greatly to our prejudice, if the negotiation should fail so soon. First, and most important, was the damage that a breakdown would do to Russia. The German victory at Gorlice (1st May) had been accompanied by a subsidiary attack against the Russian-Baltic provinces, which was advancing rapidly. Early in July, when the negotiations with Sweden were in this posture, the Germans were holding Libau, and had driven the Russian forces from Courland. In the south, they had cleared Galicia, recaptured Przemysl and Lemberg, and were preparing a tremendous onslaught in Poland, on the line of the Narew and the Bobr, which the Russians had little or no hope of holding. Now the temporary arrangement, or *modus vivendi*, about Russian transit traffic, which was to operate while the negotiations were proceeding, was a substantial relief to the Russians, and was one of the few things we could do to mitigate their distresses. The longer the negotiations continued, the longer would the relief be assured. There was another danger to be apprehended from a breakdown: the Norwegian minister explained to us, that the negotiations were more entangled in political manœuvres than we knew; and that, if they ended abruptly, the delegates would certainly represent that arrangement had been impossible, because they had refused to compromise the national honour: these statements would, in all probability, be accompanied by a manœuvre to force M. Wallenberg to resign (who would be represented as less scrupulous of the national honour than the court party) and to replace him by a bigot of their own choosing. This caused the Norwegian minister much concern, and Mr. Howard, when reporting it, added: This is the first time that my Norwegian colleague has admitted the possibility of serious developments here. The British envoys, the minister and his French and Russian colleagues were thus unanimous that the negotiations must be kept alive at all costs.

IX.—*The negotiations renewed: new proposals submitted*

Mr. Vansittart was now convinced no agreement would be possible, unless he abandoned his proposals for an import trust, and granted the Swedish contention, that their export prohibitions should be treated as a satisfactory guarantee against re-export. He and his colleagues therefore prepared a plan, which, while embodying these concessions, gave our authorities as good assurances as could be secured on the two most essential points: the reduction of Swedish imports to normal, and the security for the Russian transit trade. The draft agreement that the British envoys now prepared was quite different from any agreement concluded with a guild or trading association; and, as the peculiarities of the agreement are probably a

record of what a neutral government (in contrast to a trading corporation) were willing to undertake, they deserve examination ; for it will be shown, later, that the Swedish authorities would have agreed to Mr. Vansittart's compromise.

First, as to the Russian transit traffic. During the long, wrangling, discussions that had preceded the negotiations, it had become apparent, that some articles which Sweden imported from Great Britain, though not very valuable or very bulky, were none the less of great importance to the Swedish industries. M. Wallenberg had expressed himself much concerned that licences were refused for hemp, jute, rubber and certain tanning materials, of which we controlled the supply, and had insisted that licences should be freely granted during the temporary arrangement that was to be in force while the negotiations lasted. In other words, coal was not our only instrument of pressure. Mr. Vansittart proposed, therefore, that the Russian transit trade should be secured by a system of proportional licences for British exports to Sweden, and for transits to Russia. The British delegates were conscious that the system would only be operated by incessant haggling and bargaining ; but, since the negotiations had begun, the Norwegian minister had discovered, that the Swedes would yield as little as they possibly could in the matter of Russian transit, as they had given undertakings about it to the German government. Later, the Swedish delegates admitted this was so. Such transitting to Russia as could be secured could, therefore, only be secured by economic coercion.

Secondly, Mr. Vansittart and his colleagues were persuaded that there would be no agreement, or even negotiation, unless they admitted that the Swedish government were to be solely responsible for operating every clause and condition ; for they received numerous hints, that the merchants would not be allowed to treat with them, even on minor matters. As this had to be recognised as inevitable, it followed that the Swedish export decrees, the Swedish calculations of normal importation, and the Swedish government's guarantees of home consumption would have to be accepted as full and sufficient security for the conditions to which we attached most importance. This, of course, was far from satisfactory, but the British envoys thought that the guarantee might be strengthened by a special arrangement. They therefore proposed : that the imports to be guaranteed by the Swedish government should be divided into two classes ; that no licences whatever should be granted for the first class ; and that goods of the second class should be imported in normal quantities only. In the first class of goods were placed arms, ammunition, military equipment, metals which were acknowledged to be of particular use in munition factories, leather, woollen yarn, and mineral oils : in the second class were goods, which, though contraband, were also articles of general trade.

The great disadvantage of the plan was that all goods on the first list would, henceforward, be sent to Russia by way of Archangel only. This was certainly of very great prejudice to our plans : the port of Archangel is closed by ice in the first days of November ; so that, if this condition were accepted, the western allies would be obliged to pass the military stores, equipment, and metal necessary for the autumn and spring campaigns in Russia into an ill-equipped, overloaded, port, during the two months of open navigation that remained. Moreover, when these new proposals were being elaborated, the Austro-German armies opened their attack on the Narew and the Bobr, and were everywhere successful. According to all appearances, therefore, the re-equipping of the Russian armies was going to be an exceedingly heavy task ; but it should be added that the Russian authorities were more anxious than our own that Mr. Vansittart's compromise agreement should be negotiated. The second disadvantage was, of course, palpable : all the friction and controversy antecedent to the negotiation had arisen, because the Swedish government had refused to allow us to know for certain how their decrees were being operated. By the agreement to be negotiated the Swedish government were to be recognised as the sole competent authority upon what

constituted normal imports and what did not, and this at a moment when their imports from America were above normal. For the ten months antecedent to April 1914, Swedish imports from the United States were valued at twelve million dollars; for the ten months antecedent to April 1915 the value was seventy-two million dollars. Finally, there was the disadvantage of which Mr. Findlay was so conscious, that the Swedish authorities, by being stiff, captious and unfriendly, would secure better conditions than those neutral governments who had been accommodating. Nobody was more conscious of these inconveniences than Mr. Vansittart, but his latest instructions were to keep the negotiations alive, and to present his plan on the understanding that it was presented *ad referendum* only. It was therefore a point scored, that on 13th July, the Swedish delegates undertook to examine these new proposals carefully.

X.—*The Swedish government's reception of the new proposals*

When he communicated his plan in writing, Mr. Vansittart represented how important it was to us to know, if only in outline, what tests of normal importation and home consumption the Swedish authorities intended to apply. The Swedes answered, as stiffly as ever, that they would never allow us to discuss facts or figures with them, and that they would never agree that averages from the statistics of normal years could be made the basis of computation. They undertook that a state commission should judge what was home consumption and what was not, on the merits of each particular case. The truth seems to be that the Swedes, realising that the conditions about normal consumption would be the central point of the negotiation, were preparing for a stiff opposition to the bare principle; for it was at about this time that they instructed their minister in Washington to propose that the United States government should unite with them in resisting the British condition. In his first reply, the secretary of state answered that his government would have to consider whether Swedish trade would be limited by the consent of the Swedish government, or whether the limitation would be imposed upon them by the British; in the latter case he acknowledged, that the situation might be such as to require consideration by the United States government. The Swedish minister then re-stated the case in the abstract terms that the United States government generally employ in their notes of protest:

I do not doubt that the amounts proposed by England are equal to the normal, but as I see it, that is not the point at issue: Has a belligerent the right to limit commercial intercourse between two neutrals. The theory of such a course seems repulsive, even though the limitation is actually no limitation.

The secretary of state replied very guardedly to this, and the negotiation came to nothing: the correspondence is, however, interesting as evidence of the Swedish intentions.

By the middle of July, therefore, the British envoys had so far succeeded in their task of protracting the negotiations that two sets of draft articles, a Swedish and a British one, were being examined by the delegations: the two lists, and the guarantees to be given in respect to each were common to both projects. The Swedes, however, added a new condition, that ships were not to be detained for more than forty-eight hours, if their papers were in order; in addition they stated that they must have satisfaction in the matter of mails and telegrams. Our case on this point was strong. We were, it was true, censoring mails from neutral to neutral, but only when they passed through our territory. This in no way violated the convention that mails found on the high seas were to be inviolable, indeed it was a duty that no state at war could have neglected to see to it that no communication passing through the national territory should assist an enemy. The censorship of telegrams was necessary for the same reason, and it has been shown that protests against irregularity in the matter of telegrams came very ill from the Swedes. The

Swedes were, however, pressing their case so obstinately that our envoys were doubtful whether they were not intending that the negotiations should fail at once, and, just when matters were in this posture, the Swedish prime minister made a public utterance, which gave us great concern, in that it implied that the government were again contemplating intervention.

First, M. Hammarskjöld reviewed and criticised the opinions of those who maintained that neutrality should in no circumstances be abandoned, and stated that he and his ministers could not endorse this at all. M. Hammarskjöld then supplemented this by saying : That it would be inopportune to state the eventualities which might make it impossible to preserve peace ; but that circumstances other than the extreme case of invasion would be thought as serious as invasion itself. This statement was made at a moment when the negotiation between the two delegations was extraordinarily difficult : every word was an obstacle (to quote Mr. Vansittart) and the Swedes were putting so high a meaning to the words national honour and national pride, that they positively objected to the words, reasonable quantities, as being an encroachment upon Swedish sovereignty. Moreover, it was impossible to separate the Swedish premier's curious and ambiguous statement from the measures of military preparation that the *Riksdag* had sanctioned before adjourning.¹ Mr. Howard and Sir Eyre Crowe were both convinced that the speech was intended only to intimidate the mission : the Russian minister was, however, very anxious, which is not surprising, as the disasters to the Russian armies in Poland were continuing without abatement. When asked to explain this speech, however, M. Wallenberg assured us that it was for home consumption and not for export ; in that it had been uttered only to placate the court party. M. Wallenberg added, with some generosity, that neither he nor the premier would ever try to intimidate the British envoys, as everybody knew they were not men who could be intimidated. The premier's speech, though less alarming than had at first appeared, was, therefore, fresh evidence that the government with which we were in treaty were so obliged to keep on terms with their rivals, that they were hardly masters in their own house.

XI.—A draft agreement is provisionally accepted

Notwithstanding all these difficulties, the British envoys succeeded in preparing an agreed draft, by the first week in August. During the technical investigations that had been undertaken during the negotiation, it had been discovered that a year's imports of the goods that Sweden required from us, and of which we controlled the supply, were considerably more valuable than a year's imports of those Swedish goods that were essential to us : bar iron, pig iron, steel, and pit props. Thanks to this favourable balance of essential trade, the British representatives were able to secure Russian transitting, and a supply of Swedish goods, by a system of exchanges, which were to be settled by mutual agreement at the beginning of each month. (Articles 1 and 2.) On the question that had caused the envoys so much misgiving, whether transit licences to Russia were to be made equal to re-export licences for Germany, the envoys could get little satisfaction. Admiral Lindmann denied that his government intended to equate the two ; and his denial was recorded in writing. The British envoys were, however, convinced, that the

¹ The bills had a nasty look because they all referred to mobilisation. They were :

- (1) A general mobilisation bill.
- (2) A bill respecting care of women and children in war time.
- (3) A bill for commandeering horses, automobiles and boats in war time.
- (4) A bill for giving railway facilities and free passage to mobilised soldiers.
- (5) A bill for exempting workmen in essential industries from mobilisation.
- (6) A bill giving a credit of 30,000 kroner for the expenses of a special commission on preparation for war.

admiral had made this statement with considerable mental reservations, and did not know what value could be attached to it. The essence of the agreement was in the third article, which contained Mr. Vansittart's first compromise: that goods not to be exported should be divided into two lists; that no export licences whatever should be granted in respect to goods on the first list; and that goods on the second list should be on the list of prohibited exports, and should be imported for Swedish home requirements only.¹ The two great concessions to the Swedes were: that no provision was made for estimating, or for announcing, figures of normal consumption; and that the British government would rely on the *Handels Kommission's* certificate as sufficient evidence that the quantities necessary to Swedish home requirements were not being exceeded. The British envoys had, however, secured one point, which was that the goods for which the *Handels Kommission's* certificate was to be granted would be announced before the ship sailed. It is just possible that this condition would have secured us a right of remonstrating, if certificates had been improperly granted. The envoys never stated, unequivocally, what value they set upon these Swedish undertakings that imports would be reduced to normal; having realised for weeks past that no other guarantees would be obtained, they probably thought it fruitless to speculate on their value. The remaining articles were less important: a compromise was struck on the matter of detentions, by promising demurrage to ships that were detained for more than three days; the Swedes agreed to recognise our right to detain cargoes, if we had clear proof that the cargo was intended for an enemy; but no concessions were made to the Swedish contentions on the matter of mails and telegrams.

XII.—The draft agreement was thought dangerous; but could not be rejected outright

This draft agreement was so different from the agreements being negotiated at Berne and the Hague, and from the agreement then in contemplation with the Danish guild, that it might very properly have been called an exception to the general system of control that was being elaborated. As such the agreement would have announced to all neutral Europe that our policy had come to a check and this was not the only danger. Reducing neutral imports to normal was now recognised to be the only practicable way of giving effect to the March order in council; but even when the principle was recognised by neutrals, and when they communicated their own estimates of normal consumption, freely and without equivocation, agreement was only reached after laborious negotiation and discussion of details. It was, therefore, virtually certain that the Swedish authorities, having constituted themselves sole judges of this essential matter what was, and what was not, necessary for domestic consumption, would have made calculations and estimates, which, even if communicated to us, would have been thought doubtful by our experts. Under this agreement, our doubts and suspicions would thus have gathered strength in the worst possible circumstances. Being aware, from their general conduct of the negotiations, that the Swedes would not admit that their import and export trade

¹ The lists as finally agreed were:

List A.—Goods the import of which is to be limited to normal quantities, but the export of which is to be absolutely prohibited: Antimony, aluminium (including salts and alloys), chrome and alloys; copper (with a few specified exceptions); hides and leather; molybdenum; nickel; rubber; tanning materials; tin; tungsten; vanadium; wool.

List B.—Articles the import of which is to be limited to normal and placed on the Swedish prohibition list if not already on it: Asbestos; bran; cereals; copper alloys, including brass or bronze; cotton and cotton waste; explosives; flax; glycerine; graphite; gluten foods; hemp; jute and jute goods; lard; lead; lubricating oils; meat in all forms; maize; manganese ores and allies; mercury mineral oils; nitrate; nitric acid; oils and fats, oil cakes; oleine; paraffin wax; phosphates; resin; oil seeds and oil nuts; sulphur and sulphuric acid; wire.

should be adjusted to the provisions of the March order, our authorities would have been suspicious from the start. Their suspicions would have been strengthened by reports from the contraband committee that exceptionally heavy shipments of this or that commodity were passing, and by further reports about doubtful exportations from our expert observers. These partial inspections, and isolated facts about great movements of trade had hitherto proved a singularly good propellant to controversy.

All this was well recognised by the Foreign Office authorities, but they did not feel at liberty to reject the agreement on that account. The issue before them was whether it was the best that could be secured from a country that was notoriously much elated at our enemy's successes in the field, at a time when our enemies were pressing on from victory to victory, and when our own armies were at a standstill. The Foreign Office's preoccupations are best expressed in one of their instructions to the envoys :

I agree that it is important for us to tide over the next few weeks or even months, during which we should avoid particularly affording Sweden any pretext for taking up arms. I am not convinced that the mere failure to arrive at an agreement would, in fact, afford such a pretext, or would drive Sweden into war or into an attitude even more unfriendly than she is displaying now. But if you and His Majesty's minister apprehend such a likelihood, it may be necessary to conclude some agreement. If, however, any agreement we can get is bound to be unsatisfactory, and if, as is possible, a change in the political situation in the Balkans and Dardanelles should before long improve our position, then the narrower the scope of the agreement, the fewer the points on which we make concessions, and the longer we continue the negotiations before signing the better. If we must have an agreement intrinsically bad merely because not to have one at all would be dangerous, it will be well to restrict our engagements as much as possible to general principles, and to avoid the difficulty of making definite and extensive concessions by resorting to the adoption of formulas sufficiently vague to slur over and leave unsettled the actual points on which agreement is found impossible. I accordingly suggest, for your consideration, as the course least objectionable in the circumstances, that you should continue to the best of your ability to discuss the Swedish proposals generally on the lines you are already following, pressing for such concessions as you can, and in case of a threatening deadlock, seeking refuge in a general formula. It will be desirable that you should make it clear that you are not definitely committing His Majesty's government, or that you have their specific authority for putting forward or provisionally accepting, any particular proposal. Your general attitude should in fact be such as to lead up to your initialling a draft agreement *ad referendum* for submission to His Majesty's government in the hope, as you may put it, that the fuller explanations and arguments which you will be able to lay before them verbally on bringing home the draft may induce them ultimately to accept it.

This course would allow of the mission being eventually withdrawn without the appearance of a rupture, whilst it would enable us, after conferring with you, to decide whether in the last resort to make the large concessions demanded by Sweden.

Meanwhile we have it in our power provisionally to meet genuine Swedish requirements with such liberality as regard for the position of Russia and our own needs of Swedish commodities may demand.

Warsaw had fallen a few days before this agreement was struck ; and the German advance in the Baltic provinces was being continued without interruption. Mitau had been in German hands since the beginning of the month ; Kovno was, it is true, resisting precariously, but nobody believed the resistance would be much protracted : there was thus no sign that the German advance could be checked. On the other hand, we had just opened a new assault on the Turkish positions at the Dardanelles, and it was not admitted that the operation had failed, hopelessly, until much later in the month ; even the generals on the spot still hoped that the army would carry the Suvla position. It was therefore more urgent than ever to gain time, and the Foreign Office decided to recall the envoys to consult with them. They informed the Swedish authorities that they would not be able to pronounce upon the agreement, until the middle of September.

XIII.—The Foreign Office decide that the agreement should not be ratified

When the complete text of the agreement was received in the Foreign Office, Mr. Parker, of the contraband department, represented strongly that it should not be accepted. This was agreed to, for Sir Edward Grey countersigned Mr. Parker's minute, and ordered it to be circulated to the cabinet. Meanwhile, however, it was becoming evident that the system of reciprocal exchanges of essential goods, and of bargaining for Russian transit with licences for coal, rubber, tanning materials, tin and wool—a system which the envoys had tried so hard to elaborate—was being operated without the agreement. A succession of temporary arrangements were agreed to by M. Wallenberg and Mr. Howard; and M. Wallenberg, after saying that he would prefer no agreement at all to an agreement that both sides interpreted differently, intimated that he would be prepared to regulate commercial intercourse between the two countries by these periodic, renewable, bargains. These provisional accommodations, renewed from time to time, after hard bargaining it is true, but without serious difficulty, presumably strengthened Sir Eyre Crowe in the opinion that he had expressed during the first part of the negotiation, and to which he had subsequently adhered: That the Swedes did not intend to go to war, and that without any agreement, we had the means of preventing the accumulation of great stocks in the country:

The advantages of an agreement (he wrote) cease to be operative from the moment that the safeguards offered are, in practice found not reliable. This proved to be the case at an early stage as regards Sweden. From this point of view we shall be better off without an agreement than with one. We are getting on quite well with Norway without an agreement. We shall also have to contemplate getting on, as hitherto, without an agreement with Switzerland. I agree, therefore, with the Swedish minister for foreign affairs that it will on the whole, be preferable to have no agreement with Sweden. I do not anticipate that this will make relations with her more difficult than they are now. We shall have failed to improve them. That is all.

Both sides were therefore anticipating a state of affairs that would be unregulated by any agreement, during the weeks that followed upon the recall of our envoys. It was, moreover, during those same weeks that the military situation, which, throughout, had been so doubtful, and which had influenced the Foreign Office so much, became easier to appreciate. The allied armies did not, it is true, gain any of the success that the Foreign Office had hoped for, when they sent their last instruction to the envoys; for the British army was checked at Suvla, and held at Helles: in the western theatre, the French and British armies attacked the German lines, and were defeated. On the other hand, the great anxiety about the Russian armies was slowly dissipated, for, by the end of September, they were standing on a line which they held to the end of the year. Arrangements for re-arming and equipping the Russians were, moreover, proceeding apace, and no doubt was entertained that the Russian armies would still be in the field in the coming spring. It was in these circumstances that the contraband department, with Sir Eyre Crowe's full approval, determined to prepare a new agreement, on the model of the agreements being negotiated elsewhere, and to present it to the Swedes with the intimation that it contained everything we could possibly concede, and that we should not allow it to be modified. The draft articles were presented on 10th October, and M. Wallenberg, realising that all hope of concluding a formal agreement was now gone, said that things might go on as they were without much harm. The negotiation was soon after declared ended in an exchange of notes.

CHAPTER XVII

SUPPLEMENTARY MEASURES, BUNKER CONTROL, AND THE INSPECTION OF NEUTRAL MAILS

Early attempts to control the export of coal.—Enquiries into the state of foreign trade in coal and the policy provisionally adopted.—The Admiralty's suggestions.—British predominance at all the transatlantic coaling depôts.—The control of coal exports to neutral countries.—The policy of the coal committee.—The consequences of reducing British exports of coal to Sweden.—The inspection of neutral mails.—Postal services become the subject of international conventions during the nineteenth century.—The first censorship of neutral mails.—Proposals for making the censorship more uniform ; the British cabinet's reluctance.—The letter mail still untouched ; representations from the censor's department.—The naval authorities act independently ; the discoveries made when neutral mails are examined.

THE great rationing agreements, which have been described in the preceding chapters, may be called the economic plan finally pursued ; for nearly all subsequent additions were agreements for bringing particular commodities, or groups of commodities, within the operation of the system. There are, however, two great exceptions to this ; for two measures—which persons competent to decide consider to have been the most powerful engines of the entire machinery—were in no way affiliated to the rationing system, but were reinforcements to the whole operation, or general securities for enforcing any agreement concluded. The first of these measures was bunker control, the second was called navicerting. Bunker control was elaborated and put into operation during the year 1915, concurrently with the rationing agreements : navicerting was only elaborated during the following year. At this point, therefore, we are only concerned with the first.

I.—Early attempts to control the export of coal

As coal was in the contraband lists of the declaration of London, its export was forbidden in one of the earliest proclamations issued. This prohibition caused the greatest anxiety to shipowners, and to all those British coal jobbers who have set up depôts in foreign countries, Messrs. Cory, Wilson & Sons, Blandy and the rest ; the proclamation was, therefore, revoked soon afterwards. Our representatives abroad, on the other hand, perceived, from an early date, that the withholding of coal exports might be a powerful coercive weapon. Suggestions were frequently made : our consul at Stavanger, for instance, reported that the Norwegian exports of tinned fish and groceries might be severely curtailed, by restricting the coal supplies of the canning factories. Mr. Findlay was of the same opinion ; early in April he advised keeping down Norwegian imports of British coal, which, he said, could be used as a most powerful lever in case of crisis. Later, when asked to give his opinion on a French proposal for pressing the Norwegian government to prohibit the export of pyrites, Mr. Findlay reported, that it would be inadvisable to ask the Norwegian government to prohibit the export of a domestic product, but that the desired result might be obtained by exercising supreme pressure, such as a threat to refuse coal to Norwegian ships throughout British and allied possessions. Mr. Findlay was careful to temper this by adding, that, if it was ever decided to refuse coal supplies, in order to coerce the Norwegians, the matter would have to be most carefully considered : the Norwegian state railways held a six, and the retailers and jobbers a three, months' stock of coal ; hasty ill-conceived coercion would, therefore, only make the Norwegians bestir themselves to secure a

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supply of German or American coal. Similar suggestions and cautions are to be found in the telegrams sent from Scandinavia during the first part of the year ; but the export of coal was again forbidden, for an entirely different reason.

Among the anxieties that beset the government few were, perhaps, so pressing as the rising price of domestic coal, and the steady rumble of discontent and turbulence that came from the coalfields. The following dates and facts should be remembered. On 20th January, 1915, the price of coal rose by two shillings a ton ; by the middle of February, it was nine shillings above its pre-war price, notwithstanding that more coal was raised during that quarter than had been raised since war began. Early in April, the Welsh miners gave three months' notice on their agreements ; this synchronized, roughly, with a demand from the miners federation that wages should be increased twenty per cent., and with threats of an early strike from the leader, Mr. Smillie. In March, however, a committee convened by the Board of Trade presented their report : they recommended, amongst other things, that the export of coal should be controlled, in order to ensure an adequate supply to the war industries and the people ; and that licences for export should be granted by a special committee. The export of coal was therefore regulated by a new decree, issued on 13th May, whereby export was forbidden to all foreign countries, but allowed to countries in the British empire. This decree, which was issued for reasons purely domestic, was the starting point of a great coercive system.

II.—Enquiries into the state of foreign trade in coal and the policy provisionally adopted

The Foreign Office were not concerned with the domestic problem, but our representatives in Scandinavia were at once instructed to report how licences should be granted. The point to be ascertained was whether the Germans would be able to make good any reductions that we might order. Ostensibly, our predominance was so great that the Germans would have little chance of doing so ; for, in normal times, their coal exports followed the line of the Rhine, and it was only in the two countries at each end of the river line, that the German supplies exceeded the British. In all countries whose coal imports were sea-borne, our predominance was overwhelming.

<i>Coal imported from Great Britain.</i>			<i>Coal imported from Germany.</i>
2,018,401 tons	..	Netherlands	.. 7,217,606 tons
3,034,240 tons	..	Denmark	.. 316,069 tons
2,298,345 tons	..	Norway	.. Insignificant
4,563,076 tons	..	Sweden	.. 184,707 tons
Insignificant	..	Switzerland	.. 2,290,854 tons
727,899 tons	..	Greece	.. Insignificant

Our ministers were, however, persuaded that these statistics of normal distribution gave no guidance on the point at issue. It certainly seemed, at first sight, as though the German government could not increase the country's exports ; for German production had fallen by thirty per cent., and all exports were prohibited by decree. Even the Netherlands imports of German coal, which were carried along the easiest line of supply, had fallen sharply. Nevertheless, our ministers and their expert advisers were not satisfied that these facts, alone, proved that the Germans were unable to increase their exports. On the contrary, it seemed as though the restraints upon German exports of coal had not been imposed for the sole purpose of securing domestic supplies ; for there were indications that the Germans were collecting stocks, which were to be used for driving bargains with neutrals. According to Mr. Findlay's information, the German authorities had recently made a substantial offer of coal

and coke supplies to a firm with whom they were in treaty. From Denmark, Sir H. Lowther reported, that the Germans could export more coal to that country if they chose to do so ; and that the probable consequence of severely curtailing British exports would be that the Danes would, thereby, be driven further into the orbit of the German exchange system. There were equally good reasons for not curtailing the exports of coal to the Netherlands, for the available statistics proved, that, in this market, we were gaining on the Germans.

The proper treatment of Sweden was the most difficult matter to decide, for expert opinion was divided. Captain Consett, the naval attaché, was convinced that the Swedes could not replace British by German coal. Mr. Phillpotts, on the other hand, was by no means persuaded, as he had collected information about prospective offers of large deliveries. The question was not, however, one which could be settled by passing judgment on these balanced probabilities. It was very important that there should be no falling off in the deliveries of Swedish ore and Swedish pit props ; and the coal exports committee were satisfied, that these two industries were largely dependent upon British coal. Apart from this, as thirty-three large firms in Sweden were in contract with the munition makers at Sheffield, it was of the last importance to ensure that these Swedish houses should receive as much British coal as they wanted.

The enquiry thus proved that nothing should be done hastily ; and a temporary policy was decided upon. It was that licences should be freely granted for export to Holland ; that Danish imports should be kept to the normal figure of 3,200,000 tons per annum ; and that the exports to Norway should be so controlled, that the stocks in the country should be kept down. With regard to Sweden, it was decided that licences to export coal should only be granted, if the director, or manager, of the ship that carried the coal gave an undertaking that the ship would bring back one ton of iron ore, and two tons of pit props, for every three tons of coal granted. Beyond this, it was ruled that licences should be severely scrutinized, and granted sparingly, unless the consignees were a Swedish government authority, or the Swedish state railways. The practical effect of this was that coal exports to Sweden were more severely restricted than the exports to any other northern neutral ; the consequences will be described later.

III.—The Admiralty's suggestions

An elaboration of the system was now suggested from another quarter, the trade division of the Admiralty. Since the beginning of the year, Admiral de Chair had maintained four patrol lines across the main stream of traffic between America and northern Europe ; and had maintained another patrol off the Lofoten islands, to intercept vessels running in the ore trade between Narvik and Rotterdam. Two things were now established by his observations ; the first was that the number of vessels that evaded his patrols was rising ; the second was that although ships carrying ore from Narvik were occasionally arrested, the traffic as a whole could not be stopped, as the ships engaged in it could keep within Norwegian territorial waters by day, and clear the patrols by night. The trade division of the Admiralty therefore conceived a plan for ensuring a better control over neutral traffic, and this plan was the beginning of bunker control, which all expert observers believe to have been the most powerful coercive machinery in the whole blockade system. Our consul at Stavanger reported that vessels in the Narvik ore trade, and many vessels that carried herrings to Germany bunkered at the Tyne, or in Sunderland. Orders were therefore given, that these vessels should be refused bunkers. This was the first step actually taken.

The trade division now prepared a plan for elaborating the system, and the Foreign Office strongly supported it. After several joint conferences therefore a memorandum on bunker control was issued to the customs, the licencing, and the coal committees, and to the consul at any foreign port, where British coal was stored for bunkers.

The contents of this famous memorandum were as follows :

(i) That no coal would be supplied to any vessel trading with a German port, or to any vessel carrying goods of enemy destination or origin.

(ii) That no coal would be supplied to a vessel chartered to an enemy subject or a blacklisted firm.

(iii) That, in order the better to perform the conditions imposed, all vessels supplied with British bunker coal were to call voluntarily at a British port ; all vessels supplied with British bunker coal were to receive approval for the cargoes carried from a neutral to a neutral port ; all vessels supplied with British bunker coal were to secure certificates of origin for all cargoes exported from Scandinavian countries ; all vessels supplied with British bunker coal were to refuse cargo space to goods consigned to order.

The conditions were, therefore, that British coal would only be supplied to companies and shipowners, who bound themselves to observe, and execute, the existing orders in council. As has been said, those officials who administered the blockade have always considered that the imposing of these conditions was one of the great strokes in the economic campaign. It will therefore be profitable to assemble a few facts and figures, which illustrate the magnitude of the success, and the importance of the points secured.

IV.—British predominance at all the transatlantic coaling depôts

The long investigations that had been undertaken, while this order was incubating, served to shew that our power to enforce it was irresistible ; for, whereas in northern Europe, Germany might become an alternative source of coal supply, in the Atlantic, our predominance was not to be taken from us. The countries and islands that lie on the great trade route, or at their terminals, received their coal supplies exclusively from Great Britain ; the figures were these :

<i>Coal imported from Great Britain.</i>			<i>Coal imported from other sources.</i>
22,608 tons	..	Azores ..	.. Negligible.
131,751 tons	..	Madeira "
1,114,629 tons	..	Canary islands "
1,886,871 tons	..	Brazil "
723,926 tons	..	Uruguay "
3,693,752 tons	..	Argentine "

In each case, at least two thirds of these coal supplies consisted of steam coal, for steamers that bunkered in mid Atlantic, or at the grain and meat ports further south. The United States were, it is true, a possible rival, but it must be remembered that the vast bunkering plant at the Canary islands, Pernambuco, Rio, and the Plate ; the coal lighters, the tugs, the tips and so on, were all in the hands of such British firms as Cory, or Wilson & Wilson. A mere increase of American exports would not, therefore, have ousted us from the position we held. Apart from this, the calorific value of American bunker coal is far lower than that of the British. It was, just possible for a vessel to take in enough American coal for a round trip to Europe and back, but no shipowner desired to do so, as the bulk of the coal thus

carried enormously reduced the cargo space. In point of fact, nearly all the vessels on the north Atlantic, and all the vessels on the south Atlantic routes bunkered from British firms. It is therefore very little exaggeration to say, that the conditions imposed in October 1915 closed the holds of all neutral shipping in the Atlantic against goods of German origin or destination. As the British holds were already closed, very little carrying power can have been left for the German trade.

It is, unfortunately, impossible to make an exact, quantitative estimate of the restraints imposed: but the following facts and figures are a guide. It cannot be said that those Scandinavian shipping companies who agreed to carry out the March order signed the agreements solely to secure bunker coal; for Captain Cold, M. Anderson, and M. Mygdal bound themselves to our conditions before bunker control was so much as thought of. But a list of the dates on which the other agreements were signed shews that our bunker conditions were a strong incentive; in any case, bunker control soon became the safeguard, or guarantee, that the agreements could be enforced. Now if total number of ships, and the total tonnage, of all the companies that were bound to us by formal agreements are added up from Lloyds List, it will be found that the totals come to about seven-tenths of all Scandinavian shipping; it may be assumed that most of the remaining three-tenths was engaged in the coastal and Baltic trade. This calculation therefore confirms the general inference that most of the holds in the transatlantic trade were closed against German goods, after the bunkering conditions were imposed.

Other figures are available, which show how powerful was the coercion imposed. In October, 1915, when the system first began to be operated, rather less than two hundred vessels were passing the northern patrol, east bound and west bound. Of these about one-third called voluntarily for examination, about a half were intercepted and examined, and rather less than a quarter escaped successfully. During the following year, when the system was in full operation, the proportion of the traffic that called voluntarily rose steadily, until it reached three-quarters of the total; the proportion of vessels that evaded the patrols fell to between two and five per cent. of the whole.

V.—*The control of coal exports to neutral countries*

A few words should be added about the subsequent fortunes of that more general plan of coercion from which bunker control was derived. With regard to the Netherlands and Denmark, little or nothing was attempted; for our coal exports to those countries were not substantially reduced. In Norway, where Mr. Findlay had for long been considering how British coal supplies might be made an instrument of coercion, something was accomplished. After long enquiries, Mr. Findlay prepared a list of genuine coal dealers, and to these firms, and these firms only, he allowed coal to be supplied on condition that they would not permit it: To be re-exported, nor delivered, directly or indirectly, to enemy ships, or to enterprizes which are controlled by enemy subjects, or which send their products to such countries. This guarantee proved, later, to be a great coercive force, which put a large section of the Norwegian industries at our discretion, and considerably reduced the trade in foodstuffs between Norway and Germany, for this could not be carried on without the assistance of British coal. Mr. Findlay was careful, however, that this system of control, when operated, should give the Norwegian dealers and traders more favourable conditions than were granted to the Swedes; for it appeared to him to be of the last importance, that no Norwegian should be able to argue, that the Swedish government, by being stiff and obstinate, had secured more advantages for their traders than the Norwegian government had secured for theirs. In particular, Mr. Findlay was anxious that no restraints should be exercised against the fishing people, by refusing coal for their trawlers. These fishing folk did, it is true, carry their catches to firms and canneries that were

engaged in the German trade. This however, was, their traditional method of earning a livelihood, and for some peculiar reason, which is difficult to explain, the allied cause was nowhere so staunchly befriended in neutral Europe as it was in the fishing villages and the fiords of Norway.¹

VI.—*The policy of the coal committee*

Mr. Findlay's policy was only executed in part ; for the coal committee's practice was not in harmony with it. They, being much concerned with domestic problems, were anxious that nothing should be done to stimulate the discontent and turbulence of the Northumberland miners ; and, as the coal imported by Scandinavian countries is mostly raised in Northumberland and Durham, so, licences to export were granted, more in order to keep certain pits at work, than to deprive Norwegians engaged in the German trade of British coal. In August, for instance, licences were granted to Messrs. Hansvikthrow, who shipped sardines for Germany, and to M. Alfred Johansen, who was on the black list. A week later, the *Ariadne* left Blyth with a cargo of coal for M. Stensrud of Skien, who was shipping canned fish and preserves to Germany. The cargo was, moreover, sold on the open market, and without guarantees, by Messrs. Proesch, who were also on the black list. Examples could be multiplied.

The conflicting purposes of the coal committee and of Mr. Findlay were thus another repetition of the recurrent conflict between those officials who endorsed the Board of Trade's view, that maintaining British exports must be made a cardinal point in our economic policy, and those other officials, who desired to subordinate every commercial advantage to the prosecuting of the economic campaign. The two policies were never put into harmony ; but Mr. Findlay's plan was not completely thwarted by the coal committee ; for it is unquestionable that, by prosecuting it as far as he was able, he brought a large number of firms and industries within the orbit of the British system.² On the other hand, the coal committee, in the interests of the coal industry, certainly allowed substantial quantities of British coal to be supplied to firms engaged in the German trade. Mr. Findlay's major contention that Norway, as a whole, should be less rigorously treated than Sweden, was, however, acceded to in practice, for our coal exports to Norway were kept roughly at the normal figure during the year : those to Sweden were much reduced.

VII.—*The consequences of reducing British exports of coal to Sweden*

It is somewhat curious, that although expert opinion was so very divided on the question whether Sweden could, or could not, be severely coerced by reducing British coal supplies to the country, the policy adopted was a policy of drastic reduction. Normally, Sweden imported about four and a half million tons of British coal in a year ; in the year 1915, about two and three quarter million tons were imported. The explanation is that we were severely restricting all exports to Sweden during the summer and autumn of 1915, and that this sharp reduction in the coal exports was part of the general policy.

¹ This community, which can hardly be credited with much knowledge of international politics, had recently given an extraordinary proof of their sympathies. On 8th August, 1915, H.M.S. *India* was torpedoed and sunk, while she was on the Norwegian patrol. The survivors reached Narvik, where the population gave them a wonderful reception. The very poorest people brought them food and dry clothing when they came ashore. Several of the survivors died of exposure ; their funeral, to quote Captain Kennedy, was most impressive ; the coffins were covered with flowers, evergreens and wreaths, sent by the authorities and the inhabitants of Narvik and the surrounding districts who all attended to show their sympathy. This was the more remarkable in that the *India* had been endeavouring to intercept Norwegian ore, and that several vessels had actually been arrested and sent in during the previous weeks.

² See tabular digest of rationing system. Chap. XV.

As has been said, Captain Consett, the naval attaché, had reported that these reductions could safely be made, as the Germans had not the labour necessary for increasing their output. According to his observations, moreover, there was a shortage of coal in Berlin; and Captain Consett was satisfied that German coal could not replace British, as it was of a poor quality: he did not explain why this bad coal was yet good enough for the enormous industries of the Rhineland, for the German railway system, and for the German fleet. In any case Captain Consett was very much deceived. By the middle of August, Mr. Howard reported indications that large deliveries of German coal might be expected during the coming weeks; nor was he mistaken, for, by October, it was apparent that the German authorities were making a great and successful effort to replace British coal by German. By the end of November, Mr. Phillpotts was able to collect figures, which proved that about 200,000 tons of German coal were then being sent to Sweden every month; this was more than Germany sent into the country in a normal year. By the end of the year, therefore, this attempt at coercion had been tried and had failed, and must be counted among the set-backs of the campaign.

VIII.—*The inspection of neutral mails*

The order to search neutral mail bags, and the information collected from them, must be reckoned as another supplement to the general system; but whereas bunker control, though an auxiliary to the system, was yet a coercion of commerce, which would have reduced German trade, if it had stood by itself, the inspection of neutral mails was merely an aid to our system of discriminating between enemy and neutral trade. The order to open neutral mail bags was, however, of peculiar interest in that it was an order to return to an older custom. It will therefore be instructive to discover what were the older practices, and why it proved so difficult, and yet so essential, to revive them.

The first point to be remembered is that the older generation of international lawyers do not mention postal correspondence in their books, notwithstanding that post offices were then established in all the big towns of Europe, and that a considerable volume of postal correspondence was being carried by sea. The explanation of this is that the governments of Europe did not at first concern themselves with postal services for the motives which now influence them: postal services are now regarded as a social service, which governments perform, in order to promote the welfare of their subjects; but they were not so regarded by the governments that instituted them. The act establishing a general post office in London is explicit as to motive; the office to be set up was: The best means of discovering, and preventing, many dangerous and wicked designs, which have been, and are daily, contrived against the peace and welfare of this commonwealth, the intelligence whereof cannot well be communicated but by letter of escript.¹ As originally constituted the post office was thus an intelligence service, comparable to department MI 5 of the War Office. Presumably foreign governments took the same view of the matter: it is known, at all events, that Mazarin's intelligence service was very good, and that he made use of intercepted letters and despatches during the negotiations for the Westphalian treaty.² For these reasons it was natural, that the first generation of international lawyers should have regarded postal services, and the treatment to be given to them, as a matter as much outside their subject as military tactics, or strategy, to which, indeed, they were closely connected.

The first general post office proved to be a very efficient organ of intelligence; for Thurloe's state papers are filled with intercepted letters. Indeed if anybody only turns over the pages of that great collection he will soon see that, in those days, very few letters escaped censorship. The privileges of foreign ambassadors were

¹ *Statutes at Large* 1657.

² Bougeant: *Histoire du Traité de Westphalie*. See also, Wicquefort: *L'ambassadeur et ses fonctions*. Eng. trans. p. 359.

not respected ; for the collection is packed with despatches from the French, Spanish and Dutch ambassadors to their governments abroad. After the restoration, the efficiency of the post office was as high as it had been during the commonwealth ;¹ for it is as certain as anything can be, that the Rye House plot was discovered from intercepted letters. It was, presumably, because the governments of those days regarded postal correspondence as a fountain of essential intelligence, that they generally continued postal services to countries with which they were at war : the packets, as they were called, ran without interruption to Holland, during the Dutch wars, and to France, during the first part of the war of the league of Augsburg.² After restraints had been imposed, great care was still taken that some of the mid-European mail should be carried through Falmouth. Foreign governments kept pace with us in ransacking mails, wherever, and whenever, they could be found ; the imperial postmasters searched all mails at the frontier ; and the French government offered a bounty to any privateer, who should intercept the packets running between Falmouth and northern Spain.³

Up to the beginning of the eighteenth century, it is tolerably certain, that, although mails were inspected whenever they could be found, mail bags entering or leaving the country, or mail bags passing through it, were our principal sources of information. During the following period, it would seem as though our system of inspection was made far more embracing, and that arrangements were made with foreign postmasters. Chesterfield states, unequivocally, that a large part of the Jacobite correspondence was intercepted,⁴ which could not have been done unless the mail bags of central Europe had been inspected by agents in our pay ; and it is on record that the postmaster at Brussels forwarded letters, or copies of them, to Walpole, in return for a large sum. Again, Bishop Atterbury's conviction must surely have been secured from evidence that was collected, in part, from foreign mail bags.⁵ Indications of our practices during the latter part of the century are not so good : it is known, however, that the Spanish ambassador's despatches were regularly copied and deciphered during the seven years war ; and research would presumably show a continuous, and steadily perfected, system of interception up to the close of the French wars.⁶ For the evidence placed before the Admiralty court, when Lord Stowell stated the law relating to official despatches, could only have been collected, if all mails discovered on the high seas were then being opened, as the despatches upon which judgement was given were always disguised as neutral correspondence.⁷

It was not until the long struggle with France was finished that there were any legal rules on the matter at all ; and, even then, the rules related to despatches, and not to ordinary letters. Despatches that related to the official business of a country at war were deemed contraband, and a neutral carrying them exposed his whole ship and cargo to condemnation : exception was made in favour of the official and diplomatic correspondence between a belligerent and a neutral ; but the judgements given state only that this correspondence involved the carrier in no penalty : it is nowhere suggested that the correspondence itself was not confiscable.⁸

¹ Bishop Sprat's *Account and Declaration*, etc.

² G. N. Clark : *War against French trade*.

³ *Code des Prises* I, p. 238.

⁴ *Works*, 1779, Edition Vol. III, p. 207. The rebels who have fled to France or elsewhere think only of their public acts of rebellion, believing that the government is not aware of their secret cabals and conspiracies, whereas on the contrary, it is fully informed of them. It sees two-thirds of their letters, and I have often had the very same man's letters in my hand at once : some try to make his peace at home, others to the Pretender to assure him that it was only a feigned reconciliation. If this was true, the mail between Rome and Paris must have been inspected for us.

⁵ Coxe's *Walpole*, II, pp. 284, 492. Mahon, *History of England*, Vol. II, p. 53.

⁶ Corbett, *Seven Years War*, Vol. II.

⁷ *Rapid* I, Edwards, 228.

⁸ *Caroline* 6 C.R., p. 465. *Atalanta* 6 C.R., p. 440.

This, then, was the state of the law, and the actual practice, at the beginning of the nineteenth century. Close and accurate research would probably reveal much that is here left blank ; but the inference to be drawn, from the known facts, can hardly be in doubt : it is, that for at least a century and a half, postal correspondence was regarded as a source of military and political intelligence ; as such, it was probably less immune from inspection and confiscation than ordinary commercial goods.

IX.—Postal services become the subject of international conventions during the nineteenth century

Now, although the law remained unchanged during the nineteenth century, postal correspondence became a subject upon which governments signed conventions with each other ; and in 1874, it became an international concern, inasmuch as a number of states then bound themselves to administer postal services on a uniform system, and to impose uniform charges. This convention, and all subsequent ones, regulated administration only, but as so many states were thenceforward bound to facilitate, and expedite, the postal correspondence of foreign countries, it followed, naturally, that mails began to be regarded as more privileged than ordinary goods, which are transported and delivered by individual merchants, and commercial associations. Even before the first universal convention was signed, the American secretary of state endeavoured in a vague, inconsequent manner, to give mails and mail boats special treatment.¹ He did not, however, introduce anything new in the point of practice ; nor can the writings of nineteenth century jurists be regarded as anything but illustrations of a growing tendency : a tendency to make distinctions unknown to the age preceding, and to regard postal correspondence as a privileged traffic. It was, however, a long time before the tendency was strong enough to introduce a substantial change into practice ; for, in 1900 the American supreme court reviewed the whole state of the law, and decided that : No provision for the immunity of mail ships had yet been adopted with the consent of civilised nations.²

The tendency was, however, so much strengthened by the interests of a commercial age, that the project presented to the second Hague conference is as much to be attributed to general circumstances, as to the German government, whose representative introduced it. During the previous century, jurists were inclined to claim privileges for postal correspondence, by urging that special immunities should be given to mail boats. The German delegate, Herr Kriege, realising that this was quite impracticable, proposed only that :

The postal correspondence of neutrals or belligerents, whether its character be official or private, shall be inviolable if it is found on a neutral vessel ; if the vessel is seized it shall be forwarded by the captor with as little delay as possible. Exception is made in the case of violation of blockade, if the correspondence is destined to, or starts from a blockaded port.

The rules in the preceding paragraph are applicable to postal correspondence found in an enemy vessel.

Although endorsed by the sentiment and tendencies of the day, this project was, nevertheless, an abrupt innovation : it cancelled and overrode the older law relating to enemy despatches, and it made postal correspondence a sacrosanct traffic. It is therefore curious, that the naval and military advisers to the conference uttered no syllable of warning against thus hastily abandoning a practice that had, hitherto, been considered essential to the conduct of war. As nothing resembling a caution was so much as whispered, the project was passed unanimously by the sub-committee to which it was referred ; the Russian naval delegate certainly doubted whether it would be wise to grant such wide exemptions to

¹ *Moore's Digest*, Vol. VII, p. 480.

² *Decisions in the U.S. Supreme Court*, Vol. III, p. 1994.

an enemy vessel, but his doubts were not elaborated into a formal objection. A warning was also issued by Monsieur Fromageot, who, as reporter, stated most emphatically that the project was not sanctioned by custom or precedent, and that it was a pure innovation. *Dans l'état actuel du droit international le transport de la correspondance postale sur mer n'est assuré en temps de guerre d'aucune garantie sérieuse. On fait bien une distinction selon le caractère officiel ou privé de la correspondance, selon la personnalité des expéditeurs et destinataires Le résultat n'est pas moins que, au fait, la saisie, l'ouverture de sacs, le dépouillement, au besoin, la confiscation, dans tous les cas le retard et même la perte, sont le sort ordinairement réservé aux sacs de dépêches voyageant par mer en temps de guerre.*¹ This warning was, however, issued after the draft articles had been accepted. When the German project was finally examined, Herr Kriege urged in support of it: That postal correspondence might be proclaimed inviolable, without danger, in view of the great advantages that belligerents would draw from telegraphic correspondence²; and this statement was not challenged by any of the naval and military advisers present. An ancient rule of war was thus formally renounced, and, what is more, a great obstacle was erected against reviving it; for the eleventh convention, in which this new rule was embodied, was signed by every power represented at the conference, except Russia: this meant, that although, on a strict interpretation of the law, the instrument was not binding upon the powers at war in 1914, it yet had all the status of an international convention, in that the governments of forty independent states signed and ratified it, and were thus interested in enforcing its observance.

X.—The first censorship of neutral mails

At the beginning of the war, our practice in the matter of letters was regulated by War Office requirements. During the twenty years preceding the outbreak, the governments of Europe had maintained secret agents in foreign countries, in order to collect particulars of new fortifications, coastal batteries, new ships, and such information about war plans as could be discovered. There were a number of these agents in Great Britain; and the War Office authorities thought it best not to arrest and try them, but to follow their movements, to ascertain what information they were transmitting to their employers, and, as far as possible, to leave them imagining that they were unobserved and secure. This had been effected by an arrangement between the Post Office and the War Office, whereby certain letters were opened and photographed; and this initial system appears to have been the starting point of what followed.

The War Office war book made provision only for continuing the existing system, and, if needs be, for enlarging it slightly. The arrangement was that application was to be made to the home secretary for warrants to open the mails of such persons as the War Office might consider suspect; it was also laid down, that, if it were desired to open foreign mails, then the Foreign Office, was to be consulted beforehand. The practice foreshadowed in the war book, of deciding whether mails should be opened from what was known of the addressees, soon proved quite inadequate; for, on 27th August, the War Office asked for a warrant to open all mails from and to Holland, Denmark and Norway; thereafter countries, not individuals, were brought into the system, and Sir Eyre Crowe, deeming the censorship to be purely military, said it would be enough, if the Foreign Office were notified of any extensions thought necessary. By the end of the year 1914, warrants had been issued for opening mails to and from all neutral countries in Europe; but the inspection still appears to have been very haphazard, as the officers in charge were

¹ *Actes et Documents*, Vol. I, p. 266.

² *Quatrième Commission Quatrième Seance, Actes et Documents*, Vol. III, p. 1121.

suffering all the inconveniences of having to administer a system for which no proper provision had been made. Their staffs were untrained and inadequate, the accommodation provided for them was insufficient ; in the confusion, the mails of neutral legations were often tampered with, and a large number of letters were passed on unopened.

It is difficult to say when it was first realised that the information collected from this correspondence would probably be of more use to the economic, than to the military, campaign. The censorship remained in the hands of the War Office, and all instructions issued drew attention to its military character. Nevertheless, a commercial branch of the censorship seems to have been instituted as a supplement to the war trade department ; for, from February onwards, there is evidence of a continuous movement of commercial intelligence, from the censor's office to the departments administering the economic campaign.

The treatment given to the parcels mail during these first months is something of a mystery. The warrants issued by the home secretary empowered the censor to open parcels as well as letters ; and, at an early date, the Foreign Office informed the customs and the post office, that parcels were protected by no international regulation, and could be put into the prize court, if needs be. Notwithstanding this, it is as certain as anything can be that a great stream of parcels from foreign countries, Germany included, passed through this country, unopened and unhindered, during the first year of the war. The explanation is, probably, that the censors, who were searching only for military intelligence, deemed letters to be of so much greater importance than parcels, that they did not attempt to bring these latter under inspection. Also, it seems certain, from what was discovered in these parcels later, that far more goods were carried from Germany by the parcel mail, than were imported into it. It will be remembered that German exports were not touched until the March order was issued, and even then, the parcels mail escaped attention ; for there is no mention of it in the minute books of the enemy exports committee.

When the March order was issued, our practice was therefore highly inconsistent and irregular. The censorship was still a military department which was only roughly and informally connected to the departments that were administering the economic campaign ; mails to and from the neutral countries in Europe were being inspected, if they passed through Great Britain ; but such letter mails and parcels as were found on the neutral steamers that were examined at the Downs and Kirkwall were being left alone ; parcels were not being opened to any great extent, as the military authorities, who alone were empowered to open them, were not interested in their contents. The inspection of neutral mails thus became a measure, which our authorities were forced to include among the other measures necessary for instituting a more rational system.

XI.—Proposals for making the censorship more uniform ; the British cabinet's reluctance

The French made the first move. As soon as their squadrons were instructed to enforce the March order, the Quai d'Orsay notified neutral powers, that parcels found in steamers inspected by their patrols would only be passed, if certificates of origin accompanied them. This proposal appears to have been unworkable ; for, soon afterwards, the French ships in the Mediterranean sent in parcels, and the French authorities drew our attention to the enemy goods found in them. It appeared, from this first inspection, that the enemy were making use of the parcels mail for despatching light, miscellaneous, goods, such as furs, medicines, and alarm clocks.

The French imagined we should at once go on a footing with them, but in this they were much deceived. The treatment of the parcel post was held to be a cabinet matter, and the cabinet hesitated to give the necessary order. They were, at all events, apprised of the matter early in June, when Lord Crewe circulated a paper to them, and many weeks went by, before their sanction was given. Their delicacy is difficult to understand. The parcel post was protected by no international convention; the British government were not even parties to the parcel post convention, which was an agreement similar to the general postal convention; indeed the German delegate at the Hague, had explicitly said his government did not desire that parcels should be differentiated from ordinary commerce. As for the censorship that we were operating, no rule of international comity debarred us from inspecting documents passing through our territory; nevertheless, letter mails were, in a sense, a protected traffic, in that they were immune in certain circumstances, whereas parcels were immune in none. Yet this protected, privileged, traffic was being opened and ransacked; the unprotected was running free, carried by British ships and railways, and the cabinet were reluctant to remedy these inconsistencies.

During the remaining months of the summer, evidence steadily accumulated that a stream of German exports was being carried through the parcel post. Sir C. Spring-Rice sent the names of about forty firms engaged in the trade; and the French sent returns of the enemy goods seized by them. Indeed, it would appear as though the French severities only deflected the stream into the British conduit; for, soon afterwards, the *Brooklyn Eagle* published an article for the instruction of all concerned in the trade; it was called: Furs by parcel post: Leipzig finds way to circumvent British blockade of goods. Early in September, the post authorities circulated the following figures to the interested departments:

<i>Parcels sent to per week.</i>			<i>Parcels coming from per week.</i>		
<i>Before war.</i>	<i>15th September, 1915.</i>		<i>Before war.</i>	<i>15th September, 1915.</i>	
50	400	.. Sweden	5	1,000	
Negligible	250	.. Norway	Negligible	150	
40	600	.. Denmark	30	4,500	
50	80	.. Holland	120	150	

These figures, the growing scandal of the traffic, and presumably, also, the strong representations of Sir Eyre Crowe (who attended at the meetings of a cabinet committee on contraband and blockade) forced the ministers to a decision which they disliked. Early in September, at all events, sanction was given to the customs to open parcels entering the kingdom, under the powers conferred on them by the war powers customs act. The sanction given, however, only brought parcels in transit through Great Britain under inspection, and Monsieur Cambon represented that British practice was still behind the French, in that parcel mails were not being seized by our patrols. It was not therefore until late in September, that orders were given to inspect parcels found on neutral steamers, and Sir Edward Grey stipulated, that a French cruiser should be attached to our patrol, as a public testimony that the French government shared responsibility with us.

XII.—The letter mail still untouched; representations from the censor's department

The parcels mail was quite distinct from the letter mail, yet this regulation of the parcels post inevitably introduced the bigger question of closing up every accessible avenue of trade or correspondence between the enemy and the outer world. In fact, before the decision to deal with the parcel mail was taken, the French warned neutral governments that they might be forced to declare themselves

free of the Hague convention ; and Sir Edward Grey, foreseeing that the inspection of parcels was opening up the bigger question of mails, and being very fearful of the political consequences, added a rider in his own handwriting to the notification given to neutrals. It was : That the privileges of mails, protected by the Hague convention, will continue to be carefully observed.

It seemed, at first, as though the German naval authorities would give us a good pretext for abandoning this convention ; for, early in August, the Norwegian mail steamer *Haakon VII* was stopped off Bergen by a German submarine, and the mails seized. Precise orders had evidently been issued to the submarine commander, for the operation was most carefully and methodically executed. Some of the allied mail was destroyed, another section of it was put aside, to be sent on to Germany ; parcels to allied countries were thrown into the sea ; and the officer in charge scrupulously repacked and resealed a funeral wreath with a British destination ; parcels and letters to America were not tampered with at all. The German historians have not yet published the original papers about this affair ; but the operation, and what followed, look very like another incident in the long struggle between the German naval and the diplomatic staffs : the order to seize neutral mails was presumably given by the naval operations division, without consulting the German Foreign Office, after which, the German diplomats probably represented, that if neutral mails were seized by German submarines, the allied patrols would also seize them ; and that, as the German submarines could not possibly operate as regularly and methodically as the allied naval forces, the outcome would be that the German mail would be permanently stopped, and the allied mail raided occasionally. This is the presumption, for the experiment was not repeated, and the Norwegian government were assured that mails carried in Norwegian vessels would not be tampered with again. The allied governments were thus not given any good pretext.

It has been shown, that the older practices with regard to mails were strictly logical : it was considered axiomatic that a government at war, or a government struggling against internal sedition, must collect information from every available source ; for which reason, no deposit of intelligence was immune from inspection. There is no reason for supposing that the military authorities who urged the government to return to the traditional procedure were thinking of anything but the business in hand, and certainly their contentions were so strong that they needed no support from historical precedents : yet it is curious to see how statements relating only to current business were, in effect, statements that what war and policy have demanded in one age will inevitably be demanded in another.

The French and British censors represented, that each time they enlarged the compass of their inspection, the new mails searched yielded information, for a certain period only ; after which, although the mail through the inspected channel continued, letters of importance were diverted to another, uninspected, route. Hitherto, the inspection had outstripped the diversion ; that is, new countries had been rapidly and abruptly brought within the system, with no notice given, and, as the correspondence running through these channels had a sort of momentum, so, a great deal of important information was collected, before the diversion could be operated. During the summer, however, the censors observed a growing diversion of mails to the one uninspected channel, the mail service between Scandinavia and America ; in consequence of which, they did not think the time was far off, when all letters containing information of value would be carried by this route. The censors considered, moreover, that we could enforce this inspection gradually, and with a tolerable pretext, in that a number of neutral mail steamers called at Falmouth and Plymouth, in the ordinary course of business ; we could therefore assert a right to inspect the mails they carried, as being documents brought into the country.

After this representation had been considered, Sir Eyre Crowe and the contraband department were convinced. The legal advisers thought that the inspection could be ordered on good grounds, in that even the Hague convention made mails seizable if they were run in contravention of a blockade; also, they thought there could be no objection to seizing enemy correspondence; and that, if the assumptions of the censors proved well founded, it would probably be easy to show, that a great part of the correspondence inspected was enemy correspondence, which was being carried on in violation of what we claimed to be a blockade. There was, however, one great obstacle: Sir Edward Grey's implacable dislike of tampering with neutral mails. It has been shown how he endeavoured to set up a barrier against this measure, by promising neutrals, that although the parcels mail would be inspected, letters would be left alone. He adhered most firmly to this, and subsequently wrote a succession of minutes in the same sense. When the S.N.O. at Duala added his representations to the many others that were then circulating, the Foreign Office sanctioned an inspection of the Spanish parcel mail, on the west coast of Africa, but Sir Edward added in his own handwriting: In no case should ordinary mails, as distinct from parcel mails be interfered with on the high seas. Again, when our minister at the Hague was instructed to enquire whether the inspection of the Dutch mail would be dangerous, he answered it would cause friction but would not be dangerous. It would seem, indeed, as though the Netherlands foreign minister admitted that neutral mails might properly be searched, if they were carried into the territorial waters of a belligerent. Notwithstanding this, Sir Edward Grey wrote upon the papers: I do not believe that the advantages of the step proposed will compensate the disadvantages. See that no action is taken without my having referred the question to the cabinet. The whole affair was thus being discussed to an accompaniment of strong objections from high quarters.

XIII.—The naval authorities act independently: the discoveries made when neutral mails are examined

It is to be assumed that the matter was examined by ministers during November and December, for a paper on the matter was circulated to them on 17th November. There is no record of their discussions; but it may be inferred, from the minutes on the departmental papers, that Sir Edward Grey opposed the proposal, and that Lord Robert Cecil supported it. Probably nothing was decided, for there is no trace of any cabinet order having been issued, when the censors and the Admiralty took the matter into their own hands, and began to remove mails from neutral steamers which called at British ports. Indeed this inspection had already begun, when Sir Edward Grey ordered that nothing should be done until the cabinet had considered the matter; for he wrote this on 6th December, and by then, three Dutch mail boats had been inspected and thirty-four mail bags taken out of them.

When the censors presented their report upon what had been discovered, even those who had been most apprehensive about the consequences of searching neutral mails must have been persuaded that the measure was necessary. The mails in the *Titan* and the *Prinzess Juliana* contained information about the trade in cocoa, wine, and miscellaneous goods, between Portugal, the Portuguese colonies, and Germany; the mails in the *Frisia* and the *Rotterdam* were choked with instructions for carrying on propaganda in neutral countries; and contained letters, which, taken as a whole, constituted a review of the commercial relations that were still being maintained between Germany and the Argentine. More important than all this, however, were a number of highly important documents, that were discovered in the *Prinzess Juliana*. The only inference that could be drawn was that intelligence necessary to the conduct of economic war was being carried in neutral mail bags;

that the censors had justified every prediction they had made ; and that, if we were to persevere in the task of discriminating between enemy and neutral trade, then, we were bound to continue as we had begun. It would seem, moreover, as though even Sir Edward Grey was now persuaded ; for, a few weeks after he wrote his last prohibitory minute on the departmental papers, he so answered a parliamentary question, that he virtually associated himself with what had been done.

Our official justification was, moreover, very much strengthened by the abuses that our authorities at once discovered ; for it was patent that the Germans were using the letter mail as a vehicle of trade. Rubber, jewellery, violin strings, and medicines were found in the *Tubantia's* mail bags ; rubber to the value of £400 was found in the *Gelria's* mail ; and four hundred small packets of coffee were found in the *Iris*. Each containing envelope was marked : Samples of no value. This constituted a manifest abuse of the postal convention. In our circular note to neutrals, we drew attention to all this, and further excused our action by arguing, that, inasmuch as the immunity granted to mails by the convention was inviolability while they were on the high seas, so, the immunity ended when the mail carriers entered the ports and harbours, or even the territorial waters, of a foreign power. It was, however, decided to limit the inspection to the mails of vessels that voluntarily entered British territorial waters ; the concession seemed safe, in that it was tolerably certain that all neutral mail steamers would then call at a British port, in obedience to the bunker regulations.

CHAPTER XVIII

CONTRABAND AGREEMENTS IN THE MEDITERRANEAN

How the naval commands in the Mediterranean were distributed, and what measures were taken for controlling commercial traffic.—The Austrian economic system.—The exits from the Mediterranean were largely under British control.—In what degree the Turkish empire was sensitive to economic coercion.—All projects of economic coercion subordinated to the naval and military plans of campaign.—Movements of enemy trade in the Mediterranean.—Why the politics of the border states obstructed an ordered regulation of enemy trade.—The peculiarities of Spanish commerce and the negotiations for a Spanish contraband agreement.—The restrictions placed upon enemy supplies during the summer of 1915.—The difficulty of regulating the contraband traffic in the eastern basin.—What opinions were held by the naval authorities about submarine operations in the Mediterranean.—How the Mediterranean commerce in oils and lubricants was conducted.—The misconception was not dissipated and many oil cargoes were in consequence detained.—More regular pressure is also applied.—Why Greece was sensitive to economic pressure when exerted by Great Britain.—A general agreement is concluded with the Greek government and the Standard Oil Company.—Montenegrin policy and the agreement with the Vacuum Oil Company.

AT a comparatively early date it became apparent, that although the direct trade to our enemies in the Mediterranean had been stopped by the allied squadrons, naval control would not, in itself, suffice to stop the contraband cargoes that passed to the enemy through border neutrals. The measures taken for suppressing this indirect trade were, in consequence, similar to those taken in northern Europe: neutral governments were pressed to prohibit the export and re-export of contraband, and measures were devised for watching the operation of their decrees. Nevertheless, the peculiarities of the Mediterranean theatre made the business of stopping enemy trade particularly difficult. In northern Europe, the naval squadrons that controlled commercial traffic in the North sea and the Channel had, from an early date, been supplemented by a powerful bureaucratic organisation, and by a vast system of commercial intelligence; for the contraband department of the Foreign Office, the contraband committee, and its agent, the tenth cruiser squadron, had soon welded themselves into an organ of control, which resembled a headquarters staff, in that it could watch the fortunes of the economic campaign, and plan and execute whatever circumstances demanded. In the Mediterranean, there was no central organ of the kind, for, in this theatre, naval control was exercised, partly by the French, partly by the Italians, and partly by ourselves. Each naval authority was responsible to his own government; and, inasmuch as the executive power was divided, it was impossible to supplement naval control by a central bureaucracy, as was done in home waters. The naval and military authorities of each government took such measures as they thought appropriate, and executed them independently.

This was not the only peculiarity of the Mediterranean theatre. The states bordering upon Turkey and Bulgaria were not comparable to the neutral states of northern Europe. Denmark, the Netherlands, and Sweden were highly organised countries, with highly organised commercial systems and powerful executives: Greece, the most important border neutral in the Mediterranean, was a state with provinces that are ordinarily supplied by a petty coastal traffic; the Greek province of Salonika was a province newly annexed to the country; in consequence of which, Greek law and Greek administration had been only recently imposed upon the inhabitants, and were not always effective. Secondly, naval operations against submarines influenced both our diplomacy and our measures for stopping contraband, which they never did elsewhere. Finally, our apprehensions that the Greek government might join our enemies, or the hope that they would ally themselves to us; the alternating predominance of Greek ministers, who were very friendly to us, and of others very distrustful of our policy and intentions, inclined us first to leniency, and then to severity, and so, made a uniform course of conduct difficult to devise.

I.—How the naval commands in the Mediterranean were distributed, and what measures were taken for controlling commercial traffic

By virtue of a convention signed on 6th August, 1914, the French commander-in-chief, Adiniral Boué de Lapeyrère, was made responsible for all operations in the Mediterranean, and all British commanders in the theatre were subordinated to him. From the outset, therefore, the stopping of contraband was a duty that fell to be performed by the French navy. We have very little information about the measures taken by the French, for Monsieur Guichard, the French historian of the blockade, hardly mentions them. Admiral Boué de Lapeyrère did, however, place squadrons across the great streams of commercial traffic in the Mediterranean: one force was stationed between northern Corsica and the Italian frontier, where it traversed the route to Genoa; another was placed between southern Sicily and Tunis. In addition, the French commander-in-chief maintained strong forces in the straits of Otranto. These squadrons occasionally acted vigorously. They detained a large number of ships bound to Italy during the last months of 1914; later, ships on the Barcelona-Genoa route were treated with great severity; but, beyond this, we know little or nothing about their operations. It would appear, also, as though the French added certain executive duties to the judicial work that was ordinarily performed by the *conseil des prises*. Strictly speaking, the *conseil* is the French prize court; by a special order, however, the French government instructed their boarding officers to inform the *conseil*, in writing, why they had detained a ship, and to forward such documents as would enable the *conseil* to decide how the ship and cargo were to be dealt with. The *conseil* were thus performing the judicial duties of a court, and those executive duties, which, in England, were performed by the contraband committee. The judicial decisions of the *conseil* have been fully reported, but we know nothing about their procedure in the matter of detentions and releases.¹ Also, it may be doubted whether the French force at the entrance to the Adriatic interfered seriously with commercial traffic, as its duty was purely military: to watch the Austrian fleet, and to bring it to action.

II.—The Austrian economic system

We have, therefore, no means of estimating by how much Austrian overseas commerce was reduced, after the entrances and exits to the Mediterranean had thus been closed; but even the most accurate statistics would be of little significance. The Austro-Hungarian economic system was, perhaps, the most continental in Europe, as only eleven per cent. of the country's total imports, and thirteen per cent. of its total exports, were seaborne. (See tables XXXI, XXXII and XXXIII.) Rather less than a third of the cereal imports were, it is true, brought in from overseas; but so great a proportion of the country's essential grains came from Roumania, that it was highly improbable the national diet would be reduced by the loss of the supplies that were normally carried from the Argentine and Russia. The Austrian textile industries were more sensitive to stoppage of sea-borne imports; but it was quite certain that the Austrian economic system, as a whole, would only be damaged by damaging the German; for Germany was Austria-Hungary's great market and

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¹ The *conseil des prises* is empowered by French law to condemn prizes; if judged by British standards, however, it is more a branch of the executive than a court of law. In 1916 it was composed of: A member of the *conseil d'état* (Chairman), another member of the *conseil d'état*; a representative from the civil staff of the French Admiralty, a third member of the *conseil d'état*; a representative of the French Consular Service; the legal adviser to the Foreign Office; the government commissary to the *conseil d'état*, a *secrétaire greffier*, and a *secrétaire adjoint*. The *conseil d'état* is a branch of the French civil service with an appellate jurisdiction in civil suits. It is empowered to consider and if necessary to revise the decisions of the *conseil des prises*.

TABLE XXXI
Principal trade of Austria-Hungary in 1913

Total Imports (in thousands of tons)—22,620		Total Exports (in thousands of tons)—18,717	
Total imports seaborne (in thousands of tons)—2,583 (11.4%)		Total exports seaborne (in thousands of tons)—2,594 (13.3%)	
IMPORTS			
Principal sources	Thousands of tons	Percentage of total	Quantity seaborne
Italy, Rumania	1,788	7.9	544 (30.4%)
Germany, Great Britain.	Unimportant		
	15,410	68.6	1,056 (6.8%)
Germany, Italy, Sweden, Spain.	2,588	11.4	622 (24.8%)
	Unimportant		
Germany, India, Russia	437	1.9	135 (30.9%)

EXPORTS			
Commodity	Thousands of tons	Percentage of total	Quantity seaborne
Cereals, foodstuffs and agricultural produce.	786	4.2	123 (15.6%)
Sugar	1074	5.7	622 (57.9%)
Wood, coal and peat ..	12,451	66.3	775 (6.2%)
Minerals	2,021	10.8	752 (37.2%)
Mineral oils	493	2.6	4 (.8%)
Textiles	Unimportant		

Principal markets	Quantity seaborne
Germany, Russia	123 (15.6%)
Great Britain, Turkey, India.	622 (57.9%)
Germany, Italy, Russia, Rumania, Switzerland, Serbia.	775 (6.2%)
Germany, Italy	752 (37.2%)
Germany	4 (.8%)

TABLE XXXII
Details of principal imports and exports of Austria-Hungary in 1913

Principal sources	IMPORTS (in thousands of tons)	Commodity	EXPORTS (in thousands of tons)	Principal markets
Italy .. (86.5%)	141	<i>Cereals, foodstuffs and agricultural produce—</i> Lemons, oranges, figs and other fruit ..	Unimportant	
Rumania .. (67.9%)	652	Maize	} 448	Germany .. (48.2%)
Argentina .. (14.7%)				Switzerland .. (8.4%)
Russia .. (53.1%)	111	Rye, barley, malt, oats, millet, rice, etc ..		Argentina .. (5.1%)
Rumania .. (39.6%)				
Germany .. (61.4%)	122	Potatoes	Unimportant	
Italy .. (19.6%)				
Germany .. (48.2%)	170	Onions, garlic, cauliflower and other vegetables	79	Germany .. (68.3%)
Italy .. (14.1%)				
Russia .. (12.9%)				
India .. (36.3%)	201	Linseed, hempseed, cotton seed, sesame seed, palm kernels, etc.	Unimportant	
Argentina .. (18.9%)				
Africa .. (12.4%)				
Russia .. (10.4%)				
Germany .. (50.7%)	63	Hay and straw	77	Germany .. (29.8%)
Italy .. (27.0%)				Serbia .. (25.8%)
				Turkey .. (19.4%)
	Unimportant	Sugar	1,074	Great Britain .. (47.3%)
				Turkey .. (16.3%)
				India .. (14.6%)
	Unimportant	<i>Wood, coal and peat—</i> Lignite	7,016	Germany .. (99.1%)
		Firewood, timber for all purposes, etc. ..	4,201	Germany .. (42.4%)
				Italy .. (29.4%)

Germany ..	(92.3%)	13,694	Coal ..	..	709	Germany ..	(63.6%)
Great Britain ..	(5.8%)			..			
Germany ..	(86.6%)	1,196	Coke and briquettes	..	511	Russia ..	(58.1%)
Great Britain ..	(10.7%)			..		Germany ..	(33.6%)
Sweden ..	(76.0%)	942	<i>Minerals—</i>		106	Germany ..	(99.0%)
Russia ..	(38.1%)	131	Iron ore ..	..	Unimportant		
Germany ..	(32.8%)		Lead, zinc, chrome, manganese and other ore	..	Unimportant		
Spain ..	(33.3%)	249	Sulphur ..	..	Unimportant		
Germany ..	(26.1%)			..			
Sweden ..	(18.8%)			..			
Germany ..	(55.9%)	236	Marble, granite, paving and other stones...	..	313	Germany ..	(77.6%)
Russia ..	(12.3%)			..			
Sweden ..	(8.0%)			..			
U.S. America ..	(26.2%)	213	Natural phosphate ..	..	Unimportant		
North Africa ..	(46.9%)			..			
Germany ..	(79.1%)	235	Sand ..	..	Unimportant		
		Unimportant	Limestone ..	..	599	Italy ..	(87.6%)
		Unimportant	Magnesia ..	..	200	U.S. America ..	(56.5%)
		Unimportant	Kaolin ..	..	190	Germany ..	(91.5%)
		Unimportant	<i>Mineral oils—</i>				
			Petrol ..	..	244	Germany ..	(61.4%)
				..		France ..	(20.0%)
			Benzine etc.	..	248	Germany ..	(51.2%)
				..		Belgium ..	(6.0%)
				..		Sweden ..	(5.2%)
				..		Switzerland ..	(5.2%)
			<i>Textiles—</i>		Unimportant		
		234	Cotton, cotton yarn and cotton goods	..			
U.S. America ..	(55.9%)			..			
India ..	(17.9%)			..			
India ..	(39.8%)	148	Flax, hemp and jute	..			
Russia ..	(29.7%)			..			
Germany ..	(16.2%)			..			

her source of supply. The yearly total of Austrian imports was 22·6 million tons, of which Germany supplied 16·5 millions, that is, two and a half times as much as was received from all other countries put together, and fourteen times as much as was taken from the British empire. In the matter of exports, the German market outstripped all others proportionately. From this it will be seen, that the economic campaign against Austria was not to be distinguished from the economic campaign against Germany; and that, when Admiral Boué de Lapeyrère stopped a great proportion of the overseas trade of Pola, he merely made a small contribution to an operation that was being executed by other instruments, in another theatre.

TABLE XXXIII
Trade of Austria-Hungary in 1913 by land and by sea with selected countries

IMPORTS (in thousands of tons)		Country	EXPORTS (in thousands of tons)	
By Land	By Sea		By Land	By Sea
16,458	22	Germany	12,229	8
644	349	Italy	2,011	1,105
52	17	France	215	61
1,553	1,286	British Empire	849	414
767	42	Russia	719	11

III.—The exits from the Mediterranean were largely under British control

Although the French navy were responsible, under the convention, for watching the exits of the Suez canal and the straits of Gibraltar, British authority was for a long time predominant at these two extremities of the Mediterranean. The French acknowledged that the defence of Egypt was a British concern, so that all traffic entering the Mediterranean from the east was, throughout, under the control of the naval commander of the East Indies station. At Gibraltar the position was peculiar: the Gibraltar zone was not acknowledged to be under British control, until a much later date; yet, from the beginning of the war, the flotilla at the disposal of the admiral superintendent received all its orders from him, or from home. Admiral Boué de Lapeyrère never concerned himself with its operations, after he had assured himself that the flotilla was in sufficient strength to observe and report any raiding cruiser that might enter the Mediterranean from the west.

This Gibraltar flotilla was thus a force allotted by convention to the French commander-in-chief, but acting solely under British authority. The Mediterranean war orders contain no instruction about controlling commercial traffic, or about detaining and examining ships; the Gibraltar force is therein referred to as a local defence flotilla. The senior naval officer was, however, specifically ordered to keep the approaches to Gibraltar patrolled, by day and by night, and although this patrol was instituted for a purpose purely military, it was so employed that commercial traffic was, from an early date, diverted to Gibraltar, and there examined. Though instituted as a floating outpost of the fortress, the Gibraltar flotilla thus became, in fact, the nearest equivalent in the Mediterranean to the tenth cruiser squadron in home waters.

The records of the flotilla have not been kept, so that comparatively little is known about its operations. In August, 1915, Admiral Brock reported, that every ship passing through the straits had, up to then, been examined. The officer in charge, Captain Harvey, did not act independently of the contraband committee; for he occasionally reported doubtful cargoes, and enquired what should be done with them; in addition, orders with regard to particular ships and consignments were sometimes sent to Gibraltar from Whitehall. On the other hand, the connection between the Gibraltar force and the contraband committee was not so intimate as that between the tenth cruiser squadron, the downs boarding flotilla and the authorities

at Whitehall, which were almost a single body, or organ of control. There was no daily exchange of reported manifests, or orders for detentions or release, between Gibraltar and London. The naval authorities at Gibraltar would appear, moreover, to have been very jealous of their independence. In August, 1915, the French consul criticised their system of inspection : they answered that the navy had been insulted. As there are no statistics of the detentions ordered by the authorities at Gibraltar, it is impossible to estimate what restraints they placed upon neutral trade. When the March order was issued, no special instructions were sent to the Gibraltar force, which was bound only by the general instructions in the first paragraph.¹

IV.—In what degree the Turkish empire was sensitive to economic coercion

When the allies declared war on Turkey (November, 1914) the allied naval predominance in the Mediterranean was overwhelming. A British squadron under Admiral Carden was stationed off the Dardanelles, watching for the *Goeben* and *Breslau* ; the French fleet was based at Malta, with a double line of patrols to the west ; the straits of Otranto were strongly guarded, and the two extremities were controlled. If the Austrian fleet had attempted to leave the Adriatic, it would, assuredly, have been defeated. Ostensibly therefore, this predominance seemed likely to be more useful for exerting economic pressure upon Turkey than for any military purpose. It was, however, rather conjectural whether the Turkish empire would be sensitive to economic duress.

The Turkish empire is an agricultural state ; for a traveller may traverse many thousands of miles of Turkish roads and paths, without meeting anybody but land-owners, farmers, and herdsmen. The looms on which Turkish textiles are woven are not comparable to the looms of an industrial state ; and the coal mines in the northern part of Asia Minor are worked on a rude, unscientific system. On a first inspection therefore it seems improbable, that a people occupied almost exclusively in working the land will never be seriously distressed, if they were deprived of foreign foodstuffs. If the matter is looked into more closely, however, it does appear that some sections of the Turkish people are less independent than others. The people

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¹ The instructions ran thus :

In order to give effect to the decision of the government contained in an order in council of the 11th of March, 1915, the following directions are to be observed by H.M. Ships with a view to diverting into a British or French port, neutral vessels which left their last foreign port of loading after the 1st of March :—

(1) All neutral vessels met with which are proceeding to or coming from, a German port are to be sent into a British port.

(2) All neutral vessels met with in the Mediterranean which are proceeding to, or coming from, an Austrian port should be sent to a French port. In such cases information should be sent to the French authorities.

(3) Neutral vessels met with in the Atlantic, Mediterranean, North sea and waters round the United Kingdom, proceeding to, or coming from, a neutral or Turkish port, are to be sent into a British port, if, in the opinion of the officer in command of the boarding vessel, they are carrying :—

(a) Goods on the list of absolute or conditional contraband, where an enemy destination is reasonably possible.

(b) Non-contraband goods consigned to an enemy destination.

(c) Non-contraband goods consigned to a neutral, if of enemy origin, or supposed enemy ownership, or ultimate enemy destination. In the case of neutral vessels proceeding up the English channel which do not call at any intermediate British or French ports, the boarding of the vessel is to be carried out in the Downs.

(4) Other neutral vessels may be sent into a British port for further examination if, in the opinion of the commanding officer, there are any suspicious circumstances connected with such vessels.

The two remaining sections did not affect the Gibraltar force as they were headed : Special Instructions regarding neutral vessels, diverted as above when proceeding Northabout/Southabout of Great Britain. See Admiralty document N.L. 12640/15.

TABLE XXXIV
Details of principal imports and exports of Turkey in 1910

Principal sources	IMPORTS (in thousands of kilos)	Commodity	EXPORTS (in thousands of kilos)	Principal markets
Bulgaria .. (37.0%) Rumania .. (25.8%) Russia .. (14.9%) Serbia .. (10.7%)	121,369	<i>Cereals—</i> Wheat	Unimportant	
Russia .. (25.8%) Bulgaria .. (20.7%) France .. (18.2%) Italy .. (16.8%)	209,332	Wheat meal .. .	Unimportant	
Egypt .. (32.5%) India .. (29.4%) Great Britain (8.3%) Austria-Hungary (6.4%)	110,231	Rice	Unimportant	
Russia .. (74.2%) Bulgaria .. (19.0%)	60,503	Maize	Unimportant	
	Unimportant	Barley	157,102	Great Britain (60.6%) Bulgaria .. (22.3%)
	Unimportant	<i>Fruits, etc.—</i> Oranges and citrons .. .	38,894	Great Britain (39.6%) Russia .. (27.1%) Egypt .. (15.7%)
		Dates	66,425	India .. (41.0%) Great Britain (41.0%)
		Raisins	39,139	Great Britain (26.7%) France (17.9%) Austria-Hungary (15.2%) Holland .. (14.6%) Germany .. (11.9%)

Nuts .. .. .	.. .. .	.. .. .	36,360	Austria-Hungary (23.3%) France .. (21.0%) Russia .. (19.3%) Germany .. (13.4%)
Figs .. .. .	.. .. .	.. .. .	35,761	Great Britain (51.8%) Austria-Hungary (23.0%)
<i>Oil and spirit—</i>				
Petrol	177,052	.. .. .	Unimportant	
<i>Sugar—</i>				
Loaf and granulated	201,901	.. .. .	Unimportant	
Coal	346,856	.. .. .	184,805	Rumania .. (20.3%) Bulgaria .. (19.7%) Greece .. (17.9%) Russia .. (11.6%)
<i>Textiles—</i>				
Cotton print	24,689	.. .. .	Unimportant	
Linen cloth	16,491	.. .. .	Unimportant	
Cotton piece goods, plain and coloured	16,035	.. .. .	Unimportant	
Cotton lace articles	15,837	.. .. .	Unimportant	
Cotton, raw	Unimportant	13,935	Austria-Hungary (38.0%) Italy .. (21.1%) France .. (15.8%)
Wool, raw	10,924	Great Britain (35.0%) France .. (23.5%) U.S. America (14.9%)

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TABLE XXXIV—continued
 Details of principal imports and exports of Turkey in 1910

Principal sources	IMPORTS (in thousands of kilos)	Commodity	EXPORTS (in thousands of kilos)	Principal markets
Belgium .. (57.3%) Germany .. (23.7%)	61,169	<i>Metals and metal articles—</i> Iron and steel bars	Unimportant	
Germany .. (47.2%) Belgium .. (30.6%)	45,765	Railroad rails	Unimportant	
Germany .. (44.0%) Belgium .. (22.9%) Great Britain .. (15.4%)	25,780	Unspecified articles	201,730	Germany .. (33.1%) Italy .. (26.0%) Russia .. (10.0%)
Belgium .. (33.0%) Austria-Hungary (24.8%) Germany .. (15.5%)	16,314	Nails and screws	Unimportant	
Belgium .. (58.7%) Great Britain .. (13.5%) Germany .. (13.1%)	11,966	Sheet iron	Unimportant	
Rumania .. (50.2%) Austria-Hungary (25.6%)	205,749	<i>Timber—</i> Unworked	44,609	Belgium .. (54.4%) Egypt .. (20.8%)

in the distant inland provinces are more or less protected against a blockade ; for some provinces are virtually independent of foreign trade, and their populations traffic only in goods that are exchanged between adjacent districts. The difficulty is not to produce a sufficient supply of food, but to distribute it ; for statistics show that some sections of the Turkish population are nourished by foreign cereals. The yearly imports of grains and meals are a quarter of the country's total imports (*see* table XXXIV), and, every year, large quantities of wheat, wheat meal, and rice are carried into the Turkish empire ; rice is, moreover, a very important article of the national diet. In addition, some 200,000 tons of beet sugar are carried yearly to Constantinople. Quite obviously, therefore, the Turks are not entirely independent of foreign foodstuffs ; and, as the towns of a country are generally the greatest consumers of imported foods, it can be assumed, in a general way, that a strict blockade of Turkey will always cause suffering in the capital. This circumstance would make any country sensitive to economic warfare, for revolutionary movements generally start in the towns, and no government, however independent, can maintain its authority indefinitely, if the capital becomes a centre of distress.

The blockade of Turkey was, moreover, easy to impose, as the Turkish import trade was very concentrated ; nearly seventy per cent. of the imported cargoes entered the country through ports that could be closed by the allied navies : Stamboul and Haidar Pasha, Smyrna, Beyrout and Alexandretta ; Trebizond was the port of entry for the Russian, and Baghdad for the Indian, trade, which could both be controlled from their sources (*see* table XXXV). On the other hand, nobody could say with certainty, that this naval blockade would exert decisive, crushing, pressure ; for, even if it were granted that an important section of the Turkish population was fed from foreign foodstuffs, and that the country had not the equipment for distributing the empire's produce scientifically, it had yet to be admitted that the Turks, who are a resolute, enduring people, could at least improve their system of distribution ; and that the Bulgarian and Rumanian supplies could not be severed by the allied navies. But if it was doubtful whether any section of the Turkish population could be severely distressed by a stopping of foreign corn, it was at least certain, that such industries as were established in the country were entirely dependent upon foreign supplies of propellants (*see* table XXXVII). In normal times, all these supplies were seaborne, for heavy cargoes could be more easily transported to Turkey by sea than over the Balkan railways. It was obvious, however, that the central empires would endeavour to send metals to the Turkish arsenals by railway. This channel could only be closed by political agreement ; for although the Servian route was closed, the route through Austria-Hungary and Rumania was open. Also, our experts reported that these metal supplies, although small in weight and volume, would be very important : the Vickers agents at the Constantinople dockyard were satisfied that there was little copper in the arsenal ; and it was notorious that the ammunition factories had only very small metal reserves.

TABLE XXXV
Entries and exits of Turkish trade before the second Balkan war

	Total trade (in thousands of kilos)	Percentage of total
Stamboul and Haidar pasha	1,959,969	30
Smyrna and district ..	1,245,238	19·5
Beyrout and district ..	795,518	12
Alexandretta and district ..	325,095	5
Salonica	559,654	9
Baghdad	325,874	5
Trebizond and district ..	444,105	7

TABLE XXXVI
Details of Turkey's principal trade with the Balkan States in 1910

Total imports from the Balkan States (in thousands of kilos)—411,145 Percentage of Turkey's total imports—13.5%					Total exports to the Balkan States (in thousands of kilos)—231,416 Percentage of Turkey's total exports—15.3%					
IMPORTS (in thousands of kilos)					Commodity	EXPORTS (in thousands of kilos)				
Bulgaria	Rumania	Serbia	Greece	Montenegro		Bulgaria	Rumania	Serbia	Greece	Montenegro
123,126 (85.2%)	58,655 (28.9%)	39,938 (91.8%)	1,965 (8.9%)	—	Cereals	3,403 (3.5%)	2,011 (3.0%)	—	3,131 (5.2%)	3,979 (81.2%)
7,976 (5.5%)	105,319 (52.0%)	—	—	—	Timber and articles of wood	31,788 (33.1%)	1,950 (3.0%)	—	7,309 (12.2%)	—
4,932 (3.40)	—	—	1,318 (6.0%)	53 (32.1%)	Fertilisers and combus- tibles, including coal	37,091 (38.6%)	37,707 (56.9%)	—	43,501 (73.3%)	—
—	—	—	3,855 (17.6%)	13 (7.8%)	Fruit, etc.	10,203 (10.6%)	11,989 (18.3%)	13,496 (83.8%)	—	—
3,197 (2.2%)	—	—	—	39 (23.6%)	Food of animal origin..	2,252 (2.3%)	—	—	—	—
—	32,876 (16.2%)	—	—	31 (18.7%)	Oil and spirit	3,523 (2.6%)	2,397 (3.6%)	—	—	—
—	—	—	—	—	Metals and metal articles	—	—	—	—	—
—	—	—	8,439 (38.5%)	—	Stone, stoneware and earthenware	—	—	—	—	—
—	—	—	3,430 (15.6%)	—	Fermented beverages, mineral waters	—	—	—	—	—

Total exports (in thousands of kilos)—1,509,773

Total imports (in thousands of kilos)—2,301,123

IMPORTS				EXPORTS		
Principal sources	Thousands of kilos	Percentage of total	Commodity	Thousands of kilos	Percentage of total	Principal markets
Bulgaria, Rumania, Russia ; Egypt and India (for rice)	579,749 Unimportant	25.1	Cereals Fruit, etc.	334,891 261,447	22.1 11.3	Great Britain, Belgium Great Britain, Russia, Austria- Hungary, India
Russia, Rumania	201,770	8.7	Oil and spirit	Unimportant		
Austria-Hungary, Russia ..	203,571	8.8	Sugar	Unimportant		
Great Britain	346,856	15.0	Coal	184,805	12.1	Rumania, Bulgaria, Greece, Russia
Great Britain, Italy, India, Austria-Hungary	110,920	4.8	Textiles	38,613	2.5	Great Britain, Austria-Hun- gary, France, Italy, United States of America
Rumania, Austria-Hungary	226,065	9.3	Timber and articles of wood	91,382	6.0	Belgium, Egypt
Belgium, Germany, Great Britain, Austria-Hungary	194,854	8.4	Metals and metal articles ..	242,263	16.0	Germany, Italy, Russia.

If, therefore, an economic campaign against Turkey had been conceived as other war plans are conceived, and recommended as other war plans are recommended, the report upon the matter would have been that a strict and rigorous blockade of Turkey was an operation of rather doubtful consequences, yet sufficiently promising to be worth while. There is, however, no indication that the matter was ever presented to the allied authorities in this light. The expert reviews of shortages in enemy countries contained little or nothing about Turkey; the restriction of enemy supplies committee did occasionally make recommendations about Turkish supplies; but those recommendations were not strong, or consistent, enough to give the economic campaign against Turkey the status of a major operation. Moreover, Turkey's entry into the war aroused apprehensions purely military and political: danger to the Suez canal; and sedition among the vast Mohammedan populations in the British islands. From the outset, therefore, all projects of economic coercion were subordinated to our plans for reducing Turkey by force of arms, and to the naval and military preoccupations consequent upon them.

V.—All projects of economic coercion subordinated to the naval and military plans of campaign

Early in December, the Foreign Office authorities and the French Ministry of Marine drew the Admiralty's attention to the transit trade that was then being observed at Dedeagatch; and Admiral Webb, the director of the trade division, suggested that a regular contraband squadron be constituted as soon as possible. The chief of the staff's answer may be quoted in full, for it is illustrative of the preoccupations that compelled the naval authorities to subordinate everything to their military plans:

We have very much reduced the Dardanelles squadron, and they should be left to their proper work of attending to the German-Turkish fleet. The French should be pressed to undertake the coast blockade; but there is no objection to the senior naval officer, Egypt, using some of his vessels on the Syrian coast to intercept merchantmen when attack on the Suez canal is not imminent.

The Admiralty were, indeed, so fearful lest the *Goeben* might strike a sudden blow at a weak detachment stationed off the Dardanelles, that they instructed Admiral Carden not to intercept neutral traffic to Constantinople, unless it were in coal.

As a consequence of this, the French commander-in-chief detached a vessel to Dedeagatch and gave the commanding officer the following instructions: *La mission que je vous confie est de surveiller tout particulièrement les abords de Dédéagatch de façon à établir, avec votre seul bâtiment, un blocus aussi effectif que possible, dans le but d'intercepter le matériel de guerre que les neutres y débarquent.* Admiral Boué de Lapeyrère also informed the officer, that he was not detached from his command, and that he must report direct to the flagship, in consequence of which, we have no records of the interceptions and detentions made by him. From reports made subsequently by Mr. Heathcote Smith, our consul at Dedeagatch, it may be taken as certain, that the French officer did not consider himself empowered to stop any cargo that was regularly consigned to a neutral. His instructions were, in any case, extremely vague.

A few weeks after the French cruiser had been stationed off Dedeagatch, twenty ships carrying contraband were lying in the roadstead, discharging, or waiting to discharge, their cargoes; normally, two ships entered and cleared during the course of a month. This first endeavour to stop transit trade in contraband therefore failed. It was, indeed, bound to fail, as the naval ship or squadron detailed for the operation was not supplemented by that bureaucratic machinery, which alone can discriminate between cargoes so suspect that they may be detained, and cargoes that may be allowed to pass. Also, the ships on the Syrian coast never interfered with

commercial traffic, as they were always employed on operations of another kind : embarking any line of railway that was visible from the sea ; and watching the coast roads, in order to detect any unusual movements of troops.

But when the enormous growth of the Dedeagatch traffic was again brought to the Admiralty's notice, they were less than ever inclined to undertake any additional work. In the first days of January, the Grand Duke Nicholas asked that special naval pressure be exerted against Turkey, and from the date on which this telegram was first examined by the war council, it was virtually certain that some great operation would be attempted at the Dardanelles. When, therefore, the Foreign Office suggested that a stricter watch to be kept on the Dedeagatch traffic, the naval authorities decided they could not be responsible for contraband trade, while string operations were difficult to execute, and while an even greater operation was contemplated. Their minutes should be quoted in full, as they show how difficult was to adjust the economic to the military campaign in the Mediterranean theatre.

) No objection to telegraphing to Gibraltar, Suez and Malta ; but the vice-admiral eastern Mediterranean has no ships to spare, and much more important things to attend to, and should be troubled about comparatively trifling matters like this, when he is engaged in active military operations (minute of the chief of staff, 17th April, 1915).

) Owing to the paramount importance of naval operations and the presence of submarines in the eastern Mediterranean, it cannot be expected that naval measures, when taken, will be effective in preventing supplies from reaching Turkey via Greece and Bulgaria. (Admiralty memo to Foreign Office, letter 23rd May, 1915, No. 55797.)

measures taken had, thus, this peculiarity that they were solely the outcome of diplomatic action ; the Foreign Office were compelled throughout to act alone, to make representations, and to conclude agreements, about movements of trade that could not be checked or controlled by the naval forces.

VI.—Movements of enemy trade in the Mediterranean

It was, moreover, soon patent, that the transit trade through Dedeagatch was a tributary of a great movement ; and that cargoes in which the enemy had an interest were moving in all directions through the Mediterranean. More than this, our consuls soon proved, that not only Dedeagatch, but Salonica, and the Piræus were becoming bases of enemy supply. Cargoes of rice and foodstuffs, and of petroleum, iron, and machinery, were collected at the Piræus, and from there distributed between two Macedonian harbours. Not all these cargoes passed to the enemy, for Salonica was a port of entry for Serbian, Rumanian and even Russian supplies ; either the Greek nor the Bulgarian governments were prohibiting exports. In Salonica, the Piræus was a great entrepôt for fruit and tobacco cargoes, which were imported from Greece, from other Balkan states, and from Turkey, and then carried up the Adriatic to Venice, whence they passed to Trieste. On their return journeys, the enemy vessels brought back cargoes of Austrian beet sugar. Crete was also a starting point for enemy trade, and cargoes of fruit, currants, olives, and olive oils were shipped from Canea to the northern Adriatic. This particular movement was free from naval control ; for Admiral Boué de Lapeyrère, finding that his ships in the straits of Otranto were being harassed by Austrian submarines, withdrew his outposts from the entrance to the Adriatic, at the end of the year. These movements were not detected at the same time, and some of the facts were reported before the March issue was published ; it was not therefore deemed advisable to act precipitately.

These movements in the eastern and central Mediterranean were, moreover, secondary to an even more important movement in the western basin. During the months of the year, we discovered that Barcelona was becoming a great base of enemy supplies. Cargoes of skins, wool, wool waste, cotton, cotton waste, tin, and iron were moving, almost daily, from Barcelona to Genoa ; and there was a very strong presumption that the enemy was interested in these cargoes ; for the normal

trade between Spain and Italy, or between Spain and Switzerland, was in other commodities.¹ The most important Spanish exports to these countries are olive oil, agricultural produce, and iron. The bulk of Spanish textiles are sent ordinarily to the old colonies, Cuba, the Philippines and the Argentine, where the customs of a population that lives in the Spanish manner make a demand for the produce of the mother country. Apart from this, our consuls reported that numbers of German commercial agents arrived in Barcelona during the early months of the year, and that the new commerce was being organised by them.

When the reports upon these various movements had been thoroughly digested—and it would appear that they were only ascertained with certainty during the first quarter of the year 1915—it must have been clear, that the stopping and diverting of all this contraband trade was not a task that could be discharged by following a uniform course of conduct. Even if it had been possible to act in that theatre as we were acting at home, that is, to detain all ships entering or leaving the Mediterranean at Gibraltar; to report their manifests to an executive committee, which was empowered to compare declarations of cargoes with confidential information about the consignees; to make enquiries through our minister; to demand guarantees; and to release or detain as seemed best in each particular case, this procedure would not have checked the internal trade in contraband. Moreover, if such rigours had ever been exercised, the Serbian army and the Serbian people would probably have been the first to suffer. The Spanish trade only might have been checked at Gibraltar, as it was certain that a large proportion of the contraband trade with Genoa passed through the straits, before it reached Barcelona; but the naval authorities at the fortress were reluctant to do anything that might irritate the Spanish authorities. Gibraltar is supplied almost entirely from Andalusia; and the governor of Algeciras was allowing supplies to pass over the Spanish frontier, notwithstanding that recent Spanish decrees forbade the export of corn, meat, and forage, the very articles that the garrison most needed.

Early in February, Mr. Sargent, of the contraband department, presented a review that may be regarded as the starting point of all measures subsequently taken. After describing the movements, and the character, of the contraband trade, as far as they had then been ascertained, he urged that Sir Francis Elliott should press the Greek government to issue a list of prohibited exports, and that all supplies to Serbia, Rumania and Russia should be consigned on through bills of lading. These proposals were considered with a number of others—the consul at Dedeagatch was, at the time, making various suggestions for controlling the trade of the port—and they provoked a long discussion, which need not here be followed. The immediate outcome was that effect was at once given to one part of Mr. Sargent's proposals, and that the reception given to the other was testimony to the difficulties that were still to be overcome. It will at this point be proper to give a brief explanation of the policies and military projects to which Mr. Sargent's proposals had to be adjusted. (Early February, 1915.)

VII.—Why the politics of the border states obstructed an ordered regulation of enemy trade

The Russian armies were still occupying large districts of Austria-Hungary, and had then given symptoms of weaknesses that were observable only to military experts. The Serbian army had driven back the Austrians, and stood upon the Danube. The Turkish attack on the Suez canal had just been defeated; and our own attack on the Dardanelles forts had just begun. At home, it was assumed that the initial successes in Egypt, and at the straits, would give us great authority in the middle east and the Balkans; but it is now known that military experts in Greece and Bulgaria were never deceived: they thought our campaign ill-conceived, and

¹ See Table XL, p. 381.

were always sceptical of its success. Certainly, this good opening gave but little strength to the British project for forming a general Balkan league. In the first months of 1915, the matter stood thus. We were then freed of our first apprehension, that the Rumanian and Turkish governments would combine against us, for the Russian government had made a preliminary compact with Rumania; more important still, the Rumanian government had agreed to act with the Italians in neutrality, peace or war. Neither agreement obliged the Rumanian authorities to declare war, but the two together brought them under allied influence. Preliminary conversations for a general Balkan league had, however, only served to show how many obstacles were still to be overcome. The Greek government were anxious that the league should be formed; for they were, at the time, on very ill terms with the Turkish empire. M. Venizelos, the head of the Greek government, was inclined to an immediate declaration, but was held back, as he was apprehensive of Bulgaria. Early in December, the allied governments therefore assured him, that they would secure Greece against Bulgarian attack, if the Greek army supported Serbia. This promise was not, however, deemed sufficient, for the Greek government answered, that they could not declare unless Rumania did so, and this the Rumanians refused to do, as their army was not then equipped for a campaign against the central empires. As it seemed, at this date, more important to secure Bulgarian neutrality than Bulgarian assistance, Sir Edward Grey now promised, in conversation, to secure eastern Thrace, and a certain, not very well defined, portion of Macedonia, to Bulgaria, if the government at Sofia undertook to remain neutral. Edward felt the better able to make this promise, in that M. Pashitch, the Serbian premier, intimated, that his government might be willing to cede that part of Macedonia, which lies east of the Vardar. But the Bulgarian government received these proposals with the greatest reserve; M. Radoslavoff, the premier, answered that his government intended to remain neutral, but he showed no inclination whatever to negotiate for that permanent, unchangeable, neutrality for which the Serbs then desired to treat. Just after this evasive answer was given, it was known that the Bulgarian government had contracted a loan with the central empires.

From this brief review, it will be understood that it was very much to the interest of the Greek and Rumanian governments to check the flow of contraband into the key, but that the Bulgarian interest in the matter was doubtful. Each government now issued regulations that were in harmony with their policy. M. Bratianu undertook that no contraband should be allowed to pass through Rumanian soil or Turkey; and M. Venizelos issued a decree, which was the most satisfactory law any neutral government had promulgated: the export or re-export of any article on the allied lists of contraband was forbidden under heavy penalties; the transit traffic to Serbia and Rumania was protected by an arrangement, which made the Serbian and Rumanian consuls the consignees of all Serbian and Russian goods landed at Salonika. The Bulgarian decree was very different: the Rumanian authorities refused to enlarge their list of prohibited exports, which was small, but ordered the port authorities at Dedeagatch to oblige the captains of a ship discharging there to declare, in writing, to what country the goods were to go. This declaration was of no use to the naval officer in charge of the Dedeagatch patrol, as the captain and agent were only obliged to make it after the goods had been landed.

Being, therefore, that neither the Rumanian nor the Greek laws would be of any avail unless the channel through Bulgaria were stopped up, the Foreign Office invited the Admiralty to consider what special measures could be taken against the traffic through Dedeagatch; and a joint conference was held on 4th March. When the conference assembled, the operations against the outer forts of the Dardanelles had successfully concluded, and it was confidently expected that the straits would

be forced during the month. These anticipations influenced the conference considerably, for it was thought this victory would soon vest us with such authority and reputation, that a severe procedure would be easily enforced. It was therefore decided, that Dedeagatch should be declared a base of enemy supplies on 15th March, by which time the operations in the straits would have had political effect ; and that, thereafter, all cargoes of contraband to Dedeagatch should be seized and condemned.

As the French were still maintaining the Dedeagatch patrol, and would, in consequence, be responsible for executing a large part of this programme, these recommendations were at once transmitted to Paris, and while they were being considered by the French authorities, our attack upon the narrows was severely defeated. The French authorities may, or may not, have been influenced by the reverse, but they refused firmly to endorse the findings of the conference, saying that it would be unwise to irritate the Bulgarian authorities at such a moment. Our influence in the Balkans was certainly waning when the French declined to act as we suggested. M. Venizelos had just previously offered us an immediate alliance and an expeditionary corps ; and the king, disliking the project, had compelled him to resign. In this he was supported by the army leaders, who were very disinclined to be party to projects that they considered unsound. M. Venizelos was succeeded by M. Gounaris. Nothing more was attempted for several months, when new anxieties, which will be described later, compelled the Foreign Office to devise a new plan.

VIII.—The peculiarities of Spanish commerce and the negotiations for a Spanish contraband agreement

From all this it may be concluded, that negotiations for stopping contraband trade in the eastern basin would have been more successful, if it had been possible to combine the proposals presented with concerted naval pressure. An agreement for stopping the Spanish trade was easier to conclude, because no naval pressure was needed to make our representations emphatic. A brief review of Spanish trade and commerce will be necessary to explain why this was so.

Spain is an agricultural country, and her most important exports are wines and fruits ; in addition to this, however, the exports of iron ore, lead, copper, zinc and sulphur bring in a fair income. The country imports a certain quantity of grain, which might be dispensed with in an emergency, and a considerable quantity of American cotton, upon which the textile industries of Catalonia largely depend. The peculiarity of Spanish trade is that whereas most countries with a similar standard of agriculture and industry are great customers of the central empires, Spain traffics more with France and Great Britain, than with the other great industrial states of Europe. In 1914, the British and French goods that were bought in Spain were forty per cent. of the country's total imports. Spanish goods bought in Great Britain, British dependencies, and France were just half of the country's total exports. Coal, cotton piece goods, and woollens were the most important articles of British export : oranges, wine, and metals were bought in exchange. The British and French markets were, therefore, the most important struts in the economic system of Spain. For the rest, notwithstanding that Spanish agriculture and the Spanish industries were rude and unscientific, and that the Spanish tariff laws were a severe obstacle to foreign trade, Spanish commerce was distributed over a great number of countries, which each absorbed five per cent., or less, of the country's trade. Spanish trade had this additional peculiarity, that the old colonies are important markets : in the year 1913, Cuba bought more Spanish goods than Germany and Austria-Hungary combined ; the Cuban and Argentine markets, taken together, were more valuable than the American, the reason being, presumably, that the population of the old colonies still follow the Spanish way of living, and, in

consequence, need considerable quantities of Spanish produce. More than half of the Spanish trade with these numerous and scattered markets was carried under foreign flags: (*see* table XXXVIII) it would be difficult to ascertain how great a portion of this shipping was British, but it is safe to assume that it was large; and that the Spaniards had a great interest in maintaining British freighters in their country's service.

TABLE XXXVIII
Principal directions of Spanish commerce

Percentage of total imports	Imports (in thousands of pesetas)		Exports (in thousands of pesetas)	Percentage of total
27½	305,525	Great Britain and British possessions	236,289	25
15	165,822	United States of America and Philippines.	70,502	7½
12½	139,195	France and French possessions ..	250,983	26
10	108,123	Germany	42,407	Less than 5%
Less than 5%	38,242	Argentina	41,336	
	7,075	Austria-Hungary	4,804	
	21,866	Italy	50,652	
	6,101	Cuba	51,977	
	26,853	Portugal and Portuguese possessions	21,209	

The British authorities had, therefore, no need of any naval force to strengthen economic pressure that they could, at any moment, have exerted against the country, and this explains why the original proposals for a contraband agreement made by Mr. Vansittart, the Foreign Office representative on the board of limiting exports, and why the Foreign Office did not need naval assistance throughout the negotiations. Their proposals were occasionally made emphatic by refusing export licences; but never by issuing orders for detaining ships in the fish trade.

In a memorandum that may be taken as the starting point of the negotiation, Vansittart suggested, that the Spanish government should be invited to issue a list of prohibited exports, which our authorities should prepare; and that, until this request had been presented, applications for licences should be refused. The commodities being demanded by Spanish importers were comparatively small quantities of coal, oil and ferro-manganese, and were not particularly important. Spain was, however, on the list of those nations to which export licences were most freely issued; nations on List A were most restricted, on List B less so, and on List C of all. Spain was on the third list.¹

Early in April, Sir Arthur Hardinge presented the Spanish authorities with a list of exports that we desired them to prohibit. The list had been drawn up by a committee for restricting the enemy's supplies and was very comprehensive. The negotiation was very rapidly concluded, for the Marques de Lema agreed that the request was reasonable, and the Spanish authorities at once issued a decree.² The articles on the list proposed were omitted temporarily, as they were principally in France. There were, however, few differences of importance, and the commercial attaché reported in May that the contraband traffic from Barcelona had then

¹ chap. VI.

² The Portuguese government issued a decree almost identical with the Spanish. *See* Tel. 144 official to Madrid, 12th May, 1915.

ceased.¹ It was suggested that export licences should be refused, until the Spanish authorities had complied on every point, but Sir Eyre Crowe ruled that the negotiation was then terminated; and that the Spaniards ought not to be harassed further, unless we knew for certain that the contraband traffic from Spain was being re-started.

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TABLE XXXIX

List prepared by the R.E.S.C. and presented by
Sir Arthur Hardinge

List of prohibited articles included in the
Spanish decree

FOODSTUFFS AND FORAGE

Cake and meal of kernels, nuts and seeds	Bacon
Cattle	Barley
Cereals of all kinds	Beans (white and coloured kidney beans)
Lard	Beef, tinned
Extracts of meat	Cattle
Margarine and raw materials for manufacture thereof	Chickpeas (export up to 10,000 authorised)
Rice	Cocoanuts
Tinned meats	Eggs
	Flour (wheat)
	Fodder, except lucerne and clover
	Hams
	Lentils
	Maize
	Margarine and primary materials for manufacture thereof.
	Meat, fresh
	Meat, extract
	Oats
	Pigs' meat, salted
	Potatoes, except new or forced
	Wheat

OILS, LUBRICANTS, AND LUBRICANT MATERIALS

Animal oils and fats	Animal oils
Fish oil, mixtures and compounds	Cod oil
Graphite	Seal oil
Lubricating oils and substances	Whale oil
Mineral greases, jellies, oils	Copra oil
Oleaginous products; animal oils and fats and vegetable oils and fats, suitable for use in manufacture of margarine	Kernels and nuts, except edible
Kernels	Linseed
Nuts	Lubricants
Seeds	Mineral oils
Resin greases and their mixtures	Oils and fats (mineral and vegetable except olein, olive and linseed oils)
Seal oil	Oil seeds
Shark oil	Linseed
Vegetable lubricating oils and fats of all kinds	Sesame
Whale oil, blubber, sperm and train	Other
	Palm oil

METALS AND MINERALS

Aluminium in all its forms	Aluminium and alloys
Antimony	Alumina, anhydrous and hydrated
Bauxite	Antimony and alloys
Brass, semi or wholly manufactured articles of	Bauxite
Chrome	Brass wares, partly or wholly manufactured
Copper, semi or wholly manufactured articles of	Chrome
Ferro chrome	Copper ware, partly or wholly manufactured
Ferro manganese	Ferro chrome
Ferro molybdenum	Ferro manganese
Ferro nickel	Ferro molybdenum
Ferro tungsten	Ferro nickel
Ferro vanadium	Ferro tungsten
Manganese	Ferro vanadium
Molybdenum	Manganese
	Metal, scrap

TABLE XXXIX—continued

list prepared by the R.E.S.C. and presented by Sir Arthur Hardinge List of prohibited articles included in the Spanish decree

METALS AND MINERALS—continued

nickel	Molybdenum
nickel plates and manufactures thereof	Nickel and alloys
tungsten	Sulphur
vanadium	Tin and alloys
	Tin plates
	Vanadium
	Zinc and alloys

TEXTILES

wool, raw, except home-grown unwashed

CHEMICAL SUBSTANCES

ammonia, sulphate of	Aluminium, sulphate of
	Ammonia, sulphate of
	Antimony, sulphide
	Copper sulphate
	Potash salts
	Soda nitrate

INDUSTRIAL MATERIALS AND EQUIPMENT

alcohol, excluding wine and spirit beverages	Coal
carbons for arc lights (i.e. electrodes only)	Flax tow and yarns
leathers and skins	Hides (native) raw or untanned
resins in all its forms	Jute, raw and unmanufactured (except sacks, sandals and wastes)
rubber	Paraffin in lumps
shellac	Rubber, raw, natural and artificial, wholly or partly manufactured
stearin wax	Tanning extracts
synthetic materials	Wool, fine Australian
	Wool, washed, combed and carded (till 15th June, 1915)

MISCELLANEOUS

Birds, living or dead
Coins, gold
Coins, silver

TABLE XL

Exports from Spain to Italy and Switzerland in 1914

Italy		Switzerland		
Exports (in thousands of kilos)—85,391		Total exports (in thousands of kilos)—1,636*		
Thousands of kilos	Percentage of total	Commodity	Thousands of kilos	Percentage of total
1,773	13.7	Olive oil	Nil	
1,853	24.5	Other foodstuffs and agricultural produce.	162	9.9
3,360	19.1	Iron pyrites	Nil	
1,586	15.9	Iron, cast ingots	Nil	
1,315	8.5	Pig lead	Nil	
364	.4	Other metals	Nil	
1,336	3.9	Textiles	Nil	
1,148	3.6	Skins, fur, feathers and other animal products	19	1.1
1,656	10.1	Miscellaneous	1,455	88.9

* Exclusive of wines, the export of which amounted to—Litres 10,715,661.

IX.—The restrictions placed upon enemy supplies during the summer of 1915

The Spanish agreement only regulated trade in the western basin. In the eastern basin, contraband trade was certainly restricted, in that two channels to Turkey, the Greek and the Rumanian, were made difficult to pass; the third channel, however, the Bulgarian, remained open. It is not easy to assess the consequences of this partial stoppage. At the time, our expert observers and the officers of the contraband department were so impressed by the commodities that still passed unimpeded, that they were reluctant to believe that anything useful had been accomplished. It would, however, be far too hasty to conclude that supplies passed in to Turkey unimpeded, merely because the Bulgarian port of Dedeagatch remained open. First, the most natural line of Turkish supply, through Rumania, was closed; and the complicated evasions that were practised, or attempted to be practised, are proof that the Rumanian decrees were well enforced. In the month of June, for instance, the Rumanian customs and railway officials discovered, that a number of waggons with concealed partitions and false floors had been passed on to the Rumanian railway system, in order that a few shells might be carried over the frontier. A second testimony that Turkey was straitened in her supplies is that this stopping up of the Rumanian channel gave the German government great anxiety during the summer; and that their minister repeatedly protested, in language that was always menacing and angry.

The consequences of the Greek law are difficult to estimate. Our consuls were satisfied that the law was not enforced; and it does seem fairly well established, that the Piræus and Salonika were distributing centres for a number of very doubtful cargoes, after the Greek decree had been issued. Also, trade between Greece and Austria-Hungary continued, until the Italian government declared war: cargoes of Greek currents, olives and valonea¹ were sent out, and cargoes of Bohemian glass-ware, and Hungarian beet sugar were brought back. It must be added, however, that, during this time, the Greek authorities and the Greek people were very unjustly suspected of assisting the enemy in other ways; and that accusations were levelled against them which are now known to be quite unfounded. In such circumstances, reports that the Greek laws were being evaded carried more weight than assurances from Greek ministers whom we distrusted. The truth is, probably, that some Greek merchants at Salonika and the Piræus sent a certain quantity of sugar, sulphur, and rice into Turkey, in contravention of Greek laws; but that the quantities passed through were very much diminished by the Greek regulations. Also, it is only fair to add, that, if it was reprehensible for Greek merchants to evade the laws of their country, and for the Greek authorities to connive at it, those Greek officials and traders, (about whom we were often very censorious), less deserved our contempt and censure than those British merchants who passed their goods into Turkey, in defiance of the most elementary rules of honour. Statistics published later prove that some sections of the city made substantial profits, by engaging in the transit trade through Dedeagatch and Salonika.²

As for the Bulgarian traffic, it would be very hasty to say that goods passed freely, and without impediment, through Bulgaria to Turkey. The number of vessels that entered and cleared at Dedeagatch during the summer was certainly about ten to

¹ The acorns and cups of a dwarf oak, which grows in Greece and Asia Minor. Valonea is a valuable tanning substance and is much used in leather factories.

² See Annual Statement of the trade of the United Kingdom, 1915, Vol. II, p. 23. The entries are: Exports of British produce to European Turkey, £282,189 (principally in articles wholly or mainly manufactured). To Asiatic Turkey, £139,467. Exports of Foreign and Colonial merchandise to European Turkey, £31,020. Exports of Foreign and Colonial merchandise to Asiatic Turkey, £19,723. There is a footnote to each of these entries which runs thus: Exported to ports and places formerly Turkish, but now occupied by other powers, i.e., Crete, Dedeagatch, Salonika, etc. Our statisticians are to be congratulated on their strict regard for truth.

fifteen times the normal number, and it is not in doubt that a proportion of the cargoes landed went to Turkey. On the other hand, the amount that passed into enemy countries may have been exaggerated, simply because it was not possible to estimate it. The railway from Dedeagatch traversed a strip of Turkish territory and then re-entered Bulgaria; and the Bulgarian authorities maintained that many consignments—which we had rather hastily concluded to be for Turkish consumption, because our consul knew that they had passed the frontier—had merely passed through Turkish territory, on their way to Sofia and the northern districts. Again, the Bulgarian export decrees cannot have been issued as a mere parade; and although those decrees were less comprehensive than the prohibition laws of Scandinavian countries, they were yet a considerable obstruction to trade and commerce.¹ Furthermore, it cannot any longer be thought certain that the Bulgarian authorities determined, from an early date, to make war upon the Entente powers. An impartial survey of the documents leaves little doubt that the Bulgarian government hesitated; and that they only decided to make war upon us, when they were convinced that we should never be able to grant them what they demanded. It may be safely assumed, that, during the period of hesitation, the Bulgarian government at least impeded the passage of Turkish contraband. Also the barrier erected—though judged crazy and incomplete by the contraband department—did so straiten Turkish supplies, that both German and Turkish high commands were exceedingly anxious: Liman von Sanders expressly states, that, throughout the summer, he was unable to undertake operations that he thought essential because his munitions supplies were short. He forbade a great counter-attack upon the British positions, and our supply beaches at Helles were never systematically bombarded, because the Turkish lacked ammunition, and because the Balkan governments then neutral made it impossible to replenish. Finally, it must be remembered, that, early in July, the German minister at Bucharest pressed the Rumanian authorities to relax their restraints, and, finding them reluctant, warned M. Bratianu, that, if Constantinople fell, his government would be held responsible for the disaster. On the following day, the German minister again saw the Rumanian premier, and made the grave admission that the next few weeks would be most critical. If it had been true that a large current of contraband was then flowing through Bulgaria, it would not have been necessary to make such grave admissions, or to use such language.

TABLE XLI

In the early spring the following articles were on the Bulgarian list of prohibited exports :

- Cereals, all kinds of corn, barley, oats, rye, maize and rice.
- Flour from wheat, barley, rye, maize, potatoes.
- Crushed barley and maize.
- Beans, peas and onions.
- Forage, hay, straw, and lucerne.
- Fresh meat, butter, lard.
- Large and small animals, horses, colts, mules, asses, oxen (except fatted oxen), buffaloes, calves, sheep (except rams, lambs and goats).
- All kinds of wool and hair.
- Textiles, woollen, cotton, linen, hemp, jute and other yarns and threads, cloths (except fine cloths and objects wholly of cloth and mixed with other matters was waterproof, leather, waggon roofing, and other objects in waterproof cloth sacks).
- Articles of woven flannel may be exported but not the flannel itself.
- Combustibles, as coal, coke, tar.
- Material for lighting, petroleum, mineral oils for lighting candles, tallow, paraffin.
- Hides, raw and dressed, hides of draft animals, skins of small animals, raw or dressed.
- Leather objects, saddlery, harness, shoes and sandals.
- Food products, biscuits, pastry, bread, coffee, tea, pepper, black and red, vegetable oil, tartaric and citric acid.
- Medical goods, including soda.

X.—The difficulty of regulating the contraband traffic in the eastern basin

Nevertheless, as it was not to be denied that some contraband traffic was still running in the Mediterranean, the Foreign Office renewed their endeavour to stop it altogether; and, during the last months of the year, they successfully devised a workable system of discrimination. The operation was, however, long and arduous; for, although it cannot be said that the negotiations for establishing a proper system were ever brought to a standstill by being subordinated to major policy or to military strategy, it yet remains true, that our attempts to regulate the contraband trade were always influenced by the political repercussions of our naval operations, and by our policy with the Balkan neutrals. The three repeatedly impinged, and the negotiation undertaken may, without extravagance, be likened to the march of an army through a country that has been incompletely surveyed: the advancing columns encounter obstacles not on the map; march by roads that are found to be field paths; and are checked by forests, which were supposed to be mere woods and thickets.

When Admiral de Robeck's squadron was defeated at the narrows (17th March) the allied governments at once decided to persevere and to send an army to the peninsula. The burdens of the high naval command were not therefore alleviated, but rather added to; for the allied squadrons were henceforward responsible for the communications of a large army, and this was a far more exacting task than bombarding forts, and securing the passage of ordinary commercial traffic over a commanded sea. The naval authorities were thus more reluctant than ever to detach forces to watch for contraband; for which reason, they sent a second warning to the Foreign Office, that contraband traffic would have to be regulated by diplomatic action.

These new and heavy duties were, however, somewhat alleviated by the Italian declaration of war; for, on 30th May, the Italian government declared the coasts of the Adriatic to be blockaded, with the exception of Montenegro. This blockade was enforced by a patrol that was established in the straits of Otranto; and the commanding officer was ordered to send all vessels entering or leaving the Adriatic into Brindisi for examination. We know nothing about the Italian procedure in the matter of detentions and condemnations; nor have we any statistics of the vessels and cargoes that were stopped. It may, however, be taken as tolerably certain that this Italian blockade stopped the Greeks from trading with Trieste in tobacco, valonea, and glass-ware, as they had hitherto been doing; for our consuls became silent about this traffic, after having previously reported upon it with great particularity. From such indications as we obtained, it would seem, moreover, as though the Italian authorities took very elaborate measures for collecting information about blockade runners on the eastern coasts. Shortly after the blockade was declared, some Greek coastguardsmen reported that a ramshackle caique flying Greek colours was hovering about the coast of the Epirus, and that it was engaged in some doubtful operation. The Greek authorities brought her into Corfu, and were much embarrassed when her commander hoisted the Italian colours, and declared himself a naval officer, engaged on a voyage of enquiry. From this it may be assumed that the Italian blockade was as rigorous as the Italian authorities could make it; and here it will be proper to remark, that although Genoa and Venice were conduit pipes for a trickle of enemy trade, until the Italian declaration of war, the Italian government loyally enforced the decree issued in November 1914, and severely punished any person who could be proved to have evaded it. Our consuls reported a small movement of Austro-Hungarian exports, and of Greek goods, through Italian ports, during the spring; but they also reported very severe decisions by the Italian courts. In the matter of trading with the enemy, the record of the Italian authorities was certainly better than our own.

On the other hand, it is doubtful whether this blockade substantially diminished Austrian supplies; for everything seemed to show, that such commerce as our enemies in the Mediterranean were maintaining was moving through indirect channels;

and that a strict and rigorous blocking of the direct route was little but the closing of a passage that had been abandoned. The stopping of the Smyrna traffic is a fair example. During May, Admiral de Robeck decided, that, as he was compelled to keep large forces permanently in the Ægean, he could station a blockading force off Smyrna. A blockade of Smyrna was therefore proclaimed on 2nd June, and was subsequently enforced by Captain Heathcote Grant ; but although a great proportion of Turkish commerce normally passes through Smyrna, Captain Grant never reported that he had intercepted a large cargo. The commerce had obviously taken other directions.

It will now be proper to explain a circumstance that very much influenced our politics, our conduct of operations, and our negotiations upon contraband. On May 1st, 1915, Captain Hersing reached Cattaro in *U.21* after long and perilous voyage, so that, in the early summer, the Mediterranean became a theatre of submarine operations : Hersing was, indeed, immediately followed by a number of submarine commanders, and at the end of the year, a flotilla of German submarines was stationed in the Adriatic. From this date, therefore, the military communications of the allied army in the peninsula were continuously attacked, and a great additional burden was placed upon the naval forces. The diplomats, who were devising plans for stopping the contraband trade, were not concerned with the operations that were at once undertaken to meet the menace ; but they were subsequently very much concerned with the political repercussions of the new campaign, about which a rather long preliminary explanation will be necessary.

I.—What opinions were held by the naval authorities about submarine operations in the Mediterranean

It must be said, at the beginning of this explanation, that the U-boat commanders, who went to the Mediterranean during the summer and autumn of 1915, operated in that theatre exactly as they had previously operated at home ; that is, after picking up with oil, repairing their machinery, and refreshing their crews at Pola, they cruised on the main traffic routes, and returned to their base, when fuel was exhausted. Only in a few exceptional cases did a U-boat commander communicate with the shore, and, when he did so, he was careful to communicate only with Turkish or Austrian officials.¹ There was, indeed, no reason why submarine operations in the Mediterranean should have been conducted on a system different from the system in our own waters ; for the distances between the bases and the great traffic routes were roughly the same in both theatres.

For reasons that have never been satisfactorily explained, however, the high naval command were convinced, that submarines in the Mediterranean worked from bases established in the creeks and bays of lonely coastlines, where stores of petroleum had previously been landed ; and that an illicit traffic in benzine, lubricating oil, and explosives was creeping surreptitiously through all parts of the Mediterranean. This was asserted, not as an inference that might have been drawn from such observations as the naval staff had made upon the local traffic in oils and lubricants, but as a fact upon which no doubts could be entertained.

The fact that German submarines have been allowed to come into the Mediterranean (wrote Admiral Limpus, the admiral superintendent at Malta) has created a very great sense of insecurity . . . Prompt and drastic action should be taken to search for and destroy them. Money must be used to discover their fuel and supply depôts and destroyers must be detailed to relentlessly hunt them down. . . . I now offer some remarks on the localities at which it is believed that hostile submarines are drawing their supplies. . . . Depôts are believed to exist near : Vigo, Almeria, Balearic islands, especially at Cabrera, Alcudia bay and Polenza bay ; and Gythion (near cape Matapan), Crete (eastern extremity), Budrum and the islands near

When Hersing was operating against the allied squadrons at the Dardanelles he communicated regularly with a Turkish outpost at Bulair, to get information about our movements. It seems certain that the Germans sent out a supply ship to meet Hersing during his voyage, and to allow him to refuel before he entered the straits.

it such as Kalymnos and Samos ; gulf of Makri and neighbourhood, Smyrna, Tchesme. These depôts must have been provided by agents with money. If they can be abolished the submarines can be run to a standstill. They should, therefore, be dealt with immediately: those at Almeria, Vigo, the Balearic islands, Syracuse, Corfu and Gythion by means of secret agents with money—say £1,000 to £5,000 each place according to actual needs. This can best be done through our ministers and ambassadors, and should be put in hand immediately.

The centre of all supplies to enemy submarines in the Mediterranean, wrote another officer in high position, is the Piræus, where the Standard Oil and the Vacuum Oil companies have the monopoly. The supplies for the submarines in the Ægean go from the Piræus to Salonika. The supplies for submarines to the westward of Matapan are sent from the Piræus by land to Patras, where they are embarked on board small sailing craft and caiques, manned by the smugglers, who are well acquainted with the coast. These folk make a first distribution of the supplies to various points of the Greek coast, from which points it is again distributed in small quantities to Corfu. There are also supplies at Santi Quaranta, Saiada, Levkimo, the Achilleion, Prevesa, Paxos. The principal centre of supply is at the Achilleion. a Greek contractor called Basbis says that last year a reservoir was dug at the Achilleion, capable of holding 2,000 barrels of liquid. This was lined with copper, covered over with earth, and a false tank filled with water fitted above it.

Places where supplies are kept for submarines in the waters round Corfu.

The following are ascertained supply spots : Tetrantsi, Porto Pagania, Gomenitza, Plataria, Givota, Porto Parga, Butrinto, Porto Laka.

At Butrinto, some time ago, a caïque lay under pretence of fishing ; she carried a light for signalling at her stern ; another light was worked from a hut on shore close by, and communication went along the coast of Corfu. The hut was leased by four strangers, for the purpose of fishing but they have never been seen to fish. The hut is always well provided with eggs in abundance, fowls and fresh provisions.

The remainder of the report was a long description of the arrangements that were supposed to have been made for supplying submarines from the Achilleion, and of the assistance that the Greek authorities were supposed to be giving, with no explanation why submarine commanders should refuel at Corfu, instead of at Pola dockyard. This extraordinary superstition about the Achilleion may be explained at once. The palace was not then being used, and the German consul was in charge of the care and maintenance party that had been left behind. The tanks were to store the benzine consumed in the motor dynamos of a large electric plant ; they were concealed, as much as they could be, because the architect thought them unsightly.

Officials in the civilian departments were, naturally, reluctant to doubt statements that the naval authorities were making upon a matter entirely within their own competence, and, as a consequence, this legendary belief in secret submarine bases was unquestioned by any branch of the administration. A few examples may be given to show how firmly the superstition established itself.

(i) In their sixty-first report, the committee for the restriction of enemy supplies stated :

We are informed that there are four different groups of enemy traders in Greece. The first are mainly engaged in supplying fuel for submarines. The second is chiefly occupied in the supply of foodstuffs and copper. The third is engaged in supplying oil to submarines. The port of Chalcis, situated on the east coast of Greece, is reported to be shipping supplies to enemy submarines, the same applies to Laurium and the island of Zea.

In the report immediately following, the committee stated that a submarine had taken in fuel at Salonika.

(ii) One of the first papers presented, during the negotiations for a contraband agreement with Greece, contained the statement : *Il est également hors de doute que des sousmarins arrivent à se procurer des approvisionnements de toute nature dans la mer Egée.* A few days later, Sir Francis Elliott stated that naval interference with Greek coasters might be relaxed :

Provided that proper course is being kept and that no oils or lubricants suitable for submarines are being carried without special licence from me.

(iii) In a return of vessels detained at Mudros there are the following entries :

Agios Georgias. Greek sailing vessel 26 tons. Captured 21st June on a journey from Piræus to Volo. After removal of oil, the vessel will be liberated. [She was carrying tanks of red engine lubricating oil.]

On the next page, the entry against the Greek brig *Eleni* runs :

This vessel was detained owing to the report of the Alexandria police that this steamer was carrying benzine and oil for a submarine base in the Greek islands, probably Chios.

A casual inspection of the relevant documents thus shows, at a glance, that a powerful and well-informed committee, our Minister at Athens, and the chief of police at Alexandria were all satisfied that these secret bases, and the traffic that radiated from them, were matters of common knowledge. As the misconception influenced our policy with neutrals, and was thought to justify extraordinary rigours against their commerce, it will be of some interest to investigate its causes and origins.

XII.—How the Mediterranean commerce in oils and lubricants was conducted

It should be explained, at the outset, that the reports from high naval officers in the Mediterranean, which established the superstition so firmly, cannot be dismissed as the statements of inventive and credulous persons. The facts that they had ascertained were quite correct : there was a brisk traffic in paraffin, and oil, between the Piræus and the small harbours of the Adriatic ; stores of oil were awaiting further distribution, at all the places mentioned, and at the Spanish coastal villages mentioned by Admiral Limpus ; the oil barrels were being carried from place to place in caiques and small vessels, exactly as was stated in the report. Finally, America was the source of all these supplies, and the Standard and Vacuum Oil Companies were the first distributors.

The inferences drawn from these careful observations were, however, very far from accurate ; for the oil cargoes, whose movements had been so well ascertained, were not being carried to the German submarine commanders, but to the villagers, the farmers and the inhabitants of the small towns. How is the misconception to be explained? First, it must be remembered we had no expert commercial agents in the eastern Mediterranean, when these reports about submarine bases were first circulated. The special agents who were then stationed in the eastern Mediterranean had been sent there to collect military information ; and, although they did often report upon contraband cargoes, they had not that knowledge of commercial transactions, which would have enabled them to follow the local traffic in oils, from its first sources to its final destinations, and by so doing, to have covered what purposes it served. Secondly, it must not be forgotten, that all these reports were being prepared during moments of grave anxiety. Thirdly, few people know anything about the habits, and the ways of life, of the peasant populations of eastern Europe ; and persons who live in the greater countries cannot be expected to understand, that cheap lamp oil, and cheap lamps from which to burn it, have been a sort of Promethean fire to the poorer peasants in eastern and central Europe, where these articles have been the handmaids of civilization, knowledge and social intercourse ; for it is no exaggeration to say, that, till the middle eighties of last century, when paraffin and lamps were first brought to the peasant farmers of eastern Europe, millions of farmsteads were never lighted or dark, except by the fire on the kitchen hearth. Persons familiar with the peasants in the remoter parts of Scotland and Ireland would, possibly, understand much the farmers of central and eastern Europe would be likely to depend on lamps and lamp oil ; but ordinary English persons may be excused, if they failed to grasp it.

In conclusion, a word of explanation should be given about the hovering caiques that excited so much suspicion. There is certainly a large coastal traffic round Greece, which is of two kinds : that conducted by small steamers, which ply between the

Piræus and the larger coastal towns, Patras, Volo, and so on ; and that which is conducted by the small caiques and sailing craft, which are used for carrying supplies from the larger towns to the remoter villages. This secondary trade is thus conducted. The captain of a caique loads up with goods that he knows will be wanted in the villages that he intends to visit ; the goods most purchased are oil, cheap cotton clothing, boots, cheap watches, coloured handkerchiefs, cheap broadcloth, groceries, and such foodstuffs as are known not to be produced locally. The caique then sails, and is anchored when it reaches a bay adjacent to the villages to be served ; the captain, or his partner, then lands, loads up his goods on mules and asses hired locally (sometimes a mule is carried in the fore part of the caique), and carries his goods inland to the villages and towns where he hopes to sell them. The caique may be at anchor for several weeks before the salesman returns. It is not to be doubted that these caiques captains often carried Turkish tobacco and Turkish goods ; and that they sold them when and where they could find a market : the traffic on which they were engaged was, nevertheless, the petty traffic of a community of coasting hawkers.

These, then, were the true facts ; but the superstition about secret bases was so quickly established, and so universally held, that no person in authority ever suggested that a dispassionate enquiry should be undertaken. It should be added, however, that the misconception was no mere error of judgement by the British naval authorities ; for it was entertained by all the allies, and, during the summer months, the following places were reported and believed to be centres of submarine supply : Corfu, Parga, Thaso island, Sými in the Dodecanese, Patras, Cerigo island, Calymno, Zante, and cape Sidero. The monks of mount Athos were also suspected, and the Russian government insisted that the Greek authorities should inspect all the monasteries in the Chalcidic peninsula. It would be interesting to know whether the monks were allowed to keep their oil, of which they presumably burned large quantities, or whether they were compelled to sing their primes and complines in total darkness.

XIII.—The misconception was not dissipated and many oil cargoes were in consequence detained

If our authorities had disclosed all their suspicions to the Greeks, the superstition might have been dissipated by enquiry ; unfortunately, we did not trust the Gounaris cabinet, and M. Stratos, the minister of marine, was under suspicion. The Admiralty therefore deprecated communicating our suspicions to the Greek government, as they were convinced M. Stratos would at once warn the German submarine commanders that their bases had been discovered. A general warning was certainly given to the Greek foreign minister, who was told that the Achilleion was assuredly a base. This, however, was an exception : we repeatedly informed the Greeks that Greek bays and islands were serving as bases to German submarines ; but, when they asked for details, none were given.

It would be a nice enquiry to discover in what degree these suspicions deteriorated our relations with the Greek authorities ; but we are here concerned with only one consequence, the resulting confusion between the genuine and imaginary trade in contraband. Henceforward, the naval authorities applied the words contraband trade to the transit traffic through Salonika, and to this fancied trade with the enemy submarine bases ; and it is often very difficult to discover which they meant. It may be assumed, however, that these suspicions, which had infected every branch of the administration by midsummer, 1915, were considered to be excuse for the extraordinary rigours that were subsequently practised. It must, however, be added, in fairness, that the Foreign Office authorities were often extremely sceptical, when the evidence supporting these accusations was communicated to them, as for instance, when it was found that the legend of a base on Thaso island had been composed on the report of the skipper of a patrol trawler, who had sighted a submarine off the island ; and had sworn that she was exchanging morse signals with the shore. The whole

question was, however, technical, and as the vice-admiral in the Mediterranean shared these beliefs, the Foreign Office authorities would only have provoked friction with the Admiralty, if they had communicated their doubts, and expressed reluctance to make representations at Athens.

In any case, the clamour for extraordinary pressure came from so many quarters that it was almost irresistible. The French Foreign Office instructed their minister at Athens to :

call the Greek government's attention to the manoeuvres and intrigues of the German agents at Corfu and in the Ionian islands ; to invite them to stop the refuelling and re-provisioning of German submarines in those islands ; and to warn them that if this is not stopped the allied navies will themselves be obliged to police Greek waters.

The Italian government repeated these accusations, and asked that our minister should be associated in a joint remonstrance. From Whitehall, the director of naval intelligence sent out a general instruction that every oil cargo was to be treated relentlessly. This official tally-sheet was addressed to all British consuls in the Mediterranean ; it ran thus :

In deciding whether any place is likely to be used as a base of supply for German submarines apart altogether from the geographical question, the following points should be borne in mind : Practically any kind of oil, except petrol spirit should be viewed with suspicion, since it may be used either as a fuel or a lubricant.

Any quantity of 500 gallons and over should be noted.

The oil may be shipped either in drums, barrels, or bulk.

Any undue concentration of provisions of all kinds, which do not appear, normally, to be required by the inhabitants of the place.

Being thus exhorted from high places, officers on the station exerted themselves strenuously. The vice-admiral published a manifesto in the Greek press, in which he accused the contraband traders, and the contractors for the submarine bases, of disgracing merchants of the better sort ; after this, he stationed a vessel off the Pæus. In the Ægean, the naval authorities did literally hunt down every barrel of oil that could be found ; for the list of vessels and cargoes detained at Mudros was such that no oil cargo was safe from confiscation, if it was being carried through any part of the archipelago.

XIV.—More regular pressure is also applied

These seizures of cargoes that belonged to petty traders, who were quite unable to seek redress, may have kept down a clandestine traffic in Turkish fruits and tobacco, but beyond this they regulated nothing ; and, when it became at least probable that the Bulgarian government would declare war against us, there was an urgent need for some general regulation.¹ The position then stood thus : We had a double interest in stopping cargoes from entering Dedeagatch ; all supplies consigned to that place were entering a country that seemed likely to become an enemy ; and the government at Sofia were no longer concerned in keeping down the transit traffic through Turkey, who was then their prospective ally. Over and above this, nearly every vessel bound to Salonika, and a large proportion of those bound for the Piræus, were subject, as our authorities were satisfied, that goods were being re-exported to enemy territories from Salonika ; and that the regulations first issued by the Venizelos government were not being vigorously enforced by their successors. In order to check this enemy trade, the government ordered, that all contraband to Balkan States was to be held up ; that export licences for goods to the Balkans were to be granted sparingly ; and that our commerce with Greece was to be very much cut down.

It is not easy to express the consequences of this in exact statistics ; the outcome, however, may be reviewed in a general way. First, as to the order about conditional contraband. This order was issued to the fleet, after there had been an exchange

[continued on page 393]

¹ Midsummer, 1915.

TABLE XLII
List of cargoes to the Balkan States detained during June and July, 1915

Ship	Destination	Cargo	Reasons for detention or condemnation of ship
<i>Powhatton</i> ..	Greece (Salonika) ..	Petroleum and grease ..	General instructions from government that all contraband to Balkan States to be stopped. (See chapter 3, p. 000.)
<i>Athenai</i> ..	Greece ..	Rice, barbed wire; other cargo for local consumption, including boots for Greek army ordered by Greek government.	General instruction from government that all contraband to Balkan States to be stopped. Vessel released after discharge of rice and barbed wire believed to be destined for the enemy.
<i>Manin</i> ..	Switzerland ..	Silk perchloride ..	Consignment detained at Genoa as agent there is on black list.
<i>Vasilefs Constantinos</i>	Greece (Salonika, Piræus)	Cotton-seed oil, coffee, leather, tanning extract.	Pending usual guarantee as to re-export of tanning extract and leather. Undertaking given, vessel proceeded. 480 passengers on board, including U.S.A. Red Cross Party for Serbia.
<i>Joanna</i> ..	Greece (Salonika, Volo, Piræus).	Oil, paraffin wax, machinery, etc.	General instruction from government that all contraband to Balkan States be stopped.
<i>Capri</i> ..	Switzerland (Zürich) ..	Cotton ..	From India; cotton to be placed in prize court. India instructed not to issue licences for such without reference to contraband committee.
<i>Joannina</i> ..	Greece (Piræus) ..	Oil and grease, cotton, leather, coffee.	General instruction from government that all contraband to Balkan States be stopped. Oil and grease to prize court as enemy destination suspected.
<i>Barrowmore</i> ..	Greece (Piræus, Salonika)	Cases of "War material" to "Minister of War, Piræus" (boots and blankets), lead, copper, rubber, glycerine.	General instruction from government that all contraband to Balkan States be stopped. Boots to Piræus proceeded.
<i>Simla</i> ..	Italy (Corfu) ..	250 bales hemp discharged to prize court.	Ultimate destination suspected.

<i>Navigator</i> ..	Switzerland ..	Aluminium, etc. ..	Switzerland known to be exporting aluminium to enemy.
<i>Eleutheria</i> ..	Greece (Salonika) ..	Valonea ..	Contraband—discharged to prize court.
<i>Aida</i> ..	Rumania ..	Valonea ..	Released after eighteen days as cargo destined for Russia.
<i>Maine</i> ..	Bulgaria (Dedeagatch) ..	Valonea ..	Discharged to prize court; ultimate destination suspected.
<i>Note.</i> —Above three cases raised question of instituting some system of dealing with contraband in Central Mediterranean, 12th July, 1915.			
<i>Chios</i> ..	Rumania ..	Oil ..	Pending enquiries as to consumption in Rumania.
<i>Mateas</i> ..	Greece (Piræus, Salonika) for Rumania.	Food, machinery, oil, boots, munitions, wire, etc., hospital supplies, motor trucks.	Pending enquiries; released seventh day.
<i>Arlington Court</i> ..	Barcelona ..	Hides and cotton from India ..	Detained by French at Marseilles. Since Italy declared war, feared goods for Germany found their way via Spain.
<i>Catalina</i> ..	Barcelona ..	Hides ..	Hides apparently sold by auction at Las Palmas to Spaniards and reshipped by them.
<i>Anigoni</i> ..	Greece (Salonika) ..	Valonea, soda, naphtha, trups, parts of arms.	First three items removed to prize court; remainder detained pending enquiries.
<i>Rahmanieh</i> ..	Greece (Salonika for Sofia)	Salt ..	Pending enquiries, then to prize court. Consignee known to have sent other consignments to Constantinople.
<i>Epeiros</i> ..	Piræus to Salonika ..	Valonea ..	Pending guarantees not to re-export.
<i>Eleutheria</i> ..	Salonika ..	Valonea ..	Pending enquiries.
<i>Edenhall</i> ..	Greece ..	Camphor ..	Detained by military authorities at Alexandria.

TABLE XLII—continued
List of cargoes to the Balkan States detained during June and July, 1915

Ship	Destination	Cargo	Reasons for detention or condemnation of ship
<i>Nankin</i> ..	Italy, Corfu ..	Hemp	Probably detained at Port Said. Committee ask, if so, why?
<i>Nyanza</i> ..	Italy, Corfu ..	Hemp	
<i>Kartik</i> ..	Italy, Corfu ..	Jute	
<i>Athinai</i> ..	Greece (Piræus) ..	Hospital supplies, one distiller, hides, coffee, rice, oil, tanning extract.	Last item to prize court. Usual enquiries re remainder.
<i>Chalcis</i> ..	Bulgaria (Dedeagatch) ..	Olive oil, valonea	Valonea, if for Russia, released; known and admitted that certain goods reached Turkey.
<i>Arietta</i> ..	Bulgaria (Dedeagatch) ..	Mails, oranges and lemons ..	Known and admitted that certain goods reached Turkey.
<i>Bosphoro</i> ..	Bulgaria (Dedeagatch) ..	Mails, oranges and lemons ..	
<i>Sydney</i> ..	Bulgaria (Dedeagatch) ..	Not specified	
<i>Syria</i> ..	Greece (Salonika) ..	Resin, leather, coffee, blankets, flour, aeroplane lubricating oil, ammonia, motor cars and parts, medical supplies.	Pending enquiries.
<i>Marguarita</i> ..	Piræus to Salonika ..	Coffee, resin, alcohol, rice ..	Pending enquiries re resin, or resin may be removed and vessel released.

ers between the Admiralty and the Foreign Office, in which the Admiralty ed, that they could do little to suppress the contraband trade; and that : pressure ought to be exerted against the countries concerned in it. But : the necessary instructions were sent to Gibraltar, the contraband committee already giving orders that conditional contraband to all Balkan states l be placed in the prize court. Thereafter, a number of cargoes were detained; .ble XLII) but the pressure thus exerted was probably more felt by the American mpanies than by the Greek and Bulgarian nations, and may be reckoned g those influences that inclined them to come to an agreement.

only, as to our restraints upon British exports. Our export trade to Balkan als was certainly reduced during the summer of 1915; but the reduction is not attributed solely to these various measures of restraint. Our Rumanian trade already so diminished, by the closing of the sea and land routes, that the ng of licences to Balkan neutrals can hardly have diminished it further: mably, few applications were made. It is, moreover, very difficult to decide ow much our trade with Bulgaria was reduced by the restraints upon exports. value of our normal exports to Bulgaria varied between one million and half ion pounds: during the whole year 1915 only £85,000 worth of British goods sold, the re-exports fell off from about £47,000 to £2,500. Such large ctions are not to be explained merely by the three months of war and non-ourse, yet, for reasons which will now be given, it may be doubted whether eduction is to be explained only by restraints upon export licences. The reason at a mere order that exports to a particular country were to be severely scrutinised ot, at this time, reduce our exports to the country indicated. Let our export e to Greece serve as an example. It is clear from the records, that although all an countries were included in the order about contraband and export licences, ce was the country against which the policy was particularly directed, as the ds about submarine bases, the distrust of Greek ministers, and the known facts it the enemy's trade through Salonika, all inclined us to severity. But although order was thus issued to straiten the Greeks in their supplies, the restraints osed (whatever they may have been) did not check British trade with Greece. e the contrary, our Greek trade multiplied itself many times, in obedience to : general law of British commerce, that it will move to any neutral country that lers upon an enemy, and is, in consequence, an enemy's base of supply. Here the relevant figures:

TABLE XLIII
British re-exports to Greece

	Average for three years	Value in 1915
Food, drink and tobacco	£ 18,816	£ 75,204
Raw materials, etc.	14,475	51,597
Manufactured articles	13,931	47,622
Total re-exports including miscellaneous cargoes ..	47,256	174,423

As British exports to Greece thus rose to several times their normal volume, withstanding that they were ordered to be cut down, it is safe to assume that British trade with Bulgaria would have flourished also, unless some influence that is quite independent of government orders had been reducing it. The trade probably declined, because the British merchants who were supplying Bulgaria began to fear, from midsummer onwards, that they would not be paid for their goods, and so abandoned the market.

TABLE XLIV
Details of principal imports and exports of Greece in 1914

Principal sources	IMPORTS (in thousands of francs)	Commodity	EXPORTS (in thousands of francs)	Principal markets
Russia .. U.S. America .. Unknown ..	40,349	<i>Cereals and agricultural produce—</i> Wheat and wheat and rye mixed ..	Unimportant	
Austria .. France .. Unknown ..	7,607	Coffee ..	Unimportant	
Holland .. Italy .. Unknown ..	5,861	Rice ..	Unimportant	
	Unimportant	Raisins ..	46,326	Great Britain .. (52.7%) U.S. America .. (13.2%) Unknown .. (2.7%) Egypt .. (16.0%) Holland .. (7.1%) Unknown .. (57.2%)
	Unimportant	Tobacco, leaf and cigarettes ..	44,293	
Austria .. Unknown ..	21,224	<i>Timber and products</i> ..	Unimportant	
Great Britain .. Unknown ..	27,142	<i>Metals and minerals—</i> Coal and oil ..	Unimportant	
Rumania .. U.S. America ..	6,015	Petrol ..	Unimportant	
	Unimportant	Lead ..	10,258	Great Britain .. (59.8%) Belgium .. (25.8%) France .. (13.0%)

Great Britain ..	(29.0%)	13,487	<i>Textiles—</i> Coloured and printed fabrics	Unimportant	..	..
Italy ..	(17.1%)					
Unknown ..	(45.5%)					
Great Britain ..	(56.3%)	5,894	Cotton materials	Unimportant	..	..
Unknown ..	(35.0%)					
U.S. America ..	(36.0%)	3,300	Cotton waste	Unimportant	..	..
Egypt ..	(13.1%)					
Unknown ..	(23.0%)					
Great Britain ..	(8.2%)	32,544	Miscellaneous materials	Unimportant	..	..
Unknown ..	(72.7%)					
Unimportant			<i>Wines, brandy and liqueurs</i>	18,926	..	France .. (33.2%) Germany.. (12.7%) Great Britain .. (7.3%) Italy .. (6.4%) Unknown .. (10.7%)
Unimportant			<i>Oleaginous substances and oils—</i> Olive oil and olives	24,888	..	U.S. America .. (21.3%) Italy .. (9.2%) Russia .. (5.9%) Unknown .. (47.0%)
Austria ..	(59.4%)	12,981	<i>Sugar and confectionery—</i> Sugar	Unimportant	..	..
Unknown ..	(38.7%)					
Great Britain ..	(13.6%)	15,511	<i>Chemical substances and products</i>	Unimportant	..	..
France ..	(10.0%)					
Germany ..	(10.0%)					
Unknown ..	(47.7%)					

TABLE XLV
Principal trade of Greece in 1914

Total imports (in thousands of francs)—318,848		Total exports (in thousands of francs)—178,564				
IMPORTS		EXPORTS				
Principal sources	Thousands of francs	Percentage of total	Commodity	Thousands of francs	Percentage of total	Principal markets
Russia, U.S. America, Austria, France.	79,717	25.0	Cereals, foodstuffs, and agricultural produce.	93,244	52.2	Great Britain, Egypt, U.S. America, Holland.
Austria	21,224	6.6	Timber and products . .	Unimportant		
Great Britain	43,923	13.7	Metals and minerals . .	18,396	10.3	Great Britain, Belgium, France
Great Britain, U.S. America, Italy.	57,965	18.1	Textile	Unimportant		
	Unimportant		Wines	18,926	10.5	France, Germany, Great Britain, Italy.
	Unimportant		Oleaginous substances and oils.	26,761	14.9	U.S. America, Italy, Russia
Austria	15,596	4.8	Sugar and confectionery . .	Unimportant		
Great Britain, France, Germany.	15,511	4.8	Chemical substances and products.	Unimportant		

-Why Greece was sensitive to economic pressure when exerted by Great Britain

general regulation of trade with Balkan neutrals was supplemented by a order, that all cargoes of Indian rice and corn, and of colonial wheat, should ped at Port Said, if they were bound for Greece. The consequences of this ly be properly understood by making a brief survey of Greek trade and rice. (See Table XLIV).

the tobacco leaf, Greek raisins, and Greek shipping are the country's three sources of income. The tobacco leaf and the raisins are principally sold to the other countries of Europe and America. Greek shipping is to be found all over the world; for the Greeks, the British, and the Norwegians are practically the only nations which carry the commerce of all countries: a great part of the carrying trade is, however, inside the Mediterranean. Greek wines and olive oil are a secondary source of income: the wines have a very ill taste, but their alcoholic content is high, and they are used for blending; the better sort of Greek wine, perhaps, the best in the Mediterranean. From the sale of these exports, the Greeks purchase cereals, coal, metals and textiles; and, in the summer of 1915, the two first were of great importance to the country. Ordinarily, the Greeks use most of their corn from Russia; and, when the Russian supply became unobtainable, heavy orders were placed in America. On finding that the allies were making enormous purchases in the American wheat market, however, the Greek merchants placed large orders for Indian and Australian wheat, and increased their orders for Indian rice; so that the general convulsion forced them to depend upon British supplies than they did ordinarily. The coal, upon which their shipping service largely depended, was imported almost entirely from Great Britain. The jute, although the Greek imports of jute were only a small proportion of their purchases of textiles, such jute as was purchased was of great importance to the country, as the raisin crop was packed with it: this jute was all obtained from Great Britain. For three essential imports, therefore, Greece was either wholly, or largely, dependent upon Great Britain and the British empire.

XVI.—A general agreement is concluded with the Greek government and the Standard Oil Company

the cargoes of corn and rice that were ordered to be held up were only a small part of Greece's total imports; but the detentions thoroughly alarmed the Greek government, and it begged for a general arrangement, and, for the time being, set up a government control of corn, by making the bank of Greece the consignee of all cereal cargoes. An invitation to negotiate an agreement was well received, both locally and in England. In Athens, Sir Francis Elliot was alarmed at the distress that even these temporary measures of duress were likely to occasion; for the maize and rice cargoes which were being held were all intended for the villagers in the Epirus, a poor, but industrious and restless people. The Foreign Office authorities were anxious to reach an agreement, as they were satisfied that the Greek contraband trade would only be stopped by establishing an ordered system of discrimination, and by making it dependent of the politics of a particular ministry. In addition, the fortunes of the ally, Serbia, were much involved; for it was only by subjecting the transit of oil at Salonika to known, agreed, regulations that the Serbian supplies could properly be secured.

In June, therefore, the Foreign Office instructed Mr. Waugh to go to Athens, and, while he was on his way, Sir Francis Elliott negotiated a temporary accommodation. The Greek government agreed that every waggon crossing the frontier, and every vessel leaving a Greek harbour, might be inspected and reported upon by British agents; and that their own customs authorities should assist them. In return for this, they demanded that they should be allowed to export two staples, currants and

tobacco leaf, to all markets. To this we raised no objection. After this preliminary arrangement was made, several cargoes were allowed to go forward, and licences for exporting British goods to Greece were not much withheld.

The more comprehensive plan, prepared by Mr. Waugh, was only signed a month later. It was a sort of first parent to another system of control, which became very embracing and powerful in the following year, for it contains many similarities.¹ The substance of the plan was that Mr. Waugh and his advisers should receive, in advance, telegraphic notification of all ships and cargoes that were bound for Greece, with the names of the consignees. By this means, they would be able to make what enquiries they thought proper, and to decide what consignments were suspect, and what were innocent. The steamship companies in the Greek trade were therefore to make a binding declaration, that they would refuse delivery of all consignments declared suspect by Mr. Waugh and his staff, and that they would carry them back to Gibraltar or Malta. The consignees who obtained delivery were to sign declarations that the goods would be consumed in Greece. Vessels whose companies complied with these conditions were to be passed as rapidly as possible by the naval patrols. Exports from Great Britain to Greece were to be regulated on a similar system. The Greek importer was first to lodge his application with Mr. Waugh's board of control; after the board had made any enquiries they thought proper, they were to give the importer an official recommendation to the licensing committee in Whitehall. The Greek government undertook to supplement this plan by strictly enforcing their export prohibitions; indeed they went so far as to restrict their own native exports, for they promised that contraband of Greek growth or manufacture should only be exported to neutral countries, in quantities required for actual consumption in the neutral countries of destination. For the rest, the Greek government promised: (i) that the export, re-export, or transit, of contraband would be prohibited, and that any permits granted would be communicated to the legation and (ii) that inspectors of traffic should be appointed to all frontier stations, and to any railway, or harbour, that the legation designated. These inspectors were to collaborate with the agents appointed by the British government. This agreement was the more easily negotiated, in that M. Venizelos had been recalled to office after the project had first been presented.² It should, however, be added that the Gounaris ministers, to whom the first proposals were made, had not been stiff or exacting; for they could have stipulated, and did not, that wines, olives, and the valuable lead which is raised from the Greek mines should be freely exported, in addition to tobacco leaf and currants.

The Greek agreement was supplemented by two others with the great companies that carried oil to the eastern Mediterranean. The first of these companies, the Standard, had contracts which made it the first supplier to Greece, Bulgaria and Serbia, and, according to an estimate made by Sir Francis Elliott, in the latter part of July, the consignments to Salonika, on Greek account, were then far exceeding the normal. If his calculation was correct, there was, at the time, a six months' supply in Greece, and the cargoes then afloat represented an additional twelve months' consumption. Two of the company's vessels, the *Powhattan* and the *Oneka* were then being held at Malta. The company were, however, anxious to come to an agreement; and we, though determined to check abnormal deliveries of oils to Balkan neutrals, were conscious that it was to our interest to do nothing that would displace the Standard Oil from the position they held; as their great rival in the Balkans was a German banking concern with financial control over one of the Rumanian companies, the *Iteana Romana*. Sir Richard Crawford at Washington found the company's manager extremely reasonable, and a general agreement was negotiated without much difficulty. The Standard Oil company undertook to notify

¹ Navicerting. See chapter XXI.

² Agreement signed 30th August, 1915.

petroleum shipments to the Mediterranean, and to consult our consuls at the point of destination, before delivering consignments. In addition, the company agreed to prepare an estimate of the amount of petroleum required for Greece and Bulgaria; to submit it to the legations at Athens and Sofia; and to pay nothing in excess of the agreed figure. In return for these undertakings, the company was allowed to keep a large stock at Salonika, or the Piræus, ready for delivery into Turkey, when military operations were concluded; and the vessels being detained were released.

The agreement with the other great company, the Vacuum, was less easily effected, because the markets of this company were not so concentrated. The Vacuum and the Standard directors appear to have divided the Mediterranean into zones of interest; and to have agreed, that the Standard should be predominant in the Gulf of cape Matapan, and the Vacuum in southern Italy, the Adriatic, north Africa and Spain. As the Vacuum's principal markets were in allied countries, and as the blockade of the Adriatic closed the Dalmatian coast, an agreement would have been difficult to devise but a peculiar circumstance, which was that we were at the time, very suspicious of Montenegrin policy.

VII.—Montenegrin policy and the agreement with the Vacuum Oil Company

When mobilised, the Montenegrin army was about 50,000 strong; and, since the days of the war, the king had managed to maintain his troops on his enemy's territory. In the south, the Montenegrins were containing the Austro-Hungarian forces in Cattaro; in Herzegovina, they held a line between Trebinje and Gazko; and to the north, they blocked the Drin valley and the passes on either side of the Montenegrin and Serbian armies joined at the river Lim. The king had intended to place his army under a Serbian general, as had been suggested, but he preferred that Colonel Jankovitch, a Serbian officer, should be his chief of staff.

It is a little difficult to judge of the Montenegrin achievement in thus implanting themselves upon Austrian soil, and it would seem as though they held their line, not because the Austrians had never attempted to drive them from it, than because they themselves had secured it. No first line troops had been sent against the Montenegrin front since the outbreak of war, and the whole front had been quiet for eight months.

On a map is consulted, it will at once be seen that the Montenegrin army's communications were bad. The coastal towns to the south of Cattaro are open roads, and the best line of communication is from the mouth of the Bojana to the coast at Skutari, and thence to Cettinje. This line runs through Albanian territory; and it was, in any case, a line that could only be used effectively by a country without a large stock of river cargo boats and motor lorries: the Montenegrins possessed none. When, therefore, the sources of our resentment against the Montenegrin government are reviewed, it must be remembered that their difficulties and anxieties were considerable: their army was ill-equipped, badly clothed, and badly fed; and their supplies were carried through the country of an unsteady neighbour.

In the early spring of the year, the Montenegrin authorities reported that the Albanians were interrupting their supplies, and that the matter was urgent. It would be difficult to decide where right lay: the allied consuls could discover only one thing for certain, which was that neither party had the least regard for truth. The British minister, however, the Count de Salis, was convinced, from the outset, that the Montenegrins were inflaming the controversy, in order to make it an excuse for their ulterior designs; and this seems probable, as King Nicolas soon commenced military operations against Albania, which were far in excess of anything needed to secure communications between the Bojana and Cettinje. Early in June, a Montenegrin column occupied points on the right bank of the Bojana, and then, crossing it rapidly at several places, entered Skutari, and hauled down the Albanian flags.

Count de Salis reported, that the assurances and explanations he had received on the whole matter were an unbroken series of falsehoods. The Serbian officers on the Montenegrin staff were equally distrustful. Colonel Jankovitch resigned, saying that the king had deliberately weakened the front in order to occupy Albanian territory, and that the whole operation had, in his opinion, been undertaken with Austrian connivance ; the Austrian official history says nothing about any agreement with the king, so that the worst suspicions entertained against him may have been exaggerated. Count de Salis's suspicions were, however, shared by his Russian colleague, who, several months previously, had doubted whether financial assistance should be given to the king ; and had then stated, that any money advanced to him would probably be spent on operations in Albania. In any case, if King Nicolas was unjustly suspected he had only himself to blame, for double dealing was his masterpiece.

This invasion of Albania was particularly disturbing to us, in that it was done in breach of the most solemn promises, and was exciting great distrust in Italy. Late in August, therefore, the government decided to give no more assistance to the Montenegrin authorities, either with munitions or money : they gave, as their reason, that such assistance would probably be of more assistance to Austria than the allies. In negotiating with the Vacuum oil company it was therefore necessary to get the directors to stop their deliveries to an allied state, as well as to all enemy countries. An agreement of this kind was less easily negotiated than the agreement with the Standard company ; but it should be said, to the credit of the American directors, that although they expressed great surprise at our conditions, they raised no insuperable difficulties. In the end, therefore, the company undertook not to trade with any country at war with Great Britain, or with Bulgaria, Rumania, Albania, Greece, or Montenegro ; and to consult with British consuls and agents before selling their oils in north Africa and Egypt.

The Rumanian Government protested that all these agreements would place restraints upon the Rumanian transit trade through Salonika, which they had done nothing to deserve. There was some force in this, and a temporary accommodation was allowed, whereby the Rumanian minister gave notice at Athens of the consignments that were to be imported through Salonika. The Foreign Office intended to make the Greek agreement the preliminary to negotiations with all Balkan neutrals ; but this soon proved unnecessary. On 6th October the Austro-Hungarian armies began their invasion of Serbia ; and, on the same day, the first echelon of an allied reinforcement for Serbia landed at Salonika, under General Bailloud. On 13th October the Bulgarian government declared war, and their armies advanced rapidly into Macedonia ; on the 19th they captured Kumanovo, and thus took possession of the railway between Rumania and the Ægean. Meanwhile a blockade of all the Bulgarian coasts was formally declared. A few words should be added about the resulting position.

It will have been clear, from what has been written, that the economic campaign in the Mediterranean theatre might conceivably have so reduced the military resistance of the Turkish empire, that some great operation, undertaken in the spring of 1916, by armies equipped from the arsenals of western Europe, would have been successful. This reduction of the Turkish empire was, however, only possible for so long as Turkey remained isolated. After the invasion of Serbia, and the intervention of Bulgaria, the Turkish and the central empires were connected by unbroken lines of road and railway ; and, although the communication was poor, it was yet sufficient to supply Turkey with the heavy, but not bulky, consignments of metal that were needed in her arsenals. Henceforward, therefore, the economic campaign in the Mediterranean was a campaign with no great strategic objectives ; and the agreements concluded may be compared to a detachment that contains and holds an enemy in a secondary theatre.

CHAPTER XIX

THE END OF THE YEAR 1915

whole system of economic coercion considered.—Trading with the enemy legislation considered.—German export and import trade.—The consequences of the blockade to the population.—In what degree the system was stable.—The American government's realisations.—The open controversy between the United States and Great Britain.

I.—The whole system of economic coercion considered

FROM all that precedes it will be evident, that the great achievement of the year 1915 was that during a period of military set backs and disasters, which edited the military reputation of the allies, and very much raised that of Germany, diplomatic representatives of Great Britain set up a machinery for operating the March order in council, and for bringing the overseas trade of northern Europe under control. It would, however, be very misleading to suggest, that the rationing agreements, to which so much space has necessarily been devoted, were the most effective means of coercion that were being operated during the year. The system in operation at the close of the year was already very complicated (*see* Table XLVI), consisted of a group of agreements, which closed the holds of an enormous block Atlantic shipping against German goods, and of two other groups of agreements which textiles, metals and lubricants were controlled (*see* sections III and IV of Table XLVI). This diagram of the machinery gives some impression of its size and application; for if it is inspected, and if the millions of tons of goods that must have been brought under control are remembered, it can be imagined how much economic duress, and what coercive forces, were applied through that mass of agreements. On the other hand, it is impossible to make a quantitative estimate of the tribulation that each particular organ of the machinery made to the total effect. The history of economic warfare differs from the history of a military operation, that, whereas the fortunes of every contingent in the field can be followed and ordered in a narrative, the execution of an economic plan is an administrative process, which obliterates everything but the results obtained.

TABLE XLVI

I.—General Agreements for operating the March order in council

<i>With whom concluded.</i>	<i>Remarks on Agreement.</i>
Danish Grösserer Societat and Industrieraad	Guarantees of home consumption on the rationing principle.
Netherlands Overseas Trust	Ditto (two agreements).
Société Suisse de Surveillance Economique	Ditto.
Swedish Government	An exchange of notes, whereby all articles on the British contraband lists were guaranteed against re-export.

II.—Shipping Agreements

<i>Company with whom concluded.</i>	<i>Remarks on Agreement.</i>
Norwegian— Norwegian-America Line	Guarantees given for investigating ultimate destination of goods and refusing cargoes of German destination or origin.
Garonne Line	Ditto
Norway-Mexico Gulf Line	Ditto
Norwegian Africa and Australia Line	Ditto
Bergenske S.S. Line	Ditto

TABLE XLVI—*continued*II.—*Shipping Agreements—continued*

<i>Company with whom concluded.</i>	<i>Remarks on Agreement.</i>
Norwegian— <i>continued</i>	
Thor Thoresen Line	Guarantees of home consumption ultimate destination of goods and refusing cargoes of German destination or origin.
Nordenfeldske Damskipskelskat	Ditto
Otto Thoresen Line	Ditto
Danish—	
East Asiatic Company	Ditto
United S.S. Company	Ditto

III.—*Agreements with regard to particular commodities*

<i>With whom completed.</i>	<i>Commodity.</i>	<i>Remarks on Agreement.</i>
Swedish Cotton Mills	Cotton	Guarantees of home consumption on the rationing principle.
Norwegian Cotton Mills	Cotton	Ditto
Industrieraad and Grösserer Societat	Ditto	Ditto
Netherlands Overseas Trust	Ditto	Ditto (two agreements).
United States Copper Producers	Ditto	An association in London made sole agents for American shipments to Scandinavia.
Standard Oil Company (U.S.A.)	Oil and its products.	Guarantees of home consumption of all shipments to the East Mediterranean.
Vacuum Oil Company (U.S.A.)	Ditto	Guarantees not to trade with Greece, Bulgaria, Roumania and Montenegro.
Vacuum Oil Company (U.S.A.)	Ditto	Guarantees of home consumption of all shipments to Scandinavia on the rationing principle.
Mustard & Son (Norway and Sweden)	Copra and oil-bearing produce.	Guarantees of home consumption of all raw materials imported.
Lilleberg fabriker Norway	Ditto	Rationing principle. Ditto

IV.—*Agreements for guaranteeing British exports against re-export*

<i>With whom concluded.</i>	<i>Commodity.</i>	<i>Remarks on Agreement.</i>
Copenhagen Coal Bureau	Coal	Guarantees of ultimate destination given.
Netherlands Overseas Trust	Ditto	Ditto.
Netherlands Overseas Trust	Copper	Ditto.
American Rubber Manufacturers	Rubber	Guarantees of home consumption given (operated by British Consul, San Francisco).
American Tin Importers	Tin	Guarantees of home consumption given (operated by H.B.M. Consuls General, San Francisco and New York).
American Metal Importers	Chrome ore	Ditto.
	Cobalt ore.	
	Manganese ore.	
	Tungsten ore.	
	Nickel ore.	
	Spiegeleisen ore.	
	Molybdenite ore.	
	Wolframite ore.	
	Scheelite.	
	Ferro alloys.	
	Plumbago.	
American Textile Alliance	Wool	Guarantees of home consumption given.

theless, some of the most remarkable gains or advances may be estimated. First, let the tabular diagram of the system then working be juxtaposed, in imagination, to that initial system, which was elaborated during the first part of the war, and completed between December 1914 and February 1915. It may be remembered, that the first system of control consisted only of undertakings by the governments of border neutrals, that their prohibitions of export should not be raised. As this system of control was necessarily influenced by the local policy of particular governments, it could never have been made uniform and regular; and an instant's reflection suffices to show that the system could not have been influenced by political calculations. If the law of neutrality is strictly interpreted, then, it could be argued, that the governments of border states had breached no law by undertaking that their export prohibitions would be maintained. It yet remained true, that those prohibitions of export were repeatedly enlarged, at our request, and to suit our convenience, so long as this initial system was in operation, neutral governments were in a degree parties to a plan of economic coercion. If challenged, they could not have defended themselves; but it is inconceivable that they would not, sooner or later, have been compelled to adjust that part of the system which they operated to the policy demanded; nor can there be much doubt as to what neutral policy they would have demanded. During the year 1915, the military reputation of the Central Powers was at its highest: in the spring and summer, they overwhelmed the Allies; in the autumn they defeated the French and British in northern France; in the autumn they overran Serbia, joined hands with Bulgaria, relieved Turkey, and formed themselves and their allies into a military coalition, which was maintained by all the railways and industries of central Europe. They could exert no influence so powerful as the influence exerted by these forces, for which reason it seems as certain as anything can be, that the political situation that so retarded the negotiations at Berne would have paralysed the first system if it had been maintained unaltered. The great achievement of the year was, that the original agreements between government and government were reduced into a number of business agreements, which impinged upon no legal principle or rule of policy. It will be shown, later, how much stability was thereby given to the structure.

The weakness of the system was, however, still the original weakness: trade between neutral and neutral was more strictly controlled than trade between Great Britain and the border states. It had been recognised, from the outset, that a regular system of rationing would prove to be as great a restraint upon British trade, as upon trade with border neutrals. It has also been shown that the Board of Trade, in admitting that a regulation of British trade would be highly politic, was taken only to reduce that trade to its normal figure, when neutral imports from other sources had been effectually rationed. Now if the tabular digest of the system is inspected, it will at once be seen, that the system could never have been in operation at a particular date: it was indeed an organic growth, perpetually throwing out branches; and it is even now impossible to say when it reached its full vigour and development. This being so, it was possible for the Board of Trade to argue, that the condition to which they attached so much importance was unfulfilled during the last quarter of the year; and that they were bound to pursue their original policy of assisting a successful prosecution of the measures regulating British exports. There was certainly very little diminution of exports to border neutrals during the last two quarters of the year, and the only lamentable reading to those officials and diplomatic representatives, when negotiating the great rationing agreements of the year 1915. They may remember every neutral chancery in Europe and America, that unusually heavy duties on a particular commodity raised a presumption that the commodity would

be re-exported ; and that, even if it were proved that all the imports would be used and consumed within the country, it still remained true, that an abnormal import gave a stimulus to domestic exports of the same, or of a similar, commodity. The argument had never been rebutted, and the Board of Trade, though perfectly well aware that these two general presumptions were the rules which governed our treatment of neutral cargoes, and indeed our whole diplomacy, had still made no endeavour to reduce the enormous inflations in our export and re-export trade to border neutrals.

II.—Trading with the enemy—legislation reconsidered

This swollen trade in commodities that were all, or nearly all, on our list of prohibited exports was the more damaging to our reputation, in that our legislation upon trading with the enemy had been progressively stiffened during the year. It has been shown, in a previous chapter, that our first proclamations and legislative enactments were drafted upon the assumption that public opinion in England would insist, that direct trade with the enemy should be stopped ; but that those who conducted the investigations into the matter, and who calculated the commercial losses and military gains of stopping trade with the enemy, recommended nothing very positive about indirect trade ; so that all our original legislation had been modelled upon the ancient British rule of law, which made residence (and not political allegiance) the decisive test of enemy trade. Since that date, a number of additional enactments had altered this first legislation, and brought it more into harmony with French practice.

In the first place, our domestic legislation empowered the executive to wind up and liquidate certain concerns, which would nearly all have been British firms, if the old geographical test of residence had been strictly adhered to. Actually new tests were added : What proportion of the share capital was held by British and by German subjects ; whether the concern had transacted business with an enemy ; whether it was likely to do so if an opportunity offered, and so on. Secondly, much better definition was given to insurance contracts that might benefit an enemy, and, what was perhaps more important, the ancient, geographical test was not entirely adhered to in the proclamation of 7th January, 1915, which forbade all transactions with enemy banks outside the United Kingdom. The consequences of all this upon the overseas trade of Germany are not traceable, and do not therefore concern us : these enactments are referred to only as illustrations of a tendency.

Meanwhile, the French authorities, who were disturbed about our economic policy, and anxious lest the rising tide of popular suspicions in France should have ugly consequences, invited us again to enquire whether the legislation of the two countries could not be better co-ordinated. The request was very tactfully made ; for the French government did not criticise our policy, and stated only, that they would think an enquiry of great value. The Foreign Office instructed all our representatives in neutral countries to investigate the matter (10th September, 1915).

Our ministers and consuls were fully apprised that our business communities might suffer loss, if all transactions between enemy and British firms were prohibited ; and that the losses would probably be suffered by those British shipping companies, who had put their vessels into the trade of neutral countries. The danger is best explained by giving a typical example. German concerns abounded in South American countries ; for German capital had been laid out in the Chilean nitrate trade, in the Peruvian guano trade, in the Brazilian coffee trade, and in the Plate trade in meats and cereals. British shipping, however, predominated over American and South American shipping throughout the continent. Our consuls were therefore instructed to determine whether any useful purpose would be served, if British shipping companies were forbidden to carry a cargo sold by Herr Hirsch of Montevideo, to the Süd Amerikanische Invoer Gesellschaft of Valparaiso (the names are imaginary).

all similar transactions were forbidden also. The replies given, and the report them are a significant beacon mark of the course along which official opinion moved since the Committee of Imperial Defence conducted their first enquiries ; a great majority of our consuls were now persuaded that the losses which might be suffered by our shipping companies had been over-estimated ; and that, even if losses would be suffered, it would still be the soundest policy to impose a total prohibition. Official opinion had, in fact, hardened and stiffened during a year of voluntary set-backs and disasters : all these German concerns in foreign countries were now regarded as struts and supports to a vast structure, or as cog wheels and parts in an enormous mechanism ; the destruction, not the mere strangulation or paralysis, of German trade and commerce was now conceived to be as much an aim to be striven for, as the overthrow of the German military system. A few instances may be quoted as illustrations of the conceptions then circulating.

Considering [German export organisation] it is necessary to touch briefly upon the origin and nature of the German export organisation, and upon the apparent causes of its success. In the first place, it must be noted that the organisation was, and is, far more than a mere commercial organisation ; it was deliberately conceived, planned and used, as a great engine for the furtherance of German political ambitions, both in peace and war. Every German house in a foreign country is not merely a centre for German trade but also a conscious centre for the dissemination of German political and social influence in peace, the local headquarters and paymaster of the German propaganda and espionage system in war, and at need a depôt from which they draw money, supplies and intelligence Behind every German activity was a threat of official, promising government assistance, threatening government displeasure, hinting at honours and subsidies if a certain enterprise were undertaken It was submitted that the ultimate advantage to British trade and industry, and to British political influence which would accrue from the adoption of any means which would destroy, or merely injure, this organisation would far outweigh any immediate loss or disturbance to British trade

Foreign Office reporter then explained how much it was to be desired that German recovery after the war should be delayed and impeded ; and represented, if crushing damage could only be done to German concerns in South America and Asia, then, the German commercial system would probably revive very much more slowly than the British, after peace had been declared. He summed up with a strong recommendation for more comprehensive legislation.

This legislation was, in effect, passed in the closing days of the year ; for the Trading with the Enemy (extension of powers) act empowered the king to prohibit trading with : All persons, or bodies of persons, wherever, by reason of the enemy nationality or enemy association of such persons or bodies of persons, it appears expedient to do so This act was far more sweeping than any yet passed, and was intended to make French and British legislation more uniform. It was therefore, peculiarly damaging to our reputation that this severe legislation, the returns of our trade with border neutrals, were published within a few weeks ; for whatever explanations and excuses might be given, it was natural, that if such figures before them, French, Italian and Belgian statesmen should have doubted our honesty, and should have believed that this draconian legislation was a mere parade. (See Table XLVII.)

The Board of Trade's policy is the more remarkable, in that it was obstinately pursued by men, who were, perhaps, the most competent in all Whitehall to assess the success or failure of their plan. Statisticians and economists were then estimating that each belligerent government was spending about a million and a half pounds a year on the war. At the highest, therefore, the gains in this suspect trade to border neutrals would have amounted to a revenue, sufficient to pay for three or four days of war, and the proportion of this revenue which actually came into the government's coffers, would hardly have paid for an afternoon's war. The overhead charges to be set off against this gain were loss of reputation for fair dealing, and a set back to the most successful operation that had been executed during the war.

TABLE XLVII

Country.	British exports to, for the 3rd quarter, 1915.	British exports to, for the 3rd quarter, 1913.	Per-centage increase or decrease.	British re-exports to, for the 3rd quarter, 1915.	British re-exports to, for the 3rd quarter, 1913.	Per-centage increase or decrease.	British exports to, for the 4th quarter, 1915.	British exports to, for the 4th quarter, 1913.	Per-centage increase or decrease.	British re-exports to, for the 4th quarter, 1915.	British re-exports to, for the 4th quarter, 1913.	Per-centage increase or decrease.
Sweden ..	£ 1,275,515	£ 2,221,446	- 42	£ 980,441	£ 191,644	+ 411	£ 1,139,725	£ 2,110,097	- 46	£ 628,183	£ 215,415	+ 191
Norway ..	1,738,237	1,496,436	+ 16	348,704	92,350	+ 277	1,756,723	1,383,690	+ 27	406,008	132,928	+ 205
Denmark ..	2,260,090	1,479,930	+ 52	927,886	178,950	+ 418	1,849,194	1,484,440	+ 24	964,285	94,520	+ 920
Netherlands ..	4,019,545	3,401,745	+ 18	2,268,787	1,169,646	+ 93	5,040,093	4,083,740	+ 23	2,186,665	1,205,217	+ 81
Switzerland ..	698,244	1,070,080	- 34	101,288	154,952	- 34	465,016	1,059,815	- 56	18,794	211,133	- 91

III.—German export and import trade

has already been explained, that nothing was attempted against German export until the March order was issued. It is therefore somewhat remarkable, that part of the system, for which no preparation had been made, gained what was perhaps the most remarkable success of the year; for the stream of German exports, which was flowing at full strength in March, was reduced to a trickle by December. Following figures show how thoroughly the work was done:

TABLE XLVIII
Exports from Germany

To	1913.	1914.	1915.
America (dollars)	188,963,071	189,919,136	91,372,710
pesetas)	185,370,000	108,124,000	20,995,000
China	597,358 tons	322,530,000 \$	305,488,000 \$
(£)	11,737,000	5,719,000	458,000
pesos, gold)	81,035,995	70,930,879	9,818,052
Spain (pesos)	2,243,924	1,398,002	166,669
Sweden (pesos)	7,811,135	3,175,809	749,375
Switzerland (yen)	68,394,798	44,922,005	5,919,464
U.S.A. (tael)	28,302,403	16,696,945	160,458

If the German government decide to publish all their statistics of trade during 1915, (which they are not now likely to do), it will be impossible to estimate accurately by how much Germany's and Austria's overseas supplies were reduced during the first year of unrestricted economic war. Our economic policy during the preceding year was, however, a policy based largely upon the inferences that were not proper to be drawn from such statistics of neutral imports as our experts have compiled, and it is, on that account, interesting to review the implications of those statistics and figures. The northern neutrals had imported more meat and meat products, animal and vegetable oils, and more oil bearing nuts during the year, than they had in a normal twelvemonth. The excesses varied with each country; but, as a whole, they were considerable enough to justify a general presumption that Scandinavian countries has re-exported a part of the total excess to Germany, where these commodities were much needed. It is not possible to be so certain with respect to grains and fodder. The northern neutrals had certainly imported more than was normally required for home consumption; but the excesses were not great as to make re-export a matter of certainty; for it must never be forgotten, during the war, the diet of all men and beasts in Europe was changing.

The excess imports of grains and fodder may have been exported in part, or may have stimulated domestic exports of meat and dairy produce; but certain can be concluded about them. The same caveat must be entered with respect to the Netherlands imports of animal and vegetable oils: they were heavy, it is true, but no country was more affected by the enormous growth of the margarine industry during the war. Also, all supplies for the Belgian relief commission were furnished through the Netherlands, which made it hazardous to conclude anything from the statistics of Netherlands imports, without long enquiries into particulars. What the statistics do show, however, and in the most decisive manner, is that when control was exercised at the source of supply, it was far more regular and effective than control exercised through agreements with neutral importers. Scandinavian imports of animal oils were controlled by our agreements with the great American export companies: the curve of imports shows a regular movement above and below the normal average, and a total yearly import slightly below normal. The curve of oil imports shows the same thing in another way: a sudden drop after our

arrangements were completed, and, thereafter, a steady movement along the normal line. (See Appendix IV.) Beyond these general presumptions little can be concluded with certainty from these statistics, save only one thing, which demands a certain amount of preliminary explanation.

During the year, a group of newspapers fiercely attacked the government and the Foreign Office¹, and a certain Mr. Basil Clarke, whom the *Daily Mail* styled their commissioner, collected a few figures of neutral imports, and, by showing that they were abnormal, argued that Germany's overseas supplies had not been reduced during the year, and that our agreements with neutral importers were meaningless verbiage (his own words). Even now these arguments are thought good logic, for it is still a popular question, Why was not Germany blockaded sooner? Now although the writings and reasoning of this newspaper commissioner are beneath contempt, they do, nevertheless, introduce a question of some interest: Do such statistics as are available give any measure of the success of our attack upon the German economic system? It can certainly be said that they do, if they are treated as a guide and an indication only. The indication is this: That all the excesses of neutral imports over normal constituted a very small proportion of what Germany normally imported from overseas, or from countries with which she was at war. Even if it is assumed that Germany's imports from Rumania were normal, and that some of the deficit was made up through Switzerland and Greece, it is still certain, that the country's essential supplies were very much cut down during this first year of economic war; this means that our attack made substantial progress.

IV.—The consequences of the blockade to the German population

The damage done to the economic system of the central empires can, however, be more accurately assessed by reviewing such facts as are known and undisputed about the losses, restraints and sufferings inflicted upon their populations and soldiers. As in the case of overseas imports, figures and statistics must be used as indications and not made the material of dogmatic statements. There can be little question, however, that the prices to which ordinary articles of food have risen, at a given date, are a tolerably good measure of the results obtained from economic warfare. It has to be admitted that these rises in price cannot be entirely attributed to economic warfare; but it yet remains true, that they indicate better than any other statistics, whether supplies are falling, and whether the shortage is moderate or severe; also, these rises in price are the best measure that can be obtained of the anxieties, wants, and sufferings of a people that has been subjected to economic duress. Now the price levels in Germany and Austria during the year 1915 prove one thing very clearly, which is that the economic recovery in the early part of the year was not a permanent gain, in that it only checked the upward movement in price, and did not arrest it. The following table of meat and food prices is tolerably conclusive:

TABLE XLIX
1. Meat prices in Berlin

	Average price end of December, 1915.	Average price end of December, 1914.	Per cent. increase or decrease.
Beef	1,5 M per lb.	1 M per lb.	+ 50
Veal	1,5 "	1 "	+ 50
Mutton	1,5 "	0,9 "	+ 67
Pork	1,4 "	0,9 "	+ 56
Bacon	2,2 "	1,1 "	+100
Ham	3,0 "	1,7 "	+ 76

¹ See also section III, chapter I.

TABLE XLIX—*continued*

2. Food prices in Berlin

	November, 1915.	November, 1914.	Percentage increase or decrease.
Split peas (cooking) per kilog.	125.1 pfgs.	88.9 pfgs.	+ 40·7
White beans "	122.8 "	91.8 "	+ 33·7
Lentils "	172.2 "	116.1 "	+ 48·3
Potatoes (eating) "	8.5 "	9.7 "	- 12·5
Table butter "	495.6 "	305.6 "	+ 62·1
Wheat flour "	51.6 "	46.1 "	+ 11·9
Rye flour "	45.1 "	40.0 "	+ 12·7
White bread "	67.6 "	61.2 "	+ 10·4
Mixed wheat and rye bread "	38.9 "	33.9 "	+ 14·7
Rice "	171.1 "	74.3 "	+ 130·2
Coffee (roasted) "	369.0 "	322.9 "	+ 14·2
Sugar "	62.0 "	52.9 "	+ 17·2
Salt "	23.0 "	22.0 "	+ 4·5
Pig lard (imported) "	499.8 "	199.0 "	+ 151·1
Horseflesh "	155.4 "	96.2 "	+ 61·4
Wheat groats "	108.8 "	61.9 "	+ 75·7
Buckwheat groats "	167.1 "	67.2 "	+ 148·6
Peeled barley "	119.7 "	66.8 "	+ 79·1
Household coal "	3.3 "	2.9 "	+ 13·7
Briquettes per 100	126.7 "	109.1 "	+ 16·1
Petroleum per litre	31.9 "	23.0 "	+ 38·7
Milk "	27.5 "	21.4 "	+ 28·5
Hen's eggs apiece	20.7 "	13.1 "	+ 58·0

It follows from this, that, during the whole year, the British system of coercion gained upon the German defence against it in that theatre of economic warfare, which was, perhaps, the most important of all: the food supplies of the German people. It is also evident, that our measures of economic duress, combined with certain tendencies inevitable in war, shortened food supplies in the Austrian capital about as much as they did in the German; for the statistics available show a steady rise, which the regulations of the government never checked.

TABLE L

List of retail price per kilogramme of certain articles of food in Vienna and Budapest

	January, 1914.	November, 1914.	January, 1915.	November, 1915.
	Kronen	Kronen	Kronen	Kronen
Beef per kilog.	1.60-2.60	1.80-3.20	1.80-2.80	4.50-6.0
Pork "	1.60-3	2.0-3.20	2.0-3.20	5.80-7.0
Horse meat "	0.68-1.20	0.80-1.60	0.96-1.40	5.10-6.40
Lard "	1.54-2.0	2.20-2.50	2.40-2.80	7.90-8.0
Cooking butter "	2.20-3.0	2.40-4.20	2.93-3.60	4.60-5.08
Wheaten flour (pure) "	0.36-0.38	0.46-0.52	0.80-0.88	0.70-0.80
White bread "	0.29-0.41	0.30-0.44	0.47-0.60	0.57-0.64
Black bread "	0.27-0.40		0.42-0.57	0.48
Rice "	0.44-0.82	0.56-0.88	0.66-1.0	1.10-3.60
Beans "	0.40-0.64	0.70-0.80	0.64-1.0	0.95-1.05
Peas "	0.40-0.68	0.80-0.90	0.76-1.60	1.20-1.60

The same test, movements in price, is an even better indication of the progress of our attack upon the German industrial system ; for the prices in cotton yarns and cotton waste show how immediate and severe was the effect of our long negotiations upon cotton. From July to October the price of cotton yarns rose, but not sharply ; in the two last months of the year, however, there was a quick upward movement, which is a good indication of the restrictions consequent upon the agreements that we so laboriously negotiated. The actual figures were these.

TABLE LI
Cotton yarn prices in Germany and Austria

1915.	Germany.	Austria.
	Pfennigs per English pound	Kronen per English pound
July	159-171	1.30-2.50
August	169-188	2.35-2.59
September	171-190	2.85-3.12
October	171-190	3. 0-3.55
November	223-242	3.05-3.80
December	238-257	3.10-4.30

Price of cotton waste in Germany

	September, 1914.	September, 1915.	November, 1915.
Marks per 100 kilogs.	35-180	100-315	156-370

The immediate consequence of this was that a number of factories closed down. The textile factories supplying the armies were, however, still working at full time, and appear to have absorbed most of the labour released. Nevertheless, the damage done to the textile industries did most assuredly affect the daily life of German citizens, for during the autumn of the year an enormous number of textile substitutes were being put on the market. Moreover, these textile substitutes did not appear alone : at an exhibition organised by the Berlin housewives societies, which the government promoted, the following articles were shown, lists of dealers from whom they could be bought were circulated, and everything possible was done to promote their sales : old gas pipes converted into curtain poles, iron pins, hooks, etc. (substitutes for brass), paper collars, cuffs, handkerchiefs and napkins (which people were much encouraged to buy as they would thereby economise soap) ; bedclothes made of woodpulp, which could not be washed ; devices of all kinds for cooking and roasting meat without using fat. This exhibition, and the extraordinary encouragement given to it was proof that the daily habits of the ordinary German citizen were affected ; and that the nation was threatened with a general shortage, very severe in fats, meats and greases, and comparatively so in clothing and textiles.

There is another indication of a prospective shortage, less precise, perhaps, than statistics, but equally good : the suspicions and hatreds, excited among a people, who are inconvenienced, and made anxious about the future, by a disturbance in their daily habits. Count Manzoni, a very sharp observer of human society, and who had

spent his boyhood in communities afflicted by recurrent food shortages, believed that these symptoms are independent of time or place, and writes thus about the beginnings of a food riot.

It was the second year of bad harvests and the people were now, not hungry and destitute it is true, but very ill provided Now when this reaches a certain point the mass of the people begin to believe that mere scarcity is not the cause of the trouble. It is denied that any shortage has been foreseen or feared ; people believe that there is plenty of corn, and that the evil is that insufficient quantities are being sold. These explanations are unjustified by anything on earth or under heaven ; but they are explanations which excite hope and anger. Grain dealers, real and imaginary ; landowners who have not sold all their crops in a day ; bakers, everybody, in fact, who is thought to have a little or enough ; or everybody, who, by reputation, has plenty, is blamed for the poverty of the harvest, and becomes an object of hatred, or a target for the universal complaining. The positions of stores, and of bakeries, which are said to be overstocked, become matters of certainty ; the very number of sacks is stated ; and people talk of the quantities of grains that are being sent secretly to foreign countries The magistrates are begged to take those remedies which seem good to the people : measures which, in the popular fancy, will bring all this hidden, walled up, buried grain on to the market, and bring back plenty in a moment of time. The magistrates do something, such as fixing maximum prices, and threatening penalties for those who will not sell ; but when all these regulations fail to abate the need for more food, and fail to bring in crops out of season the multitude explains this by saying that the remedies are ill applied, and clamours for something more drastic and decisive¹

Now if the German newspapers are inspected, it will be seen that these symptoms had begun to manifest themselves towards the close of the year ; for a universal suspicion was then abroad that a handful of rich men were hoarding food ; similar accusations were being bandied about with regard to the stocks of cheap clothing that were being held by unscrupulous dealers. It would seem, moreover, as though these suspicions are more dangerous to a modern society than to the rather simple populations whom Manzoni had observed so closely, in that they revive and embitter political divisions. It is certain, at all events, that, even in 1915, the fierce party hatreds which brought all government to a standstill in Germany three years later, were much stimulated by our economic campaign ; for the discontented parties accused their political opponents of being the rich men who were causing the trouble. The socialist papers accused the landed aristocracy and the middlemen, and by so doing, gave strength to their electoral war cries, and persuasive force to their notions about property and the distribution of wealth ; the conservative press, which represented the landed party, accused the tenant farmers, and the wealthy bourgeoisie of the towns, who were predominantly liberal. Also, these symptoms of discontent were already serious enough to cause the government anxiety ; for committees were being established all over the country to proclaim maximum prices. According to Count Manzoni, this remedy, which is none at all, inevitably and fatally excites more serious discontent later on. This second stage had certainly not been reached ; for although all the symptoms of a general shortage were observable in Germany during the winter of 1915, these symptoms were not then serious, as the deteriorating influences already at work were set off by the universal enthusiasm at the great victories of the year, which made the people confident, that their discomforts and inconveniences would not last much longer. At the time, these indications were treated solely as indications of Germany's strength or weakness. Germany's capacity to continue the war has long since been determined and no longer concerns us ; but it is still interesting to enquire at what pace our onslaught upon Germany's economic system gained upon Germany's defence of it ; for this gives a notion, rough and imperfect it is true, but a notion nevertheless, of how weak, or how powerful, were the coercive forces that we were then operating.

It is, however, a necessary preliminary to this enquiry to be as precise as possible about the dates upon which the commercial avenues into Germany were blocked. As has already been said, German exports were more rapidly dealt with than the

¹ *I Promessi Sposi*, chapter XII.

import trade, and were completely stopped during the course of the year ; experts consider that the work was done by September. As for the import trade, the agreements for operating the March order were signed on the following dates :—

with the N.O.T. on 19th July,
with the S.S.E. on 4th October,
with the *Raad* and the *Grösserer Societät* on 19th November.

As the March order was, in effect, a declaration of a blockade, and as these instruments were our principal instruments for enforcing it, these dates prove how slowly and gradually the blockade was put into operation ; for they show that one commercial avenue into Germany, possibly the biggest, was blocked for five months in the year, the second for about three months, and the third for five weeks only : a stringent, severe stoppage was thus only enforced for rather more than a month.

If we review the measures taken for stopping up the Norwegian channel we come to a similar result ; for the shipping agreements, which constituted the real barrier, were signed in the following order :

with the Norwegian-America Line	.. ..	14th May
„ „ Garonne Line	.. ..	1st July
„ „ Norway-Mexico Gulf Line	.. ..	1st July
„ „ Norwegian-Africa and Australia Line	.. ..	1st July
„ „ Norwegian-South America and Bergenske Lines	.. ..	7th July
„ „ Thor Thoresen Line	.. ..	21st October
„ „ Nordenfjeldske Damskipskelskab	.. ..	23rd October
„ „ Otto Thoresen Line	.. ..	15th November.

From this list of dates we can say that the Norwegian conduit pipe was only closed during the last two months of the year, although the supplies running through it were very much reduced from July onwards.

Finally, the cotton agreements were signed : on 24th June (Sweden), 31st August (Norway), 23rd August (Denmark), 1st September (Holland) ; the textile imports of Germany were thus only controlled during the last four months of the year.

From this it seems safe to say that considerable control was exerted from the end of July ; that it was very much strengthened during August and October ; but that the March order in council was not in full operation until the end of November ; and that this is roughly the date on which the blockade of Germany began, as her exports were then cut down to very little, and her imports reduced as far as they could be by the instruments at our disposal. The German defence consisted of so many laws, regulations and proclamations that it is impossible to select a list of dates which are illustrative of its growth ; roughly, however, it may be said that the German government completed their first defensive system by March, and that, thereafter, they added to it as need arose.

It thus seems fairly well proved that during nine months of moderate, and three months of severe, economic war we made considerable advances into the German defence, and, to use a military analogy, secured points on its outer line, in that, during this short period of time, and with the imperfect instruments at our disposal, we so straightened German supplies that a great part of the nation was suffering discomfort and inconvenience.

V.—In what degree the system was stable

Inasmuch as a long chapter of British maritime history is a history of active opposition by neutrals to British practices at sea, and to British doctrines of maritime capture, it is also interesting to enquire how far the system that was established in the year 1915 was secured against that opposition, which has more than once forced

British governments to mitigate their practice. Before this can be determined, however, it will be necessary to make a somewhat abstract enquiry into the original causes of neutral opposition to economic war.

The three best examples of the political commotions that are caused by practices that neutrals dislike are perhaps : the Franco-Spanish alliance of 1761, which was precipitated by the controversy about the restraints imposed upon the Spanish colonial trade ;¹ the armed neutralities of 1780 and 1800 ; and the Anglo-American war of 1812. Now if anybody inspects the records of these commotions, he cannot fail to be impressed by the disproportion between the original complaints and their political consequences. There is no evidence worth calling evidence of any serious diminution in the overseas commerce of the neutrals who united against us ; and the first sources of the controversy appear always to have been the complaints of obscure traders and shipowners : when these complaints became sufficiently numerous, the matter became a question of national honour, and it was then, and then only, that major accusations about breaches of the law of nations were bandied about and became dangerous. To give another illustration : it is impossible to read the actual incidents of the federal blockade, and the diplomatic complaints upon it, without smiling. On the one side, are records of free fights between the crews of British brigs, barques, and paddle steamers, and the crews of the American sloops, with supplementary reports from British mates and boatswains, who complain that they have been put in irons for the best of reasons : on the other side, are the majestic protests of the British foreign secretary.² Yet it is impossible to deny, that these ridiculous incidents were the first causes, or atomic parts, of a controversy that caused the American secretary of state the greatest anxiety. If the American blockade had been so imposed and operated that very few individuals had complained of their treatment, the controversy between the two governments would unquestionably have been softened. It was the succession of complaints from individuals, which forced our authorities to raise the point of honour, and to question whether the blockade was legal. The impression left by studying all these records is, therefore, that a dangerous political controversy about legal doctrines is the product of antecedent friction ; and that the stability or instability of any system of economic coercion is to be measured less by the novelty or the doctrines upon which it rests, than by the degree in which it causes this first friction : the motive force of all that follows. Also, the danger inherent in all our economic campaigns was that those who executed the campaign : the privateers in the Channel, and the frigate captains elsewhere, were not capable of estimating the political consequences of their interceptions and captures ; and that the executive were unable to control those daily incidents at sea, which were so often productive of political disturbance.

If these premises be admitted, it must be conceded that the system of interception operated during the year 1915 was a great improvement upon its predecessors. The tenth cruiser squadron's operations were productive of few complaints, for a great number of the vessels on the northern route called voluntarily. The complaints of individuals only began, when the contraband committee ordered vessels to be detained ; and however surprising it may appear, and however dangerous it may look in retrospect, that the contraband committee should have ordered so many detentions upon a mere suspicion, and so many more *in terrorem*, it yet remains true, that the committee were better able to observe the political repercussions of what they were doing, than any naval officer or commander of a squadron could have done. For the first time in history, therefore, the maritime executive was joined to the political, and was strictly subordinate to it. Sir Eyre Crowe, or the secretary of state, could, at any moment, have ordered the system to be moderated, if he had

¹ See Waddington : *La Guerre de sept ans*. Vol. 3, Chap. VIII.

² For these two groups of records see : Records of the Union and Confederate navies and Foreign Relations of the United States of America 1861-4.

thought its political consequences dangerous. But while admitting this, and admitting that under any other arrangement complaints of ill usage would have been far more numerous, and their consequences more dangerous, it has also to be conceded that the opportunities of causing this first friction were very much enlarged : a trade stream consisting of the following currents was under inspection and control ; and each ship in the trade stream was a possible point of friction.

The average monthly arrivals from overseas to Norway	was 95 ships.
" " " " " "	Sweden was 70 ships.
" " " " " "	Denmark was 80 ships.
" " " " " "	Netherlands was 204 ships.

To use an analogy from physics therefore : the frictional surfaces had been smoothed and polished, but the power of the instruments that caused heat and friction had been enormously increased, and the one roughly balanced the other.

From all this it will be understood how much stability was acquired to the system by making neutral traders partners to it. They became partners to it, because the agreements they signed with us secured them against the anxieties and uncertainties from which they had suffered ; and as soon as they discovered that these agreements did, in some measure, relieve them, it was their interest to perfect and improve them, which was the same as making them stable and regular. Also, these agreements, in their operation, tended to make merchants who were either outside the great trading associations, or who were suspected by them, bear a great part of the losses inflicted by the detentions ; and it can be assumed, although there is no documentary evidence of it, that the heads of these associations were no great enemies to a system that damaged their trade rivals more than themselves. In any case, the total interference with neutral trade was far less severe than would have been anticipated if the magnitude of the operation only were considered.

Between August and December—

1,021 vessels reached Holland	of which 54 (5%) were detained.
410 " " Denmark	" 79 (20%) " "
476 " " Norway	" 71 (15%) " "
354 " " Sweden	" 97 (27%) " "

VI.—*The American government's real intentions*

It is only repeating what is self-evident to say, that, however stable the system might be made in Europe, that stability was only permanent, if the system was tolerated by the American government ; and it will always be an exceedingly difficult matter to decide whether, at any particular moment, or during any particular period, the American authorities contemplated seriously interfering with the system. In all the documents published or available there is nothing equivalent to a writ of toleration by the American president : equally there is no evidence, or very poor evidence, that active interference was seriously contemplated. It is, however, certain that the temper of the American president and of his cabinet, of congress, and of the people at large, varied and fluctuated throughout the campaign ; from which it follows, that, if there was ever any danger of American intervention, then, the danger was greater at some times than it was at others. A review of these fluctuations, and of their causes, is thus the closest enquiry that can be attempted.

If the particular matters reported in the despatches sent from Washington during the year 1915 are temporarily forgotten, and if those despatches are considered as daily and weekly reports upon the temper of the American people, then, it becomes evident, that, throughout the year, Sir Cecil Spring-Rice was reporting dangers that seemed imminent, but which were nevertheless dissipated soon after. The excitement about the *Dacia* and the *Wilhelmina* ; the anger at the stopping of German

exports ; the reception of our order about cotton, each in turn seemed dangerous, but in every case the danger was overestimated. A second point is also evident, which is that although Sir Cecil and his advisers were generally able to trace each excitement to its source, and were often able to give the names of the congressmen and political managers who provoked it, they were never able to be so particular about the steadying influence that operated so continuously in our favour. What then was this deadening force, which acted so mysteriously, and yet so regularly ? It was presumably the steadying influence that was exerted by the great volume of business then being transacted between America and Europe. This is a kind of ballast upon political controversy which cannot be weighed accurately ; nor can it be balanced against those incitements to controversy, which are watched from day to day, by studying a country's daily papers and its pamphlet literature. The statistics of this great trade stream are, however, impressive, in that they indicate how many persons in America must have been aware, that commerce between the United States and Europe would be more seriously disturbed, if the Washington cabinet were forced into some retaliatory adventure, than if the controversy with the maritime powers continued as it had started, an intermittent exchange of complaints and polite rejoinders.

TABLE LII

Exports from the United States of America to :	Dollars.	
	1913 June-December.	1915 June-December.
Great Britain	361,395,527	703,604,507
France	104,036,224	284,568,299
Italy	44,817,639	165,065,379
Sweden	8,538,269	32,589,837
Norway	5,447,939	24,394,080
Denmark	9,501,976	31,927,320
Holland	66,795,698	53,399,542
Switzerland	437,378	3,134,282
Greece	497,191	12,708,753
Europe, whole of	919,240,845	1,465,589,528

With such figures before him, no American statesman can have believed that his country was suffering injustice or injury : more than this, during the year 1915, the American cabinet received a number of reports upon the negotiations between the allied governments and the trading associations in Holland, Denmark and Switzerland ; and although the secretary of state never sent specific instructions about these trading associations, or about the agreements that they were concluding with us, there are tolerably good indications that he was suspicious and watchful at first, but that he was subsequently much reassured, and proportionately disinclined to interfere. These indications should be examined closely.

When the secretary of state first heard that the Netherlands trust and the British government were in friendly conference about the March order, he instructed the United States Minister at the Hague : To keep the department promptly informed in regard to the future operations of the Netherlands Overseas Trust, especially with reference to any activities of the trust that may be regarded as discriminating against the United States. The United States minister's reply, though long, must be quoted verbatim ; for it proves that the advice given was that the Netherlands trust and other similar associations facilitated, rather than impeded, trade between Europe and America.

This trust is a private corporation, composed of representatives of some of the most important and solid banks and shipping companies in the Netherlands. It is not a branch or department of the Dutch government. It was formed primarily for the purpose of facilitating the commerce of the Netherlands in contraband goods by giving guarantees that these goods would not be exported from the Netherlands to belligerent countries. These guarantees of the oversea trust the allied governments agreed to accept as valid and efficient. Owing to the practical abolition of a distinction between contraband, conditional contraband, and non-contraband, which was made by the British order in council of March 5, the oversea trust has extended its operations to goods of all kinds.

The position of the Netherlands government in regard to the various restraints on neutral commerce, which have been imposed by the different orders and proclamations of the belligerents, is precisely that of the United States; namely, a refusal to admit the legal right of these restraints under international law, and a willingness, while reserving these rights, to permit the finding of some temporary *modus vivendi* which would preserve as much elbow-room as possible for the trade of neutral nations. The Netherlands government perceived at once that if a private corporation could be formed to conduct conversations and negotiations in regard to this *modus vivendi*, it would have the great advantage of relieving the government itself from all official responsibility in the matter, and thus avoiding any danger of comprising those reserved rights to which reference has been made. This was the primary reason for the creation of the oversea trust.

The second reason for its creation was the need of having a piece of machinery especially constructed for this purpose of promoting and facilitating trade under the present difficult conditions more quickly and more efficiently than any government department could do. The oversea trust being in the closest possible touch with the banking, mercantile, and commercial interests of the country, and having established relations of confidence with the allied governments, has been able to do its work with a degree of rapidity and accuracy most beneficial to the interests of Netherlands trade.

Referring to the last paragraph of your instruction 127, I would say that as the oversea trust is a purely Dutch corporation, established primarily for the purpose of furthering and safeguarding Dutch commerce, it naturally gives the first attention to the object for which it was created. But as the commerce of no one nation can be conducted without commerce with other nations, so the oversea trust has been serviceable in a less degree to the trade of other neutral states, including the United States of America. I have not been able to discover any activities on the part of the trust, which may properly be regarded as discriminating against the United States in comparison with other neutral countries. But it is true that on the whole the trust has done more for the trade of the Netherlands than for that of any other nation. This was the intention.

I observe that other neutral countries, like Switzerland, Sweden and Norway, are now taking steps toward the formation of similar trusts, in order to obtain like benefits for their trade in the present abnormal circumstances of restraint and difficulty, which have been created by the action of the belligerent nations.

I would respectfully refer the department to the closing paragraphs in my despatches 201 of 1 February, and 244 of 2 April, in which I suggested the possible value to American commerce of a responsible, but non-governmental body, similar to the oversea trust in general character, but modified in accordance with the difference in conditions, which might render the same services to American trade as the trust is rendering to Dutch trade, without in any way involving our government in the necessary negotiations for a *modus vivendi* under maritime orders and regulations, whose legal validity our government is not prepared to admit without further question.

The United States minister thus reported, without any reservation, that the Netherlands trust had facilitated trade between the United States and Europe. With such a report before him, no responsible minister can have felt inclined to interfere actively with the system then being established, or to recommend interference to the American cabinet.

A month later, the United States Minister in Switzerland reported on the negotiations at Berne. His report was impersonal and accurate, but not altogether friendly to us; for in the opening parts of his despatch he laid particular emphasis upon the allied detentions of foodstuffs, knowing presumably, that the meat packers and other kindred bodies were much aggrieved at this interruption of their trade in contraband, and were making a great commotion about it at Washington. It is remarkable that this despatch was merely acknowledged, and that no instructions were sent upon it;

from which it may be inferred, that the advice given by the minister at the Hague made an impression. Later in the year, the United States minister at Copenhagen reported the agreement reached with the Danish associations, and he received no instructions in reply.

The third indication of American tolerance is even more impressive. It has been shown that the Swedish authorities virtually invited the United States government to support and assist their opposition to our proposals for a contraband agreement, and that the United States government declined. Now the Swedish government renewed their invitation later, and again it was refused. The fortunes of this second invitation were these. On 5th November, the United States lodged their second note of protest to Great Britain ; and on 18th November, the Swedish Minister at Washington handed in a note, in which they congratulated the Washington government upon their protest, and then continued :

The royal government therefore confidently hopes that the present conditions, the illegal and disastrous character of which the note so well points out, will undergo a material change for the better, the royal government not being able to imagine that the note referred to above should have only academic interest, and be devoid of value as an expression of the policy decided upon by the United States. Especially to the following proposition the note undoubtedly gives undivided support [*sic*]. His Majesty's government has with some surprise received the information from New York that the transportation from the United States to Sweden of almost all kinds of provisions and of many other articles is refused by the steamship agents unless a special permission has been granted by the British government. That the exportation of a country's own products should be dependent upon the permission of a foreign government seems extraordinary from the Swedish point of view. But apart from this, the Swedish government cannot omit to draw the attention of the United States government to how far such an arrangement is from being in accord with what has been said in the note of 5th November. In view of the above it is asked whether the Government of the United States would be willing with the point in view of removing these wrongs [*sic*].

To this invitation the Secretary of State replied only : Due note has been taken of the observations made by the Royal Swedish government.

It would be idle to pretend that these documents prove outright that the United States government had determined definitely and finally not to obstruct the British plan of economic warfare. It can, however, be inferred from them, that the president and his advisers were determined to tolerate the whole system for the time being ; for if, at this date, they had contemplated interfering with it, it is almost inconceivable that they should have received this succession of reports upon the British system of coercion so impassively, and should have refused the Swedish invitation so stiffly.

VII.—The open controversy between the United States and Great Britain

For the purposes of analysis it is best to divide the subject matter of the controversy into two heads: that which related to the bare legality of our order in council, and that which related to our execution of it. The best and clearest arguments on the first head are to be found in the American note of 2nd April, and in our rejoinder of 25th July. Our administration was criticised at length in the American note of 5th November.¹

First, as to the legal issues : We argued, that if statements of the law that had been prepared at a particular time, and in particular circumstances, were laid aside, and if the bare principles of the law only were considered, then, it was beyond all question, that, at every time, and in every theatre of war, a belligerent had a right to stop contraband from reaching an enemy, and a right to blockade him. If this was admitted, then, it was to be admitted also, that a belligerent could as legitimately enforce these rights against an enemy who was supplying himself through neutral states, as against an enemy who could be surrounded and beleaguered. Contraband

¹ See Cmd. 8233, 8234—1916. (Miscellaneous 14, 15—1916.)

for an enemy did not cease to be confiscable merely because its first destination was a neutral port. As for blockade, we argued, that, if an enemy's import and export trade were actually stopped, then, the great tests of a legal blockade were satisfied : that it was a matter of fact, and that it must be effective. We admitted that a great deal of these enemy imports and exports were directed to neutral ports, and that they started from them ; but we claimed that this circumstance did not, in itself, cancel a belligerent's right to impose a blockade : if we admitted this, we should virtually be asserting that the ancient principles of the law were inapplicable against goods that are carried in modern ships, and across modern railways. More than this, we claimed that the American courts themselves, when confronted with circumstances similar to those which then confronted us, had ruled that contraband on its way to an enemy, and goods on their way to a blockaded port, were confiscable at all points of their journey thither, so long as the intention to land contraband, or to break blockade, was patent ; and that transshipments in neutral ports did not free the goods from liability to seizure. In more technical language, it could be said that the American courts had applied a rule of continuous voyage against contraband ; and might be said to have done so against blockade runners, no matter whether they were caught *animis fraudandi* or *flagrante delicto*. Supporting this argument on particular points was the very strong argument, that every system of law must be adapted to the circumstances, and to the society, in which it has to operate.

In so far as a controversy upon a legal doctrine can ever be said to have been lost or won, we may claim to have secured some advantages in this exchange of contentions. The test of success is that arguments advanced in controversy shall subsequently be endorsed by those lawyers and learned bodies, who constitute a sort of appeal court. Now it is a matter of fact, that, before this controversy began, at least one American lawyer of great eminence and learning forestalled our arguments.¹ Subsequently, Mr. Charles Burke Elliott, justice of the supreme court of Minnesota, and professor Garner admitted that our contentions were good law. Mr. Charles Cheney Hyde is rather more guarded, but he also admits, that, if the ancient principles of the law are to be applied against a commerce that flows with exceptional rapidity from neutral to neutral, and from neutral to belligerent, then, some rule of continuous transportation must be incorporated into the general body of the law. Finally, it should be added, that nobody maintained more stoutly than Lord Stowell that courts of prize were bound to adjust old principles to new circumstances if their law was to be good law ; and that his judgements have been universally recognised by the American courts.

If the court took upon itself to assume principles in themselves novel, it might justly incur such an imputation ; but to apply established principles to new cases cannot surely be so considered. All law is resolvable into general principles ; the cases which may arise, under new combination of circumstances leading to an extended application of principles ancient and recognised, by just corollaries, may be infinite ; but so long as the continuity of the original and established principles is preserved pure and unbroken the practice is not new, nor is it justly chargeable with being an innovation on the ancient law, when in fact, the court does nothing more than apply good principles to new circumstances.²

There was, however, another side in which our case was not so good. It could, perhaps, be granted as an abstract principle, that a country was legally and regularly blockaded, if the commerce that was being transitted to it through neutral countries were distinguished from commerce genuinely neutral ; and if the one were stopped,

¹ Doctor J. Brown Scott. The literature of this subject is very large ; the following brief bibliography may serve as a guide. S. E. Garner : *International Law and the World War*. C. C. Hyde : *International Law, Volume II*. Titles I, J, and L. *American Journal of International Law, Volume I, Part I*, p. 72 ; *Volume VIII*, p. 299. Atherley Jones (*Commerce in War*) gives a long summary of British precedents and what could be maintained from them (Chapter 3). Mr. Hyde's footnotes constitute as complete a bibliography as exists.

² 6 C.R. 459.

and the other were allowed to go free. Could we, however, claim that this discrimination was being regularly and scientifically made? The minutes of the contraband committee are the only evidence that is decisive on this point, and they prove, that, throughout the year detentions and unloadings were being ordered on suspicions that did not constitute a shred of evidence against the particular cargo stopped or unloaded. The complaints made on this head in the American note of 5th November seem substantially justified.

The incidence of right and wrong is, however, of less historical interest than the intentions of the American government. We had hoped that our note of 23rd July would close the controversy; but Sir Cecil Spring-Rice was soon afterwards informed that the matter could not be allowed to rest, and that another note was in preparation. The note then sent was by far the sharpest yet received by us; can it be inferred from this that the American authorities made this last note more challenging, defiant and censorious than its predecessors because they then contemplated seriously interfering with our system? Hardly, for almost as this note was being delivered we received an intimation very similar to the intimation that was sent by President Wilson, when the controversy first opened. On this occasion it was not sent directly to our ambassador, but was made by Mr. Lansing to a journalist, who immediately repeated it to us, as Mr. Lansing well knew he would.

I saw Lansing the other day in Washington (wrote Mr. Dixon of the *Boston Monitor* to Lord Robert Cecil) and had a talk to him about the new note. He told me then it was on the point of going. I asked why, and he said perpetual demands over here made it imperative I then went on and talked about the blockade. He said quite plainly the powers were aware of the tricks of the gentlemen who go down to the sea in boats and would not be found standing behind them. *Les honnêtes gens*, who pack meat, he was not too complimentary about. Finally he informed me that the note was a political safety valve, and that not much was expected of it as it would certainly not be pressed.

All the available evidence about the American government's intentions therefore supports the inference, that, at this date, the authorities were very inclined to tolerate the system. It should be added, that, if the president's intention to mediate was the influence that mitigated controversy, which appears highly probable, then that influence was still strongly exerting itself; for on 17th October, when the last note of protest was in its last edition, the president approved a far more comprehensive political plan than any he had previously agreed to, and even contemplated active intervention on the allied side.

To sum up, therefore, it can be said, that, during the year 1915, our plan of economic warfare was perfected and made systematic, and that, during this period, which was still virtually a period of preparation, we secured the toleration of the United States. When inspected closely, some parts of the achievement seem more attributable to the general course and nature of things than to the wisdom of individuals: the whole achievement is, however, best estimated by comparing what we accomplished with what the enemy effected in the same time. They, like ourselves, were operating an economic war plan which could only give good results, if certain rules of war were adjusted to circumstances; but their record of achievement was very different from our own.

CHAPTER XX

THE PROGRESS OF THE ENEMY'S ECONOMIC CAMPAIGN

Neutral shipping was not much disturbed by the first German operations against commerce.—The dangers of the German system.—The sinking of the Lusitania.—The first deliberations of the American cabinet.—The first note of protest.—Negotiations for a compromise.—The German answer to the American note.—The reception of the German note in America.—The German government modify their orders to submarine commanders.—The American government were aware that recent undertakings were being ignored.—American deliberations on the German note.—The German deliberations upon the second American note.—The second German note, and its reception in the United States.—The American government decide that submarine operations are to be tolerated.—German deliberations for liquidating the controversy.—The sinking of the Arabic.—The German high command are still divided.—The attack on Hesperian and the final compromise.—The British and German systems compared.

THREE months after the German authorities issued their first declaration of submarine warfare, they were involved in a dangerous controversy with the government of the United States, and, from the documents subsequently made public, it is manifest that the controversy was no mere exchange of arguments about the immunity of passenger steamers, and the safety of American globe trotters ; but that it was a real and genuine trial of the British and German systems of economic coercion, in which the neutral governments of the world were spectators, and the neutral government of the United States the judge. I shall therefore endeavour to show, in this chapter, that the trial proved the German system to be so haphazard, and so ill-administered, as to be insufferable ; and that, inasmuch as the trial forced the American authorities (though much against their will) to consider the two rival systems of economic warfare conjointly, so, they were compelled, by sheer force of circumstances, to decide which was the more tolerable, and to act accordingly.

I.—Neutral shipping was not much disturbed by the first German operations against commerce

During the first three months of submarine warfare upon commerce, the British system of coercion was far more oppressive to neutral trade than the German. In the month of March, the contraband committee put 103 neutral vessels out of service, for various periods of time ; in April, 165, and in May, 160. As the cargoes withheld from those who wished to buy them were mostly cargoes of American produce, the detentions exasperated both the Scandinavian shipowners and the American sellers ; and their irritation was the keener, in that they could foresee no end or abatement of the nuisance. The system of shipping goods under consular supervision gave but little relief, and the clamour for settled regulations, which could be complied with, was still virtually unanswered. More than this, some three thousand bales of American cotton were stopped during this same period ; and, as a great deal of preliminary investigation about prices and consignees had to be undertaken, before payment could be made, so, a large number of discontented persons, and disappointed speculators, were inflaming their senators and congressmen against the British government. In contrast to this, the German submarine commanders disturbed neutral trade very little ; and it will be as well to explain exactly what their practice was, and how they were treating neutral shipping.

When the submarine commanders started their operations, they did not, by any means, make blind, indiscriminate attacks upon all the shipping they could find. Quite the contrary : whenever a neutral could be overhauled, or stopped, the ship's papers were inspected, before the ship was sunk by bombs or gunfire. In all cases,

the papers, and an account of the sinking was sent to the German prize court, which generally gave a confirmatory decree, but, in some cases, adjudged the neutral entitled to damages. The rule seems to have been that a neutral was not entitled to damages, if his ship was carrying food, or contraband, to an allied harbour. Some neutrals were certainly sunk without warning ; but this seems only to have been done, when the distinguishing marks were not seen, or were mistaken. In most of these cases compensation was paid. British and French ships were certainly sunk at sight ; but about an equal number were stopped and captured. The explanation of this was that, at this date, the larger U-boats only carried seven or eight torpedoes, which their commanders were inclined to economise, in order that they might keep the sea for as long as possible. Torpedoes were therefore only used against ships that could not be overhauled or brought to. The German submarine commanders thus practised a rough discrimination between enemy and neutral shipping during the first weeks of the campaign, and a great number of their cruises might be said to have resembled the operations of surface cruisers. Neutrals were inclined to be tolerant for several reasons : first, compensation was paid in extreme cases ; secondly, although several neutral sailors were killed during the first months of the campaign, this did not excite much indignation. The seamen who thus lost their lives were, for the most part, poor, seafaring folk, who think of death at sea as a writ of destiny delivered and executed. No neutral government was embarrassed, and fashionable society in the northern capitals was not shocked by the death of a wealthy, influential citizen.

Neutral governments were, moreover, inclined to be patient, in that matters that had, at first, provoked great indignation and controversy were now being accepted as mere incidents in the war at sea. A considerable number of neutral vessels had been sunk by German mines, but the British government's endeavour to excite indignation against German minelaying had failed, and the following losses were suffered without protest :

<i>Vessels lost on German Minefields</i>				
<i>Danish</i>	<i>Dutch</i>	<i>Norwegian</i>	<i>Swedish</i>	<i>U.S.A.</i>
11	3	16	13	3

For the time being, therefore, the German system was better adjusted to general circumstances than the British : the German submarine captains had bereaved a few poor Scandinavian families, who were more inclined to reproach the sea, and the natural elements, than the German naval commanders : we had openly defied the most influential plutocracy in the world.

II.—The dangers of the German system

If this graduated introduction of a new system of warfare had been deliberate, that is, if the Germans had been determined to enlarge their operations gradually, and to keep them well adjusted to the growing tendency towards acquiescence and resignation, they might have avoided, or at least have overcome, the difficulties in which they were subsequently involved. In point of fact, this good beginning was accidental, and was not attributable to the wisdom, or the good judgement, of those who were executing the campaign ; for the German submarine commanders were not discriminating between neutral and enemy ships in obedience to the vague clause in their instructions, but only because, by discriminating, they saved torpedoes. This economy was, in itself, a source of danger ; for as the submarine commanders were saving their torpedoes for vessels that seemed fast enough to get away, it followed, that great liners were more liable to be attacked without warning than any other vessel on the high seas, and every liner sunk, or even attacked, was a source of political controversy.

Also, the German high command were determined to enlarge their operations as fast as they could ; for in the brief interval of two months, the German naval leaders realised that their original excuse for starting submarine operations against commerce was no longer serviceable. They announced the campaign as a retaliation against Great Britain's attempt to reduce Germany by famine ; a few weeks later, they triumphantly proclaimed, to the whole world, that there would be no famine in Germany, and that the British blockade had failed : they were, moreover, at great trouble to persuade the American ambassador, Mr. Gerard, that this was so. German naval officers grasped the implications of this, and were anxious, that neutrals should not be allowed to entertain any hope that they would relax their system, merely because their excuse for introducing it was gone. Being persuaded that a decision at sea would never be secured by any other measure of war, they were determined that the submarine campaign upon commerce should henceforward be represented as inevitable, and independent of special circumstances. Admiral Scheer was obviously expressing a general conviction when he wrote :

In a comparatively short space of time submarine warfare against commerce has become a form of warfare which is more than a mere retaliation ; for it is adapted to the nature of modern war, and must remain a part of it. . . . For us Germans, submarine warfare upon commerce is a deliverance ; it has put British predominance at sea in question, and it has shown to neutrals what are the consequences of yielding so weakly to British policy. More than this, it gives us an opportunity of calling a halt to any revival of the British desire to dominate the sea, and to attract the commerce of all the nations to British harbours. Being pressed by sheer necessity we must legalise this new weapon, or, to speak more accurately, accustom the world to it. . . .

Admiral Scheer was, moreover, so confident that submarine warfare would be decisive, that he was very fearful of any bargain or compromise.

If Great Britain agrees that cotton and foodstuffs shall pass from America to Germany, who will profit ? America only ; for this arrangement will remove every impediment from an enormous traffic in munitions, weapons and raw materials, all which will be directed towards England This will be of much greater advantage to Great Britain than to us ; for a restriction in the supply of munitions to Great Britain is of far more profit to us than a freedom to import from America, in that we can hold out as we are to the end of the war. . . .

The ends now proposed by the German navy were thus far more embracing than any contemplated when the first declaration was issued. The German high command were, in February, thinking of the immediate future ; and were, in plain language, looking for something to do : in May, they were thinking of the distant future, and were determined to represent their conduct of war as inevitable in all circumstances. This must always be remembered when their fatal obstinacy is examined : holding such opinions, and pursuing such objects, they could not compromise.

The obstinacy of the high naval command was perhaps inevitable ; and their disregard of danger natural to men who were, above all things, brave and resolute ; but it should be added, that, during these first three months of submarine war, the German political leaders could have tested the dangers that beset their government, and that they neglected to do so. Colonel House reached Berlin on 20th March. Knowing, as they must have done, that the colonel shared President Wilson's most intimate thoughts, and could, if he chose, explain the president's intentions, it is truly surprising, that neither Bethmann Hollweg, nor Jagow, nor Zimmermann discussed submarine warfare with the colonel ; and that not one of them attempted to discover what was meant by the note that had caused them such misgivings a few weeks before. Instead of this, they treated Colonel House with great reserve, and allowed him to leave Berlin very anxious about the future : they thus entirely neglected to make proper observations of the approaching cyclone.

III.—*The sinking of the Lusitania*

For three whole months, therefore, the German submarine commanders executed their orders as best they could, and the political leaders seem to have given little or no thought to the future of the campaign. Their difficulties were, however, steadily

gathering. On 28th March the steamship *Falaba* was sunk ; she was an English passenger steamer, but an American citizen, called Thrasher, was drowned. The United States government merely asked for particulars, and the month of April passed quietly. On 30th April, however, the American tank steamer *Cushing* was attacked by an aeroplane off the Noord Hinder, and, three days later, the American tank steamer *Gulflight* was torpedoed off the Scillies. Again the secretary of state asked for more details.

If the German authorities concluded, from these long and tedious enquiries, that the American authorities were inclined to acquiesce in what was being done at sea, then, they were very much deceived ; for the American authorities were by no means so impassive as their official letters : if they were slow to protest, this was only because they were striving to grasp what were the implications of these successive incidents, and not because they were indifferent to them. When the sinking of the *Falaba* was reported, Mr. Brian sent two long letters to the president ; and although, in one he urged caution, he stated in the other, that the whole cabinet ought carefully to consider whether it would not be best :

To take the position that the attack is so contrary to international law that a neutral is justified in ignoring the warning, and relying upon his government to vindicate his right to travel on the belligerent ship, notwithstanding the risks involved.

Mr. Lansing, the counsellor, was stiffer ; and as the president relied more upon him, than upon the secretary of state, in all matters that related to law, and to foreign policy, his opinion was weighty. Mr. Lansing did not think that these incidents should be treated lightly, merely because so few persons had been killed or injured : the American government had proclaimed, to their own people, that they would make the Germans strictly accountable for all lives and property that might be destroyed ; having said this, the government could not fall back upon the more comfortable, but now untenable, position that circumstances alter cases : to these arguments the counsellor added, that the whole business was pregnant with more sinister possibilities than any with which the government had to deal ; and that the German government might quite easily decide to make war against the United States, in order to secure more freedom at sea. Outwardly, therefore, the American administration was engaged in making enquiries that suggested an inclination to find both sides equally in the wrong : actually, the president, his advisers, and the high officials of the state department were watching these incidents with growing concern, and a war between Germany and the United States was, even then, thought possible.

All this was hidden from the German foreign office, who could only estimate the significance of these incidents by the questions about technical details that Mr. Gerard was instructed to ask. Nevertheless the chancellor was uneasy. On 6th May, he wrote to Admiral Bachmann, saying that he could not be responsible for the political management of the empire, if neutrals were further exasperated by U-boat warfare. On the same day, the American ambassador was given a memorandum for transmission to his government. In this paper, the German foreign office admitted that an American vessel had recently been torpedoed, but added, that the submarine commander had not been able to distinguish the neutral markings of the ship. The American government were, therefore, requested to urge shipowners to make these neutral markings as plain as possible, and to illuminate them during the dark hours. The memorandum thus contained an implied assurance, that the original declaration was not being executed *ad literam*, that distinctions were being made, and precautions taken. As it was prepared in the German foreign office, it is proof that neither von Jagow, nor Zimmermann, knew what was actually occurring at sea.

They were soon enlightened. When this reassuring state paper was presented at the German embassy, Captain Schwieger was hovering off the coast of Ireland in *U20*. On the morning of 7th May, he was off the Old Head of Kinsale ; in the early

afternoon, he managed to manœuvre his submarine on to the starboard bow of an approaching vessel, which he took for an ordinary steamer. Shortly after two o'clock, he torpedoed her, and discovered, after the torpedo had struck, that he had sunk an enormous passenger steamer : she was, in fact, a great Cunarder, the *Lusitania* ; over a thousand persons were drowned, amongst them Americans of enormous wealth and influence. Captain Schwieger entered in his log that he watched the calamity with very mixed feelings ; but it is patent, from that same document, that the disaster was a natural consequence of the instructions that the submarine commanders were striving to execute. It is only astonishing that it did not occur sooner.

The disaster would, in any case, have been shocking, and the special circumstances excited universal horror and compassion. The dead were brought in by tugs and photographed ; the photographs were subsequently circulated in a large number of illustrated papers, in order that relatives might identify their dead. These memorials of the calamity were particularly terrible, in that those who were drowned had only been recovered after long delay ; some had been half devoured by fishes in the interval, and putrefaction and dissolution were evident in all.

The American nation was at first more alarmed than indignant.¹ Being aware, therefore, that the people were very divided, the president and the secretary of state received Count Bernstorff calmly, and told him they hoped the matter would be adjusted. The president was, however, determined to be guided by the strength of the national feeling, and both he and his ministers were persuaded, that excitement and anger would rise, as details became known. For the moment, his immediate purpose was to gain time and to wait for what he called : An unequivocal expression of public opinion. This, at all events, was how Sir Cecil Spring-Rice appreciated the president's intentions. Bernstorff, it would seem, was of the same opinion ; for he warned his government that the position was serious to a degree, which reads like a caution against inferring anything hopeful from the president's courteous and temperate manner.

The German press, and in particular Dr. Dernburg, the German embassy's publicity officer, now circulated an apology, or an excuse, which very much inflamed the American nation. It was beyond all doubt that the *Lusitania* had been carrying ammunition to Great Britain : Dr. Dernburg therefore assembled all the representatives of the New York press, and told them, that if Americans travelled on ships carrying no contraband, they would be as safe as if they were in a cradle ; but that all ships carrying contraband would be sunk at sight : if Americans travelled on these, they would be travelling on a volcano ; the crews of ordinary cargo boats that carried contraband would be no safer. The doctor had the effrontery to add that his explanation was good law. The German foreign office elaborated this by the statement that the *Lusitania* was armed, which was quite untrue. These excuses roused the American people, and, on 10th May, Sir Cecil Spring-Rice noticed that the whole press was angry and threatening. Mr. Wilson, however, was by no means convinced, that this rising anger in the press was shared by the nation at large, and in order to test the national temper better, and to discover what course of conduct was likely to increase his reputation with the common people, he addressed a large audience at Philadelphia on 10th May, and inserted the following passage into it.

The example of America must be a special example. The example of America must be the example not only of peace because it will not fight, but of peace, because peace is the healing and elevating influence of the world, and strife is not. There is such a thing as a man being too proud to fight. There is such a thing as a nation being so right that it does not need to convince others by force that it is right.

¹ During May Sir Cecil Spring-Rice sent a number of telegraphic reports upon the national temper, and elaborated them in three long despatches (Nos. 224, 257, 258) : these documents are my authority for all statements about public opinion during the crisis.

This utterance was received with round after round of cheering ; and this seems to have persuaded the president, that he would best maintain his popularity, and his ascendancy over his political rivals, who, then, had little to suggest, by finding a way out without too much compromising the national dignity. On the following day, the American cabinet assembled.

IV.—The first deliberations of the American cabinet

Before reviewing the deliberations of this meeting, it will be proper to examine the documents that are known to have been circulated and discussed. The first, and most important of these was a statement, which had been received on the previous evening (10th May), from the German government. In this paper, the German government stated unequivocally that neutral shipping was not to be attacked :

The most definite instructions have repeatedly been issued to German war vessels to avoid attacks on such ships under all circumstances. Even when ships have contraband of war on board, they are dealt with by submarines solely according to the rules of international law applying to prize cases. Should a neutral ship nevertheless come to harm, through German submarines or aircraft, on account of an unfortunate mistake the German government will unreservedly recognise its responsibility therefor. In such a case it will express its regrets and grant damages without first instituting a prize court action.

The American government had therefore received a document, which, ostensibly, relieved them of some anxiety, during their critical deliberations on the following day. The undertaking given was a promise that ships flying the American flag were not threatened : the immediate issue was thus reduced to the safety of Americans travelling on British liners. In point of fact, however, the document was very misleading. It has already been explained, that, a few hours before the disaster became known, the chancellor asked Admiral Bachmann to give strict orders about neutral shipping. He was answered three days later, and the reply must have made him very uneasy. Admiral Bachmann told him that any modification of the orders then in force was not to be thought of, and that such precautions as were possible were being taken. The chancellor did the only thing open to him, and appealed to the emperor, who sent a special order to Admiral Bachmann during the early hours of 10th May :

His Majesty desires, that, for the immediate future, no neutral vessel shall be sunk. [This is necessary] on political ground, for which the chancellor is responsible. It is better that an enemy ship shall be allowed to pass than that a neutral shall be destroyed. A renewal of a sharper procedure is kept in view.

The chancellor had therefore every reason to imagine that this order had been circulated to the fleet, and felt at liberty to draft the document that was delivered in Washington on the 10th. He was, however, very much deceived ; for Admiral Bachmann did not issue the emperor's order to the fleet, and, during the rest of the month, the submarine commanders acted on their original instructions. For the time being, this was hidden from the American president ; but it will be shown, later, that he must have guessed it soon afterwards.

A more inflammatory, but equally important, document was also laid before the American cabinet : it was a telegram from Colonel House, which President Wilson read aloud to his ministers. In this telegram, the colonel advised very firm conduct, even though war resulted from it.

I believe an immediate demand should be made upon Germany for assurance that this shall not occur again. If she fails to give such assurance, I should inform her that our Government expected to take such measures as were necessary to ensure the safety of American citizens.

If war follows, it will not be a new war, but an endeavour to end more speedily an old one. Our intervention will save, rather than increase, the loss of life.

America has come to the parting of the ways, when she must determine whether she stands for civilized or uncivilized warfare. We can no longer remain neutral spectators. Our action in this crisis will determine the part we will play when peace is made, and how far we may influence a settlement for the lasting good of humanity. We are being weighed in the balance, and our position amongst nations is being assessed by mankind.

In addition, the substance of the documents that had passed between White House, and the state department, during the preceding two days, were probably known to the American ministers. In these documents, Mr. Bryan suggested, in rather vague and unsatisfactory language, that an escape might be found, by warning American citizens not to travel in ships belonging to the powers at war. Mr. Lansing repeated what he had recommended before, that a very stiff demand for disavowal be presented at Berlin, and that diplomatic relations be severed, if it was refused. As for Mr. Bryan's compromise, Mr. Lansing's view was that it could not be proceeded with.

After carefully considering the suggestion I am convinced that this government is in no position to adopt that view. To accept it would be to admit that the government of the United States failed in its duty to its own citizens and permitted them to run risks without attempting to prevent them from doing so.

By its note to the German government on 10th February this government declared that it would hold Germany to a strict accountability for the loss of American lives and property within the war zone. It did not discriminate as to the vessels carrying American citizens and property. If it intended to discriminate, it was its manifest duty to its own people to have said so, and to have issued a public warning to them to keep off British ships and to say to them : If you go, you go at your peril.

On the contrary, this government has permitted in silence hundreds of American citizens to travel in British steamships crossing the war zone. It has by its silence allowed them to believe that their government approved and would stand behind them in case their legal rights were invaded.

I do not see how this government can avoid responsibility now by asserting that an American in travelling by a British vessel took a risk, which he should not have taken. If it held that point of view it should have declared it at the time it protested against the war zone.

The written opinions, and recommendations that the American cabinet had before them were, thus, all, or nearly all, to the effect that the only course now open to the government was to protest sternly ; to demand a disavowal and guarantees for the future ; and to sever all relations with Germany, if the answer were unsatisfactory. As far as can be ascertained, the president agreed with these opinions, in a general way ; but, in order that he might dominate the cabinet, he had a draft note ready, for he knew well, that, when an assembly is uncertain and unsteady, a written statement that has been prepared beforehand is usually agreed to. This draft was nearly the same as the note finally presented, but, before the cabinet approved it, Mr. Bryan urged an alternative, which was, that the cabinet should treat the British and German systems of economic coercion as equally objectionable, and should balance whatever protest was lodged in Berlin by an equally vigorous remonstrance against British practices : Mr. Bryan considered, that, if the cabinet would assume, for the purposes of controversy, that the British were attempting to sever all American trade with Europe, then, this second protest could easily be made as forceful, and as challenging, as the note to Germany.

The finance minister answered this, and showed that Mr. Bryan's suggestions were unworkable. The trade statistics for the first ten months of the war had just been published and it was from these that the finance minister quoted. First, it was patent that the decline in American trade (which had influenced the administration at the beginning of the year) had been reversed. The total imports had fallen ; the total exports had risen by thirteen per cent. above the figures for the last year of peace. The balance of trade was, indeed, a record, and exceeded the highest favourable balance hitherto recorded. The exports had risen to this unprecedented volume solely by sales in the European market ; and these sales had been made in respect of goods, which had been the subject of so much political controversy a few months previously : corn, wheat, oats, flour and meat. Furthermore, it was patent, that the American exporters had only been able to supply the high demands of European purchasers by reducing their sales in other markets ; for the figures showed, that, whereas sales in Europe had risen by three hundred and eighty-five

thousand dollars, sales in north and south America had fallen. It was therefore quite impossible for any American government to stand on the contention that their country's trade with Europe was being stopped, when such figures could be quoted to refute the contention. It is true the allies were the principal purchasers; but this would not have assisted the American cabinet, if they had followed the secretary of state's counsel; for, had they attempted to do so, they would have been compelled to argue, that, large as their trade with Europe was, it would be still larger, if the allies imposed no restraints upon American trade with Germany, a very poor complaint. Apart from this, it must have been plain sense to the American ministers, that the great trading magnates of the country were profiting, and not losing, by the war, and that the political agitations that radiated from a few circles were, in consequence, not comparable to the general satisfaction of a great trading nation that was drawing enormous profits. The American ministers therefore assembled knowing, that the controversy with Germany was inevitably driving their country towards the allied side: they were offered an alternative, which they examined and found unworkable; for the secretary of state's proposal must surely have seemed bad, whether it was tested by logic, or by expediency. The discussion was, however, very heated, for the secretary of state accused his colleagues of partiality, when he found them so unwilling to adopt his recommendations; and the president sternly rebuked him.

Realising therefore, that the remonstrance to Germany could not be balanced by another to Great Britain, the American ministers had no option but to approve the president's note: they all acknowledged his talent for writing good prose, and knew that not one of them could compose anything of equal quality. They agreed, moreover, that if the German government refused to grant what was now being demanded of them, then, those demands would have to be repeated so sternly and so peremptorily that something approximating to war would be the outcome. The president therefore perfected his first draft, and the note was published two days later.¹

V.—The first note of protest

In this document the American government virtually demanded that submarine operations against commerce should cease; but they elaborated this by passages that were an open invitation to a compromise. The bare demand was, however, made in very stiff language.

The government of the United States desires to call the attention of the imperial German government, with the utmost earnestness, to the fact that the objection to their present method of attack against the trade of their enemies lies in the practical impossibility of employing submarines in the destruction of commerce without disregarding those rules of fairness, reason, justice, and humanity, which all modern opinion regards as imperative. It is practically impossible for the officers of a submarine to visit a merchantman at sea and examine her papers and cargo. It is practically impossible for them to make a prize of her; and, if they cannot put a prize crew on board of her, they cannot sink her without leaving her crew and all on board of her to the mercy of the sea in her small boat. These facts it is understood the imperial German government frankly admit. We are informed that, in the instances of which we have spoken, time enough for even that poor measure of safety was not given, and in at least two of the cases cited, not so much as a warning was received. Manifestly submarines cannot be used against merchantmen, as the last few weeks have shown, without an inevitable violation of many sacred principles of justice and humanity.

¹ The first authorities for what occurred at this meeting are Sir Cecil Spring-Rice's telegrams. It is to be remarked that Sir Cecil generally contrived to collect very accurate information about the deliberations of the American cabinet; and that his forecasts of the outcome were, as a rule, accurate. The second authority is Colonel House's diary, Vol. II, p. 5. The Attorney-General gave him a long account of the meeting. Mr. Stannard Baker, Vol. V, Chap. VII, is more explicit about Mr. Bryan's suggestions after the cabinet meeting than about the meeting itself. These suggestions varied only slightly from what the secretary of state urged at the cabinet meeting.

The argument differs not at all, and the words only slightly, from those employed by the British government, when they announced the reprisals order to neutral powers.

The American note was, however, so worded that the United States government were still free, notwithstanding that they made this stern demand, to be satisfied with a mere temperament to submarine operations, if that proved to be all they could secure. First, the American government explained that they were only concerned with the safety of American citizens, thus leaving it to be understood, that they did not intend to aggravate the position, by raising the general question of neutral rights; secondly, they expressed themselves ready to accept an apology, and an assurance, that the *Falaba*, the *Cushing* and the *Lusitania* had been torpedoed by mistake.

Long acquainted, as this government has been with the character of the imperial government, and with the high principles of duty by which they have, in the past, been actuated and guided, the government of the United States cannot believe that the commanders of the vessels which committed these acts of lawlessness did so except under a misapprehension of the orders issued by the imperial German naval authorities. It takes it for granted that, at least within the practical possibilities of every such case, the commanders even of submarines were expected to do nothing that would endanger non-combatants, or the safety of neutral ships, even at the cost of failing of their object of capture or destruction.

These sentences at least suggested that the United States authorities did not mean to stand upon their demand that submarine operations be discontinued, and would be satisfied with something less; for they admitted, by implication, that they would recognise a submarine commander's right to destroy a vessel, if he took certain precautions. But after thus easing their first demand, the United States government added another which was very provocative; for they asked that the German government should: Disavow the acts of which the government complained—a condition that no state could agree to without humiliation. The note was, in fact, so drafted that the president could still, without inconsistency, be harsh and peremptory, if public opinion urged him on; or easy and conciliatory, if the nation remained fearful of a break. It was a note *ancipitis usus*, equally good for peace or war.

VI.—Negotiations for a compromise

This document was received in Berlin on 15th May. Simultaneously, or nearly so, a negotiation for a compromise was started in London. It ended in nothing, and is therefore of no importance; the incident is, however, significant as an illustration that, even at this date, persons in authority had no confidence in economic coercion as an engine of war, and were so timid of its consequences, that they would willingly have abandoned it, or, at least, have so mitigated it as to make it harmless.

It has already been shown that Sir Edward Grey doubted whether it would be wise to stand implacably upon the reprisals order, and wage economic warfare without truce or treaty, and that he had, in consequence, shown himself inclined to a bargain. He has never explained his misgivings; but from certain passages in his memoirs, and from his official minutes upon the concession made to America in October, it is to be inferred, that he thought the economic campaign that was announced in the reprisals order would soon prove too dangerous to be proceeded with. Holding such opinions, it was natural that he should have preferred voluntary concessions, offered during the first preliminary manœuvres of the economic campaign, to concessions extorted under duress and pressure, when the campaign was raging. Colonel House, who probably appreciated Sir Edward's misgivings as well as anybody, was in London when the first American note was published. He therefore took the opportunity of repeating the proposals that had been discussed so secretly when the reprisals order was being prepared: That the British government should allow foodstuffs to pass to Germany, on condition that the submarine operations against commerce be discontinued. President Wilson sent a private and personal message

to his envoy telling him, that, if the British authorities agreed at once, they would make : A great stroke, and put Germany entirely in the wrong. This message was duly shown to Sir Edward Grey at his private residence.

Sir Edward well understood that the proposal was made purely in the American interest. The president now saw that submarine operations against commerce were the great obstacle to his plans for mediation, in that the political controversy that they excited was driving him towards the allied side, and so prejudicing his position as mediator. The proposal was thus, quite patently, a proposal that Great Britain should assist the United States to remain neutral. After making it clear, therefore, that he was not deceived about the president's real motives, Sir Edward promised to urge the British cabinet to endorse the proposal, and the heads of an agreement were drawn up : Great Britain was to allow foodstuffs to pass freely to all neutral harbours in Europe ; and the cotton cargoes then detained were to be paid for at once. In return for this, the German government were to discontinue submarine operations against commerce, and were to give a solemn undertaking, that no more poisoned gas be used by the German forces. This document was drafted with the greatest secrecy ; it was not communicated to the foreign office officials ; and it is not certain when it was presented to the British cabinet. Mr. Asquith's liberal cabinet was, at the time, in dissolution, and a coalition government being formed. Colonel House, however, thought himself at liberty to press on with this project, without waiting to be informed that the British cabinet agreed to it ; for a telegram was at once sent to Mr. Gerard, at Berlin, instructing him to urge the German authorities to incorporate these proposals in the note that they were then preparing.

Almost immediately, however, the American authorities discovered that this proposal, from which they hoped so much, was unworkable. The German chancellor could not agree, that Germany should abandon submarine warfare, on condition that she was allowed to receive American foodstuffs, because every expert in Germany was then satisfied that the population could do without them. Jagow and Zimmermann therefore answered, that submarine warfare might be abandoned, if Germany were allowed to import cotton, rubber, and copper, as well as foodstuffs. Both Colonel House and the American ministers were convinced that this would never be agreed to by Great Britain, and that it would be unwise to propose it. Supplementary instructions were therefore sent to Mr. Gerard, telling him that the German government must not be allowed to imagine, that the unsettled issues between America and Germany could be pushed aside, or superseded, by an agreement between belligerents : No matter what England does to Germany or Germany to England, our rights are unaltered and we cannot abate them in the least. The president thought it so important, that this should be emphasised, that he himself drafted a second instruction, which ran :

Please point out kindly and unofficially, but very earnestly, to the Foreign Office that the conditions now prevailing in the marine war zone are rapidly becoming intolerable to the whole world, that their rectification is in the interest of both parties to the present conflict, and that this government, while it has nothing to propose as between the belligerents, but will confine itself to the protection of its own clear rights, will act with pleasure in conveying any proposals that either the one government or the other has to make for the correction of the present conditions fraught as they are with universal danger.

While they were drafting their reply to the American note the German authorities were thus twice warned that the American authorities would resent an evasive reply.

VII.—The German answer to the American note

Very little is known about the councils in which the first German note was drafted and approved. It seems certain, however, that it was not examined at a general meeting of naval and political leaders ; for Tirpitz has published no records of any discussion upon it : probably, therefore, the note was drafted by the chancellor, by

Jagow, and by Admiral von Muller. Admiral von Tirpitz and Admiral Bachmann did, however, inform the emperor, while the note was being compiled, that submarine operations must either be abandoned outright, or continued without modification. During this critical time, the submarine commanders were still operating under their original instructions, so that the German government were only protected against new and equally serious calamity, with its attendant dangers, by a mere hazard of fortune. The German note was substantially a plea that further enquiries be made, and the circumstances ascertained better. The sinkings of the *Gulflight* and *Cushing* were represented as destructions with regard to which an international court of enquiry might possibly make an award for compensatory payments. The sinking of the *Lusitania* was excused, by reiterating the argument about the abuse of neutral flag, an argument already worn out by overwork, and by repeating the exasperating statement, that the *Lusitania* was an armed, auxiliary, cruiser, which habitually carried munitions of war to Great Britain. The German government therefore held the facts recited :

To be of sufficient importance to recommend them to a careful examination by the American government. The imperial government begs to reserve a final statement in regard to its position with regard to the demands made in connection with the sinking of the *Lusitania*, until a reply is received from the American government, and believes that it should recall here that it took note, with satisfaction, of the proposals of good offices submitted by the American government in Berlin and London with a view to paving the way for a *modus vivendi* for the conduct of maritime war between Germany and Great Britain.

While this note was being prepared, Mr. Gerard did everything in his power to penetrate the intentions of the German government, and telegraphed his appreciations, and forecasts, to Washington. They were explicit and consistent. On 15th May, he wired, after an interview with Jagow : I am myself positive that Germany will continue this form of warfare Four days later, he elaborated this : I am sure Germany will not abandon present method of submarine war The prospect of war with America is contemplated with equanimity Finally, two days before the German note was delivered he telegraphed : Best naval sources state no change will be made in method of submarine war, even if consequences involve war with the United States. These reports were presumably treated as an interlineal commentary upon the German state paper.

VIII.—*The reception of the German note in America*

When the German note was read and digested, and compared with the reports of the Ambassador at Berlin, the American government must therefore have realised, that their principal demand had been refused. The German government ignored both the large issue, and the demand for disavowal ; for they maintained only, that the sinking of the *Lusitania* was justifiable, and the sinkings of the *Cushing* and *Gulflight* excusable. As for the proposal that submarine operations against commerce might be bartered against the British system of economic coercion, it had already been examined and found unworkable.

Every competent observer of American politics was persuaded, that the president had determined to be guided by popular feeling, and to rally the great mass of the people round the government, by expressing their prevailing sentiments in that dignified, eloquent, language of which he was a master. Sir Cecil Spring-Rice warned us of this so often that it would be fruitless to repeat his appreciations ; Bernstorff, an equally good observer, was as emphatic as Sir Cecil. It was, however, most difficult for any observer, whether foreign or native, to decide whether the American nation's dread of war, or their anger at the indignity offered, was the prevailing sentiment ; but at least everybody was satisfied that the German note irritated the whole people. Being timid of a break, and yet unwilling that their government should be publicly humiliated, the Americans were anxious, above all things, that

the president should obtain some satisfaction upon the point of honour. The German note was particularly exasperating, in that it disappointed a people hitherto confident, that their government would be respectfully treated. The German government's request that certain technical questions be enquired into so evaded the issues raised by the president, that the American people thought the answer downright contemptuous. All the influential organs in the eastern states described the German note as evasive and defiant. The German foreign office thus succeeded only in exciting the passions that were most embarrassing to them; they would, perhaps, have done better had they taken Admiral Scheer's advice: that this new kind of war be excused in no ordinary diplomatic language, and that: A word artist of the first order, a brilliant, spirited writer, be entrusted with the reply.

Although the rising indignation in America was patent to all, it was still doubtful whether the president was yet empowered by public sentiment to be implacable. He himself hesitated; for he received Bernstorff calmly soon after the note was received, and assured him, that he hoped for a way out; he added he would be willing to obstruct, or at least to oppose, Great Britain's economic campaign energetically, if submarine operations against commerce were abandoned. These concessions, made under American pressure, would be by him treated: As the beginning of a peace move, which he would lead at the head of all neutrals [*Ein Anfang für eine Friedensaktion im grossen Stile welche er an der Spitze der Neutralen in die Wege leiten möchte*]. While the president still hesitated, the German leaders became involved in a fierce controversy among themselves; and, for reasons that will be given later, it is certain, that the controversy, and its outcome, influenced President Wilson considerably at a critical time; it will therefore be convenient to give a particular account of what was then being agitated at Berlin.

IX.—*The German Government modify their orders to submarine commanders*

As the first German note was a mere plea for delay, the German chancellor, after despatching it, could no longer postpone assembling those councils, which alone were competent to decide what answer should eventually be given on the major issues. This was the more urgent, in that he now realised that the order, which he believed to have been issued to submarine commanders at the beginning of the month, was, in fact, being disobeyed. During the month, Danish, Norwegian, and Swedish steamers were sunk without warning, notwithstanding that the German foreign office had given the American authorities a solemn assurance, that neutral shipping was being spared: all this was, moreover, being done while the American consuls in Germany were preparing to evacuate American residents in Germany, and were feverishly collecting their addresses.

The conference convened by the chancellor dissolved such union as the naval and civil leaders had hitherto preserved. The admirals had not objected to a diplomatic note that had been a mere chicane upon a few unsettled technical questions. They were, however, determined to resist any proposal for moderating, or restricting, submarine operations, and, before the general council assembled, the chancellor was given an opportunity of judging how stubborn their resistance was going to be. A preliminary conference was held late at night on 30th May; and the chancellor so impressed General Falkenhayn with the dangers of persisting in the campaign that he had formed a party in the council which was not purely civilian. The admirals, on the other hand, were immovable, and warned the chancellor that they would oppose any mitigation of submarine operations, in that it would weaken the contention upon which they wished the government to stand: That submarine operations against commerce were an act of war, unprecedented perhaps, but beyond all question legitimate.

The general meeting, with the emperor presiding, assembled on the following day. Falkenhayn, Admiral von Müller and von Treutler, all supported the chancellor's contention that the operations must be conducted differently: Admiral von Tirpitz and Admiral Bachmann repeated, stubbornly, that they could not discuss a modification of the orders then in force, and were only interested to know whether submarine operations were to be continued or not. This blind obstinacy was more cunning than would at first appear, for it excited the emperor's notorious dread of popular criticism. The German press and a large section of the *Reichstag* deputies were then furiously agitating in support of Tirpitz: the emperor, who was always fearful of his own people, did not dare to defy the clamour, and said, that if U-boat warfare were abandoned, the chancellor must show that he alone was responsible. Admiral von Müller with difficulty persuaded the emperor, that, as the chancellor did not wish that submarine war be abandoned, this was not the issue. The admiral added, that he could incorporate the chancellor's wishes into an order to the U-boat commanders, if it were his business to do so. The outcome was that a mitigatory order was issued on the following day: it repeated and elaborated the order that Admiral Bachmann had received and suppressed, a few weeks before, and was the first restraint ordered by the German government, since the declaration in February. This, however, was only a preliminary precaution, necessary because none whatever had been taken, but by no means sufficient. American globe trotters were then making their seasonal migration towards Europe, and the chancellor well understood, that this order about neutral shipping would have to be supplemented by an order that no passenger ship whatever be torpedoed. Realising, however, that the admirals responsible for operations would never agree to this, or would cause a dangerous delay by opposing it unflinchingly, the chancellor persuaded the emperor to order this on his own authority.

As passenger ships carry only a very small proportion of the British import and export trade, this new order was of no prejudice to the submarine operations against commerce; nor did it very much restrain the operations of particular commanders, because the U-boats then cruising, being slow craft, could only occasionally attack passenger steamers, which habitually moved at high speed. Notwithstanding all this, Admiral von Tirpitz and Admiral Bachmann conjointly represented this as a surrender of Germany's last weapon against England; as an admission that the *Lusitania* had been illegally sunk; and a dangerous proclamation of weakness. Both asked to be relieved, as they could not be responsible for executing the order; it was, however, circulated to the fleet on the following day, and the two admirals were instructed to remain at their posts. During the anxious days that followed the delivery of the first German note, therefore, the German chancellor won a precarious ascendancy in the imperial councils, and a few precautions were taken against a recurrence of the disaster that had precipitated the crisis. It is of some importance to discover how all this was represented to President Wilson.

X.—The American government were aware that recent undertakings were being ignored

First, and perhaps most important, it was a matter of common knowledge, that neutral vessels were still being attacked by submarines: there was no secrecy about such incidents; for the pressmen of all nations reported them. In fact, the German submarine commanders were credited with more sinkings than they were actually responsible for, in that vessels sunk on mines were often thought to have been torpedoed. The following neutral ships were sunk and captured between 7th May, when the *Lusitania* was sunk, and 8th June, when the American cabinet assembled to consider their second remonstrance.

Danish.		Norwegian.		Swedish.		Portuguese.	
By S/M.	By Mines.	By S/M.	By Mines.	By S/M.	By Mines.	By S/M.	By Mines.
5	2	7	1	1	2	1	None

The president must, therefore, have known, that neutral ships had been sunk, after he had received an official promise that every precaution was being taken. He may, conceivably, have been misinformed as to numbers and particular circumstances: the bare fact was, however, notorious, and, even though he may have been inclined to take the charitable view that neutral vessels were being torpedoed by mistake, he must have been painfully impressed by the number of accidents that had occurred in a single month. He may have attributed this to duplicity, or to bad management, which was in fact the proper explanation, but in either case, he must have formed an ill opinion of the government with which he was treating.

Secondly, it was not concealed that the emperor's advisers had been in conference and were divided; for this also was a matter of common knowledge. But, as the state papers that were exchanged between the chancellor and the naval leaders, the minutes of the conferences, and the orders to the U-boat commanders were kept very secret, the outcome of the controversy was a matter of conjecture. It was, therefore, very unfortunate for the German government that the chancellor's temporary ascendancy was not generally known, and that, on the contrary, the naval party were believed to have overridden him. Mr. Gerard was not able to contradict this general belief, in fact, he probably shared it, for he in no way modified the appreciations made by him before the conference assembled, that the operations against commerce would be continued without alteration. He was so convinced of this, that, on 1st June, he forwarded a statement recently made to him by Admiral Behncke, the assistant chief of the staff, and was satisfied that the admiral's concluding remarks were an accurate statement of German practice and intentions.

Afterwards Admiral Behncke spoke about the growing power of the submarines as follows: With the increasing efficiency of the German submarine fleet, due to the numbers now under construction, and to the greatly increased efficiency of the units, it is certain that we can blockade England absolutely, so that not a single ship can get in or out. If we surrender our rights to conduct the warfare of the sea with the submarine, we bar ourselves for ever from securing our rights under international law for the free navigation of the ocean for our merchant marine. We can therefore make no concessions which will lead to the abandonment of the submarine blockade.

The ambassador was quite ignorant of the setback suffered two days later by the naval party; he only knew that Falkenhayn supported the chancellor. Finally, the president's confidential adviser, now returned from a visit to Germany, where he had been taking observations upon the balance of the parties, reported most emphatically that the naval leaders would never be subordinated to the political; indeed, he credited them with more independence than they actually enjoyed.

The difficulty is not with the German civil authorities (wrote Colonel House immediately after his return) but with the naval and military as represented by the Kaiser, von Tirpitz and Falkenhayn. In my opinion Tirpitz will continue his submarine policy leaving the foreign office to make explanations for any unfortunate incidents as best they may.

XI.—American deliberations on the German note

While the president and his ministers were deliberating upon the German note, every circumstance therefore combined to stiffen them. The public temper was rising; the concession that they had in fact secured, and the chancellor's temporary predominance in the imperial councils, were not reported to them; nor did they know that Falkenhayn dreaded a break with the United States, and was prepared to resist all counsels that made it likely. According to his custom, the president presented a draft note very early in the deliberations; in this draft, the abstract contentions of the previous note were sharply repeated, and an intimation was added, that the American government would stand implacably firm, no matter what the consequences might be. As nobody had anything preferable to offer,

this draft was finally accepted, with very little alteration. Nevertheless, some four cabinet meetings were held before the note was approved and despatched, because the secretary of state and the president were then much divided; and because the note then being considered by the cabinet became the battle ground between them. Mr. Bryan alleged that the whole note was provocative, and that it ought to be redrafted: President Wilson, supported by all his ministers, replied that no other note was possible in the circumstances. It was not until 8th June that the dispute was settled in the president's favour; and that Mr. Bryan resigned. He was, by then, quite compromised, for during the past weeks, he had sought out Dr. Dumba, the Austrian ambassador, and had engaged in conversations with him, which were quite inconsistent with loyalty to his chief or to his colleagues. He resigned on 7th June, but was present at the cabinet meeting of the following day: his place was taken by Mr. Lansing. Mr. Bryan withdrew from office protesting his desire for peace, in which he may have been sincere. He told his wife, however, that if he then resigned, the real sentiments of the people would come to the surface, and this sounds as though his ambition was to become a tribune of the people, and to embarrass the government that thought so little of his diplomacy. Actually, he discredited and ruined himself by retiring at such a moment, for it is only rarely, and then in very corrupt societies, that a man gains popularity by abandoning his post at a moment of danger. To Great Britain the secretary of state's resignation was a great advantage: it gave a great setback to the policy of finding fault equally with each side; and all our officials were glad of this, because although the policy had the weaknesses inherent in all subtle, cunning, conceptions, it was yet thought dangerous, as Mr. Bryan intended to pursue it with the greatest detachment and singleness of purpose.

In their new note, the American government did not refuse outright to consider the special facts and circumstances to which their attention had been drawn, but they drew from them an inference, which the German government was bound to resist: That merchantmen might only be sunk by submarines if all the rules of old fashioned cruiser warfare were first observed.

With regard to the sinking of the *Falaba* by which an American citizen lost his life, the government of the United States is surprised to find the imperial German government contending that an effort on the part of a merchantman to escape capture and secure assistance alters the obligation of the officer seeking to make the capture, in respect of the safety of the lives of those on board the merchantman, although the vessel had ceased to make her escape when torpedoed. These are not new circumstances. They have been in the minds of statesmen and of international jurists through the development of naval warfare, and the government of the United States does not understand that they have ever been held to alter the principles of humanity upon which it has insisted. Nothing but actual, forcible, resistance, or continued efforts to escape by flight when ordered to stop for the purpose of visit, on the part of the merchantman, has ever been held to forfeit the lives of her passengers or crew.

In the opening paragraphs of his note, President Wilson, therefore, virtually demanded that submarine operations against commerce cease altogether; in the closing paragraphs, he was not so sweeping, and suggested, that he would be content, if passenger ships and vessels on the American register were made immune. He suggested this in the following passages:

The sinking of passenger ships [not, let it be noted, of neutral ships] involves principles of humanity which throw into the background any special circumstances of detail that may be thought to affect the cases, principles which lift it, as the imperial government will no doubt be quick to recognise and acknowledge, out of the class of ordinary subjects of diplomatic discussion or of international controversy. Whatever be the facts regarding the *Lusitania*, the principal fact is that a great steamer, primarily and chiefly a conveyance for passengers, and carrying more than a thousand souls who had no part, or lot, in the conduct of war, was torpedoed and sunk without so much as a challenge or a warning, and that men, women and children were sent to their death in circumstances unparalleled in modern warfare. . . . Only her actual

resistance to capture, or refusal to stop, when ordered to do so, would have afforded the commander of the submarine any justification for so much as putting the lives of those on board the ship in jeopardy.

This was not a demand that submarine operations cease, and it was explained in the closing paragraph :

The government of the United States cannot admit that the proclamation of a war zone, from which neutral ships have been warned to keep away, may be made to operate as in any degree an abbreviation of the rights either of American shipmasters or of American citizens bound on lawful errands as passengers on ships of belligerent nationality.

For the second time, therefore, the president drafted a note that left him free to be stiff, or yielding, as circumstances required. If he stood upon the opening contentions, he was demanding that submarine operations against commerce be abandoned ; if upon the second, that passenger steamers and American vessels be given special treatment.

XII.—The German deliberations upon the Second American note

Count Bernstorff had been so impressed by the irritation excited by the last note, that he advised his government to make no reply to this second one until they had consulted with Mr. Meyer Gerhardt, whom he sent back to Germany for that purpose. There was thus some delay ; but a draft had been prepared when Herr Gerhardt reached Berlin. It would appear to have been compiled by the chancellor and by the foreign office staff, assisted possibly by Admiral von Müller. This draft contained a general undertaking that the president's most sweeping demand would be granted ; but made this contingent upon a modification of British practice which was to be secured and guaranteed by the United States government :

Submarine warfare will henceforward be conducted humanely. After a vessel has been examined and her papers inspected, enough time will be given for the crew to save themselves before the ship is sunk. Whenever possible the ship's boats will be towed towards the coast or to a neutral steamer. The imperial government has been obliged to alter this practice by the enemy's illegal methods of war ; the misuse of neutral flags, instructions given that merchantmen attack U-boats, and rewards granted to those who do so.

The draft concluded that, if the American government would insist that these practices be abandoned, the imperial authorities would be willing to give such orders as would put all American citizens out of danger.

This, however, was a mere draft, and as Admiral Bachmann and his colleagues on the German high command knew little or nothing about submarine operations, they ordered the most experienced officers of the German submarine service, Captains Bauer, Bartenbach, and Hansen, to report upon it. The report given is interesting and significant, for reasons that that can only be appreciated by making a brief review of the operations that had been undertaken by the submarine commanders, during the weeks immediately preceding the drafting of their report.

U28 had been on the west coast between 17th and 30th March, and had sunk eight ships according to prize regulations.

U41 had been on the west coast between 26th and 29th May, and had sunk eight ships according to prize regulations, none without warning.

U35 had been on the west coast between 2nd and 13th June and had sunk thirteen ships according to prize regulations and one without warning.

U24 had been on the west coast from 27th June to 6th July and had sunk nine ships according to prize regulations and two without warning.

U39 had been on the west coast from 29th June to the 3rd July and had sunk eleven ships according to prize regulations.

Quite obviously, then, the submarine commanders were making distinctions between neutral and enemy ships and were roughly observing the undertakings that the chancellor desired to give; so that, if Captain Bauer, Captain Bartenbach and Captain Hansen had reported honestly upon the draft now presented to them they would have stated this, and would have added a warning about the mistakes that might occur. Instead of this, they gave a number of technical reasons (which no civilian could refute) explaining why these undertakings of the chancellor could never be observed.

The central point of the note is the demand that merchantmen be examined by U-boats. As far as U-boats are concerned it is not possible for the following reasons: Any steamer with more than twelve knots can escape from a submarine by flight; most of the steamers plying between America and Europe can steam twelve knots at least. Vessels with a speed of between ten and twelve knots can be run down but only after a long chase.

In addition, the submarine commanders objected that they could not examine vessels, because some steamers were armed, and because others carried disguised armament. If such vessels as these were approached, on the surface, after being summoned to bring to, the approaching submarine would be overwhelmed by gunfire at point blank range. In brief, therefore, the submarine commanders reported, at great length, why they could never carry out the very operations that they were, in point of fact, executing. Why were they so dishonest? Possibly they did not wish to make any statement that would contradict the written statements of so influential an officer as Admiral Scheer, who had by then circulated a paper in which he argued, that submarine operations had ceased to be a reprisal, and ought to be pursued as a major operation until a decision was reached. It is possible, also, that these young submarine commanders were awaiting the moment when, with larger submarines and a better stock of torpedoes, they could abandon the restraints then imposed upon them. Their own official historian gives another explanation. There was, he admits, a *tiefer Ursach*, and a *psychologischer Untergrund* for all this obstinacy: a hatred of America, which had infected all but the steadiest minds in Germany. It is a strange explanation that this hatred so influenced three young submarine officers, that they could not tell the truth about their own operations, yet it may be a correct one.

The naval staff supplemented this report with objections that were intrinsically reasonable. Submarine operations against commerce had been approved and ordered as a general measure of economic war, a counter-attack against the British economic campaign; submarine warfare could, therefore, only be bartered against those British measures which had made it necessary, whereas the chancellor proposed that the whole system should be abandoned, if Great Britain abandoned a sort of guerilla warfare against German submarines. The naval staff were particularly severe on the proposal, or suggestion, that special security should be given to vessels carrying American passengers. They were willing to accept the consequences of a strict military logic that merchant steamers carrying supplies to an enemy country must be assimilated to districts that supply an enemy army with grain, cattle and lodging; but as this was their justification, which they believed officers of all nations would understand, it was abhorrent to them to make a cowardly discrimination in favour of American citizens. How could a naval officer, bound by the rules of military honour, be expected to sink a ship after he had ascertained that no Americans were on board, and to spare the next, because some wealthy passenger proved American citizenship? A distinction so odious would be reckoned by the whole world to be an act of exceptional brutality. The odium would be greater than any incurred by sinking without warning.

The chancellor now admitted that his first draft could not be adhered to and assembled a council at his own house to consider the matter further. His position, and that of his civilian colleagues, was truly extraordinary: they had been

persuaded to abandon their first proposals by professional advisers to whom blind obstinacy was a rule of conduct ; the higher policy of the German empire was being influenced by a document ostensibly technical, but, in point of fact, a mere record of the prejudices then current among naval officers of junior rank. It is small wonder that, under such guidance, the government staggered from blunder to blunder. The deceptions being practised on him did not, however, make the chancellor hesitate upon the main issue, which he thus stated to Admiral Bachmann :

It must be taken for granted that some concession must be made to America, for Germany, if neutral, would not tolerate that a ship with 1,500 German passengers on board should be sunk without warning. Apart from which neutral demands, and the negotiations consequent upon them, were a commonplace of policy. Having asked their own allies, Austria and Hungary to make heavy sacrifices in order that neutral powers might remain neutral, how could the German government embarrass and endanger those same allies by obstinately refusing everything that the United States demanded ?

The chancellor therefore asked to be told what concessions could safely be offered. Admiral Bachmann answered, and obstinately maintained, throughout the conference, that he would never advise any concession, and that any modification of existing practice was unthinkable.

XIII.—The second German note, and its reception in the United States

This unflinching opposition forced the chancellor to a dangerous compromise. The note finally prepared was the composite work of men who were pursuing entirely different ends ; the technical parts were written by Tirpitz and Bachmann, who were determined that the operations against commerce should not be mitigated ; the remainder was prepared by the chancellor and Jagow, who wished to satisfy the United States authorities, and calm public feeling in America.¹ Two successive drafts were shown to Mr. Gerard, who warned Herr Zimmermann that the first would be thought very unsatisfactory. A slight alteration was therefore made, and the final note presented, before Mr. Gerard had time to advise the German foreign office again. The note opened with a long preamble about British practices, and the German government's right to retaliate against them ; it ended by proposing : (i) that American citizens should only be allowed to travel on vessels made recognisable by special marks, which were to be notified beforehand ; (ii) that the American authorities should constitute these ships into a special trans-Atlantic service, and that four German ships should be purchased and allotted to it. (This proposal was originally Herr Ballin's) ; and (iii) that the ships in this special line should carry no munitions or contraband. These proposals were supported by the following contention :

The imperial government believes that, in this manner, adequate facilities for travel across the Atlantic ocean can be afforded to American citizens. There would appear to be no compelling necessity for American citizens to travel to Europe in time of war on ships carrying an enemy flag. In particular the imperial government is unable to admit that American citizens can protect an enemy ship by their mere presence on board. Consequently accidents suffered by neutrals on enemy ships cannot well be judged differently from accidents to which neutrals are at all times exposed, at the seat of war on land, when they take themselves to dangerous localities, in spite of previous warnings.

As the American authorities had twice intimated, that they would be satisfied with an assurance that American lives and property would be spared, and as they had also intimated, that the immunity of passenger steamers was the point for

¹ The history of the note appears to have been roughly this. After the conference at the chancellor's house Tirpitz and Bachmann compiled a draft of their portion, which Jagow approved in principle. This draft was largely incorporated ; but the foreign office struck out some of its severer provisions, that the dates of sailing and numbers of American passengers be notified beforehand. Zimmermann then added a proposal for establishing a small trans-Atlantic service to be used exclusively by American citizens.

which they were contending, the German government could claim, that they had conscientiously endeavoured to meet the American government's wishes. It was, perhaps, something of a novelty to propose, that the American authorities should establish a special line of passenger steamers, which alone might carry American tourists; but the novelty was no greater than many others already introduced: consular certifications of cargo; trade guilds which alone were entitled to receive contraband; bills of lading drafted by British lawyers and made compulsory to all Scandinavian steamship lines. The last contention, which the Americans found of such hard digestion, was, moreover, reasonable. The zone in which the German submarines were operating—the Channel, its western approaches, and the Irish sea—was certainly the open sea, a *mare liberum* or a *locus communis usus*; but it was also a zone with a strategic importance equal to that of Verdun, Longwy and Toul, and, in consequence, a war area in which belligerents were struggling for mastery. For this reason it was intrinsically reasonable to maintain, that those who travelled through the zone should submit to regulations.

The German nation can therefore claim, with justice, that the American people did not give the note a fair reception; for the Americans answered it by a shout of anger, which rose from every town and province in the country. In the state of New York, fourteen papers expressed the country's indignation; in Alabama three; in California five; in Oregon three, and in Wisconsin five. The country's resentment can, in fact, be best understood by reading the editorial articles of papers that circulated among the distant farming towns and villages, where the population is intensely patriotic and uninfluenced by the preferences of the eastern states.

Nothing more arrogant, nothing constructed with more studied offence, has ever been sent in a note to an independent power (*Louisville Evening Post*). That the German government expects its note to be taken seriously is hard to believe. The United States asked Germany whether or not it intends to conform to the law of nations in recognition of neutral rights. Von Jagow replies that Americans may enjoy limited neutral rights if they submit to German regulations. . . . one is pleased to hope that it is addressed to the German street rather than to the state department (*Lincoln State Journal Nebraska*). It certainly is not for Germany to reconstruct the rules of warfare, and the established practices among civilised nations, and force her desires on all other countries neutral as well as belligerent. The United States cannot, and of course will not, submit to such a preposterous thing (*Springfield Union*). America is to be allowed to do business by permission of Germany. Americans are to be allowed to travel under conditions and restraints imposed by Germany. . . . It is not a reply to the American note: It is an astounding array of unheard of proposals which the United States must reject in their entirety (*Worcester Gazette*).

In fact, the German proposals, so exasperated the Americans, that the most equitable, fair minded men in the nation were as indignant as the pressmen. Mr. Coudert, a lawyer of great eminence and learning, Mr. Maurice Leon, a common lawyer with a large practice at the bar, and Mr. Kirchway, professor of law at Columbia university, each, in turn, expressed sentiments identical with those of the provincial editors. Even the temperate Colonel House wrote to the president urging him to be uncompromising. The excitement was one of those great storms of anger, which blow into the most secluded and protected places.

This fierce indignation was very embarrassing to the president: the national anger was his mandate, and his letter of instructions; but it was an instruction issued by a people that had not considered what the consequences would be, and, during the long controversy, the nation had become more timid of war than ever. The state of the American navy and army had been much agitated in the press, in fact, the armed forces of the republic had been made the subject of a general press enquiry, and it was not disguised that the country was in no position to seek redress

by force of arms. The president was, therefore, given the very difficult task of refusing the German proposals in language appropriately indignant, and yet of saving the nation from the consequences of its anger.¹

XIV.—The American government decide that submarine operations are to be tolerated

The decision taken by the president is of great importance in the history of the economic campaign. He wrote another note, in which he refused to entertain the proposals for special passenger steamers, with their own special distinguishing marks, and added a number of abstract propositions in a defiant, challenging style. These sections of the note were, however, of no particular importance, for the president informed the German government: That he was not unmindful of the extraordinary conditions prevailing; that attack and defence at sea were now conducted in a manner quite unforeseen when the existing rules of international law were established, and that, if operations against commerce could be conducted as they had been during the past two months, the government of the United States would tolerate them. In order that his meaning might be quite clear he allowed Bernstorff to send the following telegram:

I hear confidentially, that, in opinion of the American government, it will be better for relations between governments and peoples not to answer the American note at all if our reply cannot be favourable. Our answer will be considered favourable if it (i) deals with the *Lusitania* as I indicated, (ii) gives assurances that our submarines will continue to act as lately, (iii) makes proposals with reference to negotiations about the freedom of the seas.

The outcome of the long controversy was, therefore, that the president did not stand upon those abstract contentions that had so exasperated the German authorities, and issued what may be called a writ of toleration for submarine operations against commerce, providing that they resembled those conducted during June and July, 1915. It is of some importance to discover what was now declared to be unobjectionable.

The records of the submarine cruises that were undertaken after the last imperial order had been issued show that the submarine commanders had conscientiously endeavoured to obey it. Thus, when *U22* was in the Irish sea, her commander

¹ Sir Cecil Spring-Rice's appreciation is worth quoting (Despatch 368. 8th July, 1915).

While the press has, as might be expected, found very little difficulty in pointing out the objections to the German attitude, they have not found it so easy to deal with the question of what is to be done next. It is not remarkable that the more the American public read of the effects and requirements of modern war, and the more the preparedness of the American army and navy are discussed, the less inclination is felt to take any steps which might lead to the United States resorting to force of arms. The advocates of a war-like policy are thus fewer in number than when the discussion with the German government began. Severance of diplomatic relations is not regarded as a very satisfactory method of ending the dispute, while its continuation along the present lines cannot, it is generally realised, be indefinitely prolonged. The perplexity felt by public opinion as to the future course of action may probably be reflected in the mind of the president, whose announced policy in questions of first rate importance is to follow the dictates of that opinion. As he says in a work recently published: It is the strength of a democratic polity, that there are so many minds to be consulted and brought to agreement, and that nothing can be wisely done for which the thought, and good deal more than the thought, of the country, its sentiment and its purpose, have not been prepared. If this dictum is applied to the present situation it may be said that the thought, sentiment and purpose of the country have been prepared to the point of insisting, by any means short of war, that assurance shall be given which will remove any possibility of a second *Lusitania* case. The thought of the country, as indicated by the continual discussions as to the efficiency of the army and navy, appears to realise the possibility of war; the purpose and sentiment of the country are still undoubtedly opposed to war no less strongly than ever. This tendency of public opinion is no doubt strengthened by the fact that since the destruction of the *Lusitania* no similar incident of so striking a nature has recurred and the deduction is drawn that Germany is disinclined to arouse popular sentiment here still further.

This was exactly the president's difficulty: see his letter to Mr. Lansing, 13th July, and Mr. Lansing's reply. Carleton Savage. *Policy toward maritime commerce in war*. Vol. II, pp. 355 *et seq.*

recognised a large passenger steamer and left her alone; Commander Schneider of *U24*, made the same distinction a few weeks later. Also, the records show that neutral vessels were scrupulously examined whenever circumstances allowed, and that, in some cases, the vessel was freed after the contraband portions of the cargo had been thrown overboard.¹ But, notwithstanding that they were taking these precautions, submarine commanders were still attacking without warning, whenever they could not distinguish the marks or the flag of a vessel, and each one of these attacks was a potential source of new controversy. If a vessel carrying passengers or American seamen were sunk, when an attack of this kind was delivered, then, it would certainly seem to the president and his advisers that the compromise agreed to by them had been flagrantly abused; the German submarine commanders, on the other hand, could claim, that, as their government had given no undertaking, so, they had broken none, by making an honest mistake, while performing a difficult duty. It would seem, moreover, as though the German naval authorities had foreseen this; for, during one of his interviews with Mr. Gerard, Admiral Behncke told him that the government would never withhold their support from a naval officer, who made a mistake whilst conscientiously carrying out his orders. The compromise was therefore highly unsatisfactory, and even dangerous, because nothing specific was agreed to. President Wilson offered it to the Germans, because he feared the consequences of protracting the open controversy with their government. When he offered it he did not, as far as is known, seek the advice of any American naval officer or submarine commander. Being guided purely by the rules of political expediency, he thus failed to discover, that the breach, or the observance, of what he offered was contingent upon all the hazards of the sea, and that he had only given the Germans an ill-worded licence to continue a hazardous experiment.

XV.—German deliberations for liquidating the controversy: the sinking of the *Arabic*

The more far-sighted members of the German government and the German diplomatic service all realised what a great concession had been made by the president when he wrote:

The events of the past two months have clearly indicated that it is possible and practicable to conduct such submarine operations as have characterised the activities of the Imperial German navy within the so-called war zone in substantial accord with the accepted practices of regulated warfare.

During the brief interval between the *Lusitania* controversy and the crisis that arose so soon after, Helfferich, Bernstorff and the chancellor were, therefore, considering plans for liquidating the quarrel altogether, and for securing an undertaking from the president that he would force the British authorities to consider proposals for easing their restraints upon commerce. The first condition to any negotiations of this kind was, of course, that the naval authorities should so manage the U-boat operations, that there should be no breach of the compromise. On this point Helfferich argued, that as the results achieved proved that no immediate decision was to be expected at sea, so, very severe restrictions to the U-boat commanders (to be maintained only while negotiations with America were in progress) would be of no prejudice to the general plan of campaign. This proposition was agreed to, in a general way, by the emperor, the chancellor, Jagow and Admiral von Müller, and it is curious to see how easily the addition restraints could have been imposed: while Helfferich's state paper was being considered, Commander Valentiner sank twenty-five vessels (71,390 tons) without ever breaching the procedure that President

¹ The original records from which these deductions have been drawn have been published practically verbatim in *Krieg zur See Handelskrieg mit U-booten, Band II*, Chapters VIII and XVI. The following cruises are particularly illustrative of the procedure, and the treatment of neutral traffic. *U22*, pp. 110, 111. *U24*, pp. 111, 112. *U25*, p. 126.

Wilson considered to be legitimate. A very slight addition to the existing orders would thus, almost certainly, have ensured that respite from further controversy, which would have enabled the German diplomats to open their negotiation with the president.¹

When Helfferich's paper was circulated to Tirpitz and Bachmann, however, they refused to give any assurance that the president's conditions would be observed. Tirpitz's arguments were so childish that they are not worth repeating; Admiral Bachmann was more intelligible. In his opinion, U-boat operations would almost certainly force a decision; they were therefore far more valuable as an instrument of war than a few additional imports of foodstuffs, which was all that would be secured if the negotiations were successful. In other words, Admiral Bachmann considered his system of economic coercion to be more powerful, and more certain to succeed, than the British. As he held these opinions, his objection to any kind of bargain was, in a sense, reasonable. On seeing that the diplomats and the admirals were again at a deadlock, Admiral von Müller asked that the emperor might be given a tabulated statement showing how many ships had been sunk in circumstances that the president would not object to, and what proportion they made of the whole. If this return had been made, and its implications carefully considered, the history of submarine warfare might have been different.

Unfortunately for themselves, the German authorities were not allowed the necessary time; for, while the most eminent men in the empire were considering Helfferich's paper, and while Admiral von Müller was striving to cement a better union between the seamen and the diplomats, a young submarine commander brought all into confusion. Commander Schneider was now off the coast of Ireland. On his outward cruise, he had been fired upon by a large steamer, which he thought was collaborating with a yacht. His ship was never in danger, but the incident made him nervous. On 19th August, when off Kinsale, he stopped the English steamer *Durnsley*, and exploded bombs in her hold, after allowing the crew to get away. The *Durnsley* sank slowly, and, as she sank, a large steamer approached. Commander Schneider deemed this other vessel to be a large freight and passenger steamer, but this did not deter him: As I had been shot at by a large steamer on the 14th (he wrote) I decided to attack this one from under water. He therefore sent a torpedo into the after part of the vessel and she sank: she was the liner *Arabic*, outward bound, with some twenty American citizens on board. The American authorities received a number of sworn statements from the survivors on the 23rd; the deponents agreed, without exception, that the attack was made without warning of any kind, or, as Mr. Zallah Covington put it: In cold blood. It was therefore deemed that the sinking had been done in defiance and contempt of the compromise that President Wilson had offered, and that nothing had been gained by the solemn warnings given during the controversy upon the *Lusitania*.

The American government were now in the greatest difficulty imaginable: having spoken so firmly, they were debarred from compromising on the compromise they had offered; but, as during the previous excitement, the thought uppermost in

¹ The trouble was that under existing orders submarine commanders were free to act as they thought best in doubtful cases: some thought it wisest not to attack unless they were certain of a ship's identity: others thought it best to do so. See von Förstner's cruise in *U28*, 24th July, 1915—11th August, 1915. *Während des folgenden Nachtmarsches quer zum Westausgang des Englischen Kanals auf Ouessant zu wird der Kurs mehrerer grosser Dampfer gekreuzt. Bei der hellen Mondnacht meinte der Kommandant wären Angriffe erfolgversprechend gewesen. Da die Nationalität indes zweifelhaft war wurde im Sinne der erhaltenen Befehle von Angriffen abgesehen. Krieg zur See Handelskrieg mit U-booten, Band II, p. 248.* In contrast to this see Captain Schwiager's procedure 9th July, 1917: *Angriff auf Dampfer von getauchten U-boote da U20 zur ruhigen Instand setzung einer Olmaschine sich gerade unter Wasser befand. . . . Am gleichen Tage vor dem St. Georgs Kanal Torpedofehlschuss auf Dampfer ohne Flagge.* *Ibid*, pp. 115, 116.

their minds was that the nation was not ready for war. On the day after the disaster became known Mr. Lansing stated that the matter was particularly difficult in that : The masters of the American government were not ready for war. The position was, however, judged so grave, that the military authorities desired an immediate conference with the allies about the supply and manufacture of arms.¹

The president and his advisers decided at once, that no more notes of protest should be delivered, as a new protest would only be answered by an evasive reply, which the nation would consider to be a new humiliation. An immediate warning was therefore given to Bernstorff, who secured a promise that the prevailing excitement should be cooled off [*abgewieget*]; and that the American government would wait until the German authorities had completed their enquiries. This was a great point secured; for Commander Schneider's sworn statement was not in the chancellor's hand until 2nd September.² During these preliminary conversations Bernstorff became convinced, that the American president would be content, if he was given satisfaction on the matter of passenger ships, and some kind of gratification on the point of honour; he was also convinced, that, if these concessions were not made unequivocally and without reserve, the American government would give him his passports. He therefore warned his government how important it was to assure the president that passenger ships were not being deliberately attacked, for this would show him that his recent protests were not being treated with the contempt that he imagined. It is truly extraordinary to see what convulsions followed upon these simple proposals.

XVI.—*The German high command are still divided*

The chancellor convened a conference at Pless on 26th August, and the matters debated differ little, if at all, from those debated at so many previous conferences. The chancellor represented that it was useless to disguise, or to belittle, the anger that these incidents were provoking; that unless some assurances were given at once, and security offered for the future, it was certain that there would be war with the United States; and that no statesman could be responsible for policy, if the neutrality and friendship of the greatest neutral power in the world could be lost by some accident at sea, of which no warning could be given. Notwithstanding his strong preamble, the chancellor's demands were very moderate, for he asked only : that the instructions to the submarine commanders should be communicated to the Washington government, as proof that passenger steamers were not being attacked deliberately; that damages for the *Lusitania* should be offered, and fixed by an arbitration court; and that the American government should then be invited to negotiate with Great Britain, that the declaration of London be recognised as binding upon all belligerents. Falkenhayn endorsed all this; for it was as intolerable to him as it was to the chancellor that America should be turned from a neutral to a belligerent, almost in a night, and for reasons over which he had no control whatever. Everybody present was, in fact, at issue with the two opinionated old seamen who combatted every proposal and every suggestion. Only one of their objections is now of any historic interest, this was Bachmann's, who stated : If Great Britain recognised and observed the declaration of London, this would now be valueless to Germany—a remark which shews how much the German admirals were then expecting from submarine operations against commerce.

¹ Mr. Lansing did what he could to reconcile the president to a war with Germany, see his letter 24th August, Carleton Savage, op. cit. Vol. II. p. 376.

² It was in flagrant contradiction with the entry in his log, and was a most curious document. He stated that, having deliberately manœuvred on to the grain of the *Arabic* to observe her course, he judged that she intended to ram his ship. *Krieg zur See Handelskrieg mit U-booten. Band II*, p. 269.

The admirals were overridden, and the emperor empowered the chancellor to communicate the orders under which the submarine commanders were acting, and to open negotiations with America for a general settlement. The necessary instructions were given to Bernstorff, so that, early in September, the president had an assurance that his compromise was accepted, but no satisfactory explanation why it was being repeatedly disregarded. Mr. Gerard's reports probably inclined him to be patient ; for he was kept very well informed about the chancellor's struggle for mastery, and of the convulsions that followed upon the conference at Pless.

When the emperor disregarded all the objections raised by the admirals, and empowered the chancellor to draft the necessary instructions to Bernstorff, both admirals at once asked to be relieved. In addition, von Pohl, the commander-in-chief, informed Admiral von Müller, that he could not issue any supplementary order to the submarine commanders binding them absolutely to spare passenger ships. He also asked to be relieved. Müller now struck quick and hard : he told Pohl that he had only communicated a part of his message, as the emperor was in no mood to brook this opposition ; and he arranged that Bachmann should be relieved by Admiral von Holtzendorff. The new chief of the staff was a seaman of great experience, and a personal friend of the chancellor ; for some years he had been an attending member of the Prussian upper house. By the end of the month Bernstorff felt so reassured that he reported the immediate danger past.

XVII.—*The attack on Hesperian and the final compromise*

The new chief of the staff thought that submarine war had been greatly over-valued, and was determined that it should be properly regulated ; but before he had time to prepare and issue the necessary orders, another young hot-head put all in jeopardy. Commander Schwieger was now off the coast of Ireland, and he, like Schneider, believed that in doubtful cases it was better to torpedo at sight. On 4th September, he torpedoed the liner *Hesperian* without actually sinking her. Americans were on board, but none lost their lives. When asked for explanations, the German authorities assured the American government that no German submarine had been operating near the spot, and that the accident could not properly be attributed to them. President Wilson was, apparently, so anxious that nothing should give a setback to the settlement he hoped to reach with Bernstorff, that he received this explanation without protest.

Nevertheless, although the incident was thus passed over, it was probably of great prejudice to the Germans. Later on, when a settlement had been reached, a board of American officers reported that the *Hesperian* had almost certainly been torpedoed. Whether President Wilson attributed this torpedoing to duplicity, or to bad management, he must have formed an ill opinion of the government with which he was in treaty. It is significant, at all events, that Sir Cecil Spring-Rice reported, that the situation was noticeably more strained and dangerous in mid-September, when this new accident was in agitation. Bernstorff reported, simultaneously, that the American government were very suspicious, and that they would no longer be satisfied with a copy of the orders issued to submarine commanders, and explanations of each particular accident.

The American government now had before them (September 15th) : (i) an official assurance that if passenger steamers were sunk, the sinking would be accidental and contrary to instructions ; and (ii) Commander Schneider's sworn statement that he sank the *Arabic* because he expected to be rammed. Also, they had received an offer to submit all these matters to arbitration, so long as the bare legality of submarine warfare were excepted from it. They refused this, saying that they saw no use in securing an arbitral award on Commander Schneider's conduct. The American authorities were thus compelled to decide what additional satisfaction they

would demand and insist on. They demanded only that the attack on the *Arabic* should be disavowed, and received an assurance that it was, in effect, disavowed on 5th October. The American authorities were inclined to be content with this meagre satisfaction, in that they now became aware that submarine operations were being better conducted. Though not in time to prevent the foolish attack on the *Hesperian*, Admiral von Holtzendorff issued very precise orders, that no passenger steamer was to be attacked; that no attack was to be delivered in doubtful cases; and that neutrals were to be examined without exception. Then, deeming that even these orders did not: Give policy the unqualified security necessary for negotiating with America, Admiral von Holtzendorff recalled all submarines from the west coast, and sanctioned operations in the North sea, and the Mediterranean only. Rather than obey this order, the commander-in-chief recalled all U-boats in home waters.

XVIII.—*The British and German systems compared*

If the bare, literal meaning of what was recorded in the state papers were our only guide to what the Germans had lost or gained, then, it would be said that they had secured far more toleration for their system, than we had for ours, and that it was, in consequence, safer from interference. Ostensibly, they had received an assurance that their operations against commerce would be tolerated, so long as certain precautions were taken. Great Britain and the allies had not secured any written toleration for their system, and, in appearance, the controversy between them and the United States government was still open, and unsettled, while the controversy between Washington and Berlin was ended. It would, however, be very improper to estimate the stability given to the campaign merely by the written compromise of 5th October. If the notes exchanged on that day had relieved the American government of all their anxieties, and had left them satisfied that the controversy was ended, the Germans could then be said to have made their system of economic coercion secure against all interference. Can it, however, be imagined, for an instant, that the president and his advisers thus appreciated the position? Hardly. It is true no one of them ever specifically stated what interpretation the president gave to the compromise (which was capable of many), so that his opinions and intentions cannot be proved outright. But if only those documents which the president is known to have seen are inspected, and if he is only supposed to have inferred from them what an ordinary reasonable man would infer, it can certainly be supposed, that he thought the agreement was little but a temporary expedient for postponing controversy with a government so divided and distracted that its undertakings were almost valueless. Probably he agreed to the compromise only because he thought, that, by agreeing, he removed an obstacle to his plan for mediating. Nothing suggests that the agreement abated his dislike of submarine operations, or his mistrust of the authorities conducting them.

Again, if not one, but all, the relevant documents are examined: the letters that have been quoted by Colonel House; the testimony that Colonel House gives about the president's opinions; the reports from our ambassador about the official preparations for war; and the great activity of the police in the capital, then, the inference is overwhelming that the Germans had secured no recognition for their system, but only a temporary licence to continue it for a little longer; for it is significant that Mr. Secretary Lansing seemed to think that the controversy had made friendship with Germany a thing of the past; and that, less than a fortnight after ambassador Bernstorff had complied with the American demand for satisfaction, President Wilson allowed a letter to be sent to the British foreign secretary, in which he foresaw a breakdown in his plans for mediating and an American intervention on the allied side. Even though this document is of less significance than biographers and journalists have deemed it to be, it is at least certain that no analogous document was ever presented at Berlin.

Further, the bad management of the Germans raised influences against them which they were powerless to modify. It has already been shown there are reasons for supposing that the American cabinet, when assembled in conference, did once contrast and compare the British and German systems, and pronounced the British system to be the less objectionable. Evidence as to this, though significant, is inevitably vague and scrappy: the American press was, however, bound to no reticence in the matter, and they compared the two systems and pronounced upon them without reserve.

You will note, wrote Sir Colville Barclay, a very general tendency among all the more serious organs, which do not represent notoriously pro-German centres like Milwaukee, St. Louis and Cincinnati to emphasise the fundamental differences between the issues engaging the attention of the British and American governments and those which the United States is discussing with Germany.

Sir Colville enclosed a budget of leading articles which were all variants of the following leader in the *New York Tribune*.

It is equally necessary to perceive that there is no parallel between our differences with Germany and any disagreement we have with Great Britain. We have informed Germany that further wanton murder of American citizens will be viewed as an act deliberately unfriendly. A systematic effort will be made to procure equally vigorous language in dealing with Great Britain. This effort should fail and must fail, because no question of life divides Great Britain from us, and Sir Edward Grey has neither asserted the right of murder nor has he been asked by us to give assurance against murder. Our cases with Great Britain are purely civil

It would be easy to collect a hundred statements, almost identical, from papers published in every province. As President Wilson was always so careful to be guided by popular sentiment, this unanimous judgement must be reckoned as an influence very adverse to the Germans.¹

Finally, the German system was far less secure than our own, in that it could never be operated as a system, independently of the prejudices and passions of those who controlled it. The British authorities could, at any moment, make enormous concessions to neutrals in the matter of food, textiles and propellants, without prejudice to their general system of discriminating between enemy and neutral goods, and without damage to the machinery of discrimination. The German system was radically changed, if the control of it was transferred from two obstinate old men to men endowed with greater wisdom and knowledge. As designed by Tirpitz and Bachmann, submarine operations against commerce were what philosophers of military history would call a major strategic operation, which might force a decision: when controlled by Holtendorff and Müller they became little but an auxiliary campaign.

¹ *Authors note.*— Some weeks after this chapter was set up in page proof, an American friend gave me copies of some private letters from President Wilson to Mr. Bryan. One of them ran thus: It is interesting and significant how often the German Foreign Office goes over the same ground in different words and always misses the essential point involved, that England's violation of neutral rights is different from Germany's violation of the rights of humanity. Had I seen these letters earlier I could have stated some things in this chapter as matters of fact, whereas, with the evidence available when I wrote it, I could only record them as probable conjectures.

PART III

THE RATIONING SYSTEM AND THE
AMERICAN EMBARGO

CHAPTER XXI

THE BEGINNING OF THE YEAR 1916

Public opinion and the economic campaign.—The ministry of blockade created : its departments.—What general questions of policy were in agitation at the beginning of the year.—Letters of assurance or navicerts.—The first operations of the blockade ministry.—The control of European meat imports and the importance of an agreement with the Chicago packers.—The new orders in council.

I.—Public opinion and the economic campaign

BEFORE reviewing the progress of the economic campaign during the year 1916, it will be necessary to make a brief retrospect of an influence that had been exerting itself spasmodically during the summer and autumn of the previous year, and which gained in strength as the year advanced. This influence was pressure from the public, angry at the failures of the year, and inflamed by editors, and leader writers, who were fretting under the truce from party strife, which they had bound themselves to observe.

It is patent, on a first inspection, that the muddy torrent of invective which these men loosed upon the executive, flowed from very impure sources, but it has to be admitted, also, that criticism of some kind was inevitable. No government has ever escaped criticism during a period of national anxiety, and the criticism directed against the Foreign Office for their conduct of economic warfare had a long, though possibly not a very honourable, genealogy : Sheridan's sarcasms about sugar island strategy ; the public outcry at the convention of Cintra ; the slander directed against Sir John Moore during his life ; the abuse with which he was bespattered when dead ; and the attacks upon Lord Raglan, are evidence enough of what inevitably occurs, when a nation is disappointed in war.

It was, moreover, natural that the patriot press should have made the government's conduct of economic war their principal point of attack. The successes of economic warfare are not comparable to the successes gained by forces in the field : nothing dramatic or striking can be reported about them, with the result that a good pressman can always state, that the whole operation has failed, and persuade others that nothing has been done. The control established over German imports during the year 1915 was, assuredly, a far greater victory than anything achieved by the armies on the western front, but it was impossible to describe it in a manner that would strike the popular fancy ; and, for so long as Germans were not actually starving, or going naked for lack of clothing, patriot editors could always produce what they called proof, that the enemy populations were suffering no inconvenience whatever. Finally, the circumstance that most facilitated the attack upon the government was that the blockade of Germany was not being operated by captures of shipping, the only impressive consequence of an old-fashioned blockade. Throughout the campaign a regular trade stream was flowing between America and northern Europe. This was known, and it was known, also, that ships were being held and examined and released. These known facts served as materials for a popular superstition : that the naval forces were attempting to impose a blockade (the ships brought in were said to be proof of the attempt) ; and that the Foreign Office were thwarting them for some sinister purpose of their own (the ships released were called evidence of the sinister purpose). As some explanation had to be given why the diplomatic corps so disliked the navy's patriotic endeavour, it was stated they were all under the influence of Sir Eyre Crowe, who had relations in Germany. It should be added, that the managers of this uproar never once drew attention to our swollen export trade with border neutrals, and that, when they were, later, summoned to the Foreign Office for a conference, they used high language about their duty to the

public. By a natural sequence of cause and effect, therefore, the only successful operation of the year was universally represented as an ignoble failure; and Sir Eyre Crowe, the officer conducting it, whose courage and devotion to the public service had been the driving force of the whole campaign, was often represented as a German agent.

The house of commons were, at first, more inclined to take note of this clamour than to endorse it. The government's conduct of the economic campaign was not alluded to during the early part of the year, and was only discussed during May, June, and July when the questions that were asked by members who were interested in the agitation about cotton gave Lord Robert Cecil an opportunity of explaining how the operation was being conducted, of showing that no contraband proclamation would, in itself, make the operation easier, and of expressing his contempt for the slanders directed against Sir Eyre Crowe. The house seems to have been satisfied with these explanations, for no speaker attempted to attack the government during the discussions consequent upon Lord Robert Cecil's statements on 20th and 25th July; so that the newspapers, which so inflamed the country when the cotton question was in agitation, were not then supported in the house. Whether anything was to be gained by declaring cotton to be contraband was, however, a specific question, upon which the lawyers in the house could exert a moderating influence: the popular superstition that some baneful political compromise was debarring the navy from exerting itself properly was not easily combated, and even the written record shews, that the house was infected with this belief, during the autumn session. It will be of some interest to shew, that this superstition turned criticism that might have been useful into criticism that was either futile or mischievous.

It has already been explained, that the great reproach against our administration was that the government had allowed our exports and re-exports to border neutrals to swell to three and four times their normal quantities, while the Foreign Office were striving to make the principle of normal imports an accepted rule of law. This was a matter that the Foreign Office had repeatedly striven to remedy by remonstrance and argument; and the statistics of these abnormal exports were on sale for a few shillings, and available to every member of both houses. No reference was made to this in the press, nor was the matter alluded to during the summer session: several members asked questions about trading with the enemy legislation, and could, had they wished, have forced a discussion on these statistics of indirect trade with Germany; but all carefully avoided the subject.

During the recess, the papers continued to agitate the question: Why was Germany not properly blockaded, and in the first part of the autumn session, Lord Charles Beresford made himself an echo plate for the popular clamour. It would be idle to suggest that the house, as a whole, was impressed by Lord Charles's criticism; it yet remains true, that all criticism subsequently directed against the government was of the same pattern. Lord Charles's remarks are so representative of the beliefs then current, and apparently still held in some quarters,¹ that they should be quoted verbatim:

Why on earth do we not let the fleet act? We have the command of the sea, and why do we not stick to the old usages and customs of the sea? Whenever the fleet takes three or four ships, the Foreign Office orders them to be let go, and the confusion is extraordinary. . . . What is the objection to making an effective blockade? We have got the mastery of the sea, why do we not use it?

It should be added in justice, that, when taxed, Lord Charles hotly denied, that he was impugning the honour and patriotism of the diplomatic staff; he was a magnanimous and chivalrous gentleman, but a most irresponsible speaker. There-

¹ Mr. Bowles's book is little but an elaboration of Lord Charles's remarks.

after, members of both houses sought only to discover what was this baneful moderating influence, and from what quarters it radiated. In the upper house, Lord Portsmouth gave as an explanation that the Declaration of London was: A conspiracy of land power to destroy sea power; a conspiracy entered upon by Germany to destroy the free exercise of our naval supremacy; that the pundits of the Foreign Office were still endeavouring to make the declaration operative; and that their superstitious reverence for the instrument was the cause of the trouble. This was easily answered by Lord Lansdowne; but, soon afterwards, this search for the bad influence at work was much encouraged by a peculiar succession of events.

The agreement that Mr. Sargent had negotiated with the Danish guilds was now drafted. It had been circulated to all the departments concerned, and the Board of Trade had criticized it severely, saying (which came strangely from them) that the permission to put certain goods of British manufacture into the exchange traffic between Denmark and Germany need never have been granted. Mr. Sargent remarked, and Sir Eyre Crowe agreed, that this criticism was not in harmony with the policy that the Board of Trade had consistently pursued. As the agreement was to be kept secret, and as the matter was pressing, the Foreign Office did not feel inclined to argue the matter to a conclusion, by shewing how carefully the liberty to re-export British goods had been circumscribed; and by shewing, also, that the British goods which the Board of Trade had allowed to be exported from the border neutrals to the enemy were many thousand times greater, in bulk and value than the small trickle that Mr. Sargent had felt obliged to sanction.

It so happened, however, that a document that the pressmen alleged to be a copy of this agreement was printed in the *Morning Post* and a few evening papers, but it was no copy at all, but the goods that the Danes were allowed to exchange for German imports were correctly enumerated in it. When known, these disconnected facts made a great stir, and a number of members in both houses took them to be a discovery of that mysterious influence, which they were striving to expose and discredit. In the commons, Sir Henry Dalziel criticized the agreement in a speech that was highly misleading, it is true, but persuasive to the audience that he was addressing—an audience ignorant of the real facts, and easily excited by partisan rancour. In the upper house, Lord Strachie moved that the agreement be communicated, in which he was supported by Lord Portsmouth and Lord Sydenham. This last gentleman digressed very far from the matter under discussion, in order to show that the fleet would have reduced the enemy to terms, if the diplomatic corps had not interfered:

What is happening at the present time is this. Our officers board a ship bound for a Dutch port, they find her full of iron ore, and the captain says it is perfectly correct. They put a prize crew on board and take the ship to a Scottish port, and the captain, finding himself captured, admits that the whole of the ore is for Krupps, and says there are some other articles of the same kind coming on behind. All this is duly reported. But after a few days a telegram is received ordering the release of the ship. My lords, this is heartbreaking for our gallant officers and seamen, who often had to risk their lives to board these ships in bad weather.

Meanwhile, even more inflammatory remarks were being made in the lower house. The new trading with the enemy act, in which the old, geographical, definition of enemy trade was abandoned, was presented to the house of commons on 13th December. As the bill was deemed to be in harmony with the popular clamour for strenuous exertion it was well received. Unfortunately, more than one member urged that the Netherlands trust was a firm so infected with enemy associations that it ought to be put on the statutory black list, for which the new bill provided. In addition to all this, the press was being choked with articles about effective blockades, naval supremacy, the Napoleonic wars, and the good old times when sea power was allowed to be powerful. It is, therefore, small wonder that rumours

were then circulating in northern Europe, that some violent measures were in contemplation, that a blockade would shortly be declared, and that neutral states would be included in it.

In order that the matter might be properly discussed, the Foreign Office published a statement of the measures adopted to intercept the sea-borne supplies of Germany. This paper was issued early in January, 1916, and it was discussed in a general debate on 26th January. The paper and the statements made in the debate by Mr. Leverton Harris, Sir Ernest Pollock, and finally, by Sir Edward Grey, showed that the improvements so recklessly suggested (of which the effective blockade improvement was then thought to be best) would in no way relieve the difficulty inherent in the operation: the difficulty of discriminating between genuinely neutral trade, and neutral imports which were directly, or indirectly, assisting the enemy. The baneful, moderating influence, which all were seeking to discover, was, in fact, neither more nor less than the system of discrimination, which the contraband department of the Foreign Office and the contraband committee, were striving to make perfect. It may be doubted whether the explanations given finally discredited the popular superstition—there are many indications that it has survived—but at least Sir Edward Grey's statement relieved neutrals of their anxiety that their agreements with us were shortly to be denounced and disregarded; for the foreign secretary was careful to state exactly what conduct we intended to adhere to:

I have said, just now, that we have no right to make neutrals suffer. By that I mean that you have no right to deprive neutrals of goods which are genuinely intended for their own use. Inconvenience it is impossible to avoid, and you cannot help it. What I say to neutrals is this: We cannot give up this right to interfere with enemy trade, that we must maintain, and that we must press. We know, and it has always been admitted that you cannot exercise that right without, in some cases, causing considerable inconvenience to neutrals—delay to their trade and in some cases, mistakes which it is impossible to avoid. What I say to neutrals is this: there is one main question to be answered by them: do they admit our right to apply the principles which were applied by the American government in the war between the north and south? Do they admit our right to apply those principles to modern conditions, and to do our best to prevent enemy trade through neutral countries? If they say yes, as they are bound in fairness to say, then I would say to them: Do let chambers of commerce, or other similar bodies in your countries, do their best to make it easy for us to distinguish.

This statement was very well received in Sweden, the country where the preceding clamour had done most mischief.

II.—The ministry of blockade created: its departments

It would be unjust to suggest that any person in authority, least of all Sir Eyre Crowe and the officers of the contraband department, were in the slightest degree intimidated by an outcry that they had every reason to treat with contempt. It can, however, be assumed that this uproar did indicate to them, that the time had arrived for remedying imperfections of which they had long been aware, by measures that would have been strongly resisted, if they had been attempted earlier. The first and most necessary measure was that of creating a ministry of blockade, and of cementing as good a union as possible between the new ministry and those branches of the administration that could not be incorporated into it. The new ministry was brought into existence on 23rd February, at Sir Eyre Crowe's instance, and its structure was this.

The central executive, or general staff, of the new ministry was the contraband department, which was now divided into eight sections, with Sir Eyre Crowe, the superintending under-secretary to the new ministry, in charge of it. Immediately under him were Mr. Alwyn Parker, the head of the department, and Mr. G. S. Spicer, who had represented the Foreign Office on the contraband committee during the year. This branch of the ministry was more a political department than its name implies. According to its constitution, the duty of the department was to watch

over the operation of the contraband agreements with neutral powers, and to transact all daily business arising out of them : actually, these duties were neither more nor less than directing and advising on all matters relating to neutral policy ; for practically all despatches and telegrams from our ministers in neutral Europe, and all despatches upon American politics, and the debates in congress, were examined and minuted by them.

It will be shewn, later, with more particularity than would be convenient at this point, that the task that the contraband department thought most pressing, at the beginning of the year, was the task of enlarging the rationing system, until not only the textiles, foodstuffs and metals provided for in the first agreements, but articles of general trade, were brought within the compass of the system. It was realised, however, that the system could only be made more comprehensive if weekly and monthly statistics of neutral trade were available ; indeed Lord Robert Cecil stated that this was the one necessary prerequisite. Mr. Harwood, who had prepared the statistics of neutral trade during the year, was therefore brought into the new ministry as head of the war trade statistical department, and the statistics prepared by him, during the following year, were more detailed than those prepared previously.¹ In addition to this, a department called the war trade intelligence department prepared weekly bulletins on the movements of neutral trade, upon the operation of the agreements, detentions of ships and cargoes, and so on. These bulletins served as a sort of commentary upon the statistics prepared by Mr. Harwood. These three departments were, therefore, conjointly responsible for that general rationing, which was made the cardinal point in our policy throughout the year.

As has been explained, the new trading with the enemy act forbade transactions with any person or persons, who, by reason of their enemy nationality, or association, might be proclaimed enemy traders. These persons, with whom all trade was forbidden, were enumerated on what was known as the statutory black list, which was published from time to time. A few words should be added as to the sources of this black list and the difficulties of compiling it. During the early months of the war, Lieutenant Clayton Calthrop, who was then serving at the Admiralty, collected all the information then passing through his hands into a sort of intelligence manual about neutral traders ; at the same time, but independently of him, Major Phillips, an officer in the censor's department, compiled an enemy's traders list. When Colonel Hankey pressed for a department of commercial intelligence, which should collect all the available information, and circulate it to all the committees concerned with the interception of contraband, these two compilations, Lieutenant Clayton Calthrop's and Major Phillips', were digested into a volume called : Who's Who in relation to war trade. This volume contained an alphabetical list of every firm that we could identify, of everything that was known about them, with the sources of our information added in each case. Supplements compiled from information subsequently transmitted were issued quarterly. It was by this compilation that the contraband committee were generally guided, when they held ships and cargoes, until their suspicions of them were purged.

¹ The new and the old statistical tables were thus sub-divided :

	1915.	1916.
Food and fodder	19 items	92 items
Metals	13 ..	46 ..
Oils, animal and vegetable	10 ..	30 ..
" mineral	6 ..	6 ..
Oleaginous nuts	3 ..	9 ..
Cotton	2 ..	5 ..
Wool	3 ..	10 ..
	56 ..	198 ..

The information in this manual of intelligence was, of course, very unequal ; in some cases, a firm was identified as having been an agent of a German firm before the war, but little or nothing had been discovered about the business the firm had transacted since war began. Such entries as : Reported to be sending military boots, preserves, and candles to Germany, were numerous. In many cases, however, the information was specific, for on opening the book at random I find the following entry :

Formerly partner in Blydestein and Neugebauer of Zittau, which was converted into a Dutch firm for getting Indian and Egyptian cotton into Germany. Hague Committee gives bad character. Blydestein wires to Epstein cotton co. Savannah to ship Rotterdam for Stengel, Mülhausen.

It was realised from the outset, that, although no neutral government could question our right to debar firms with enemy associations and affinities from using our coal, or our ships, or from transacting business with our banks and our insurance companies, the posting of them on a black list was, nevertheless, a delicate matter, in that most of these firms were neutral trading associations, who could represent to their governments that injury was being done both to them, and to their country's trade, and ask for redress. Indeed, it will be shown, later, that this new act, which impinged upon no rule of international comity, provoked more commotion in America than measures far more questionable. From this, it can be understood, that the preparing of this statutory black list was a business demanding a nice discrimination. It was entrusted to the Foreign Trade Department of the new ministry ; actually three lists were kept : the statutory black list of firms about whom the evidence was irrefutable ; a secret black list of firms whom the contraband committee might safely treat as suspicious consignees, and to whom no export licences were to be issued ; and the general lists or directories of neutral and enemy traders. An additional department on financial transactions was also incorporated into the ministry. The enemy exports committee continued as a special department. Its work had been so thoroughly performed, that no alteration was thought necessary, either in its composition, or in the powers granted to it. The war trade department, which was still virtually a branch of the Board of Trade and the contraband committee, was not incorporated into the new ministry, but a very strong committee was formed out of the chairmen of all committees concerned with the restriction of enemy supplies. It was termed the war trade advisory committee, and was presided over by Lord Crewe. Its duties were to co-ordinate measures taken by the various departments of state, and to advise the cabinet on questions of policy. This committee superseded the restriction of enemy supplies committee, which had observed the course of neutral trade during the first eighteen months of the war. The reports and surveys which this older committee had prepared were now replaced by the more rapidly issued bulletins of the war trade intelligence department.

III.—What general questions of policy were in agitation at the beginning of the year

It has already been explained, that all persons directing the economic campaign were convinced, that the operation to be most pressed was the operation of rationing. It will be convenient, briefly, to recapitulate matters described in previous chapters, in order to explain what still remained to be done, in order to make rationing a comprehensive and satisfactory system.

At the date with which we are here concerned, rationing was a principle agreed to formally by the *Société de Surveillance Suisse* (second paragraph of the confidential letter annexed to the agreement) ; by the Danish guilds (second article of their agreements and letter annexed to the agreement) ; and by the Netherlands trust. These three countries were, however, not being rationed in the same commodities, and it will be as well to review the restraints then being imposed.

I. The Netherlands. The operative rationing agreement was the agreement of 23rd September ; so that, for the last quarter of the year, cargoes of the following commodities were being held and released upon statistical evidence :

Maize, rye, linseed, oil cake, meal, animal and vegetable oils and fats, oil nuts, oil seeds, lard, mineral oils, petroleum, raw wool and cotton.

It could, therefore, be said, in a general way, that the Netherlands were rationed in all substances that were essential to their agriculture, and their textile industries.

II. Switzerland was not being rationed through any agreement comparable to the agreement with the Netherlands trust. The allied blockade committee, which were operating the Swiss agreement were, however, holding up and releasing consignments of forage, textiles and metals on statistical evidence.

III. Denmark. Cotton cargoes and cargoes of petroleum and its products were being held on statistical evidence ; but the general rationing agreement was not ratified at the beginning of the year. The agreement was, however, made operative shortly after the new ministry was created, so that, from then onwards, we were rationing Denmark in respect to :

Cocoa, animal and vegetable oils and fats, oil seeds and oil nuts, rubber, hides, leather, tanning materials, tin, nickel, antimony, copper, ferro alloys, malt, coffee, dried and fresh fruits, jute, hemp, graphite and nitrate of soda.

IV. Norway was specifically rationed in cotton only, but a great number of business men, and Norwegian government officials, had agreed to rationing as a principle of discrimination.

V. Sweden was rationed in respect to cotton ; but the government had objected to any system of discrimination operated by statistical evidence.

The gaps in the system were, thus, still considerable ; and the plan uppermost in the minds of such persons as Sir Eyre Crowe, Mr. Leverton Harris, and those who had directed the operation during the previous year, was to make the procedure uniform and comprehensive. It was recognised, however, that, whatever might subsequently be settled by negotiation, the time for negotiating was now past ; and that what was needed was a regular, administrative process for stopping or releasing neutral trade on statistical evidence. This process was called forcible rationing : its adoption is of great importance in the history of the blockade and the preliminaries to it appear to have been these.

Late in January, Lord Crewe informed the Foreign Office that the cabinet had not made any specific objection to the system, when the relevant papers were laid before them, and that the Foreign Office : Might safely assume that the policy was one which the government intended to introduce. The words are curious, they suggest, without saying so explicitly, that the cabinet did not discuss the matter closely. It is clear, at all events, that Sir Edward Grey's sanction was still doubtful ; for, five days later, Mr. Hurst had a long interview with him, and pressed him to consent. Mr. Hurst argued, that no more rationing agreements could be expected, unless neutral merchants were reminded, day by day, week by week, and month by month, that such agreements as were being operated were a mere beginning to that general regulation, which we desired to impose. The practice of holding all shipments in excess of normal was, thus, the only practicable method of issuing this succession of warnings and reminders. Secondly, Mr. Hurst urged that unless some such practice were adopted, neutral merchants would soon be aware, that a greater quantity of commodities was being allowed to pass than the quantities allowed by the agreements ; and that this would soon put everything concluded in jeopardy. Thirdly, Mr. Hurst argued, that no time was to be lost, in that neutral exporters and consignees had recently very much improved their disguises of ultimate destination, with the result that the system of detection, upon which we had hitherto relied, was for the time

being not so reliable. Sir Edward admitted, in writing, that these arguments had persuaded him, but that he doubted whether it would be wise to speak openly of rationing ; nevertheless he stated specifically : I think we must attempt the policy (3rd February).

Mr. Hurst now circulated a paper to all government departments concerned, in order to ascertain that everybody meant the same thing, when they spoke of rationing. The system that he proposed was this : that the contraband department should issue a notification that some commodity was to be rationed ; that the licensing authorities should, thereafter, only issue licences in respect to that commodity, until the normal export figure had been reached ; and that the contraband committee should hold all overseas cargoes of the commodity, after they had been notified that the country had received the amount normally imported from all sources of supply. The objection that lawyers had pressed so strongly when the project had been discussed, that general statistics of trade would not be accepted as proof that any particular consignments were destined to the enemy, was still the great obstacle to enforcing the system rigorously. Mr. Hurst considered, however, and the procurator general agreed, that cargoes could at least be held, and the onus of proving an innocent destination left to the consignee, when statistics justified a general suspicion. When this paper had been assented to by the departments of state and the committees concerned, Lord Robert Cecil circulated two more papers in which he stated : The whole basis of our blockade must henceforward depend upon statistics of imports into neutral countries ; he also ordered the authorities to impose every legitimate delay and difficulty, upon the shipping of countries with which we had no agreement.

When this becomes known (Lord Robert Cecil continued) it is to be hoped, that shipowners will begin to enquire whether any particular goods are likely to lead to delay, as indeed they do in many cases now, and we shall secure something in the nature of rationing.

As Lord Robert Cecil was now minister for blockade these two papers may be regarded as the executive order, which was acted upon for the rest of the year. The history of the blockade during the twelve months following is, indeed, the history of the economic and political consequences of this order.

IV.—Letters of assurance or navicerts

It so happened, that, when this decision was taken, and the order for forcible rationing issued, a project that subsequently very much strengthened the rationing system was being examined. Those who urged that forcible rationing should be attempted realised, vaguely, that this new plan would supplement it ; but it may be doubted whether anybody realised how powerful an instrument for restricting neutral trade was then being forged. The tremendous restraining force of the system called navicerting is, indeed, very difficult to describe adequately ; for the restraints imposed by virtue of it cannot be converted into statistics. Those who operated the system will always be better able to assess its efficacy than a historian ; for they only remember the restraints that were imposed daily, in the ordinary course of business, and this memory of how the system was operated, day by day, is the only accurate assessment of its success and power.¹ But even when it is recognised that the actual working of the system was an administrative process which cannot be described in detail, the origins of the project are so curious and unexpected that they deserve to be placed on record.

The system of navicerting was, in substance, a system whereby particular consignments of goods were given what may be called a commercial passport before they were shipped : this passport, called a navicert, ensured the consignment an

¹ For a rough estimate of what was effected in the case of one particular country see Chapter XXVI.

undisturbed passage. It will readily be understood how much this system must have benefited neutral shipowners, who had always been seeking for settled regulations, which, when obeyed, would protect their shipping against interference, and it is, on that account, rather curious that something of the kind should not have been proposed long before, by some Scandinavian magnate. In point of fact, Captain Cold's first agreement with the contraband committee had included an undertaking by him, that our commercial attaché at Copenhagen should be kept : *Au courant* with all cargoes shipped by his company. This appears to have been the first attempt that was ever made to secure the safe passage of a ship or cargo, by giving notice of it beforehand. Subsequently to this, however, the Scandinavian shipowners protected their shipping by giving undertakings that suspected goods would not be delivered, and this guarantee, which was elaborated by many precautions, superseded the experiment made rather tentatively by Captain Cold.

The next step was made during the agitations consequent upon the March order, when Sir Cecil Spring-Rice and Sir R. Crawford suggested, that some means be found of giving shippers a rough assurance that their consignments were not objected to. A system of consular certification was then devised, and it has been shewn that a great deal of business was transacted under that system during the summer.¹ Nevertheless, although information about cargoes about to be shipped was frequently transmitted, this system of consular certification did not go to the root of the matter. Our method of discriminating between innocent and doubtful cargoes was not then understood in the United States, where gossiping stories about concealed copper, disguised indiarubber, and the rest were still believed. The American shippers therefore thought that detentions were being ordered, because these disguises had made our authorities watchful, and hoped, that we should be easier when we received declarations from our consuls, that the cargoes in the holds of ships loaded under their supervision corresponded with the cargoes declared in the manifests. The system devised did, certainly, much facilitate business between the United States and Scandinavia, during the summer of 1915, but it did not give either the American shippers, or the Scandinavian importers, that security against detentions for which they were seeking.

The next, and decisive, step was taken by the American Consul-General in London, Mr. Skinner, but it was a long time incubating. Throughout the summer of 1915, Mr. Skinner sent home despatches in which he criticised our procedure very severely. At the time, our authorities regarded Mr. Skinner as a mischievous and quarrelsome person ; but now that all his despatches and reports have been published, it is difficult to think of him as anything but a conscientious servant of his country ; for everything that he reported was substantially true, and his criticism, though highly unpalatable to us at the time, was justifiable. First, and this was very important, Mr. Skinner reported that detentions were not being ordered, because a cargo was contraband, but because we had long lists of suspected consignees, and a mass of confidential information ; and what he protested against most strongly was that heavy dock and wharf charges were being imposed upon neutral shipowners, even when the suspicions entertained against their cargoes proved groundless. Mr. Skinner did, indeed, do everything in his power to dissuade American shipowners from signing the undertaking that was often obtained from neutral owners when their ships were released, that they would make no claim for indemnity later. It is patent, however, that Mr. Skinner's indignation was excited only because he considered our administration to be disorderly and haphazard. While urging his government to stand firm in the matter of detentions, he was striving to discover some practical way out ; for he twice proposed to Admiral Slade that manifests

¹ See Chapter IX.

should be cabled before cargoes were shipped, and added, that, if his department could accept this without derogation to the American standpoint, he believed he could make a working agreement.

If our British friends (he wrote) would only put their administrative machinery in order, and deal with neutral cargoes and ships in a spirit of fairness, and also with some efficiency, they could probably carry out their programme, while at the same time reducing complaints to a very low figure indeed. . . . I have the impression that if we insisted upon the application of fair principles in the attempts to enforce the order in council, the British government assuming its own burdens and paying its own costs, we might get something helpful. . . .

This was the substance of the consul-general's complaints, from which it is clear, that he was in no alliance or confederacy with the political managers of the American opposition. He was contending for a better, and more regular, administration of the economic campaign, without attacking the bare principle, and also, without properly appreciating how much administrative confusion is inevitable in war, when departments of state are performing new duties of which they have no experience. The state department appears to have thought little of the consul-general's proposals, for he was not empowered to negotiate further.

Mr. Skinner's subsequent reports made something of a stir, but they were upon another subject. Having secured figures of our exports and re-exports to neutrals bordering upon Germany, he first communicated them, in a private letter, to Mr. Lansing, and subsequently elaborated this in a report that was published in the official bulletin of American trade. Mr. Skinner's figures were quite accurate, and what he drew attention to was substantially true: commerce between America and border neutrals was being far more severely scrutinised and policed than commerce between Great Britain and those same border countries. Unfortunately for himself, Mr. Skinner drew an inference from these figures which was not quite justifiable.

The British explanation of these singular facts is that the exports are in some degree controlled by the various committees, which authorise the granting of licences to export, and that only importers of known standing are favoured. . . . The explanation would have some force if the quantities exported were normal, but inasmuch as they are wholly abnormal, and as the ease with which the exports from Great Britain are made is a matter of common knowledge, it is quite evident that measures designed to protect the military situation are being utilised to extend and protect British foreign trade at the expense of foreign countries.

Everything in this report was true, with the exception of the last sentence which exposed the consul-general to what may be called a tactical counter attack. The Board of Trade prepared statistics, which proved that, large as our gains in this suspect trade had been, the American gains had been even larger, from which it followed that our profits had not been secured at the expense of America, as the consul-general suggested. It was not a good defence of our policy, though possibly better than none at all; Mr. Craigie of the contraband department considered it: Very depressing reading. Shortly afterwards, Mr. Skinner was recalled to America. Our authorities hoped that he was to be reprimanded for making mischief; it is far more likely, however, that the state department appreciated their consul-general's services, and desired to consult with him about the note of protest then being prepared; for a large section of the note was little but a repetition of the contentions that Mr. Skinner had been pressing throughout the summer.

Mr. Skinner's visit to the United States gave him an opportunity of explaining and elaborating a project that he seems to have been turning over in his mind, since his first conversations with Admiral Slade. He had said, repeatedly, that the British government would never relax their economic campaign; it seemed to him, therefore, that a great deal of the political agitation on the subject was misdirected; and that, if British and American exports to Scandinavia could be placed on the

same footing, the unsettled issues between the two countries would be far less dangerous than they actually were. The British shipper applied for a licence to the war trade department, who either granted it outright, or asked him for further particulars, or refused it. The worst that could happen to the shipper was that he was compelled to sell his goods in another market. Why, then, could not the British authorities in America receive similar applications from American shippers, subject them to the same tests as those applied by the war trade department in London, and grant or refuse them accordingly? Mr. Skinner discussed his plan with Sir Richard Crawford, and explained it at length to Mr. Polk. The state department were enigmatic about it; but they were quite cognisant that the project was submitted to the British government by their consul-general; for it was by them known as the Skinner scheme.

Meanwhile, the managing authorities of two Scandinavian lines anticipated the plan by introducing a rather cumbrous system of advanced bookings. On 16th February, the Norwegian-America line telegraphed particulars of some cargoes that they proposed to ship, and continued to do so throughout the month; the answer given was: That the shipment might lead to difficulties or, That it was not likely to do so. The war trade advisory committee, by whom Mr. Skinner's suggestions were examined, were thus aware that a rudimentary and experimental project of the same character was working satisfactorily. They reported favourably, and on 16th March, the first navicert was operated. The administrative process was this. The embassy at Washington were supplied with the digests of commercial intelligence from which our black lists were compiled, and were empowered to grant letters of assurance for goods not on the British list of prohibited exports. Applications to export other kinds of goods were telegraphed in a code so arranged that the expenses of telegraphing were reduced as much as possible, and a serial number was given to every application. The request was examined, simultaneously, by the foreign trade department of the Foreign Office, where the consignees record was looked into; by the contraband and the statistical departments, where the quantities of the same goods already imported, and the agreements in force were considered; and by the contraband committee. The replies sent were: *nolo*, *accipe*, or *pendens*: the last reply meant that further enquiries were being made and that no immediate answer was to be expected. The war trade advisory committee realised, dimly, that the system could be used to supplement and enforce the forcible rationing that the ministry intended to impose; but from its first inception, to its final adoption, the scheme was treated as a plan for easing political friction with the United States. Until the plan was in operation, nobody grasped that the consul-general of the United States had designed a coercive engine of enormous power, and had persuaded our authorities to use it.

V.—*The first operations of the blockade ministry*

If the tables and diagrams which illustrate the daily administration of the blockade are consulted, it will be seen that the machinery was only exerting all the pressure that it could exert in about April; for it was from then onwards that embargoes, forcible rationing, and punitive detentions were all being ordered in harmony, on every pretext that seemed to justify the severity. The first consequence of concentrating the executive power in the ministry of blockade, and of constituting a powerful co-ordinating committee was not, therefore, that greater severities were at once practised, but only that certain matters were regulated, which had been left unsettled for lack of an authority capable of reconciling the conflicting policy of the Board of Trade and the Foreign Office. The first of these general settlements was a better regulation of neutral importations of cocoa, tea, coffee and tobacco. The war trade advisory committee, who examined the question, reported nothing that had not been reported by their predecessors in

the restriction of enemy supplies committee : cocoa was a foodstuff, and was a most valuable supplement to a daily diet when supplies of meat and grains were short ; there was thus no justification for allowing the enemy to receive a teaspoonful of it, if it could be prevented ; also there were no political consequences foreseeable, if the supplies were stopped, save only a certain amount of grumbling from colonial governors on behalf of the negro cocoa growers on the Gold coast, who had been allowed, in fact almost encouraged, to increase their production. Tea, coffee, and tobacco were comforts only, and good reasons could be shown why the enemy should be allowed to purchase them : the value of the mark had fallen steadily on all foreign exchanges during the year 1915, and was not likely to recover so long as our stoppage of German exports was strict and rigorous ; heavy purchases of pure luxuries and comforts could, therefore, be counted upon to accentuate the downward movement of the German mark still further. The French, on the other hand, gave equally good reasons why the enemy should receive none of these goods if we had the power to stop them. They argued : that our control of German exports was doing as much damage to the German exchange as could be done ; that we were waging economic warfare with our full strength ; that any relaxation of it encouraged neutral criticism ; and that, if we permitted the enemy to secure a good supply of any comfort, we thereby allowed them to mitigate the sufferings consequent upon a shortage of essentials. Inasmuch as the most valuable consequences of economic warfare are the anger, depression, and suspicions that it occasions, there was much to be said in support of the French view, and it prevailed. During the year 1916 all these substances were forcibly rationed : we had, possibly, nothing to reproach ourselves with in respect to tea and coffee ; for our policy in regard to them had been consistent with the general good. The same cannot be said about our cocoa exports, which look very peculiar, when it is remembered that cocoa had been on the list of prohibited exports since January 1915 :

TABLE LIII

Cocoa exports to	For the year		
	1913.	1914.	1915.
	lbs.	lbs.	lbs.
Sweden	149,737	2,403,733	13,757,034
Norway	193,836	676,171	1,836,869
Denmark	50,782	1,853,948	10,236,755
Netherlands	2,205,282	12,203,463	12,968,688

VI.—The control of European meat imports and the importance of an agreement with the Chicago packers

More important than this, perhaps, was an agreement which was a necessary supplement to forcible rationing, letters of assurance and the rest, in that, without some agreement of the kind, it would have been extremely difficult to keep neutral supplies of imported meats to their normal quantities. This was the agreement with the Chicago meat packers. If the Foreign Office authorities had been free to act as their pride dictated, they would certainly have refused to treat with a body of men, who had shown themselves so unscrupulous and deceitful, and yet so truculent, when their cheats were discovered. Indeed, treating with these Chicago bosses must have been highly repugnant to honourable men. Some agreement was, however, necessary in the public interest. It was then patent, that agreements for controlling supplies from the source were the most powerful of all agreements—

our control over oils, lubricants and cotton was proof of it—and it was, consequently, an inference not to be rebutted, that if we could regulate the supply of meat to northern Europe by an agreement similar to our agreements with the Vacuum and Standard oil companies, then, our whole system of control would be very much strengthened. The meat packers were, moreover, inclined to an agreement, in that the prospect ahead of them, at the beginning of the year 1916, was by no means good. They had broken with us six months before, threatening an agitation in congress. We have no information as to the reception given to the meat packers, when they approached congress ; we can be certain, nevertheless, that they were less successful than they hoped to be ; for in November 1915 ; when the packers were agitating most violently, Mr. Lansing stated outright, to the owner of a great newspaper, that he had a low opinion of them. The meat packers had therefore reason to know, that we were not likely to be intimidated ; and that we would reduce their shipments to northern Europe, by ordering those sudden, unexpected, stoppages and detentions, which bring business into such confusion. We on our side, though determined to persist, could not be anything but apprehensive at the prospect of an agitation that would be pursued in a new congress of a less friendly temper than the last.

The agreement was therefore concluded because policy demanded that it should be. The meat packers were paid the sum of £1,772,245 by way of compensation for the cargoes that had been stopped during the previous year ; the subsidiary firm of Cudahy was paid £24,871. These large sums being accepted as a settlement of all outstanding questions, the meat packers agreed : not to send their products, directly or indirectly, to countries at war with Great Britain ; to send their goods only to consignees approved by the British government ; and to secure guarantees against re-export from all buyers. We undertook that normal quantities of packers goods should be allowed to pass, and insisted that we should calculate the normal quantities, and should declare them to the packers. This very important agreement was signed on 13th April, 1916. Its consequences are, perhaps, best appreciated by inspecting the diagrams of neutral imports for the years 1915 and 1916.¹ From these diagrams it will be seen, that, at the beginning of the year, the meat packers had succeeded in raising their monthly exports to Sweden and Denmark (their two best bases) ; but that their sales fell off after March, and remained well below normal for the rest of the year. The same reduction might have been effected by forcible rationing, and by refusing letters of assurance, but it was assuredly best to settle with the packers : they may have had less power for damage than we imagined ; but they would, nevertheless, have been a strong reinforcement to an agitating party, which was already strong enough to cause dangerous commotions ; for it will be shown later that the agitations in the American congress were more heated and envenomed during the summer of 1916, than they had ever been before.

VII.—*The new orders in council*

In addition to these last measures for perfecting the administrative system, the ministry of blockade undertook a general revision of the legal doctrines under which we were acting. The orders in council that were still in force, at the beginning of the year were, indeed, by no means coherent or well adapted to the practice of interception. The order of October, 1914, was still valid, notwithstanding that, in actual practice, this order had been superseded by the March order, which proclaimed that goods of all kinds were to be stopped and dealt with as the court might direct, if they were being carried to the enemy direct, or through a neutral ; more than this, the October order had been overlaid, in that the treatment of nearly all cargoes considered by the contraband committee was regulated by our agreements with the neutral associations. The order was therefore superseded by the declaration of

¹ See Appendix.

London order in council (30th March, 1916), which laid down, that the provisions of the old order should not be deemed to have limited our right to capture goods in accordance with the law of nations on the ground that they were conditional contraband; the order also adopted the American rule, that conditional contraband was liable to capture, no matter whether the carriage of the goods was direct, or whether it entailed trans-shipment and subsequent transportation overland. This virtually reasserted the rule in the order of August, 1914, but the new order went further. Since the March order had been issued the government had, by implication, been contending for the most comprehensive interpretation of the law of continuous voyage; it was therefore deemed expedient to assert the doctrine more explicitly, and to abrogate one of the circumscribing rules of the declaration of London. The nineteenth article of the declaration, which laid down that no vessel could be condemned for breach of blockade, if her immediate destination was a non-blockaded port, was therefore formally abrogated and set aside. This new order gave more coherence to the doctrines that were being asserted and practised; it was, however, a preliminary to a general revision.

Five maritime orders in council had been issued since the beginning of the war; and four of them had modified the declaration of London in several important particulars. The reprisals order of March, 1915, by virtue of which the allies were cutting off all German supplies, rested upon the ancient, consuetudinary law of nations, and did not specifically cancel or supersede any part of the declaration. This March order was, however, the most important wing in the legal edifice of the blockade; and, whenever the British government were confronted with problems arising out of its application, the declaration of London gave little or no guidance; and they or their advisers were always driven to decide by reference to the body of customary law known as: The course of admiralty and the law of nations. In these circumstances was it not better to declare frankly, that the declaration of London no longer directed either the policy or the procedure of the British government? Lord Robert Cecil was persuaded that the policy of keeping the declaration alive, and of modifying it from time to time by orders in council, was largely responsible for the feeling of insecurity which was the starting point of so much neutral opposition. Late in March, therefore, the Foreign Office sent a draft order in council to the Admiralty for criticism.

The draft order began with a preamble, which stated that it was no longer convenient to keep the declaration in force; and that it was now withdrawn; it then continued that the British government intended to exercise their belligerent rights in accordance with the course of admiralty and the law of nations. After this, the draft order elaborated the preamble, and stated what rules we should henceforward observe in determining hostile destination and breach of blockade; how we should deal with vessels that carried cargo to an enemy port after passing our patrols, when ostensibly bound for a neutral harbour with their papers in order; and what proportion of contraband cargo would condemn the vessel carrying it. The Admiralty subjected Lord Robert Cecil's proposals to a searching examination; and whilst it was being carried out, the courts gave a legal ruling that had a very important bearing upon the points at issue.

For many weeks past, the case of the *Zamora* had been before the judicial committee of the privy council on appeal.¹ The matter in discussion affected British prize court procedure, and left our measures at sea untouched; but on the point to be decided there turned matters of great moment. Order XXIX of the prize court rules which had been put into force by an order in council dated 29th April, conferred a right to requisition ships and cargoes in respect of which no final decree of

¹ British and Colonial Prize Cases, Vol. II, p. 3.

condemnation had been made. In May, 1915, the procurator-general took out a summons for requisitioning four hundred tons of copper carried in the *Zamora*; the fate of the ship herself was to be decided later, under the retaliatory order of March, 1915. The president of the prize court gave permission to requisition the copper, and, at the same time, granted leave to appeal against his judgment. The appeal court had thus to consider whether orders in council are binding upon the justiciary officers of a prize court. The case was learnedly and elaborately argued in the privy council, and, on 7th April, 1916, judgment was given. It was held, in the most emphatic terms, that a British prize court was not bound by the executive orders of the crown :

The power of an order in council (ran the judgment) does not extend to prescribing or altering the law to be administered by the court. . . . If the court is to decide, judicially, in accordance with what it conceives to be the law of nations, it cannot, even in doubtful cases, take its directions from the crown, which is party to the proceedings.

This judgment, which will probably be considered one of the most important decisions ever made by a British prize court, affected the question now before the Admiralty in more ways than one. In the first place, it gave great weight to Lord Robert Cecil's original proposals. If, in the last resort, the British prize court could administer no order in council which conflicted with the established rules of international law, it was obviously advisable to make the position clear to the whole world, and this was precisely what Lord Robert Cecil proposed to do. But the judgment affected the question in other ways than this. The fleet was still acting upon the instructions that had been issued to it before the war began. These instructions had stood the test of actual practice, in that no prize or boarding officer had yet been judged to have acted illegally. Since the essence of the *Zamora* judgment was that orders in council had no authority if they were contrary to international law, it was highly important that the fleet should not be involved in any illegality to which the government might be committed by a wrongly conceived order.

Several weeks went by before the Admiralty could collect the opinions of its advisers, and frame their considered reply to Lord Robert Cecil's proposals. They were not prepared to oppose them in principle ; but they drew up a long and highly critical reply on points of detail. If the declaration were repudiated, the government would gain greater freedom on questions connected with declarations of blockade, issuing of contraband lists, unneutral service, enemy character, searching of ships in neutral convoy, and penalties for resistance to visit and search ; but the Admiralty doubted whether liberty which the government would gain would be of any practical use. In the matter of blockade, British practice gave a belligerent fairly wide powers with regard to the area within which blockade breakers were liable to capture ; and, in addition, recognised as legal a *de facto* blockade, even though it had not been notified to neutrals. These additional rights would not affect the position in the North sea, where no blockade had ever been proclaimed. On the question of contraband, the consuetudinary law of nations had always allowed that a belligerent could declare any article which was of peculiar use in war to be contraband ; but, as the British government had already issued contraband lists of the most embracing kind, they had followed established practice, and nothing was to be gained by repudiating the declaration. British practice also admitted that vessels in convoy, and under neutral escort, could be stopped and searched. The Admiralty did not, at the time, contemplate placing merchant vessels under convoy, and were but little inclined to believe that neutral governments would do so ; for this reason they considered that the fleet was not likely to get any advantage from being free to treat neutral convoys according to the old rules. The remaining advantages seemed, upon investigation, to be equally theoretical ; but as revoking the declaration was more a question of foreign, than domestic, policy the Admiralty agreed to Lord Robert Cecil's proposals, on condition that the repeal of the orders in council

should not modify existing instructions to the fleet, or cause them to be rescinded, and that the allies should agree to a common code of fleet instructions, before this new order were issued.

Whilst the Admiralty was examining Lord Robert Cecil's proposals, the French government declared themselves very much opposed to them. Rightly or wrongly, the declaration of London had been looked upon in some quarters as a victory for the Hague, or continental, school of law, and French lawyers and seamen were alike anxious that it should not be formally withdrawn. The French government argued how bad the effect would be upon neutrals, if the declaration were publicly repudiated, and insisted that the customary maritime law, to which the British government proposed to revert, was not the same in France as it was in England, in that it differed in such essential points as notification of blockade, destruction of neutral prizes, transfer of the flag, and convoy.

In general (ran the memorandum) we may say that all the controversies and discussions caused during past centuries by the different practices of Great Britain and France will be raised again, to the detriment of allied unity.

Lord Robert Cecil could not agree that the French objections were final, and when he had received the Admiralty's considered judgment upon his proposals, he crossed to France with Sir Cecil Hurst, Admiral Slade, and Mr. Craigie. The French representatives, under the presidency of Monsieur Denys Cochin, were, at first, unconvinced, but they yielded, in the end, to Lord Robert Cecil's arguments; and Admiral Lacaze must have the credit of devising a statement of general principles which satisfied both parties. It took the form of a covering declaration to be communicated to neutral governments; but not to be printed as part of the order itself. The English translation ran as follows:

The allied governments, earnestly desirous of acting in conformity with the principles of international law, were of the opinion, at the beginning of the present war, that they would find in the declaration of London a practicable code of doctrine and working rules. They consequently decided to adopt its stipulations, not because the declaration possessed, in itself, the force of law for them, but because it seemed to present, in its main lines, a statement of rights and duties of belligerents, based on the experience of maritime wars of the past. The development of the present struggle, the extent and character of which was unforeseen, has proved that the attempt made in London to formulate in times of peace not only the principles of law, but also the manner of their application, has not produced a result which is entirely satisfactory.

These rules, in fact, while not always conferring on neutrals wider guarantees fail to give the belligerents the most efficacious means of exercising their recognised rights.

As events developed, the belligerents of the Germanic group redoubled their adroit efforts to loosen the grip which encircled them, and to reopen the channels of supplies; their devices compromised innocent neutral commerce and caused it to be suspected of hostile intentions. On the other hand, the progress of every kind in the art of war by sea and land, the inventions of new engines of war, and the concentration by the belligerents of the Germanic group of their total resources for the purposes of the war served to create conditions differing widely from those of the maritime wars of the past.

The application of the rules of the declaration of London could not stand the test of a continuous development of unforeseen circumstances.

The allied governments have felt bound to recognise this situation, and to modify, from time to time, the rules of the declaration in accordance with this development.

These successive modifications may have led to misinterpretations of the intentions of the allies; who have therefore come to the conclusion that they must adhere exclusively to the application of the rules of international law as recognised in the past.

The allies declare solemnly and without reserve that they will continue to observe these principles, both so far as the action of their cruisers is concerned, and in the judgments of their prize courts; that, faithful to their word, they will duly observe the international conventions regarding the laws of warfare, that, respecting the laws of humanity, they repudiate all idea of threatening the existence of non-combatants; that they will inflict no unjustifiable injury on neutral property, and that, if any injury should be caused by their action at sea to *bona fide* merchants, they will always be ready to examine claims, and to grant such compensation as may be justly due.

The order in council was issued on 7th July. It repealed, though with certain reservations, all previous orders which had put the declaration of London into force, and then specifically indicated the manner in which the government should apply old and recognised principles of consuetudinary law to modern warfare. The first paragraph related to the system of commercial intelligence which our blockade departments had elaborated. The hostile destination required for the condemnation of contraband articles would be presumed (until the contrary was shewn) if it was found that the goods were :

Consigned to or for an enemy authority or an agent of the enemy state, or to or for a person in territory belonging to, or occupied by, the enemy, or to or for a person, who during the present hostilities, has forwarded contraband goods to an enemy authority, or an agent of the enemy State, or to or for a person in territory belonging to, or occupied by, the enemy, or if the goods are consigned to order, or if the ship's papers do not show who is the real consignee of the goods.

This meant, of course, that contraband goods handled by black listed firms would be treated as suspect, but not necessarily condemned ; and shows how essential it was that the new system of collecting evidence and testing innocent destination should be recognised as a belligerent right.

The next paragraph provided that the principle of continuous voyage, or ultimate destination : Should be applicable both in cases of contraband and of blockade. This clause incorporated an important point in American practice into the legal structure of the blockade.¹

The third clause ran as follows :

A neutral vessel carrying contraband, with papers indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage.

This repeated the rule which had first appeared in October, 1914 ; but restricted its operation to ships carrying contraband.

The fourth clause laid down that a vessel would be liable to condemnation if more than half of her cargo was contraband. This stated what the allied practice would be on a point which had been very differently interpreted by various nations.²

This general revision of the legal doctrines upon which we were acting did not produce any of the commotions anticipated. The maritime rights order in council, as it was called, was very little commented upon in neutral countries ; and neutral governments were content to inform us that they would claim compensation, if their citizens were injured by practices that conflicted with the recognised rules of international law. Actually, the new order but little affected the practice of stopping enemy cargoes ; for this was being done almost entirely by using the coercive powers with which the executive was now vested. The first and most important use to which these coercive powers were applied was to reduce the movement of neutral produce towards Germany, a movement which had been observed during the last quarter of the year, but whose strength and magnitude were only patent during the winter.

¹ See Chapter VIII, section 8.

² The Russian government issued an imperial *ukase* dated 21st November, 1916, similar in its provisions to the British Order in Council.

CHAPTER XXII

NEGOTIATIONS FOR SECURING A BETTER SHARE OF DOMESTIC EXPORTS OF THE BORDER NEUTRALS

Negotiations opened with Denmark.—The advantages and disadvantages of coercion considered.—The Foreign Office decide against coercion and continue the negotiation.—Some readjustment of the Danish trade was effected during the year.—Negotiations with the Netherlands authorities.—The first agreement, and why it was difficult to operate.—The anxieties of the Netherlands government, and the final agreement.

IT is difficult to determine at what date the regulation of neutral agriculture became an object of policy ; but it seems probable that the great movement of neutral produce towards Germany was only known and understood, after it had set in and gained momentum ; and that the need for some regulation of it was impressed upon our authorities slowly and gradually. Writing a year later, at all events, Sir Francis Openheimer stated that only a very expert statistician, with the weekly figures of export before him, could have detected the origins of the movement. Moreover, the authorities in Great Britain were not able to observe the movement directly, and could only infer that it had set in, by the fall in British imports from the border countries. If, however, the British imports from Denmark are a good indication of the inverse movement of trade towards Germany, then it may be assumed that this second movement began in about June and July, and that, by November and December, about half the agricultural produce ordinarily sent to Great Britain was being deflected to the German market. Now during the summer and autumn months of 1915, the Foreign Office were negotiating the great rationing agreements with the Netherlands and Switzerland, and, as our imports of neutral produce were then declining very gradually, and as the decline was not attended by any inconvenience, no clause by which we were empowered to negotiate for a better distribution of agricultural produce was inserted in the Dutch or the Swiss agreement. When the Danish agreement was negotiated, however, the movement of Danish produce towards Germany was running at great strength, and the Foreign Office received several representations about it from the Board of Agriculture and the Board of Trade ; the agreement with the Danish guilds was, therefore, so drafted that the Foreign Office were empowered by it to introduce a further negotiation for the redistribution of exports, as soon as the agreement was in full operation. The contraband department of the Foreign Office were thus charged with the duty of conducting the negotiation with the Danes ; but this was exceptional. In a general way, the contraband department's duty was to enforce and administer the March order in council, and this deflecting the produce of the border neutrals, from the German, to the British, market, did not arise out of the March order, nor could it be attached to any legal doctrine : it was a matter of pure business. When, therefore, the great flow of neutral produce to the German market was first observed, it was decided, that the deflecting of it could best be done by a special branch of the administration, charged with that sole duty. The department created for the purpose was called the restriction of enemy supplies department, and Mr. Leverton Harris was placed in charge of it. This new department was a branch of the blockade ministry ; but it was lodged in a separate building, at Waterloo place. All telegrams and instructions from the department were sent to our ministers abroad ; but the department appointed its own agents, who were experts in agricultural matters, and, in practice, it was very closely connected to the board of agriculture and fisheries, upon whose experts Mr. Leverton Harris depended for his information about the agriculture and fisheries of the border neutrals.

I.—Negotiations opened with Denmark

As has been said, our negotiations for deflecting the movement of Danish produce from Germany were provided for in the general agreement with the guilds. The agreed ration for cereals and forages was for the year 1915 only, and, in a letter accompanying the agreement, Sir Eyre Crowe informed M. Foss, that the government intended, at once, to enter into negotiations with the Danish authorities :

With a view to secure that Germany gets as little butter, eggs and bacon as possible, or, at any rate, not more than her proportion before the war.

The British minister at Copenhagen started the negotiations on 15th March, when he informed the Danish authorities in a written paper : That the British government were much disturbed that no ration had yet been fixed for corn and forages, the more so, in that, during the past two months, while these commodities had been going freely into Denmark, Danish agricultural exports to Great Britain had continued to fall ; that, as we could not be indifferent to this great deflection of Danish exports from their natural courses, so, we could not be expected to assist the deflection still further, by allowing Indian rice to be sent to Denmark, where it could be used as a cattle food and a substitute of Danish corn ; and that we intended, in consequence, to restrict Danish imports of feeding stuffs to the quantities normally consumed. In conclusion, the minister urged the Danish government to arrange that corn and foodstuffs should be consigned to some central representative body, with which the British government could settle a general ration. It will be proper to examine the circumstances in which this note was presented.

Soon after the agreement with the associations was concluded, the Danish government assembled the upper and lower houses of the *Riksdag*, in secret session, to discuss the political and military dangers to which the country was exposed. During the discussion, it transpired that Count Molke, the Danish ambassador in Berlin, had warned his government, that the Anglo-Danish agreement was much disliked in Germany, and that the German government would not hesitate to order an invasion of Denmark, if they thought a military occupation of the country would be a good answer to it. The Danish cabinet must have realised that the German authorities would not order an invasion of Jutland, merely because the re-export trade had been stopped by our agreement with the guilds (an invasion would be no remedy) : a deflection of Danish produce from the German to the British market was, however, another matter. To effect this by agreement was, in the German view, to enlarge an agreement already disliked. More than this, the Germans were very proud of having turned so large a part of Danish produce towards their own markets, and proportionately disinclined to allow their advantage to be wrested from them. Helfferich speaks of this deflection as one of the successes of the exchange system.

While our total imports, he writes, fell from 10·8 milliards of marks—the 1913 figure—to 7·1 milliards—the figure for 1915—our imports from border neutrals rose from 1·1 to 3·5 milliards. Our imports of pork rose from 21,600 tons (1913) to 98,000 tons (1913). In the same period our butter imports rose from 54,200 tons to 68,500 tons notwithstanding that Russian and Siberian butter which was ordinarily half our imports, was lost.

It is therefore not surprising that the Danish authorities were extremely anxious, when they learned, by the note presented to them, that we should not allow the Germans to draw these extra supplies from Denmark, if we could prevent it ; for, however reasonable it might be to claim that Germany and Great Britain should receive exactly that proportion of Danish produce which they had always received, the Danes well knew that this equitable contention would be fiercely resisted by the Germans, of whose resentment they had just received a solemn warning. Nor did the Danes leave us in doubt about their anxieties. A confidential memorandum, warning certain high Danish officials against the dangers of the agreement, was

shown to our minister ; and M. Andersen, the king's friend and intimate counsellor, presented a paper at the Foreign Office, begging our authorities, in the most earnest language, to consider the Danish government's difficulties and not to add to them. M. Andersen was careful to let it be known that Dr. Federspiel had been summoned before the ministry, to explain why he had undertaken that Danish agricultural exports to Great Britain should be increased.

As was to be expected, the Danish government's reply was extremely evasive. They answered that they were most anxious to distribute their exports to the countries at war on pre-war lines, as far as this was materially and politically possible ; that decrees published by them in the autumn of the year had arrested the movement of Danish bacon towards Germany ; and that these decrees, which were still operating, would certainly raise Danish exports to Great Britain in the course of the year. They argued, however, that some deflection towards the German market was inevitable, for so long as the prices obtainable for Danish butter and meat in England were so much below the prices given in Germany. As for the rationing of feeding stuffs, they quoted statistics to show that no ration could be fixed, until the yield of the Danish harvest was better known, and claimed that their guarantees against the re-export of all imported feeding stuffs should be sufficient. With regard to the political reasons which made it so difficult to comply with our request, the Danish government reminded us that all Danish exports to Great Britain could be stopped by the German naval forces ; if, then, we persisted in our endeavour to reduce Danish exports to Germany, and to increase them to Great Britain, this violent stoppage would probably be the outcome.

II.—The advantages and disadvantages of coercion considered

When this reply was digested, the Foreign Office authorities at once enquired into the advantages and disadvantages of embarking upon some plan of coercion. The organ of pressure most easily used was coal control : British coal was used on the Danish state railways and in the Danish creameries ; and it was not doubtful that if British exports of coal to Denmark were stopped, or severely curtailed, the loss of these supplies would be felt throughout the country. Could we, however, hope that the pressure thus exerted would force the Danes to comply with our wishes ? Hardly ; we had been much deceived, when we had made this calculation in respect to Sweden, where British coal had been largely replaced by German. What the Germans had done for Swedish coal importers, they could presumably do for the Danish ; for it was far easier to transport German coal to Denmark than it was to transport it to Sweden ; indeed, there were already indications that the German coal exporters were tendering for large contracts in Denmark. Secondly, it was obvious that we could stop cargoes of foodstuffs and forage ; but as these cargoes were not produced in the British empire, it was an open question for how long the stoppage could be continued : letters of assurance, bunker regulations, and the delays and difficulties which Lord Robert Cecil had instructed the contraband committee to impose, were better instruments for exerting quick, sharp, bursts of pressure, than for subjecting a country to long coercion. Moreover, it was obvious, that, whatever the distant and final consequences of cutting down Danish imports of corns and forages might be, the immediate outcome would be that the Danish farmers would slaughter a great number of pigs and cattle, and would sell the meat in Germany. If it were assumed that the war would be very much protracted, this might be an advantage ; but the experiment was risky. Finally, we could stop materials for making margarine from being exported to Denmark : this would, presumably, bring quantities of Danish butter on to the home market, and so cut down the exports to Germany ; but it would also stop Danish margarine exports to Great Britain, of which we were in great need. There remained the Danish contention

that the Germans could stop all Danish exports to Great Britain, and would probably do so, if the British government persistently tried to reduce Danish exports to Germany. This was a matter upon which the Foreign Office often asked for enlightenment, without receiving much ; for a rambling minute from Admiral de Chair was the only answer they were ever given. They were therefore left in some doubt on the matter ; and it is, in consequence, of some interest and instruction to enquire whether the danger was real or imaginary.

It must be remembered, that naval control over a zone of water, or, as it is popularly termed, command of the sea, varies according to circumstances. In actual practice, a theatre of war is generally divided into zones where the rival fleets predominate. The course of the war in the North sea had shown, that the British fleet predominated north of the Dogger bank, and in the Flanders bight ; and the German fleet to the south east of the bank. Large British forces had often penetrated into the German zone ; but they had gone there rather as raiders, or visitors, than as masters, and we had never attempted to maintain a permanent patrol of surface vessels in the south-eastern corner. Later in the war, the attempt was made and failed. Now Esbjerg, whence ninety per cent. of the Danish cargoes were shipped, was quite clearly in the German zone ; it is eighty miles from Heligoland, and nearly four hundred from Rosyth. The traffic running from it was therefore exposed to interruption by the Germans, and we could do little or nothing to protect it. This, however, does not answer the question whether the Germans could have stopped the traffic outright ; for experience has shown that commercial traffic is rather like an army in the field : it may sustain great losses, and yet hold a position successfully. Sinkings of individual vessels do not, in themselves, stop a flow of trade, and a great volume of commerce may be maintained, notwithstanding that many ships on the route are sunk or captured. There is, however, a general stoppage, when the magnates of a trade become timid, and order their ships to remain in port. It is for this reason, that von Spee's victory in the southern Pacific, and the *Emden's* insignificant destructions, stopped a large volume of trade, for a long time, whereas the wholesale destruction of shipping, during the year 1916, never once caused a stoppage. It is certainly an open question whether the Germans could, or could not, have stopped the Esbjerg trade : a submarine patrol would not have been sufficient, for the Danish captains would soon have learned how to keep the traffic running by sailing after dark and, so on ; but the thing would assuredly have been done, if the Germans had stationed a mixed patrol of cruisers and destroyers off the port. There was nothing impossible in this, for the German minefields farther south would have given the German patrol good shelter against any British forces sent out against them. On the other hand, it must be remembered, that, for some reason which the German historians have never explained, the German naval commanders were always very reluctant to detach these mixed patrols from their main forces ; and that they never stationed outpost patrols outside their minefields. On the whole matter, therefore, it can be said that the Danish fear that the Germans might stop the Esbjerg traffic was well founded ; the thing was in itself possible, and the Danish cabinet had been warned that the German government were contemplating every severity.

III.—The Foreign Office decide against coercion and continue the negotiation

The Foreign Office were given little guidance upon this question ; but the minutes upon the papers show that they thought this new Danish warning, combined with others previously given, was serious. Sir Eyre Crowe therefore advised against pressing the Danes further for the time being. It is true he did not believe that Denmark was likely to be invaded ; but he was satisfied, that the Danish authorities honestly and genuinely believed, that Jutland might, at any moment, be over-run,

or Esbjerg blockaded. It followed therefore that we should gain nothing by putting them in terror of a food shortage, when they were already dreading an invasion. In addition, M. Foss had assured Sir Eyre Crowe, and the Danish government now repeated the assurance, that Danish exports to Great Britain would rise in the course of the year. It was thus thought better to continue the negotiation, until the motions of Danish trade could be better observed. The immediate outcome was, therefore, that the Danes were invited to send representatives to London, and that the Danish authorities, who were responsible for importing grains and fodder into the country, sharply reduced their orders during April and May; for the fall in the importations of corn during those months (*see* Appendix) is not explainable by the detentions that were ordered by the contraband committee: the cargoes that were severely treated during the second quarter of the year were, for the most part, cargoes of coffee, fruits, and miscellaneous stores; only a few insignificant cargoes of flour were detained.

The Danish representatives: M. Andersen, M. Sonne, M. Madsen-Mygdal, M. Fabre and M. Clausen reached England in the last week in May; the negotiations with them were entrusted to Mr. Rew and Mr. Thompson of the Board of Agriculture, who negotiated in chief, with Mr. Forbes Adam, of the Foreign Office, assisting. The British representatives had before them a long report from the commercial adviser at Copenhagen, to whom the Danish authorities had given some interesting figures of their export trade. These statistics showed how dangerous it would be to decide hastily; for, although the Danes declined to give us a full account of their exports to Germany and to Great Britain, they yet gave us figures to show that many branches of their export trade had fallen. For the rest, the Danes were under strict instructions to be sparing in the matter of promises, and they pressed a contention which Mr. Rew admitted to be well grounded, that the Danish farmers had exported as much butter to Great Britain as the British market could absorb; in support of this the Danes exhibited budgets of letters from English buyers, reducing their orders. The great achievement of the Danes was, that, notwithstanding they promised so little (their only undertaking was that they would assemble a meat committee on their return), they yet persuaded the British representatives, that they would increase Danish exports to Great Britain as far as they were able to do so; and that, if they promised little, it was because they were strictly honourable men, who were determined not to undertake more than they could perform. They refused stoutly to leave any written document in our hands; but they did their country good service by convincing our authorities that they would do their best, and that they were to be trusted. The Foreign Office, therefore, informed Sir H. Lowther, that they would not attempt any extraordinary pressure for the time being; that they would keep Danish imports of fodder and corn to the pre-war average by navicerts (to which the Danes had no objection); and that they would at once fix a ration for artificial fertilizers.

It so happened, that, during the summer months, when we were waiting to see what the Danes could do to make good the undertakings they had given, the Danish fear of an invasion was again brought to our notice and enquired into. At some time in the early summer, the Danish staff became aware that the Germans were making military preparations upon the Schleswig frontier, and did not disguise that they were extremely anxious. The French military attaché went in person to the frontier to investigate; and, although he found that the Germans were digging trenches and spreading barbed wire entanglements, he was satisfied that this was because the Germans feared an attack upon northern Schleswig, and not because they were preparing to invade Jutland themselves. It is strange that the German general staff should have believed that we contemplated despatching an expeditionary force to Schleswig at the very moment when we were preparing to attack their armies in France; the explanation is that the news department of the Foreign Office

deliberately spread rumours that we were about to embark upon this adventure, and that the German staff, notwithstanding their high competence in military affairs, believed the rumours.¹

Our authorities were satisfied with the French military attaché's report, but the Danes were so anxious, that they actually communicated their whole defence plan to us, and asked for assistance in completing it. They informed us that they only intended to make a stand for the capital, on a line that starts at Roskild fjord and ends at Kjøge bay, and let us know that they had not the guns or ammunition necessary for doing even this. The implication was therefore, that, if the danger of a German invasion was as great as the Danes believed, then, we might at some time be called upon to feed the population of Copenhagen, and to assist a Danish army, clinging precariously to a position just outside it. The Admiralty and War Office staffs reported we should be able to do little or nothing.

Seeing, therefore, that the naval and military high commands advised the government, in the gravest language, to promise no assistance whatever, the Foreign Office was naturally reluctant to insist upon a formal regulation of Danish exports (similar to that obtained from the Hollanders) ; for the Danes insisted, that, if they followed the Dutchmen's example, they would expose themselves to reprisals, against which we could not protect them. It is true we thought it not very likely that Denmark would be invaded ; but the Danes, who were as good authorities as we, thought it quite probable, and, if they were right, then, we should lose all.

IV.—Some readjustment of the Danish trade was effected during the year

For these reasons, we were inclined to be satisfied with the readjustment, which the Danes did actually enforce during the course of the year. The proportions of butter and bacon sent to Great Britain rose steadily (*see* table LIV) ; some sections of the export trade remained unsatisfactory, but, with regard to them, there were indications that economic laws were coming to our assistance, and were arresting the movement towards Germany. There was a shortage in Copenhagen during the late autumn, and the Danish ministers were fiercely criticised by the leaders of the poor people for allowing so much food and meat to leave the country. The Danish government were thus forced to issue regulations, which, as far as we could see, would keep a good deal of Danish produce on the home market, and away from the Germans.² With this we decided to be content for the time being.

Concurrently with these long negotiations, the Board of Trade succeeded in deflecting everything that the Icelanders export, from the German market.³ The Icelanders acknowledge the Danish crown ; but they are virtually independent, and their

¹ According to information received from a secret agent, the Germans instructed their naval attaché to investigate the rumour ; the attaché then called upon the commander-in-chief of the Danish navy, and a truly extraordinary conversation took place between them. The German naval attaché opened in a formal manner, by saying that he had been instructed to give a solemn assurance that the Germans did not contemplate an invasion of Jutland. The Danish admiral then said, But what about when you get desperate ; we have an idea you might over-run us then. The German answered, No ; not even then ; we are satisfied that it would do no good ; but can you give me any news about the British invasion of Jutland with 250,000 men ? The Danish admiral : Yes, we have just been told it's off. War Office report from Copenhagen. 8th June, 1916.

² During November, 2,000 carcasses of cattle slaughtered in the country were being sold, weekly, to Danish customers : for the early months of the year, the figure was 400.

³ The negotiations were carried on in London between M. Svein Bjornssen, representing the Iceland ministry, and the Board of Trade. The preliminaries, of which there is not much written record were apparently carried out by the British Consul at Reykjavik, who must be given the credit of persuading the Iceland Government that a satisfactory agreement could be negotiated. *See* F.O. 321.I. Icelandic Agreement.

connection with Denmark is more commercial than political ; for, as the Copenhagen market is an open market for all Scandinavia, so, the Icelanders find it a good selling place for their produce. The Iceland ministers were, however, very anxious that their country should not lose its supplies of British coal, food and salt, and so agreed, almost as soon as they were approached, that they would give us an option to buy all exportable produce ; and that they would only give licences to export, after we had declined to exercise the option. By this agreement we ensured that no Iceland wool, which is of very good quality, and no Iceland mutton, which is detestable, should reach the German market. The quantities were not great.

TABLE LIV
Monthly average of exports of Danish agricultural produce during 1915 and 1916

	To Great Britain.		To Germany.	
		Percentage		Percentage
<i>Butter</i> : (in metric tons)				
July-December, 1915	4,380	52·0	4,048	48·0
January-May, 1916	4,720	57·2	3,529	42·8
June-July, 1916	5,143	60·4	3,378	39·6
August, 1916	4,844	57·0	3,639	43·0
September and to 6th October, 1916 ..	5,140	64·7	2,796	35·3
<i>Bacon</i> : (in metric tons)				
July-December, 1915	7,353	74·5	2,514	25·5
January-May, 1916	7,284	80·6	1,751	19·4
June-July, 1916	7,216	90·9	721	9·1
August, 1916	6,938	79·0	1,773	21·0
September and to 6th October, 1916 ..	8,264	86·0	1,345	14·0
<i>Eggs</i> : (100 score)				
July-December, 1915	12,799	56·1	10,021	43·9
January-May, 1916	4,344	20·0	17,322	80·0
June-July, 1916	9,386	40·3	13,920	59·7
August, 1916	8,981	37·0	15,491	63·0
September and to 6th October, 1916 ..	8,979	34·8	16,823	65·2
<i>Meat</i> : including cattle (in metric tons)				
July-December, 1915	—	—	6,042	—
January-May, 1916	—	—	11,086	—
June-July, 1916	—	—	3,563	—
August, 1916	(1,373)	—	2,697	—
September and to 6th October, 1916 ..	(1,324)	—	3,352	—

V.—Negotiations with the Netherlands authorities

Negotiations for similar arrangement with the Dutch exporters were despatched more rapidly, because political influences, though appreciable, were never so strong as to obstruct a settlement. The cabinet at the Hague were, indeed, less fearful of German resentment than the Danish, because the Dutch army was better able to defend the country. If invaded, the Dutch authorities intended to flood a large tract of country south of the Zuider Zee, and the Dutch staff hoped that the armies would hold the invaders along the line of floods. This meant that the provinces of Friesland, Overijssel, Drente, and part of Gelderland would be lost, if the country were invaded ; but the Dutch calculated, that, even if the Germans seized these provinces, and exploited them at will, they would not receive as much meat and dairy produce from them as they received in the ordinary course of trade, while the Netherlands were free and neutral. Presumably, therefore, the Netherlands government considered that a German invasion

was a danger more connected to politics and military strategy than to trade agreements ; and when Lord Crewe and Lord Robert Cecil drew their minister's attention to the movement of Dutch meat and dairy produce towards Germany, the Netherlands minister gave an answer that was a variant of the statements that the Netherlands government habitually made, when such matters were brought to their notice : That exports to Germany could only be limited by decrees, which the ministry could not order, without exciting much resentment both at home and abroad, and exposing themselves to the charge of favouring one belligerent at the expense of another. On the other hand, the Netherlands minister admitted, in a guarded way, that some regulation was much to be desired. This meant, in plain language, that the Netherlands government would watch any negotiations that we might undertake with private persons, and would only interfere, if they thought that our arrangements would involve them in political controversy. But if the case of the Netherlands was different from that of Denmark, the two had one point in common, which was that immediate coercion seemed unwise. It was not contested, that, as about six-tenths of Dutch produce were placed on the home market, and as the remaining four-tenths were exported, so, it would be logical and consistent to reduce all imports that stimulated this export by four-tenths, and thus leave the Dutch farmers with enough forage to raise the stock, and to produce the eggs and butter that are required for the home market. The experts who made this calculation were, however, too experienced to imagine that the Dutch exports would automatically adjust themselves to this new state of affairs : the final outcome might be that all Dutch exports would cease ; but there would be an intervening period, during which an even larger volume of produce would move towards the German market, and prices on the domestic market would rise very high. The first consequences would, moreover, be the more violent, in that the Dutch farmers were growing less grain and forage than they did in normal times, and were allotting more land to vegetables, chicory, and flax. Severe restrictions of those imported forages, upon which the Netherlands farmers were progressively depending, would thus produce commotions which a scientific calculation did not indicate even faintly. Our authorities were the more inclined to proceed cautiously, in that M. van Vollenhoven was convinced that the matter could be arranged by private treaty, and was anxious to promote the arrangement. It will here be convenient to explain why the Netherlands trust, which was ostensibly only concerned with overseas trade, was so anxious to promote a settlement, and why their good offices were valuable.

As has been said, our negotiations for turning the domestic exports of the border neutrals from the German to the British markets was supported by no legal doctrine ; for we claimed, only, that the total exports should be more equally distributed between ourselves and Germany, which was a matter that fell to be regulated by a special treaty of trade and commerce. On the other hand, these negotiations were connected to a doctrine that we had asserted on several occasions without defining it too closely : That we could not allow unlimited imports of a commodity, that stimulated the exports of something similar, notwithstanding that the imported goods could be proved to have been consumed in the country. As the agreements for enforcing the March order had to be adjusted to the economic systems upon which they operated, it was impossible to insert the doctrine uniformly in them. The Swiss national trades, which were technically re-exports, had been allowed to run free, so that only a circumscribed clause had been inserted in the Swiss agreement.¹

¹ Article 10a. *Est laissée à la S.S.S. la faculté d'autoriser l'exportation à destination ennemie d'articles fabriqués en Suisse qui ne contiendraient des matières importées sous sa garantie (toutefois à l'exception du cuivre qui fait l'objet de l'article 12) qu'en quantités insignifiantes et comme partie essentielle. Ces quantités ne devront pas excéder 2 pour cent de la valeur totale de la valeur de l'objet manufacture sauf dans certains cas qui seront décidés d'un commun accord entre la S.S.S. et des représentants des trois gouvernements. Les alliages demeurent formellement interdits ainsi que toute matière pouvant entrer dans un alliage de fer.*

In the first Danish agreement there was a clause prohibiting the export of alloys and half finished products, manufactured from raw materials allowed to be imported. In the agreement with the guilds the corresponding clause was rather more embracing. In the Swedish agreement of December 1914, there was a clause prohibiting the re-export of half finished products made from raw materials. As the word alloys was used in the Danish agreement, it seems probable, that, when these agreements were drafted, the contraband department were thinking more of metals than ordinary goods. In the consolidating agreement with the Netherlands trust, however, the doctrine was asserted in its most abstract and embracing form, for by the fifth article, it was stipulated that the trust's guarantee of home consumption should apply: Not only to the goods imported, but to all articles manufactured or produced therefrom. By virtue of this article, we were entitled to argue that exceptional exports of cattle, butter, meat, eggs and vegetables were goods produced from the forages, and fertilisers imported into the country, and that the quantities hitherto allowed would have to be recalculated. It was precisely this drastic revision of arrangements for which they were responsible that the Netherlands trust were anxious to avoid. We, on our part, were anxious that the trust should assist us.

As coercion had been considered and found inadvisable, it followed that we could best secure what we desired, by setting up some purchasing agency in the country. Now setting up any financial establishment in the Netherlands was an intricate matter, because no financial corporation could be established in the country, unless the directors of it affiliated themselves entirely to the Rotterdam, or to the Amsterdam, group of magnates; or else, (which was more difficult to arrange) unless they allowed both groups an interest in their concern. These two commercial factions dominated Dutch trade and industries, and the great difficulty of setting up the trust had been the difficulty of forming a board, in which the Amsterdam group was most powerful—as being the group most concerned with overseas trade—but a board on which the Rotterdam party should be represented. This had been effected by persuading M. van Aalst, an Amsterdam man, to be chairman, with an executive committee of Amsterdam men assisting him; and by appointing M. van Vollenhoven and M. Kroeller to the board, who were magnates of the Rotterdam faction. From this it will be understood, that it was far better that the Netherlands trust should appoint our purchasing agency, and should secure it the necessary powers, than that our minister and his expert advisers should attempt to do so; as no foreigner could hope to make such good provision for the balance of commercial power as would be made by a native Netherlander. It was thus a great assistance to us that the Netherlands trust did actually appoint a purchasing agency, and took matters into their hands.

VI.—The first agreement, and why it was difficult to operate

Mr. Rew arrived at the Hague on 16th May, and was told that M. van Vollenhoven, M. Kroeller, M. Linthorst Homan, the president of the Netherlands agricultural society, and M. Reitsma, the secretary of the Dutch milk products association, would treat with him. In order that the influence of the Netherlands trust should not be paraded too much, it was decided that M. Linthorst Homan and his assistants should be officially styled the *Landhouw Export Bureau*, to which all payments were to be made. It is a singular testimony to the enormous power of the Netherlands trust, that, although the gentlemen with whom M. Rew treated made long stipulations about prices and quantities, they were never doubtful that they could redirect Dutch exports as they wished, and send us an agreed proportion of them.

The price to be given, and how payments were to be made, were, however, matters very difficult to settle, and a further visit from Mr. Leverton Harris was necessary, before the first settlement was made. An agreement was signed on 16th June: by it, we secured certain stipulated quantities of Dutch produce, but the end proposed was that the export trade should be readjusted as follows (*see* Table LV).

TABLE LV
Readjustment of the Netherlands export trade

	September, 1915–February, 1916.			Under the Agreement.		
	Proportion to			Proportion to		
	United Kingdom.	Germany.	Belgium.	United Kingdom, including Allies and Belgian Relief Commission.	Other destinations	Other neutral or enemy destinations.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Bacon	—	99·2	0·3	} 50·0	48·9	1·1
Pork	0·4	98·3	—			
Beef and veal	1·9	90·3	4·4	} 55·7	35·1	9·2
Mutton	0·7	87·7	11·6			
Live cattle	—	97·9	0·3	} 30·5	65·0	4·5
Butter	0·9	90·5	4·1			
Cheese	2·4	86·7	5·0	} 33·3	55·8	10·9
Condensed milk	60·0	30·0	—			
Milk powder	12·0	78·0	—	} 75·0	15·0	10·0
Potatoes	0·2	77·0	18·3			
Potato-flour	9·9	66·5	10·0	} 50·0	8·0	42·0
Vegetables and fruit ..	—	—	—			
				25·0	75·00	

This agreement was never satisfactorily executed for a number of reasons, of which the most important was that the flow of Netherlands produce towards Germany was not so easily deflected as the negotiators had imagined. It has been shown that the Netherlands government and their officials were operating a number of decrees, which were intended to keep a certain proportion of home-grown produce on the home market, before the exportable surplus was released for sale. This meant, in practice, that a number of government officials were taking and reporting stocks, recommending that export licences should be granted, and so on. Our agreement was, therefore, a new complication, added to a system of trade that was already complicated, in that it was neither wholly free, nor wholly controlled. It is, indeed, difficult to conceive that the *Landbouw export bureau* could have executed the agreement without the co-operation of the Netherlands ministry of agriculture, and the Netherlands government still held aloof from all these agreements, and refused to be active partners in them. It is thus not surprising that our imports from Holland, during July and August, were well below the quantities secured to us by the agreement. There was certainly a sharp rise in September, but not enough to make good the deficit of the previous months. It was, moreover, during these summer months that our relations with the Netherlands government deteriorated, in that we were obliged to let them know we could no longer respect the fiction that they had no concern with these trading agreements: they were then importing great quantities of forage on their own account, which brought them into the compass of the rationing system, and they were despatching German goods to the Netherlands East Indies, which made them co-operative parties, if not signatories, to the agreement with the Hague trading committee. Moreover, a long and unsatisfactory controversy on a matter to which we attached great importance had then continued for many months, and was still unsettled. The Netherlands

government were allowing the Germans to send large quantities of road-making materials to Belgium through Netherlands territory; and would never agree to impose any proper restraints upon the traffic. As it was plain sense that the Germans only repaired roads in Belgium to facilitate the movements of their armies and of their military supplies, this was a matter upon which we could not compromise; and the studied evasions of the Netherlands government, the elaborate evidence they collected to show that German road making in Belgium was a sort of benevolent enterprise, hardened the temper of our authorities when other matters were in dispute.¹ When, therefore, it was decided that a new agricultural agreement would have to be negotiated, the Netherlands government were warned, that, unless a better regulation of trade could be arranged—which could hardly be done unless the Netherlands government in some manner superintended and protected the new agreement—we should be compelled to reconsider all the favours granted in respect to bunker coal, jute and lubricants, which, if withdrawn, would bring Netherlands trade to a standstill.

TABLE LVI
Imports from Holland of Bacon, Butter and Cheese—July, August and September

Date.	Bacon.		Butter.		Cheese.		Total.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
1916	cwts.	£	cwts.	£	cwts.	£	cwts.	£
20th–30th June	15,780	79,894	309	1,950	263	1,482	16,352	83,326
July totals ..	3,988	20,978	2,254	19,079	2,546	12,615	8,788	52,672
August totals ..	2,700	6,750	5,637	49,649	10,066	50,329	18,403	106,728
September totals	24,568	146,581	6,202	52,736	13,195	73,461	43,965	272,778
1st–5th October	—	—	—	—	117	826	117	826
Totals—20th June to 5th October.	47,036	254,203	14,402	123,414	26,187	138,713	87,625	516,330

VII.—*The anxieties of the Netherlands government, and the final agreement*

The Netherlands ministers were so enigmatic and guarded, when these representations were made to them, that it is difficult to decide what their intentions and purposes really were; but it is not difficult to understand that their anxieties were considerable. Their regulations with regard to trade were then irritating the population of the towns and the farmers, and so making the electorate unsteady. The farmers claimed, that the produce detained for the home market, and there sold at a price fixed by governmental decree, was, by them, sold at a loss; and were for ever pressing that a greater quantity should be released to the open market. The townsmen were dissatisfied both at the amounts reserved for the home market, and at the regulated price; there had, indeed, been food riots in three towns, when the first agreement was signed. From this it can be understood that the Netherlands ministers were not easy at agreements, which made it even more difficult to strike a balance between what the townsmen and the farmers demanded; for, although

¹ See Netherlands government white paper: *Doorvoer door Nederland uit Duitsland naar België en omgekeerde Richtiging*. Professor Garner sums up against the Netherlands authorities, see *International law and the World War*, Vol. II, p. 446 *et seq.*

we claimed that we only desired to secure a proportion of the Dutch exports, it was patent that all agreements that disturbed the actual movement of trade would force the ministry of agriculture to recalculate what quantities could be exported, and what quantities must be retained ; and that these calculations impinged upon domestic politics.

The great anxiety of the Netherlands ministers was, however, that, after long hesitations and mismanagement, the German naval staff had so ordered their campaign against commerce, that it was then being used as a regular instrument of retaliation upon those branches of neutral commerce that were in the allied service. The German severities against Norwegian shipping, which were executed in retaliation for our fishing agreements, were being paraded as an example of what could henceforward be done. It is doubtful whether the German government ever threatened the Netherlands ministers with similar retaliation for the first agricultural agreement ; but the Netherlands authorities feared (and not unreasonably), that, if any considerable proportion of their exports to Germany were deflected to Great Britain, then, the Germans would retaliate upon their shipping, as they had done upon the Norwegian.

Being thus presented, on the one side, with an intimation that we were contemplating measures calculated to ruin their commerce, and, on the other, with a danger, not so great perhaps, but still considerable, the Netherlands government steered a middle course by informing Mr. Kroeller (who was then the overlord of the *Landbouw export bureau*) that they would assist the administration of any agreement with Great Britain, provided that a similar agreement could be made with Germany. On being informed of this, our authorities decided to negotiate for a proportion of Dutch exports, instead of the stipulated quantities secured by the first agreement. The negotiations were conducted in London with Mr. Leverton Harris conducting them on our behalf : the agreement was signed on 1st November ; it was far more explicit and embracing than the first, and its main provisions were :

That Great Britain should receive not less than half the total amount of meat exported to other belligerents ;

that Great Britain should receive at least half the amount of pork exported to all other countries ;

that Great Britain should receive a fifth of the butter, and a quarter of the cheese, exported to all other countries ;

that sheep, mutton, and veal should be exported only to Great Britain ; this was stipulated because Dutch bacon is not suitable for the British market, and we desired to be compensated for resigning our share.

Though not parties to the agreement, the Netherlands government were involved in its administration, in that it was stipulated that no exports of cream, live pigs, straw, hay, forage and fertilizers should be allowed.

CHAPTER XXIII

NEUTRAL FISHERIES

The markets of the neutral fishing trade.—The fisheries and international law.—The first deliberations of the restriction of enemy supplies department, and the Foreign Office.—Why the Admiralty desired to act violently ; orders are given to bring in the Netherlands fishing fleet.—The trawler owners decide to negotiate.—The quantities of fish deflected by the agreements.—The Norwegian fishing catch.—The Danish fishing catch.

WHILE these negotiations about agricultural exports were being conducted, the Foreign Office authorities were also endeavouring to regulate another great neutral industry, the fisheries ; but, before reviewing the course of this second operation, it will be as well to make a brief preliminary survey both of the ends proposed and of the industry itself.

I.—The markets of the neutral fishing trade

It must first be made quite clear that imports of neutral fish were tolerably well sustained, during the year 1915, so that we could not argue that the trade was being diverted for the advantage of an enemy. The import figures for the year 1915 are decisive on this point :—

The Netherlands increased their exports of fish to us from 186,880 cwts. (1913) to 315,029 cwts. (1915) ;

the Norwegians increased their exports of fish to us from 1,161,866 cwts. (1913) to 1,420,472 cwts. ;

the Danes also increased their deliveries of fish from 124,173 cwts. to 163,861 cwts. ;

as against this, the Swedish exports of fish fell away to almost nothing—3,562 cwts. as against 125,291 cwts.

From this, it will at once be seen that our demand for a readjustment was not grounded in such good equity as our demands in the matter of domestic produce ; the two were pursued for the same end : to aggravate the economic distresses of the enemy, but they were quite distinct ; the one was a defence, the other an attack. It must be remembered, from the outset, therefore that the operation undertaken was to deflect this fishing trade into new channels, and not merely to restore the old course of trade. As all well established movements of trade have a strong momentum to continue in the directions given to them by custom, this great diversion was, in itself, difficult to effect ; there were other difficulties, which can only be appreciated by making a brief survey of the industry.

The fish that are most sold and eaten in Europe : cod, plaice, halibut, soles, and herring, may be found in any waters that are within the hundred fathom line ; in consequence of which the European ledge, that is, the North sea, the Channel, the Irish sea, and the waters to the west of Ireland are potential fishing grounds. Beyond this ledge, there are fisheries on the Iceland bank, and on the bank round Rockall. For reasons which have never been satisfactorily explained, certain spots on this great ledge yield more fish than others : the ledge is therefore divided into what fishermen call grounds. The North sea is the most important of these, and the Dogger bank area is the most important ground in it ; indeed their great importance to fishermen of all nations can at once be appreciated by glancing at the chart. Waters and coastlines that are frequented by overseas navigators are easily

distinguishable from waters frequented by fishermen, in that, whereas overseas men only give place names to landmarks that are useful and distinctive, or to shoals that are dangerous, fishermen habitually christen the bottom of the sea. Now the North sea chart is a great register of place names, which the fishermen have given to the holes or grounds where they fish: names descriptive of the nature of the bottom, such as the Outer Silver pit or the Red sands; low German names that record the contour of the bottom, such as the Boompjes or the Hoofden; names that record the depths on the lines and trawls, such as the Long forties and the Broad fourteens; and names that record the nature of the catch, such as the Ling bank.

Although, by the law of nations, only territorial waters and national bays and gulfs are reserved for the fishermen of particular nations, these fishing grounds have been divided, by custom, into grounds where the fishing craft of one nation predominate, and grounds which they all frequent alike. There are no recognised boundaries to these grounds; and they should more properly be called zones of predominance. In the year 1916, the zones were roughly these. The Irish sea—which is a great fishing ground for plaice and sole—was very little frequented by foreign fishermen; and English and Scotch fishermen far outnumbered all others on the western side of the North sea, and in the Scots fisheries; the last is a vague name for the waters to the east of Kincardineshire, Aberdeen, and the Moray firth. All along the southern and eastern shores of the North sea, where the banks are rich in plaice and soles, the Dutch, low German, and Danish fishermen predominated; the Norwegians were strongest on their own coast, where there are good herring grounds. The Iceland bank, and the central part of the North sea were, however, frequented by fishermen of any country that had the industrial equipment necessary for building boats that could take the long voyages, and stand the tremendous buffetings endured during the winter fishing.

The neutral fishing fleets of Europe were therefore partly inside, and partly outside, the zones of water controlled by our naval forces. The Norwegian fisheries were out of our reach: we had tried and failed to intercept the Narvik ore traffic, and the coastal fishing boats were equally inaccessible. The same was true for the Dutch, Danish and German sole fisheries. Neutral fishing boats on the Dogger bank were, however, accessible to the forces stationed at Rosyth and the Humber; while the fishing fleets on the Iceland banks were at our discretion, as they passed through the patrol lines that were watched by the tenth cruiser squadron; after that they transversed the Pentland firth, which, being near the grand fleet's base, was very closely watched by our outpost forces. A few words of additional explanation should be given about the herring fisheries.

As it has been known for centuries that herring are caught earlier in the northern, than in the southern, waters of Europe, it was once imagined that the herrings made an annual migration from the Arctic circle to the warmer waters farther south. This is now known to be incorrect; and the explanation thought most probable is that European waters are frequented by several races of herring, which make annual movements in search of food. These movements are fairly regular, but they are made at very different seasons; off Northumberland, for instance, shoals of herring appear in August and September; off Yarmouth, the principal fishery begins in October; off the Sussex coast, the big catches are made in November and December; while the Galway fishermen begin fishing in September. There are similar peculiarities for every herring ground in Europe. These irregular, spasmodic, deliveries of the herring catch was another complication that obstructed an ordered regulation of the trade; and it so happened that the herring fishery was the most important to Germany, in that enormous quantities of herring are salted and otherwise preserved, and so, can be kept as food for a long time. The same does not hold for the plaice and sole fisheries.

II.—*The fisheries and international law*

There was a further difficulty, which was that the law relating to fisheries only settled matters that had been deemed important in an earlier age, and was not a law that regulated a great modern industry. The point upon which all jurists were agreed was that fishing in territorial waters was only allowed to fishermen of the nation to whom the territorial waters belonged; beyond this, the law was vague and doubtful, but certain tendencies and customs had been recognised. The most important of these was an ancient custom, whereby fishing craft were immune from capture. This custom had, at first, been enforced by special maritime ordinances, issued by the sovereigns of nations at war: in 1521 Francis I, and Charles V proclaimed *une trêve pêcheresse*; the same was done by Louis XIV and the States-General in 1675, and 1692; similar ordinances were issued during the following century. These first exemptions appear to have been general; but jurists of the nineteenth century made a distinction between *la pêche côtière* and *la grande pêche*, and maintained that only the first was immune. The difference between the two was never properly established; but it would seem as though the distinction, which would have been thought proper if the matter had been closely investigated, would have been that all trawlers, drifters, and line fishermen should be considered coastal, and all whale and seal fisheries oceanic. The expression coastal was not always used; frequently the distinction made was between *la petite* and *la grande pêche*.¹

It cannot, however, be said that this exemption from capture was a recognised rule of law at the beginning of the nineteenth century; Lord Stowell called it a rule of comity only and not of legal decision, and Ortolan admitted that it was no more than a practice for which good precedents could be given. The British authorities were, moreover, rather contemptuous of the practice, for the Russian coast fisheries were systematically devastated during the Crimean war. In 1900, however, the American courts recognised it as an obligatory practice in a very learned and elaborately argued judgment on two Spanish fishing vessels. The American court ruled that: This review of precedents and authorities on the subject appears to us abundantly to demonstrate, that, at the present day, by the general consent of the civilised nations of the world, and independently of any express treaty or other public act, it is an established rule of international law, founded on considerations to a poor and industrious order of men, and of the mutual convenience of belligerent states, that coast fishing vessels, with their implements, supplies, cargoes and crews, unarmed and honestly pursuing their peaceful calling of catching and bringing in fish are exempt from capture as prize of war.²

As for the distinction between coastal and high sea fisheries, or, as the continental jurists styled them *la grande* and *petite pêche*, the court held that:

The exemption does not extend to ships or vessels employed on the high seas in taking whales, seals or cod or other fish which are not brought fresh to market, but are salted or otherwise cured and made a regular article of commerce.

If this were the proper distinction, then whalers, coddling trawlers, herring drifters, and herring smacks were capturable as prize, but all vessels engaged in the haddock, sole, mackerel, and plaice fisheries were immune, as these fish are sold fresh. The definition was, however, vague and unsatisfactory: the expression high seas was loosely used, and it may be asked whether a catch of fish is ever anything but a regular article of commerce. The Japanese courts recognised, in a general way, that coastal fisherman are immune from capture, but the judgments given by them did nothing to make the doubtful distinction between coastal and oceanic fisheries clearer: the Russian ships *Mikhail* and *Alexander*, which the Japanese courts condemned, were whalers; and, as has been shown, all writers agreed that whaling was a branch of the great fisheries.³

¹ See Hautfeuille and Ortolan under *Pêches*, also Westlake, Vol. II, p. 155, and Ryckère *La Pêche Maritime*, p. 193.

² Prize Cases decided in the United States Supreme Court, Vol. III, p. 1920.

³ See Russian and Japanese Prize Cases, Vol. II, pp. 80-90.

The second Hague conference incorporated both the settled and the doubtful points of the law into the eleventh convention : *Les bateaux exclusivement affectés à la pêche côtière, ou à des services de petite navigation locale, sont exempts de capture ainsi que leurs engins, agrès, appareils, et chargements. Cette exemption cesse de leur être applicable dès qu'ils participent d'une façon quelconque aux hostilités.* The term coast fisheries was not defined ; it was admitted, by the delegates that it did not mean fishing in territorial waters, indeed, they agreed that the coast need not be the coast of the fishermen's own country (from which it is clear that the length of the fishing voyage was by them considered no test), but they could find no definition to which everyone would agree, and so left the matter unsettled. Finally, in October, 1914, Sir Samuel Evans condemned a German herring trawler, the *Berlin*, as a vessel not entitled to the immunities of coastal fishermen, by reason of her size, equipment and voyage. As the *Berlin* was only 110 tons burden, and as she had been fishing in the northern part of the North sea, this judgment seems severe. If it had ever been appealed against, and the varying opinions as to what was coastal fishing laid carefully before the appeal court, good reasons could have been given why the decision should have been reversed.

By the strict letter of the law, therefore, a certain, undefined, section of an enemy's fishing fleet, and all neutral fishing boats, were immune from capture, unless they assisted some military operation, or attempted to run a blockade. This law was, however, quite insufficient for the following reasons. In the first place, the immunities first granted to fishermen had been given for reasons that were no longer good : the *trêves pêcheresses*, and all the exemptions derived from them, had been proclaimed, because fishermen were judged to be poor, harmless folk, whose occupations neither assisted, nor retarded, any warlike operation ; the older law is, indeed, full of commiserative expressions.¹ But in 1916 the fisheries of Europe were largely controlled by joint stock companies ; the whole catch was valued at several millions of pounds, and was as important a contribution to the food supplies of Europe as Rumanian corn, or the meats imported from America. The equipment and plant of the fishing industries was, probably, as valuable as that of any other great industry. Good reasons could be given, therefore, why the modern fishing industry should stand on the same footing as any other industry, and why the ordinary law of contraband, enemy trade, and enemy property, should be applied against the produce, equipment, and plant of the industry. If this were admitted, then fish, which is so important to the national diet of Europe, would certainly be judged contraband ; indeed the Netherlands government had already admitted this to be so in a government order. Finally, if the doctrine of derivative contraband were good law (we had several times asserted this, but no judicial award had then been given upon it), then, it was certainly applicable against the herring and cod fisheries ; for half a million gallons of oil were then being extracted from the Norwegian herring catch alone, and all oils used in industry are clearly contraband.² The existing law gave no guidance whatever upon these doubtful points.

But even if this were admitted, in a general way, it still remained to be settled how tests of destination, so important in the law of contraband, were to be applied against cargoes of fish ; for fishing boats carry none of the documents that supply evidence of destination. There is no such thing as a fishing boat's manifest ; fishing skippers never keep a log book ; they rarely consult a chart ; and if a chart is brought up from below and examined, in times of great stress, the ship's position and course are never marked on it. There is certainly a presumption that the catch of a trawler,

¹ As for instance : *Quo fit ut piscaturae commoditas, ad pauperum levandam famem, a coelesti numine concessa, cessare hoc anno omnino debeat nisi aliter provideatur. Trêve pêcheresse 1521.*

² *Chemical Trade Journal*, Vol. 74, p. 863.

or a drifter, belonging to a joint stock company will be taken to the auction markets, where the company's agents are situated, Grimsby, Aberdeen, or Ymuiden, and so on; but there is no certainty about it. Very few European countries put a tariff on fish caught by foreigners (Germany and Scandinavia imposed none); so that there is nothing to prevent a trawler captain from landing his catch at whatever auction market lies nearest to him, when his holds are full. In actual practice fishermen's habits are regular; and it is most improbable that (say) an Ymuiden trawler will return to any place but Ymuiden; but certain proof of a particular destination would be difficult to collect, if fishing masters determined to disguise it.

III.—The first deliberations of the restriction of enemy supplies department, and the Foreign Office

As has been explained, Mr. Leverton Harris and his staff were charged with the duty of turning the produce of this great industry from the German to the British market, and it would be interesting to know, with more particularity than can now be discovered, what were their deliberations upon the difficulties ahead of them. The documentary records of this branch are unfortunately, not very explicit, for Mr. Leverton Harris, though the most laborious and conscientious of men, disliked the habit of getting written opinions, and preferred rather to assemble his staff around him, and to issue his directions by word of mouth. Nevertheless, despite the weaknesses of the written records, the following points seem well established. During the first weeks of the year, Mr. Leverton Harris assembled a few experts who were styled the fish committee, and they advised Mr. Leverton Harris that the Norwegian catch could be bought. No particular recommendation was made with regard to the Dutch catch; the subject was, however, closely examined, during the first months of the year, and from these enquiries it appeared, that the Netherlands government had only put fish upon their list of prohibited exports to ensure that a certain quantity was kept on the domestic market, and that they licensed a very large export. The Netherlands trust refused to accept consignment of fish in consequence. It was also clear, that, although the Netherlands were likely to maintain their exports of fish to us at a good figure, most of the herring catch would go to Germany. Finally, a long and exhaustive enquiry by the British consuls proved, that only a small proportion of the Dutch herring fleet, about a third, fished in waters that were controlled by our naval forces. This section of the Dutch fishing fleet was, however, the most valuable and the best organised, and consisted of about two hundred steam trawlers and drifters, which worked no the Dogger bank. The larger fleet of luggers and smacks worked closer to the coast. It transpired, moreover, that we had a pretext, though not a good one, for seizing and detaining some of the Dutch vessels on the Dogger.

It has been explained, that, when the Germans first sent out minelaying expeditions, the commander-in-chief and the high naval command at Whitehall decided that these minefields were being laid, not by Germans, but by neutrals working in German pay, and had proclaimed the North sea a closed area in consequence. Among the proclamations issued when this suspicion was strongest was a proclamation, that all neutral fishermen found in an immense area on the western side of the North sea would be suspected of minelaying. It had since been universally acknowledged by naval experts that the German minefields had been laid by German naval minelayers; but the proclamation had not been withdrawn, so that we still claimed the right to inspect and search vessels inside a zone of water much frequented by fishermen. As it was not disguised that the Dutch herring trawlers intended to fish in this area, it was suggested, in some quarters, that we should avail ourselves of this proclamation, arrest Dutch fishing vessels on the charge of minelaying, and only release them, after they had agreed to deliver their catch in an allied harbour.

Nothing definite was decided when these first enquiries were considered ; but the Foreign Office thought it would be as well to go cautiously. Mr. Hurst advised that pressure be exerted by refusing licences for fishing gear, catch, cork, and salt, all which the Dutchmen bought on the British market. He also suggested that one or two Dutch trawlers should be arrested and placed in the prize court, in order that the law relating to neutral fisheries should be better settled. Lord Robert Cecil was, however, disinclined to sanction even this experiment.

I doubt the expediency of this proposal (he wrote), the fish would, probably not be condemned and the attempt to stretch our belligerent rights to this extent would excite universal reprobation. Moreover, I should doubt whether it would be practically possible to capture more than a very small fraction of the boats, and even that operation would be attended, I should think, with considerable risk. If pressure is necessary let it be by oil, salt, etc. But perhaps it will not be necessary.

In this the Admiralty agreed ; for when the papers were sent to their legal advisers they reported :

That they knew of no legal authority for the issue of an order prohibiting fishing on the high seas, or for imposing any penalties for the infraction of such an order.

apart from this, the Admiralty doubted whether a neutral fishing catch, bound to a neutral port, would be condemned.

These decisions were given during March ; but they were all reversed early in June for reasons that are not very easy to understand. The following points are however clear. The Dutch herring fleet began to sail for the outer grounds in the middle of May ; early in June, Mr. Leverton Harris and Sir Henry Rew went to the Hague, and, after making enquiries that seem hasty if they are compared to those previously undertaken, recommended that as many Dutch fishing boats as could be seized in the prohibited areas should be brought in. They recommended this, because the Germans were detaining Dutch vessels found in the prohibited areas in the Heligoland bight, and because the vice-consul at Ymuiden was convinced it could be proved that all, or nearly all, the trawlers likely to be brought in were executing a standing contract for the *Einkauffsgesellschaft*. When first considered, these proposals only revived the doubts expressed at the previous enquiry ; nevertheless the operation was sanctioned, for reasons not easy to appreciate. It may be assumed, however, that the following circumstances were influential.

IV.—Why the Admiralty desired to act violently ; orders are given to bring in the Netherlands fishing fleet

First, it must be remembered, that, while these matters were in agitation, the battle of Jutland was fought. Now, as what had really occurred was not well understood until long after, and as Admiral Jellicoe's estimate of the losses inflicted upon the enemy were accepted as accurate, the naval high command were quite honestly persuaded that our forces had been victorious. On 7th June, therefore, the naval staff prepared a paper which opened thus :

The fleet has just fought a successful action in the North sea which has resulted in the relative strength of the two navies being altered in our favour, and it would appear very desirable that advantage should be taken of this to strengthen our blockade.

Such a strengthening of the blockade, if it is to have its maximum result, must be applied immediately, and must be of sufficiently drastic nature to draw the attention of neutrals to the new conditions resulting from the naval battle, and to our determination to use our naval supremacy to the full. The experience of the war has shown that action which is at once decided, and easy to understand, produces the best result.

It is the Admiralty who are primarily responsible in the eyes of the country for insisting that the advantages won in the recent battle are made full use of ; and it is suggested that the Admiralty should press for instant action by the cabinet as regards the further restriction of Germany's imports and exports through neutral countries. . . .

After making this impressive exordium, the naval staff had little of importance to propose; and the Netherlands fishing fleet was certainly not mentioned in their list of suggestions for tightening the blockade (the word was then much used); the paper is, however, important as an indication that the naval authorities were, at the moment, anxious to do something violent and severe.

On 12th June, therefore, the Admiralty invited the Foreign Office to concur in an order which they proposed to issue: that all Netherlands vessels found in the prohibited area should be brought in, and detained for a week or a fortnight. The Foreign Office authorities were still doubtful, and asked Mr. Leverton Harris for his opinion upon this. He answered: That he saw no objection; that he was anxious that all fish for the Netherlands should be treated as conditional contraband; and that he also thought it important that nothing should be done which should be construed as a permission to fish outside the prohibited area. This was not a satisfactory answer and the Foreign Office did not concur in the Admiralty's proposals, until Mr. Leverton Harris returned from the Hague; it may be assumed, therefore, that he elaborated his reply in conversation with Sir Eyre Crowe and Lord Robert Cecil. On 21st June, at all events, the Foreign Office answered that they concurred in what the Admiralty proposed, but it seems certain that, even then, neither department properly understood what the other intended.

From the enquiries first undertaken, it had transpired, that, if the general law of contraband and enemy destination were applicable to the modern fishing industry, then, some branches of the trade were more subject to it than others. A strong case could be made out against a cargo of salted herrings, if it was ready for immediate transshipment, and if it was found in a trawler on her home voyage; because our agents had discovered that this part of the herring catch was not sold at open auction, but was virtually the property of the German purchasing agency from the moment it was landed. As for the general catch, it could only be said, that, as the Netherlands government reserved only a quarter of it for home consumption, so, there was a strong presumption that three quarters of the catch was being sent to the enemy. Particular cargoes cannot, however, be condemned on these general presumptions. Now as our consuls and agents had very carefully ascertained what companies worked on behalf of the German purchasing agency, and what vessels belonged to other companies, the Foreign Office anticipated that a few trawlers and drifters, against whom a strong case could be set up, would be brought in, and that their condemnation in the prize courts would be made a starting point. The Admiralty, on the other hand, had conceived of the operation as a great drive or *battue*, and as such it was executed. The Dutch fishermen were brought in, from wherever they could be found, and, by the middle of July, sixty-five vessels were being held in British harbours.

The Foreign Office had agreed to a proposal which was worded: All vessels found west of the line referred to shall be sent into port, and detained for enquiries, for a period of from seven to fourteen days, but they had not anticipated that this would be done so indiscriminately; for, even when some thirty or forty trawlers were being held, the contraband department was still enquiring whether the Admiralty had detained them for fishing in the prohibited area, or for carrying cargoes with an enemy destination. When the Foreign Office authorities learned, to their great surprise, that trawlers outward and inward bound, trawlers with catches on board, and trawlers almost empty had all alike been seized, they recognised that nothing could be done in a legal way. Instructions were sent subsequently that some homeward bound trawlers with salted herrings on board should be seized and sent in, but, by then, the original plan had miscarried. If a few trawlers, against whose cargoes a condemnation could have been obtained, had been selected for arrest, brought in, and a judgment given against them, then, the owner of every neutral fishing boat in the North sea would have been uncertain whether the law of

contraband and blockade might not at any instant be applied against his property ; and the entire industry, being thus put in terror, might have offered a general composition. These wholesale arrests did the opposite by shewing the weakness of our case. The prize court might, it is true, have condemned some of the cargoes ; but it would have been necessary to select them carefully, and the Dutch owners, who at once engaged the best counsel in England, would have understood why the selection was made, and how large a proportion of the arrested fleet could refuse all composition, and press for damages with good chances of success.

V.—The trawler owners decide to negotiate

If the trawler owners had stood firm, it seems hardly doubtful that our authorities would have been compelled to release their ships, and to abandon the experiment. It must, however, be added in justice, that, although Mr. Leverton Harris had given little guidance as to the best pretext on which these fishing boats should be seized, he had never wavered, that, if they were seized and held, on any pretext at all, then, the owners would treat with us. In this he proved quite correct ; for when Sir Eyre Crowe and Mr. Hurst's uncertainties were greatest, the minister at the Hague reported that two delegations—one representing the Ymuiden trawlers, the other representing the herring fleet—were leaving for London.

The first meeting was held on 21st July, when Mr. Leverton Harris and his experts proposed : (i) that all the Dutch fleet should be laid up, with the exception only of some two hundred vessels, which he estimated would supply the home market ; and (ii) that we should pay the bare, overhead charges of the vessels laid up, which we estimated at £250,000. There is no reason to doubt that the costs incurred by owners who lay up a vessel had been conscientiously estimated ; but those who had imagined that the Dutchmen would agree to these proposals, or anything similar, were very much deceived ; for the Hollanders at once refused the offer, saying that they would be ill received in their country, if they made an agreement which indemnified them against loss, but which threw some ten thousand barrel makers, coopers, netmakers, sailmakers, salters, and wharfmen out of work. The Hollanders well understood that we had acted hastily ; for their British counsel informed them that the prize court would be reluctant to condemn their cargoes ; and they knew that only a small portion of their fleet was exposed to our acts of duress. They grasped, therefore, that, although they might have to come to a composition about the two hundred trawlers that plied their trade off the British coasts, and on the Iceland banks, they need give no assurances whatever about the remaining thousand, which they knew to be out of our reach.

As the Hollanders of both delegations were quite stiff and unyielding, and would only agree to send a certain part of their catch to Great Britain, our negotiators were compelled to abandon their plans for stopping the German supply, and to bargain for the biggest proportion of the catch that could be obtained. Two separate agreements were signed. By the agreement with the Ymuiden trawler owners it was stipulated : that thirty-five per cent. of the total catch should be sold to Great Britain, if the British government desired to acquire it ; that Dutch trawlers on the Iceland grounds (there were only ten of these) should land their catch at a British harbour, and that the necessary port facilities should be given them ; that the Dutch owners should use their best endeavours to bring Dutch steam trawlers not of the Ymuiden fleet within the terms of the agreement ; and, finally, that the British government should grant export licences for coal and fishing gear to the Ymuiden fleet. The agreement with the owners of the herring fleet was more complicated. The principal stipulation was that, after the 1st September, only twenty per cent. of the catch should be exported, and that the remainder should be given special treatment. First the British government were allowed to buy twenty per cent. of the catch, at the price paid by the Netherlands authorities ;

secondly, the British government were to pay a bonus on all parts of the catch sent to a destination approved by them ; and, thirdly, the British government were to buy up whatever of the balance had not been disposed of before the next spring fishery.

VI.—The quantities of fish deflected by the agreements

These were the agreements signed with the only fishing fleets that operated within waters controlled by our naval forces, and it will at once be understood that what was actually achieved was far less than what had been hoped for. In a paper presented late in June, Mr. Leverton Harris estimated that the Dutch owners would be so overawed by the detentions and seizures, and so terrified lest all their cargoes should be condemned as contraband with an enemy destination, that they would agree to lay up their fleet, after which they would have no more fish to sell to German buyers. Mr. Leverton Harris therefore embarked upon the operation confident that it would deprive the Germans of about half a million barrels of herrings. It is true the Dutch deliveries to Germany were reduced during the year, but nothing comparable to the end proposed was ever effected. Dr. Anton gives the following figures :¹

Dutch exports to	Salted and pickled herring.			Bloaters.		
	1914.	1915.	1916.	1914.	1915.	1916.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Hamburg	646	28	54	—	—	—
Prussia	57,817	106,948	50,390	2,126	2,740	12,896

There was thus a decrease of some fifty-six thousand tons in one class of export, and an increase of ten thousand in another. No variation in German imports for the following year can be attributed to these agreements ; for, when the spring fishery began, submarine war was raging, and this brought every maritime industry into confusion.

If, however, it can be claimed, that, by these high proceedings we reduced German fish imports from Holland by forty thousand tons, then, it must be added that we paid a high price for a small achievement. There was a general hardening against us in all neutral countries during the course of the year, which this operation must assuredly have stimulated ; for the resolutions passed by the various unions and societies, who considered the matter, were resolutions expressive of a genuine indignation, and they were so numerous that the Netherlands government were compelled to take note of them, and to intervene. They also were angry and aggrieved, for our minister reported that he had not known them so roused since the *Tubantia* had been torpedoed. Indeed, it is impossible to read the reports sent in by our minister, when the excitement in Holland was highest, without admitting that the whole operation alienated sympathies that should have been deemed more valuable than a few trainloads of pickled herrings.

VII.—The Norwegian fishing catch

The Norwegian herring catch comes into the market in January, February and March and again in mid-summer and autumn. Both catches were bought, and the two purchasing operations were matters of pure business, which involved little negotiation beyond haggling for a price. The Board of Trade arranged that the first

¹ *Der Einfluss de Weltkrieges auf die Seefischerie der Niderlander.* F.O. Pamphlets, Vol. No. 244.

catch should be bought by M. Martens, a Norwegian agent who had previously been employed by the *German Einkaufsgesellschaft*. This was done successfully ; but as it was done at open auction, the price paid was heavy : a sum of rather over eleven million pounds was paid for 185,200 metric tons of fish. The fish thus bought in was sold to approved buyers and sent to approved destinations under consular supervision. The sales only realised £5,695,000.

In order to avoid the inconvenience of purchasing the second catch at so great a loss, Mr. Leverton Harris visited Norway in July, and arranged that the Norwegian government should prohibit the export of fish and fish products, and that we should have an option on the stock that would accumulate in the country. Under this second scheme, we bought 329,000 metric tons of fish at a price of £13,790,000 ; by the whole operation we successfully diverted about half a million tons of fish from the German market, at a cost of ten million pounds. These purchases were much criticised, because they were admittedly costly. A current of trade cannot, however, be turned from its natural channel without enormous expense, and if this ten million pounds, which, after all, purchased us a sensible aggravation of German distress, be compared with the blood and treasure expended on the minor operations of modern warfare (improving trench lines, flattening little salients and the like) it cannot fairly be said that the operation was extravagant or ill conceived. The strongest objection was that it had nasty political consequences. The German government considered that the Norwegian government became party to an agreement that deflected trade to Germany's disadvantage, and at once ordered severe reprisals. The Norwegians suffered much by this retaliation, and the Norwegian government being, thereafter, very fearful of operating or enforcing any agreement with us, became difficult to deal with.¹

VIII.—The Danish fishing catch

The Danish North sea fishermen do not make long voyages to the Iceland banks, like the British, the Norwegians, the Dutch, and the French, but follow their trade in the shallow waters to the west of Jutland and Schleswig. As the herring swarms far later in the southern part of the North sea than it does off the Norwegian and Iceland coasts, the greater part of the Danish catch is landed in the late summer and the early autumn. For some reason that is difficult to explain, but which may be that the Danish herring catch was not thought of until it was being landed on the quays, we did not attempt to regulate this traffic until late in the year, when we asked that the export of fish should be forbidden, but that we should be allowed to purchase on the Danish market. There were, however, good reasons why this first proposal was not pressed. The Danes knew how fiercely the Germans were retaliating upon the Norwegians for allowing us to secure so large a part of their catch, and had every reason to suppose the Germans would be even more severe upon them, if they did the same. In normal times the Danes exported twenty-two thousand tons of herring to Germany and only 3,600 tons to Great Britain ; what we proposed, therefore, was that the Danish authorities should, by government action, turn this trade from its natural course for our advantage. They refused this ; but issued decrees for keeping more fish on the home market. These decrees did not, however, check the movement of Danish herrings towards Germany, the natural, traditional market, and, notwithstanding that Sir Ralph Paget, who was then our minister in Copenhagen, advised against it, our authorities ordered that no cutch or fishing gear of any sort should be exported to Denmark, and arranged with the oil companies agents that all lubricants should be refused to Danish fishermen who were sending their catch to Germany. When this was ordered we were confident that our control over the Scandinavian supplies of lubricating oils was so strong, that all concerns using lubricants were more or less at

¹ See Chapter XXIV.

our discretion. The calculation was upset by the hazard of the military campaign: on 27th August the Rumanian government declared war, and their armies were at once defeated at all points. Early in December the Austro-German armies were in Bukharest, and all the country was conquered, save only a small strip in the north, round Jassy. Now although engineers sent out by us destroyed a great deal of the plant at the oil wells, they were not able to make the wells wholly unserviceable, and, as soon as the Austro-German armies had occupied the oil-bearing districts—which was fairly early in the campaign—their engineers set to work to repair the damage. Even at the end of the year the Germans were drawing a certain amount of oil from Rumania. The quantity was certainly never equal to the amounts normally extracted; but this success was of great benefit to the enemy, for the oils from Rumania were thus brought into the exchange system and were used for bargaining with neutrals. The quantities available were not so large that the Germans were ever able to weaken our Scandinavian agreements; but to use a military analogy, they provided sufficient material for small counter attacks. When, therefore, the Germans learned that we were refusing lubricants to the Danish fishermen, they supplied them, and so retained their hold over the catch.

CHAPTER XXIV

NEUTRAL EUROPE UNDER THE RATIONING SYSTEM THE NETHERLANDS—DENMARK AND NORWAY

A general review of the control exercised by the ministry of blockade.—Denmark, the Netherlands and Norway under the rationing system.—The peculiarities of the Norwegian copper and fish agreements, and the German retaliation against them.—How British interests were affected by the tension between the German and Norwegian governments.—The Norwegian negotiations with the German government.—The British government's complaints about the operation of the fish and copper agreements.

THIS endeavour to turn the movement of neutral produce from Germany towards Great Britain was subsidiary to the far greater operation performed throughout the year 1916: That of administering the coercive machinery, which had been set up, and of using every instrument of pressure for the single purpose of reducing the enemy. Before attempting to follow the course of this operation, it will be convenient to make a brief review of those organs of coercion, which proved most powerful in the event.

I.—A general review of the control exercised by the ministry of blockade

Although, in practice, we had less restrained British than neutral trade with Germany, it yet remained true that the produce, the mines, and the industries of the empire were in the government's hands, to be used for any coercive purpose that was thought proper. The most powerful of these organs of pressure was our control of coal exports; for it was by this that bunker control had been established. Bunker control has already been reviewed, and needs no further description, save only this, that, whereas this instrument of coercion had first been designed to close the holds of the trans-Atlantic freighters against German goods, it became, in practice, an organ for controlling other lines of traffic. White and black lists of ships were kept, and British coal was refused to any vessel that returned to the ocean routes, after carrying German goods in some local, Scandinavian traffic. As the system was perfected, our information about shipping movements accumulated, and this brought a larger and a larger volume of traffic under our control.

Second only in importance to our control of coal was our control of oil seeds oil bearing nuts, copra, and linseed. These are grown in tropical countries, so that the British and French colonies were the sources of about nine-tenths of the world's supplies. This virtually placed all the margarine and soap factories in northern Europe at our discretion, together with a number of minor concerns, such as the paint and linoleum trades.

Thirdly, about eight-tenths of the world's supply of crude rubber was produced in the British empire. Ostensibly this gave us control over the world's motor transport; but, as rubber is only slowly consumed, the control was not so powerful an instrument as would have been imagined: the rubber of old tyres could be patched and partially reconditioned, and the heavy motor vehicles, which are used in military operations, were fitted with large, solid, tyres, made up from waste, and from old tyres. Actually, our control of rubber seems to have pressed most severely on the miscellaneous trades that use it. The persistent endeavour to pass parcels of rubber through the parcels and letter mails, shows that these small trades were severely pinched; but there is no indication that the motor transport of the enemy's armies was ever imperilled.

More important than our control of rubber, which, when reviewed through statistics, seemed formidable, was our control of two commodities that are essential to several great branches of industry: tin plates and jute. The tin plate industry was a

British speciality ; the plant for it was in the industrial midlands, and the agencies for selling tin plates to the trades requiring them were British agencies ; as a consequence, the American meat trades, the preserved fruit trades, the sardine and preserved fish factories of Scandinavia, the condensed milk factories of Switzerland, Holland, and Norway were all vassals to this great industry. Jute was a commodity of equal importance : we controlled both the raw material and the manufactured product ; and, as cargoes of wool, coffee, vegetables, nitrates and other artificial manures are all carried in jute bags, we were dictators to a large section of south American trades. It is, indeed, interesting to see, roughly, how great a volume of trade was thus controlled. About seventy-eight thousand tons of raw jute were exported yearly from Great Britain ; the exports of manufactured jute were valued at about one and a half million pounds sterling ; the two together were therefore only a small proportion of British exports. But if we review the statistics of the trades that were obviously tributaries to our jute factories, in that the magnates of the trades subscribed to all our conditions, we get the following measure of our coercive machinery :

TABLE LVII

Normally the total exports of coffee from Brazil were 783,531 tons of which European countries took the following :

	<i>Tons.</i>
Germany	110,160
Austria-Hungary	60,000
Belgium	26,280
Bulgaria	120
France	109,020
Great Britain	14,520
Greece	300
Spain	6,420
The Netherlands	87,540
Italy	13,980
Norway	1,860
Portugal	360
Rumania	420
Russia in Europe	1,500
Turkey in Europe	4,760
Total	437,240 (= 55 % of total).

Normally the total exports of nitrates from Chile were valued £23,745,516, of which European countries took the following :

	<i>£</i>
Great Britain	8,669,563
Germany	5,581,905
France	1,418,319
Spain	208,047
Belgium	1,087,688
The Netherlands	875,614
Italy	108,824
Total	17,949,960 (= 70 % of total).

Normally the total exports of wool from the Argentine were 120,157 tons, of which European countries took the following quantities :

	<i>Tons.</i>
Germany	39,087
Austria-Hungary	1,795
Belgium	9,913
Spain	61
France	36,284
Italy	2,895
Total	90,035 (= 75 % of total).

TABLE LVII—*continued*

Normally the total exports of wool from Uruguay were 67,362 tons, of which European countries took the following :

	<i>Tons.</i>
Germany	20,792
Austria-Hungary	2,388
Belgium	9,428
Spain	9
France	16,644
Italy	4,070
Portugal	2,541
Total	55,872 (= 82 % of total).

Normally the total exports of coffee from the Dutch East Indies were 25,609 tons, of which European countries took the following quantities :

	<i>Tons.</i>
The Netherlands	12,005
Germany	449
France	4,055
Austria-Hungary	445
Denmark	904
Sweden	22
Great Britain	439
Belgium	50
Italy	344
Norway	3
Portugal	5
Total	18,721 (= 73 % of total).

Merely because our factories supplied the world with jute and jute bags, these great currents of trade were virtually under our control.

Finally, our control was absolute over the re-export, or *entrepôt* trade of the British Islands. It is exceedingly difficult to give a satisfactory account of this commerce ; probably the best description of it is that British re-exports make these islands into a shop, or general store, for all the miscellaneous trades of northern Europe. It is only by looking through the alphabetical list of these re-exports that one can get any measure of their importance, not perhaps to the great industries, but certainly to the daily existence of ordinary persons in northern Europe. To give a single example : two and three-quarter million pounds of brooms, and bristles for brooms were re-exported from Great Britain in the year 1916 ; and to this must be added the countless articles of re-export, which must have been of the greatest importance to some person, or bodies of persons, in that petitions for a supply of them were presented almost daily. In ten pages of the licensing committee's minutes, chosen at hazard, I find petitions that licences be given for white lead, talc, mica, quicksilver, small articles of hardware, and nickel sulphate. The total value of these re-exports to foreign countries was about ninety millions of pounds sterling, which was about a quarter of the value of our domestic exports.

These, in brief, were the coercive forces over which we had most control ; for the authorities could forbid the export of British goods as often as they chose. Our control over the foreign trade of northern Europe was, nevertheless, very firm, in that the system of navicerting gave us the right to issue a sort of commercial passport, or to refuse it, to every consignment that was leaving the United States with a European destination. It is impossible to represent the power thus granted to us in figures approximately accurate, or indeed, to describe the system in a manner that would convey, even faintly, how much was effected by it. All that can be said is that those who operated the system, and who had that intimacy with it which is acquired in the daily transaction of business, were convinced that it was an organ of pressure

at least as powerful, and possibly more powerful, than coal control. In addition to this power of supervising the whole trade between the United States and Europe, our agreements with the Vacuum and Standard oil companies, and with the Chicago meat packers gave us a control over the meats and oils imported into northern Europe, which was virtually as strong as any exercised, by legal right, over commodities purely British. Also, the control exercised over the cotton exports of the United States, by virtue of our agreements with the Scandinavian textile industries, was as well established, and as unshakeable, as our control over American meats and propellants.

The administrative process by which these various forces were operated was roughly this. The war trade statistical department was responsible for circulating monthly figures of neutral imports to all departments concerned; and, as every consignment was reported to them, they could, at any moment, report to the contraband committee what additions should be made to the figures in the last list circulated, or, in other words, how much of that commodity had been imported up to the date on which the enquiry was made. The contraband committee ordered the consignment to be held, if the total import was above normal. To all consignments that passed this first test, the contraband committee applied three others: whether it was guaranteed by the neutral associations with which we had agreements; whether the guarantees were sufficient, or whether further enquiries should be made; and whether any commercial intelligence in our hands was applicable to the consignment. In cases where importations were deemed to be excessive, and sometimes for purely political reasons, which will be described later, a general embargo was ordered. This meant that all consignments of the embargoed commodity were to be stopped; and that all letters of assurances for shipping the commodity, and all applications for exporting the commodity from Great Britain, were to be refused. This system was operated throughout the year. The greatness of the operation can be conceived, vaguely, by inspecting the tables and diagrams, which show what cargoes were stopped, what rations were imposed, and what embargoes were ordered; but all this, being an administrative operation, performed from day to day, can as little be described in narrative prose as the revolutions of an engine, which propels a ship across an expanse of ocean. If, however, it is impossible, or nearly so, to convey a just impression of the daily business transacted, and of the incessant labour of co-ordinating all parts of the machinery, it is fortunately easier to follow the track of the operation; for this is clearly traceable in its economic and political consequences, and these things, when reviewed, give a fair, though by no means adequate, representation of the intricacy and difficulty of what was done.

II.—Denmark, the Netherlands and Norway under the rationing system

The rationing of Denmark was productive of less disturbance than the attempt to secure a larger proportion of Danish domestic produce, which, when attempted, obliged the authorities most carefully to consider the political consequences of what they were trying to do. Politics never intervened to harass the operation of rationing, which was done as a matter of business throughout the year. It is true that the Danish guilds complained, formally, that our authorities were putting the agreement in danger by being so hard and arbitrary; but they cannot have been much aggrieved, for, at the end of the year, they entered into treaty with us for a new and more comprehensive agreement. This agreement was never ratified, for reasons that will be given later; but, as drafted, it contained a list of rationed commodities which was far longer than the list in the original agreement.

The Netherlands were also rationed, as a matter of business, throughout the year; but in this case the operation was productive of consequences that needed careful watching. From the outset, the Netherlands government had stood aside,

and had professed that all our arrangements for stopping contraband, and for enforcing the March order, were matters purely commercial, with which they were not concerned. During the year 1916, however, the Netherlands ministers were forced by circumstances to change their ground and to intervene. In the first place, the cabinet at the Hague were very anxious about the colonies. It is difficult to understand exactly what their anxieties were; for Doctor Alting, who has written an authoritative account of the East Indian commerce throughout the war, states, unequivocally, that, during the year 1916, the commercial houses and the plantation companies had no cause to complain. There was certainly a great deflection of East Indies trade from its usual channels towards America and Australia, but the total volume was well maintained. Nevertheless, it cannot be said, dogmatically, that the Netherlands governments' anxieties were groundless; for it has already been shown that some branches of this commerce between the Netherlands and the colonies are closely connected to policy. The Netherlands government, therefore, for reasons not easy to appreciate, did, on several occasions, consign goods of German manufacture and origin to the colonies, in a manner that we thought objectionable.

More important than this, however, was the Netherlands government's intervention in the matter of forages and fertilisers; for, in June, they began to order consignments on their own account. The Dutch government's motives are now easier to appreciate than they were at the time; for the economists, who have examined the consequences of the war upon the Netherlands trade and industries, have shown, beyond all possibility of refutation, that extra forage and fertilisers were much needed in the country. Our authorities, who well know that an abundance of forage would only stimulate meat exports to Germany, naturally desired that the country should be kept as short of both as was compatible with safety, and invariably answered, that, if the Netherland farmers were pinched in their supplies, it was because they had so much increased their exports to Germany. This, of course, was a contention to which the Netherlands government could give no countenance; for they, as guardians of the common weal, were concerned only with the bare question, shortage or no shortage. There was another, finer, reason why the Netherlands government were compelled to intervene progressively during the course of the year, which was that by standing aside, and, by leaving all to the Netherlands trust, the Netherlands cabinet had lost a great deal of the consideration that is ordinarily given to ministers. The people of the Netherlands, seeing that the magnates of the trust were empowered to regulate the overseas commerce of the whole country, and knowing that the trust had covered the land with intelligence agents, and could ruin a private trader at pleasure, were paying more deference and respect to the trust's officials, both in public and in private, than was given to ministers themselves. It can easily be understood how galling this must have been to men who had risen to the positions they held by courting the public favour; the Netherlands government were, in fact, driven to assert themselves by force of circumstances.

This intervention by the Netherlands government provoked a sharp controversy. Our authorities at once protested, that, by ordering cargoes on their own account, the Netherlands government were putting the trust in jeopardy, as, by all existing arrangements, the trust was to be the sole consignee of all cargoes of forage and fertilizers; in conclusion, we stated that we would not abandon our right to stop cargoes that were in excess of the agreed ration, merely because they were consigned to the Netherlands government. In all this we were strongly supported by the trust, who thought the government's intervention very dangerous. The Netherlands government gave way, and agreed that all cargoes ordered by them should be subtracted from the ration; they further promised not to order grains from any Argentine firm who was on our black list. They were also forced, by pressure from within, to undertake that all fodders and fertilizers sold by them should be sold

under trust contracts and guarantees. For the remainder of the year the rationing of the country provoked little disturbance, and, in November, a careful review of Dutch trade established that the re-exports from the country had practically stopped, and that the only trade between the Netherlands and Germany was trade in domestic produce. Nevertheless, the operation was not, even then, considered to have been completely executed ; for it will be shown, later, that, at the end of the year, the contraband department were contemplating greater severities to every neutral country, and were dispassionately estimating their probable consequences. This, to borrow an expression from arithmetic science, was a common factor, or denominator, in all our reviews and surveys ; and being so, it will be better to examine it, only when this survey of particular effects is completed.

In order to understand how the Norwegians were affected by the operation, it is best to keep a few dates in mind. Norway was effectually rationed (i) by the agreements with the cotton mills, (ii) by the agreements with the companies using petroleum and lubricants, and (iii) by the agreements with the margarine companies. The first was operative from November, 1915, the second from December of the same year, and the third from March, 1916. For imposing rations of grains and metals we were therefore dependent upon our agreements with the shipping companies, and upon our system of forcible rationing ; for restricting meats to normal we were dependent upon the same instruments until April, when our agreement with the Chicago packers became operative. During the first four months of the year, therefore, forcible rationing was applied rather rigorously against Norwegian trade, and it was only as the rationing agreements became operative that the system relaxed.

The detentions that caused most commotion were detentions for regulating the Norwegian trade in copper ; and the point at issue was a variant of the matter that had been argued a thousand times throughout the year : could we tolerate heavy importations of foreign copper into Norway, when we knew that these imports only released more copper from the Sulitjelma mines, and other concerns of the same kind ? As in every similar case, our detentions caused great indignation ; for it was beyond all doubt that these detentions and stoppages did cause confusion in the metal trades, and that a number of artisans were thrown out of employment. When the year opened, therefore, the Norwegians were smarting under a sense of grievance, and M. Ihlen, the foreign minister, was at no pains to disguise his anger. This revulsion of feeling against us did not, however, influence our negotiations with the margarine companies, who were in treaty with us when the agitation was strongest ; and the vast sums of money that were paid into the country, when the first fish catch was bought in, probably served as a mitigant. The operation of forcible rationing was therefore pursued, without disturbance, during the first months of the year, although the contraband department were sufficiently anxious about the future to order a general enquiry into the position. This enquiry, when completed, served only as a warning against being guided solely by figures. The reporter doubted whether fodder and other cereals should be rigorously reduced, as the whole Scandinavian harvest in 1914 had been poor, and considerable deficits still remained to be made good ; he also doubted whether meat could be rationed at the Norwegian end. As to metals and goods required for the electro chemical industries, there could be no thought of rationing them, as a large number of the firms were working for the allies. This caution was repeated by the French, who warned us, when the Norwegian agitation against our severities was strong, that their whole munition industry would be endangered if the Norwegians retaliated upon us, as all their supplies of nitrate of ammonia came from that country. More than this, the French asked us to remember, that the Norwegian shipping working in their service was essential to them, as the Norwegian colliers were carrying a great proportion of the French coal supplies. It can be said that what was recommended in this enquiry—which

was undertaken at the beginning of March—was substantially followed during the year. When placed on a list, the embargoes ordered against exports to Norway, and the cargoes stopped, look formidable : the curves of Norwegian imports during the year modify this first impression ; for from them, it can be seen that we allowed ninety thousand tons more fodder and grains to pass into the country than would have been allowed if a strict ration had been imposed, and that we were extremely liberal in the matter of oils, oil-bearing nuts and textiles¹. The political difficulties in which we were involved were not, therefore, a consequence of forcible rationing or of embargoes, but were of quite different origin.

III.—The peculiarities of the Norwegian copper and fish agreements, and the German retaliation against them

In June the Norwegian government at last gave way on the question of copper, and made an agreement with us. By this agreement, the Norwegian undertook : (i) to prohibit the export of copper altogether, and to grant licences for export to Germany only in return for German articles that were to contain an equivalent amount of copper ; (ii) to limit their export of copper to Sweden to an agreed figure, and (iii) to allow us to buy up eight thousand tons, when the home market and Scandinavia had been supplied. Similar stipulations were made in regard to pyrites, a substance used for making sulphuric acid. In return, Great Britain undertook to allow eight thousand tons of imported copper to go into the country in the year. M. Ihlen warned us he would have to manœuvre carefully, before he could get a prohibition of export agreed to by the copper magnates of the country, who had great influence in the *Storting* ; the negotiations were, in consequence, much drawn out, and the agreement only became operative in September. The second agreement for purchasing the fish catch was concluded a month previously. The Norwegian government did, therefore, make two agreements with us, in the autumn of the year, whereby, with their assistance and co-operation, three domestic exports, fish, copper, and pyrites, were virtually stopped from going to Germany, and were placed at our disposal. The prohibitions of export by which these two agreements were operated were, thus, not comparable to the general prohibitions in force up till then.

It was for this reason that the Germans decided to retaliate sharply. They were able to do so, in that their campaign against commerce, after suffering many setbacks, was then an effective instrument of economic pressure. Since the beginning of the campaign, they had increased their submarine fleet to eighty boats, and were adding to it at the rate of from four to six boats a month : our counter measures were not checking this steady increase. Also, most of the losses that the German submarine fleet had suffered had been incurred in the southern end of the North sea ; since the early summer they had been operating with great immunity, in fact, almost without inconvenience, in the western channel and the Irish sea. In addition, the German staff were keeping at least one, and sometimes two or three, submarines at the entrance to the White sea, to interfere with supplies for Russia. Here also, the German submarine commanders were operating with impunity. Norwegian shipping was working in both these zones ; for Norwegian colliers were carrying coal from Cardiff to the northern ports of France, and Norwegian cargo boats were working on the Arkhangel route. It was against these vessels that the German submarine commanders directed their retaliatory attack : in September, twenty-eight Norwegian vessels were sunk.

It would seem as though the Norwegian authorities would have protested cautiously, if they had been left free, but that the Norwegian public forced their hands. The news that ships were being sunk on the Arkhangel route spread fast ; the vessels in the northern port of Vardø were kept in harbour, and the survivors of the sunken ships reached the towns very destitute and miserable, after suffering

¹ See Appendix IV.

great hardships in open boats, off the bleak, wind-blown coasts of Murman and Finmark. In the first week of October, therefore, all the Norwegian papers were publishing inflammatory articles, and every editor of good standing was urging the government to demand satisfaction, and to retaliate, if it were not granted. The Norwegian public were, however, not very well informed; for all their newspaper writers asserted that the German submarines were operating against Norwegian ships by lurking in deserted bays, and by receiving oil and supplies from Norway. The remedy suggested by the press was, therefore, that German submarines should not be allowed to enter Norwegian waters. Actually, the German submarine commanders were going straight to their zones of operation, and were not communicating with the shore at all; even if they had been using Norwegian waters surreptitiously, the Norwegians could not have expelled them, for the coasts of Norway are the most indented in the world, and the Norwegian navy was a force of four coast defence ships and a few torpedo boats, hardly enough to patrol a fjord. It seems certain, however, that the Norwegian naval command quite well understood how the German submarines were operating, and that the Norwegian admiral in charge of the naval forces advised his government accordingly. The Norwegian ministers were thus being pressed to take measures that their professional advisers told them would be of no avail.

Nevertheless, as the Germans imported more zinc, nickel, and nitrate from Norway than they could afford to lose in times of such scarcity, the Norwegians were by no means helpless. The issue between the German and Norwegian governments was, therefore, not merely whether a harmless decree about territorial waters was damaging to German interests. This, ostensibly, was the question in agitation; but, before they issued the decree, the Norwegian cabinet decided, that, if no satisfaction were given, they would supplement their proclamation by prohibiting all exports to Germany; the German minister was so informed when the decree was presented to him.

The Norwegian proclamation was issued on 13th October. It forbade submarines belonging to powers at war to enter Norwegian waters, unless their commanders did so to save human lives, or to shelter from a gale. Any submarine commander disobeying the order exposed his vessel to attack without warning. Submarines belonging to neutral powers were not forbidden Norwegian waters; but were warned that they would run great risks, unless they approached the Norwegian coasts on the surface, and in clear weather. It is hard to believe that this decree caused any submarine commander in the world the least anxiety or annoyance; but, as has been explained, it was not what the Norwegian government proclaimed by decree, but what they had decided in secret council, which the German authorities thought dangerous. Having ordered this retaliatory attack upon Norwegian shipping, because Norwegian supplies were being artificially deflected to the allied markets, the Germans could not order the attack to be stopped, without securing some satisfaction in the matter; and the first consequence of the retaliation was that the Norwegians were contemplating a wholesale stoppage of exports to Germany. The German minister at Christiania was, therefore, instructed to be harsh and peremptory; and, soon after he received the proclamation, the Norwegian authorities informed Mr. Findlay that they feared a German ultimatum and a declaration of war. The British government were now compelled to consider, whether it would be to our advantage or not that the Norwegians should be encouraged in their resistance.

IV.—How British interests were affected by the tension between the German and Norwegian governments

It is not easy to say what the naval and military staffs recommended, for their joint report was more a report upon possible contingencies than upon bare military facts. They did not consider that the Germans would get any advantage by declaring

war upon Norway alone ; but thought that they could invade the country, if they first invaded Jutland, and then established an operation base on the Danish side of the Skaggerak. Also, they thought that the Germans would get a great advantage by persuading the Swedes to invade Norway and seize Trondhjem. For the rest, the naval and military staffs seem to have disliked the prospect of a Norwegian alliance, as being a union which would increase our military liabilities to no profit. An allied expeditionary force would certainly be asked for, and the allies had no troops to spare ; a naval base in southern Norway would be of no use to us, as it would only be an auxiliary base which Great Britain would have to equip and fortify ; using this base would be : Equivalent to taking over more front, without having any more troops to do it with.

If this appreciation had been the government's only guide, then, the inference most proper to be drawn from it would have been that the Norwegians should be advised to do nothing that might provoke a rupture ; but it so happened that the demands of military and economic strategy were sharply contrasted, and that Sir Eyre Crowe, who reported on these latter, presented a state paper in which nothing was ambiguous. Sir Eyre Crowe regarded the issue as a test case of the first importance. The German submarine campaign had at last become so formidable that the Germans were using it, not as a mere means for destroying shipping, but as a challenge to our whole system. The fish and copper agreements were a mere pretext for this attack upon the Norwegian carrying trade ; and, if the Germans obtained the least satisfaction on the matters complained of, they would at once present new and more embracing demands, which, if complied with, would make all our trading agreements with Norway inoperable. Let the Norwegians yield, even on the immediate issue, and they would be hoisting a signal to every neutral government in Europe, who would at once make the calculation : Whether it was better to continue in the British system or to break away from it. It was by no means certain that neutrals would choose the first alternative : if they did not, and followed the Norwegian example, then, the British government would be driven either to relax the system, and to depend upon prize court decisions for stopping German supplies (which would never suffice for the purpose) or, alternatively, to impose something approximating to a blockade of neutral states. If attempted, this would probably be so ill received, both in Europe and America, that it would not be possible to persist in it. As these were the issues in the balance, Sir Eyre Crowe reported that the Norwegian resistance should be encouraged, even though it provoked a German declaration of war. The paper was so cogent that it is small wonder the war committee approved it, and recommended :

That the secretary of state should put diplomatic pressure on Norway not to give way to Germany, and should promise the full support of the allies, if the result of following this advice should result in the outbreak of a war with Germany.

V.—The Norwegian negotiations with the German government

But when the Norwegians were thus reassured, they had already determined to steer a middle course, their reason probably being, that they realised, that, if they resisted the Germans unflinchingly, they would be compelled to call in a great proportion of their merchant service ; and that, if they complied too openly with them, we should ruin the country by refusing coal supplies and blockading it. This is certainly speculative ; but the following known facts support the general inference that the Norwegian cabinet decided to offer something that they hoped would placate the Germans without exasperating the allies.

On 13th October the Norwegian decree was published ; and on the following day, the British Foreign Office considered the position to be so serious that all the relevant papers were referred to the cabinet. A week later, 22nd October, M. Ihlen informed Mr. Findlay that he had received a protest from the German government to which

he would have to reply. The position evidently deteriorated during the next four days; for on 26th October, the Danish foreign minister told Sir Ralph Paget that his government were very anxious. On the same day, M. Ihlen told the allied representatives in Christiania that he could no longer hold back his answer to the German protest, and that his reply might be answered by an ultimatum. During the last days of the month, therefore, the Norwegian authorities were apprehensive that a war might be forced upon them. It was, however, just when the danger of a war between Germany and Norway seemed most pressing that the Norwegian authorities began to offer a strange explanation why they dared not go to war with Germany. They said, that they could not defend certain industrial districts against aerial bombardment; if they went to war, therefore, the plant and factories in these districts would be destroyed, and the allies would be the losers, in that their supplies of nitrate of ammonia came from parts of the country which would inevitably be laid in ashes. It is much to be regretted that our naval and military attachés at Christiania allowed this explanation to pass unchallenged, and never advised our minister that the risk to the nitrate of ammonia factories could be accepted, as Great Britain was then maintaining a great army and a great fleet, notwithstanding that the industrial midlands, the port of London, and two naval arsenals had been exposed to aerial bombardments for two whole years, and were suffering an increasing number of them.

The explanation offered by the Norwegians must therefore be regarded as a manoeuvre to excite French apprehensions about their nitrate of ammonia supplies, and so, to make the allies treat a Norwegian concession to Germany leniently. It is certain, at all events, that, while this talk about the nitrate of ammonia factories was circulating most freely in the capital, Mr. Findlay became aware that the Norwegian and German authorities were fast coming to a composition; for on 7th November, he was asking M. Ihlen why the German minister was likely to receive the Norwegian reply so calmly, and whether anything detrimental to Great Britain and the allies was being arranged. As all danger of a rupture was passed by 10th November, some compromise must have been agreed to during the first week in that month. It is impossible to state outright, and as a positive fact, whether the Norwegian cabinet promised anything specific, and if they did so, what it was they promised; for on these points we have only a few uncertain indications. First, it must be remembered that the Swedish authorities assisted the Norwegians to extricate themselves from their difficulties. Nothing more definite was ever said than that the Swedish government were supporting the Norwegian cabinet, but the Norwegians considered that the assistance given was substantial. Presumably, therefore, the Swedes advised the Norwegians on other matters than the treatment proper to be given to belligerent submarines. Sir Esmé Howard, at all events, suspected that they did so. More significant than this, however, is the conversation which took place on 1st November, at Berlin, between the Danish minister, and Herr Zimmermann the under-secretary for foreign affairs. At this interview, Herr Zimmermann stated that Norway's commercial policy was the source of the trouble, and tried to persuade the Danish minister to urge some small and unimportant concession. Finally, Mr. Findlay never doubted that something damaging to our recent agreements was promised, and that the troubles in which we were afterwards involved were the consequence of the promise given. All this suggests that the Norwegian government undertook to do something specific, which we could not have countenanced, if we had known what it was. As against this, it must be said, that, when accused of having struck a bargain by compromising the fish and copper agreements, M. Ihlen positively denied that he had done so. Against this again, it must be added that professor Keilhau, an honourable and patriotic Norwegian, who was allowed access to the state archives of Norway, judges M. Ihlen's conduct rather severely.¹

¹ See *Norway and the World War*, Chaps. IV, V, and VI.

According to Dr. Keilhau, the Norwegians escaped from the position in which they found themselves in the following manner. When the attacks upon Norwegian shipping began, the Norwegian government were in treaty with the German authorities for a general trading agreement, but these negotiations were much protracted, as the Germans would conclude nothing, until they could learn more about the fish agreement. M. Ihlen used this incompleting negotiation as a means for extricating himself, and concluded an agreement whereby it was stipulated that Norway and Germany should exchange commodities to the best of their abilities; and that Norway should not prohibit the export of nickel, molybdenum, carbide of calcium, and tinned fish. In addition, the submarine ordinance was slightly altered; but as neither the original, nor the modified, ordinance was of the least importance to submarine operations, this concession was a mere satisfaction on the point of pride. This agreement, or rather the promise that some such agreement would be made, eased the diplomatic tension between the two governments; but it can hardly be said that the Norwegians struck a bargain, as they received nothing in return: after the crisis was passed, the Germans sank more ships than they had ever done before: twenty-nine were sunk in November, thirty-nine in December, and forty-one in January.

VI.—The British government's complaints about the operation of the fish and copper agreements

There is, thus, no documentary proof that the concessions that were made to ease the crisis between Germany and Norway contained anything damaging to the agreements with Great Britain. On the other hand, the written agreement with Germany was so vague that the German minister must surely have asked for some verbal explanation how the article about exchanging commodities would be interpreted; and it is a certain fact, that, from November onwards, we had reason to complain that the fish and copper agreements were not being faithfully operated. The complaints were similar in both cases, and were, that licences for export to Germany were being improperly granted. It would be fruitless to review the long controversy that followed in any detail. The points at issue were roughly these. In the case of fish exports, the Norwegians claimed they were only granting licences for stocks of fish, that were unsold, when the agreement was signed. Our authorities argued that they had received returns, which showed that the total quantities of unsold stocks were far smaller than the quantities licensed for export. In the matter of pyrites, the Norwegians maintained that they had the right to licence the quantities exported, as they had only done so after one of our contracting companies, the Rio Tinto, had secured a delivery of pyrites equivalent to the first option provided for in the agreement. Our authorities could not admit this contention, as they regarded the contract between the Rio Tinto and the pyrites exporters association as a matter quite distinct from the agreement with the Norwegian government.

As no satisfaction was obtained from the exchange of arguments and protests, and as Mr. Findlay never wavered, that the agreements were being put out of operation in order to placate the German government, it was decided, late in December, to stop all coal exports to Norway; which was perhaps the severest treatment of a friendly power that had been ordered.¹ But while deciding that this act of rigour was necessary, the British government were determined not to embark upon severities that were likely to provoke a counter retaliation; for they

¹ An exception was made in favour of coal exportable under the fish and copper agreements and also in all cases when coal was required for producing commodities useful to the allies. The amount of coal allowed to be exported under these exceptions was, however, a very small proportion of the normal total.

received a warning from the ministry of munitions that we were depending progressively upon Norway for certain metals and minerals, and that our munition factories would be in a hard case, if the Norwegian government forbade these goods to be exported to us. No other restraints upon Norwegian supplies were therefore ordered; and an agreement with the Norwegian cannery union was actually negotiated and signed, while the coal embargo was in force. Also, the Norwegians were allowed to increase their imports of grains and foodstuffs during the last months of the year, and the agreement with their corn dealers and provision merchants was operated, without dispute, while all coal supplies were being stopped. Meanwhile the Germans continued to attack Norwegian shipping and sank a rising number of ships in every month; it is hardly surprising therefore that the Norwegian government gave way altogether and promised us full satisfaction on all matters complained of. The coal embargo was raised in February. By then, however, the Germans had started a new campaign upon commerce, and it was a matter of speculation whether any agreement then in force was still operable.

CHAPTER XXV

SWITZERLAND UNDER THE RATIONING SYSTEM

The disturbances consequent upon establishing the société de surveillance suisse.—The close connection between commerce and policy.—The French black lists, and the severities of the French administration.—The German exchange system and Swiss industries.—The first deliberations of the allied powers upon the Swiss note.—The conferences between the Swiss and allied representatives.—A settlement is suggested, and subsequently refused by the British authorities.—The position after the second conference broke down, and the German-Swiss agreement.—How the allied governments appreciated the German-Swiss agreement.—The French disagree with the British and new demands are presented at Berne; the Swiss reply.—The allies start a new negotiation with the Swiss.

IT is said, that, when the president of the *société de surveillance suisse* first assembled his colleagues at the directors' board, he assured them that he and they would shortly be the most hated men in all Switzerland, and congratulated them on being so patriotic as to risk all their friendships in the service of their country. This was a trifle gloomy: the directors of the society quickly earned, and long kept, the reputation of honourable men; but in many respects the president did not exaggerate, for, a few weeks after the society was legally established, it was a target for every calumny; and, if the public clamour spared the directors, it was only that it might discharge more venom against the institution itself. Here is one extract from an abusive literature that would fill many folio volumes, if it were collected together; it is taken from a report passed unanimously by the French chamber of commerce at Geneva:

Monsieur le Ministre des Finances I dedicate this report to you. French commerce, French industry, and French agriculture appeal to you and ask for your aid. We have helped ourselves, we have made every effort and every sacrifice. We have fallen crushed from above, and your consuls can do nothing. You have promised to answer our appeal. We beg you, therefore, that the *société de surveillance suisse* be abolished, as a diabolic invention, which spreads death among our traders, our industrialists and our peasants, and wealth among our enemies.

This was the style of an assembly of grave and respectable merchants: the professional leader writers would have exercised even less restraint, if that had been possible. If it should ever again be necessary to regulate Swiss trade, or the trade of a neutral state that is surrounded by powers at war, the reasons for this extraordinary fury may be worth considering, before the thing is attempted.

I.—The disturbances consequent upon establishing the société de surveillance suisse

The governing reason for all this anger was that a commerce valued at many millions, and a peculiarly complicated commercial system, were being artificially restrained, controlled, and strictly regulated, after having run free for at least a century. It was not to be expected that the controlling mechanism should work smoothly. The new control was, moreover, more severely felt in some sections of the Swiss industries than in others, and the sections most injured were better able to complain, than to obtain redress. First, it will be remembered, that, as finally constituted, the *société suisse* was the directing board to a large number of trading associations called syndicates: these syndicates were already being formed, when the negotiations at Berne were being conducted, and the arrangement finally reached was that syndicates of the metal, textile, and other trades should answer to the governing society for the honourability and good behaviour of their members. Now, although in theory, it was open to the master of any concern, however small, to join a syndicate, in practice, only the owners of considerable establishments ever did so. The larger Swiss industries were, however, surrounded by numbers of master craftsmen, who

had learned their trade in the big factories, and had subsequently set up as masters of small concerns in their towns and villages. The operations of these cottage industries, which accepted work in all trades, were entirely outside the *société suisse*. Technically, a man who was a watchmaker and a bicycle mender, and who, besides this, repaired agricultural machinery, and kept the hot water system at the local hotel in order, was a metal worker, and could have enrolled himself on the metal syndicate: actually, it was absurd to expect that he would ever do so. There were many thousands of such men in Switzerland; and they had always been accustomed to obtain the goods they required in small consignments, often by the parcels post, or to buy small quantities, locally, from the nearest factory. By being constituted the sole consignee of all the metals, and textiles received from the entente powers, the *société suisse* virtually became a vast barrier between these small yeomen traders and their sources of supply. Every place in the country where small traders assemble, village councils, town councils, cafés, and estaminets thus became collecting and distributing centres for complaints that were repeated, or reinforced, by any municipal councillor or journalist who had an end to serve. Furthermore, every possible allowance should be made for the exasperation of those traders who were in a large enough way of business to enrol themselves in a syndicate, but whose concerns were not big enough to warrant the employment of a large secretarial staff; for the difficulties that beset them, when the system was first instituted, were so unusual in themselves, and so suddenly imposed, that many traders must have wondered whether their business could still be prosecuted. By singular good fortune, we have a reliable record of what was inflicted upon the ordinary business man: it was printed in a paper that was extremely friendly to the allied cause, and the contraband department admitted that the statement was neither exaggerated nor unfriendly. It ran thus

We have been asked, by our commercial men, to initiate the public into the mysteries of the *société de surveillance suisse*; and to show them what complications a trader is exposed to, when he wishes to import goods into Switzerland. We take a very simple example. Monsieur X needs certain goods, which he imports from London, or from Paris. He asks his supplier to send him some toilet soaps, straps and medical bandages. The supplying firm answers, that the goods are ready, but that an authorisation to import must be given by the *société de surveillance suisse*. The trader at once writes to the *société de surveillance suisse* at Berne, who send him a collection of pink forms, models Nos. 8, 11, 12 (five copies of each). Being very anxious to act correctly the trader answers the questions on the forms, that is he states: his *raison sociale*; the nature of his goods; the corresponding numbers of the customs tariff; the gross weight; the net weight, the quantity; the value in Swiss currency (including freight, port and customs charges); the name, profession and address of the supplier; where the goods then are; the railway station or harbour from which the goods will be shipped; the station at which the goods will pass the Swiss frontier; the Swiss station at which the goods will be delivered; the name and address of the transit agent; the weight and quantity of the goods imported by the applicant in (a) 1912 and (b) since the war; the weight and quantity of the goods which are in the applicant's possession, or are being sent to him.

The trader can now date, sign and despatch all the forms, adding to them form No. 12, stating that he was on the commercial register before July, 1912, and adding further, form No. 8a—a letter of despatch.

Having posted this, the trader confidently expects the authorisation asked for. Instead of receiving it, however, the *société de surveillance suisse* sends him back all his forms, and begs him to forward them through the syndicate concerned. The trader now sends his papers to the syndicate hoping that everything is in order. Far from it. The syndicate reply, with great affability, that they are inclined to forward his application to the *société de surveillance suisse*; but that he must first apply for membership of the syndicate. Having no option but to comply the trader applies for membership and the syndicate send him: an application form; a copy of the statutes; a circular explaining the obligations he undertakes and the formalities which he will have to perform; forms on which he will have to state what goods are in his possession, what goods he imported in 1911, 1912 and 1913, and what goods he wishes to import in 1916; forms for filling in the numbers of the customs tariff corresponding to his goods (for some syndicates there are more than 100 relevant numbers) and forms for stating the weight and value of the goods. The syndicate also asks for an entry fee of 1,000 francs, and for 10,000 francs surety money; (in some cases the surety is 15,000 francs).

The trader finds it difficult to be so good a statistician, and seeks for information from his syndicate and his chamber of commerce. He is told that it is quite easy : he has only to collect his customs receipts for 1911, 1912 and 1913, and add up the totals. He answers, that it is not so easy as he received a large quantity of goods by parcel post, and that his goods were not bought by weight, but by units.

After spending a good fortnight in making inventories and digests of receipt books, he again fills in his forms, satisfied that he is at last about to receive the goods necessary to his business. A few days later he receives an envelope from the syndicate, and hopes that at last he has been given the blue form upon which an authorisation to import is printed. No ; his papers have been returned to him because they do not comply with the orders of the *société de surveillance suisse*. The trader has mixed up rationed with unrationed articles. He has put customs tariff numbers 1145 (slings) and 1142 (toilet soaps) under the same heading ; all his work has to be done again. Nor must it be forgotten that traders must pay for their goods in advance (whereby they lose interest on their money), and that while they are spending all this time in completing forms, and doing paper work, they are paying for the storage of their goods. To give an example : a spinning factory has just paid 70,000 francs for the storage at Genoa of 70,000 francs worth of goods, which even now, cannot be imported. If prices rise, none should wonder at it.

Even the directors of larger concerns had grounds for complaint ; for they represented that the sums demanded of them by way of guarantee and security were out of all proportion to the transactions they wished to undertake, and that, by paying them, they drained their concerns of the funds required for ordinary business. Finally, those who complained most bitterly, the French, were the most to blame ; for their administration adapted itself even worse than the Swiss to the new state of affairs. On this point, let Monsieur Briand's memorandum to the subordinate officials of the French customs and railways serve as testimony.

I think it necessary that we should facilitate the delicate work of the society as far as we can, and not allow ourselves to be deterred by criticism, which is made by our enemies, or by interested parties. And some of this criticism, which the British commercial attaché considers serious, can justly be directed against us, for our administrative services raise every obstacle and difficulty, and impose every delay, when goods are to be despatched to Switzerland. For a long time my department has been combating the over strict application of administrative rules against Swiss commerce. The ill will shown by subordinate officials and minor departments, in respect to measures that the allies have decided upon in common council, has spread a belief that there is a deliberate campaign against Switzerland, and has shocked the British government. Commercial correspondence with Switzerland has been exposed to real abuses ; letters containing samples of embroidery have been stopped by the censor, and traders at St. Gall have thereby lost their Christmas sales, funds being sent to Switzerland as subscriptions to the French loan have been confiscated. More than this, I have often been compelled to intervene in the matter of goods sent from Switzerland, which the customs have arrested as German goods, after which they have been sent to the legal experts (from whose ruling there is no appeal) on the slightest pretexts. But, as Mr. Skipworth says, the movement of goods into Switzerland has caused the most serious complaints. The Swiss have complied with all the rules imposed by the military administration of the railways. This administration ordered that the port of Cette should be the only harbour at which goods passing into Switzerland could be received. The choice of this port has been bitterly complained of ; for it is badly equipped, badly served, and shipmasters dislike ordering their vessels to enter it. After thus complying, the Swiss were obliged to send their own rolling stock into France to carry away their goods ; they formed trains for Cette, Marseille and Bordeaux, and about a quarter of their rolling stock—4,000 wagons—are running in this service. But every time a difficulty was surmounted, the military authorities raised another, so effectively, indeed, that trains of Swiss rolling stock have left Swiss material on the quay at Bordeaux, because the permission to ship it could not be obtained. On many occasions authorisations given by the licencing committee have had to be renewed, because permission to transport was refused ; and Swiss goods have been in our ports for months, sometimes for a whole year, because the ministry for war have withheld the necessary permits.

As can be imagined, the *société suisse* reeled and staggered under this tempest of ill will and calumny ; indeed, many persons in authority doubted whether it could survive. It was with an institution whose bare existence was doubtful, and whose operations were made difficult by the French bureaucracy, and by the studied enmity of a number of disappointed and envious magnates in Switzerland itself, that the allies were compelled to treat upon a succession of delicate matters.

II.—*The close connection between commerce and policy*

Moreover, all negotiations were difficult, because every economic issue was entangled in policy. The population of French Switzerland was genuinely attached to France, and that of German Switzerland to Germany. Doubtless, the warmest friend to the French and allied cause was not less a Swiss patriot on account of his friendship for France; nor would it be just to suppose that the German-speaking regiments of the Swiss army would have failed in their duty, if the country had been invaded by Germany. The sympathies were, however, so strong, and the terms pro-ally and pro-German so recklessly used, and always as a bitter reproach, that Swiss society was really divided by racial hatreds, and matters that, in ordinary circumstances, would not have been influenced by racial affinities at all, were, in those times, quite infected by them. Our authorities were, indeed, sharply reminded of this from the outset (if any reminder were needed); for, just when we were confronted with our first difficulties, all Switzerland was convulsed by an occurrence that would have been thought trivial in a united country. This was called the affair of the two colonels; the facts appear to have been these.

Early in January, certain journalists discovered that two Swiss colonels on the intelligence section of the general staff had communicated several numbers of a confidential publication, called the *bulletin de l'armée suisse*, to the German military attaché. Now, if the facts subsequently ventilated are considered without prejudice or passion, it has to be admitted that these two officers probably made these communications for honourable motives. They maintained, at their subsequent trial, that they were bound by their duty to secure as much information as they could about the German forces stationed near the Swiss frontier, and that they could not secure the intelligence they required, unless they gave the German military attaché an equivalent return. They denied that the intelligence communicated in the *bulletin de l'armée suisse* was of any prejudice to their own country; but admitted that the bulletin had been accepted by the German military attaché as an equivalent for what he communicated, because it contained information about the French and Italian armies. This was a sound defence, and the Swiss chief of the staff was quite justified in saying: *Le service des renseignements militaires ne connaît pas la neutralité*. The only offence of which the two colonels were guilty, therefore, was an offence against military discipline; for they had certainly communicated this bulletin, without proper authority from their senior officers.

This trivial incident was so distorted by passion that the country was convulsed for weeks. Every editor and leader writer in French Switzerland regarded the occurrence as proof that military officers from German Switzerland were more in the service of Germany than of their own country. The bare issue whether these two colonels had, or had not, failed in their military duty was never examined. Even Colonel Feyler, one of the most sober and authoritative military writers in Europe, and who, by his training, well knew how military intelligence is collected, could not disengage himself from these wild prejudices. Indeed, the discovery of the affair served to illustrate how much the nation was divided. The first intelligence of it was made by a certain Doctor Langie, a French Swiss on the deciphering section of the general staff. This gentleman made accusations against his superiors, which he was quite unable to substantiate, and his only motive for making and lodging information against them appears to have been a dread lest the Swiss general staff was doing something prejudicial to the allies. The Swiss government contrived to bring the agitation to rest by drawing matters out; but, before the matter was laid, the federal parliament had to be convened for a special session; and although every speaker then freely admitted that the business had been much exaggerated, both ministers and deputies made no disguise that the country was terribly divided, and that the antagonism between Latin and German Switzerland was extremely dangerous. The incident had nothing to do with enemy trade or with contraband; but at least

it served to show, that everything agitated in Switzerland was there being inspected through the distorting lenses of racial prejudice. It must, therefore, never be forgotten, that all the questions treated by the allies, during the year 1916, were debated to a nasty accompaniment of clamour from outside the council chamber ; and that such impersonal questions as the quantities of oil and cotton needed by a factory, or what could be demanded as an exchange for a hundred tons of aluminium, often became, upon a closer inspection, a political calculation : Whether by treating the matter as one of pure business we should not unwittingly foment divisions between French and German Switzerland ; and whether it was expedient, or inexpedient, to assist some section of Swiss society.

III.—*The French black lists, and the severities of the French administration*

The first difficulty that arose had its sources in the French trading with the enemy legislation ; for it seemed to us that this legislation, or rather its strictly logical application by the French courts and administrative services, would, of itself, soon wreck the *société de surveillance*. It will be remembered that the French, and the Italian, test of enemy character was political allegiance ; and that the French law forbade any French citizen to have any dealings, direct or indirect, with any person who was either living in an enemy country, or who, living out of it, was a subject of an enemy government. A considerable number of firms that were established in Switzerland, but which were enemy firms by French law, were therefore posted in the French black lists, and this caused considerable disturbance for the following reasons.

The nationality of a company, or of a collegiate body, only becomes a pressing concern when a country is at war ; so that, as Germany had been at peace for fifty years, and Switzerland for nearly a century, continental lawyers had more concerned themselves with the rules that must be complied with before a corporate body becomes a person in law, than with the rules that decide its nationality. With regard to this latter, German jurists have declared that the place of business (*sedes materiae*) shall decide the nationality of a corporate body ; but they admit considerable exceptions to this general rule. The most important of these is the exception with regard to what German lawyers call daughter companies (*Tochtergesellschaften*), which is that if a corporate body, constituted as such by German law, and situated in Germany, forms a daughter company by virtue of the powers granted to it by German law, then, the daughter company shall be deemed German. When this rule was first established, the German courts were deciding on the nationality of such bodies as chambers of commerce, learned societies established abroad, and so on ; but there was general agreement among German lawyers that the rule applied to some commercial companies outside Germany. As the German and the Swiss industries were so closely connected, it would seem, therefore, as though the French administration posted firms that were strictly speaking German, and which would have been admitted to be so by the German courts.¹

The French black lists were, however, a great affront to the Swiss, because, by their law, companies are judged to be Swiss almost solely by the rule of *sedes materiae*. Swiss law admits of a few unimportant exceptions with regard to chambers of commerce, and philanthropic societies, which are regarded as foreign bodies, inasmuch as their corporate existence is derived solely from a foreign legal system ; but with a legal existence that is so far recognised and acknowledged that they may plead in the Swiss courts. As for commercial companies with a foreign parentage, Swiss jurists maintain : that all companies must receive a legal charter before they can administer property, raise funds, or pay and withhold dividends, on Swiss soil ; that, when they receive this charter, they are given a juridic personality ; and that the

¹ See Nussbaum : *Deutsches Internationales Privatrecht*, Chapter I, Book 2, *Personenrecht*. Also, *la nationalité en droit suisse* by Georges Sauser Hall.

nationality of the legal person thus created can only be Swiss, as the Swiss state has no power to create a foreign juridic person. Swiss lawyers freely admit that some companies may have two nationalities at one and the same time ; but maintain that this does not alter the nationality of societies that have been established by Swiss law, on Swiss soil. There can be little doubt, therefore, that firms which the Swiss authorities considered to be Swiss concerns were included in the French black lists. More than this, some firms attached to the *société de surveillance suisse* were proclaimed enemy firms in the *journal officiel*. Our minister at Berne, and Mr. Skipworth, the commercial attaché, both thought that these blacklisting practices, when added to other severities of the French administration, would bring the society to ruin.

It was fortunate, however, that the upper ranks of the French hierarchy grasped quite clearly that every matter relating to Swiss commerce was potentially a political one. An admirably worded reminder of this was added to Monsieur Briand's fierce indictment of the customs and railway officials, wherein he stated that it was of high political importance, that the Swiss people should receive daily assurances of French friendship, and that this could best be given by making the ordinary daily business between the two countries smooth and easy. It has to be admitted, therefore, that although the French authorities often disconcerted us by adhering rather obstinately to propositions that we thought too precise and geometric, they always showed a just appreciation of the political issues involved, when matters that were outwardly economic were discussed in conference.

On this first issue, however, the French entirely disagreed with us, and denied that their legislation was endangering the society. They assured us they desired as much as we did, that the society should be kept in operation ; but suggested that they were better able than we to estimate what concessions ought to be made to the prevailing clamour, and how far it ought to be disregarded ; for they claimed to be very familiar with the Swiss character. They answered, therefore, that they could not alter their trading with the enemy legislation in favour of enemy firms that were associated to the *société de surveillance suisse* ; but that existing difficulties would diminish, when commercial transactions between France and Switzerland became easier. The French legal advisers did, however, issue an interpretation of the French law, which removed one obstacle ; for they ruled, that French houses in Switzerland were not debarred from joining syndicates constituted by the *société de surveillance suisse*, as those syndicates, whatever their composition might be, were formed to promote allied trade with Switzerland, and to stop allied goods from passing to the enemy. Probably, therefore, the French alleviated the application of their law, as the need arose ; for although they never altered their practice of blacklisting, and although we undertook that no firm on the *société de surveillance suisse* should be blacklisted in England (which perpetuated the contrast between the two legal systems) there were no ill consequences. After being hotly agitated, the question disappeared, possibly because it was overlaid by another of much greater importance.

IV.—*The German exchange system and Swiss industries*

This new issue was the pressure that the Germans were able to exert against Switzerland. In all our dealings with the northern neutrals we may be said to have had the upper hand of the Germans ; in that every one of the northern governments knew, without calculation or enquiry, that the loss of their sea communications, which we controlled, would be of far greater damage to their countries than any the Germans could inflict upon him, by operating their exchange system coercively. The case of Switzerland was different ; for here it was doubtful whether the allies, or the central empires, were more influential : our command of the sea was, so to speak,

very equally matched with the German control of the Swiss industries ; and we were soon made to feel that the Germans had power to resist and obstruct all arrangements made in that country.

It has to be admitted, moreover, that the Germans exerted their power very dexterously ; for, although they imposed their exchange system upon Switzerland in a harsh and peremptory manner, they subsequently operated it with consummate ability. The end principally pursued by the Germans was to stimulate commerce with Switzerland, and, by so doing, to draw the produce of the Swiss food trades towards the German market. Their major exports, coal and iron, were therefore kept out of the system ; but machinery, finished textiles, drugs, chemicals, and aniline dyes were rigidly exchanged. The Germans refused to accept goods that were produced by the major industries of Switzerland, in exchange for these essential commodities, and insisted that they would only accept raw materials in return for them. The same system was followed in the textile trades, and in no case would the Germans agree that Swiss cheeses, chocolates, condensed milks, clocks, watches, *broderies* and *plumetis* should be accepted as equivalents for what the Germans supplied them. The position resulting from all this was very advantageous to the Germans. Their coal was as irreplaceable to the Swiss industries as the land on which they were established, and, as this coal was paid for by exports from the major industries, without being formally exchanged, so, the Germans maintained their dominant position without much trouble. Also, by forcing the Swiss to exchange goods that they did not themselves produce, they drained the country of exchangeable goods, and so advanced the day when the Swiss, being unable to operate the exchange system any longer, would be at their discretion.

In April, the Swiss were fairly entangled in the difficulties that the Germans had prepared for them. Their stocks of exchangeable goods were then running out, and they required a quantity of raw metals, chemicals, whey (for cheese-making), wood, and cellulose, all which the German and Austrian governments refused to deliver, except in return for goods that were held in the country by the decrees prohibiting their export. As the Swiss government's undertaking that these prohibitions should be enforced without exception was the basis upon which the *société de surveillance* rested, the Swiss government were forced to open a negotiation with the allied powers, whom they invited :

To indicate to them what goods could be imported for the exchange, or, alternatively, to consent that stocks of goods, which have been purchased by the central purchasing agencies of the German and Austro-Hungarian empires, and which have accumulated in Switzerland shall be used for exchange ; in which case the quantities ought to be settled.

Some explanation must be given of the German stocks, which were thus introduced into the controversy, for the first time.

Although there was no rationing agreement with Switzerland the country had been regularly rationed in textiles, metals, oils, and foodstuffs since the beginning of the year, and the rations allowed had never been seriously complained of. The Swiss had, however, been left free to distribute the goods that were allowed to them as they thought fit. A certain number of large firms received their supplies direct from the society ; but, either by design, or because it is always easier to sell to jobbers than to particular industries, the *société de surveillance* allowed the jobbers to receive a considerable proportion of the raw materials that had been consigned to the society. Large quantities of goods thus passed into the hands of men whose trade it is to sell to all bidders, and to increase the number of their customers as much as possible, in order to raise prices. This gave the German and Austrian buyers their chance : they bought raw materials and foodstuffs heavily from every jobber who was willing to sell, and prosecuted their operations in every town and hamlet to which their agents could penetrate. They never disdained to make the smallest purchase : a farmer who had a few spare cheeses to sell, or a country locksmith who

had a few bags of scrap metal to dispose of, always found a ready buyer, and received a good price, if a German agent visited his village. The outcome of all this was that, when the Swiss note was presented, it was estimated that these German and Austrian purchasing agencies held over forty million francs worth of foodstuffs, forages, metals, and cotton. These stocks were, however, unexportable, for so long as the Swiss prohibition decrees remained in force.

V.—*The first deliberations of the allied powers upon the Swiss note*

If it had stood by itself, the Swiss note would have raised issues of the first order of importance; but, shortly after it was presented, the German government themselves presented a note at Berne, which aggravated the matter. In this document the Germans stated: that the *société de surveillance* was an organ for waging economic warfare against Germany; that its statutes and operations were alike objectionable; that the German government could not admit that goods lawfully acquired by Germans could be held indefinitely in Switzerland; that they demanded the release of all German and Austrian stocks, in order to liquidate a trade balance of some sixteen million francs; and that, if these demands were not complied with in fourteen days, they would withhold all German goods licensed for export into Switzerland, and would refuse all further licences. This meant that the Swiss supplies of coal and iron were in danger.

The contents of this German note were communicated to us, while we were still making preliminary enquiries into the Swiss note of 4th April, and it will easily be understood how much the enquiry was complicated. When we first considered the Swiss note, both our authorities and the French freely admitted that we were bound in honour to discuss the Swiss proposition; indeed the war trade advisory commission reported it would be a breach of faith to refuse negotiation, seeing that we had promised it in the tenth article of the agreement¹. But we had never intended that our promise should be anything but a promise to facilitate a few isolated bargains between Switzerland and Germany, if the Swiss showed them to be necessary. To have agreed to anything in excess of this would have been equivalent to agreeing that Switzerland was a privileged neutral. Our naval squadrons upon the traffic routes, our agreements with the Netherlands trust, with the Danish trade guilds, and with the Norwegian shipowners and manufacturers, were, each and severally, organs for stopping German commerce with the outer world. We were prepared therefore to sanction a few exchanges between Germany and Switzerland, even though the Swiss put imported goods into the exchange; but we were not prepared to allow a regular exchange traffic, for, to allow this, would be to admit that a country whose imports were carried by railway could be given privileges that were refused to a country whose imports were sea-borne. The only continuous exchange traffic that we could sanction was, therefore, a traffic in goods of neutral origin and manufacture, and in such goods as the German government was willing to give in return. The German note to the Swiss authorities was thus an open challenge;

¹ The basis or starting point of the negotiation was rather complicated. It will be remembered that the negotiations for establishing the *société de surveillance suisse* has been long because it had proved difficult to come to an agreement upon the question of exchanges between Switzerland and Germany, and that, as it was deemed highly important that the *société suisse* should be established as soon as possible, a temporary expedient was agreed to in the following articles. By article 4, it was laid down that houses which benefited by the new facilities granted: Should not dispose of their old stocks in a manner contrary to the conditions imposed when the new facilities were granted. On the other hand, by article 11, section 2, the Swiss government were allowed to use certain stocks in the country for exchanges with the enemy. In order to restrict this right closely, it was further laid down that goods imported through the *société de surveillance* could not be exchanged for goods from another country; and, finally, it was agreed that the arrangements to be made on the head of exchanges were to be the subject of negotiation in each particular case. In a confidential letter, the allied representatives promised to interpret all rules established with "liberal goodwill" (*large bienveillance*).

for the Germans were asking that a regular re-export trade was to be established. Our authorities were less inclined to agree to anything after the German note had been presented than they were before, because they felt that concessions would, henceforward, be concessions on points of principle, and that, if the Germans gained anything at Berne, they would at once repeat their manœuvre at the Hague and Copenhagen. On this point all the allies were agreed.

Also, it was not to be disguised that the Germans were threatening the Swiss with such severe pressure, that the Swiss authorities might be forced, in sheer desperation, to move into the German orbit. The allies could not supply the coal and iron that the Germans threatened to withhold ; for, although these goods might have been put on the Swiss market at the price at which the Germans sold them (with the allied exchequers bearing the loss), the coal and tonnage committee reported, that the necessary quantities could never be delivered, as there were neither the ships, nor the railway trucks, to carry them. The allied authorities could not, therefore, disguise from themselves that the German note might be a manœuvre to force the Swiss into some kind of commercial union, for of the two alternative dislocations with which they were threatened—that consequent upon a stoppage of cereals, textiles, and lubricants, which the allies controlled, and that consequent upon a stoppage of coal and iron, which the Germans controlled—the second was, possibly, the more dangerous.

Thus far the allies were agreed, but they were divided on another matter : general Joffre and the French staff were convinced that the Germans would never seek to force the Swiss into a military alliance ; for, according to their calculations, the central powers had not the forces necessary for turning the French flank through Switzerland, and would, in consequence, prefer that the Swiss should remain neutral, and so protect the German flank against an Anglo-French turning movement. The Italian general staff disagreed, for they maintained that, if the Germans were assured of a passage through Switzerland, they could send large forces through the Swiss passes into northern Italy, and so turn the Italian armies in the Trentino and Julian Alps. The Italians were so impressed by this danger, that they were actually fortifying the Swiss passes. It was an important disagreement that the Italians thought the French staff far too hasty, when they reported that there was no military danger in pressing the Swiss. The Italians agreed to stand with us on the point of principle, and they kept their word, for their representatives supported us loyally in all the conferences that were held ; but they let it be known, that they could not alter their estimate of the dangers ahead, and that they might be obliged to reconsider their conduct.

VI.—The conferences between the Swiss and allied representatives

These arguments on the point of principle were exchanged at great length at two conferences between the allies and the Swiss. The allied representatives maintained that to allow an exchange traffic in such goods as cotton, lubricants, and cereals (which was what the Swiss proposed) was to allow a breach of blockade. Nor could they accede to the Swiss proposal for a restitution traffic, the Swiss supplying stipulated quantities of raw materials, and receiving, in return, manufactured goods with an equal quantity of those same raw materials in them. Our objection to this is best explained by an example : supposing that the Swiss sent into Germany a hundred tons of cotton thread, and that they received, in return, sheets and goods containing a hundred tons of cotton thread ; the cotton then received from Switzerland could be sent straight to the explosive factories, while the manufactured goods sent into Switzerland would merely help to maintain the value of the mark in that country.

No agreement was reached at the first conference, which, however, relieved the allies of some of their original anxieties. The Swiss were reserved about the German note, but they let it be known that there was a six months' supply of coal and iron

in the country, which was an intimation that German pressure would not be immediately felt, and that they had time to negotiate with the authorities in Berlin. More than this, our experts were satisfied, that such economic control as we were exercising was not damaging the country : the imports and exports were now well above the figures for 1913 ; and the national trades in clocks, chocolates, condensed milks and cheeses seemed prosperous. Certainly the hotel trade and tourist traffic had dwindled to little or nothing ; but in the words of the official appreciation :

It would be an insult to Switzerland to suppose that she expects to continue, as in times of peace, catering for the pleasures of nations engaged in a life and death struggle. The conclusion seems inevitable that the causes of the decline in Swiss commerce, which occurred in 1914, is now being overcome by the resources and ingenuity of a nation which has never yet been beaten by misfortune.

The admissions of the Swiss representatives, and the facts ventilated in this investigation thus proved that no immediate crisis was to be apprehended, if the allies did not alter the rations allowed, and, at the same time, firmly refused to countenance the proposals for releasing the German stocks, and for setting up a restitution traffic in metals and lubricants.

The second conference, like the first, was dissolved with nothing agreed to ; but it was not only bare adherence to principle that obstructed a settlement. First, the British authorities were suspicious that the Swiss government were, in some sort, accomplices in the German note, and had arranged that it should be so presented as to influence the negotiations with the allies. Also, it was known that the Swiss licencing authorities had allowed some sulphur to be exported to Austria, notwithstanding that the statutes of the *société de surveillance suisse* forbade the export. This irregularity was thought to be evidence that the Swiss government desired to weaken the reputation and authority of the *société de surveillance*. The Swiss authorities, however, by no means admitted that our suspicions were reasonable, and it is only fair to state their case. As to the German note, and their complicity in it, they maintained they were not such ill governors of Switzerland as to collaborate in a note, which had excited all the racial divisions in the country, and had put it into such a ferment, that the press of the French cantons were accusing the German cantons of being party to a manœuvre for turning the country into a vassal state of the central empires. More than this, they claimed that their innocence of all complicity was proved by their subsequent conduct : their long negotiations for reducing the German demands, and their successful resistance to them. As for the irregularities about which we complained, they argued that the Germans were only pressing them, because the German stocks in the country were unobtainable, which proved that the government's export prohibitions, and the control exercised by the society, were being honestly and rigorously administered. If there had been some minor irregularities, the Swiss authorities maintained that they were done by mistake, and not by design, at a time of great administrative confusion, when the trade of the whole country was being put under control ; and that it would have been more compatible with our professions of goodwill to have drawn attention to these irregularities privately and friendly, and to have asked for an explanation, than to have put our own construction on them, and to have made them the subject matter of formal protests, seeing that every diplomatic protest from ourselves, or from Germany, inflamed the racial hatreds and divisions in the country.

VII.—A settlement is suggested, and subsequently refused by the British authorities

A settlement would, however, have been reached but for a curious misapprehension, which is worth describing in detail, in that it is an illustration that those chances and hazards, which are often decisive in a military campaign, may operate with equal force in economic warfare. When these negotiations with the Swiss were opened, the allied representatives had a plan for settling the controversy without prejudice to

the economic campaign as a whole. The plan was that the Swiss should be urged to force the Germans to accept a larger proportion of their domestic exports in the exchange traffic, and that, if something was needed in addition, in order to strike an equivalent, then, that silks, fruits, and wines should be added. A brief explanation must here be given of the Swiss traffic in these goods.

During the first negotiations with the Swiss government, the Italian representatives had stated that they did not desire that silk should be consigned to the *société de surveillance suisse*, and had intimated, in a guarded way, that they would be obliged to maintain some commerce with the central empires. Their commercial policy, when finally settled, was to keep up their silk exports, and their exports of Sicilian fruits. They were willing to stop the export of the silks that are used for making military balloons, aeroplanes and so on ; but they maintained, that only a few special varieties of silk can be used for military purposes, that the export of this light and expensive article was a great support to their exchange abroad, and that they could not forego the advantages of it. As to their fruit exports, they were satisfied, that, if they stopped them, the whole population of Sicily would be thrown into distress, which would cause great commotion, as there were a great number of brigands and faction leaders in the island, who would turn the people's distresses to good account. The Italians were, however, quite willing to arrange that a great part of the trade should be diverted to the allies, if arrangements could be made for purchasing and carrying it. Now the Italian trading with the enemy legislation forbade all exchanges of goods, and all dealing in securities and negotiable instruments, with persons resident in Austria-Hungary ; with subjects of the Austro-Hungarian monarchy, wherever resident ; with persons resident in countries allied to Austria-Hungary¹ ; and with all subjects of governments allied to the Austro-Hungarian monarchy. Direct commerce with the central powers being thus stopped, the export trade in silks and fruits moved towards Switzerland, as shipping was running short, and there was none available for capturing new markets. The Swiss were, thus, doing a very big jobbing trade in these goods during the summer of 1916 ; forty-one thousand tons of fruit were exported during the year 1915 (three thousand tons was the normal) ; while the value of the silk exports rose from 158 to 274 millions of francs. It was therefore hoped that these exceptional exports might be used for bartering, if the Germans insisted that there should be a regular exchange traffic with Switzerland. The allied representatives suggested this at the close of the first conference. They gave no undertaking, but a settlement of this kind was submitted by them for the consideration of the higher authorities.

This was during the last days of June. The project was therefore being considered, while the British press was choked with articles, reports, and gossip about the battle of Jutland. The nation still imagined that we had won a victory ; the country was resounding with a boisterous clamour, and this legend of a naval victory became a motive force in high policy ; for, when this project of sanctioning an exchange traffic in silk, fruits, and wines was considered at the foreign office, Sir Eyre Crowe, who was quite unaware of the real facts, thought the time ill-chosen for granting a neutral country a contractual right to provide Germany with a large supply of luxuries and comforts. For these reasons he drafted an instruction which ran thus :

Owing to the changed situation brought about by the recent naval victory and cumulative evidence of the effects of economic pressure upon the central powers, great pressure is being brought upon His Majesty's government to tighten the blockade in every feasible way and to abandon wherever possible the system of special concessions to neutral countries adjacent to Germany as regards imports of value to the enemy. It is therefore not a good moment for giving an undertaking to Switzerland which amounts to authorising unlimited supplies of silk, wine and fruit into Germany and several of our administrative and other authorities will have to be

¹ See *Atti Legislativi relativi ai rapporti economici dell'Italia con i passi già nemici durante e dopo la guerra*-Tipografia Ludovico Cecchini.

consulted before a definite and final decision can be given. Without being able to anticipate this decision, I think objections might more easily be disarmed if any concession were made strictly temporary, possibly for a fixed period, and also if in return there were a definite undertaking on the part of the Swiss government to abandon all idea of exchanges with Germany of any goods consignable to the *société de surveillance suisse*.

It is curious to speculate how these instructions would have been drafted, if the foreign office authorities had known the truth, which was : that there had been no naval victory for either side ; that the Germans had won a success by inflicting far more loss than they suffered ; and that, for the first time in British history, a crack British squadron had been out-fought by a weaker force. Possibly it would have made no difference, for, if the facts had been known, Sir Eyre Crowe and the contraband department would probably had judged it a bad moment for wavering and drawing back. It yet remains true that instructions of the first order of importance were influenced by a misapprehension.

When acted upon, these instructions brought the second conference to a standstill, because the Swiss, on hearing how closely we wished to circumscribe the concession about silk, fruits, and wines, said that so narrow an engagement would be of no use to them. The Swiss authorities were rather bitter about this second failure. Their whole case was : that the national trades, which we had promised not to hamper, were all re-export trades in the sense that we were then giving to the word ; that it was unreasonable in us to make it so difficult for them to obtain German goods that were required in the very trades that we allowed to be free ; that, at the second conference, they had promised to bring the exchange traffic to an end, if we granted them the means of doing it ; and that the few concessions they asked for in the matter of wool, linen, cotton and rubber exports would not have relieved the economic distresses of the central powers.

VIII.—The position after the second conference broke down, and the German-Swiss agreement

Our authorities hoped that this second failure would settle the controversy as well as a formal settlement, but in this they were wrong. Even before the first conference assembled, there were indications that the Germans did not intend to stand on their first demands ; for they did not insist that the Swiss should answer their note within a stipulated time, as had been originally demanded. Thereafter, the indications of a German manœuvre increased ; reassuring articles, written after consultation with the German authorities, appeared in the *Neue Zürcher Zeitung*, the *Bund* and the *Welthandel*, papers of good standing in Switzerland, and, as soon as sufficient time had passed for these articles to make an impression, the German commercial attaché assembled a number of Swiss magnates at the Schweizerhof in Berne, and announced to them that his government would never do anything to injure Swiss industry, and desired rather to stimulate and encourage it. The matters debated between the allies and the Swiss were, therefore, not settled when the second conference was dissolved ; for the Germans had still to make their move, and, a few days after the second conference with the Swiss had failed, our minister reported that the Berne government were in treaty with the Germans.

When these negotiations began, trade between Switzerland and Germany was still running freely, but the outlook was very uncertain for the Swiss. The Germans had certainly not stopped their exports of coal and iron, but they had reduced them, and the Swiss were beginning to draw on their stocks, which were good for between three and six months. The German demand for the release of the goods that had been purchased by their agencies had not been withdrawn ; and it was peculiarly threatening that the German authorities had recently issued black list regulations of unparalleled severity. By these rules, all German goods were to be withheld

from black listed firms, from firms transacting business with them, and from firms, which might, at any time, transact business with them. An office was established for administering these regulations, and Colonel Schmidt, the gentleman in charge of it, was the sole judge of what constituted an objectionable transaction, and of what justified him in withholding supplies, because an objectionable transaction was to be expected. No severe stoppage had been ordered by Colonel Schmidt; but these regulations, by their mere existence, were a formidable threat to Switzerland.

Very little is known about the course of the negotiations between the Swiss and the German representatives; but if the final settlement between them is juxtaposed to the position at the beginning, and if the German organs of pressure are remembered, it has to be conceded that the Swiss laboured valiantly in their country's interest. The Germans undertook to send 255,000 tons of coal into Switzerland every month, and to supply the country with as much iron and steel as was needed; the Austro-German stocks were to be held in Switzerland until the end of the war; and the German black list was to be cancelled. A special office, the *Treuhandstelle* was, however, to be established for distributing the German supplies of steel, and no munitions of war made by machines imported from Germany, or with materials imported therefrom, were to be exported to allied countries. In return for these concessions, the Swiss undertook to send a considerable supply of cattle into Germany, and to facilitate commerce between the two countries. The exchange traffic between Germany and Switzerland was, in fact, so revised that Swiss domestic produce was included in it, and anilin dyes, so very important to the Swiss textile trades, were removed from the exchange list.¹

IX.—How the allied governments appreciated the German-Swiss agreement

When this agreement is reviewed, from this distance of time, it would seem as though the Swiss were more to be congratulated than reproached for having concluded it. Notwithstanding that the Germans had such good means of pressing and intimidating them, the Swiss had stood firm on the two points upon which we had insisted: that Swiss re-exports should be on the same footing as those of any other border neutral; and that the goods purchased by Germans and Austrians should not be released. More than this, the Swiss had so regulated the exchange system, that it could not again be used to obstruct the arrangements made with the *société de surveillance suisse*. Nevertheless, the new agreement was received with great misgiving. The British authorities were apprehensive lest these new German conditions about coal and iron were the first moves in a plan for bringing all the Swiss munition firms within the German orbit. Labour was scarce in Germany, and a rising number of orders were being placed abroad; it was therefore thought possible, that the Germans intended so to administer their regulations about coal and iron, that no Swiss factory would be able to tender for the allies, and that all would be forced to seek German contracts. As the orders being executed for the entente powers were far larger than those being executed for the central powers, this was a formidable danger. The British authorities were also indignant that the Swiss had agreed to increase their exports of cattle to Germany. We had not a good case on this point; but inasmuch as we had tried, throughout the year,

¹ The lists of interchangeable goods were:

- (a) *Goods delivered by Germany*.—Potash salts (in general); ground basic slag; potatoes products of potato drying; raw sugar; calves stomach and rennet; straw; sugar beet-root seed and red beet-root seed; soda; clay and china clay; zinc, raw, in cakes or spelter; sheet zinc and zinc tubes; sulphate of copper.
- (b) *Goods delivered by Switzerland*.—Cattle for breeding purposes and dairy cattle; Emmenthal cheese; herb cheese; condensed milk; preserved goods; goats; dried waste fruit and other dry feeding stuffs; chocolate; industrial casein and rennet casein; fresh fruit; fresh wine (cider and perry, etc.); dried fruit; honey and syrup; milk powder.

to establish the principle that the domestic exports of a neutral bordering on a blockaded country should not be allowed to rise above normal, so, we were more or less bound, by the precedents that we had ourselves created, to protest against this new agreement; for it was not disguised that the Swiss had agreed to treble their exports of cattle to Germany. The French authorities were, possibly, less apprehensive than ours about the conditions now attached to the supply of coal and iron; but they were even stiffer than we were on the general principle that Switzerland should be on an exact footing with other border neutrals, for which reason they objected to the clauses with regard to cattle. The strongest French objection was, however, that the agreement was a political gain for the Germans, and that it increased their influence in Switzerland.

The allies were, therefore, united in their dislike of the agreement, but they were divided as to what was most proper to be done. Sir Horace Rumbold was now minister at Berne; and Mr. Craigie, who had been much concerned in the negotiations during July and August, was assisting him. Knowing that the new agreement was much disliked in Paris and Whitehall, and that projects for reducing Swiss rations by way of retaliation were being considered, both these gentlemen advised strongly against active retaliation, and gave the following reasons why it would be unwise.

I am so convinced that we are on the wrong course that I can only feel that I have failed to explain to you properly what the real situation is and how much we stand to lose by following the German blood and iron method at a moment when we could, I honestly believe, gain almost anything we want by other methods. Popular opinion here is steadily swinging round to us and the attitude of the *conseil fédéral* is altogether different from the time when the German menace was still dark upon the land. I do not look upon Swiss friendship as an end in itself but as the best means to an end, and that end is the progressive increase of our blockade pressure through Switzerland. Do not think that the methods which do admirably for Greece are equally suitable to Switzerland. I agree that with the Swiss we must always have a threat somewhere in the background, but to make too free a use of it is to bring out in the Swiss his latent capacity for tortuous diplomacy, which he regards as his only shield against *force majeure*. Whereas at the present moment, when they have just suffered from the German lash, they (the government) wish to treat with us in the frankest manner and they are ready to give me the fullest facilities for any investigations I may wish to make. You will say I have already been nobbled! Don't believe it for a moment. I do not believe I can ever have been accused of a desire to be weak in these blockade measures and I am more determined than ever to make things watertight here. It is merely a question of method. You have not given us enough time and, if we now take up too severe a line in this question where our case is a bad one—in fact where our only case resides in our own paramount military necessity, is to lose any advantage which you may have hoped to gain, from a change of ministers here. If my plans fail, by all means let us try the other method and carry it through to the end. But give us some more time and remember that the German-Swiss arrangement was practically a *fait accompli* when we came.

Let me just briefly put the Swiss case again: they say that at the last meeting at Paris they spoke of their intention to use cattle for export for exchange and no objection was raised; certainly no limit was fixed and certainly they have *nothing which is more purely Swiss production than cattle*—some foreign element enters into *everything* they produce. And yet Germany has them by the throat and will undoubtedly carry out her threat of cutting off her coal and iron unless she gets something. The present excess of breeding cattle is not due to excessive supplies of fodder, but to a long spell (four years) during which there has been little disease; the great majority of the cattle being exported are from four to five years old; the net gain in *food* to Germany is small since the food value of potatoes is almost equivalent to that of the cattle. (I believe with pressure and a promise of absolute secrecy we could still get the figures.)

But whatever her fault, a mere policy of *strafing* is barren: we cannot expect to break the agreement with Germany and it would, in the long run be no advantage to us if we did. It is for this reason that I plead most earnestly before it is too late, that we should use what we shall call our *right* to cut down supplies (in view of the cattle export) to obtain (i) the assurances proposed in despatch to Paris, No. 2300,¹ (ii) certain undertakings over and above what is agreed to in the *société de surveillance suisse règlement* such as absolute prohibition of export of rubber, statistics other than those covered by article 17, the confirmation in writing of the existing state

¹ A despatch in which we suggested that the Swiss government should be warned about certain irregularities reported to us, and asked to give assurances against a recurrence.

of things under which the *société de surveillance suisse* have a veto over all exports of *société de surveillance suisse* goods (this is undoubtedly so at present) and various other points, (iii) an agreement whereby any further abnormal exports of cattle after April will be avoided—or even a reduction below the normal to compensate for present increase. But always bear in mind that the Swiss are really obliged to send something to get their coal and iron for which *they are more dependent on Germany than any other limitrophe state*. (Mr. Craigie to Mr. Waterlow, 6th October, 1916.)

Although I do not for a moment suggest that the arguments in your lordship's telegram should not be put forward if it is decided that a reduction of the Swiss imports of fodder and edible fats would in the end suit our purpose, yet I think it desirable to point out that the federal government would have a strong case in any contest of this kind. The whole question of the relation between the imports of foodstuffs and fats on the one hand and the exchange of cattle on the other is an extremely complicated and difficult one. While no doubt a considerable reduction in the fodder imports would ultimately result in a state of things which would render a further export of Swiss cattle impossible, this would only take place after a very considerable amount had passed to the enemy, and would produce a great reduction in the amount of Swiss milk and chocolate which we are at present obtaining from this country. Moreover, it would produce a state of acute ill-feeling against us at a moment when, if disagreeable incidents can be avoided we have a real chance of shaking German influence which has hitherto been supreme in government circles in this country. The future may, of course, show that mild measures are of no avail against Switzerland even at a time when the military strength of the allies is in the ascendant, and, in that case, the exigencies of the blockade should, no doubt, override all other considerations, and should render necessary the adoption of a severe policy of reprisals against Switzerland. So far, however, as I have been able to gauge the sentiments of the federal government since my arrival here, there appears to be a sincere desire to work with us and to insist that the obligations of Switzerland towards the allies be carried out in a more loyal and in a franker spirit than has previously been the case. Officials who have been too lenient in the distribution of export permits are finding their powers reduced; the influence of the *société de surveillance suisse* is undoubtedly on the increase and the relations of the *société* with the federal government are becoming more and more harmonious; finally, the present arrangement with Germany does not appear to have been brought to a conclusion without a certain amount of friction on the two sides, M. Hoffmann, M. Schultess and M. Frey having all referred, somewhat bitterly to the exacting methods of their northern neighbours. I feel convinced that the Swiss negotiators have only given the minimum which Germany would take, and, that after a considerable struggle. It must further, I think, be recognised, that the refusal of the allies to agree to the continued export of silk, fruit and wine has considerably narrowed the field in which the federal government could look for articles capable of being used for exchange purposes with Germany. (Sir H. Rumbold to the Foreign Office, 2nd October, 1916.)

In addition, our authorities had before them a number of appreciations from Mr. Sawyer, who was acting as agent for the ministry of munitions in Switzerland. After carefully reviewing the position, and interviewing the directors of every factory that was contracting for us, Mr. Sawyer was satisfied that our munition supplies would not, in practice, be endangered by the German agreement: coal and steel were still being supplied by middlemen to firms working on our account; and the Swiss authorities were most anxious that no industry in the country should be dislocated.

Our advisers were thus persuaded, that the difficulties and uncertainties of the moment would best be overcome by enlarging our influence in Swiss councils, and that this influence would be diminished, rather than increased, if our manoeuvres were guided only by the precise calculations and logical inferences of economic warfare. Mr. Craigie's opinion is interesting for a peculiar reason. While he was advising on Swiss affairs from headquarters, or attending conferences with the Swiss representatives, he consistently advised against concessions; one of his last minutes on the official papers was that, even if we did secure a little popularity by being easy about small exports of goods that, by agreement, were unexportable, we should gain nothing. On arriving in the country, he changed his opinion, and freely admitted it, which is proof that nobody could assess the political consequences of our economic war plan, until he had visited Switzerland, and seen how every restraint upon trade, and every new regulation either stimulated, or started, some political movement in the cantons. Mr. Craigie and Sir Horace Rumbold therefore urged that no new proposals should be pressed upon the Swiss government, but

that we should negotiate with them for positive, binding, assurances that the *société de surveillance* should be paramount in all matters relating to export licences, and that no government department should have the power to disregard the society's rulings.

X.—*The French disagree with the British and new demands are presented at Berne ; the Swiss reply*

Sir Eyre Crowe, and the contraband department agreed with Sir Horace Rumbold and Mr. Craigie ; but they were not free to endorse their proposals, unless the French also agreed with them, and the French authorities could by no means be persuaded to do so. The French agreed with our advisers, in a general way, that it would be unwise to impose severe restraints upon Swiss commerce ; more than this, they agreed it was more important to keep our influence in Switzerland unimpaired, than to stop small leakages in woollens or cottons. On the other hand, the French appreciated the German agreement as a political gain for Germany, and were convinced that our influence would decline, unless we secured conditions from Switzerland similar to the conditions recently imposed by the Germans. In support of their contentions, they quoted numerous written opinions from the French cantons, which certainly did seem to show that the French Swiss were looking to the French to counter the last German move. The French therefore considered that Sir Horace Rumbold's and Mr. Craigie's proposals were insufficient, and thought it incumbent upon the allies to demand assurances, that no raw materials supplied by the allies should be delivered to any firm that was executing German contracts. Supplies controlled by the allies would then be on an exact footing with German supplies of coal and iron. In the circumstances, it was inevitable that French opinion should prevail. The sympathies of the French cantons was for France rather than for the allies as a whole, and Monsieur Beau was by far the most influential of the allied ministers at Berne. In any case, as the whole calculation was political rather than economic, we were bound to treat the French as our expert advisers upon the temper of a people, whose literature, system of education, and social customs were all of a French model. For these reasons, the British and Italian governments agreed, that a note drafted by the French Foreign Office should be presented at Berne. Mr. Craigie and Sir Horace Rumbold agreed to the text against their better judgement, for they both thought the proposals dangerous.

The allies stated in the preamble, that, having carefully examined the agreement recently concluded between Switzerland and Germany, they considered it incumbent upon them to demand, that the federal government should re-establish equal treatment between the two groups of powers at war, as that equal treatment had now been departed from. The allied governments had been given grounds to believe, that the Swiss would be unconditionally supplied with German iron and coal during the war, just as they were being unconditionally supplied with cereals by the entente ; believing this, the allied authorities had placed orders in Switzerland. By agreeing to these new conditions about the supply of coal and iron, and by agreeing that they should be retro-active, the Swiss had done grave injury to the industries working for the entente powers. In order that the balance should be restored, the allies therefore asked that the Swiss government should : (i) prevent all electrical installations and power stations that were sending current into Germany from receiving or using copper and electrodes supplied by the entente powers : (ii) prohibit all houses then executing munition contracts for Germany from receiving lubricants supplied by the entente powers : (iii) cancel those articles in the agreement with the *société de surveillance* whereby goods were allowed to be exported, if they contained a small, agreed percentage of raw materials supplied by the entente ; (iv) prohibit the export of all machinery, hydro electric products, and cotton tissues pending an enquiry into the measures proper to be taken for giving effect to the allied demands.

When this note was being prepared, the French maintained that we should lose nothing by presenting it. They argued, that French and Italian railways, and British shipping were as much allied property, as German coal and iron were German property; and that the French Swiss would never dispute our right to stipulate, that nothing carried by our railways and shipping should ever be allowed to assist or comfort our enemies. Indeed, they claimed that the French cantons would probably welcome these new demands, as tangible evidence that the allied governments would not allow the Germans to strengthen their influence in the country. In all this the French miscalculated. The note was very badly received by the Swiss government; and the Swiss foreign minister at once stated that the allied cause in Switzerland would suffer a sharp setback, if the government made the matter public, by presenting papers to the federal parliament. In order to test the country's temper, the Swiss ministers gave the leading newspapers an outline of the allied note, and although it is impossible to infer anything for certain from a press so excited by racial sympathies and hatreds as the Swiss, it yet seems well established, that the French cantons did not give the allied proposals the reception that the French had confidently anticipated. Editor after editor reproached the allies for being so harsh and peremptory to a friendly nation; and no editor, French, German, or Italian, ever suggested that the allies' proposals could be agreed to. When the Swiss cabinet prepared their resistance to the allied demands, they had thus good reason to know that the nation was supporting them.

The Swiss certainly lost no time in answering. They maintained, firmly, that we had no just cause of complaint. The *société de surveillance* had been established to prevent raw materials that were imported through the entente countries from passing to the enemy, either as raw materials, or as goods useful in war: the Germans were, therefore, only imposing conditions, which the allies themselves had imposed in the previous year. In any case, the Swiss maintained that the clauses in the German agreement, whereby German coal and iron were to be withheld from certain firms, were far easier than our conditions about machines that could be exported, or about alloys in the metal trades. The allies had only allowed export, if a very small percentage of the final product had been brought into Switzerland through the entente countries, whereas the Germans had merely stipulated, that German iron and coal were not to be used in factories that were making arms and explosives for the entente powers. As for our contention that the Germans had undertaken to supply Switzerland with coal unconditionally, the Swiss answered that it was not accurate, as the Germans had promised only to facilitate the export of coal. With regard to our actual proposals, the Swiss answered that they were inconsistent with the engagements that we had previously given: having undertaken that no restraints should be imposed upon goods imported by the *société de surveillance*, and consumed in Swiss territory, we were now endeavouring to impose new conditions about lubricants used in Swiss factories, and electrodes needed for Swiss industries.

The principles established in the constitution of the *société de surveillance suisse*, which are incompatible with the demands presented, cannot be abrogated or suspended unilaterally. Nor is it to be understood why such enquiry as may be necessary can only be undertaken, if agreements between the federal council and the entente powers are suspended.

In conversation, the Swiss authorities elaborated these arguments, saying that our proposals were most wounding, and that they would as soon agree to surrender their glaciers and waterfalls, as to consent to our conditions about electric machinery and current. They added they took it very ill, that we should present them with proposals that their pride alone obliged them to reject, after they had given such good proofs of friendship, by receiving and interning great numbers of sick and wounded prisoners, and treating them with every possible kindness.

XI.—*The allies start a new negotiation with the Swiss*

Our authorities were soon convinced that the Swiss were genuinely roused by what they had learned about our note, and that the presenting of it had been a bad manoeuvre. The best remedy was, therefore, to open negotiations for liquidating the matter, and these were begun in the middle of December. Some account should be given of matters not negotiated upon, but which nevertheless influenced the final settlement. It was a great misfortune to us, that our military reputation was declining whenever we undertook a big negotiation with the Swiss. The German armies had been advancing into Russia, when the allied representatives were conducting the negotiations for setting up the *société de surveillance*: in the winter of 1916, the outlook was almost as dark as it had been during the previous summer; for the meteoric successes of the year had by then quite disappeared from the military firmament. General Brusilov's advance against the Austrians was brought to a stand; the British attack upon the German positions on the Somme failed; the French defence of Verdun, which had raised the reputation of the French armies during the first months of the year, was then forgotten. And against such temporary successes as our armies had gained, the Germans could set off the immeasurably greater success of having defeated the Rumanian armies and over-run the country. It is true the press in the allied countries still reviewed the military position in a high strain of bragging; but of all neutrals in Europe, the Swiss were probably the least deceived by the extravagances of the allied newspapers. The Swiss general staff were a very intelligent body of men, and articles upon the military position, written by Swiss officers, and published in the Swiss papers, were, perhaps, the most level-headed, and critical, appreciations that were being circulated in Europe. The most casual glance at the *revue militaire suisse* will serve to show what the Swiss staff were reporting to their government. The Swiss generals realised—and presumably M. Hoffman and his ministers were content to be guided by their military advisers—that the German armies were not likely to be expelled from the countries they had conquered, from which it followed that Rumania, a great corn producing country, would be under German occupation until the end of the war. More than this, the Swiss authorities, whose preoccupations in the matter of overseas imports gave them a good measure of the growing shortage of tonnage, were shrewd observers of the German submarine campaign, and realised that the entente powers would be in great difficulties during the coming year. Just as the French representative had reported in 1915 *La situation militaire pèse lourdement*, so, in the winter of 1916, Sir Horace Rumbold and Mr. Craigie felt they were negotiating with persons who were persuaded that the allied armies would never turn the tide of misfortunes, which was then setting so strongly against them.

In the final settlement, therefore, we receded a good deal from our demands and agreed: that, in view of the German regulations about coal and iron, firms making munitions for the central powers were to obtain their lubricants from them; and that, if the allies did not get a satisfactory equivalent in munitions for the lubricants they supplied to firms that were working for the entente, then, the whole matter was to be reviewed again. The proposals about metals used in electric installations were entirely abandoned, in return for an undertaking by the Swiss, that fifteen thousand kilowatts should be transmitted into France by the power station at Olten Goeßen. In addition, the Swiss were allowed to export twenty thousand quintals of cotton, annually, to the central empires. A number of highly technical provisions about metals and machines followed; and the federal council agreed to certain proposals for strengthening the *société de surveillance*. These proposals had first been formulated by Mr. Craigie; the details were intricate, but their whole purpose was to make the society the paramount authority in all matters relating to the export of goods that were consigned to the society. Finally, it was agreed that

a joint commission should prepare a list of goods useful in war, and that this list should be authoritative, whenever any clause in the agreement relating to war material was put into operation.

Several matters were left unsettled by this agreement, notably the Swiss exports of cattle. The allied authorities had, however, concluded that it would be better to check the cattle exports by being liberal with forages, which would enable the Swiss farmers to keep their cows back for cheese-making, and, after that, to prepare a scheme of purchase. The plan approved was that half the surplus cattle, and four-fifths of the condensed milk, exports should be bought by the allies. It has been shown, in previous chapters, that of all the operations of economic war that of reducing and regulating the domestic exports of a neutral country was the most difficult to execute satisfactorily ; for this reason it was probably a piece of good fortune that this plan for reducing Swiss exports by measures similar to those attempted in Holland and Denmark was never executed. The agreement with the Swiss was concluded in the last days of January, 1917 : a few days later, the final German campaign against commerce began, and this put shipping and transport into such confusion, that all agreements with neutrals were temporarily suspended. The whole system of rationing, and of enforcing agreements about re-exports was brought to a stand, because there was no shipping to carry the rations allowed. When neutral shipping had recovered from this first dislocation, the United States had declared war, and this, as will be shown later, virtually terminated every agreement in operation.¹

¹ For the subsequent history of this agreement see pp. 635 *et seq.*

CHAPTER XXVI

SWEDEN UNDER THE RATIONING SYSTEM, 1916

Swedish domestic politics.—The restraints upon Swedish trade examined.—Why consigning cargoes to government departments was thought objectionable.—The Swedish government's resistance to the doctrine of derivative contraband.—The Swedish government's other acts of retaliation.—Why the Swedes had power to embarrass every industry in Great Britain.—The Swedish government decide to negotiate.—An agreement provisionally concluded ; the Swedish deliberations upon it.

AFTER our authorities refused to ratify the draft agreement with Sweden, essential commerce between the two countries was regulated by a rough system of exchange, (whereby we secured a supply of iron and pit props for ourselves), and by a general, and not very satisfactory, guarantee that goods for Russia should be carried across the Swedish railways. The second guarantee proved insufficient, and it will be shown later, that, although large quantities of goods were sent to Russia, during the year 1916, the Swedish authorities did, nevertheless, raise such obstacles, from time to time, that the apprehension of a total stoppage was always present. On the other hand, the general trade between the two countries flowed freely throughout the year ; for, at the end of it, our exports to, and our imports from, Sweden were only reduced by that proportion, which the general circumstances of the times made inevitable. It must therefore be remembered, at the outset, that the controversies of the year 1916 were never accompanied by anything that could be called commercial warfare. During a period of sharp disputes upon trade and commerce, 432,000 tons of Swedish ore, and one and a half million loads of sawn timber were delivered in British ports : commerce between Great Britain and Sweden flowed as easily as commerce between Great Britain and any other neutral.

I.—Swedish domestic politics

But Swedish domestic politics, which had made a general settlement impossible during the previous year, continued to exercise a dangerous influence. The *Riksdag* was not sitting, when the first negotiations with Sweden failed. Being thus liberated from parliamentary pressure, M. Hammarskjöld and his cabinet came under the influence of the court party, during the winter months, and were by them persuaded to prepare a plan for dissolving parliament, for governing the country by decree, and for mobilising the army. Naturally enough, this project of a general mobilisation gave great anxiety to the allies ; but it became apparent, upon inspection, that, if ordered, mobilisation would be a move in the party game, and that the cabinet intended only to have all the armed forces in the country at their command, when they embarked upon this experiment for enlarging the king's power and for depressing the democratic opposition. When *Riksdag* assembled, therefore, the popular managers were exceedingly watchful and critical of the government ; but the government's plan for dissolving parliament, although suspected, was not immediately discussed. Thinking it better to use known and admitted facts for their attack upon the Hammarskjöld cabinet, the liberal and socialist leaders represented this unsettled controversy with Great Britain as a manœuvre by the court party for providing a pretext to intervene later. Following the lead thus given to them, the managers of the party press urged all private associations of traders to thwart the government's manœuvre, by themselves coming to an agreement with the allied powers.

In the first months of the year 1916, therefore, Swedish intervention was being discussed with as much heat and violence, as it had been a year previously. The danger of it was, however, growing steadily less ; for no person in neutral Europe

then thought of intervention as he had thought of it a year before. The educated and the common people were alike horrified at the carnage, and the court party in Sweden were losing influence, as this disgust at the havoc and slaughter was infecting all classes of society. In addition, all the commercial magnates in Sweden, and everybody dependent upon them, had been so often reminded of the British restraints on commerce, during the previous year, that they were well able to appreciate what the country would suffer, if Sweden were blockaded, as she would be from the instant that any Swedish government declared war upon Russia. Finally, the great profits that were being taken in some neutral industries, and the high wages there paid were, even then, beginning to make a privileged class among the common people. These well paid artisans and their leaders were, in consequence, becoming more and more concerned in manœuvres for increasing their political influence, and less interested in military projects ; for they knew that these, if executed, would at once remove them from their factories, workshops, and political clubs, and reduce them to common soldiers. The original weakness of the court party thus became an increasing feebleness, which they could do nothing to remedy. Their sentimental clamour about what they called the tidal wave of slavery, had failed to rouse any passion, when the common people might still have been excited by the appeal of military glory : it roused still less, when the mass of the nation perceived the war to be a dull, mechanical affair, and when their thoughts were turned to other matters. This decline of the court party in Sweden was not a thing proved by any particular report or despatch, but it was nevertheless well understood by the Foreign Office authorities. In an appreciation that was circulated at the beginning of the year, the line of conduct recommended was that we should occasionally relax upon particular points, by removing a few Swedish traders from the black list, on promise of good behaviour, and by being easy with export licences for woollens ; but that the whole system of detaining cargoes, of refusing letters of assurance, and of ordering embargoes should be enforced without flinching. This paper was cordially endorsed when circulated, and the recommendations in it were substantially adhered to.

On the other side of the North sea, however, M. Hammarskjöld did not find it so easy to keep on the course he had chosen. Very little is known about his project for governing without parliament, with the king and the army supporting him ; but, before the session had been sitting for a month, the plan was certainly abandoned. After being very terrified by it, the liberal managers spoke of the plan with great contempt ; and, just because the project was abandoned rather feebly, the liberal opposition perceived the weakness of their opponents, and continued to urge, in every paper that they controlled, and in every utterance they made, that the commercial magnates of the country should follow the example of the Danish, Dutch and Norwegian importers. This manœuvre was successful ; for our minister was satisfied, that a number of commercial houses were bringing great pressure upon the prime minister, during the first months of the year ; at one time, they thought he would yield to it.

Being thus compelled to outmanœuvre his opponents, or to see himself, his policy, and his government fall into universal discredit, M. Hammarskjöld succeeded in passing a special bill, called the war trade law, which was intended to bring this movement for private agreements with Great Britain to a check. He secured support for this law, by representing it as a measure for empowering the government to enforce a strictly neutral conduct upon all traders and trading associations. The liberal opposition were united only in their dislike of M. Hammarskjöld's domestic policy, and a section of them favoured the bill as being likely to secure the ends proposed. The measure was therefore passed by a substantial majority. It forbade all persons or corporate bodies to make any engagement, or contract, which imposed restraints upon Swedish commerce, if such restraints were of a nature to serve the interests of a foreign power. More than this, any person or persons supplying information, or commercial intelligence, which served the interests of a foreign

power, was liable to a fine or imprisonment. On the other hand, permission could be obtained to sign trade agreements, and, when given, these agreements were enforceable in the Swedish courts; those who broke them were liable to a fine or imprisonment. This bill, the first of its kind passed by a neutral government, was not intended as an open defiance to our system, nor was it so understood; but it was admitted, on all hands, that, as the executive alone (and not the courts) were empowered to decide what did, or what did not, serve the interests of a foreign state, so, the bill might be used as an instrument of retaliation and reprisal, if politics demanded that it should be. The measure therefore caused great misgivings, even among those who had allowed it to pass. The liberal opposition moved amendment after amendment, but quite fruitlessly; for M. Hammarskjöld announced that the government would resign, if a single one of the amendments were accepted, and the opposition, fearing that the government's resignation would revive the plan for dissolving the *Riksdag* and governing by decree, allowed the bill to become law.

II.—*The restraints upon Swedish trade examined*

It would not be accurate to say, that the British authorities ordered special restraints to be imposed upon Swedish trade in retaliation for this bill; the general stiffening of the whole system did, however, synchronise roughly with the passage of the war trade law, and the months following upon its promulgation were the months during which the coercive machinery, letters of assurance, forcible rationing and refusal of licences, was operating at its full strength. It will, therefore, be convenient to inspect this operation, both in the gross and in detail, in order to discover how far the war trade law impeded it.

First, as to the parts of the machinery which most contributed to the coercion. There are precise statistics for the holding and prize courting of cargoes, and these statistics show that this cannot have contributed much. A rather lower proportion of cargoes in the Swedish trade were held than were held in the other neutral trades; and, in any case, the interceptions and prize courtings were mostly ordered against cargoes of coffee, dried fruits, and miscellaneous goods; the consignments of meat, cereals and ores that were stopped were only a small proportion of the total shortage. The same can be said of the embargoes: it is true, that, in a list, they look formidable; but the following figures show, that when British goods were ordered to be embargoed, the order was leniently administered. During the whole year 1916, that is, during the period when economic war was being waged with the greatest rigour, British exports to Sweden were actually more valuable than they had been during the previous year, notwithstanding that the most valuable export, coal, had fallen by over a million tons. The losses in respect to coal, jute, and other exports were made good by considerable rises in exports of cotton piece goods (21 million tons as against 13½ normal); and by rising exports of woollens, one and a half million tons as against a normal of 640,000. Wool tops, noils, and so on, were, it is true, below the normal, but they were well above the 1915 figures. The re-export trade in foreign and colonial merchandise was down, but not by very much, as the losses suffered by reducing the cocoa trade to a proper volume had been made good by a great expansion in the tea trade—6½ million tons as against a normal of 375,000 tons.

It was not, therefore, by intercepting and holding doubtful cargoes, nor by withholding licences, that Swedish overseas trade was reduced to the quantities shown in the statistics of total import. The thing was effected by the two remaining instruments of coercion, bunker control and navicerting. It is regrettable that the calculation cannot be pushed further, and that the precise amount of goods withheld by each of these great organs of the system will never be accurately estimated. Their general coercive power is, however, both remarkable and

impressive. During the year 1916, Sweden's normal imports of food and forage were reduced by twenty per cent.; the reduction in meats and meat products was seventy-seven per cent., in metals and ores eighty-five per cent., in animal and vegetable oils twenty-three per cent., and in wools and woollen manufactures thirty-eight per cent. No other neutral was so severely treated. This attack on the Swedish trade was, moreover, so conducted as to prove how great an advantage it was to any country that it should have made agreements. The only Swedish agreements were in respect to oils (which were controlled at the source by agreements with the American companies); and to cotton, which was controlled by agreement with the cotton spinners' association. The oil imports were roughly normal; the others were thirteen per cent. higher than normal.

Sweden was, therefore, rationed, notwithstanding that the Swedish authorities refused to sign a rationing agreement; and if, as seems probable, M. Hammerskjöld had hoped that the war trade law would force the British government to come to a composition, and relax their system, then, his calculations were wrong. As has been explained, the two imports that were the least restricted were oil and cotton, and the first consequence of the law was that both were endangered. The oil agreement was with the Vacuum company, whose directors reported to the Swedish authorities, that the law forbade them to ascertain those facts about consignees and their business, which they were obliged to communicate under the agreement¹; and that, as the British government had only promised, that shipments of oil would be allowed to proceed as rapidly as military exigencies permit. for so long as the agreement was in force, so, severe detentions of oil cargoes were henceforward probable. In addition, the law made it impossible for Swedish shipping companies to comply with all the bunker regulations, or for Swedish importers to deposit the guarantees, which were then being demanded, when licences for wool and jute were granted. The Swedish government therefore discovered, that, in its operation, the law was only restricting their supplies still further, and after a great deal of argument on technical points, they drafted regulations that made the cotton and oil agreements, and the bunker regulations, legal. But, as the war trade law became operative in May, and as a settlement on all points was only reached in the late summer, this opposition only accentuated the growing shortages, and forced the Swedish authorities, by a natural sequence, to adopt their second expedient: that of making government departments, such as the *handelskommission* and the ministry of war, the consignees of great cargoes of oils, cereals and textiles. This was first resorted to in May, and, as the Swedes were always very stiff on the point of honour, they informed us they could not give us any information about the firms to which the goods would be distributed; and that their assurance that nothing would be exported must suffice.

¹ The clauses which became inoperable were 5 and 8; they ran thus:

5. The Company undertake to use their best endeavours to secure that all lubricants, oils, and paraffin wax sold by them shall actually be consumed in the country in which they are documented for discharge; that all such commodities shall be imported directly into Denmark, Norway or Sweden, and not indirectly through one or the other, or through Holland; and, further, to use their best endeavours to prevent any such commodities from being used in any way to the detriment of Great Britain or her Allies, or from reaching countries at war with Great Britain. Before distribution the Company shall obtain from the agents, dealers, or purchasers, an undertaking that none of the said commodities shall be re-exported from Denmark, Norway or Sweden, as the case may be, and substantial and adequate guarantees, which can be legally enforced in the country concerned, to ensure the observance of such undertaking. All undertakings and guarantees shall be communicated to the nearest British consular officer.

8. If on investigation it is established that any lubricants, oils, or paraffin wax have been exported to Germany from the Company's stocks, suitable measures will be taken to penalise the agent or dealer responsible, and to prevent any recurrence of such action to the best endeavours of the company.

III.—Why consigning cargoes to government departments was thought objectionable

It would be unjust to say that the high officials in the Swedish government were then giving undertakings which they intended should be broken ; but we could not, in the circumstances, be satisfied. To give but one example. The Swedish war office was ordering great quantities of wool from South America, stating, which was doubtless true, that the wool was required by the army clothing department. But our experts knew, which the Swedish war office did not, that the firms shipping and selling the wool were closely connected to a great Berlin syndicate, and, from the evidence collected, it seemed certain, that the army clothing department of Sweden were being used as a cover for a consignment in which the Berlin syndicate were interested.¹ The same suspicion naturally attached to other cargoes consigned to Swedish government departments, and the matter became so critical, that the Swedish government were compelled to consider whether they would stand upon their contention, or whether they would not, after all, give us the information we desired.

¹ The whole evidence available is an interesting illustration of the high efficiency of the commercial intelligence service ; it shows moreover how easily the civil service of a government, which had not established a similar system could be duped. The official report on the whole matter ran thus :

The following are examples of the methods employed for shipping wool from the Argentine for Germany :

(a) His Majesty's government has received information that a syndicate has been formed in Berlin for the purchase of wool in the Argentine republic, one of the members being the manager of Engelbert Hardt and company. The purchasers in Buenos Aires are the General Mercantile company, Staudt and company, Engelbert Hardt and company and Richard Rhodius and company.

On the occasion of the visit of Edward Blombergh to the Argentine as wool buyer on behalf of the Swedish government and Swedish firms, intercepted messages show that Staudt and company of Berlin, and Hardt and company of Berlin, were interested in his visit.

An intercepted letter from Rederi A/B Nordstjerman, of Stockholm, to Allinson Bell, of Buenos Aires, requests that a consignment of wool from Engelbert Hardt and company for Törnell and Ringström, of Norrköping, shall be consigned to the royal army clothing department in Sweden.

A wireless message intercepted by His Majesty's government from Hardt, of Berlin, to Hardt, of Buenos Aires, requests that Törnell's bills of lading should be made over to the royal army clothing department.

From the above it is established :

1. That German firms were interested in the buying of wool in the Argentine on behalf of Swedish firms.
2. That Hardt, of Berlin, were interested in a consignment to be shipped to Törnell and Ringström.
3. That the royal army clothing department had been used as a cover for a consignment of wool in which Hardt, of Berlin, were interested.

(b) The following is a translation of a circular issued by Altgelt and company of Buenos Aires to their agents, Von Bary and company, of Leipzig :

Consignments via neutral ports for our friends in Germany present difficulties, which are not, however, unsurmountable. Transit via Scandinavia, as well as via Holland, is dangerous, Holland being completely under English control, and consignments having to be made to the Netherlands Oversea Trust.

Despatches via Sweden and Norway are possible from time to time, but freight is 95s. a bale, plus war insurance 2 per cent., and we know that the Swedish state accepts only 75 per cent. of the risk.

We could send the bales under a Spanish name and discharge the goods in Sweden or Norway to the order of a Swedish or Norwegian firm. But one must still run the risk that the bales will be discharged by the English and taken by them.

Footnote continued on p. 528

The holding of the steamship *Liguria* was the test case. The vessel left New York on 20th April with a cargo of oleo, lard, and cotton-seed oil. She was chartered by the Swedish government, and the entire cargo was consigned to the victualling commission. On 13th May, she was brought in to Kirkwall, and the Swedish government were asked to give the names of the ultimate consignees, and a guarantee that the goods would not be re-exported as they stood, or in any other form. This was refused, and a long correspondence followed, which was, in fact, a digest of all the matters in controversy between the two governments. It was curious, however, that this consigning to a government department strengthened, rather than weakened, our legal rights to hold the ship and cargo. Had the consignees been ordinary commercial firms, against whom nothing was known, then, the only grounds for detaining the goods would have been that the normal imports of each commodity had already been allowed to go through. This, however, raised another question; for, as there was no rationing agreement with Sweden, so, neither side could agree what was a normal import. The point was, indeed, argued at great length in the notes exchanged. An impartial arbiter would probably have decided in favour of the Swedish calculation; for it is beyond question that the Swedish supplies of these

Footnote continued from p. 527]

We specially advise you therefore that the goods should be addressed to the very best known house in Sweden or Norway, and one may then hope that they will pass all right and without difficulty.

An intercepted letter from Von Bary and company, of Leipzig, to Altgelt, per Videla and company of Buenos Aires, shows that the Forenade Yllefabrikerna A/B, Norrköping, have purchased from the Bremer Woll-Kammerei Blumenthal 200 bales of wool, which the German firm had purchased from Altgelt and company of Buenos Aires. The wool is to be shipped direct to Norrköping in the name of a Spanish shipper. Every care is to be taken that no evidence of German connection appears in the transaction.

The following intercepted cable apparently relates to the above shipment:

Jensen, Copenhagen, to Videla, Buenos Aires. Requests shipment to the royal army clothing factory of 100 bales by the *Axel Johnson*, and 100 by the *Kronprins Gustav Adolf*.

(c) The following cablegrams show that a shipment of 200 bales of wool for the Malmö Yllefabrik from Tornquist, of Buenos Aires, was insured in the arrangement with the Disconto-Gesellschaft, of Berlin:

1. 19/10/15. Malmö Yllefabrik, to Ernesto Tornquist company, Buenos Aires.
Ship 200 bales wool steamer *Axel Johnson*; confirm receipt.
2. 21/10/15. Park Bank, New York, to Direction Disconto-Gesellschaft, Berlin.
Tornquist says we have received your cable in matter of 200 bales wool; insurance will be covered here, including war risk, unless you advise contrary.
3. 28/10/15. Swedish Minister, Buenos Aires, to Foreign Office, Stockholm.
Tornquist requests inform Malmö Yllefabrik agents *Axel Johnson* has order for 300 bales; Tornquist for 200 only. Reply immediately if they shall ship 300; Tornquist will insure including war unless you counter order immediately.
4. 1/11/15. Foreign Office, Stockholm, to Swedish Legation, Buenos Aires.
Communicate Tornquist, from Yllefabriken, to ship 319 bales instead 200 for steamer *Axel Johnson* Yllefabriken arrange insurance.

(d) The following two telegrams show clearly that German firms are interested in shipments to the Malmö Yllefabrik:

1. (No date). Osten company, Montevideo, to George Schlieff, Leipzig.
Telegram 14 shipped Victoria via Buenos Aires 150 bales, Malmö insure remit 12,500*l.* real value here.
2. 24/11/15. Salvador Sosa, Montevideo, to Malmö Yllefabrik, Malmö.
Telegram 2 ship Victoria 150 bales via Buenos Aires, remit 12,500*l.*, real value here.

Other similar telegrams are in His Majesty's government's possession, but it is unnecessary to quote them further.

goods were short. As has been said, however, consignment to a government department strengthened our case ; there were no precedents for it ; but the law officers saw in it a modern adaptation of an old practice : that of protecting vessels against visit and search, and putting them under convoy. Their report ran thus :

In our opinion no neutral government is entitled to extend its protection over its own commerce in such a way as to defeat belligerent rights. The victualling commission is not engaged in supplying the Swedish government and cannot rely upon its position as a government department to enable private merchants to escape from the belligerent rights of this country. The objection is in principal the objection which prevailed against the claim formerly put forward by neutral governments to protect the ships of their nationals from visit and search by the convoy of public vessels.

2. Unless the commission is a mere cloak to cover the operations of the real importer the papers are not false.

The onus would be on the claimants.

Detention cannot be justified except during the pendency of prize court proceedings or for the purpose of reasonable preliminary enquiries. Information having now been definitely refused, we do not think that further detention without prize court proceedings could be justified. As the onus is upon the claimants the prize court would make the appropriate order unless the claimants discharged that onus. It would depend upon the facts of each case, whether the order would be confiscation or detention and sale under the retaliatory order.

The second point upon which the British and Swedish governments were in controversy can only be explained by a retrospective survey.

IV.—The Swedish government's resistance to the doctrine of derivative contraband

During the early months of the year, when forcible rationing was first being attempted, M. Hammarskjöld explained, at great length, to representatives from the press, and to the parliamentary leaders, why no neutral state should submit to the British system, if they had the power to resist it. In these various statements M. Hammarskjöld admitted, that what the federal navy had done during the civil war might be said to constitute a rough precedent for what the allies were then doing ; but he argued, that, as the American practice in regard to contraband and blockade breakers had not been recognised as legal, but had, on the contrary, been much disputed, so, it was not competent for the allies to claim, that their enlargements of these disputed American doctrines were justifiable in law. Now the practice that M. Hammarskjöld considered most objectionable was the practice of insisting upon guarantees against the re-export of raw materials, and of the goods made from them ; for he maintained these guarantees could only be demanded in respect of goods that a neutral received from a belligerent, and could not properly be demanded for goods that were sent from a neutral to a neutral. To give an example : M. Hammarskjöld agreed, that, if the British authorities allowed, say, wool and woollens, or coal, to be exported to Sweden, then, they could demand whatever security they thought sufficient to prevent those woollens from passing to the enemy as clothing, as blankets, or as army equipment. But M. Hammarskjöld would in nowise admit that similar security could be demanded for cotton and oil that were imported from America, or for meat and corn that were imported from the Argentine ; and, by enlarging upon this distinction, and by representing the British practice as new, unjustifiable in law, oppressive in itself, and humiliating to the nations that were compelled to submit to it, M. Hammarskjöld had committed himself to opposing it stiffly. In the notes about the *Liguria's* cargo, which was shipped in America, the British authorities demanded guarantees, that neither the goods nor their products should be exported, and so raised the very issue that M. Hammarskjöld had argued so stiffly, whenever he had seen an opportunity, during the past half-year. The only possible way of estimating the strength of M. Hammarskjöld's contention is to determine how far the British doctrine and practice was then agreed to.

It will be remembered, that, in their first circular note to the neutral powers of Europe, the British Foreign Office announced they would negotiate for guarantees against the re-export of overseas imports, and of goods manufactured from the most important contraband metals. The doctrine of derivative contraband was thus enunciated at the very outset of the campaign. The subsequent negotiations with neutrals had, however, been negotiations for ensuring that neutral prohibitions of export should be maintained, and that no evasion of them should be permitted. The doctrine had, therefore, been but little elaborated in the first agreements. Nevertheless the following rules were established :

(i) By the third article of the Anglo-Swedish agreement of December, it was laid down that the Swedish prohibitions of export should be maintained :

Not only against the raw materials in question but also the half-finished products made from these raw materials, in so far as their inclusion may be necessary in order to prevent evasions of the prohibition of export of such raw materials, and further, finished products of the same which are specially proper for purposes of war.

(ii) By the third article of the Eyre Crowe-Clan agreement it was laid down :

The prohibition of export in the case of raw materials should cover not only such raw materials but their alloys and half-finished products (where this is necessary to prevent an evasion of the prohibition) and also wholly manufactured goods where a raw material, or its alloys, forms an essential part of the finished article, and could genuinely be used to replace the raw material itself.

(iii) By the first article of the Dutch agreement the Netherlands trust guaranteed :

That all contraband addressed to the Netherlands overseas trust arriving in Holland, will be for home consumption, such home consumption to apply to the contraband material as well as to any article manufactured thereof.

As the first agreements were only intended to stop German supplies of contraband, the Foreign Office officials were thinking more of metals, and of the machines made from them, than of ordinary raw materials, when they negotiated these clauses. The doctrine was, naturally, of far greater importance when the allies issued the March order and proclaimed unlimited economic warfare ; it was consequently incorporated in the following agreements for enforcing the order :

(i) In the consolidating agreement with the Netherlands overseas trust it was stipulated :

That the guarantee of home consumption applied not only to goods so imported, but to all articles manufactured or produced therefrom.

(ii) The first article of the agreement with the Danish guilds provided :

That the guild's guarantee should only be given, when their guilds were satisfied that any goods imported into Denmark were intended for home requirements and would not be exported in any form from Denmark

(iii) The seventh article of the *règlement intérieur* of the *société suisse* provided that :

L'exportation de toute marchandise arrivant en suisse, consignée a la société de surveillance suisse, ainsi que des produits qui en dérivent, est défendue.

(iv) In the cotton agreements with the *Industrieraad*, and with the Norwegian and Swedish cotton associations, it was provided :

That neither the goods, nor any manufactures thereof should be re-exported:

(v) In the agreements with the Norwegian shipping lines (ten in all) the companies undertook to deliver cargoes only when they were satisfied :

That the goods and their products were for consumption in the country of destination shown in the bill of lading.

(vi) In the rationing agreements with the Scandinavian oil refineries and margarine makers, it was provided :

That the raw materials, their products and by-products were to be consumed in Scandinavia.

(vii) Similar clauses were inserted in all agreements for controlling American supplies from their source ; the oil companies, and even the Chicago meat packers, raised no objection to them.

From this it will be clear, that, when M. Hammarskjöld started his belated opposition to the doctrine, it had been universally accepted ; and that, by common consent of neutrals, it was admitted, that a ration of raw textiles could not be re-exported to Germany as textile piece goods ; that oils, and lubricants could not be re-exported as soaps, fats, jellies and glycerides ; and that oil seeds and nuts could not be re-exported as artificial forage. The Swedish opposition was, in fact, ill timed.

V.—*The Swedish government's other acts of retaliation*

As was to be expected, the Swedish government were obliged to yield on every point, and to give all the information asked for. Their surrender was on a particular case, the *Liguria's* cargo ; but the authorities concerned probably realised, that the difficulties would repeat themselves indefinitely, for so long as they refused to admit that the rationing system, and everything consequent upon it, was so well established that resistance to it was hopeless. The Swedish resistance was not, however, entirely futile ; for it did not consist only of refusing to countenance existing practice. Realising how important it was to the allies that large quantities of goods should be transmitted to Russia, the Swedish authorities impeded the transit throughout the year, and thereby caused considerable anxiety. Their first refusal of transit was in the matter of parcels mail to Russia, which they stopped as a retaliation for our treatment of neutral mail bags. This was annoying, but not dangerous, as the goods sent by parcels mail to Russia were mostly luxury goods from France. Nevertheless, a considerable amount of drugs and hospital stores, which the Russians greatly needed, were held up for many weeks. Transit was next refused for consignments of coffee. During the first months of the year, the German agents in South America sent enormous shipments of coffee into Scandinavia. As these cargoes came into Europe soon after forcible rationing was sanctioned, they were stopped wholesale. The Swedish authorities at once refused transit for coffee consignments to Russia, in retaliation for our stoppage of coffee cargoes consigned to Sweden. This was more serious than their refusal to transit the parcels mail, because, although coffee is not a foodstuff, it was much drunk in the big Russian towns, where the common people were beginning to grow restless. Also, during the autumn of the year, the Swedes refused transit for lathes and machine tools, saying that these were munitions of war, and that the royal decree of January, 1915, forbade the transit of munitions to powers at war. This caused great anxiety ; but it should be added that the Swedes never stopped the transiting of lathes and machines tools altogether ; they merely granted licences sparingly, and so kept down the Russian supply.

In addition to all this, the Swedes ordered a reprisal that was not much felt at the time, but which became important later. Since the beginning of the war, a number of British ships had been confined in the ports of the northern Baltic, and in the gulf of Bothnia, which they did not care to leave, for so long as the German naval forces commanded the approaches to the Sound and the Belts. In the spring of the year, when the growing shortage of shipping was giving anxiety, a syndicate for releasing these ships was formed, and it was arranged, that they should steam down the Swedish coast in driblets, and avoid capture, by keeping inside territorial waters as far as cape Falsterbo, after which, they were to hug the Swedish shore, along the Kogrund passage, and, finally, make for a Norwegian port. A first detachment was brought out in June, and by July, twelve of the imprisoned vessels reached British ports. In order to stop the escape of the remainder, however, the Swedes laid a large minefield in the approaches to cape Falsterbo, and forbade any

but Swedish vessels to pass through it. This made it impossible for any more shipping to be extricated. As the ships confined in the Baltic had been out of service for so long, the shipping authorities were, at the time, more inclined to be satisfied that some had escaped, than irritated at the confinement of the remainder. This act of retaliation was, however, strongly protested against, and genuinely resented.

These were the principal acts of retaliation and resistance, which the Swedish Government ordered during the long controversy; and it is patent now, and must then have been patent to the Swedish authorities, that they were not powerful enough to make us relax our system, or to make us admit, either as an abstract principle, or as a matter of practice, what the Swedes had contended during the negotiations of the previous year. They had then obstinately refused to agree to a rationing system: in the event they were rationed, and their resistance neither increased their supplies, nor weakened our system of control. For this reason, it will always be a matter of surprise, that, having determined to resist us, the Swedes never used their most powerful weapon, of which a short explanation should be given.

VI.—Why the Swedes had power to embarrass every industry in Great Britain

It will be remembered, that, before the negotiations of the previous year were undertaken, it had been decided to secure our supplies of Swedish pit props, iron and steel by agreement, if it were possible. Now, when the war trade law was passed, and the Foreign Office suspected that the Swedish authorities were preparing an organised resistance to our system, they asked the ministry of munitions to report what Swedish supplies were still essential. The ministry's reply was alarming in the circumstances then prevailing. They reported, that the pit props, and the sawn timber, which had been deemed so important during the previous year, might be obtained from America, France and Portugal; and that Swedish iron might also be dispensed with; but that, if supplies of it were refused to all the allies, and not merely to Great Britain, the consequences to Russia would be extremely serious. The ministry also reported, that, although it could not be said there were no alternative sources of supply for Swedish zinc, and aluminium, our supplies from all sources only just satisfied our demands; so that, if the Swedes cut off their contribution, the fuse and cartridge factories would be severely embarrassed. More important than all this, however, was the Swedish supply of ball bearings for industrial machinery. The ministry estimated that they needed 234,000 per month for ourselves alone; they received these supplies from two contracting companies, one of which, the *Skefko*, was little but an agency for the Swedish branch. The raw materials necessary for making ball bearings in England could, it is true, be obtained; but the manufacture of them was a Swedish specialisation, and the plant necessary for concentrating the whole manufacture in England could not be obtained and set up in less than a year. Even this estimate was found later to have been too hopeful; for, during the autumn months, the air ministry stated they would need a much larger supply of ball bearings than they had originally demanded, if their programme for the coming year was to be executed.

It requires but little thought to realise what tremendous damage the Swedes could have done by restricting the export of these ball bearings; for the restraint would at once have embarrassed every firm that was contracting in chief, or sub-contracting, to the government. Presumably the French and Italian factories would have suffered equally. This ball bearing supply was, indeed, to the whole industrial north, what a chart, a sextant, and a chronometer are to a ship at sea: insignificant items on the whole lading, if their weight and value are alone considered, yet so essential, that a vessel becomes little better than a wandering derelict, if they are lost or destroyed. Nevertheless, the Swedes never impeded, or even

threatened to impede, the export of these ball bearings ; and it will always be something of a mystery why they neglected to use such a powerful weapon, when they were in sore need of every weapon they possessed ; for, by the autumn of the year, our pressures upon their imports left them very pinched for cereals. Of all shortages this is the most dangerous, as it inflames the poor against the rich, and makes them ready for any mischief. It must never be forgotten, therefore, that the operation of forcibly rationing Sweden was sanctioned by officers of state, who knew that this retaliative weapon was in the Swedish armoury, ready for use ; they sanctioned the operation knowing the risk, and they executed it with reminders pouring in on them that the risk was increasing. They cannot justly be accused of being too timid, or too cautious.

VII.—The Swedish government decide to negotiate

The Swedish authorities determined to come to a composition without attempting this formidable retaliation. They have never divulged the deliberations of their secret councils ; but the circumstance which obliged them to negotiate is easily understood. It was that M. Hammarskjöld had hoped he would raise the credit of the king and of the court party by resisting the British blockade ; and that, in the early autumn of the year, the very people he was endeavouring to serve, realised that further resistance was hopeless, and that they were losing credit by allowing M. Hammarskjöld to persist. It is certain, at all events, that the resolution to negotiate was taken by a secret committee, over which the king presided, and that the king strongly advocated negotiation. When taken, the decision was hard to execute ; for it provoked fierce dissensions in the Swedish cabinet. Having secured the king's support, and detached him from M. Hammarskjöld, M. Wallenberg thought himself powerful enough to prepare the bases of negotiation and to present them to our minister. M. Hammarskjöld was not, however, to be outmanœuvred so easily ; for he persuaded the secret committee, and those who were appointed to negotiate, that the bases drafted by M. Wallenberg were too binding : they were therefore withdrawn, which greatly embarrassed the minister for foreign affairs and damaged his credit.

The Swedish envoys reached London in the first week in November, and the negotiation that followed will best be understood by reviewing the issues, which, though unsettled during the previous year, had yet been regulated by pressure of circumstances, and those other issues, which were, even then, quite unregulated.

The negotiations of the previous year had failed, because the Swedes then refused to operate a rationing system as the thing was then understood. They agreed to reduce their imports to normal, but refused, obstinately, to discuss figures of normal export, or even to define the phrase, saying that their dignity forbade them to negotiate upon matters so wholly within their competence. The principal consequence of the forcible rationing imposed during the year was that the Swedes had been driven, by force of circumstances, to abandon this contention altogether. During the negotiations for making the cotton and oil agreements legal, the Swedes discussed and investigated figures of normal import ; during the controversy about consignments to government departments they had done the same thing again ; and, on the eve of the negotiation, they were discussing figures of cereal imports, for five large grain ships were then being held. The Swedish government had, therefore, yielded before the second negotiation began, and nothing more was heard of their old contention on the point. The same can be said of the Swedish opposition to what was then known as the products clause. It has been shown that the general doctrine was well established, when the Swedish premier was declaring it to be illegal, and it seems tolerably certain M. Hammarskjöld decided to admit it, when he sanctioned negotiations. At one of his longest conversations with our minister, at all events, which took place about a month before the decision to negotiate was finally taken, M. Hammarskjöld said, merely, that a guarantee for products was superfluous, if

rationing and home consumption were accurately defined. Transit to Russia, the other matter that had been so closely investigated during the previous year, was, however, quite unregulated. As has been explained, we had hoped to secure transit rights to Russia by an exchange: we granting licences for the export of certain goods that the Swedes required, and the Swedes granting an equivalent number of transit licences. This arrangement did not secure for us what we hoped to secure; for, when the negotiations began, we had a credit balance of over a million pounds in this exchange account, and the Swedes were still refusing transit for consignments of coffee and lathes. In addition, our endeavour to divert the domestic exports of Holland, Norway and Denmark from Germany may be said to have raised an unsettled issue with the Swedes. M. Hammarskjöld and his ministers watched these negotiations carefully and realised, that, although, outwardly, we only claimed that the normal distribution of these exports should be restored, we were yet determined to reduce rations of corn and forages, if these exceptional exports of meat and dairy produce continued. Now Sweden, in common with all the northern neutrals, had been exporting large quantities of butter, cream and meat during the year; and M. Hammarskjöld and his ministers, anticipating a demand that these exports to Germany be reduced, had determined to resist it. The reason why the first bases of negotiation were withdrawn was, indeed, that M. Hammarskjöld determined to make this freedom of domestic exports a point of honour, just as he had made statistics of normal imports a point of honour during the previous year.

On the British side, the Foreign Office, who now realised that a rationing system was virtually agreed to, were anxious that the receiving, or guaranteeing, body should be a commercial corporation, and that Swedish government departments should no longer be consignees. The risks we were running in the matter of ball bearing supply made it incumbent upon us to secure the supply by a binding agreement. Over and above this, however, it was realised that some concession would have to be made to the German exchange system, because this, like the rationing system, was then an established practice. Finally, we desired some regulation of the Swedish fisheries; for the Swedish trawlers were then carrying their catch to Denmark, and, as has been explained, the Danish trawlers were receiving their lubricants from the central empires, and were working in the German service. It is curious, in view of what happened later, that the minefield in the Kogrundsgrännan, and the British ships confined by it, were not included in these negotiations for a settlement.

VIII.—An agreement provisionally concluded; the Swedish deliberations upon it

The agreement concluded by the negotiators would probably have been ratified and made operative, but for an unforeseeable turn of events, and the following points were held or yielded by each side. The rationing system, and all that it implied, was admitted in the first clause; by agreeing to it, the Swedes abandoned their long opposition. The home consumption of raw materials was expressly stated to be the consumption in Sweden of the materials, of their products, and of their by-products; no concession whatever was made to M. Hammarskjöld's contention, that manufactures made from raw materials that were produced in neutral countries, were different in kind from manufactures made from raw materials produced in Great Britain, France, or Italy. On the matter of the importing association, the Swedes gained their point. They insisted, throughout the negotiation, that several, independent, associations should be formed, and that the Swedish departments of state should continue to act as general consignees. This was conceded, but it was provided, also, that consignments to a government department should be included in the ration. Transit to Russia was secured by a stipulation that not less than three thousand tons of commodities should be carried every week by the Haparanda line, winter and summer, and that the other lines should carry not less than three thousand tons a week, for so long as the ports in the

gulf of Bothnia were open to navigation. The Swedes also agreed, without contest or bargaining, to supply us with specified quantities of balls and ball bearings. The danger to which we had been exposed, throughout the summer and autumn, was therefore laid. Possibly, the Swedes never realised how much we had been in their power, and that, by stopping the export of goods, which were only four hundred and twenty tons in weight, they would have exerted as much coercion upon us as we were exerting upon them with our vast machinery. In addition, the Swedes undertook to supply us with specified quantities of iron, steel, pit props and perchlorate of ammonia, all which the ministry of munitions considered very important. These articles in the agreement were pure gains for the British negotiators. The concessions to the German exchange system were not considerable; we agreed that small quantities of tin, nickel, aluminium and rubber might be exported to Germany, in return for manufactured articles containing equal quantities of the raw material; we also agreed that articles manufactured in Sweden, and containing a very small proportion of these metals, might be exported.

The figures of normal import were examined and settled by M. Marcus Wallenberg and Mr. Harwood; the discussions were long and tedious, but it does not appear that there was ever the slightest danger of a breakdown. As finally drafted, the list was as comprehensive as that agreed to by any neutral association. There was, however, one omission: no ration for cereals was negotiated, because this ration was connected to the regulation of domestic exports, which was also left unsettled for the following reason. Our negotiators realised, from the start, that, if Swedish domestic exports were to be regulated, the thing would have to be done by a separate agreement, and M. Marcus Wallenberg agreed, in conversation, that an arrangement for restoring the normal distribution of domestic exports would not be objected to in Sweden. The experience of the past year had shewn, however, that of all regulations this was the most difficult to arrange, and that, if the thing was to be done at all, it was best effected by establishing purchasing agencies in the neutral country. It was not thought advisable to negotiate for the establishment of these agencies, until the receiving and distributing associations provided for in the agreement had been set up, and were in operation. No attempt was therefore made to regulate the Swedish agricultural exports by the agreement negotiated: the matter was left over, after due note had been taken of M. Wallenberg's admission. It followed from this, that rations of cereals and forages were also left unsettled, as the quantity that could be allowed could only be calculated, after assurances had been given and tested, that a certain agreed proportion of the country's dairy produce would be sent to Great Britain. A ration for maize was agreed to, but that was all. This omission was the defect in the agreement. M. Hammarskjöld, the king and the court party had presumably decided to abandon their long opposition to the rationing system for more than one reason; but it may also be assumed, that their strongest reason for yielding was that the country was running short of cereals, and that no supply could be counted upon, for so long as the British authorities continued to treat Swedish imports as severely as circumstances allowed. The Swedish envoys therefore returned to Sweden with this very important matter still unsettled; and it was partly because the agreement gave no satisfaction on the point that it became entangled in Swedish domestic politics, and was never ratified.

The principal Swedish envoy, M. Hellner, returned to Sweden early in January; both he and M. Wallenberg were then confident the agreement would be ratified. After their return, however, the agreement was submitted to a secret commission of the *Riksdag*. Nothing has ever been divulged about their deliberations upon it; but it is known, for certain, that the conservative representatives on the committee advised for ratification. By then, however, the agreement no longer offered what it would have offered, if it had been negotiated earlier in the year; for, a few days after it was laid before the secret committee, the German government opened their

final campaign against commerce. This immediately caused the greatest confusion, and left every neutral government doubtful whether they would secure their supplies by any means ; for a great mass of shipping abandoned the routes between Europe and America, and remained in harbour. The secret committee of the *Riksdag*, in common with the Swedish ministers, were therefore examining an agreement that was not operable in the circumstances then obtaining, and it is not surprising that their deliberations were drawn out, and inconclusive.

Meanwhile, M. Hammarskjöld's government was labouring heavily, and the opposition were gaining strength. Late in November, the population was put on a bread ration, which gave the popular managers a new opportunity for discrediting the government before the people, by saying that this arbitrary ministry were forcing the population to endure what no other neutral population was suffering. When it was discovered that the draft agreement did not assure the country's supplies in cereals, the liberals pressed their criticism the more strongly. The sudden fall of the tsar's government, and the abdication of the tsar himself (March 15th), increased the ferment ; for, in every country in the world, and in Sweden in particular, this very much stimulated the managers of the democratic factions, by giving them an opportunity of exciting hatred against any government that could be labelled anti-democratic, which was the great catchword of those times. Henceforward, the opposition in Sweden were more concerned with using this opportunity for enlarging their influence, than with considering the advantages and disadvantages of the agreement ; and this clamour for more parliamentary control was what they chiefly relied upon for driving M. Hammarskjöld from office.

Nothing was decided about the agreement, at all events, when the Swedish government asked the *Riksdag* for additional credits for the military forces, a proposal which inflamed the controversy between themselves and the popular leaders still further. The credits were voted ; but the opposition advanced a number of motions for ensuring that the *Riksdag* should supervise and control the expenditure of the credits. M. Hammarskjöld resisted these motions, and during the debates upon them, his government were defeated. Thereafter their days were numbered.

While the conflict between M. Hammarskjöld and the parliamentary opposition was thus raging fiercely, M. Wallenberg twice said the government would ratify the agreement ; but the question of ratification or no ratification was by then quite overlaid by more pressing matters : Mr. Howard was satisfied the opposition did not make it an issue, during their last struggle with the Hammarskjöld cabinet. Late in March, M. Hammarskjöld and his ministers resigned. His successor was M. Schwartz ; M. Wallenberg's was Admiral Lindmann. The German campaign against commerce was then being prosecuted with great fury in all European waters : the new ministry were thus confronted with a state of affairs so different from that which the former ministry had attempted to regulate, that it is small wonder the agreement was little spoken of, thereafter, and was abandoned, without ever being formally rejected.

CHAPTER XXVII

GENERAL REMARKS UPON THE RATIONING SYSTEM DURING 1916

IT will be evident, from this long survey, that, although the operation of rationing countries bordering on Germany involved the Foreign Office in long and delicate negotiations with every neutral government in Europe, those negotiations were not undertaken because neutrals obstructed the rationing system, but rather because they accepted it so easily. It was not Swiss resistance to the system, but the German dislike of Swiss compliance, which forced us to conduct such intricate negotiations at Berne and in London ; and it was not Norwegian, but German, dislike of our fish and copper agreements, which compelled us to deal so severely with the Norwegian people. The long resistance of the Swedish government was occasioned by a hazard of domestic politics ; and their final acceptance of the system is, in itself, proof that there was, in neutral Europe, a movement towards acquiescence, which was too strong to be resisted. This ready accepting of the system is the more striking when it is examined in detail. It may be said, in a general way, that the system was working at great strength during the first quarter of the year, and at full strength thereafter ; for it was only after the blockade ministry was in full operation, that embargoes, detentions on statistical evidence, letters of assurance, and the rest were being operated in harmony. These severities were obviously no deterrent ; for, during the first half of the year, six supplementary rationing agreements were signed ; during the second half, and after the system had been in full operation for two months, the Swedish government abandoned their resistance and opened negotiations.

The peculiarity of the system is, therefore, that it was almost popular, and this indeed is a peculiarity ; for although it is easily understood why neutral traders thought the rationing system attractive, when it was still a project—as such it seemed to promise the order and regularity for which they were then hoping—it is not so easy to understand why they continued to adhere to it, after it was in operation. If the records kept by the contraband committee were alone consulted, it could be concluded that the rationing system gave neutral merchants no alleviation ; for, during the year 1916, detentions were ordered on the same pretexts as had been thought to justify them during the previous year. Indeed, in some respects, the uncertainties of the shipping directors were even greater : an increasing number of cargoes were detained on statistical evidence ; and a great number of ships were held, because the guarantees given by the associations were deemed insufficient. Moreover, when an inspection is made of the detentions and embargoes by which the system was actually operated, it really seems surprising that so many corporations, associations, and governments should have subjected themselves voluntarily to what seems, outwardly, a harsh and arbitrary commercial tyranny. The explanation is that this tabular list of severities gives a wrong impression ; for, if the matter is more closely inspected, it is seen that the rationing system fulfilled its promises far better than would be imagined, in that, even when it was being operated with the greatest rigour, all the major industries of the rationed country were receiving a regular supply of goods. Let the case of Denmark serve as an example. The attached table shows what classes of goods were regularly delivered, and what classes of goods were arbitrarily detained. The implications of this are not doubtful and are : that only the minor, and exceptional, trades were adversely affected by the arbitrary detentions ; that the major industries may have had more or less than they required ; but that, inasmuch as a supply of cereals, foodstuffs, textiles, metals and propellants was guaranteed by agreement, every large industry in the country

was free to accept and to fulfil contracts. There is, indeed, good proof that no substantial injustice was ever done to the populations of the rationed countries ; the proof being that an abnormal state of affairs automatically creates its own literature, and that there is no literature of the rationing system in neutral Europe. No Scandinavian housewife has ever published a diary of her life, during those times, nor has any Scandinavian shipowner, or commercial director, written a word about his ; from which it can safely be inferred that there was nothing to write about. Scholars endowed by the Carnegie trust have made the most minute researches into the economic movements of the times, but their researches do not constitute that spontaneous comment upon an abnormal state of affairs, which is its record in history.¹

TABLE LVIII

Danish imports under the rationing system

	<i>Summary of cargoes detained and severely dealt with.</i>	<i>Commodities rationed by agreement.</i>
January to March	Coffee, cocoa, dried and fresh fruits, figs, tinned salmon, sardines, pepper, tanning materials, starch, corkwood, syrups.	Malt, sago, starch, potato, flour, cocoa, coffee, dried and fresh fruit, canned fish.
April to June	Cocoa, coffee, binder twine, corkwood, dried and fresh fruits, glucose, capoc seed, sardines, flour, rolled oats, talc powder.	Oils and fats, lubricants, fuel oils, naphtha, petroleum, resin, shellac, rubber, turpentine, paraffin wax, vegetable wax.
July to September	Coffee, cocoa, machinery tools, fibre, honey, syrup, oak-staves, cutch gum, copal, tobacco, corkwood, almonds, soap, talc, tinned fruits, soya beans.	Cotton, hemp, jute, hides, leather, tanning materials, corkwood. Aluminium, antimony, copper, ferro manganese, ferro alloys, nickel, tin, asbestos, nitrate of soda, graphite, sulphur.
September to December	Grapes, apricot kernels, borate of lime, borax, bristles, casein, casings, egg yolk, fresh and canned fish, rice, talc, tea, vegetable fibres, hair, grass and clover seeds.	

Again, it can be said, that, just as the justice or injustice of the system cannot be estimated by juxtaposing it to abstract conceptions of law and policy, so, the particular parts of the system can as little be judged by the same principles. Ostensibly, nothing could have been more contemptuous of all that had hitherto been called the rights of neutral commerce than the navicerting system ; for what right could we possibly claim to issue commercial passports to neutral cargoes, starting from neutral ports, and going to neutral destinations ; and by what right could we refuse those passports, without reason given ? Actually, the navicerting system was a blessing to the neutral populations of Europe. When fully established, the system gave shipping directors a strong liking for cargoes of commodities that had been rationed by agreement, and so ensured preferential treatment for them. This was a great advantage to neutral countries, for the following reason. During the year 1916, commercial tonnage was beginning to fail : the following will show by how much, and on what routes. Supposing, therefore, that shippers had been competing to secure cargo space in this failing tonnage, and that no preference had been given to cereals, textiles, and the like, many cargoes of essential goods would

¹ For the Carnegie trust publications *see* Carnegie endowment year book, 1936, pp. 203 *et seq.*

certainly have been held back, and delayed in delivery, for the competition would have been keen, and the movement of grains, oils, and textiles towards Europe would have been far more irregular and uncertain than it actually was. In other words, navicerting, as operated, protected neutral Europe against economic confusion.

TABLE LIX

*Table illustrating the decline in commercial tonnage in the North Atlantic
Number of Vessels reaching Border States in 1915 and 1916*

	Norway.		Sweden.		Denmark.		The Netherlands.	
	1915.	1916.	1915.	1916.	1915.	1916.	1915.	1916.
February ..	46	59	61	58	60	95	108	135
March	78	59	71	49	118	103	140	136
April	43	56	64	52	105	93	176	130
May	43	55	79	54	91	82	199	141
June	48	58	46	54	73	85	156	173
July	32	62	46	43	59	71	186	204
August	77	61	73	50	89	65	198	231
September ..	76	54	64	60	68	74	179	223
October ..	179*	51	82	71	98	77	220	217
November ..	63	55	82	47	77	66	211	175
December ..	63	65	53	48	69	76	213	211
Totals ..	748	635	721	586	907	887	1,986	1,976

* Mostly fishing boats from Iceland.

Finally, if a further search is made into the particular effects of the system, it will be apparent that it caused most confusion to ordinary traders and ordinary citizens in its initial period, and that, when this period was past, individual merchants and traders were less and less inconvenienced. The initial difficulties of complying with the system were truly formidable, more particularly to that ordinary trader in a small way of business, who is representative of a country's business community.¹ It must be remembered, however, that nothing has ever been written about the ordinary trader's business, when the rationing system was in full operation; and that, if there had been anything to write about, space would certainly have been given to the subject. Indeed, it is apparent that when these initial difficulties were overcome, the course of ordinary business must have been very much eased, and that the occasional severities of forcible rationing cannot have caused any confusion comparable to the first disturbances. When acquired, business habits soon gain a strong momentum, and, after the ordinary trader had complied with the regulations, which, at first, he found so difficult to comply with, he, and many thousands of others, presumably complied with them as a matter of daily business, and benefited from belonging to a community that was receiving a regular supply of essential goods. Nobody in Europe was better able to appreciate the system than M. Foss; and he urged the Swedes to come into it, not to oblige Great Britain, but for their own advantage; and when M. Wallenberg asked him: Did not the system put the whole of his country's trade into a sort of vassalage, M. Foss answered by no means. This conversation took place after the agreement with the Danish guilds had been in operation for ten whole months.

Finally, as to the effectiveness of the system. It is futile to follow Admiral Consett's method of proving occasional leakages, and of making declamations about them. The inner workings of the system can be understood by examining its particular effects

¹ See Chapter XXV.

(as has here been done) ; but the system, as a whole, can only be judged by trying to discover whether, with the means at our disposal at the end of 1916, any more could have been done to restrict German supplies than was actually being done. With regard to this, statistics that have never been put in question prove that the essential imports of all border neutrals were reduced to the abnormal quantities of the rationing formula : Normal exports minus exports to enemy countries. The quantity was abnormal, because the re-exports thus artificially subtracted were part of the country's ordinary trade, and a part of its economic system. This was the end proposed by the whole operation, and there is no doubt that it was reached ; and that, when excesses over this figure were allowed, it was done deliberately, on a guarantee being given that the raw materials would be used to increase trade with Great Britain.¹ But, as no particular operation of war can be deemed sufficient for so long as war continues, it was inevitable, that, even while this was being accomplished, enquiries were undertaken to discover whether it would serve any good purpose to impose even greater restraints upon neutral imports. What, then, was the outcome of these enquiries ?

In the case of Denmark, the question of greater rigour was twice examined : once, when the regulation of Danish produce was being attempted, and secondly, when the Danish proposals for a new agreement were presented (December, 1916). Denmark was, perhaps, the most helpless of all neutrals, yet the outcome of the enquiry was, that, if severer restrictions were imposed, then, Danish exports to Great Britain would certainly decline at once ; and that we could not sacrifice them without grave disadvantage to ourselves. The Danish supplies of butter were half our total supply ; Danish exports of bacon were a quarter of our whole imports of bacon ; these imports could only be replaced by putting a block of ships on to longer routes, and so making another draft upon our declining tonnage. The ministry of agriculture, who were most competent to decide, were convinced that we should suffer far more from this than Germany. The cases of Norway and Sweden were enquired into for reasons that have already been explained, and it has been shown that the case against exercising severer restraints was far stronger than the case in favour of it. Severe pressure upon Norway would have endangered the French munition factories ; while, as for Sweden, we agreed to negotiate an agreement with the Swedish government, because the danger of continuing without one was patent. The case of Holland was also considered at the end of the year. The arrangements for redistributing agricultural produce were not working satisfactorily, and the Netherlands government declined to intervene. As a result, the Foreign Office, who were then contemplating something like a trade war with the Netherlands, asked the Board of Trade to enquire what the probable consequences would be, if every possible restraint were imposed upon Dutch trade : restraints so severe and rigorous, in fact, that Holland would virtually be blockaded, and that commerce between the two countries would cease. The Board of Trade reported, with an abundance of illustrative statistics, that we should lose more than we should gain. Their conclusions may be quoted verbatim :

The Netherlands are or could become practically independent of the British empire in respect of tin, rubber, wool, graphite, nickel, and hides and skins.

The Netherlands are only partly dependent on the British empire in respect of raw cotton, tanning materials, coal, and chloride of lime.

The Netherlands are wholly or mainly dependent on the British empire in respect of cotton yarns and manufactures, tinned-plates and sheets, jute (and jute goods, including bags and sacks), and asbestos.

The Dutch East Indies are only partly dependent on the British empire in respect of coal.

They are at present largely dependent on the British empire for sheet-iron, tinned-plates and sheets, wheat-flour, rice, and cotton goods, but they would probably be able to obtain adequate supplies of sheet-iron, tinned-plates and sheets, and wheat-flour from the United States and of rice from Siam.

¹ See, the imports of vegetable oils and oil seeds into the Netherlands and Norway, Appendix IV.

They are entirely dependent on the British empire for sacks and sulphate of ammonia.

If the supply of raw materials, etc., from the British empire to the Netherlands and its possessions be stopped we should :

Be deprived of large quantities of foodstuffs, notably margarine, condensed milk, etc., which are, more or less, essential to us at the present time.

Be deprived of a number of important raw materials, the lack of which, though they might be replaced from other sources even within the empire, would tend to dislocate our trade and raise prices.

Stop the flow to the United Kingdom of important sums representing the profits on British capital invested in the Netherlands and Dutch possessions and so reduce our own revenue.

Deprive ourselves of important markets for British goods at a time when it is necessary to maintain our export trade as much as possible.

There was certainly nothing in all these enquiries to prove that no greater rigours could have been imposed ; indeed the Foreign Office were willing that they should be imposed, if found profitable. In every case, however, experts of the highest standing and integrity were satisfied, that, if greater restraints were imposed upon neutral trade, then, we should receive more damage than we should inflict upon the enemy. This is the same as a report that the system was as complete as it could be made.

CHAPTER XXVIII

AMERICAN POLICY DURING THE YEAR 1916

The hardening temper of the British administration.—The state of the public controversy at the end of the year 1915.—The debates in congress show that the party leaders were disinclined to interfere with the blockade of Germany.—The president opens negotiations for slacking down economic warfare in order to prepare for his mediation later ; his conflict with congress.—Why Anglo-American relations deteriorated after the Sussex controversy.—American suspicions about the allied economic conferences during the spring and summer of 1916.—American accusations about the interception and censoring of neutral mails ; anger at the British black lists.—The retaliatory legislation passed by congress during the last days of the session.

THE toleration that the neutral governments of Europe granted to the rationing system, and all that it implied, is of small importance when compared with the toleration granted by the United States ; for our whole system of economic warfare was stable only for so long as the government at Washington allowed it to be operated. An enquiry into the intentions of the United States government must, therefore, supplement any review of the stability that the system acquired in Europe ; and this enquiry is very difficult to conduct accurately, because, notwithstanding that the American government have published great collections of state papers, these documents do not disclose the inner motives of American policy, which was never comparable to the consistent line of conduct followed by other neutral governments. European neutrals were each and all determined to maintain their overseas supplies ; to keep the German market open to their goods ; and to remain neutral : their public acts were determined by these three dominant preoccupations. American policy was the outcome of more calculations than these : the president's intention to mediate ; the estimates that he made of what would advance or obstruct his mediation ; the manœuvres he was forced to undertake in order to maintain himself in power, each, in turn, influenced American diplomacy, for which reason it is impossible to state anything positive about it : some of these preoccupations were the dominant influence at one moment, others at another. By close investigation, we can discover when any particular influence was strongest ; but American diplomacy, as a whole, can only be likened to those bodies in certain ancient systems of philosophy, which are for ever altering their shape and substance, on account of the movements of their component particles. It is, however, well established, that, during the year 1916, the president and his advisers were more inclined to interfere with the economic campaign than they had ever been before, and that their exasperation against the British government was the product of unforeseeable influences—political forces, which, when traced and reviewed in detail, illustrate the accidents and dangers to which the operation was exposed, when, to all appearances, it was most firmly established.

I.—The hardening temper of the British administration

It should be stated, first of all, by way of preamble to everything that follows, that there was a great hardening and stiffening on the British side during the year 1916—a conviction that all shared, that every attempt to conciliate the American government had been made and had failed, and that the moment had arrived, when the operation must be persisted in without flinching. Thus, when Sir Cecil Spring-Rice warned the Foreign Office that the temper of the new congress was very uncertain, the paper was minuted :

Nothing will so much impress the people of the United States as the certainty that we will not stoop either to cajolery or irritation ; but will proceed calmly with the destruction of modern Germany by blockade.

A few days later Lord Robert Cecil wrote upon a telegram from America :

In view of the extraordinary variation in tone of the successive telegrams describing the congressional situation, I think it better to disregard all such information.....

Almost at the same time Sir Eyre Crowe wrote :

I am convinced that what we have to do is to study carefully, by the light of the advice of our own and of the French authorities, how we can effectively kill German overseas trade with the legal machinery at our disposal and stick to our guns.

To this Lord Robert Cecil added :

I confess I share Sir E. Crowe's bewilderment. About the action he suggests there can be little doubt because the country will put up with nothing else..... I should recommend a clear statement by us and our allies that we regard the blockade of Germany as legitimate and essential.

Even Sir Edward Grey, who had so consistently counselled moderation and compromise seems, at this time, to have been convinced that no further compromise was possible :

To prevent disappointment (he wrote on 6th January) it would be as well to observe that the contentions in the last United States note are equivalent to asking us to abandon any attempt to stop even contraband from reaching Germany. The concessions necessary for this will never be granted.

To these indications of policy must be added an appreciation that was circulated in the early weeks of the year, when the first agitations in congress were reported. It was written by Lord Eustace Percy, who was then minuting all the reports from America. Inasmuch as Lord Eustace was a trusted expert upon American affairs, and inasmuch as his paper was cordially endorsed by Sir Eyre Crowe and Lord Robert Cecil, it may be assumed that it was an influence, among many others, to stiffen and harden the department's temper :

In view of present discussions regarding our blockade policy (he wrote) it may be as well to examine a little more thoroughly, the present attitude of the United States. In a private minute, written some months ago, I ventured to express the opinion, that the friendship of the United States, which we have tried so hard to secure in recent years, is now an asset on which we can count. I venture to reiterate that opinion which is not at all shaken by Sir C. Spring-Rice's recent telegrams..... Sir C. Spring-Rice's reports are mainly conditioned by the state of Washington politics in the year of a presidential election. The diplomatists are at one end of Washington, the capitol is at the other. In the four months before the presidential primaries, which take place in the spring, the capitol swarms with intriguers. A dozen different politicians are playing for their own hands in the coming presidential election. All the rest are playing for some pet candidate. *Ballons d'essai* of the wildest description are set up. Sir C. Spring-Rice's reports amount to this : anything is possible ; but of course that is precisely the atmosphere which each party tries to create. Chronically uncertain of the real trend of public opinion, any politician not possessed of positive genius can only try to make the electorate believe, that anything and everything may be expected from the party to which he belongs, and the candidate he favours. This is the old doctrine of the available man on which American politics has been run for a century. But this state of things has another side. If you are to offer the widest range of mutually exclusive possibilities to the electorate your only refuge is vagueness. You must talk ; but you mustn't do anything. You may foreshadow drastic action against England, if she does not behave herself ; but you mustn't enact an embargo. To do so would give some opponent a handle. That is why congress, in presidential years, does so very little, and that is why, I believe, we need not fear any drastic action until July, after the national conventions have been held. If the above is anything like correct, it follows, I think, that we need not be deterred from any development in our blockade policy, by the fear of an embargo, or other hostile action during the year. Of course no gift of prophecy enables me to say what may happen a year hence, when the dust of the presidential election has cleared away, but the danger of any hostile action even then is so remote that it can safely be disregarded. We can, I believe, adopt any naval policy we please so far as America is concerned. We can carry out the rationing policy to any extent ; we can institute a blockade as soon as our submarines can show any activity in the Baltic ; we could even, if necessary, institute a blockade now, on the ground that the Baltic is a *mare clausum*. Any of these courses might cause friction with the United States but none of them would move the United States to do us positive injury.

In view of what subsequently transpired, it is hardly an exaggeration to call Lord Eustace's paper a prophecy.

It would, of course, be uncritical to attach great importance to these, and many other, departmental minutes of the same kind ; but it would be still more uncritical to attach no importance to them at all. They are indications of the temper that prevailed amongst those who were administering the blockade of Germany ; and, as the temper of a collegiate body is no more to be concealed than the building in which it assembles, the American authorities were conscious of it. Our known stubbornness of purpose must, therefore, have entered into their calculations, when their own political projects were being incubated.

II.—*The state of the public controversy at the end of the year 1915*

The last note of protest was presented on 5th November, 1915. In it, the United States government withdrew all the acquiescent propositions of their earlier note, and stated, roundly, that the allies were not making the distinction between neutral and enemy trade, which alone would justify the blockade of Germany ; then, after making a long and critical review of all that had been accomplished, the secretary of state concluded :

I believe it has been conclusively shown that the methods sought to be employed by Great Britain to obtain and use evidence of enemy destination of cargoes bound for neutral ports and to impose a contraband character upon such cargoes are without justification ; that the blockade, upon which such methods are partly founded, is ineffective, illegal and indefensible ; that the judicial procedure offered as a means of reparation for an international injury is inherently defective for the purpose ; and that in many cases jurisdiction is asserted in violation of the law of nations. The United States, therefore, cannot submit to the curtailment of its neutral rights by these measures, which are admittedly retaliatory, and therefore illegal, in conception and in nature, and intended to punish the enemies of Great Britain for alleged illegalities on their part. The United States might not be in a position to object to them if its interests and the interests of all neutrals were unaffected by them, but being affected, it cannot with complacency suffer further subordination of its rights and interests to the plea that the exceptional geographic position of the enemies of Great Britain require or justify oppressive and illegal practices.

Why this note was presented, and what weight should be given to these harsh, defiant, propositions are matters that can only be ascertained by a brief review of other circumstances.

The note was presented about a month before congress assembled ; and it seems tolerably certain, that President Wilson then anticipated considerable pressure from the party managers ; and that he had determined to outmanœuvre those who were about to attack him for being too easy about the British blockade, and those others who intended to attack him for being too easy about the submarine campaign, by making strong representations, on each subject, just before congress assembled. This explanation is certainly conjectural, but it seems not unreasonable to accept it, if it be remembered that this note to Great Britain synchronised roughly with another diplomatic move, which was avowedly made to outwit the party managers. Notwithstanding that, in July, the president asked the German government to send no reply to his last note of protest about the *Lusitania* (thereby giving them to understand that the matter was settled), the question was formally re-opened, five months later, when the secretary of state, suddenly and without warning, demanded that the sinking be disavowed. When Bernstorff expressed surprise that so dangerous a controversy should thus be re-awakened, after so much trouble and ingenuity had been expended in composing its lullaby, the secretary of state answered that the president was forced to it, in order to placate some sections of congress. In all probability, therefore, the peculiarly harsh and defiant passages in the note of 5th November, were inserted into it, for the same reason that the secretary of

state re-opened the *Lusitania* controversy. As soon as the balance of the parties in congress was better known, the secretary of state brought the second *Lusitania* controversy to a settlement : he probably attached no importance to the note of 5th November, when he was more familiar with the temper of the new congress.

III.—The debates in congress show that the party leaders were disinclined to interfere with the blockade of Germany

Congress assembled early in December, and a number of resolutions and bills for intervening in the conflict, without declaring war, were at once presented by members of both houses. Three motions for prohibiting the export of arms and munitions to all belligerents, which, it was claimed, would end the war in thirty days ; and two resolutions for refusing passports to American citizens who desired to travel in armed ships, were sent to committees of the senate and of the lower house, during the first days of the session. More business than can be transacted in a session is, however, always presented to congress when it opens ; so that there is usually a pause during the first fortnight, when the administration, and the political managers on both sides, estimate the strength and weakness of the political forces, which support these various bills and resolutions, and, having made their estimate, decide upon what shall, and what shall not, be considered.

European affairs were not discussed until 5th January, when there was a brief and inconclusive discussion in the senate about prohibiting the export of arms. The press were unanimous that the debate was of no significance. A fortnight later, however, those managers whom the president and the secretary of state had tried to outmanœuvre, by making the last note to Great Britain a note of open challenge, moved a resolution that was intended to test the strength of their party. Senator Hoke Smith led the attack upon the government, and he charged them : first, with having enunciated principles which they had not acted upon ; and, secondly, with having failed in their duty, by allowing the indirect trade of Germany to be stopped, after expressly stating :

Innocent shipments may be freely transported to and from the United States through neutral countries to belligerent territory, without being subject to the penalties of contraband traffic or breach of blockade, much less to detention, requisition or confiscation.

This motion was debated on 18th and 20th January ; thereafter European affairs were repeatedly discussed in both houses, and the draft of a retaliatory bill against Great Britain was presented and supported by Senator Walsh.

Great caution must be exercised in deciding what can be inferred from the debates of the following fortnight ; for it is never safe to judge the temper of any parliamentary assembly from its written records. It is, however, significant that although the debates were frequent, and although some speakers showed great passion, no vote was taken on any motion ; and also, that although the motions considered were all partisan motions, the senate did, nevertheless, consider all the implications of economic warfare, in a dispassionate spirit, and declined to pass any resolution that was advanced by those managers who maintained that the submarine campaign and the blockade of Germany were equally objectionable, or, as, one senator put it, the two sides of the scissors. The salient points in these long debates were these. Senator Hoke Smith and Senator Walsh reviewed all the legal precedents at great length, and with singular moderation. Both senators were, it is true, urging retaliatory legislation, but they refrained from vituperative expressions and appeals to prejudice, and argued, merely, that British practices were not justifiable by American precedents. The weakness of these arguments was not that they were strained and illogical (an impartial court might have endorsed a good many of them) ; but that they were a mere repetition of what had been argued in the press, and in state papers, for years past. The American people were probably as tired of the *Peterhof* and *Springbok*

cases, and of these interminable quotations from Moore's digest, as the British Foreign Office. The house was therefore more impressed by those senators who forced their colleagues to consider economic warfare as a whole, and so broke down the boundaries within which Mr. Smith and Mr. Walsh would have confined the controversy.

Senator Nelson was the first speaker to enlarge the discussion. After stating that he agreed with Senator Hoke Smith's review of the law of contraband, Senator Nelson continued :

I want to present another side of the picture. There are those four little countries that I have referred to in northern Europe. I have a list in my hand here of the number of merchant ships of those countries which have been sunk by German submarines and German mines since the war began, and the list is startling. Now there is this difference to which I wish to call the senator's attention between the British method and the German method. The British have held up our ships, taken them into port, searched their cargo, and taken out what they conceived to be improper and either confiscated it or commandeered it, but, in the main, they have let the ships go ; they have not destroyed the ships. The Germans have not only destroyed the cargo, but they have destroyed the ships and in many instances, they have killed the crews of those vessels. So Mr. President without intending to take up the senate's time any further, in view of the able speech of the senator from Georgia, and in view of the fact that he presented one side of the picture, I felt it incumbent upon me to present the other side, that the people of this country may see what has transpired.

Mr. Nelson therefore moved that a list of all neutral vessels sunk by German submarines should be printed in the record, and this was agreed to. Mr. Nelson was followed by Senator Williams, a speaker who was, perhaps, better qualified than any member of the senate to explain both the abstract principles, and the actual practice, of war. He was a lawyer of high standing at the Tennessee bar ; his father and uncles had all fought in the civil war ; he himself was eleven years old, when Sherman burst into the southern states, and he well remembered the stream of terrified fugitives, who heralded the northern army's advance, and the blazing villages that beacons their line of march. This gentleman's speech was admitted by all to have made a deep impression, which is not surprising, for it was an utterance of exceptional eloquence and power.

At the outset, and by way of preamble, Mr. Williams reminded all who heard him, or who read the report of his speech, that the civil war had created other precedents than those established in the prize courts, and subsequently argued by learned men : the greatest of all these additional precedents was that an American government, supported by the nation that they represented, had themselves waged economic warfare without restraint or mitigation.

Mr. President (he began) we had a war over here between the States not very many years ago, as history goes ; a great many years ago as the ordinary individual life goes, and what did your people do to mine ? Was it your army that whipped us ? You know it was not. If it had not been for the women and children and men, whom you starved to death, and the soldiers, who could no longer wear a uniform and shoot because they had nothing to eat, I imagine we might be fighting even now. Your navy whipped us. Your sea power strangled us. Your sea power starved our population first, and then starved our army afterwards. Now I am not complaining here. My forefathers did not complain ; war is war ; it is not a system of caressing, and there never was a confederate, from Jeff Davis down to the humblest soldier, who ever pleaded the baby act, because he and his wife and children were starved by your navy.

Senator Williams now turned fiercely upon Senator Smith's arguments about cotton, and maintained that the British empire and the allies normally bought three-quarters of the American cotton crop, and were actually buying eighty per cent of it. Could more be expected when Europe was at war ? And supposing that Senator Hoke Smith's motion for economic reprisals were adopted, what would be the consequence ?

You stand here and say to Great Britain, and the allies, and to the balance of the world, that you propose to put an embargo on the shipment of ammunition and munitions of war (contrary to our traditional theory), unless they change their paper blockade—if you choose to call it a

paper blockade, but which seems to be wonderfully effective, because it stops every ship, which is more than your northern blockade did during the war between the states—you stand there and say that to them, and then expect them to lie down in a fight, which they believe to be a fight for the liberty and independence of the world against a new Roman empire revamped and revarnished—expect them to keep quiet and purr without even growling. Will they? Of course not. Then what will follow? Commercial non-intercourse. Then what becomes of cotton? Cut off the British market, cut off the French and Italian market, and their colonies and dependencies, and cotton will not be worth four cents a pound the week after next. You will not even have helped, but would have murdered the price of cotton after you had been base enough to make that the chief consideration of your policy. Mr. President, I think I know my people. and I know that the men who followed Jackson and Lee, whose wives and children starved, and who themselves starved in what they thought a holy cause—the men who followed Stonewall Jackson in his last campaign up the valley when they had nothing to eat but parched corn and were rationed like the horses. are not ready to put human life and cotton on the same level, especially when they have sense enough to know that it would not help cotton if they did.

At this point, Mr. Hitchcock, the senator from Nebraska intervened, and tried to test the temper of the house, by asserting that the British authorities were searching neutral mails to discover trade secrets, and to communicate them to British manufacturers. Mr. Hitchcock concluded :

I ask the senator, suppose that right, that sovereign right of the United States to send its mails to a neutral country is not acknowledged by Great Britain, what would the senator do under the circumstances if he would not fight and would not pass legislation?

This accusation about mails was widely believed in America and was exciting great passion. Mr. Hitchcock's challenge was therefore well timed and well issued; but Mr. Williams met it unflinchingly, by answering, that whenever a government passed retaliatory legislation, they set a course towards war, and that he would never agree that human lives should be risked, to reseal a packet of envelopes. Enlarging upon this, Mr. Williams argued that the issues with Great Britain were distinct in kind from the issues with Germany; the one involved money: the other blood.

The distinction seems to me pretty plain. It is plain to men who were raised as I was raised. I never heard in the time of the *duello* in the south, about gentlemen challenging one another about money. I never heard that the worst duel fanatic in the world ever wanted to kill another man about a bill or a property damage, and I am not going to do it now.

These debates ended on 28th January; while they were in progress a petition to prohibit the export of arms, which was signed by over a million persons, was presented to the senate. Despite these incitements, the senate declined to come to a vote, and sent petitions and draft bills to a committee. When the discussions were thus temporarily adjourned, the press in the capital reported that an unofficial canvas of the senate had been taken, and that it showed a clear majority against an embargo on the export of arms. It would seem, indeed, as though the party managers flinched, when the implications of what they proposed to do were fairly presented to them.

IV.—The president opens negotiations for slacking down economic warfare in order to prepare for his mediation later; his conflict with congress

This temporary adjournment by no means abated congressional pressure upon the administration; for any one of the bills and resolutions that had been referred to committees could still have been called up and debated. Sir Cecil Spring-Rice reported, however, that, for the moment, congress was very disinclined to act, and this seems to have been the president's appreciation; for he pressed on with his plan for a general accommodation with Germany and the allies, confident that congress would support him if he appealed for support. A few words of explanation are here necessary.

Colonel House was now in Europe, and was empowered to inform the governments of France and Great Britain that the president contemplated active intervention. What the president did actually contemplate is doubtful ; he had seen and approved the guarded statements which Colonel House made to M. Briand and M. Cambon in the first days of February ; and he had seen and approved a paper presented to Sir Edward Grey, soon after, in which Colonel House stated, that, if the president's mediation failed, the United States would probably join the allies. It must be remembered, however, that few papers and letters signed and written by President Wilson are to be found in the collection that is the only documentary record of his diplomacy. When the editor refers to a paper written by Wilson himself, he generally paraphrases it. It would, therefore, be very hazardous to think it certain that President Wilson contemplated active intervention in the autumn of the year 1916. It is safer to suppose, that he was determined to summon a conference of belligerent powers, during the course of the year, and thereafter, to act as circumstances required. This much, however, seems tolerably certain. President Wilson was convinced, that, if he was forced to declare war, the American people would be more united, if he could invite them to take up arms in order to impose a general peace, than if he came to a breach with Germany upon an issue so entangled in technicalities as submarine war. His next manoeuvre was, therefore, intended to secure a temporary accommodation on all outstanding issues—an accommodation which he thought essential, if his plans for summoning a conference were to succeed.

It has been shown, that, during the long controversy about the *Lusitania* and the *Arabic*, the president had virtually sanctioned the submarine campaign against commerce ; but had stood firm that passenger ships should not be sunk without warning. Since then, however, the American government had realised that this general immunity for passenger ships could only be secured, if the Germans could be persuaded to agree that no vessel should be sunk, unless she had been brought to and examined ; for this was the only safeguard against the misadventures that provoked such dangerous controversies between the two governments.¹ It required but little knowledge of sea warfare, however, to understand that the practice of arming merchantmen, as a defence against submarines, was the great obstacle to the accommodation that the president wished to come to. Early in January, therefore, he instructed the secretary of state to present a note to all powers at war, which was styled : *A modus vivendi* for the observance of rules of international law and the principles of humanity by submarines. This paper is remarkable, in that it granted far more toleration to submarine operations against commerce, than had ever been given to the blockade of Germany. The secretary of state's last pronouncement upon the blockade was that it was illegal and unjustifiable : in the preamble to this note upon submarine war, Mr. Lansing stated explicitly :

I do not feel that a belligerent should be deprived of the proper use of submarines in the interruption of enemy commerce, since those instruments of war have proven their effectiveness in this particular branch of warfare.

The proposals were, therefore, that visit and search should be admitted to be a universal obligation upon belligerent submarines, and that powers at war should disarm their merchantmen. These proposals for a general accommodation were of some consequence in the domestic politics of America, for they became the battle ground of a conflict between the president and the congress, on which the president proved himself the stronger.

¹ A later incident had evidently shown the American government that the immunity of passenger ships was a matter which needed to be elaborated by positive rules. Early in November American citizens travelling in the Italian ship *Ancona* lost their lives because von Arnauld de Perière, the commander of *U38*, opened fire on the *Ancona*. Arnauld's explanation was that he summoned the *Ancona*, and only opened fire when it was evident that she was trying to escape. The secretary of state presented a haughty and peremptory note to the Austrian government but it may be assumed that the facts made some impression.

A fortnight after the note was presented, the German authorities announced that their submarines were going to act with great severity, and treat all armed merchantmen as war vessels. By making this announcement (and they only did so because a young submarine commander recommended it) the German government put the president into a great difficulty; for it required but little foresight to understand, that, inasmuch as many passenger steamers were known to be armed, and inasmuch as the Germans obviously intended to sink any vessel that they suspected to be armed, without ascertaining for certain whether she was or not, so, the few mitigations that the president had secured during the previous summer were all threatened. This, in itself, made him resentful and suspicious of the German intentions; but the announcement raised yet another difficulty for him. The parties who maintained that the president had compromised the nation's honour, by being so easy about the submarine campaign, had never been so noisy as those who wished him to obstruct the blockade of Germany; but, at least, they were strong enough to give him serious misgivings a few weeks before congress assembled; and it was to be expected, that they would gather additional strength, if he gave a good countenance to the last German announcement. He was, therefore, being forced by circumstances to stand on his old contention, that he would never bargain away the rights of American citizens; but he was not free to do even this; for how could he repeat this to the German government, when the next incident at sea compelled him to do so, if the political managers on the other side succeeded in passing a resolution that an American citizen's right to travel be limited by law; for this was one of those rights which the president had pronounced inalienable. The president was, therefore, obliged to test the temper of congress before deciding what answer he should give to the German announcement. He is said to have been confident that the nation preferred his diplomacy to that of congress, but very resentful at the embarrassments in which the German government had involved him.

As the German announcement that all armed merchantmen would be sunk at sight at once provoked an agitation that American citizens should be forbidden, by law, to travel in vessels that had been armed, even defensively, the president's first move was to write a polite, but challenging, letter to Senator Stone, the manager of the agitating party. In this paper, the president stated what was to him the important matter, with something bordering on bluntness.

For my own part, I cannot consent to any abridgement of the rights of American citizens in any respect. The honour and self-respect of the nation is involved. We covet peace, and shall preserve it at any cost but the loss of honour. To forbid our people to exercise their rights for fear we might be called upon to vindicate them would be a deep humiliation indeed. It would be an implicit, all but an explicit, acquiescence in the violation of the rights of mankind everywhere, and of whatever nation or allegiance. It would be a deliberate abdication of our hitherto proud position as spokesmen, even amidst the turmoils of war, for the law and the right. It would make everything this government has attempted, and everything that it has achieved during this terrible struggle of nations meaningless and futile.

The polite circumlocutions, and the assurance of sincere and devoted friendship that followed this, may have softened, but they certainly did not disguise, the president's announcement that he would resist Senator Stone's manœuvres with all the means in his power. Having thus announced his opinions publicly, the president challenged congress by writing to one of the party leaders, Mr. Pou, and asking him to bring up one of the resolutions that would most embarrass his diplomacy, if passed, and to take a vote on it. As a consequence, what was called the MacLemore resolution was debated in both houses. This resolution was: That the president be requested to warn all citizens of the United States to refrain from traveling on armed vessels. It was a party resolution; but at least it was discussed without prejudice or passion, for congressmen and senators examined the law of self-defence at sea with an industry and learning which do them honour. Never since the days of the church councils in Asia Minor, has a representative

assembly discussed fine points of law and ethics so conscientiously ; for a good textbook upon the law of armed merchantmen could be compiled from the speeches and written papers of the congressmen.¹

Nevertheless, the leading senators and congressmen did not allow the political issues to be hidden behind this great cloud of learning ; and, before the debates were closed, those issues were fairly presented. On the one side it was argued : it was now patent, that the controversy with Germany would be settled, if passengers travelling to Europe could be made safe against accident ; and that, if this could not be done, any accident at sea might involve the country in war : as those who travelled by sea were an infinitesimally small part of the whole nation, was it proper that a handful of merchants, tourists, and globe trotters should be allowed this controlling influence over the nation's destinies ? If it were not proper, then the only remedy was so to circumscribe their right to travel by sea, that, when exercised, it would have no ill consequences to the nation at large. The argument was so reasonable, and the American dislike of being engaged in the war so universal, that it is surprising the projected legislation was not better supported. It was not supported, however, because the managers of the government party represented that the president could not perform his constitutional duty of negotiating with foreign powers, if congress imposed rules and regulations upon his diplomacy. The houses were therefore told, by the managers of the government party, that they must decide whether the president was to be free or bound. As a recent canvass of the press showed that all papers which disassociated themselves from partisan politics were supporting the president's diplomacy, the senators and congressmen flinched again, and the vote taken in both houses was that these resolutions should be laid upon the table, which meant that they should be no more discussed.² The majority in each house was substantial.

¹ It is customary for senators and congressmen to ask that an : Extension of their speech be printed in the congressional record. These extensions are always carefully written essays, and are sometimes learned and instructive monographs upon law and history. The senators and deputies attach great importance to these compositions, and circulate them all over their constituencies. It is an open question how far these essays upon current topics affect public opinion. The press are inclined to treat them as contaminated literature : papers in which senators and congressmen use the learning and research of men more eminent than they for party manœuvres. It is certainly difficult to believe, that Senator Hoke Smith's learned reviews of the law of contraband were his own compositions.

² This canvass of the American press is interesting and deserves to be put on record.

TABLE LX

				EAST			
				Circulation.	Sympathies.	Attitude to	President.
<i>New York American</i>	..	..	..	300,000	} Anti-British	} Against	
<i>New York Journal</i>	..	..	..	(Hearst) 800,000			
<i>New York Times</i>	..	..	..	(Hearst) 175,000	} Very pro-Ally	} For	
<i>New York World</i>	..	..	..	(Ind. Dem.) 358,000			
<i>New York Sun</i>	..	..	..	(Dem.) 100,000	} Friendly	} For	
<i>New York Tribune</i>	..	..	..	(Ind.) 80,000			
<i>New York Evening Mail</i>	..	..	..	(Rep.) —	} Pro-German	} Against	
<i>New York Herald</i>	..	..	..	100,000			
<i>Washington Post</i>	..	..	..	(Ind.) 30,000	} Pro-Ally	} For	
<i>Philadelphia Public Ledger</i>	..	..	..	(Ind.) 60,000			

[Footnote continued on p. 552]

The press all over the country acclaimed this as a great success for the president, and it is certain, that, during the succeeding months, his own personal sympathies and political plans were the dominating influence; congressional diplomacy had failed, and the appreciation circulated in the Foreign Office at the beginning of the year had proved accurate.

Soon after these votes had been taken, the *Sussex* was torpedoed in the Channel, as the result of which the United States and the German governments were in a sharp controversy during March and April. The president felt himself so well supported that he risked a war; and neither the senate nor the house of representatives intervened at all during the dangerous controversy. The congressmen received the president's address of 19th April with a round of cheering; but they never discussed the subject matter. Congress had, in fact, withdrawn entirely from the diplomatic theatre, nor did it advance into it again for many months.¹

Footnote continued from p. 551] TABLE LX—continued

					EAST—continued			
					Circulation.	Sympathies.	Attitude to President.	
<i>Providence Journal</i>	..	..	..	..	21,000 (Ind.)	Pro-Ally	For
<i>Springfield Republican</i>	..	..	..	..	16,000 (Ind.)	Friendly	For
MIDDLE WEST								
<i>Chicago Tribune</i>	..	..	..	..	174,000 (Rep.)	Unfriendly	Against
<i>Chicago Herald</i>	..	..	..	..	211,000 (Ind.)	Neutral- friendly	For
<i>Chicago Daily News</i>	..	..	..	..	325,000 (Ind.)	Neutral- friendly	For
<i>Chicago Examiner</i>	..	..	..	..	(Hearst)	Anti-British	Against
<i>St. Louis Globe Democrat</i>	..	..	..	..	111,000 (Rep.)	Unfriendly	For
<i>Milwaukee Sentinel</i>	..	..	..	..	51,000 (Rep.)	Pro-German	Against
<i>Cleveland Plain Dealer</i>	..	..	..	..	99,000 (Dem.)	Unfriendly	For
<i>Indianapolis News</i>	..	..	..	..	95,000 (Ind.)	Pro-Ally	For
WEST								
<i>San Francisco Call</i>	..	..	..	..	250,000 (Hearst)	Anti-British	Against
<i>San Francisco Chronicle</i>	..	..	..	..	84,000 (Ind.)	Slightly pro-German	Against
<i>Sacramento Bee</i>	..	..	..	..	24,000 (Ind.)	Unfriendly	Against
<i>Portland Oregonian</i>	..	..	..	..	52,000 (Rep.)	Friendly	For
SOUTH AND SOUTH-WEST								
<i>Dalls News</i>	..	..	..	..	52,000 (Ind.)	Friendly	For
<i>New Orleans Times Picayune</i>	..	..	..	..	(Dem.)	Pro-Ally	For
<i>Galveston News</i>	..	..	..	..	27,000 (Ind.)	Friendly	For

¹ Congress's disinclination to intervene in diplomatic affairs continued throughout the summer. Shortly after the *Sussex* controversy was closed, congress was presented with a draft bill for increasing the navy, and in the long and rambling debates upon it little or nothing was said about the controversies with Great Britain and Germany—which were matters that could very properly have been introduced into a discussion upon America's strength at sea. In so far as they defended the increase upon political grounds senators and congressmen argued that all the nations then at war were very incensed against the United States, which would be an object of universal enmity when war was over. See Congressional Record 64th Congress, 1st session, pp. 8752-83; 8902-22; 8958-9000; 9088-9146; 9171-9190.

V.—Why Anglo-American relations deteriorated after the Sussex controversy

The *Sussex* controversy was settled at the end of April. During the first four months of the session, therefore, that is, from January to April, the German government had themselves checked all those partisan manoeuvres in the American congress, which might have turned to their advantage, by diverting attention from the British operations, and, fastening it upon their own campaign against commerce. It would be imagined that the German government's mismanagement would have been of permanent prejudice to them ; but the very contrary occurred. Every observer : Spring-Rice, Bernstorff, Jusserand and House agree, that, during the months following upon the *Sussex* controversy, relations between Washington and Berlin became progressively cordial, and that Anglo-American relations steadily deteriorated. These summer months may, therefore, be taken as the period during which the American administration, and American opinion, were most exasperated with Great Britain.

It would be hasty to explain this deterioration by any one circumstance ; but it seems safe to say, that there was one very strong damaging influence at work during the whole period : the president's resentment against the allied governments. Very little can be said for certain about this, because so little of the president's political correspondence has been published. The following points seem, however, to be well established. During the first two years of the war, the president's sympathies for the entente powers were strong ; he stated, in writing, that they were fighting for everything he held dear in the world ; and, according to Colonel House, he did not disguise his sympathies from his own ministers. But these sympathies, being more supported by emotion than by interest, were not enduring ; they were not affected by the long controversy upon contraband (to which the president seems to have attached but little importance) ; but they were changed to resentment, when he learned that the allied governments could not endorse his plans for a conference. This rapid, impulsive change of sympathy occurred during the spring and summer. On 8th April, while the president was still much preoccupied with the controversy with Germany, he received a letter, in which Sir Edward Grey stated, that public opinion in France and Germany would make it very difficult to assemble a peace conference under American guidance. This was confirmed on 17th April, and again on 12th May ; so that, by the middle of May, the president knew that his diplomacy had come to a check. Thereafter, all his public utterances contained passages that he knew would be wounding to the entente powers, and he could never be persuaded to leave them out.¹ Nevertheless, the president by no means abandoned his plan, and determined to persevere in it ; for the German ambassador's telegrams to his government during the remainder of the summer were all, or nearly all, reports upon the president's plans for mediation in the coming winter. The president's determination to summon a conference, notwithstanding that the allies did not desire it, must be remembered, for it has some connection with the last manoeuvres made by congress. It must be remembered, also, that it was the determination of a statesman who was now in sole control of foreign policy. Congress was no longer a check upon him.

The only influence to which the president was still exposed was public opinion. To this, he was always very attentive and very sensitive, and it is, to a historian, most baffling, that a movement of opinion that exerted great influence upon the president, and upon his diplomacy, is a movement recorded in no state paper and in very few documents : it was that, during this second year of the war, the first sympathies of all nations not engaged were being replaced by a general disgust at the butchery on the great battlefields, and fatigue at a war that seemed nothing but a long bombardment, and a succession of storming attacks, conducted on no

¹ See in particular the address delivered to the first annual assemblage of the League to Enforce Peace. 27th May, 1916.

strategic principle, and accompanied by no manœuvre that could make them interesting. In no country was this disgust so strong as it was in America, and it was a sort of natural corollary to it, that people began to believe that their first sympathies for the allies, or for the Germans, had been misplaced; and to conceive of the struggle as one in which no principle of honour or justice was engaged, but as a madness that had been infused into the nations of Europe by the ambitions of monarchs long since dead, or by systems of policy long since discredited, and which had now become a raging frenzy, after centuries of incubation. This was not a scientific appreciation, but it was popular, as presenting a strong contrast between the enlightenment of America and the entenebrations of Europe; it was especially popular among persons whose first inclination for one, or the other, side had not been sustained. The mass of people must have been very great, who thought it patriotic to be contemptuous of both sides; for a song expressing these sentiments carried its author from obscurity to fame, in a few days, and was recited in congress when diplomatic affairs were being considered.¹ If that Scots philosopher is correct, who maintained that a nation's temper is more determined by its songs than by its laws, the popularity of this mediocre poetry must be judged a very significant circumstance.

¹ The ditty, which is not bad on the point of composition, but of an insipid and whining sentiment, runs as follows. It became the hymn of the six of one and half a dozen of the other parties.

Loquuntur milites gregarii e vita excessi :

I was a peasant of the Polish plain ;
I left my plough because the message ran :
Russia, in danger, needed every man
To save her from the Teuton ; and was slain.
I gave my life for freedom—this I know,
For those who bade me fight had told me so.

I was a Tyrolese, a mountaineer ;
I gladly left my mountain home to fight
Against the brutal, treacherous Muscovite ;
And died in Poland on a Cossack spear.
I gave my life for freedom—this I know,
For those who bade me fight had told me so.

I worked in Lyons at my weaver's loom,
When suddenly the Prussian despot hurled
His felon blow at France and at the world ;
Then I went forth to Belgium and my doom.
I gave my life for freedom—this I know,
For those who bade me fight had told me so.

I owned a vineyard by the wooded Main,
Until the Fatherland, begirt by foes
Lusting her downfall, called me, and I rose—
Swift to the call—and died in fair Lorraine.
I gave my life for freedom—this I know,
For those who bade me fight had told me so.

I worked in a great shipyard by the Clyde ;
There came a sudden word of wars declared ;
Of Belgium, peaceful, helpless, unprepared,
Asking our aid ; I joined the ranks, and died.
I gave my life for freedom—this I know,
For those who bade me fight had told me so.

I was a soldier of the Prince of Peace ;
"Thou shalt not kill" is writ among His laws,
So I refused to fight, and for this cause
Myself was slain. 'Twas thus I gained release.
I gave my life for freedom—this I know,
For He for whom I fought has told me so.

See Congressional Record, 1st March, 1917, p. 4661.

It was also unfortunate for the British cause in America, that the numbers of those who began to doubt the justice of the allied cause (though without thereby acquiring any liking for the German) were strongly reinforced by a curious accident. In April, 1916, a number of Irish patriots rose in a rebellion, which was almost immediately crushed. As the funds for the rising had largely been collected in America, and as the Irish rebels had influential friends in both houses of congress, it was inevitable that the rebellion should receive some encouragement in the United States. There were, however, special reasons why it stirred Americans, who had no interest in Irish affairs. With one or two exceptions, the leaders of the rebellion were persons of the highest character: brave, unworldly men, who rose in arms, well knowing that they would not survive the attempt, and who did so only because they were determined to set an example of courage and endurance to their countrymen. It followed, therefore, that the lives and the deaths of these Irishmen became the subject matter of a moving pamphlet literature. All through the summer, stories of their courage, their patience, and above all, of their stoicism and piety during their last hours of life, passed from hand to hand, and so stimulated the rising prejudice that the parties at war in Europe were both equally friends to oppression and cruelty. This did not follow from the premises, but it was unfortunate for us that those Americans, who were genuinely horrified that such men as Tom Peirse should be shot as felons, were Americans whose sympathies were valuable to us: persons of good standing, who had hitherto supported the allied cause, because they were convinced that it was the cause of human freedom. Moreover, the British government did not answer these charges by a very manly method; for, instead of showing that the rebellion in Ireland had not been provoked by any oppression on our part, and instead of maintaining, openly, that it is not tyranny to shoot a rebel (however good a man he may be), we apparently did no more than furnish the American ambassador with documentary proof that Sir Roger Casement was the devotee of some disgusting vices.¹

Ostensibly, this movement of opinion from partisan sympathy to indifference had nothing to do with controversies upon contraband, or with commercial policy; actually, it influenced both, in that a mass of people, who had never been vociferous, but had yet been determined to bestir themselves vigorously, if the controversy between Great Britain and the United States ever grew dangerous, now became careless whether things between the two nations went well or ill. This weakened the deadening influence that had so strongly exerted itself a year before, when the March order was published, and when the *Dacia* and *Wilhelmina* set out on voyages that were a defiance to our system. The outcome was, that a number of disputes that were trivial in comparison to the matters in dispute a year before were allowed to be more inflammatory and provocative than their importance warranted; and that accusations of bad faith, and of unscrupulous ambitions, circulated more freely in the nation than they would have done, when our friends in that country were more active on our behalf. The first of the charges made against us was that the economic campaign was only by accident an act of war, and that our purpose in prosecuting it was to erect a vast commercial empire in Europe and Asia. This accusation was supported by no facts. A glance at our falling trade returns, and an estimate of the immense debts that we were contracting ought to have satisfied everybody that this new empire was not likely to be great or powerful. Nevertheless, the belief, though irrational, was so in harmony with the correlative belief that the parties at war in Europe were both equally ambitious for conquest, and equally unscrupulous, that it was widely held; and it is curious and instructive to examine the circumstances that many Americans of good standing thought to be proof that the charges levelled against us were true.

¹ See report of a conversation between Mr. Page and Mr. Asquith in United States Foreign Relations, 1916. Supplement, pp. 45, 871.

VI.—American suspicions about the allied economic conferences during the spring and summer of 1916

It can be said, without exaggeration, that nothing excited so much suspicion in the United States as the allied conferences upon economic policy ; for it was after they had been assembled that accusations, which, up to then, had been made only in the Hearst press, were repeated in newspapers with an enormous aggregate circulation. The actual facts were these.

Late in February, the Germans opened their attack upon Verdun. They gained ground at first, but, early in March, the French had so stiffened their resistance that no immediate victory was to be anticipated, and it was clear that this battle, like all others on the western front, would be a long drawn out affair. On 12th March, therefore, General Joffre assembled a conference of commanders-in-chief at Chantilly, to discuss what was most proper to be done, and the allied commanders decided that the German onslaught would be most effectively countered, if the allied armies attacked simultaneously, on all fronts, during the course of the summer. Resolutions for a combined allied offensive were passed, and there was added to them a resolution : *La Conférence émet le voeu que le blocus économique de l'Allemagne soit resserré dans toute la mesure où il sera possible de le faire.* What was meant by this is not quite clear ; but the gossip that the blockade of Germany was not being properly administered had apparently infected the naval and military services very much. Resolutions that it be tightened or, made more stringent, were easy to draft, and easy to pass, for nobody present was obliged to explain what was meant. These resolutions of the Chantilly conference were laid before a conference of allied ministers on 26th March, and by them examined. The purpose of the conference was to determine what were the obstacles to this combined offensive, and how they could best be overcome, so that the most important matters considered were : how many troops should be allotted to the secondary theatres ; how munitions, and guns could be distributed to the armies most in need of them ; and how shipping and tonnage could be more economically used. At the last meeting, however, Admiral Lacaze moved that effect could best be given to the final resolution of the Chantilly conference by setting up a permanent advisory committee upon economic warfare. This was agreed to, and a body called the *comité permanent international d'action économique* sat in Paris thereafter.

If those who were administrating the blockade of Germany had been overcoming difficulties similar to the difficulty of setting the armies of four great nations in motion at the same time, and if they had needed a general staff to plan, advise, and co-ordinate, this committee would have served a useful purpose. Nothing of the kind was needed, however, because those who were then managing the economic campaign were executing a single plan, according to an agreed system. What the allied generals were trying to do, the British and French administrations had already done : they were agreed that the rationing of neutral Europe should be the great operation of the year ; and it had become a matter of practice that the British administered the rationing of the northern neutrals ; that France acted as the principal in the rationing of Switzerland ; and that France should carry as much of the American controversy as could be loaded upon her. In the economic campaign, therefore, the operating forces had been distributed over the theatres, and were executing one plan, the difficulties of which were known and appreciated. From this it will be understood that the new committee for economic action was not an organ of the blockade which contributed anything to the operation : by its constitution it was advisory, and its advice was not needed. It is, therefore, a great peculiarity of the controversy between the United States and Great Britain, that this superfluous committee excited suspicion, by its mere existence. The American ambassador in Paris reported that a conference had been held, that economic policy had been

discussed at it, and that it would serve as a preliminary to a greater conference to be held later. Being thus very ill-informed as to the purposes for which the allied ministers had actually been convened, the American government were probably ready to attach more importance to this second conference than it deserved.

The French ministers may have thought that the conference in March prepared the way for the conference in June, but, in truth, the two were not closely connected. The reason why this second conference assembled was that the French ministry were anxious, lest the Germans should secure great advantages over France, by entering upon the peace with their industrial plant intact, while a great part of the French plant would still be in ruins in the invaded districts. In order to protect French industries against this, the French ministry assembled a second allied conference, and persuaded the allied representatives to recommend that the allied governments should support and protect one another, after peace was signed. The purposes for which the conference was convened were therefore innocent and natural ; but the French managers drafted the resolutions in such abstract and sweeping language, that the American government may be excused for wondering whether the allies were not contemplating some great economic union.¹ Nor were the Americans alone in their suspicions : the Japanese government also thought that the French were preparing an economic alliance between the entente powers.²

If, however, the American government entertained these suspicions at the beginning, they were presumably soon relieved of them ; for their enquiries must have shown them, that the allied governments were very sceptical whether even the French programme of mutual support, for a few years after the war, could be executed. The Russian cabinet were the first to express their doubts. Knowing that, as soon as peace was signed, the country would need large quantities of machinery and plant, which the Germans could best supply, the Russian government ratified the resolutions, but made such sweeping reservations to them that the Board of Trade doubted whether the resolutions were not thereby made inoperative.

British ministers and high officials were equally sceptical :

Personally, I have no great faith in the efficacy of the Paris resolutions (wrote Sir Victor Wellesley) if only for the simple reason that general agreement as to the manner in which effect should be given to them is impossible of attainment. The reservations which the Russian government make in the draft declaration are so wide as to enable any of the signatory powers to drive a coach and four through the resolutions. Is it to be wondered at that the Russian government refuse to tie themselves down to purchasing in the dearest market, for this is what the resolutions mean. To this Lord Grey added : I am in favour of all possible restrictions to German trade during the war ; I do not believe in artificial restraints after the war.

Seeing therefore that the conference had been convened and managed entirely by the French, and that our government were, possibly, more sceptical than any other whether effect could be given to any single one of the resolutions agreed to,

¹ As, for instance, Section C, *Les alliés décident de prendre, sans délai, les mesures nécessaires pour s'affranchir de toute dépendance des pays ennemis relativement aux matières premières et objets fabriqués essentiels pour le développement normal de leur activité économique.*

Ces mesures devront tendre à assurer l'indépendance des alliés non seulement en ce qui concerne les sources d'approvisionnement mais aussi en ce qui touche à l'organisation financière commerciale et maritime. And also, Section D : *Les gouvernements alliés constatant que pour leur commune défense contre l'ennemi les puissances alliées sont d'accord pour adopter, une même politique économique, dans les conditions définies par les résolutions qu'ils ont arrêtés.*

² See United States Ambassador, Tokio, to the Secretary of State, 17th April, 1916. Foreign Relations of the United States, 1916. Supp., p. 973. Baron Sakatani, Japanese envoy to the Entente economic conference leaves for Paris last of month. He tells me confidentially that he does not favour the suggested economic alliance between Entente powers to regulate trade after the war as its effect would be to divide the world into three hostile camps.

it was ironical that large sections of the American press should have represented the whole business as a British manœuvre for raising barriers against American trade. As nothing came of the resolutions except a technical discussion about trade-marks and copyrights, the agitation could not be indefinitely maintained: the American press did, nevertheless, misrepresent the matter consistently, for several weeks during the summer, and the agitation was an exciting and disturbing influence, which, when added to others, damaged the relations between the two countries.

*VII.—American accusations about the interception and censoring of neutral mails ;
anger at the British black lists*

Another agitation was started upon the subject of mails, and again what was being done was represented as part of an unscrupulous commercial policy. This belief was not, perhaps, quite so irrational as the belief about Great Britain's new commercial empire, because it was certainly true that British traders in neutral countries denounced their trade rivals to the British government, and gave particulars of their business, which were often invented, in the hope that they would thereby persuade the British authorities to place the rival firm upon the black list. American observers in South America may therefore be excused, if they thought there was something sinister in this universal endeavour to turn the censorship to a commercial advantage. The organ of the censorship was, however, rather a check than an assistance to these practices; for every denunciation was compared with the intercepted telegrams, letters, and documents that did actually establish the accused firm's connections, and many British traders would have hesitated before they put their wild inventions on paper, if they had known how rapidly their cheating and lying were detected.

It is, however, of some interest to juxtapose what Americans believed the censorship to be doing, with what the censorship was actually performing. Of all the accusations levelled against the censors Senator Hitchcock's was perhaps the best expressed:

The senator does not care if the business mails of the United States are opened and the bills of lading are examined, and the weights and prices are taken and they are all taken to a central authority in Great Britain where they can be transferred to the British manufacturers, and the British ship agents, so that they may know the secrets of the United States business men and may steal away their trade in the midst of war.

As against this, we have a long and curious account of what was actually done, from a German patriot, who insinuated himself into the censor's office in the hope that he would thereby be able to collect information that would be useful to his country, and transmit it.¹ It might be doubted whether everything that this gentleman has said about his own operations is true; but there can be no doubt whatever that he served in the censor's department, that his conduct was considered exemplary by our authorities, and that his account of the daily work of the department, the only account ever published, is reliable and vivid. He describes the office as a great collection of men and women, each so intent upon the small task allotted to him, and so busy in the performance of it, that all were nearly strangers to one another. It is, however, on the speed and the secrecy of the work that he is most explicit. Nobody was allowed to speak about his particular task, either to his next door neighbour, or to anybody else; when the news that was being searched

¹ J. C. Silber: *Unsichtbare Waffen*—I have here repeated the account that Silber gives of himself, and of his activities. My own personal opinion is that he entered the censor's office intending to act the spy, and that, when he found this to be impossible, he settled down to work allotted to him, and performed it conscientiously after the manner of his race. As he wrote his reminiscences in German, for circulation in Germany, he was bound, in common prudence, to represent that he had done some service to the Fatherland.

for was discovered, it was reported only to the officer in charge of the section ; and extraordinary care was always taken that the censored mail should be redelivered to the post office with the least possible delay. In the end, this strange examiner grew disheartened at the part he was playing : he did, it is true, pass a few reports into his own country ; but he confessed that his greatest achievements were childish pranks, against an operation so embracing, so methodical, and so regular, that no individual, however highly placed, could have interfered with it. Anybody who reads this curious and interesting work with an open mind will at once be persuaded, that the one purpose for which this great office was ill-adapted was the purpose attributed to it by Senator Hitchcock. Speed and secrecy were the essence of its operations, and both would have been prejudiced, if the discoveries made in the office had been communicated to city merchants.

The American administration did not, it is true, repeat the accusation that we were using the censor's office to damage trade rivals ; but they protested in strong language against our practices. This also was ironical ; for the best substantiated charge that the Americans had laid against us was that the blockade of Germany was no blockade at all, because our discrimination between enemy and neutral trade was rough and haphazard. Their strong protests against what they called a lawless practice, their haughty announcement : That they could no longer tolerate the wrongs which citizens of the United States have suffered and continue to suffer, were, therefore, denunciations of the one practice that was likely to make the discrimination between enemy and neutral trade more regular and scientific.

It has been assumed, in this chapter, that Anglo-American relations deteriorated during the summer of 1916, under the influence of a general movement of opinion which is only partially recorded in documents. There were, however, secondary causes which assisted the deterioration, and of these none was so powerful as the anger provoked by the blacklisting of certain American firms. This was first done in July. The state papers subsequently exchanged between Washington and London, and the reports of the American representatives in Europe, have all been collected and published : in addition to this, an American scholar has written a historical summary of the matter.¹ The whole may be called unprofitable reading ; for it contains no explanation of the only point that is any longer interesting : why the black list of some eighty American firms, first issued in July, 1916, should have angered the Americans more than all the restraints we had previously imposed ; or why the American people should have acquiesced in the rationing of northern Europe, and yet have been enraged at a proclamation that forbade British coal, British ships, and British money from being put into the enemy's service. The reasons for publishing a black list, and our right to do it were so well established, that there was an inclination to make light of this storm of anger ; but there are no good grounds for supposing that the American anger was artificial or theatrical : on the contrary, the people and the administration appear to have been thoroughly roused. President Wilson was angry ; Mr. Polk,² who was by nature a very temperate man, did not disguise his exasperation ; even Mr. Page, who was always so staunch a friend to the British government, spoke of the black list as a gross mistake. The people, who ignored our legal right to issue it, described the black list as a British proclamation against American trade, made operative upon American soil.

¹ For official documents on the mail controversy and Mr. Page's reports on British practices see : U.S. Foreign Relations, 1916. Supplement, pp. 593-616.

For official notes upon the black lists and Consul Skinner's reports to his government see : U.S. Foreign Relations, 1916. Supplement, pp. 411-421, 462-6.

See also : *Journal of Modern History*, March, 1934. (University of Chicago Press.)

² The counsellor to the state department.

VIII.—The retaliatory legislation passed by congress during the last days of the session

This statutory black list was certainly the operating, though it may not have been the only, cause for the retaliatory act that congress passed before the adjournment. Nothing about the origins of this act is to be found in the congressional record : it was simply added to the revenue bill by the lower house, sent up to the senate, and there passed. These two assemblies, which had so keenly debated neutrality and law in the first part of the session, thus never passed an opinion upon legislation that was intended as an open challenge to Great Britain.¹

There are, however, vague indications that President Wilson designed these retaliatory acts himself, or at least intimated to the political managers that he desired them to be passed. On 25th July Colonel House wrote to Mr. Polk that the president was very disturbed, and inclined to take drastic measures ; on the same day he wrote to the president :

Before asking congress for authority to prohibit loans and restrict exportations I would suggest that you let Jusserand and Spring-Rice inform their governments that you intend to do this

Some time later Mr. Polk wrote :

It is a dangerous subject but I feel it would be a good idea for the president to get some powers from congress to be used as a club for Great Britain

Such records as have survived, therefore, suggest that the president initiated the retaliatory clauses of the revenue bill ; nevertheless, the records furnish nothing that could be called proof. If, however, the president's wishes were conveyed to the lobbies of congress, the party managers were very anxious to give effect to them : four² alternative retaliatory bills were at once presented, and the one finally selected contained the following provisions :—

First, the president was empowered to refuse clearance to any vessel, if it was established that the vessel was giving undue preference or advantage to persons resident in the United States, or, contrariwise, if it were subjecting them to any undue or unreasonable prejudice. This was, presumably, directed against our bunker regulations, and shipping agreements with Scandinavian firms.

Secondly, the president was empowered to refuse clearance to vessels belonging to the powers at war :

If there are reasonable grounds for believing that United States ships or citizens are not accorded any of the facilities of commerce, which ships or citizens of belligerent countries enjoy in the United States, or are not accorded equal privileges or facilities of trade with vessels of citizens of any nationality other than belligerent

Thirdly, the president was empowered to prohibit exports to any country that prohibited the importation of United States goods contrary to the law and practice of nations.

Having been warned, many months before, of the agitations that were likely, when congress assembled, the Foreign Office had already asked that the probable consequences of non-intercourse, or of fierce economic reprisals, should be examined

¹ The parliamentary history of the amendments is : It was proposed in the Senate by Senator Phelan, and agreed to on 5th September. On 6th September Mr. Byrns of Tennessee made a statement in the lower house to the effect that the retaliatory amendments were not sufficient ; he was supported by Mr. Barklay of Kentucky. On 8th September, the bill was signed by the president.

Public discussion was therefore only possible during three days.

² The Phelan amendment, connecting the retaliation with mails, not proceeded with.
The Thomas amendment, adopted.
The James amendment, adopted and incorporated into the Thomas amendment.
The Chamberlain amendment, for reprisals in the fisheries, not proceeded with.

by the Board of Trade : also, the ministry of munitions had been warned of the projects for prohibiting the export of arms, and had made arrangements for increasing the output of the Canadian factories. The retaliatory amendments thus contained nothing for which we were not prepared, in so far as preparation could be made for so great a convulsion as an economic conflict between Great Britain and the United States. The American administration, on the other hand, would appear to have initiated this legislation hastily and impulsively, under the stimulus of a temporary irritation, and without properly considering the consequences ; for the bill was not subjected to expert examination, until after it had been passed, and the report of the experts in the department of commerce, who alone were qualified to pass judgment, was little but a grave warning against attempting to operate such legislation.

The secretary of commerce argued, that, as the countries at war had now accustomed themselves to treating commerce as an instrument of war, so, they would at once order counter retaliation, if the president exercised the powers granted to him. Far from easing restraints upon American commerce, this would add new restraints to the old, and would aggravate the evil.

They would not hesitate (wrote the secretary) to enforce, more strictly, existing embargoes, besides extending the present embargo list in retaliation for any commercial restrictions that we might impose. At present, rubber, wool, jute, tin, plumbago and certain other raw products, essential to our industries are under export prohibition in Great Britain, and in the various colonies and self-governing dominions which are the principal sources of supply. Shipments of these articles have been continuously imported into the United States, however, from British countries, under special agreements between the British government and associations of leading importers of the various products. It is obvious, that, by terminating these agreements, Great Britain could paralyse many of our industries. On the whole matter the secretary reported, That immediate reprisals, as authorised by recent laws afford no assurance of success, and threaten even the present basis of neutral commerce.

This report was not presented until the late autumn ; but it may be assumed that some kind of preliminary warning was given to Mr. Lansing and Mr. Polk ; for they took the first opportunity that offered of belittling what had been done, and of denying that anything serious was contemplated. They gave these assurances repeatedly in the following circumstances.

As soon as the amendments were printed and circulated, Sir Cecil Spring-Rice and Sir Richard Crawford each, in turn, asked the state department for explanations. At the first interview, Mr. Lansing stated that congress had passed the retaliatory amendments on their own initiative, and that the state department had intervened to make the powers conferred on the president optional, instead of mandatory. Two days later, he repeated this, and stated it was most improbable that the president would order retaliation. At another interview, Mr. Polk said the retaliatory amendments would only be used to obtain concessions on minor points, and denied that there was any intention to break the blockade. The Belgian ambassador now intervened : leaving all details of the retaliatory amendments alone, as being highly technical, and concerning himself only with the policy foreshadowed in the legislation, the ambassador asked whether there were any intention of forming a neutral league to oppose the allies ; Mr. Lansing most vehemently denied it. Sir Richard Crawford then continued the conversations, and explained that the matters complained of in the legislation (refusal of cargo and so on) could probably be remedied by instituting civil suits for damages ; why then had the president been granted such tremendous powers to deal with matters that could be disposed of so simply ? The secretary of state answered, that the president would only exercise these powers in the last resort, and said the legislation was only an electoral manœuvre. At the end of the month, the embassy received a message that the president thought ill of the retaliatory amendments, as he was persuaded he could not operate them

without causing great confusion. By this time (28th September), the campaign for the presidential election had begun, and there was no prospect that the retaliatory amendments would be operated for many weeks. Actually nothing more was heard of them ; but it cannot be said that they were made inoperative by design : they were pushed aside, and then overlaid, by circumstances that will be examined later.

Being unaware that President Wilson might himself have initiated this retaliatory legislation, the Foreign Office regarded it as a congressional manœuvre, and were, on that account, contemptuous of it :

This does not frighten me (wrote Lord Eustace Percy), when the legislation was first reported. I am convinced that for so long as President Wilson is at White House, the powers cannot be used. Senators and congressmen will now be able to tell their constituents that they have done their duty. Most of them will pray fervently that the president will not disturb the beauty of their perorations by translating safe threats into dangerous practice.

If Mr. Phelan and a few others were the sole designers of these retaliatory amendments, and if their party colleagues were the only persons concerned in passing it, this appreciation would probably be correct ; for it is inconceivable that an assembly that had been so timid and evasive, when the implications of submarine war were considered, would ever have declared in favour of an economic conflict with Great Britain. If, however, President Wilson was author, or part author, of the legislation, it may have been the first move in his larger plan of mediating at the end of the year. We know for certain, that, after he received Sir Edward Grey's messages in April and May, he was much affronted ; but that he determined to persevere with his plans for assembling a conference at the end of the year. He may therefore have drafted this retaliatory legislation, and have asked his friends in congress to pass it quickly, in order that he might have some means of intimidating the entente powers, if they continued to thwart him. This is certainly conjecture, but it is not wild and improbable conjecture, for the following known facts support it.

(i) At a later date, soon after the president's proposals were issued, Count von Bernstorff had a long conversation with Colonel House ; after it, he telegraphed, that the American administration were convinced that strong pressure would have to be exercised against the entente powers to make them agree, and that they would exert it if needs be.

(ii) After a further interview, a fortnight later, Count von Bernstorff telegraphed :
At this moment, the president has no other intention than to bring about peace, and will attempt to carry out his purpose with the utmost energy, and with all possible means. It is still impossible to say whether it is really coming to the point of an embargo on all exports. It is possible that the mere threat may force our enemies to a conference.

(iii) Mr. Gerard was summoned to the United States during the autumn, in order that he might be made more conversant with the president's intentions, and returned to his post in December, shortly before the president's summons was issued to the powers at war. When at Copenhagen, he informed the Austro-Hungarian minister to Denmark, that, if the entente powers made exorbitant conditions, then, the United States government would force the peace, by imposing an embargo upon arms, munitions, and even foodstuffs.

(iv) On 12th December, 1916, the German government invited all the powers at war to start a negotiation for a general settlement, and presented their note at Washington. On the following day, an American journalist visited Sir Cecil Spring-Rice, and reported a conversation he had engaged in with the president : the journalist informed our ambassador : That the president was considering cutting

off supplies in case Great Britain refused the note. Sir Cecil at once made enquiries, and was assured by another person, that the president was likely : To incite congress to put pressure on the allies. Sir Cecil was not the only diplomat in Washington who thought that this was in contemplation ; for the Brazilian ambassador paid a special visit to the secretary of state to warn him, that, if the president coerced the democracies of Europe to accept peace conditions which they would consider unjust, he would be composing a bad chapter of American history.

There are thus reasons for believing that the president laid plans for coercing the entente powers, when he learned that they were likely to decline his invitation ; if this is so, and if the retaliatory amendments to the revenue act were the first part of the plan, then, they were more dangerous than was imagined. Even if the alternative explanation is accepted : that the retaliatory amendments were the handiwork of an executive that had lost their temper, and of an assembly that was engaged in political manœuvres, the passing of them cannot, on that account, be dismissed as a trivial, or an insignificant, incident. This legislation gave the executive of the greatest neutral country in the world the power to impede and obstruct the blockade, and it was certainly a signal to other neutrals. Whether it could have been operated to any good effect is doubtful. In the first place, as Sir Richard Crawford explained to the secretary of state, the greatest restraints upon trade were then being imposed by the agreements with the American exporters, and by the navicerting certificates. These organs of restraint certainly reduced the total volume of trade between the United States and northern Europe ; but they also permitted the allowed trade to run freely. Could the administration interpret these agreements as illegal restraints upon American trade, and if they did, what advantage would they get by wrecking a system, which, whatever could be said against it, had ensured the safe delivery of 259 million dollars worth of American goods ; for that was the value of the American exports to Europe during the course of a year ? No specific answer was given to these questions, but at least they may be assumed to have set in motion that steadying influence to which reference has so often been made : the influence exerted by a great volume of business transactions.

Again, it may be asserted that the blockade of Germany had forcibly reminded the administration of a matter not often brought to their notice : that the United States imported goods from Europe, which were of great importance to American industries. As soon as German exports were stopped, the American administration were subjected to severe pressure from a large number of importing firms. Their telegrams to their representatives in Europe are a curious and interesting record of the complaints lodged in White House by disappointed dealers in German goods. In the space of three months, the importers of dye stuffs, of beet seeds, of porcelain insulators, of hops, and of knitting needles, each, in turn, forced the state department to engage in a long and troublesome correspondence with the British Foreign Office. It must therefore have been patent to the American executive, that the inconveniences they suffered by the loss of German imports would be slight in comparison to the inconveniences consequent upon a trade war with Great Britain ; for the United States imported £121,000,000 worth of goods from the British empire, which was their sole supply for tin plates, rubber, and jute, and one of their most important sources of supply for wool, cocoa, skins, and asbestos. If then, the importers of German dye stuffs, hops, and knitting needles, were able to exert such pressure, it can be imagined how much more would have been exercised by the meat and food packers, by the motor car makers, and by the packers of agricultural produce ; for all their concerns would have been threatened with ruin, from the moment when the British government even contemplated meeting reprisals

with reprisals.¹ Moreover, although Great Britain and the allies were importing, grain, foodstuffs and metals from the United States in such quantities that they could not be dispensed with, the American executive would surely have been very reluctant to tamper with these sources of revenue, simply because the revenues drawn from them were so large: for these reasons, it seems safe to assume that the first reprisals attempted would have been reprisals, which would not have done much damage, either to American, or to British, supplies. Nevertheless it cannot be said that these retaliatory amendments were harmless, merely because they would not have been good instruments for exerting economic pressure upon Great Britain: on the contrary, they were dangerous on that very account; for if they had ever been operated, their authors, seeing their defects, would have been driven to remedy them, and it would be pedantic to prove by figures and statistics, that, if the United States government had substituted a good and thorough system of retaliation for the very bad one they actually constructed, then, the allies would have been compelled to yield every demand that was made of them.

¹ See memorandum on the effect on the industries of the United States of a policy of non-intercourse with the British Dominions. Board of Trade paper, undated. H.S. collection of miscellaneous papers. The conclusions of this paper ran thus:

1. By withholding British tin, we could injure, and if we were able to buy up a substantial part of the Bolivian, Chinese and Dutch East Indian tin output, we could cripple the United States tinplate industry and her home and foreign trade industries using tinplates, the aggregate value of whose products in 1909 amounted to 1,468,000,000 dollars.

2. By withholding British rubber we could, especially if we were able, in conjunction with our allies, to acquire a larger quantity of Brazilian rubber, cripple their rubber industry as well as the home and foreign trade of numerous industries, including the automobile industry, the combined value of whose products in 1909 amounted to at least 228,000,000 dollars.

3. By withholding British wool and by buying up Argentine wool we could seriously injure their woollen industry, whose home and foreign trade has a value of at least 1,300,000,000 dollars annually.

4. By withholding Indian jute and jute goods we should destroy their jute industry and very seriously injure many other industries needing jute bagging and bags for the preservation of their goods while in course of transport. The value of the manufactures consisting wholly or partly of jute annually produced in the United States is approximately 95,000,000 dollars.

5. By withholding British hides and skins and Argentine quebracho we should strike a heavy blow at the leather and allied trades of the United States and destroy an amount of American trade in such goods of a value estimated at 180,000,000 dollars per annum; while the aggregate value of United States trade, home and foreign, that would be seriously affected may be put at not less than 997,000,000 dollars.

6. By withholding British graphite and asbestos we should cripple industries to which these commodities are of prime importance, the aggregate value of which, in 1909, amounted to at least 46,000,000 dollars, while the inconvenience to machinery and power users throughout the United States cannot be estimated.

From the stoppage of their trade with the British empire the United States would suffer:—

7. A loss of imports valued at 121,000,000*l.* and exports valued at 223,000,000*l.* annually, with all the accompanying insurances, commissions, inland freight charges, etc.

8. A loss of revenue from import duties, estimated at 18,000,000*l.* annually.

9. A loss of railway earnings of about 32,500,000*l.* annually.

10. A deficiency of merchant tonnage of about 1,700,000 tons inwards and 1,500,000 tons outwards in connection with their remaining foreign trade.

11. The cessation of the investment of British capital in the United States, which, in normal times, amounts to 20,000,000–25,000,000*l.* per annum, and by the complete or partial withdrawal of British capital already invested there, estimated by Sir George Paish to have amounted to 763,000,000*l.* up to the end of 1914.

12. The risk of other retaliatory measures, such as the imposition of duties on United States products imported into the United Kingdom or products of the British Empire sent to the United States, and of legislation on the lines of the old Navigation Laws.

13. The risk of our allies, France, Russia, and Italy, adopting a similar strong attitude.

Finally, these retaliatory amendments are a significant reminder, that the minor operations of economic warfare may provoke more anger and resistance than the great ones. During the months when congress was alternately discussing, and avoiding discussion, upon economic warfare, the blockade of Germany was rigorously and scientifically administered, in that the imports of all states bordering upon Germany were reduced to such quantities that little or nothing could be re-exported. This great operation provoked no resistance, or even comment : half a continent was therefore rationed, while congress examined the law of armed merchantmen, and listened to learned explanations of the law of contraband. The president's anger that his diplomacy had been checked ; an irrational belief that Great Britain was not executing an operation of war, but was pursuing a commercial policy ; and an even more irrational anger against the posting of a few firms provoked an opposition that the whole operation had not provoked ; and this is surely proof, that the acquiescence of all the neutral governments of Europe ; the active co-operation of over two hundred neutral shipping firms, companies, and agencies ; and the diplomatic skill with which the operation was conducted did not protect it against those trivial, but decisive, accidents of fortune, which have often determined the fate of empires.

CHAPTER XXIX

THE RESULTS OF THE ECONOMIC CAMPAIGN DURING 1916

The state of the German armies and the German nation in 1916.—Why the condition of the common people deteriorated during the summer and autumn.—The German regimen in Belgium.—Serbian supplies.—Bulgaria during the year 1916.—Turkey during the year 1916.—General conclusions to be drawn from the economic campaign during 1916.

AS all the surveys of the enemy's difficulties and privations were prepared for a government waiting anxiously for victory in the field, it was inevitable that the question chiefly examined was the question then in everybody's thoughts: In what measure was the enemy's strength in war diminished by the stopping of their overseas trade? This, having long since been settled, is no longer a matter of interest, but it is still a matter both interesting and pertinent to discover, as far as it can be discovered, whether the economic campaign, when it was being waged with all the resources of the entente powers (and it was so conducted during the year 1916) advanced against the German defence, or was wholly checked by it. During the year 1916, the economic campaign was no longer directed against Germany, Austria, Hungary and Turkey, but against a federation of powers, whose lands and conquests began in the suburbs of Dunkerque, and ended at Riga, and Baghdad. If it can be established by how much the economic campaign damaged this great federation, and why its combined resources and power proved an insufficient defence, then, the facts established will constitute something that approximates to a standard scale, or measurement, of the military consequences of economic war.

I.—The state of the German armies and the German nation in 1916

It should be said, first of all, that, in so far as the German system was intended to keep the armies in the field equipped and supplied, it was very successful. During the first part of the year, the German armies assaulted Verdun, unsuccessfully it is true, but with a tremendous expenditure of ammunition; during the summer and autumn, the Germans defeated our armies on the Somme, after three months of hard fighting; and it does not appear that the German high command were ever hampered in their operations by a lack of food or equipment. Throughout the year, the German troops were given one really good meal, and two smaller ones, in a day; their boots and clothing were still very good, and the men fought with a good spirit wherever they were engaged. For a peculiar reason, this was a great disappointment to us. According to expert calculations, it had been thought certain, that the German supplies of manganese would be exhausted by the end of the year 1915; furthermore, our ordnance experts were confident, that, when the German factories could get no more manganese, they would be unable to manufacture guns of a good quality, as manganese was considered irreplaceable as a hardening substance for steel. In a small circle of experts, therefore, it was confidently hoped the shortage would be evident in the spring of the year, and would be decisive soon afterwards. Now the German supplies of manganese certainly failed, but there were no ill effects; for the German chemists, foreseeing the shortage, invented a new hardening process about which nothing has ever been revealed: all that is known is that a German artillery officer, who was captured on the Somme, stated that the guns made by the new process were very good, and that calcium carbide was much used in it. Certainly the German artillery was neither inaccurate, nor ill supplied, during the great battles of the year. The good condition of the German armies, was, however, only one entry upon the general balance sheet of the whole nation; for the German government had protected their armed forces, by exposing the civil population to the shocks of economic

warfare, and by making them a sort of protective barrier to the armies : the success or failure of the economic campaign can, therefore, only be tested by judging whether or not it inflicted progressive suffering upon the German people.

As has been explained, the German defensive system at the beginning of 1916, consisted of some three thousand ordinances and decrees, whereby : (i) rationing in bread, meat and fats was enforced by local bodies, and (ii) all textiles, leathers, metals, and propellants were so controlled, that only those quantities which were not required for government use were allowed to be put upon the market. Traffic in coal, forages, fruit, sugar, and vegetables was still fairly free, although a section of the government's regulations were enforceable against sugar retailers. It is impossible to state, once and for all, how well, or how ill, the ordinary citizen was faring under this regimen. Nevertheless, it may be said, with fair certainty, that persons with middling incomes, and artisans in work, were being given enough meat for one meal a day, which was sufficient only if the household was well supplied with vegetables and potatoes. Milk, in small quantities, was still available. There was, however, a universal tendency to turn meats into soup ; so that all members in one family might share alike ; and so that the bones (which were counted in the meat ration) should not be wasted. Also, the bread, which was highly unpalatable owing to the maize and barley in it, tasted better in broths and stews. This new diet naturally increased the demand for vegetables and potatoes, and this new demand became important later. The regulations in Austria-Hungary were roughly the same, though somewhat less complicated, and here also the same consequences were apparent : the population of Vienna was pressed and squeezed, and the municipality were entering upon their long and arduous campaign for securing supplies of milk from the surrounding country : a struggle which was, on the whole, successfully pursued for two whole years. Vienna was slightly better off for meat than Berlin, and Buda-Pesth was slightly better off than Vienna ; but it was remarkable that even Buda-Pesth, the capital of a great agricultural country, was already ill supplied.

The defect of the system was that, although it kept the country supplied, it was not powerful enough, or searching enough, to distribute burdens equally. The population in the towns of the industrial west were far worse off than the countrymen a few counties to the east of them ; in addition, the people in the two great maritime cities of Kiel and Hamburg were very badly off. All the regulations issued did not, therefore, succeed in supplying these great towns, after their natural sources had been severed ; for the Rhineland towns and the maritime cities have always supplied themselves from overseas. The natural differences between living in the town and the country were thus very much accentuated, and these differences must have been very sharp ; for the following statements were all made in letters that were written within a single week (16th-23rd January, 1916) :

Prices are very high and there is almost nothing to be got.

Every day we are growing poorer.

I have nothing else to tell you except that we are starving.

There will soon be nothing more to eat.

Lots of people are ill here as everything is so dear.

We are getting so thin.

In the large towns the distress must be terrible but everything must be kept secret.

The doles are very small, the poor get just enough to keep body and soul together.

We have nothing to complain of in Germany.

There is more money about than ever.

We want for nothing, though some things may be scarce and dear.

We have food enough, though we have to rely on more vegetables.

There was another striking inequality, the consequences of which were hidden for the time being : the difference that hard times were creating between the rich and all others. This was certainly not because the rich were wicked and callous ; for, as far as can be judged, the German nobility were public spirited and unselfish. Princess Blücher and her husband, for instance, were what old-fashioned folk would

call good Christian people. They were very rich and very influential, and could have lived at their ease in Silesia ; yet both of them took up their quarters in Berlin, where they laboured unwearingly to alleviate the sufferings of the poor and of the wounded, and Princess Blücher seems to have been a single member of a great company of German ladies who did the same. But let the entries in Princess Blücher's diary be contrasted with a German hausfrau's letter of the same date :

The diary, January, 1916.

Our hotel Esplanade represents exactly what it is intended to be : a centre or gathering place for the great world of Berlin At present it has become a sort of caravansary for all the homeless exiles of position and influence . . . Most of us are fully occupied. Our mornings are filled with self-imposed war duties. There is nursing at the hospitals ; soup kitchens to be helped ; women's guilds and work rooms to be visited During luncheon the latest news from the front is discussed After lunch we sit until 3 o'clock or some one of us gives a tea in her private rooms for a select few. Dinner is at 8.30, a repetition of lunch followed by the visits of Ministers, Court officials, or, more interesting still, men going to or returning from the front.

The intercepted letter, January, 1916.

You have no idea how dear everything is. Dripping is ten kronen a kilog. Of meat we dare not speak. Milk and vegetables are hardly to be obtained at all.

By no fault of their own, therefore, a large number of Germans were following a way of life that made them objects of resentment and hatred : distant rumbles of anger were already reaching their ears. This is a most important matter ; for it will be shown, later, that the distresses of the poor people inflamed them with an angry, vindictive hatred against all who were more fortunate than they ; and that this was of more military consequence than the shortage of copper and ferro manganese. We hoped, that, by making these metals impossible to obtain, we should make it impossible for the German factories to supply the armies : we miscalculated, but we succeeded in a matter upon which we had made no calculation ; for, by setting up a state of affairs in which the distinction between the wealthy and the poor German was as great as the distinction between a feudal baron and his serfs, we infected German society with a poison that corrupted the discipline of the German forces.

II.—*Why the condition of the common people deteriorated during the summer and autumn*

Being aware that mere rationing had not secured the common people with a sufficient supply, the German, Austrian and Hungarian governments now turned to the old expedient of regulating prices by law. During the first months of the year, a succession of decrees was issued, and the price of bread, meats, vegetables, milk and sugar was regulated. The prices were presumably fixed after the most careful and conscientious enquiries, but they were inevitably fixed at high figures ; the first price list ran thus :

		TABLE LXI	
		per lb.	Price, December, 1914—
Beef	.. .. .	1·49M	1M
Veal	.. .. .	1·5M	0·95M
Mutton	.. .. .	1·55M	0·92M
Pork	.. .. .	1·40M	0·87M
Smoked bacon	.. .. .	2·20M	1·13M
Ham	.. .. .	3·00M	1·74M

Pork and its products, upon which the ordinary German depends so much, was therefore twice as dear as it had been two winters previously. The rises in the price of milk and sugar were probably less felt, as not much was obtainable ; it is therefore more than doubtful whether these regulations ever gave substantial relief to those sections of society, which they were intended to relieve. It can hardly be

doubted, moreover, that the able and conscientious men who fixed these prices, Dr. Delbrück and his advisers, quite well understood that the expedient of maximum prices, which, of necessity, disregards economic laws, is always laden with dangerous consequences. Certainly ill consequences soon followed; for the prices of forages, upon which the meat supplies so much depended, stood at the following figures, a few weeks after the new regimen of legal prices had begun:

TABLE LXII

		36M per 50 kg.	Normal price—7·5M per 50 kg.
Cocoanut cake .. ..	.. ..	36M	7·8M ..
Palmnut kernel .. ..	.. ..	37M	7·9M ..
Maize meal .. .. ..	.. ..	20·5M	5M ..
Wheat bran .. .. ..	.. ..	15·5M	4M ..
Molasses .. .. ..	.. ..	7M	2½M ..
Hay .. .. ..	.. ..	6M	1·4M ..
Carrots .. .. ..	.. ..	3·2M	..

These tremendous rises obviously mean that forages were difficult to obtain, as well as very dear to buy. During January and February, therefore, the farmers realised that they could not maintain their stocks, and sent away a great number of cattle for slaughtering; thereafter, they put a much smaller quantity upon the market: the additional supplies yielded by the first slaughterings were entirely exhausted by mid-April. In Austria and Hungary there were the same consequences, with this exception, that the Hungarian pig raisers resisted the price laws more vigorously than the German, and boycotted the market during the summer months. As there are a number of natural sheep pastures in Austria, upon which flocks may be raised, until they are ready to be slaughtered, there was a fairly good flow of mutton to the towns during the course of the year; but this only partially made good the terrible scarcity of pork and bacon, which very much increased the distress in the two capitals. Dr. Delbrück and his advisers were therefore forced to raise the maximum prices during the course of the year; and as each rise was a compromise between what was expedient to keep the common people quiet, and what sound economy demanded, the result was never satisfactory on either head. During the first months of the year there were disorders at Hamburg, Kiel, Magdeburg and Cologne: not open rioting perhaps, but symptoms of a disease that could only be cured by more supplies of bread, milk, meat and cheese. These additional supplies were certainly not forthcoming; for every rise in the maximum prices was, after all, only evidence of a growing scarcity; and the following figures prove that neither the rationing system, nor the harvest, nor the supplies obtained from the border countries, ever checked the rising deficit.

TABLE LXIII

Article.	Price		Percentage increase or decrease.	Price in July, 1914.	Percentage increase.
	At the beginning of the maximum price regulations: <i>i.e.</i> November, December, 1915.	November, 1916: <i>i.e.</i> after a year of price regulation.			
	<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>			
Rye bread, per 4 lb.	8½	7¼	-14	6	21
Wheat	1 0½	1 3	+16	10	49
Butter, per lb.	2 3½	2 4¾	+5	1 2	105
Lard	2 4½	2 10½	+20	8½	315
Sugar	3½	3¾	+14	2¼	36
Eggs, per dozen	2 5¾	2 9¾	+52	10	357
Beef	1 2½	2 0¾	+70	9	170
Mutton	1 4½	2 5	+75	11	164
Veal	1 4½	1 10½	+36	11	106
Pork	1 3	1 8¾	+38	8¾	249

The harvest was indeed a poor one. It had, at first, been hoped that the potato harvest would be good, as a great many potatoes had been sown. Actually, the harvest was one of the worst on record for a number of reasons. When the regimen of maximum prices was first imposed, it was well received by the common people, who imagined that it would be an estoppel to the persons whom they called profiteers, food barons, gulash nobles and the like. As the regimen was imposed for policy, so, more and more articles had to be included in it, and, just before the early potatoes were ready to be dug up, maximum prices were fixed for all vegetables. The potato growers were alarmed, and immediately delivered very great quantities, in order to get the maximum prices. These potatoes were dug in great haste by women and boys, and were loaded up with the damp earth clinging to them, for the spring was a wet one. As the trains were few, transportation to the towns was slow, and a large proportion of the crop was rotten, when it reached the markets of the big towns. This was only the beginning of an even greater disaster. The ground that had been given over to additional potato cultivation had not been properly disinfected; a wet summer made matters worse; and, by the autumn, it was universally admitted that the potato harvest had failed: actually 23,500,000 tons were harvested as against a normal of fifty-two millions. This was accompanied by reductions in the grain and sugar harvests, which made a deficit of nearly eight million tons. If the normal importations of corn stuffs, which were almost entirely lost during the year, are added to this deficit, the total reduction in the essential food supplies of the German people is about fourteen and a half million tons.

Acute shortages were thus inevitable; but it is difficult to say when they began. The German townspeople were not ill-provided in February and March; but they were certainly very pinched a few months later. July and August are probably the months when conditions of life sharply deteriorated; for it was then that the shortage of clothing began to be felt. There must, indeed, have been great disappointment, when it was discovered that the government would be unable to redeem their promise of allowing warm clothing to be put on the market before the winter. Clothing permits had to be obtained before so much as a woollen stocking could be bought, and these permits were so sparingly granted, that, in many families, children spent all their spare time unravelling rags, and pieces of old clothing, which were entirely worn out; when these odd pieces of cloth were unravelled, the women strove to reknit the yarns into clothing. Finally, the authorities were compelled to reduce railway movements so much, in order to make the small supply of lubricants suffice, that there was a terrible coal shortage in Berlin, Leipzig, Kiel, Hamburg, Hanover, Dresden and Vienna.

The winter of 1916 was, therefore, a period of sharp suffering in all the big towns: neither the rationing system, nor the regimen of maximum prices, nor the appointment of an imperial food controller, checked the distresses apparent at the beginning of the year. The rations allowed were not always obtainable, and in many cases rations were no assurance as to quality; the meat meal in the middle of the day, or later, was, by then, a thing of the past; and it is stated, by German authorities who seem anxious to ascertain the truth, that, in Frankfurt and Munich, many thousands of individuals could only be sure of five slices of bread, half a small cutlet, half a tumbler of milk, two thimblefuls of fat, a dozen potatoes, and an egg-cup of sugar in the course of a day. To this the more fortunate could add a precarious, irregular supply of jams, green vegetables, and nuts. These supplies were, however, only obtainable by waiting for long hours in food queues, exposed to the rain, snow, and slush of a German winter; after obtaining them, the women as often as not returned in their soaking clothes to houses that were not heated, or even warmed. Certainly the working people were not suffering what people suffer in a beleaguered city; but at least they were reduced to a condition that no community will endure indefinitely. The majority of them were either cold, or wet, or hungry, for the

greater part of the day, and in order to alleviate their condition, they were forced to adopt habits that only aggravated their unhappiness. As a large proportion of the children had no warm clothing, they were kept in bed all day, when the weather was particularly cold: the same was done with the old people. Worse than this, drunkenness became very common in all classes, especially among the women, who often sacrificed their own scanty rations of milk for their children or their husbands, and so, took their places in the food queues with empty stomachs. Even if this want and suffering were inflicted only on the townspeople, it must be reckoned a great achievement; for it is in the towns of all modern countries that political disturbances begin, and the following chronicle of the disorders in the greater towns shows, that, by the end of the year, large sections of the common people were more or less accustomed to participating in riots and streets uproars. When the habit is established, the foundations of public authority are shaken.

TABLE LXIV

Food riots in German towns in the year 1916

		<i>Town.</i>				<i>Kingdom or Province.</i>	
January	..	..	Berlin	..	..	..	Brandenburg
			Chemnitz	..	..	..	Saxony
			Leipzig	..	..	..	Saxony
February	..	..	Halle	..	..	..	Hanover
			Berlin	..	..	..	Brandenburgh
			Cologne	..	..	..	Rhineland
			Hanover	..	..	..	Hanover
March	..	..	Munich	..	..	..	Bavaria
			Dusseldorf	..	..	..	Rhineland
			Munster	..	..	..	Westphalia
			Frankfort on Main	..	..	..	..
			Berlin	..	..	..	Brandenburg
April	..	..	Berlin	..	..	..	Brandenburg
			Dresden	..	..	..	Saxony
			Jena	..	..	..	Weimar
June	..	..	Leipzig	..	..	..	Saxony
			Berlin	..	..	..	Brandenburg
			Charlottenburg	..	..	..	Brandenburg
			Brunswick	..	..	..	Hanover
			Magdeburg	..	..	..	Magdeburg
			Cologne	..	..	..	Rhineland
			Coblenz	..	..	..	Coblenz
			Aix-la-Chapelle	..	..	..	Aachen (Rhineland)
			Duisberg	..	..	..	Dusseldorf
			Breslau	..	..	..	Silesia
			Kiel	..	..	..	Schleswig-Holstein
			Dresden	..	..	..	Saxony
			Chemnitz	..	..	..	Saxony
			Munich	..	..	..	Bavaria
		Nuremberg	..	..	..	Bavaria	
		Essen	..	..	..	Dusseldorf	
		Dusseldorf	..	..	..	Dusseldorf	
August	..	..	Southern Alsace	..	..	..	..
			Berlin	..	..	..	Brandenburg
			Cologne	..	..	..	Rhineland
			Hamburg	..	..	..	Schleswig-Holstein
September	..	..	Dresden	..	..	..	Saxony
			Hamburg	..	..	..	Schleswig-Holstein
			Hammersbooch	..	..	..	..
			Barnbeck	..	..	..	Suburban districts of Hamburg
			Messberg	..	..	..	..
		Brunswick	..	..	..	Hanover	

TABLE LXIV—continued
Food riots in German towns in the year 1916

	Town.	Kingdom or Province.
October	Kiel	Schleswig-Holstein
	Leipzig	Saxony
	Berlin	Brandenburg
	Munich (5 occasions)	Bavaria
	Stuttgart	Wurtemberg
November	Bremen	Stade
	Hamburg (constant small riots)	Schleswig-Holstein
December	Dresden	Saxony
	Kiel	Schleswig-Holstein
	Lubeck	Schleswig-Holstein
	Hamburg	Schleswig-Holstein
	Munich	Bavaria
	Posen	Posen
	Breslau	Breslau (Silesia)

It is very difficult to decide how far these sufferings were confined to the towns, and how the countrymen fared during this hard winter. In the summer, the difference between town and country was still extraordinary; for in August, Princess Blücher, whose wealth and position protected her against the worst discomforts of living in Berlin, went on to her husband's estate in Silesia and writes thus of the change:

It is as if some invisible curtain had fallen, separating us for ever from our nomadic life of unrest in Berlin with all its political perplexities and vexations as to fats and greases or rather the want of them and the constant irritating lack of everyday needs. Here we are living on the fat of the land, as the monks of old most probably did in this very same monastery. We are, in fact, self supporting, which means that my husband, and the keepers supply us with all manner of venison and game, such as wild duck, hares, partridges, and pheasants. We buy no butcher's meat: the farm supplies us with milk and butter, flour and bread, and the garden keeps us in vegetables and fruit.

This was how the owners of a great country house fared in the late summer: it would be interesting to know whether the small farmers, day labourers, and villagers were equally well off, and how the regulations that were issued soon after affected them. A decree of the *Bundesrat*, dated 17th August, theoretically placed the entire empire on a uniform meat ration, and a further order forbade the slaughter of any animal or fowl without permission. By these orders the new food controller hoped to distribute burdens equally between town and country. The German officials in the country certainly endeavoured to enforce the orders; but it is more than doubtful whether they ever did so. Their instruments of pressure were permits for buying sugar, which they were empowered to withhold from farmers who were suspected of evading the regulations. The German peasants are, however, great bee keepers, and their women folk soon learned to use honey as a sweetener; also, it is not difficult to extract a sweet sauce from beetroots, which were grown all over the German countryside. Presumably, therefore, the consequence of these orders was that the country folk returned to the habits of an earlier age, by living on their produce and vegetables, and by selling small quantities, when they urgently needed ready money; and that the differences between town and country became sharper than ever.

It is obvious from all this, that such supplies as were received in Germany from the border neutrals, did not make good the growing shortages. In Whitehall, the contraband department were much disappointed, when they realised that our endeavour to reduce these supplies had been only partially successful. Seen in retrospect, the set back seems unimportant if it is compared with the successes of the whole operation. It is not, however, obvious, at first sight, why the produce obtainable from Belgium, Serbia, Poland, Bulgaria and Turkey, did so little to alleviate the growing shortages. Quite clearly, Germany's worst difficulties would have been overcome, if the government could have secured more forages; for if the

stocks of pigs and cattle could only have been maintained, then, all the worst scarcities, fats, greases, milk and meat, would have been much relieved. Now all the countries conquered by Germany, or allied to her, normally export considerable quantities of produce that could be used for feeding livestock ; it is, therefore, of some interest to discover why these sources of supply were dried up.

III.—The German regimen in Belgium

Belgium is so covered with farmsteads and small holdings, that a traveller in the country might well assume, that the Belgian peasants and farmers grow enough corn and vegetables for the whole population. This, however, is deceptive ; great quantities of corn, fruit and vegetables are certainly grown in Belgium, but the people in the industrial towns do not feed themselves entirely from Belgian produce, and import supplies from overseas : if these are cut off, there will always be serious shortages in the country. When the German armies entered Belgium, the army commanders either fell into the vulgar error of imagining that there was enough food for their armies and for the population, or else made the mistake of assuming that they could famish the country with no ill consequences to themselves ; for, as soon as they were fairly established, they requisitioned meat supplies and crops after the manner of an earlier age. After a month of this foolish regimen, therefore, large sections of the Belgian townsmen were near starvation, and the burgomeister of Brussels, Monsieur Max, founded the *comité de secours et d'alimentation*, and secured a promise of help from America. Temporary relief was given by securing and distributing such supplies, as the German generals had left alone ; but the committee represented to the governor-general that there could be no permanent relief, unless they were allowed to import corn from overseas.

By good fortune, the first governor-general of Belgium, von der Goltz, was one of the wisest and most thoughtful officers in the German army—a man who had made the history of warfare his lifelong study, and who had written books upon it, which are universally admired for their judgment and learning.¹ Von der Goltz was quick to realise that the German armies in France could never be supplied locally, and that it would be an enormous burden upon him, if Belgium were filled with hungry, desperate men. He therefore encouraged Monsieur Max's committee to complete their arrangements, and persuaded the German government to agree : that goods brought into the country by the Belgian or American representatives of the relief committee should not be requisitioned ; and further, that Belgian goods which were similar to those imported by the committee should be exempted from requisition. Von der Goltz was succeeded by General von Bissing, an ignorant, obstinate man, who would willingly have reverted to the first system, and who did, in fact, requisition a fair quantity of vegetables. The original agreement was, however, protected by the American government : having signed it, the German authorities were not free to revoke it at will, and were, in consequence, more or less bound to von der Goltz's plan of treating Belgium as a traffic route, rather than as a source of supply. On receiving news that Bissing was not operating the convention honestly, the British government appealed to all neutral powers, and arranged that a new and more explicit convention should be signed (April, 1916). In this second agreement, the German government undertook that no food or forages, fertilisers or seed should be exported from the country, and that the military authorities should neither requisition them nor purchase them on the open market. Belgian writers state that Bissing and his military colleagues administered this convention very dishonestly ; doubtless goods were requisitioned locally after it had been signed. The convention was, however, too well protected for any flagrant disregard of it to be possible ; and it may be taken that it virtually kept Belgian supplies of meat and forages within

¹ *Krieg und Heerführen, and das Volk in Waffen.*

the borders of Belgium during the course of the year. It is an open question whether the Germans would have relieved their own distresses, if they had exercised the old fashioned rights of war against the country, and had drained it of everything useful to them. If statistics are consulted, it would appear as though they might have drawn considerable quantities of meat, forages and vegetables from Belgium : if the concrete case of Serbia is considered, however, it seems doubtful whether anything substantial would have been secured.

IV.—Serbian supplies

When the Serbian armies had been driven into Albania, Serbia was temporarily divided into three districts ; the Germans administered the north-western part, west of the Morava valley ; the Austrians administered the districts to the east of it ; the Bulgarians occupied old Serbia. In the first months of the occupation, the Germans set an example that might have been of profit to the governors appointed later, if they had been wise enough to imitate it. The Germans recognised the authority that was granted to the village councils under the Serbian constitution, organised labour battalions to work in the copper mines at Bor, and on the railways, and, in the words of a Serbian historian, showed a real comprehension of the peasants' daily life. The German officers and soldiers, who admired the military virtues of the Serbs, became very friendly with them. The German doctors gave advice on small matters ; the battalion farriers and armourers helped the farmers to mend their ploughs and tools ; and the common soldiers were often able to give the villagers news of relations who had fled or had been interned. Realising that they had nothing to fear from the German soldiers, the Serbian farmers soon began to bring large quantities of produce to the German camps and to sell it. To quote the Serbian historian again :

During the three grey years of the occupation, the Serbian peasant thought of the blond men in the pointed helmets (which is what he called the German soldiers) as the sons of a great and civilised people, who are just and compassionate in victory.¹

Very little produce was exported during the German occupation ; but at least the peasants were working their farmsteads, and bringing supplies to the local market, when the Germans abandoned the administration of the country to the Austrians and Bulgarians (January, 1916).

The Austrians now governed the country vacated by the Germans, and the Bulgarians administered the country to the east of the Morava, and all southern Serbia. The Austrians placed the whole country under military government, and forbade free commerce in all farm produce, meats, fowls, and eggs. Everything stored or grown in the country was declared liable to be requisitioned. The farmers were given certificates of requisition, on which the price fixed by the military authorities was stated ; and, in theory, these certificates could be cashed at the local *kommandantur*.

The Bulgarians regarded the country allotted to them, as country annexed permanently to Bulgaria, and instituted a wiser system. Knowing that the Serbian peasants followed a way of life similar to that of their own farmers, they realised the country would only be productive, if the Serbs were encouraged to bring their supplies freely on to the market : they therefore requisitioned as lightly as possible, and allowed free commerce within the occupied territory. If Bulgarian rule had

¹ Bojidar Nikolayevitch. *Sous les allemands*, pp. 9-14. Monsieur Nikolayevitch was a professor at the University of Belgrade ; Monsieur Yovanovitch, who was employed by the Carnegie Institute to examine the economic consequences of the war in Serbia, states that nobody has ever disputed M. Nikolayevitch's accuracy, or put his honesty in question.

been mild and generous, like the German, the Bulgarians might have drawn considerable supplies from old Serbia and Macedonia ; but the Bulgarian governors, though indolent and easy going in all matters relating to commerce, were oppressive and cruel in whatever related to politics, and treated every person whom they suspected with terrible severity. The consequence of Bulgarian rule, or rather of the terror it inspired was, therefore, that the Serbian peasants produced less, sold less, and left their fields and farmsteads as rarely as possible ; in order that they should never be seen in market towns, which they knew to be filled with Bulgarian spies and policemen. Now of all farmers in the world, with the possible exception of the Bulgarian, the Serbian farmer is best able to live upon his own produce. The old habit of evading the Turkish tax gatherer, and of hiding stores from the Turkish soldier, survived after the Turkish domination ended, or rather was converted into a new habit of storing, and keeping the harvest, and of living on it. A Serbian economist, working upon statistics collected by the society for Serbian agriculture, has estimated that it is only rarely that a Serbian farmer sells a quarter of what he produces, and that he generally keeps about eight-tenths of his crops, his honey, his eggs, and his pork for himself and his family.¹ Bulgarian Serbia was not therefore afflicted with the famines that ravaged the districts to the west of the Morava ; but it was not a country that yielded anything substantial. In addition to all this, the Bulgarians placed customs posts along the boundaries of the countries allotted to them, as a result of which the movements of Serbian goods were thenceforward controlled by the regulations that were issued from Sofia.

The Bulgarians were soon forced to restrict their exports severely ; so that the only part of Serbia, which could have been exploited for the relief of the central empires was the part administered by the Austrians. It is doubtful whether so small a country could ever have exported enough produce to make good the rising shortages in the central empires ; but relief, if possible, would only have been given by raising the productive forces of the country, and Austrian rule was so oppressive and short-sighted, that the productive forces of the country were almost obliterated. In a few months, the Austrian generals drained the country of draft horses and oxen, and the natural consequence followed : less and less land was cultivated, and the Serbian peasant hid away his grain, which was thus removed from the military authorities and from the towns. Famine and typhus now swept the country. According to Serbian calculations some 365,000 men, women and children died of hunger and disease during the year 1915. According to Austrian calculations, the Serbian population under their rule was reduced by more than a quarter, at the end of the year 1916. It is futile to expect that a country so afflicted will yield its conquerors anything. By the end of the year 1916, therefore, little or nothing was leaving Serbia, although possibly a trickle of produce was flowing to the Austrian camps.

TABLE LXV

¹ Monsieur Avramovitch's most interesting calculations run thus :

Size of the property.	Proportion consumed by the family.	Proportion sold.
1 hectare or less	89%	11%
1- 2 hectares	81%	19%
2- 5 "	80%	20%
5-10 "	79%	21%
10-15 "	78%	22%
15-30 "	74%	26%

58 per cent. of the farms in Serbia are less than 5 acres : farms of more than 30 hectares are rare.

V.—Bulgaria during the year 1916

During the second Balkan war, the Bulgarian armies were not well supplied, and the government of the day was severely criticised as a consequence. In January, 1915, therefore, the authorities in Sofia took steps for ensuring that supplies should be better distributed in future, and passed a law whereby a *comité de prévoyance sociale* should be given control over all foodstuffs :

If harvests were particularly bad, during internal troubles, or if mobilisation were ordered.

This committee was, however, only empowered to supply the civil population ; the Bulgarian quartermaster-general and his staff were still responsible for army supplies.

The committee made several recommendations to the government during the summer of 1915, and, when mobilisation was ordered, the Bulgarian cabinet had already prohibited the export of a number of foodstuffs. The committee were, however, in favour of allowing the export of home-grown cereals ; so that the chief products of Bulgarian agriculture were exported freely during the summer of the year 1915. Mobilisation in countries like Bulgaria and Serbia is, however, of more prejudice to agriculture than in more advanced countries ; for the armies are recruited almost entirely from the countryside, and the age limits of men liable to serve are much extended.¹ Realising, therefore, that agricultural production was falling fast, and that it was likely to be reduced still further, the committee enlarged their prohibition orders in December, 1915, and forbade the export of maize, vegetables, oats and barley. This order, added to those previously in force, virtually set up a barrier between the central empires, and Bulgaria. Licences to export were certainly granted, because the Bulgarian authorities were anxious to export domestic produce, in order to establish credits in Austria and Germany. Nevertheless, all that produce which Germany needed most was, henceforward, controlled by a committee, whose first duty was to keep their own country supplied. These new regulations, at once brought the committee into conflict with the German purchasing agency ; for this powerful body had bought large stocks of cereals, and desired to tranship them, without asking the committee's permission ; in this, they were supported by the Bulgarian military authorities, who seem to have been in a sort of alliance with the German agency. The committee were, however, inclined to be hard and unyielding : they knew that the Bulgarian farmers were already beginning to hoard their harvest, and they feared that the inevitable difficulty of getting food put on to the domestic market would be much increased, unless some check were put upon the *Einkaufsgesellschaft*, and their allies in the army stores department. For the time being, the *Einkaufsgesellschaft* were so well supported by the Bulgarian generals, that they defied the committee's regulations successfully. The quarrel was, however, only begun ; and it was soon involved in the domestic politics of Bulgaria.

The parties that in this country are called liberal, or advanced, and on the continent, parties of the left and left-centre, were well represented in the Bulgarian *Sobranje*. They were not powerful enough to prevent a declaration of war against the entente powers ; but they disliked it, and were apprehensive lest the king and the military leaders should enlarge their power during the war, and so weaken those parliamentary institutions, which were their own best scaling ladders to positions of influence and power. When, therefore, the managers of these parties learned that the *comité de prévoyance* was in conflict with the army leaders, they rallied to it, and forced a discussion in parliament. The party leaders were wise enough to leave constitutional questions alone, and to argue, that the bad quality

¹ The Serbian mobilisation orders called up all men between 18 and 50 years of age : the Bulgarian orders were probably equally drastic. See, also, the Turkish figures of production before and after mobilisation for an illustration how war reduces domestic production in Balkan countries.

of the bread, and the lack of eggs and of vegetables in Sofia, could easily be remedied, if a parliamentary committee with full powers were appointed to supersede the existing one. After long debates, Monsieur Radoslavoff yielded, and a new committee was appointed ; it was a purely parliamentary body composed of eighteen deputies, eleven from the government party, and seven from the opposition ; and it was empowered to take all measures necessary for supplying the people and the army (August, 1916). The appointment of this committee was recognised by everybody to be of great political significance, as the military authorities were thereby superseded.

The new committee at once put the people of Sofia on a ration for cereals, and took measures for enforcing their export prohibitions ; but their orders and decrees alarmed the German authorities, for in October, 1916, representatives of the German war office visited Sofia, and urged the Bulgarian cabinet to reconsider the whole position. The German representatives argued, that their arrangements for supplying their troops on the Bulgarian front would be gravely prejudiced under the new arrangements, and asked that another committee should be formed with representatives from the Bulgarian and German armies sitting on it. The Bulgarian deputies were very suspicious of these proposals, which they interpreted as :

Clear evidence of an intention to be free of all control in Bulgaria, and the territories occupied by the German army, in order to supply their own armies, and thereby to be masters of our exports.¹

The committee therefore rejected the German proposals altogether, and the Bulgarian government supported them ; for the Radoslavoff cabinet were, then, rather alarmed at the discontent of the common people, and at the inflammatory effect of rumours perpetually circulating in the capital : that more cereals were crossing the frontier, and that the *Einkaufsgesellschaft* was being allowed to drain the country. The committee's final note to the German authorities was, therefore, a note with a political tint in the paper. They promised to do everything in their power to supply their quartermaster-general's department, which, they reminded the German government, was the only authority responsible for supplying the Bulgarian and the allied armies. They added, that free purchases on the open Bulgarian market, and forced purchases and requisitions in the new territory, the Morava and Macedonia, could not any longer be allowed, as they would be flagrant violations of Bulgarian law. Having thus asserted their authority, and their intention of upholding it, the committee provoked a new conflict with the German authorities, by instituting an exchange system on the German model. This system can, however, only be properly operated by a highly trained and well organised civil service. The Germans resisted stiffly and successfully, for the Bulgarians never succeeded in securing the textiles and drugs, which they tried to obtain in return for their licences to ship grain. Nevertheless, the mere attempt to enforce an exchange system against Germany strengthened the divisions between the two countries, and stiffened the Bulgarians in their resolution to separate their country's economic system from the system of the central empires. After the new Bulgarian committee had assembled, the flow of supplies from Bulgaria to Germany and Austria must have been very much reduced ; for, in the autumn of the year the Bulgarian authorities were taking measures to stop a clandestine traffic in butter, eggs and small quantities of meat, which were being sent out of the country in the parcels post. It was soon ascertained that these fraudulent exportations were being organised by the German military authorities in the country, a discovery which still further excited the suspicions and dislikes of the Bulgarian committee, and determined them to hold fast to the powers given them. In this, however, they were not successful. Their secret report, in which the practices of the German authorities were fully exposed, was divulged to the parliament, where it caused a great commotion. The German military authorities,

¹ *Les effets de la Guerre en Bulgarie.* George Danailov, p. 254. Carnegie endowment series.

well supported by the Bulgarian staff, now made strong representations, and Monsieur Radoslavoff and the ministry yielded. In April, 1917, the parliamentary committee was dissolved, and a military commission set up in its place. This was certainly a great set back for the parliamentary party ; but it will be shown, later, that the disruptive forces that had, by then, been set in motion continued to gain momentum.

VI.—Turkey during the year 1916

In a normal year, the Turkish farmers raise about four million tons of farm produce. This is, certainly, more than enough for the population ; but if the German authorities, after studying the Turkish statistics of production, ever hoped to draw cereals out of the country they must have realised, quite early, that it would be hopeless to attempt it. As the Turkish railways never sufficed to distribute produce between province and province, the Turkish authorities could only have avoided the difficulties in which they were subsequently involved, by carefully organising the transport of goods to all market towns along the railways, and by keeping a large amount of rolling stock available for carrying supplies to the capital. To do this, it would have been necessary to leave all draft animals, wagons, and carts in the hands of the farmers ; but to oblige every landowner, or peasant, in a district to make a specified number of trips to the market towns during a month. It would also have been necessary so to operate the mobilisation orders, that no farm was left without men to work it. The Turkish mobilisation was, however, a general, indiscriminate levy of all men and animals in Anatolia, which at once reduced the production of the country by at least a half.¹ After three months of war, the capital was already short of food and the Turkish authorities were, even then, engaged in a struggle to obtain supplies for which their previous training, and their methods of government, ill-fitted them. It is impossible to decide how far the Turkish government succeeded in combating the difficulties ; but it can be said with certainty, that the movement of supplies from the provinces to the capital steadily declined ; for the orders and decrees of the government are a catalogue of growing difficulties. In November, 1915, Kemal Bey was appointed food dictator, and the military authorities undertook to put twenty-three railway wagons at his service, every day, for carrying wheat to Constantinople. Simultaneously, a committee of ministers was appointed to meet the primary and secondary needs of the provinces. This committee was formed to put some check upon the wholesale requisitions in the country districts. Kemal's dictatorship appears to have been disappointing ; for, by the next decree (April, 1916), his special powers were cancelled and conferred on the mayor of Constantinople, who was thereby authorised to seize mills, bakeries, and means of transport. The mayor was, apparently, unable to do what was expected of him, and three months later (23rd July, 1916) a food board was appointed. The minister of the interior was president of the board, and the Turkish army supplies department were represented on it ; two German experts were also appointed. According to a Turkish historian² these experts managed the board ; if this expression is even partially accurate, it proves that the German authorities were now entirely

¹ The Turkish statistics are certainly incomplete but the total decline in agricultural produce may be estimated from the following figures :

TABLE LXVI

Article.	Production in 1915.	Normal (approx.).
Silk cocoons	2,500,000 kg.	18,250,000 kg.
Salt	153,620,000 kg.	350,000,000 kg.
Tobacco	13,872,000 kg.	55,300,000 kg.

The decline in other Balkan countries, after mobilisation was ordered, was probably not quite so severe, as the peasant women in Christian countries will do men's work in an emergency. In Mohammedan countries the women do not work in the fields.

² Ahmed Emin : *Turkey in the World War*. Carnegie Endowment publication, p. 126.

concerned in distributing supplies in Turkey, and were not attempting to draw food from the country. On the advice of the board, or of the German experts, the Turkish government now issued a law for increasing agricultural produce: all Turkish citizens not serving with the colours were liable to be conscripted for agricultural work, and the government departments, whose indiscriminate requisitions had caused the decline, were now made responsible for distributing grain free of charge, and even for conducting courses of instruction in practical agriculture.

It is conceivable, that if none of these measures had been taken, the condition of Constantinople would have been worse than it actually became; but all these measures combined did not bring any substantial relief; for at the end of the year prices of food and necessaries had risen to the following figures:

TABLE LXVII

Sugar	..	..	..	..	piastres per kilog.	62	normal	3
Coffee	..	..	..	..	" "	160	"	12
Rice	..	..	..	..	" "	35	"	3
Potatoes	..	..	..	..	" "	8	"	1
Beans	..	..	..	..	" "	19	"	4
Onions	..	..	..	..	" "	6	"	0.5
Olive oil	..	..	..	..	" "	45	"	8
Salt	..	..	..	..	" "	2.5	"	1.5
Cheese	..	..	..	..	" "	55	"	12
Mutton	..	..	..	..	" "	28	"	7
Eggs	..	..	..	..	" "	100	"	0.50

In Smyrna prices were at least as high. At the end of the year 1916, therefore, the economic condition of Turkey was roughly what it was for the remainder of the war. The two great towns were centres of suffering and distress; the provinces were tolerably well supplied, although, even in the country districts, many small towns were afflicted. The greatest suffering was, however, being borne by the armies; for the faulty distribution, which was fast isolating the towns from the country, was particularly grievous to them. Thanks to their stoicism, the Turkish troops were still a powerful fighting force; but privations which no army can endure indefinitely were beginning to corrode their fighting spirit.

VII.—General conclusions to be drawn from the economic campaign during 1916

From this long survey it will be apparent, that the economic campaign made great advances during the year 1916, and that some of its consequences seem independent of time or place. The first of these is that a real shortage in one important substance will inevitably create shortages in many others. When the economic campaign was fairly started, the only consequence was a clear scarcity of fats and greases. By a succession of cause and effect, which is too complicated to be followed in all its details, this first shortage caused: a tremendous decline in the food available for the German people; a coal famine in the big cities; and a great decline in the goods carried from the country to the towns. These are certainly big results from such small beginnings. It is a matter of doubt whether the shortage of forages, which, in its turn, caused so much distress and suffering, can be attributed entirely to the economic campaign: economic experts are inclined to attribute it to the declining man-power of the German countryside; but at least the loss of nitrates and of artificial fertilisers, for which we were solely responsible, quickened and aggravated the shortage; and if the quantities of fertilisers stopped were set against all the consequences, also expressed quantitatively, the comparison would be another example of the multiplying effect of a single scarcity.

More important than this, and apparently equally independent of time and place, is the splitting and dividing effects of economic war: the first shortages incline every unit in the blockaded empire to look to itself, and the tendency grows. In

theory, the military federation against which the economic campaign was waged was a self supporting empire : actually it became a collection of governments that were driven, by force of circumstances, to raise barriers against one another, and to check that free motion of goods, which alone could have alleviated the suffering in the afflicted parts. It would seem, moreover, as though this disintegration was inevitable. When Herr Batocki took office, the tendency of each government in Germany to act independently was already apparent ; and the Berlin press was filled with recriminations against the federal governments : one editor got a good round of applause by saying : There is plenty of butter in Bavaria but the English won't let it come through. The popular remedy of a dictator with full powers was therefore attempted ; but, after two months of work, Herr Batocki virtually admitted that the universal pooling, and the even distribution, which the people had hoped for, were impossible : his later orders were all orders giving more power to local and provincial bodies. The separation of the town from the country, of the federal states from the German empire ; of Hungary from Austria ; and of Bulgaria from the greater countries in the alliance, appear, therefore, to be the graduated steps of a general and inevitable process. It must be remembered, also, that the process worked in two directions. If the textile and clothing factories in Germany and Austria-Hungary had been put into the service of the whole military federation, it is probable that they would have supplied the Bulgarian and Turkish armies with a tolerable equipment. Actually, the tendency of each unit to look for itself closed the German and Austrian factories against the Bulgarian and Turkish contractors, with the result, that, while the German and Austrian soldiers were still well equipped at the end of the year, the Bulgarian and Turkish soldiers were then badly booted and badly uniformed ; desertion was already giving the Turkish authorities great anxiety. Probably this disintegrating effect of economic warfare is its most important consequence ; for it is difficult to believe that the German military federation would have dissolved as suddenly as it did two years later, unless the component parts had first been divided, and in a sense isolated, from one another, during their long struggle against the economic campaign.

It may be objected against all this, that, as the German federation resisted the economic campaign successfully for four whole years, its military value is not high. This four years' resistance is, however, incidental to the particular case now being considered ; for, if the German nation had seen no prospect of alleviating the condition to which they were reduced, in the winter of 1916, they would hardly have continued their resistance. In October, however, the German generals gained their first victories over the Rumanian army, which had invaded Transylvania a month before ; during November, the Austro-German armies forced the passes of the Carpathians and crossed the Danube ; and on 5th December, Bukharest surrendered to von Mackensen, the German commander-in-chief. When the population of Berlin and the Rhineland towns were suffering most, therefore, they were saved from desperation, by knowing that one of the granaries of Europe was in German hands. As statistics had throughout proved to be such untrustworthy guides, the German authorities issued very cautious forecasts of the relief that would be forthcoming : it was, however, patent to every German and Austrian citizen, that some relief would be obtained, and this confident belief in an early improvement was the great check, or set back, to the campaign. The German high command, however, who were better able to judge than the common people, acknowledged, by their acts, that the economic campaign was advancing irresistibly, and that German victories in the field were not checking it ; for, just when rejoicings over the Rumanian victories were loudest, the German generals and admirals decided upon an adventure, which they themselves acknowledged to be justified only by the desperate straits to which the nation was reduced.

CHAPTER XXX

THE GERMAN ECONOMIC CAMPAIGN SEPTEMBER, 1915- JANUARY, 1917

The state of the enemy's economic campaign in the autumn of 1915.—Conferences between the naval and military leaders ; the chancellor's opinions upon submarine warfare.—The state of the campaign in the winter of 1915.—The chancellor re-states his objections to a general campaign ; and a further compromise is ordered.—The sinking of the Sussex ; and the demands made by the United States government.—German deliberations on the American note.—The consequences of Jutland.—The army high command again intervene, and the discussion changes its character.—The final decision is taken without deliberation.—General considerations upon the conduct of submarine warfare.

I.—The state of the enemy's economic campaign in the autumn of 1915

WHEN the German government settled their differences with the United States, in September, 1915, their submarines had sunk about 770,000 tons of allied and neutral shipping. This had been done in seven months, by a fleet of about thirty-five submarines, which was then being increased by about four boats a month. It must be remembered, however, that the German high command had conceived of the campaign as one directed rather against Great Britain than against the alliance as a whole ; so that, the rate at which British tonnage was being reduced was, to them, the test of success or failure. Now some 570,000 tons of British shipping had been sunk since February ; it followed, therefore, that this monthly average of 80,000 tons of British shipping destroyed might easily be raised to 160,000, and there maintained, when the Germans had seventy good boats in service ; for the new boats were of far better design than those with which the campaign had been opened. On a hopeful view of the matter, it might have been reckoned that about 180,000 tons of British shipping would be put out of service every month, at no very distant date. The restraints upon which the American government had decided to insist did not materially affect this calculation ; for, after some hesitation, the United States authorities had pronounced the campaign unobjectionable, provided that it was directed against enemy commerce, and provided, also, that passenger ships were left alone. In any case, although the submarine commanders had been given a licence to attack and sink enemy ships without warning, they had not done so in most cases ; for at least ninety-five per cent. of the ships they had sunk, had been dealt with in a manner that the United States government considered legitimate.

In September, 1915, therefore, little remained to be done, in order to enlarge the campaign against British commerce into a campaign of approximately equal strength to the one we were waging. We had not succeeded in closing every avenue of German commerce ; nor could the Germans hope to reduce us to famine, merely by destroying two million tons of British shipping in the course of a year ; but it required no elaborate calculation to prove, that this campaign against British commerce would impose a tremendous strain upon us. The Germans were, indeed, very well informed about our shipping : they knew that a large proportion of it was removed from the carrying trade, by being put to military uses ; they knew, also, that another part was in the allied carrying trade ; and could be certain that the prospective loss of two million tons would be borne by the residue that was carrying British imports and exports. Also, the Germans had enough information before them to be certain that these losses would not be replaced ; for our shipbuilding yards had been so depleted of men by the recruiting officers, and of material by Lord Fisher's naval programme, that they were then only delivering some 650,000 tons of shipping in the year.

An economic campaign of this magnitude was, therefore, in prospect in the autumn of 1915 ; and it will always be one of the marvels of military history, that the German high command could not be satisfied with it. The invasion of France and Belgium has been of such consequence in the military and political history of Europe, and all thinking people have been so much impressed by the rapidity with which the operation was executed, that it has been commonly imagined that the leaders of German military thought had for long conceived of war as a series of great offensives only. This is far from accurate : the German staff did certainly decide, after long study, that the war they anticipated would be best terminated by a great initial offensive ; but it must by no means be supposed that the practice of defensive warfare was no part of the German military doctrine. Quite the contrary : General von Moltke, who established the historical section of the general staff, gave particular instructions that the campaigns of Frederick the Great, the great classics of defensive war, were to be exhaustively studied. A long staff history of these campaigns against the Austro-Russian coalition had, therefore, been circulated among German staff officers during the years before the war ; and, if the staff historians insisted upon anything, it was that a defensive war, protracted for a sufficient length of time, could be as productive of final victory as any other. According to their own military doctrines, therefore, the plan of campaign most suited to the circumstances in which the German coalition was then placed, was to hold fast to their gains in France, Russia and Serbia, and to use the economic campaign as an auxiliary to their general plan ; for it followed naturally and logically, that, as the war could not last for ever, so, it must inevitably end, when the allies failed to break down the defensive system of the central empires. It will, therefore, be instructive and curious to review the circumstances that drove the German high command to follow an exactly opposite line of reasoning.

In October, 1915, Holtzendorff and Müller, the naval advisers to the emperor, were agreed amongst themselves, but were in sharp controversy with the commander-in-chief of the high seas fleet. As has been explained, this officer would never agree that submarines operating against commerce should restrict their operations to what the prize regulations allowed, and rather than order them to do so, even as an experiment, he held all submarines in harbour, save for such exercise cruises as he sanctioned from time to time. This difference was settled : by reinforcing the submarines in the Mediterranean ; by pressing the campaign in that theatre only ; and also, by pushing on vigorously with the mining campaign in home waters. As there were not enough submarines available for simultaneous operations in all theatres, this compromise was sufficient for the time being. Of all the alternative plans of operations, the one chosen was the least dangerous ; for it had been agreed on all hands that campaigning in the Mediterranean must be conducted according to prize regulations, while minelaying in the approaches to commercial harbours had not been protested against by any neutral. Nevertheless, the new campaign did provoke a disturbing incident. On 23rd November, Commander Valentiner sank the Italian passenger ship *Ancona* in a manner thought objectionable by the United States government. It had, however, been arranged that the boats of the Pola flotilla should operate under the Austrian flag. The Austrian government were therefore put into controversy with the Washington authorities, and as there had been no antecedent friction between Washington and Vienna, the matter was more easily adjusted. The incident showed, however, that passenger steamers should be left alone in all circumstances, and additional orders were sent to that effect.

For so long as the commander-in-chief forbade the submarines in home waters to participate in the campaign, these arrangements were a mere temporary adjustment, and it is most curious that in a service famous for its discipline and respect for authority, the obvious remedy of ordering the commander-in-chief to stop his

opposition, or to leave his post, was never attempted. Admiral von Holtzendorff could, of course, have persuaded the emperor to issue an order that submarines were to act uniformly in all theatres ; but, as this meant over-riding the commander-in-chief, and so provoking another controversy in the high command, he did not do so. Nevertheless, after a good deal of searching for an expedient, another compromise was reached. Admiral von Pohl admitted it would be bad for the officers and crews, if they had no training in commerce warfare, and therefore agreed that they should begin again, provided that no order was issued that would damage the principle which he was maintaining : that restraints upon commerce warfare should be special acts of grace, which could be revoked at will. After some discussion, therefore, it was agreed, that a submarine from the high seas fleet should be sent out on an experimental cruise. Similar orders were sent to the Flanders flotilla ; to whom a special instruction had been sent a few days before : that they were to keep a close watch on the cross-channel traffic, and attack vessels that were obviously making for French harbours, between Dunkerque and le Havre. By the end of November, therefore, submarine warfare was virtually restarted in all theatres, and the immediate results were satisfactory : during December some 31,000 tons of shipping were sunk in the European theatre, and 76,000 in the Mediterranean.

II.—Conferences between the naval and military leaders ; the chancellor's opinions upon submarine warfare

Thanks to Admiral von Holtzendorff's excellent management, therefore, the campaign against British commerce was continued. In home waters mining was prosecuted with good effect, while the Flanders flotilla continued their attacks against cross-channel shipping. The Mediterranean was the theatre of a very destructive campaign, which was conducted roughly as cruiser warfare is conducted ; for the submarine commanders discovered that they could examine a ship's papers, and allow the crew to get into the boats, without thereby decreasing the number of vessels that they destroyed in a day. All this had, however, been effected by compromises and adjustments which left serious differences on points of principle unsettled. Admiral von Tirpitz still raged inwardly, as he thought that the future conduct of the campaign had been compromised by the undertakings given to the United States government : Admiral von Pohl and his staff were determined, that the compromise reached should not become a binding precedent, and it is curious that it was a soldier who first blew these smouldering differences into flame.

General von Falkenhayn was then preparing his plans for the new year's campaign. He had decided to attack on the western front, and had chosen Verdun as his point of attack : he was confident that he could carry the French fortress, but he did not regard the operation as one which would defeat the French armies outright, and was only hoping to leave the French army weakened by heavy losses of men, guns and transport, and discouraged by the loss of one of the great bulwarks of the frontier. This plan of operations was peculiar, in that it was neither offensive nor defensive. The attack that was about to be launched against the French was a major offensive, in that all available reserves were to be absorbed into it ; and yet it did not promise those decisive advantages, which alone are supposed to justify a major offensive. On the other hand, the plan was far in excess of what defensive strategy demanded ; for, if Falkenhayn had decided to hold the territories that had been won, and to force the allies to expend their strength and resources in fruitless operations for their recovery, then, the proper course for him to pursue would have been to collect and distribute his reserves, and to wait upon events. The plan was, thus, more a political than a military one : the enemy's discouragement and confusion were substituted for a purely military object, and it was, for this very reason, that it combined so well with submarine warfare ; for it was then

realised that the great military consequence of a successful submarine campaign would be the confusion and depression that it would occasion. In any case, Falkenhayn's line of reasoning was natural : if the strategic points to be won in a campaign are mere geographical features, the forces necessary for carrying them may perhaps be calculated ; but if discouragement and confusion are the principal ends, then, every auxiliary means of attaining these indefinite objects ought to be set in motion. The general therefore invited the naval leaders to a conference, and told them that he would like to see submarine warfare more vigorously prosecuted, as he could no longer hope to get a decision by land. Falkenhayn freely admitted he was now reversing opinions that he had given formerly ; but explained this by saying, that, when the controversy with America had first seemed dangerous, he was deeply engaged in the Balkan campaign, and had, therefore, been unable to support any plan, which might have as its consequence that American troops should be sent to the western front, before the conquest of Serbia was completed. This danger was now past, and there was no longer any political danger in pressing the campaign by land and by sea. General von Falkenhayn was, however, careful to put forward his suggestion rather as a question than as a definite proposal : what could the naval leaders hope to achieve if the campaign at sea were restarted without restraints ? Would it, when combined with the success that might be gained on land, end the war by the coming winter ?

It has been said, that, when Admiral von Holtzendorff took up his post, he was convinced that the submarine campaign had been over valued. Since then, however, he had changed his opinion. A number of shipping experts had been examining the state of the British carrying trade, and they had reported that Great Britain was already short of shipping, and that the losses of a submarine campaign would be borne, not by British shipping, but by that nucleus of it which was working in the essential trades. The destructions foreseeable would certainly remove a large proportion of this irreplaceable nucleus, and would be correspondingly difficult to bear. For these reasons Admiral von Holtzendorff now announced, that, if submarine war were restarted soon, and executed sharply, it would bring about an unbearable state of affairs in England by the winter of 1916. Admiral Tirpitz endorsed this, but separated himself, sharply, from those who believed that Great Britain would be reduced to famine and ruin by submarine warfare :

It stands to reason (he said) that England cannot be beaten outright by any one weapon, not even by U-boat warfare. Nevertheless those same U-boats can so increase England's difficulties that she will, in the end be obliged to give way.

The naval leaders and their technical advisers estimated that these difficulties would be insurmountable after from six to eight months ; it followed, therefore, that America's entry into the war could be disregarded, as it was not conceivable that she could give any material assistance to the western allies in so short a time. The outcome of these discussions was, therefore, that the admirals and generals present : Holtzendorff, Tirpitz, Koch, Falkenhayn and Wild von Hohenborn, the war minister, passed a sort of resolution : That submarine warfare without any restraints should be started early in the new year.

There was, at this time, a good harmony between Bethmann Hollweg and Holtzendorff, who never desired to override the chancellor or the foreign office, and was, indeed, anxious that there should be no differences between his department and theirs. When, therefore, this resolution was handed to the chancellor he answered it freely, by saying he did not see why the government should not secure a satisfactory peace, by holding whatever territories had been won against all attempts to recover them. In the chancellor's war plan there was no place for an unrestricted campaign against commerce ; for, if the enemy's discouragement was to be the great strategic object of the war (it was so to him as much as it was to Falkenhayn), then, it seemed to Bethmann, that the enemy would be very much discouraged, and

possibly inclined to make peace, if they failed to break down the German defensive system. An unrestricted submarine campaign would, however, have the very opposite effect ; for the enemy would regard it as a challenge to continue the war without pause or respite. The chancellor never thought that anything certain could be predicted about submarine warfare, except that it would provoke a struggle of unprecedented bitterness. In his serious moments, he called it the *ultima ratio*, in his lighter, a *roulette game*, and he never swerved from his proposition : if it fails, then *finis Germaniæ*. The chancellor argued clearly, but he compromised on the proposal submitted to him ; for he admitted that it was, intrinsically, a just and reasonable suggestion, and urged only, that nothing definite should be decided until March. This postponement merely allowed the project, which he so strongly disliked, to gain additional driving force during the interval, by being well canvassed in the war office, the admiralty and the high seas fleet. The explanation is, probably, that Colonel House was again on his way to Berlin, and that Bethmann Hollweg hoped, that his negotiations with the American envoy would provide him with reasons for postponing submarine war still further ; for he stated in his reply to the admiral's resolutions :

That, although he had no firm political grounds for supposing that an honourable peace was in sight, there were nevertheless various signs of it in the enemy's camp, and that they ought not to be disregarded.

III.—The state of the campaign in the winter of 1915

During these discussions, the campaign was pursued mainly in the Mediterranean : only one U-boat was sent to the west coast under the orders issued on 30th November, and during January little was done in home waters except by the minelayers. The submarine commanders of the Flanders flotilla were, however, still nominally executing the order of 15th November, which directed them to attack the cross-Channel traffic. Two events of some consequence occurred during this respite : the first was that Admiral Scheer was appointed to command the high seas fleet, the second was that Captain Kophamel, the senior submarine commander in the Mediterranean, reported that his officers must be allowed to attack all armed merchantmen without warning, if they were to continue their operations successfully.

Admiral Scheer's appointment to high office was important in the history of the campaign. Not many state papers were presented by the new commander-in-chief ; his opinions, nevertheless, exerted great influence, for he made the high seas fleet a sort of radiating point for the few simple propositions, which impressed the popular fancy, and strengthened the clamour for submarine war. It will have been seen that submarine warfare against commerce had, hitherto, been urged mainly as a substitute for some other plan, or as a compromise between conflicting plans, or as an auxiliary to the campaign on land. To Admiral Scheer, submarine warfare against commerce was as much an act of modern war as an artillery bombardment, or an aeroplane raid, or, indeed, as an assault by an army in the field. This kind of military logic was, of course, so simple that every young hot head, and every staff officer had been expounding it for long ; but it acquired exceptional weight and dignity when Admiral Scheer adopted it. He was a far abler man than his predecessor, for he could argue an abstract concept with force and eloquence ; and, a few months later, after Jutland was fought, he enjoyed a reputation second only to Hindenburg's. Now Scheer held to his opinions with unshakable obstinacy, and was less inclined to compromise than Tirpitz or Bachmann : as the headquarters staff had never been powerful enough to override so feeble a creature as Pohl, they were even less able to enforce obedience upon the victor of Jutland. Scheer was always at great pains to let his opposition be widely known, as he hoped that the people would raise a clamour, when they learned that the commander-in-chief

was being thwarted in a matter that they would regard as entirely within his own competence. The persons whom he hoped to overturn by these manœuvres proved stronger than he anticipated ; but this endeavour to inflame the nation was persisted in for half a year, without respite of any kind, and must certainly be counted among the strongest influences at work.

Kophamel's report, from the Mediterranean, was also of some consequence, in that it was a warning, that operations might be brought to a check, in the theatre where they were being pressed hardest ; for since October, when operations began, the sinkings had been irregular but very promising.¹ Kophamel did not specifically say that the success of the operation was in jeopardy ; but he showed that a rising number of armed vessels were escaping. This report was received soon after the conference of naval and military leaders decided, in a general way, that submarine warfare was to be re-started as soon as possible ; further than this, it coincided roughly with the beginning of the campaign on land for which Falkenhayn had asked assistance ; for, on 21st February, the German armies opened the attack on Verdun. As it was important that there should be no check in the Mediterranean (which was then the principal theatre of submarine war) when affairs were in this posture, there were some reasons why Kophamel's suggestion should be acceded to.

Nevertheless, if what young Kophamel recommended had been examined by persons competent to review the whole state of the war at sea, and not merely by persons who were ignorant of everything but the difficulties of summoning and examining armed merchantmen, then, it would surely have been decided that the existing practice must be adhered to. The consideration that a man of ordinary foresight and prudence would have thought decisive would have been whether an order giving Kophamel and his brother officers more freedom could safely be issued in the circumstances. The circumstances were these. When Kophamel's report was received, Bernstorff was bringing what he called the second *Lusitania* controversy to an end, and was finding the American administration very harsh and unyielding. More important than this, however, Kophamel's report coincided, roughly, with the American proposals for a *modus vivendi*.² If, then, the German authorities had carefully considered the American proposals, they would surely have concluded, that what the American government were then urging would be far more embarrassing to the British authorities than it would be to the German ; and that, if the American administration decided to press hard that their proposals be acceded to, the British administration would be in a great difficulty. British merchantmen were not being fitted with guns, in order that they should sink and destroy submarines, but in order that they might keep submarines at a distance, and so, make their escape. The American government were therefore proposing that British merchantmen should be sunk, whenever a German U-boat could overtake them : our losses from the campaign were already so disturbing, that we could not possibly contemplate agreeing to anything that would increase them still further. As far as could be judged, moreover, the Americans did intend to press their proposals : the secretary of state wrote to the president, that the British objections ought not to be regarded as a definite refusal ; and an instruction was sent to all American representatives in neutral countries, in which they were ordered to canvass neutral governments on behalf of the

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TABLE LXVIII

	<i>Allied ships destroyed.</i>	<i>Neutral ships destroyed.</i>	<i>Total.</i>
	Tons.	Tons.	Tons.
October	61,340	2,508	63,848
November	146,457	6,425	152,882
December	72,463	1,278	73,741
January	27,979	—	27,979

² See Chap. XXVIII, pp. 549 *et seq.*

modus vivendi. If common prudence had guided them, therefore, the German authorities would have given the American proposals a cordial reception, and would have warned their U-boat commanders to be very careful during the coming weeks ; for, by doing these two things, and no more, they would have increased British difficulties considerably. Instead of this, they did the very opposite, for the worst of reasons. When Kophamel's report reached the German operations division, the chief of the staff and his officers were rather depressed, that the decisions recently taken in conference bebarred them from pressing the campaign at sea for some time to come. The report thus gave them an excuse for what they called a preliminary sharpening of the campaign. They then had before them papers showing how British captains of armed merchantmen were instructed to use their guns, in order to escape capture : they therefore collected these together ; added to them some extracts from statements that the first lord had made in the house of commons ; and, after presenting this dossier to the emperor, persuaded him to sanction the issue of a new order to the submarine commanders, and to allow them to present a document that caused the American government the greatest misgiving and anxiety, at the worst moment that could have been chosen for presenting it. This paper opened with a long, and not very persuasive, tirade, about British practices at sea ; for none of the accompanying documents proved that the instructions given to armed merchantmen were anything but instructions how they could best defend themselves against submarines : it ended with the announcement :

In the circumstances set forth above enemy merchantmen armed with guns no longer have any right to be considered as peaceable vessels of commerce. Therefore, the German naval forces will receive orders, within a short period, paying attention to the interests of neutrals, to treat such vessels as belligerents.

As can be imagined, the officials of the German foreign office objected to the paper itself, and to the moment chosen for presenting it. Their objections carried little weight, however, as the naval staff so arranged matters that nothing was communicated to the German foreign office, until the emperor's decision was given. The German high command was thus still unable to adjust what policy and strategy demanded by any rational principle.

Naturally enough, the president and the secretary of state were very resentful ; for the paper, and the final announcement seemed to them to be an impudent withdrawal of the promises that had just been given by the German government. More than this, the American state department could not give even a qualified assent to the German contention that a merchantman, defensively armed, was, in effect, a war vessel. This proposition had more than once been raised, in a contentious manner, by those sections of American society who desired to lay blame, equally, upon both sets of belligerents, and, on every occasion, the lawyers of the state department ruled that the captain of a merchantman was entitled, by the law of nations, to resist visit and search, if he cared to take the risk : *a fortiori*, he was entitled to resist visit and search by a hostile submarine, as the best treatment he could expect, if he submitted to it, was that he and his men would be put into open boats, before their ship was sunk. The American authorities never intended that their *modus vivendi* should be construed as a withdrawal of their opinion on this matter ; and were careful to instruct their representatives :

That there was no present intention to warn Americans to refrain from travelling on belligerent merchantmen armed with guns solely for the purpose of self defence ; that, if Americans should lose their lives in attack by submarines without warning upon merchantmen so armed it will be necessary to regard the offence as a breach of international law, and the formal assurances of the German government.

The announcement thus made the American president and his advisers suspicious and watchful ; but as there was no immediate protest, the German naval staff thought that they had scored a great success by being firm ; and that, if they

continued to be so, all difficulties would disappear. Admiral von Holtzendorff therefore composed a state paper, in which he represented, that the moment for enforcing a general regulation of submarine warfare was now clearly arrived ; for this reason he recommended : that submarine warfare should be re-started on the west coast of England ; that all enemy ships should be destroyed, whether armed or unarmed ; that examining papers should be avoided as much as possible ; that attacks with the torpedo should be attempted whenever feasible ; that all passenger vessels should be left alone (in doubtful cases a ship was to be treated as a passenger ship) ; and also, that submarine commanders who made honest mistakes should be protected.

IV.—The chancellor re-states his objections to a general campaign ; and a further compromise is ordered

This paper could not, however, be circulated to the fleet as an order, unless the emperor agreed, and Bethmann Hollweg, knowing that another council would have to be summoned, laid all his objections before the emperor. It would be interesting to know how much the arguments in the chancellor's state paper were influenced by his recent conversations with Colonel House. Those conversations have been recorded by House only, and no papers have ever been published, which would allow any certain inference to be drawn about the importance that Bethmann, Zimmermann and Jagow attached to them. All that is known is that House warned the German officials, that the peace terms they hoped to secure were, in his opinion, unobtainable, which was a strong hint that the president's mediation would not help to secure them ; the American envoy also warned them that a renewal of the submarine campaign would be extremely unwise.

There are, however, reasons for supposing that Colonel House's arguments influenced the chancellor's state paper ; for whereas, on the last occasion, Bethmann Hollweg had suggested, merely, that a final determination of the matter should be postponed, he now pronounced against any enlargement of the campaign, with great energy and eloquence. First, the chancellor argued, that everything predicated about the consequences of submarine war was the result of arithmetic calculations about tonnage, freights, and so on. This was a bad beginning, for the success or failure of the campaign would certainly be decided by Great Britain's endurance, and a nation's endurance was not calculable in figures. The estimate upon which the naval leaders were so confident pre-supposed that Great Britain would leave things as they were : let it be admitted that she would be roused to make a tremendous exertion, and the statistics then treated as mathematical proof would give no guidance ; for how could anybody measure the energy with which Great Britain would meet the challenge ? Before she allowed her naval supremacy to be wrested from her, she would economise her shipping, cut down her imports, strengthen her defensive system, in fact, she would spend her last farthing and her last drop of blood, rather than admit she had been defeated at sea. Secondly, the chancellor maintained, that such a campaign as the naval leaders now contemplated would provoke the United States to war, or to active opposition : the saving clauses about passenger ships might postpone the breach, but the enlarging of the campaign would make it inevitable. The new campaign would therefore be directed, not against Great Britain alone, but against England and America combined. If arithmetic calculations about Great Britain's endurance were misleading, they were doubly so about the endurance of a British-American coalition. History taught that coalition wars, which cannot be ended by decisive blows, are ended by differences between allies : He wins in war, whose nerves are strongest. Was it not, then, plain sense, that a British-American union, conscious of its enormous strength and resources, would be

stiffer in purpose than Germany? The articles in the pan-German press did not represent German opinion: the German nation were intelligent enough to know that victory had been denied them, because their enemies were too numerous to be defeated. The people would certainly ask, whether it was not inviting sheer ruin to increase the number of Germany's enemies still further, and America's declaration of war would spread discouragement through the nation. Furthermore, it was argued, that the United States were already giving the entente powers so much assistance by loans, and deliveries of munitions, that they would be of no more prejudice to Germany as an enemy, than they were as a neutral. The chancellor considered this to be a most misleading argument: for so long as the United States were neutral, then, the financial assistance given to Great Britain must necessarily be tempered by British credit, calculated on a commercial reckoning. Let it be assumed, however, that the United States and Great Britain were allies in a tremendous struggle, and there would be no calculable limit to the assistance that America would grant. Again, the American government might not persuade, or even attempt to persuade, the border neutrals to declare against Germany; but at least the authorities in Washington would combine with those in Whitehall to press Holland, Denmark, and Norway to reduce their exports to Germany: the pressure exerted would be so severe, that the neutrals might be forced to stop exporting to Germany altogether. The loss of Dutch and Danish produce would give the economic campaign against Germany a great accession of strength; the imports from Holland alone were valued at twenty-one million marks.

Reason refuses to allow that we are in a condition to end the war by victory in such difficult circumstances. As against this, it may be asked, whether our position is so desperate, that we are forced to play a game of roulette, in which we stake our existence as a great power, and our whole future; a game in which the odds supposed to be in our favour are not calculated odds, but a mere speculation that Great Britain will be reduced by the autumn: once again reason refuses to agree.

Finally, the chancellor disputed the assumption made by the high command: that the war could only be ended by a decisive stroke in which Great Britain or Germany was laid prostrate. Certainly the public utterances of the entente's statesmen gave some colour to the supposition, that the entente powers would be satisfied with nothing less than final victory; but was it to be supposed they would still hope and strive for it, after they had failed to recover what Germany had conquered, and had waged another year of indecisive, unsuccessful war? Rising difficulties and growing disappointment must necessarily incline the entente nations to peace:

All these possibilities are swept away if we declare unrestricted submarine war, and bring America and other neutrals in against us. There will then be a state of affairs (we ourselves will have created it) which will allow of nothing but a war fought out to the bitter end. Our task is, therefore, so to conduct submarine war that there will be no break with the United States: every loss inflicted on Great Britain will then be pure gain to us.

A week after this powerfully argued state paper was circulated, a conference was held in Pless: the emperor appears to have been persuaded by the chancellor's arguments; for he decided that he could not, as head of the state, sanction a measure of war that would provoke an American declaration against Germany. On the other hand, he gave a ruling which very much tempered this decision; he accepted the calculation that U-boat warfare would be decisive in from six to eight months, and agreed, on this account, that a final decision would have to be reached by 1st April. In the meantime, the chancellor was to put all political and diplomatic measures in motion, to give America a proper insight into Germany's position, and so to obtain a free hand for Germany's prosecution of the war. Until then, U-boat warfare was to be carried on against England alone. This obviously encouraged the naval party to persevere, as a final decision was merely postponed.

The emperor's decision was, moreover, an order that U-boat warfare against England should be re-started in home waters, and Holtzendorff at last thought himself at liberty to issue it to the high seas fleet. On the 13th March, therefore, the submarine campaign was ordered to be re-started in home waters, with the following limitations :

Enemy vessels in the war zone were to be destroyed outright.

Enemy vessels outside the war zone were only to be destroyed if they were armed.

Enemy passenger steamers were in all circumstances to be left alone.

The order previously given to the Flanders flotilla, with regard to the ships found between Dunkerque and le Havre, remained in force.

These orders were a great success for the extreme party ; for they were the first issued in which nothing positive was ordered about the treatment to be given to neutrals. The contention so often advanced : that neutrals were to be spared only as an act of grace, was, thus, tacitly accepted.

*V.—The sinking of the Sussex ; and the demands made by the
United States government*

The U-boats at once put to sea in large numbers, and it must be explained that the crisis with America, which occurred soon after, was not occasioned by this renewal of the campaign ; for it was not the general orders, but a subsidiary instruction that had been in force for months, which had caused the trouble. As has been shown, the German admirals had throughout felt compelled to compromise on their principles in respect to submarine warfare in the Channel ; for it was impossible even for them to disregard Falkenhayn's pressing calls for assistance, or to ignore the reports of the commanders at Zeebrugge, that effective operations could be conducted in the Channel without provoking diplomatic incidents. Late in November, therefore, the Flanders flotillas were instructed to operate against traffic entering and leaving the French ports. This order was a dead letter for nearly three months, for it was not until February, that the Flanders flotilla was reinforced by boats sufficiently powerful to operate effectively in the central parts of the Channel. Towards the end of the month of February these new boats put to sea, to execute an order three months old, and which had never been revised or reconsidered in the interval. The order had been prepared from the experience gained from one experimental cruise, that of *U.C.6* ; it was so drafted, that any submarine commander would read it as an intimation that passenger ships were only plying on the Folkestone-Boulogne route ; and that vessels on all other cross-Channel tracks could be sunk without warning. On 24th March, therefore, the commander of *U.B.29*, torpedoed the cross-Channel steamer *Sussex*, as she was entering Dieppe, honestly believing that she was a transport. The news was reported to Washington on the following day.

For the third time running, therefore, the one principle on which the Washington authorities stood firm was breached by a young fellow, less than thirty years old, with nothing to guide him but his periscope, and his desire for professional distinction ; and, if the authorities at Berlin had at once informed the Washington government how the mistake had occurred, it is more than likely that President Wilson would have been satisfied with very much less than he ultimately demanded. Instead of doing this (or anything similar) the German naval staff added blunder to blunder. The best way out of the difficulty would have been at once to communicate the general orders under which the campaign had been re-started, and the particular orders for operations in the Channel ; for, it would then have been apparent, that both sets of orders contained the most explicit instructions that passenger ships were to be left alone. But the naval staff had decided, some time previously, that orders should never again be communicated to Washington (as had been done to settle the *Lusitania* controversy), and even when reason and commonsense demanded

that this old decision should be reversed, it was firmly adhered to. To this blunder the German staff added a mistake which was more excusable. It arose thus. Pustkuchen's log and diary did not reach Berlin until 9th April ; and when the naval staff examined them, they came to the conclusion that the vessel which he sank on the 24th was not the *Sussex*, but that she was what Pustkuchen described her to be : a transport with a large number of troops in the fore part. On such a question as this, the Berlin foreign office were compelled to accept and offer such explanations as the naval staff offered them. On 11th April, therefore, the German government presented a rambling note in which it was contended :

That the damaging of the *Sussex* was attributable to another cause than the attack of a German submarine.

As a result of all this, President Wilson and his advisers judged of the whole matter more severely than they would have done had they been better informed. First, they knew, long before the *Sussex* was attacked, that a new and more vigorous campaign had begun, and they had received no explanation of this that could be given the name ; for nothing had been communicated to them, except a statement that armed merchantmen were to be given specially severe treatment. The American administration had also received a state paper from Bernstorff, in which he attempted to carry out the orders of the imperial council : that he was to make diplomatic preparation for an unrestricted campaign. Bernstorff's memorandum was a well argued state paper, but it was not a sufficient and satisfactory explanation of what was already occurring at sea. The United States authorities were, thus, only informed that a new campaign had begun, by a rising list of sinkings, and by a succession of guarded admissions and disclosures, which made them suspect that more was being concealed than was being acknowledged. With regard to the attack on the *Sussex*, the president had before him the reports of the French, British and American experts, who had inspected the hull ; and from these reports it was obvious, that the *Sussex* had been torpedoed without warning by a German submarine. The natural consequence of all this was that the president took the worst view of the German conduct, and judged : that the German staff were reinstating the campaign by small encroachments upon the undertakings given ; that they were deliberately breaching the one principle on which the United States considered their honour and dignity to be engaged ; and, worst of all, that they were prevaricating and lying.

Owing to this strange, but persistent, succession of accidents, the German case was judged before it had been heard ; for, from the end of March to the 10th of April, when the German explanation was first received, the American press repeated, at regular intervals, that the sinking of the *Sussex* was a challenge that had been issued without the decencies and punctilio of a challenge. When the German explanation was received and made known, the most respectable papers in the United States roundly accused the German government of deceit and treachery. This steady rumble of anger was the president's mandate during the controversy, and, which was particularly unfortunate for the Germans, President Wilson saw no reason why he should abate the popular indignation, as he thought it justifiable : he, like the newspaper editors, and the ordinary citizens of the country, considered that the United States were being defied, and contemptuously treated, and that no compromise was any longer possible. Nobody concerned in the matter had any grounds for believing the bare truth, which was, that the highest council in the German empire had decided that nothing was to be done in breach of the undertakings given to the United States ; and that the German authorities were guilty of nothing worse than mismanagement and obstinacy.

Notwithstanding that the president judged the German conduct severely, he was reluctant to act as firmly as the secretary of state and Colonel House advised him. His ambition was still to mediate between the powers at war ; and, as he was convinced he would acquire far more reputation and fame as the pontiff of a peace

conference, than as the head of a government at war, he flinched from any course of conduct that would turn him from the pursuit of his plan. For this reason, he was for days very evasive to all his advisers, and it was only when the German government's note excited a storm of anger in the United States, that the president decided to obey the national mandate. Even then, he sought a way out; for the first draft of the note that he proposed to send was judged inadequate by all his advisers (11th April). The president accepted their counsel, but only after long hesitation; and it was not until the evening of 17th April, that is, three weeks after the *Sussex* had been torpedoed, that the note was ready. The president was now satisfied that the national indignation was sustained; and that he had no choice but to demand satisfaction in a stern, peremptory manner; for the note presented to the German government was so stiff and uncompromising that war might well have been declared, soon after it was presented. In this note, the president withdrew all the toleration previously granted to submarine warfare, and virtually demanded that it should cease. The argument was that accidents, which the American government could not tolerate, were inevitable, if submarine warfare were persisted in:

The government has accepted the successive explanation and assurances of the imperial government, as of course, given in entire sincerity and good faith, and has hoped, even against hope, that it would prove possible for the imperial government so to order and control the acts of its naval commanders as to square its policy with the recognised principles of humanity as embodied in the law of nations. It has made every allowance, and has been willing to wait until the facts became unmistakable and were susceptible of only one interpretation.

It now owes it to a just regard of its own rights to say to the imperial government that that time has come. It has become painfully evident that the position which it took at the very outset is inevitable, namely the use of submarines for the destruction of an enemy's commerce is, of necessity, because of the very nature of the vessels employed, and the very method of attack which their employment, of course, involves, utterly incompatible with the principles of humanity and incontrovertible rights of neutrals, and the sacred immunities of non-combatants.

If it is still the purpose of the imperial government to prosecute relentless and indiscriminate warfare against commerce by the use of submarines, without regard to what the government of the United States must consider the sacred and indisputable rules of international law, and the recognised dictates of humanity the government of the United States is at last forced to the conclusion that there is but one course it can pursue. Unless the imperial government should now immediately declare and effect an abandonment of its present methods of submarine warfare against passenger and freight carrying vessels, the Government of the United States can have no choice but to sever diplomatic relations with the German empire altogether.

It will at once be seen of what grave prejudice it was to the Germans that the president had been forced by accidents, and pressure of circumstances, to recede so far from the tolerant propositions of his earlier notes. In every document previously presented there had been an admission that submarine war upon commerce was, in itself, legitimate; in the paper presented in January, this had been repeated in the most embracing language: four months later, the president was challenging the whole system; and yet, during that four months, the German government had decided that no order should be issued, which would provoke a break, or even a quarrel, with the United States.

VI.—German deliberations on the American note

The note was strong enough; and it was accompanied by warnings that were given simultaneously in Berlin and Washington: That unqualified compliance would alone be accepted, and that an unsatisfactory answer might provoke an immediate breach. War with the United States was thus considered in council, on 30th April, for the second time in two months; but, whereas, on the first occasion, it had been examined as a distant contingency, which could be put off at will, it was discussed at this second meeting as a pressing danger. The civil advisers and Bethmann-Hollweg could only repeat what they had said before. Falkenhayn,

on the other hand, was particularly anxious that there should be no relaxation at sea, for his plan of campaign was going badly. Even when he hoped to carry Verdun, he thought it important that submarine warfare should be pressed as a supplement to the campaign on land. At the end of April, when this second conference was assembled, the battle had raged for two whole months, the French had given comparatively little ground, and the time when the British would begin their counter-attack was drawing nearer. Falkenhayn now doubted whether he would even achieve the limited objects, which he had hoped for in January, and stated he would be obliged to break off the attack altogether, if U-boat warfare were relaxed. Curiously enough the naval advisers, who had precipitated the crisis by their obstinacy, now counselled caution. Even when Holtzendorff had yielded to the pressure of his staff, and had endorsed the statement that U-boat warfare would be decisive, one of his subordinates wrote, in a private letter to Tirpitz, that Holtzendorff was not with them in his heart. Now, when the chief of the staff was called upon to give advice that might swing the council to provoke or to decline a war with America, he recovered his good judgment, and rallied to the chancellor, saying, that, even if it were granted that a general victory was no longer probable, Germany was more likely to secure a good peace by careful diplomacy, than by pressing on with submarine warfare. As for submarine warfare itself, he now agreed with the chancellor that it was a *roulette game*. Helfferich had probably shown him how little could be inferred for certain from the statistics and calculations of his experts. Admiral von Capelle, who had now succeeded Tirpitz, was persuaded that if U-boat warfare were continued according to prize regulations, the sinkings would not be much reduced; he also advised that what the American government demanded should be granted in full.

The majority in the council were thus in favour of yielding, and the emperor's opinion coincided with the majority's. Nevertheless, the note to America was so badly drafted, that a great number of papers in the United States urged that it should be answered by breaking off diplomatic relations at once. The Germans promised, unequivocally, to conduct submarine warfare in accordance with the general principles of visit and search; but they claimed the right to continue to treat enemy trade in enemy freighters as they had hitherto done, as they had never given any assurance with regard to them; also, they repeated that they would never dispense with the use of the submarine in war against enemy trade. This was considered blunt but unobjectionable; but the American press hotly resented a long and rambling contention which was added: that unless the United States would force the British government to relax the blockade, and so keep pace with them in concessions, then, the German government would be facing a new situation, in which it must reserve itself complete liberty of decision. The editor of an obscure country paper in the central states was probably expressing the sentiments of millions when he wrote:

What von Jagow would have us agree to is just this. If White House will be so good as to risk a war with Great Britain, why then I may take my wife and children to Europe; but if Woodrow wants to do better than that, why then the Tirpitz boys may come and shoot us all up.

Notwithstanding this universal resentment, the president accepted the note as one which granted all that he had asked, but sent back a sharp rebuke to the contention that had been so ill received. For the sake of clearness it will be as well to review in what posture the campaign stood, after this new controversy was settled.

(i) Inasmuch as the United States government could no longer recede from the promise they had made to break with the German government, unless their conditions were obeyed, so, the dividing line between what the United States would, and what they would not, tolerate was clear and definite, and the consequences of passing the line were no longer to be mitigated by negotiation and treaty.

(ii) The campaign that the United States would consider unobjectionable was limited by the following conditions :

The right to sink enemy vessels in the most convenient manner was not contested.

A promise had been given that neutral vessels would be visited and searched ; but it was patent that only American vessels need be so treated, as the United States ambassador had explained to the emperor :

That the president was not acting as referee for the world in breaches of international law, but was engaged in protecting American citizens in their rights.

(iii) The campaign could, therefore, be continued safely if two precautions were taken. The first of these was that the practice of the majority of submarine officers—who were capturing vessels before they sank them—should be made the rule of all, and that the codicil about torpedoing at sight, which the commander-in-chief and not the naval staff had issued, should be revoked and cancelled. The second precaution was that the special orders about operations in the Channel should also be withdrawn and re-considered.

(iv) Even if every precaution were taken, the campaign still promised to be a powerful instrument of economic pressure, which, if persisted in, would reduce British and allied tonnage at the rate of about 160,000 tons a month.

(v) Although it was still possible to continue the campaign, the whole operation was henceforward more risky, as the president was now compelled to judge mistakes and misadventures as severely as downright breaches of promises given.

There was, however, a governing condition to all this, which was, that everybody concerned in the conduct of the campaign should agree that the distant and speculative objects of the campaign should be abandoned as unobtainable, and that it should be regarded as ordinary commerce war has always been regarded, an auxiliary to whatever was being done on land. It was only if all were agreed on this point, that the necessary precautions could be taken. There was, however, no agreement, and every project for re-starting the campaign with proper precautions for its conduct, only divided the high naval command against itself, and distracted the government.

Holtzendorff's first plan for regulating the campaign is interesting on account of its close resemblance to a plan designed some months before by Monsieur Fromageot, the legal adviser to the Quai d'Orsay. During the autumn of the year 1915, American opposition to the economic campaign was more than once examined in conference by the French and British jurists, and it was during these discussions that Monsieur Fromageot suggested, that the American objections might best be answered : by declaring Germany to be blockaded ; and by claiming that the blockade was enforced in the North sea by our cruiser squadrons, and in the Baltic by the submarines there operating. This declaration would not alter existing practice, and would meet the American objection that the allied navies were asserting the rights of a blockading force without performing its duties. Admiral von Holtzendorff's project was similar. Starting from the assumption that the British blockade of Germany had been built up from foundations that rested more on the law of contraband than the law of blockade, he suggested that submarine operations should be assimilated to British practice by the following measures. First, the German contraband lists should be thoroughly revised, and put on an exact footing with the British. Secondly, the declaration of a war zone should be withdrawn, and a blockade of Great Britain declared instead. Thirdly, all ships carrying contraband to Great Britain were to be sunk after their papers had been examined. Fourthly, all ships carrying British exports to neutrals to be sunk in execution of the declaration that Great Britain was blockaded. In Holtzendorff's view, these practices could be justified, by holding the Americans to their admission, that blockades could be

adapted to circumstances without thereby becoming irregular, and to their further admission (repeated in so many notes), that submarines could legitimately operate against an enemy's commerce. Furthermore, Admiral von Holtzendorff argued, that this declaration, and the practices corollary to it, would make submarine operations against British exports more regular and comprehensible. Holtzendorff did not suggest that operations in the Mediterranean should be modified.

VII.—*The consequences of Jutland*

This plausible project was at first well received in the fleet ; for Admiral Scheer said he would be willing to operate it, if it were understood that the *Auswärtige Amt* would be implacably firm when difficulties arose. The chancellor was doubtful, but raised no insuperable objections. Before anything could be done, however, the battle of Jutland was fought ; and this exerted a tremendous influence upon public and official opinion in England and Germany. Each side, in the words of Voltaire : *sonna les cloches pour la victoire qu'on n'avait pas gagnée* ; for it would be absurd to apply the word victory to a fleet action, which did not alter the course of the war by a hair's breadth. The German nation, and the German fleet were, however, justly proud of the successes of the day ; for it was, after all, no more and no less than the simple truth, that the German fleet had engaged forces that far outnumbered them, and yet had inflicted losses about twice as great as those they had suffered. From the bare facts, therefore, which could not be disputed, every German had the right to believe that ship for ship, and man for man, they were very much our masters ; and it was a natural consequence of this that Admiral Scheer was acclaimed throughout the country as a great commander. Trusting to the popularity and influence he had thus acquired, Admiral Scheer now rejected the compromise that he had been considering a week before the battle was fought, and pressed for a renewal of unrestricted submarine warfare, in his despatch upon the battle, and in a number of memorials written subsequently. To all these the chancellor replied with his usual skill, and the upshot was, that the commander-in-chief refused all further compromise, and ordered all the U-boats in home waters to abstain from commerce warfare altogether. The campaign was, however, continued in the Mediterranean with the restraints practised hitherto. In all this Admiral Scheer was strictly consistent, but his ambitions were, by then, very much enlarged.

The fleet command (says the German historian) was extremely distrustful of the co-operation then evident between the chancellor, Admiral von Holtzendorff and the *Auswärtige Amt*.

Admiral Scheer therefore hoped for important political consequences, when it became known that the submarine fleet in home waters was abstaining from commerce warfare altogether : the *Reichstag* would be disturbed, and would ask for explanations, and the chancellor would withdraw from office, unable to face the popular indignation, when the nation were informed upon the whole matter.¹

During June, July and August, therefore, the campaign was but little prosecuted in home waters ; nevertheless the commander-in-chief's Achillean manœuvre was weakened by compromises, which even he was forced to sanction. First of all, the U-boat commanders, whom he sent out to watch the fleet bases, and to co-operate in the great fleet sortie of August, did sink merchantmen on their outward and inward trips, without breaching the rules of cruiser warfare. They did this under the impulse of what the German historian calls : Their inherent activity pressure. Admiral Scheer did not forbid it. More important than this, however, the commander-in-chief could not order that complete cessation in all home waters, which he hoped would be of such political consequence, because Falkenhayn was,

¹ These are the motives imputed to Admiral Scheer by the German official historian, and largely confirmed by a letter from Admiral von Trotha. See *Krieg zur See, Handelskrieg mit U-Booten, Band III*, p. 201 *et seq.*

all the time, insisting that something must be done to check, or disturb, the transports and munition ships in the Channel. Powerful as he was, Scheer was not able to thwart Falkenhayn on such a matter as that, for the German armies were then fiercely attacked on the Somme. Thirdly, Scheer was forced to make a further concession to the military authorities. General Brusilov had recently launched a tremendous attack against the Austrian armies, and was driving them before him. Falkenhayn represented that something ought at least to be attempted to stop the flow of supplies and munitions that were reaching the Russians through Archangel. Admiral Scheer agreed to this, and U-boats from the fleet operated on the Archangel route, until the cold weather, and the long nights made operations impossible in those northern waters.

Admiral Scheer may possibly have yielded on these two points, because the popular uproar, which he had hoped to provoke by his opposition, was weaker than he expected. During the summer, at all events, the chancellor boldly faced his critics in the *Reichstag*, and contrived that submarine warfare should be discussed by secret committees. Being thus free to present the whole case to a body of educated men, the chancellor and Helfferich persuaded the government's critics; and, early in October, Mr. Grew, the American chargé d'affaires reported that Bethmann-Hollweg was temporarily master of the government.¹

VIII.—The army high command again intervene, and the discussion changes its character

This piecemeal reinstatement of submarine warfare was, however, judged insufficient by Falkenhayn, whose difficulties were rising. The attack upon Verdun was now quite abandoned; British pressure on the Somme was unrelenting; the Austrians were still falling back before General Brusilov; the Rumanian government had now declared war, and their armies were advancing into Transylvania. It was therefore intolerable to him, that the navy should be helpless to assist in so great a crisis of affairs, and he asked, with the greatest insistence, that the whole matter should be reconsidered. A conference was summoned, but Falkenhayn did not attend it; for, on 29th August, he was relieved by General von Hindenburg. Holtzendorff met the new chief of the staff and his quartermaster-general, General Ludendorff, on the day of their appointment, and on the 31st, the matter was discussed in council. The chancellor, Jagow, Helfferich, Admiral von Capelle, and General Wild von Hohenborn were present.

It is peculiar, and possibly illustrative of a movement of opinion, which is recorded in no documents, that the two naval leaders, Capelle and Holtzendorff, who, a few months before, had sided with the chancellor, were now converted to the simple conceptions of the commander-in-chief: that a country in danger must make every exertion possible; that unrestricted submarine warfare was on that account inevitable, and that it had better be begun at once. Holtzendorff's conversion was indeed complete:

Finis Germaniae consists not in the use, but in the withholding of a weapon which cripples England's ability to support her allies and to continue the war.

Even the chancellor spoke far less decisively than he had done previously, and admitted, at the outset, that nobody any longer doubted that U-boat warfare would come, and that the important question was to choose the right moment. Helfferich and Jagow stood firmly to their opinions, and showed, once again, that nothing certain could be predicted about the consequences of submarine war,

¹ These discussions, being held in secret, cannot be followed from the *Reichstag* records; but Mr. Grew, who was ordered to learn whatever he could about them, executed his instructions with some ability. The general course of the discussions may be followed from Mr. Grew's despatches; U.S. Foreign Relations, 1916, Supplement, pp. 56, 291, 292, 293.

except that it would be directed against a coalition of boundless resources. It is somewhat surprising that Hindenburg, who was a very simple man, and Ludendorff, who was learned in the science of quartermaster-generalship and ignorant of all else, were not at once persuaded by the crude reasoning of the two admirals ; but hazard again influenced the conference.¹ During the preliminary conversations, Bethmann-Hollweg had said he feared that the border neutrals would declare against Germany, if submarine warfare were declared. Of all the dangers that threatened the German empire this must surely have been the most distant and unlikely ; but it influenced Hindenburg and Ludendorff. The two generals were then painfully collecting an army to repel the Rumanians, and Hindenburg stated, that he could not accomplish this, and, at the same time, station additional troops on the Dutch and Danish frontiers. The written conclusion of the conference was, therefore, that a final decision must be postponed ; but it was no longer doubtful what the final decision was to be ; for this meeting must be regarded as the beginning of a new period in these long deliberations. Even the short jerky notes of the official reporter to the council—a record that contains nothing but the bare substance of what was said by each speaker, which omits every personal or intimate detail, and conveys nothing of the manner of speaking, whether it was forceful and heated or calm and balanced—even this cold, passionless, record shows that the high council of the German empire was changing its method of investigation and enquiry. Hitherto, the execution of the campaign had been haphazard and clumsy, but, at least, the question whether the campaign ought, or ought not, to be executed without restraint had always been properly considered ; for whenever this was examined, the certain and the speculative consequences of submarine war against commerce were fairly presented. This was now ending : from now onwards, a few bald assertions by the admirals and generals are the only subjects under discussion ; the question is no longer whether the campaign should, or should not, be pursued without restraint, but only what will be the best moment for removing every restriction. Admiral Scheer's contention was, in fact, at last admitted, and the generals and admirals were now agreed, that an unrestricted campaign was a sort of military reserve, which was to be thrown into the struggle at the appropriate moment.

IX.—The final decision is taken without deliberation

Admiral Scheer was, presumably, so confident that an unrestricted campaign would soon be declared, that he raised no objection to a general order, issued in October : that submarine warfare was to be restarted in home waters, and conducted according to prize regulations. This order was issued for the strangest of reasons. Since September, Bartenbach's commanders at Zeebrugge had been operating in the Channel according to prize regulations ; they sank 82,000 tons of shipping in that month alone. Bartenbach at first thought he would easily persuade the staff of the high seas fleet, that, if operations were conducted according to prize regulations, enough tonnage would be sunk to make the operations of high military value. Indeed, he seems to have been so simple as to have imagined, that the commander-in-chief only opposed regular warfare with submarines, because he was ill-informed. Bartenbach therefore visited the high seas fleet, where he was soon undeceived. After his visit, he felt bound to represent to Holtzendorff, that he and the captains of the Flanders flotilla were in a most uncomfortable position, in that, on their own responsibility, they were conducting operations of which the commander-in-chief and his staff most strongly disapproved ; and that nothing could relieve them

¹ If a man's abilities and knowledge may be judged from his writings this seems a fair estimate. Ludendorff's memoirs are an admirable account of the campaigns for which he was responsible, with a running commentary upon politics and government, which would be thought crude from a school prefect. His later book : *The Coming War*, is simply childish.

except an imperial order. This moved Holtzendorff to do what he had refrained from doing all the summer, and, on the 6th October, an order was sent out to all forces in home waters : the essential part of the orders was that all vessels were to be searched, and their papers examined. Regular submarine warfare was, therefore, conducted in all theatres, and on a uniform system, from October to January ; and, if the results of it had ever been presented fairly, then, the inferences to be drawn from them would certainly have strengthened the case for a submarine campaign, which exhausted British resources, without adding to them, by presenting Great Britain with a new ally. It does not appear, however, that any scientific comparison of what could be done by regular, and of what could be done by unrestricted, operations was ever presented to the civil authorities, or even to Hindenburg and Ludendorff, to whom the final decision had virtually been left.

Soon after the September conference, Ludendorff gave a representative of the naval staff a general assurance, that he was in favour of unrestricted submarine warfare ; he added, significantly, that he thought it a great pity the civil authorities had ever been allowed a say in the matter. Submarine warfare was, in his opinion, a military question, as it rested entirely with the military and naval authorities to decide what forces, and what employment of them, were necessary for bringing an enemy to terms. The naval staff were now so satisfied that the general would force the government's hand, that they made no further move.

The final decision was taken very rapidly, and for reasons which seem most hasty and insufficient. On 15th December, the French made a great counter-attack at Verdun, and recovered nearly all the ground they had lost in the early part of the year. Ludendorff was, at the time, planning and considering the next year's campaign, and the success of the French attack seems to have made a great impression upon him ; for he wrote, a week later, to the chancellor, that what had occurred on the western front had persuaded him that unrestricted submarine warfare must begin in January. The general claimed, moreover, that it had been decided at the last conference that the decision should rest with the chief of the staff. There was now an exchange of letters between headquarters and the chancellor, in which Hindenburg maintained that he alone was responsible. The careful balancing of advantages and disadvantages which had been attempted earlier in the year was now a thing of the past, and the whole matter was reduced to the simple proposition : that the empire was hard pressed, and must make every exertion in the coming year. No other reason was given at the decisive conference. The naval staff did, it is true, send a long memorial to general headquarters on 22nd December. This paper was the final edition of a paper circulated previously and then much criticised by Helfferich. It was a long, arithmetical calculation of Great Britain's resisting power, loaded with statistics about grain prices, freights, tonnage, and insurance rates : the answer, or final result, of the calculation was, that Great Britain's resisting power would last for from six to eight months only. Ludendorff states, however, that he was not influenced by this document.

When the chancellor received this peremptory letter from headquarters, he made all the arrangements for assembling a conference. Actually two conferences were held. The first, on 8th January, 1917, was attended only by the naval and military leaders ; they were all agreed and there was nothing to discuss. The chancellor arrived on the following day, well knowing that the matter had already been decided. He still had a strong card in his hand ; but he did not play it. His recent invitation to a peace conference (12th December), had been ill received, and the German admirals and generals were quite right in regarding it as irrelevant to the question being considered. President Wilson's invitation to a general negotiation for peace, which was still unanswered when the German authorities assembled at Pless, was another matter. Every responsible diplomat in the world must have realised that the president intended his note to be the first move in a long manœuvre ; for he

merely asked every government at war to state its conditions, leaving it to be understood, that, when he had received these conditions, he would again approach the belligerents with proposals of his own. The Germans had, moreover, been assured more than once, that the president intended to press his mediation very hard, and that he would even coerce the allies, if they resisted his diplomacy. The chancellor, therefore, had an exceedingly powerful argument for delaying the final decision until the president's intentions were better known ; but so helpless did he feel that he never even presented it, and said merely :

Submarine warfare is the last card : a very serious decision. But if the military authorities think that U-boat warfare is necessary, I am not in a position to dispute it.

After this admission, the conference had only to fix a date on which the campaign should begin : February 1st was agreed on all hands to be a convenient moment.

X.—General considerations upon the conduct of submarine warfare

From all that precedes, it will be evident, that, when the German authorities decided to begin unrestricted submarine warfare, they were influenced by matters that are only faintly indicated in historical documents and records ; for it is not to be imagined that the German state archives contain a document, or a set of documents, explaining rationally, why it was thought unwise to provoke an American declaration in May, and wise and proper to do so six months later. No discovery had been made in the intervening period, and all the reasons previously given why an Anglo-American combination would be irresistible, were even stronger in January, 1917, than they had been in May, 1916. Some excuse might be made for those naval officers, who were persuaded by the laborious calculations set out in the final memorial ; for they might argue, that this calculation of British resistance was a discovery from facts not previously understood. The final decision was not, however, taken by the naval staff, but by Ludendorff and Hindenburg ; and Ludendorff denies that this document influenced him.

This irrational decision, taken by men of irreproachable character, and unbounded devotion to the empire, is probably to be explained by a military analogy. Decisions taken by a commander in the field are not governed by pure reason ; for historical research shows, that the decisive manœuvre in a great battle has generally been ordered on a wrong appreciation of the facts, or, more often than not, because the commander ordering it believes (for reasons that he can rarely reconstruct later on) that the moment for a last desperate exertion has arrived. This, at all events is the explanation that Hindenburg gives himself : Those who decided on unrestricted submarine war, he writes, have been accused of gambling with the nation's destinies ; but he adds boldly, that, even if the charge of gambling be proved, it lays no odium upon those who incur it, simply because taking risks is inherent in the conduct of war :

If a commander in the field sends his last reserves into the battle line, he does no more than his country justly demands of him : he takes all responsibility upon himself, and acts with the courage that is necessary if a victory is to be obtained. A leader who will not take the responsibility of risking all to secure a victory, simply breaks faith with his own people. If he fails, he will certainly be a mark for the scorn and insults of weaklings and dastards. That, however, is a soldier's destiny. If everything in war could be settled by certain calculation ; if fame and glory could be earned by other qualities than courage and responsibility, then, there would be no such quality as greatness.

This is probably the best and fairest explanation ever given why unrestricted submarine warfare was ordered : the decision for it rested with men, who thought it their duty to leave reason behind. Nevertheless, the explanation needs supplementing. If Hindenburg judged the nation's position to be as dangerous as the position of the Prussian army at Leuthen, when the last reserves were thrown in (the analogy is his, not mine), then, he must have been persuaded that his country was near

exhaustion. He can only have been persuaded of this by those numberless appearances of fatigue, want, anxiety and distress, which display themselves in an exhausted country, and this is equivalent to saying that our economic campaign had brought the German empire to a desperate condition.

Comparisons have already been made between the British and German systems of economic warfare, and it would be superfluous to repeat them, except only on this one point. The documentary records of the British economic campaign contain a full and satisfactory explanation of what objects were being pursued, and what was hoped for, by everybody concerned in it ; and, in so far as it is possible to speak generally of so complicated a matter, it may be said, that our conduct of the campaign was determined by a principle, which was never put in question : that the operation would only give good results, if the United States government did not interfere with it. Estimates of the American danger varied, but in all the records there is not a suggestion, that the operation could be persisted in, if the United States actively opposed it. This principle was not established by making surveys of the economic power of the United States ; it was simply accepted as an axiom in Euclid is accepted. Also, in all the elaborate calculations and forecasts which are to be found in the records of the economic campaign, it would be futile to search for any proof that the campaign would be decisive. Experts, who watched the shortages in Germany, never said more than that some shortages might be made good, and that others would probably be progressive. As these were the most embracing forecasts ever circulated, it seems established, that nobody operating the campaign ever hoped that a particular object would be gained by it : the economic campaign was simply regarded as an operation valuable enough to be persisted in, provided always, that it did not provoke the American government to an open breach. If the German authorities had conducted their own campaign on these two simple axioms, they would probably have subjected Great Britain to pressure nearly equivalent to the pressure exerted upon Germany, and they would not have involved their countrymen in one of the most terrible disasters that has ever overtaken a proud nation.

CHAPTER XXXI

THE AMERICAN DECLARATION OF WAR, AND AMERICAN PREPARATIONS FOR ASSISTING THE ECONOMIC CAMPAIGN

How the American government and congress received the declaration of submarine war.—The economic campaign was only a small item in the general war plan.—Why the economic campaign against Germany was reduced to a defence of what had been gained.—The president's diplomacy and Anglo-American relations during the first weeks of the campaign.—The president's negotiations for a neutral league; and for detaching Austria-Hungary.—The president and congress are driven against their inclination to take measures against the German campaign.—American public opinion forces the issue.—The campaign at sea dominated everything when America declared war.—Allied proposals for American co-operation in the economic campaign.—The American government's deliberations and final determination.—What war plan was then being operated; and what was then expected from economic warfare.

I.—How the American government and congress received the declaration of submarine war

WHEN Count Bernstorff announced, that the German authorities had decided to wage submarine war, without any of the restraints that they had hitherto observed, President Wilson at once handed him his passports, and broke off diplomatic intercourse with the German government. This was done rapidly, and without parley; but the president's firmness was not taken by us to imply, that the United States government intended to declare war; for all the indications were to the contrary. In his public announcement, the president stated explicitly, that this rupture of relations had been ordered as a matter of honour and dignity only, and that he did not believe the German government would actually do what they claimed the liberty to do. The president's declaration was so moderate, and his intention to keep on terms with the Austro-Hungarian government was so notorious and significant, that the Swiss minister in Washington actually opened a negotiation for restoring diplomatic relations between Germany and the United States, without loss of dignity to either side. Count von Bernstorff seems to have thought, that the president had broken with his government so unwillingly, that the Swiss minister's manœuvre might succeed.

Apart from all this, the temper of congress was very unwarlike. The president's announcement was debated in the senate on 7th February and, even from the written records, it is manifest, that the prevailing sentiment was still disgust at the European slaughter, and contempt for the governments who had involved their peoples in it. The principal speakers were Senators Lodge, Stone, Works, Vardaman and Borah, and, practically without exception, their utterances were delivered to warn the world at large, that, although the president would be loyally supported, the United States were still a neutral country, and that no European government should regard the rupture with Germany as an advantage to themselves. Senator Stone opened the discussion with a telling appeal to traditional prejudice: British newspapers reported that American citizens were being cheered in the streets; why should they be? Foreign powers should be reminded to attend to their own business. Senator Vardaman went further: after assuring the senate, that, if war were ever declared, the nation would have no more devoted public servant than himself, he went on:

I do not, in any sense, condone murder on the high seas—of which Germany may be guilty—nor do I in any way extenuate Great Britain's insolent, cruel, and persistent violations of international law, and her contemptuous disregard of the rights of neutrals on the high seas. Both these nations are culpable: their crimes differ only in degree. The motives behind their every act are identical. Cruel selfishness that would crucify truth and immolate justice for a personal end is the impelling purpose.

Other senators were less outspoken, but equally emphatic as to the general principle ; and Senator Borah, who was among the last speakers, gave forcible expression to the prevailing temper :

As I understand it, the president's sole object and purpose is to maintain and retain the position of a neutral in this controversy and to defend alone neutral rights. . . . If I supposed, for a moment, that the president was, in any instance, to be swerved from his attitude of conducting the nation on strictly neutral lines, I certainly should, in no circumstances, give my endorsement to the action which severed our diplomatic relations with Germany.

At the end of a rather long debate, the senate certainly passed a resolution approving the president's diplomacy by a large majority (78 to 5) ; but the American press, and every observer in Washington, considered it significant, that the only resolution for which a majority could be obtained was one containing a reservation about preserving peace with Germany ; and another about the paramountcy of congress.¹

It is not, therefore, surprising that Sir Cecil Spring-Rice appreciated the position as one in which the national anxiety to remain neutral was still the strongest influence in the country. On the other hand, he reported that public opinion was very unsteady, and that there might, at any moment, be a great revulsion of feeling. The congressmen voted heavy appropriations for the army and navy, without reservation or objection ; and directors of large industrial concerns sent offers that their plant would be at the service of the government, if war was declared. Even the peaceful Mr. Ford was among those who offered assistance. These vague indications that a more warlike temper might soon manifest itself, did not, however, exert the slightest influence on the policy of the entente powers, whose governments had then decided upon a war plan for the coming year, and were anxious only to execute it with all possible energy.

II.—The economic campaign was only a small item in the general war plan

It is somewhat curious, that, whereas the central empires, which might be called the continental group, had determined to seek a decision at sea, the entente powers had determined to seek it entirely on land. The circumstance that persuaded them to seek a decision with the armies only was that the general staffs of all countries were much encouraged by the operations undertaken during the latter part of the year. The great attack on the Somme had certainly failed ; but, in the east, Generals Brusiloff and Lichnisky, commanding the worst equipped armies of all the entente powers, had driven the Austro-Hungarian armies before them from June, when the Russian generals opened their attack, until August, when they were compelled to stop it. In the Balkans, General Sarrail's army had forced the Bulgarians out of Monastir, which was taken as proof that the Bulgarian front might be broken. Also, the French armies made such rapid advances into the German positions

¹ The resolution was worded as follows:

Whereas the president has, for the reasons stated in his address delivered to the congress in joint session on February 3, 1917, severed diplomatic relations with the imperial German government by the recall of the American ambassador at Berlin and by handing his passports to the German ambassador at Washington ; and

Whereas, notwithstanding this severance of diplomatic intercourse, the president has expressed his desire to avoid conflict with the imperial German government ; and

Whereas the president declared in his said address that if in his judgment occasion should arise for further action in the premises on the part of the government of the United States he would submit the matter to the congress and ask the authority of the congress to use such means as he might deem necessary for the protection of American seamen and people in the prosecution of their peaceful and legitimate errands on the high seas :
Therefore be it

Resolved, That the senate approves the action taken by the president as set forth in his address delivered before the joint session of the congress, as above stated.

off Verdun, that their victory made a great impression, and encouraged professional soldiers to hope, that the German positions in France were not so secure as they seemed. Finally, the staffs estimated that the armies of the entente powers were at least half as strong again in men, as the armies opposed to them. For these reasons, the staffs of the western allies recommended, on 16th November, 1916 : that the enemy should be attacked on all fronts during the coming year ; that the Franco-British armies should open the attack in February ; and that the armies of the other powers should, thereafter, attack with their full strength, as soon as circumstances allowed. The staffs hoped that this general attack would be decisive, if pressed without pause or respite. The naval plan¹ was to hold the German submarine attack by concentrating commercial traffic upon closely defended inshore routes (which the German submarines would then be compelled to frequent), and to close the entire Heligoland bight by a quadrant of minefields. The allied governments were, therefore, engaged in making all arrangements necessary for operating this general plan, and for securing Russian co-operation in it, when the Germans started their campaign at sea, and the American government broke with them.

It was certainly not hoped that the economic campaign would be more than auxiliary to this general assault upon the central powers. In many quarters, it was thought that it would be a very feeble auxiliary, for Mr. Lloyd George specifically warned the conference of allied ministers, which assembled at Paris in November : That Germany was never less in danger of starving. The invasion of Rumania seemed to all but the most expert to have brought the whole operation to ruin. Persons competent to judge certainly estimated the Rumanian disaster as a set back, but not as a decisive breach, of the blockade ; but the finely-drawn calculations of these high experts did not justify the government, or the allied staffs, in supposing that the economic campaign would reduce the enemy's resistance in the field.² As for the economic campaign itself, it was then recognised, both by the blockade ministry and the cabinet, that the enemy's overseas trade was stopped ; for, on 29th January, the war cabinet approved a memorandum submitted to them by Lord Cecil, of which the opening sentence ran :

All the available evidence tends to show, that, with some minor exceptions, no goods coming from overseas are getting through to Germany.

This was an official acknowledgment, issued by the highest authority, that the great objective of the campaign had then been reached.

With regard to the supplies that Germany was still drawing from northern neutrals, and from Switzerland, the general position was this. Sweden was sending great quantities of iron ore and wood pulp to Germany, across the Baltic, or by way of Rotterdam, and both routes were out of reach of our naval forces. This wood pulp was very important to Germany, as wood pulp had become a substitute for cotton in the German munition factories. The exports of Swedish agricultural produce had fallen during the last part of the year, and were believed to be small. Norwegian exports to Germany were fish, copper, pyrites, and nickel. Denmark

¹ See *Naval Operations*, Vol. IV, pp. 341, 342.

² The estimate made was as follows. The war trade intelligence department thought that the central empires would extract about 5,000,000 tons of cereals from Rumania, and that Germany's share would be 1,200,000 tons of wheat and 1,800,000 tons of barley—3,000,000 tons in all. The department considered that this would slightly increase the bread ration of the people ; but they also reported that 1,800,000 tons of fodder corn would bring but slight relief to the German fodder situation, which is so desperate that the authorities would not improbably take the Rumanian wheat to replace the inferior grain and potatoes at present used for making bread, in order that these might be utilised as fodder. Supposing this course to be taken, the bread ration would remain at its present level of quantity, though the quality would be somewhat improved, while the fodder situation would be eased ; but, at the best, Germany would still only receive about 50 per cent. of the quantities of fodder which are urgently required to maintain her present herds of live stock in good condition.

and Holland were Germany's largest store houses of agricultural produce : the total quantities of bacon, lard, meat, cheese, eggs, and butter sent into Germany were doubtful ; the French experts believed them to be large enough to supply a sufficient daily ration for all German soldiers serving on the western front.

The contraband department admitted that these supplies were the one big gap in the blockade of Germany, but they could no longer recommend any general plan for stopping, or even for reducing them. The bold plans upon which Mr. Leverton Harris had embarked, when his department was still new, had been executed with the greatest energy throughout the year, and the results obtained from them had been far below anticipation : a fair proportion of Dutch and Danish produce, and a considerable quantity of Norwegian fish, had been deflected from the German to the British market ; but these gains were set off by the extraordinary activity of those sections of the Danish fishing fleet, which were then receiving their propellants from Germany. Great schemes of coercion were still being ventilated ; but in the official survey, issued on the 1st January, 1917, scepticism about these schemes had replaced the first confident expectations that they would give great results. In the case of Sweden, it had been suggested, that, by cutting off all supplies of imported sulphur (which we could easily do, as the Swedes bought their sulphur from Sicily), we should bring the wood pulp industries to a standstill. As soon as the experiment was begun, however, the Swedes at once realised that their supplies of imported sulphur were threatened, increased their orders for Norwegian pyrites, and extracted the necessary sulphur from it. British coal control had failed to stop, or even to curtail, Swedish exports of iron ore.

With regard to the agricultural exports of the northern neutrals, the first plan, of reducing them by severely reducing imported forages, was still entertained ; but far less was expected from it than formerly. The case of Denmark was typical : it had at first been thought, that a sharp reduction in the forages and fertilisers that were imported into the country would necessarily check the flow of meat and horses from Denmark to Germany. Expert investigation, which always takes so long to complete, now made this inference more than doubtful. First, it was beyond all doubt, that the native Danish hay crop sufficed for the horses, and for a large part of the cattle, that were reared in the country : the winter feed was largely imported ; but the Danes and Norwegians combined had establishments that could produce fertilisers for a native crop of winter food stuffs, and the only result that could be expected from a severe curtailment of imported forages and fertilisers would be, that the Dano-Norwegian trade would be considerably stimulated. The total reduction in exports of domestic produce would only be from five to ten per cent. during a whole year of extreme restrictions. On the whole matter, therefore, the only policy that the ministry of blockade could safely recommend was a policy of administering existing agreements, and of watching for opportunities to enlarge them. It was, however, thought advisable at the beginning of the year, that the draft agreement with Sweden should be ratified, as the difficulties of rationing the country without a rationing agreement were then becoming manifest.

III.—Why the economic campaign against Germany was reduced to a defence of what had been gained

This was the state of affairs when the German submarine campaign began, and it will be as well to show, with the greatest clearness attainable, how successfully the campaign was opened, and what were the consequences of the first success. In this first month of the struggle, the German submarine commanders destroyed half a million tons of shipping, of which about three hundred thousand tons were British ; but these figures inadequately represent the success of the onslaught. In the first place, at least nine-tenths of the ships sunk were destroyed far away from

those defended routes, where the Admiralty staff hoped they would force the submarines to operate. In the very first days of the campaign, therefore, the Admiralty plan was exhibiting fatal defects; by no known system could incoming shipping be concentrated on the defended routes, and, in any case, it was in the approaches to the defended routes—the great expanse of water between the Irish coast, Land's End and Ushant, and the bay of Biscay—that ships were sunk with the greatest impunity. There was, thus, every reason to suppose, that the large number of ships sunk in the first weeks would be exceeded in the weeks following (as indeed it was); for no plan for protecting shipping in the outer approaches was then in contemplation.

More menacing even than this, however, was the bald announcement, made simultaneously from every port where vessels were preparing to sail, that the German campaign was in a fair way to achieve the great object of commerce warfare, which is to stop the flow of trade. Neutral vessels universally remained in harbour, not because their captains and crews feared to face the dangers ahead of them, but because their owners ordered them to remain where they were. The dislocation that this occasioned, and the paralysis that it threatened, are best described in figures. In February, 38 vessels reached the Netherlands from overseas; the normal figure was 108; the Danish figures were 60 (normal) and 23 actual; the Norwegian 46 and 28; and the Swedish 61 and 13. With the exception of Norway, therefore, every neutral country's overseas traffic was at once reduced by two-thirds. The paralysis was, moreover, peculiarly severe in the Anglo-Scandinavian trade:

During the two months, February and March (writes Mr. Fayle, the historian of sea-borne trade) the aggregate net tonnage of Scandinavian, Dutch, and Spanish shipping entered at British ports with cargoes from all countries was far less than in the single month of January and only about one-quarter of what it had been in the corresponding months of 1916. The clearances were almost as unsatisfactory. But for the enterprise and courage displayed by the Norwegian shipowners and seamen, the position would have been still more unsatisfactory.

For so long as this state of affairs continued, there was no thought of pursuing the policy recommended in the paper that was presented to the cabinet at the beginning of the year; for it was futile to hope, that our control over German supplies could be enlarged by a policy of waiting upon events, or of seizing exceptional opportunities, when shipping between Europe and America was coming to a standstill, and when the paralysis in Europe was threatening the supplies of coal, which we had promised to our allies, the French, and to the Danes and Norwegians. It is therefore necessary to understand clearly, that, during these first months of the year 1917, our economic campaign was purely defensive: for the first time in three years, our authorities were concerned only with holding what had been gained, against a counter-attack of extraordinary force and vigour. The defensive measures which were undertaken for the purpose of re-starting the flow of trade, were these:

(i) In answer to the neutral demand for a protected route, trade between Great Britain and Norway was put under convoy; a special system of defence was instituted for the Norwegian ships in the French coal trade, and a similar system was instituted for the Dutch trade.

(ii) In order to give that first impulse, which would set trade again in motion, what is known as the ship-for-ship policy was announced and executed. All neutral ships in British harbours (to the number of six hundred) were held, and were released one by one, on an assurance being given, that a ship flying the same flag had cleared for a British port. Neutral vessels on time charter to the allies were only released on an undertaking being given, that they would not be sent to a neutral port to be laid up. Incoming neutrals, which had released a detained vessel, were only released again on an undertaking being given that they would perform a duty voyage, before returning to their country.

(iii) In order to reduce the danger of traversing the areas that were most infested by submarines, an examination service was set up at Halifax for the transatlantic trade ; and at Gibraltar, Dakar and Alexandria for the eastern and south Atlantic trades. Vessels that cleared at these ports were exempted from examination at the Downs and Kirkwall ; but the right to be examined outside the danger zones was granted only on condition, that the cargoes were covered by letters of assurance, or by approved advanced bookings.

(iv) In order to make these measures enforceable by the prize courts as well as by the executive, a special order in council was issued, whereby special penalties were ordered to be imposed upon all vessels that disobeyed these regulations. By the first article of this order it was laid down, that all vessels on their way to, or from, a country affording means of access to enemy territory, should be deemed to be carrying goods of enemy destination or origin, unless they called at a British or allied port to be examined. By the second article, a vessel carrying goods of enemy origin or destination was proclaimed liable to capture and condemnation, unless she called at an appointed British or allied port, for examination. By the third article, all goods that were found, upon examination, to have an enemy destination or origin were proclaimed liable to condemnation. (Order in Council, 16th February, 1917.)

So serious a paralysis as threatened in February, was not to be relieved at once, and, by the end of March, the recovery was still only partial. The Norwegian fleet was sailing, and the Danish produce boats were at last on the move. The entrances and clearances of Netherlands vessels were, however, very low, and the defended Dutch trade was carried principally in British bottoms. The dislocation in the Anglo-Swedish trade was still unremedied ; in Mr. Fayle's words : Communication was almost cut off, and it was because it was so much more pressing and important to revive the flow of Anglo-Swedish trade, than to ratify a draft agreement that was no longer operable, that the Swedish agreement was virtually overlaid by an arrangement with regard to shipping. By this agreement, British ships in the Baltic were allowed to pass the Kogrunds rannan, and a proportionate quantity of Swedish cereal cargoes was released.

But if these initial successes of the submarine campaign forced us to abandon all thought of enlarging and completing our system of economic coercion, at least those successes administered our campaign for us in a most surprising manner. For so long as the neutrals bordering upon Germany imported no more than the rations of primary materials that had been allowed them, the great object of the campaign was secure ; and the first consequence of the submarine campaign and of the dislocation it occasioned was, that neutral imports were reduced to a figure far below the rations that were allowed by the agreements in force. Figures and statistics show, better than any description, how severely neutral supplies were reduced.

TABLE LXIX

Number of vessels entering the states bordering upon Germany during the first months of submarine warfare compared with arrivals during the first quarter of the year 1915

Netherlands.			Denmark.			Norway.			Sweden.														
1915.		1917.	1915.		1917.	1915.		1917.	1915.		1917.												
Feb.	Mar.	Apl.	Feb.	Mar.	Apl.	Feb.	Mar.	Apl.	Feb.	Mar.	Apl.												
108	140	176	38	27	62	60	118	105	23	23	33	46	78	43	28	24	27	61	71	64	13	8	7
424			127			283			79			167			79			196			28		

As was to be expected, imported supplies diminished in an equal proportion. The Norwegians, who maintained more of their shipping in service than any other neutrals, fared best ; but even their imports of food and fodder fell below the normal, during the first quarter. Swedish imports of metals and ores practically ceased ; a small quantity of mineral oils, and about half the cotton normally imported, were delivered during the first quarter ; but, in respect to all the materials against which rationing had operated, oil-bearing nuts, animal and vegetable oils, and so on, the imports were reduced to a mere trickle. Denmark and the Netherlands were no better off : imports of meat products ceased altogether, and very little food and fodder were brought into the country. In no group of essential materials did the Netherlands imports even approach the normal. From this it will be seen, at once, that the policy of reducing neutral exports by severely curtailing their imports of forage, fertilizers and meats—a policy that had been so often considered—was executed by the Germans, at the very moment when we had become most sceptical of it. Also, it should be said, that, although there are no precise figures, such indications as are available show, that the flow of domestic exports from Denmark and Holland into Germany was not much checked by this sudden restriction upon imported meats, forages and fertilisers. Those who had been most doubtful about the policy were thus more in the right than those who were confident it would give good results.

During the weeks that followed the American breach with Germany, therefore, the economic campaign, which, up to then, had been conducted without respite, was temporarily overlaid by a bitter struggle to secure supplies : a struggle in which all governments of Europe were engaged, and which was executed in the daily administration of the ship-for-ship policy, and the daily resistance to it. Every ship that sailed or arrived became an object of bargaining and negotiation. It will be convenient, at this point, to discover how this new economic struggle, which was different in kind and in substance from the old, influenced American policy and American opinion.

IV.—The president's diplomacy and Anglo-American relations during the first weeks of the campaign

First, it cannot be stated too emphatically, that the breach between the United States and Germany, automatically and at once, eased tension between the United States and the entente powers, and relieved the entente diplomats of a load of anxieties. During the autumn and winter of 1916, every diplomat in the service of the entente was conscious of the steady deterioration in the relations between Washington and London. Anxiety increased when it was seen, that the president's plans for mediating were likely to stimulate all the friction and ill will that had been caused by the prolonged controversy upon contraband, by the blacklisting of American firms, and by the execution of Irish rebels. The dangers inherent in the president's plan, and the diplomatic conflict that the embassy at Washington was anticipating, are best explained by a short retrospective survey of the facts.

During the autumn of 1916, the president formally promised to the German and Austrian governments, that he would embark upon his mediatory plans as soon as he was re-elected ; more than this (as has already been shown), he gave some assurances, either in his own person or through his representatives and agents, that he would not hesitate to coerce any group of powers whose conditions he thought unreasonable. When he undertook this, he probably considered, that the conditions of the central powers would be a greater obstacle to peace than those of the entente, and so thought he could promise coercion safely, without revoking a vague and guarded promise of help to the entente powers, which he had allowed Colonel House to make during the first months of the year. On 18th December, therefore, he invited the powers at war to state their terms, and, just before the Germans

announced their new campaign, he received replies, which only made the differences between his policy, and that of the entente powers, the sharper. The central powers communicated their conditions secretly ; and although there were, in those conditions, some demands that would never have been granted, the German and Austrian governments nevertheless undertook to evacuate the conquered territories of France and Belgium. These conditions might, therefore, have been reduced to an acceptance of the *status quo ante*, at all events in north-western Europe. Helfferich expressly states that the chancellor and the emperor would not have allowed peace negotiations to fail, by insisting on any condition that would have enlarged the German empire. This may or may not have been known to President Wilson ; but, as the German government had pressed him, throughout the year, to begin his mediation, he was tolerably well assured, that the central powers would withdraw any demand that proved to be a serious obstacle. The entente powers, on the other hand, being bound by the promises they had made to states that had allied themselves to them, and having, besides, promised the Serbians enormous compensation, could only demand the cession and liberation of territories, which the armies of the central powers had successfully defended. Much could be said for the abstract justice of those conditions ; but as there was no chance that they would be acceded, until the armies of the entente powers either conquered the territories they demanded, or occupied others of equal value (which they had little or no chance of doing), so, the entente's conditions were a far greater obstacle than the German and Austrian conditions to the president's plans for starting a negotiation before the spring campaign opened. The entente's answer to the president's invitation certainly made him very resentful, and Sir Cecil Spring-Rice was persuaded, that there would shortly be a more serious diplomatic conflict between the United States and Great Britain than any previously engaged upon. Even though the danger was less than was imagined, both sides were feeling that things were going ill, and that the future was dark and uncertain, when the sudden announcement of the German government, and the equally prompt reply of the Washington authorities, laid the danger of an Anglo-American conflict, and gave all who anticipated it the relief that follows when a great anxiety is dispelled.

There was thus an incentive to discuss delicate questions with a freedom and openness that had been impossible for many months, and it would seem that the high officers of the American administration were particularly conscious of this new liberty. These officials were practically all persuaded, that the president would not be able to keep the country neutral ; and, early in February, Mr. Polk felt obliged to discuss with Sir Cecil Spring-Rice the contingency of an American declaration. This first conversation was followed by others, and, by the middle of March, the state department had undertaken, that their own orders for munitions and equipment would not be allowed to conflict with orders placed in America by the entente powers. Also, they received suggestions from us for bringing all wireless messages under censorship and control, and for keeping the financial transactions of enemy firms under inspection. More than this, the state department encouraged our plan for establishing an examination service at Halifax. We, on our part, undertook to put no more American firms upon the black list.

*V.—The president's negotiations for a neutral league ; and for detaching
Austria-Hungary*

But although Mr. Polk and Mr. Hoover, who were the principals in these conversations, contemplated a declaration of war, almost as soon as Bernstorff was given his passports, and made such preparations for it as they were able, the president continued on his old course. It is difficult to say for certain what he hoped to do ; the negotiations that he himself initiated during the following weeks suggest that

he entertained a vague plan for persuading the German government to abandon their campaign against commerce, or so to modify it, that diplomatic relations between Berlin and Washington could be restored. As soon as the breach was declared, at all events, the United States representatives in Sweden, Switzerland, the Netherlands, Norway, and Denmark, were each and all instructed to invite the governments to which they were accredited to break off relations with Germany. The American representatives were also instructed to assure neutral governments : that the invitation to break off relations with Germany was in harmony with the president's project of a world league for peace ; and that, if neutrals would follow the American example, it would make for the peace of the world. This invitation was therefore issued in the hope, that a general negotiation for peace might be set afoot by the United States government, who were to act as the *primus inter pares* of a neutral league. It was, of course, absurd to imagine, that the northern neutrals would recall their ambassadors from Berlin, at the very moment when they most needed their services ; apart from this, all these neutral governments, that of Sweden in particular, had previously asked, that American diplomacy should support their resistance to the economic campaign, and had always been refused. They therefore declined to subscribe to this writ of outlawry against a powerful neighbour.

The president's next manœuvre was better conceived. At the beginning of the year 1917, the indications that the Austro-Hungarian government were contemplating a separate peace had become so persistent, that Sir Francis Hopwood was despatched to Copenhagen, on 1st February, to get into touch with some gentlemen, who were thought to be emissaries of the Austrian court. In Washington, the indications were of a different kind, but they were equally strong. During their deliberations upon submarine warfare, the German authorities hardly consulted Vienna at all, and the sudden, bald, announcement that the new campaign would be begun, was ill received by the Austro-Hungarian ministers, who were, at the time, determined to encourage the president's mediation, and to give it all the support in their power. The Austrians so far associated themselves with their allies, that they announced unrestricted submarine warfare when the Germans did so ; but they very much tempered this in their interviews with the United States representatives. Count Tarnowski, the ambassador designate at Washington, most earnestly asked the secretary of state not to break with his government ; in Vienna, Count Czernin called on the American ambassador, and asked him to assure the Washington government, that the Austrian authorities would continue to support the president's peace proposals, if diplomatic relations could continue unbroken.

On receiving these assurances, President Wilson endeavoured, and not unskilfully, to revive his negotiation for a general peace, by separating the Austro-Hungarian government from that of their allies. He therefore instructed the American ambassador in London, to communicate his intentions to the leading members of the British government. The message that the American ambassador was thus ordered to deliver is very explicit as to the president's hopes and intentions, and ran thus :

The president knows that peace is intensely desired by the Teutonic powers, and much more by Austria than by any of her allies because the situation is becoming for many reasons much graver for her than for the others. He is trying to avoid breaking with Austria in order to keep the channels of official intercourse with her open so that he may use her for peace. The chief, if not the only, obstacle is the threat apparently contained in the peace terms recently stated by the entente allies that in case they succeeded they would insist upon a virtual dismemberment of the Austro-Hungarian empire. Austria needs only to be reassured on that point, and that chiefly with regard to the older units of the empire. It is the president's view that the large measure of autonomy already secured to those older units is a sufficient guaranty of peace and stability in that part of Europe so far as national and racial influences are concerned and that what Austria regards as the necessities of her development, opportunity, and security to the south of her can be adequately and satisfactorily secured to her by rights of way to the sea given

by the common guaranty of the concert which must in any case be arranged if the future peace of the world is to be assured. He does not doubt that Austria can be satisfied without depriving the several Balkan states of their political autonomy and territorial integrity.

The effort of this government will be constantly for peace even should it become itself involved, although those efforts would not in the least weaken or slacken its vigorous action in such a case. The president still believes and has reason to believe that, were it possible for him to give the necessary assurances to the government of Austria, which fears radical dismemberment and which thinks that it is now fighting for its very existence, he could in a very short time force the acceptance of peace upon terms which would follow the general lines of his recent address to the senate regarding the sort of peace the United States would be willing to join in guaranteeing. He is urgently desirous that the entente governments should make it possible for him to present such terms and press them for acceptance. The present enthusiastic support which the people of the United States are giving his foreign policy is being given, it is very evident, because they expect him to use the force and influence of the United States, if he must use force, not to prolong the war, but to insist upon those rights of his own and other peoples which he regards and they regard as the bases and the only bases of peace.

On receiving this instruction, the United States ambassador sought out the British prime minister, who refused to give the assurances asked for, and answered, cautiously, that the Austrians were becoming more a burden than an assistance to their German allies, and that it was by no means certain, whether it would be to the advantage of the entente powers, that the Austro-Hungarians should retire from the war at that moment. Replying to the questions specifically put to him, Mr. Lloyd George said :

That the British government could not receive a specific and concrete proposal of peace from Austria, without risk of weakening the entente's military and economic pressure and also,

That the British government could not give any assurance to the Austrians that the older units of the empire would not be taken from them, as the Slavs, Rumanians, Serbs and Italians within the Austrian empire were to be freed from Austrian rule.

When he gave his reply, Mr. Lloyd George was labouring to perfect the war plan for the coming year, and was so persuaded that the Austrian resistance was weakening, that he was revolving a project for launching a particularly powerful assault against the Austrian positions on the Isonzo. His confidence in the plan may have influenced his first reply ; but he was soon obliged to modify it, for, soon after, the United States ambassador was able to telegraph, that the prime minister had so completely changed his opinion, that any proposal for detaching Austria-Hungary would be considered on its merits, and that the president's efforts would be fully and generously appreciated.

VI.—The president and congress are driven against their inclination to take measures against the German campaign

During the month following upon the breach with Germany, the president therefore pressed on with his plan for negotiating a general peace ; and, as this was his dominant preoccupation, it was natural that he should proceed very cautiously in all matters connected with the submarine campaign. This, however, rather separated him from the mass of the people, to whom the campaign at sea was the one urgent, pressing matter ; for the paralysis of shipping was fast beginning to disturb the daily habits and occupations of ordinary men. The paralysis was unrelieved during the whole month, in consequence of which there was an immense accumulation of stationary freight wagons at the great ports of shipment, and a corresponding shortage inland. A fortnight after the campaign began, coal supplies were short in a number of districts, and in the third week of the campaign, food riots were reported in five states. It was believed, that the rioters had been incited to disorder by political managers ; but even if this were true, it was a circumstance of extraordinary significance, that men and women should be demonstrating for

food, in the towns of the wealthiest and the best provided country in the world. The submarine campaign was thus forced upon the president's attention, and in no uncertain manner; for hundreds of representative bodies, and most of the chambers of shipping, demanded that measures be immediately taken to relieve the terrible congestion that was turning New York, and the great harbours of the Atlantic seaboard, into blockaded ports. On 26th February, therefore, the president answered the universal outcry, by requesting congress to empower him to arm American merchantmen.

The president's negotiation with the Austrian government was not, however, then broken off, and it was probably because he regarded it as the last support to his plan for negotiating a general peace, that he was careful to say nothing inflammatory about the submarine campaign. He therefore opened his address to congress with an elaborate explanation, that the recent sinking of two American steamers was not an overt act, after which he continued:

The situation we find ourselves in with regard to the actual conduct of the submarine campaign, and its effects upon our own ships and people is substantially the same as it was when I addressed you on the third of February, except for the tying up of shipping in our own ports because of the unwillingness of our shipowners to risk their vessels without insurance or adequate protection, and the very serious congestion of our commerce—a congestion which is growing more serious every day.

The debate upon this message only served to show how far congressional opinion still lagged behind the views held by those officials of the state department, who were, even then, preparing for a war that they considered certain. A year previously, the senators had made a great parade of their learning and scholarship, when this same question of arming merchantmen was presented to them; on this second occasion, they again engaged in a searching examination of the legal issues. Even as the president was reading his address, news came in that the Cunarder *Laconia* had been torpedoed, with American citizens on board; but this by no means excited a warlike spirit among the senators. The first question examined was whether the power to resist unlawful attack, which was to be conferred upon American merchantmen, would be construed by the captains as a commission to resist visit and search by the British blockading squadron: an enormous number of historical precedents were quoted to show that visit and search had often been resisted by arms. This was answered by Senator Lodge, who was at great pains to explain that visit and search was not an unlawful attack, but a recognised belligerent right, and that, although resistance to it was no crime, it was nevertheless admitted to be resistance to a right recognised by the law of nations. The next point examined was whether an American merchantman, armed at public expense and by public authority, could commit the nation to war by resisting and sinking a German submarine. The lawyers in the senate strongly denied that a merchant captain, who resisted submarine attack, would be committing an act of war, but the other senators were not satisfied; for it was patent to all, that, if American merchantmen were repeatedly engaged in armed conflicts with German submarines, war with Germany would soon be an accomplished fact. This contingency made the senators very timid, and they flinched; the text of the bill was still not agreed to by the senate, when congress adjourned.¹ The lower house was more decided, and, by a large majority, passed a bill for giving the president the necessary powers; but in the house of representatives, as in the senate, there was unanimity, that the powers given to the executive were additional powers for preserving neutrality and no more.

¹ It should be stated that if the question had been put to the vote, the senators would have given the president the necessary powers. But it would be quite wrong to call the minority who obstructed the bill a pro-German clique. They were no more and no less than conscientious neutralists.

The congressmen rose on 4th March. The executive were evidently persuaded, that the peaceful sentiments of the parliamentary managers were not the sentiments of the nation at large, and that the policy recommended by the two houses was fast becoming impossible; for, in the fortnight following, conversations between the embassy and the state department became more intimate. During the month, the state department were given lists of the firms in South America whom we knew to be working in the enemy's interest; on receiving these, the American officials asked for copies of our war legislation, and for papers upon the administrative machinery by which it was enforced. In addition, the American authorities established a rigid censorship of all mails that were being sent overseas, and assured Sir Cecil Spring-Rice, in a general way, that they were determined to prevent goods of American origin from reaching the central empires, and that German subjects, and German firms, should be debarred from using their credits in American banks, or from transferring them to other countries.

VII.—American public opinion forces the issue

The policy of the president and of congress was, indeed, fast becoming unworkable. First (which must, to him, have been very important) the president's negotiation with the Austro-Hungarian government failed, owing to the strong pressure that the Germans exerted upon their allies. On 10th February, the German emperor arrived at Vienna, and the consequences of the visit were at once perceptible. At Copenhagen, Sir Francis Hopwood's negotiations were immediately brought to a stand: in Vienna, the United States ambassador received written intimation from Count Czernin, that the Austro-Hungarian government would not negotiate for peace, unless their allies were associated in the negotiation. Nevertheless, the president still tried hard to bring the Austrians under his influence. Five days after he asked congress to give powers for arming merchantmen, he again appealed to the Austro-Hungarian authorities, saying that he might still secure them advantages which might be lost, if they delayed. Count Czernin refused the offer, so that, by the middle of the month, the last strut to the president's policy of negotiating a general peace by remaining neutral was knocked away. Secondly, while the congressmen were still deeply engaged in a debate upon the law of armed merchantmen, the state department published a discovery which roused the nation. The discovery was, that, even before the president broke off relations with Germany, Herr Zimmermann was urging the Mexican government to invade the United States, and was promising:

Generous financial support, and an understanding on our part that Mexico is to recover the lost territory in Texas, New Mexico and Arizona.

This excited great anger, and the congressmen were quick to see how much it discredited them before their constituencies; for an influential group of senators at once challenged the authenticity of the message. Thirdly, the paralysis of shipping was almost unrelieved, and was still felt far inland, on the railways, and in the country towns. If any had hoped, that the arming of merchantmen, and a revival of the practices of armed neutrality, would restart the flow of trade, they were soon undeceived. Armed neutrality had seemed attractive to several senators and congressmen, as being a subject which invited another display of their scholarship; to the ordinary people it was a terrible failure, as may be seen from the following figures. (See Table LXX.)

It was therefore inevitable, that the mass of the people should become convinced of what the high officials had realised several weeks before: that the president's peaceful policy could only be adhered to if it gave some relief, and that it was giving none. The eastern coasts of the United States were still half blockaded, and, as this was the outcome of the submarine campaign, it followed that the

particular incidents of the campaign excited far more indignation than they did when trade was still flowing freely. In his last address to congress, the president made an elaborate excuse for the sinking of the two American vessels, the *Housatonic* and the *Lyman M. Law*; but he did not have time to consider what should be said about the sinking of the Cunarder *Laconia*, for the news only came in as he was making his speech. Large sections of the American press called this new sinking an open challenge, a proclamation that the one restraint upon which President Wilson had insisted was now cast aside. During the next few days, it became known that a Belgian relief ship, the *Storstad*, was sunk; and as soon as this unpalatable news was digested, the American steamer *Algonquin* was destroyed. Within the next four days, the American steamers *Illinois*, *City of Memphis* and *Vigilancia* were sunk. The press of the whole country received the news with a roar of indignation, and the editors of over a hundred newspapers repeated, at regular intervals, that while the United States remained neutral, Germany was making war upon them. In several of his speeches during the previous year, President Wilson warned those present how difficult it was to discover exactly what was being said and thought in the countless farms, hamlets, and village towns, where the great mass of the population lived; and how easily a public man might be deceived about the national sentiment. In this particular case, there was no difficulty. The American nation was thoroughly roused.

TABLE LXX

United States of America : Tonnage movements

Country.	Year.	Vessels (net tons) entered.			Vessels (net tons) cleared		
		Feb.	Mar.	April.	Feb.	Mar.	April.
Denmark	1915	55,117	90,807	39,119	102,600	116,604	55,109
	1917	27,615	5,838	19,135	47,273	47,589	21,635
The Netherlands ..	1915	111,393	151,545	163,928	161,197	220,982	189,707
	1917	61,586	18,406	68,778	69,147	41,328	89,177
Norway	1915	35,051	40,977	60,696	69,586	45,728	52,523
	1917	19,783	37,836	34,513	41,473	47,425	37,382
Sweden	1915	14,831	39,390	22,816	68,431	81,397	40,055
	1917	5,752	18,230	9,052	21,231	12,433	3,346

But the president, though highly intelligent, was a very stubborn man, and was, on that account, reluctant to admit, even to his most intimate friends, that he would be obliged to change his course. He presided at a meeting of his cabinet on 20th March, and gave none of his ministers the slightest intimation of what he proposed to do. He did not even let them know that he intended to convene congress. The summons, which was issued on the following day, was a great surprise to them. On 24th March, the secretary of state called upon him, and the president refused him any information. On 27th March, President Wilson started composing his address to congress; but, even then, his ministers did not know what it would contain. In the evening of 2nd April, however, he appeared before congress, and in the most stirring, eloquent language announced that the United States were, in fact, at war with Germany, and that the nation had no option but to accept the challenge, and to wage war, by land and by sea, with all the resources at their disposal, and with all the strength in their power. The congress men, who had been warned, during the short recess, that the sentiments recently expressed by them were not in harmony with the sentiments of their constituencies, now made warlike speeches, and passed

resolutions declaratory of war with Germany. The senators, who, a month before, had thought the arming of merchantmen too dangerous to be attempted, voted for war by a majority of 76 ; the house of representatives gave a majority of 323.

VIII.—The campaign at sea dominated everything when America declared war

From this long preamble, it will be patent, that no plan of concerted action between America and the allies could possibly have been presented to the authorities at Washington, during February and March ; preparation, which is only to be effected by close consultation and conference, would only have been possible, if the head of the executive had himself desired to confer with us. Apart from this, during the two months following upon the breach of diplomatic relations with Germany, Sir Cecil Spring-Rice appreciated the position as one in which a single false step, or a single tactless suggestion, would revive all the controversies that had been temporarily overlaid by the far graver differences that had arisen between the United States and the central empires. For this reason, he repeatedly urged that suggestions should only be made to the United States government, if they invited them ; and the only matters upon which they desired information related to the postal and telegraph censorship, and the control of wireless messages. In reply to the enquiries of the state department, Sir Cecil contrived to give Mr. Polk and Mr. MacAdoo, the president's son-in-law, an unofficial justification of our black list, and a fair idea of the financial operations which the enemy were conducting on American soil, and of their magnitude. Nothing beyond this was discussed during February and March, nor did Sir Cecil receive any undertaking from the state department, except an assurance that firms working in the enemy's interest would be wound up. The officers of the state department were, moreover, very cautious in asking for information ; for they knew that the whole matter under discussion related to black lists, which, even then, had a bad reputation in America : also, they knew, when they said, in private, that war was inevitable, that they were detaching themselves from the president, who obstinately refused to admit that his negotiations for a general peace had become diplomatic wreckage, since the submarine campaign started. The conversations between the embassy and the state department were therefore significant only as illustrations of that sudden improvement in Anglo-American relations, which, almost in a night, changed a guarded coldness, and suspicion of three years standing, into a friendly intimacy. The points agreed to upon such matters as financial control, black listing and the like, did not constitute anything that could have been called a plan of concerted action.

What, however, is more important to remember is that, when the United States declared war, their assistance was most needed at sea ; for the enemy's campaign was then an urgent danger to the whole alliance. In the month of March, the Germans sank three hundred and fifty thousand odd tons of British, and two hundred and twenty thousand tons of allied and neutral shipping, at the cost of only four operating U-boats. At the end of the month, the first sea lord circulated a paper to the cabinet, in which he freely admitted that the situation was getting out of hand ; for he reported that these gigantic losses would soon be exceeded, and that the attack had far outstripped the defence. Some days after this paper was presented, Admiral Sims arrived at the Admiralty, and to him Admiral Jellicoe represented the danger without palliatives or reserve. During the month following upon America's entry, the gloomiest forecasts of the preceding weeks were exceeded ; for the German attack rose to a zenith of efficiency and vigour.

The patrolled routes (runs the official naval history) were almost as severely attacked as during the previous month, and on the outer routes the situation was worse than it had ever been before. One trail of destruction spread fanwise into the Atlantic from the south-west point of Ireland, and another from Land's End. During the month efforts were made to concentrate shipping on a route which approached the coast of Ireland along the latitude of Galway bay, but quite

fruitlessly. Sinkings were thickest in a rough quadrilateral between the parallels of 51° and 53° N. and the meridians of 12° and 15° W. The central point of this zone of devastation was about one hundred and seventy miles due west from Berehaven, in the open waters of the Atlantic, where permanent patrolling was impossible. The hope that the German submarine commanders would be less destructive when compelled to depend upon torpedoes instead of gun-fire proved to be ill-founded. It seemed rather that they now torpedoed vessels by deliberate choice, in order to lose no time. Over thirty vessels were sunk within the area to the west of Berehaven, and every one of them had been torpedoed at sight. The use of the torpedo had increased with the rising list of sinkings. In January about eighty vessels had been sunk by gun-fire for every thirty ships torpedoed ; in April the proportion was entirely reversed, and about 60 per cent. of the total sinkings were done with the torpedo.

In the Mediterranean the situation was equally dark. The sinkings in the Mediterranean had fallen during March ; but in April, the submarine commanders completely outpaced the defence, and in the Mediterranean, as elsewhere, the curve of sinkings rose to an apex. By the end of the month the German submarines had destroyed 881,027 tons of shipping, at the cost of two UC-boats (numbers 68 and 30). Since unrestricted war against shipping had begun, they had sunk over 2,000,000 tons of merchantmen, and the losses to their operating forces had been two U-boats, seven UC's and one UB, and of these only seven had been destroyed by British forces acting against them : one of the remaining three had stranded on the Dutch coast, another had sunk on her own mines, the third had been lost from unknown causes.

The position resulting from our devastating losses appeared at the time to be almost desperate. Sir Leo Chiozza Money made an exhaustive analysis of the position, and, after allowing for replacements in merchant tonnage by building, repairing and purchasing from abroad, he reported to the Government that the 8,394,000 odd tons of shipping in the import and export service of Great Britain would probably be reduced to 4,812,000 at the end of the year ; the total carrying capacity of this tonnage would be between 1,600,000 and 2,030,000 tons per month, and of this 1,425,000 would be required for food and cereals. The conclusion was obvious : nothing would be left for the necessary transport of troops and stores, the export of coal and all the import business of the country, and Great Britain, the prop and support of the whole coalition, would collapse.

Everything, indeed combined to show that the allies were really within sight of disaster. The lists of sinkings, the numbers of successful attacks, the increasing use of the torpedo, the moderate rate of German submarine losses all told the same story. Admiral von Holtzendorff's prophecy of victory was apparently verging towards fulfilment, and only a change in our system of defence could turn the tide.

Warnings of a disaster without precedent in British history were therefore coming in, day by day, and week by week, during the months when active co-operation between the entente powers and the United States was first examined in conference ; and it can easily be understood, that the American authorities considered, that everything must be subordinated to rendering that immediate assistance at sea, which alone could check the tide of disaster. The first projects considered were, therefore, projects for relieving the British cruisers that were patrolling the outer routes, and so releasing them for the defence of trade ; and projects for strengthening the destroyer forces in the western area. On these two matters the United States authorities acted with great promptitude ; for, as soon as the first conference of flag officers at Hampton roads was over, the necessary orders were given to the American cruiser squadrons, and, early in May, strong American reinforcements arrived in Queenstown. Over and above this, the Americans naturally paid most attention to our suggestions for putting more merchant shipping into service. These suggestions were made by Mr. Balfour's mission, which reached Washington on 24th April ; within a week of their arrival, the American authorities empowered a board of experts to report how enough shipping to make good the losses could be built in American yards.

By the end of the first month of war, the American departments of state were thus called upon to make all the preparations necessary : for arming and equipping the first levy of five hundred thousand men, which congress sanctioned ; for constructing and manning a fleet of destroyers and anti-submarine craft ; for constructing a merchant fleet of four million tons in American yards ; and for seeing to it, that the execution of these plans did not clash with orders that were already being executed for the

allies within the country. It will readily be understood, that projects for co-operating in the economic campaign were considered secondary to these schemes of co-operation ; nor had we, on our side, any inclination to press these projects unduly ; first, because it had been recognised, at the beginning of the year, that the major part of the operation had been completed ; and secondly, because the submarine campaign, terrible and menacing though it was, continued to administer our economic war plan for us. For, during the summer and autumn of the year, when projects for completing the blockade of Germany with American assistance were being deliberated, trade between America and northern Europe was so reduced, that the rations imposed upon neutrals during the previous year were never received by them.

IX.—Allied proposals for American co-operation in the economic campaign

But if America's co-operation in the blockade of Germany was considered as a matter of less importance than her co-operation in relieving the more pressing dangers of the moment, at least it was grasped at once, and by all concerned, that America's entry offered a fair chance of closing up what had been notified as the one big gap in the blockade. Reducing neutral exports to Germany was no longer an operation that could only be effected by the long and tedious process of reducing rations by negotiation, or by schemes of purchase. The oil, corn, and foodstuffs that were being despatched from America to Europe were American produce, and could therefore be delivered on America's own terms. The implications of this were obvious, and it needed no study of statistics to make them clear : the tentative plan submitted, at the beginning of the year, of diverting neutral produce from Germany by seizing opportunities might, if the American government so willed, be converted into a consistent and embracing plan for completing Germany's economic isolation. This was grasped, automatically, by all who were concerned in the operation ; for within a few days of America's declaration, our ministers in Scandinavia were asking, whether it was not possible to press the negotiations then entrusted to them (the Norwegian pyrites dispute, and the Kogrunds rannan settlement) by persuading the Americans to withhold their oil supplies. On their side, the American authorities grasped that their exports to Europe would have to be severely controlled ; for, a week after the president had made his address to congress, a war trade committee presented a draft bill for stopping trade with the enemy, and recommended that an exports control committee should be created, to administer those sections of the bill that related to export licences. The members of this war trade committee were : Mr. Charles Warren, the assistant attorney-general, Mr. L. H. Woolsey, the solicitor to the state department, and Mr. E. E. Pratt, a high official in the department of commerce. It was these gentlemen who examined the proposals that were made to them by the allied governments, and who reported upon them to the American ministers of state.

These proposals were already complete in every detail ; for, during the last month of America's neutrality, the Foreign Office prepared a set of memoranda upon the economic campaign, which were to be presented, if the United States declared war. These papers were given to Mr. Page on 10th April, and were examined by the state department during May. It was not disguised that the most effective assistance that the Americans could give was in the matter of shipping ; detailed proposals were therefore made for putting American ships into allied services, and for establishing a system of bunker control. For the rest, these papers were mainly intended to reconcile the Americans to our black listing practices, and to persuade them to institute a similar system themselves. The essence of what we suggested was contained in the following passages :

As the United States government naturally and rightly desire themselves to assume control over the trade of their own citizens and as it is to the interest of the allies that, as in other belligerent countries, such control should be based upon the exercise of national sovereignty rather than on

the less certain application of international law, it is hoped that the United States government will give early consideration to the advisability of prohibiting the export of all important commodities except under licence. As a complement to such a list, and as a guide to the licensing authorities, it will no doubt be necessary for the United States to adopt also, in one form or another, a list of consignees in neutral countries who are to be regarded as undesirable recipients of American goods. For obvious reasons, which have already been recognised by all the allies, it is desirable that both the list of prohibited exports and the lists of suspects should be as nearly as possible identical with those adopted by the allied countries, and consultation and collaboration for this purpose with the allies will, no doubt, recommend itself to the government of the United States.

In instituting a system of export licences, the United States government will doubtless wish carefully to consider the accumulated information now in possession of the allied governments, in regard to the trade affiliations of firms in neutral countries, and in regard to the quantities of goods of various classes needed by neutral countries for their own consumption. The government of the United States is, of course, aware to how large an extent these two classes of information have been utilised, in administering the system of letters of assurance issued by the trade department of the British embassy at Washington, in the case of exports to Scandinavian countries. This system has been supplemented, in the case of exports to other neutral countries, by a carefully regulated maritime control based on the same information. The discrimination between neutral consignees, and the rationing of neutral countries, thus established, have now been embodied in a network of international agreements, the disturbance of which would be as unjust to various neutral interests as it would be detrimental to the interests of the allies. There will be little difference of opinion as to the need for proper co-ordination between the machinery for issuing American export licences and the methods of trade control hitherto followed by His Majesty's government and their allies. The extent and method of such co-ordination is a matter for discussion, but the United States government will no doubt realise how desirable it will be, from every point of view, that the licensing authority to be set up in the United States shall not conflict with the machinery now in operation, just as His Majesty's government most keenly realise that the continued operation of that machinery must not conflict with the sovereign powers of the United States government.

The French government presented a similar set of papers a little later; but whereas we had been content to make our memoranda explanatory of the general position, the French outlined a plan of assistance. After describing the receiving agencies in Denmark, Holland, and Switzerland, the French gave a sketch of the rationing system, and of the difficulties of enforcing it. Then, after giving such figures as were available about the exports from the border neutrals to Germany, the French memorandum concluded :

We have enumerated above the obstacles encountered by the allies in their attempt to isolate Germany. These obstacles can now be removed by the United States who are, as a matter of fact, producers of materials, without which Holland, Denmark and Sweden can maintain neither their agriculture nor their raising of stock. America can therefore now demand, as a belligerent, that the goods she produces shall go only to neutral consumers and, even after undergoing transformation, shall not serve to feed the enemy and maintain his powers of resistance. In laying down as a condition of the delivery of oil cakes, fertilizing and other agricultural raw material, and petroleum oils, that the importing country shall not re-export to the enemy the products of their soil, America would only be applying the generally admitted rule of international law, viz., that a belligerent is bound to prevent the production of his soil from being used for the benefit of the adversary. This principle has been recognised by the neutrals themselves, Switzerland having admitted that coal supplied to her manufacturers by Germany, could not be used in the fabrication of goods intended for the allies, even if the other elements of the manufactured object were of neutral or allied origin.

It will perhaps be objected that, if deprived of the fodder and manure necessary to the preservation of their cattle, the neutrals would be forced to sacrifice all their property and make it over to Germany, thus supplying her with momentary abundance. This argument need hardly be considered, however, as, by so proceeding, the neutrals would ruin their agricultural prospects and lay themselves open to famine for the following year.

One may also argue that the decrease in agricultural produce which would be the result of the cessation of American exports to neutral countries, would deprive Great Britain of the food supplies she draws from these countries. Let it be remembered above all that since the note issued by Germany of the 31st January, England, in spite of all her efforts, is far from receiving a normal amount of supplies from neutral countries, whereas the share of Germany has greatly increased. One has reason to believe, however, that owing to the influence of the United States,

the neutrals will have to do without the German market and will have to resort to that of England in order to dispose profitably of their redundancy. When it is found that profit is only to be made in England, sellers and conveyors will not hesitate to take the risks of obtaining it.

It is, therefore, certainly of the most vital importance that this condition of affairs be laid before the United States government, and that they be asked to take the necessary measures to hasten a victorious peace, which is the natural desire of all the allies, but more especially of France, who, with Belgium has had to bear the most cruel and heavy sacrifices. The Norwegian government, moreover, has admitted to our Ambassador at Christiania the necessity and efficacy of such measures, and did not hide the fact that 'the intervention of America would place the North at the mercy of the allies.'

X.—The American government's deliberations and final determination

The American authorities received these recommendations cautiously, for they well realised, that although each proposal presented to them was, in itself, unobjectionable, those proposals, taken as a whole, were an invitation to assist in an operation which they had acclaimed illegal. They were therefore determined to subject all our propositions to the most searching scrutiny, before they adopted them, even in part. Secondly, the American civil service, upon whom would fall the duty of administering whatever measures were approved, had their own reasons for going warily. The civil service in America has never enjoyed that independence of popular and parliamentary control, which is enjoyed by the civil services of such countries as Great Britain, France and Germany. Congressmen are jealous of any check, or counterpoise, to their influence and power, and have never granted funds generously to the administrative departments of the state, fearing that, if they endowed them too well, there would grow up a corps of high officials in Washington, who could exert more influence upon ministers than they could themselves, and who would eclipse them in the public estimation, and in society, by their knowledge and attainments. The American civil service, upon whom it rested to devise an economic policy, were thus very sensitive to criticism from congress, and were inclined to wait upon events, and to see with what temper the congressmen examined the draft bills presented to them, before they themselves recommended any general plan. Also, they were by no means inclined to endorse a plan for putting severe pressure upon Sweden (which was being recommended by our embassy) as they thought that Americans of Swedish birth were numerous and powerful enough to make a commotion in congress, if the country of their birth were severely treated. This does not mean that the high officials of the American civil service were disinclined to co-operate in the economic campaign: on the contrary, Lord Eustace Percy, who was then attached to the embassy, reported that the American civil service was anxious to help, but that they were determined to go circumspectly.

What probably weighed even more than this with the state department was that all the governments of the border neutrals grasped, as quickly as we did, that America's declaration of war was a matter of great moment to them, and at once informed the American ministers, that specially selected envoys would shortly be sent to Washington to negotiate. The state department thought it wise to await the arrival of these gentlemen; for, as the United States had not been seriously in treaty with any of the Scandinavian countries since the war began, so, their ministers had not established that close and intimate contact with the peoples and their governments, which would have enabled them to undertake negotiations of great importance, without preliminaries of any kind. It may also have weighed with the state department, that the only report they received from Scandinavia, during this initial period, was a warning from Mr. Egan, their minister in Copenhagen, not to co-operate in the British system without careful enquiry. In Mr. Egan's opinion, control of foodstuffs was then quite satisfactory; but British policy had alternately been too severe, and not severe enough. At the moment, the Danish committees were carrying out the British government's wishes; but it seemed

probable, that, after the war, the Danish commercial system would be engulfed in the German; and that an American prohibition of wheat would put the onus of explanation which was then borne by the British upon the United States.

Seeing that they had so many reasons for hesitating, the state department are more to be congratulated on the firmness of their final determinations, than reproached for delay; for, by the middle of May, they had decided on the following conduct:

(i) In the matter of black listing, the state department decided to co-operate in the system, in so far as it was part of bunker control and navicerting; and to decide for themselves what firms in South America and Mexico were to be posted. The reason for this reservation was that the American government were anxious to cause no irritation in South America which might thwart, or retard, the president's invitation to form a neutral league. This invitation was much better received in South America than in Europe: the Brazilian, Bolivian and Guatemalan governments broke with Germany a fortnight after the United States declared war; and, from every part of the South American continent, the American ministers reported, that the president's note was being respectfully and seriously examined. It was therefore natural, and indeed extremely wise, that the American government decided not to proclaim firms in South America, until their consuls and representatives were satisfied that it could be done safely; for it is notorious, that the political managers in the South American republics are mostly men, who have a heavy stake in the financial and trading houses in their countries.

(ii) In the matter of naval assistance, our high naval command asked only for assistance in combating the submarine campaign, and this was at once granted. The American authorities were, however, very careful that the aid thus given should not be construed as assistance for enforcing a British order in council. Prize instructions were issued to the fleet in June; they contained no concession to British practices, and it was upon these instructions that officers in the cruiser squadrons acted, when they examined neutral vessels. Although the American government had approved the plan of examining vessels at Halifax and Gibraltar, no commanding officer in the cruiser squadrons ever obliged neutral vessels to call for examination at a British port. In the words of the secretary to the navy: Mandatory routing has not been practised by our navy. As a further precaution, the United States government declined to be a party to the allied convention for the adjudication of joint captures. This convention was submitted in November, 1917, to the navy department, who reported that some of its provisions conflicted with the obligations undertaken by the United States in their commercial treaties with Italy and Sweden; and that (which was more important), the convention could not be adhered to without:

Giving a seeming approval of certain practices and principles against which the United States have protested.

(iii) There remained the third group of proposals, which was, that the United States should revise the rationing of neutral Europe, and force the border neutrals to give new and more comprehensive undertakings with regard to their trade with the central empires. As America's participation in the economic campaign became her participation in this group of measures, it will be as well to see by what positive decisions, and after what hesitations, the government of the United States determined to pursue the policy that the allies recommended to them.

The first report on this group of measures was made on 14th May by the war trade committee, to whom the French and British state papers were referred for an opinion. The report was an exceedingly long and prolix document of which it is difficult to give a satisfactory review; nevertheless, the substance of it was certainly that the United States could co-operate in this part of the French and British system, without

withdrawing any of the objections they had previously lodged against it. The rationing of neutral Europe was the important part of the report, and, with regard to this, the war trade committee reported :

That whereas, in the past, in view of the fact that the enforcement of rationing was, of necessity, based upon international maritime law, and not on sovereignty, the allied governments have not felt able to introduce as a factor in fixing rations, the idea of putting pressure upon neutral governments to render services in the form of shipping or otherwise, and have been obliged to take into account the necessity of reaching an agreement with neutral countries, in each case, as to the amount of the ration, it will now be possible, should the United States so desire, to fix rations without obtaining the consent of neutral countries, and to reinforce the rationing system by requiring that in exchange for exports from the United States, the neutral states should perform certain services such as employing a reasonable percentage of their shipping in certain trades.

The language is very involved, but there is in this an unequivocal recommendation, that the United States shall strengthen and complete the existing system of control. More than this, the war trade committee recommended, that an attempt should be made to stop even the domestic exports of neutrals by the severest pressure :

In order to attain this last object there must be a definite diplomatic agreement with the government of the neutral country concerned that it will prevent such export, since without such agreement, however low the ration of imported goods may be, the native products will inevitably seek the market where they can find the highest prices, and that market will, under the present circumstances, always be Germany. In order to reach such an agreement, the first thing that has to be done is to restrict exports to the neutral countries for bargaining purposes, and such restrictions must be made on diplomatic rather than on statistical grounds.

For the rest, the committee recommended, that the American government should send representatives to those allied committees and boards which were operating the existing system ; and that letters of assurance should continue to be granted, until the government had established an exports control board for issuing and refusing licences. On the matter of black lists, the United States authorities continued to be very queasy ; but the committee admitted, that all the information collected by the war trade intelligence department would have to be put at the disposal of the exports board, and account taken of it, before a single licence could be issued. Some three days after this report was signed, Mr. Woolsey explained it to the secretary of state, and to several other officials, who all accepted it ; for the few reservations made by them were no obstacle to the policy finally pursued. The substance of the government's opinion was thus recorded :

Great Britain has heretofore attained the objects set forth above through her exercise of belligerent maritime measures, depending upon the prize court to condemn property violating those measures. The United States regards certain of the measures in question as illegal ; but that does not prevent the United States from controlling their exports as a purely domestic measure for the conservation of supplies and tonnage, and for preventing indirect trading with the enemy.

It is significant that Mr. Woolsey thought that this general sanction was given even to the contested doctrine of derivative contraband or *produits similaires*, for his notes of what he thought had received full government approval contained the following entry :

The United States is willing to assist, on the above-mentioned grounds, in preventing its exports from reaching the enemy, or from being used by neutral countries to replace produce exported by them.

Although Mr. Woolsey thought that the matter was virtually decided when he drafted this paper, it is clear that some retarding influence was still exerting itself strongly. Negotiations could, indeed, have been started in mid-June ; for the Scandinavian envoys were then in Washington ; the export prohibition act became law on 16th June, and simultaneously, an exports council was established to

administer it.¹ We, on our side, had presented numerous documents, in which we explained, with great elaboration, how we thought the approaching negotiations should be conducted. The substance of what we recommended was that a complete stoppage of exports from the border neutrals to Germany was not to be hoped for ; but that, if it were demanded at the outset, and if the demand were upheld, until the neutrals had exhausted all their stocks of food, fodder, lubricants, propellants and textiles, then, neutral governments would agree to reduce their exports to Germany by something like half, and would give their undertaking under such duress, that it could be enforced *ad literam*. Nevertheless, just when everything was thus ready, either the American cabinet, or some ministers, or the president, had serious misgivings about following the course of action recommended. Mr. Hoover told Sir Cecil, rather enigmatically, that matters could not go too quickly, as there was opposition ; shortly afterwards, a high official of the state department had a conversation with Sir Cecil, in which he did not disguise, that the neutral ministers were making some impression by representing, that they would be driven into the arms of Germany, if the United States pressed them too hard. The doubts thus expressed conversationally were soon afterwards marshalled in a paper, which Mr. Polk transmitted to Mr. Page in London, after previously communicating the substance of it to Sir Cecil Spring-Rice and Sir Richard Crawford. In this document, the United States government stated, that, before any embargo could be imposed, they must know from us : What undertakings were required from neutrals ; whether the United States were expected to secure them by a complete or a partial embargo ; what were the agreements between the allies and neutral trading associations ; whether those agreements would be cancelled or revised to reinforce the American embargoes ; whether Great Britain would go on a footing with the United States in the matter of embargoes ; and finally, if the German government attacked the border neutrals for complying with what the United States demanded, what assistance was the British government prepared to give them, and what assistance would be required of the United States.

The enquiry was a staggering surprise to the contraband department ; and the reply to it was largely a repetition of what had already been said in so many despatches and telegrams. We answered, that we did not anticipate that the German government would attack any of the border neutrals ; but that the danger, if it existed, was greatest in the case of Denmark. The safeguard against this contingency was, however, that the Germans would not, in our opinion, embark upon an invasion of their neighbours, unless a complete stoppage of all German trade were ordered, which we considered impossible ; and that the severe reduction, which we thought the United States could actually secure, would not provoke the Germans to an adventure that would turn all Scandinavia against them. On the further question that was put to us by the American authorities, we answered, that we were prepared in a general way, to go on a footing with them in the matter of export embargoes, but that, as we could not endanger the supplies of food, munitions and materials for making them, which neutrals had agreed to deliver, so, our exports of coal, and margarine materials, must be excepted. On the matter of agreements we undertook, specifically :

That if the existing agreements between any allied and neutral country hinder the adoption of this policy, steps will be taken to modify or terminate those agreements.

It would be interesting to know more than we actually do know about the origin of these last American hesitations. There is a family likeness between the paper drafted by Mr. Polk, and Mr. Egan's warning despatch from Copenhagen ; but as the minister's despatch was not answered, and as no enquiries were ordered to be

¹ Consisting of Mr. Hoover and four secretaries of state with a permanent administrative committee of civil servants.

made upon it, this one report can hardly have been the origin of these belated hesitations. More probably, the enquiry was ordered by the president: it was issued in his name, and it is certain, that, although he was never greatly interested in the niceties of the law of contraband and continuous voyage, he yet detested economic warfare, and would have tempered the conduct of it, had he been able.

The British government's reply was delivered early in August, and it appears to have allayed the last misgivings of the American government, for they raised no further objection, but pursued the course of conduct recommended to them, with set-backs and deflections from it, which will be described hereafter. This may, therefore, be taken as the approximate date at which the United States authorities determined to close up the blockade of Germany, as far as it could be closed, and to replace the existing system of control by a new and more rigorous one. It will therefore be convenient to make a brief survey the economic and the military theatres, which the United States had thus decided to enter *totis viribus*.

XI.—What war plan was then being operated; and what was then expected from economic warfare

The plan of assaulting the central empires on all fronts, which had been agreed to at the beginning of the year, had been tried and had failed. The assault could not be begun in February, as was first intended; it was further delayed by the retirement of the German armies in France, for they were withdrawn to better positions in March, and could not be attacked across the muddy desert that they left behind them. The French commander-in-chief was, therefore, unable to open his assault until April, and when he did so, his armies were utterly defeated, and mutinied as a consequence. Our contribution to the assault was more successful; for our armies captured the Vimy ridge in April, and made an advance at Messines soon after; but no great strategical advance was possible, after the French armies had been so severely checked. The Italians made their contribution to the plan in May, when they attacked on the Isonzo: their armies advanced for a few kilometres; but, by the beginning of June, the battle was over, with nothing achieved except a little anxiety inflicted upon the Austrian high command. The worst check was, however, suffered in the eastern theatre: in March, the imperial government of Russia was overthrown, and was replaced by a republic, which proved quite incapable of checking the commotions that ruined the old order. The republican leaders, Prince Lvoff, and, after him, Kerensky, honourably endeavoured to perform their part of the war plan; and, at the end of June, the Russian troops were ordered to attack. The armies disobeyed the order, and retired; so that, by the end of the month, the Germans had enlarged their conquests in the country, by occupying great territories in south-western Russia. There was not the slightest hope that the Russian armies would fight again; for the soldiers were infected with the popular doctrines, and it was openly said by millions of men, who, until then, had always fought bravely, that political liberty was of no use to corpses. It was, however, hoped, that the Russian armies would maintain some order and cohesion, which would detain large numbers of German troops in the eastern theatre. By the end of June, therefore, the whole war plan had crumbled, and nothing more was hoped for from it. A piecemeal substitute for it had, however, been found and was being attempted. In July, the British government sanctioned a new attack in the Ypres area: the strategic object of the attack was to drive the Germans from the Flanders coast, and so to capture the naval base at Zeebrugge; but, as it was being delivered against German armies relieved of all anxieties from the French, and easily reinforced from the eastern theatre, so, it was no real substitute for the general plan that it superseded. Actually, this new attack was agreed to for a number of reasons, of which the most cogent were that it would

occupy the Germans, and so, give the French time to recover; also, it was thought unwise to stop attacking on the western front, and merely to wait upon events. The Italian high command undertook to assist the British and French, by continuing the battle that had been broken off in May, on another part of the front, the Bainsizza plateau. The British assault had actually opened, and the Italian one was about to begin, when the Americans decided to wage economic warfare with their full strength.

The war on land had, therefore, been nothing but a series of checks and disasters; but the war at sea had turned in our favour, in that the submarine campaign, though by no means mastered, was at least so checked, that the danger from it was much diminished. First, the emergency measures that were enforced, when the campaign began, had been replaced by regular shipping agreements, whereby the British government secured the services of 930,000 tons of Danish and Norwegian shipping. These agreements enabled us to loose the first paralysis, and to re-start the flow of Anglo-Scandinavian trade; also, they gave the Allies a reserve of shipping, upon which to draw. Even if these agreements had been unsupplemented by other remedial measures, they would have postponed the decision at sea for many months. More important than this, however, was that the system of defence had been changed, by putting trade on the more important routes under convoy. This new system was a complete reversal of the old, which had consisted in a futile endeavour to subject submarines to a more or less continuous attack, and so, to keep them away from shipping. If there had been any known means of harassing submarines without respite, for so long as they were in their zones of operation, this system of defending trade by attacking the attackers might have been the best: actually, it was a deplorable failure, for over two million tons of shipping, and only seven U-boats, were destroyed, during the first three months of the campaign. The results obtained from the new system sufficed to convince the naval staff, that any trade route that could be put under convoy would be satisfactorily protected. The fortunes of the campaign at sea had thus turned strongly in our favour: it was now patent that, whatever might be the losses elsewhere, a block of shipping that would be sufficient to maintain commercial communication between England and America could be protected; the danger was therefore no longer the urgent, pressing danger that had threatened in April, for the threat of industrial paralysis through lack of supplies had been parried. There was still a risk that the quantity of tonnage that could be adequately protected would not suffice to maintain all our overseas expeditions; but this risk was being faced with rising confidence, in that the naval staff were convinced, and rightly, that a victory at sea was at least possible. Statistics are often unreliable guides, but the inferences proper to be drawn from the statistics of trade defence were not even disputable: during May, June and July, 354 vessels had been convoyed, on their eastward voyages across the Atlantic, and of these only three had been lost. It followed therefore, that, if enough forces could be collected to cover every trade movement that needed protection, the battle for the control of the ocean highways would end in a crushing victory. The great difference between the campaign on land and the campaign at sea was therefore, that, whereas there was no prospect of a victory that would expel the Germans from France, there was a good prospect that the German campaign at sea would be defeated.

If it had been possible, at the time, to arrange these facts, and the inferences that they supported, into the logical system that can now be constructed out of them, when they are surveyed in retrospect, then, it would certainly have been grasped, that the immense disappointment of the German people, when they learned that the campaign at sea had failed, would combine with the divisions and discords engendered by economic warfare, and would make a compound that might fairly be called national desperation. These calculations and forecasts were not, however, possible in the circumstances, and the appreciations then circulated about the economic campaign

did not differ materially from those circulated for months past. It was estimated, that the Rumanian supplies would maintain a slightly better bread ration, until the German harvest was gathered ; and it was thought, in a general way, that the approaching winter would be slightly better for the German people than the last. The blockade of Germany was thus still regarded as an unimportant auxiliary to the campaign on land : nothing decisive was hoped for from it ; for nothing had occurred to raise any hope in those responsible for the conduct of the war, that the economic campaign would ever prove a counterpoise to the military disasters that beset us in every theatre. Reports upon the blockade of Germany were from time to time received by the war cabinet, but practically no recommendations were ever made upon them ; nor did the consideration of these reports ever occupy an appreciable portion of the cabinet's time. The economic campaign had come to be regarded more as a matter of administration, than of military policy.

To the contraband committee, and those other experts who may be called the headquarters staff for the economic campaign, the entry of the United States was regarded more as a circumstance that made the operation regular and orderly, than as anything of decisive importance. The need for some better regulation of neutral trade was everywhere recognised ; for the great revelation of the past few months had been, that neutrals had accumulated large stocks under the rationing system. The case of Denmark was typical : since the beginning of the year, her principal imports had been :

Corn and grain 56,377 tons, against a normal import during the same period of 208,112 ;
forage 374,021 tons, against a normal import during the same period of 653,336 ;
vegetable oils 1,390 tons, against a normal import during the same period of 4,140.

The balance of lubricants and propellants due to the country under the rations fixed by agreement, was about forty thousand tons.

Notwithstanding this great fall off in Danish imports, the population of Denmark, though slightly pinched in their supplies, still lacked nothing essential. Our experts were forced to conclude from this, and from the great array of facts which justified a similar inference, that the border neutrals were more nearly self-supporting than a study of their statistics had justified us in believing. American co-operation was thus looked upon as the only means of effecting that general revision of imports, rations, and domestic exports, which the extraordinary circumstances demanded.

CHAPTER XXXII

THE AMERICAN EMBARGO, AND THE CLOSING AGREEMENTS WITH THE BORDER NEUTRALS

Why the United States government did not press their negotiations with the border neutrals.—The United States proclaim an embargo; the immediate consequences.—The fortunes of the war affect neutrals differently.—Why the allies continued to negotiate with the Swiss after submarine war began.—The state department present written conditions to the northern neutrals.—The condition of the border neutrals at the end of the year; the United States relax their embargo.—Negotiations with Norway during 1918.—The Danish and the Dutch negotiations.

CONGRESS passed the law for controlling exports on 15th June; the first of the proclamations foreshadowed by the bill was issued on 9th July; and on 24th July, the state department presented a note to all neutral governments, in which they explained what ends the government of the United States intended to pursue. The negotiations consequent upon this declaration were, however, only terminated in September 1918, more than a year later. The final operation of closing up the blockade was, therefore, set back by many obstacles that had not been foreseen. As first conceived, the operation was simple, and no difficulties were anticipated; for it was confidently expected, that, if the Americans stopped their exports of corn, oil, and metals to the border neutrals by midsummer (which in effect they did), then, all would be satisfactorily concluded by the end of the year. It will, therefore, be as well to give a general preliminary review of the circumstances that protracted these negotiations so much, and thereafter, to show their particular effects.

I.—Why the United States government did not press their negotiations with the border neutrals

First, it seems well established, that President Wilson watched congress and the state department setting up their organs of economic coercion with great jealousy; for, when the war trade board was established, he unexpectedly circumscribed their powers, by forbidding them to present *sine qua non* conditions to any neutral representative, or to refuse their proposals outright, without receiving authority from him. The United States negotiators were thus at the disadvantage of being in treaty with persons whose powers were greater than their own; for the envoys of border neutrals were empowered, from the beginning, to state, without qualification, which of the conditions presented to them could, and which could not, be accepted.

Secondly, as soon as it was known, that the United States government intended to control their exports, the Scandinavian governments formed a rough economic union, whereby each party to the union had a first preference on the exports of the other parties. This Scandinavian concert did not make good the shortages consequent upon the American embargoes of meat, corn, and oil; but it certainly enabled the three northern neutrals to resist the American demands for longer than had ever been deemed possible. This was quite unexpected. The Scandinavian conferences had been assembled at regular intervals since the war began; and we had come to regard them as meetings, which served to lubricate diplomatic friction between Scandinavian powers. Nothing that had occurred in the past gave us any reason to suppose, that more importance should be attached to the conferences of May and November, than had been attached to their predecessors. Actually, the promise of mutual assistance, which was announced in the official communiqué, was a more substantial undertaking than had ever been given before. The economic experiment to which the three governments committed themselves was not, in any

sense, an act of antagonism to the United States and to Great Britain ; but it was an interesting, and in a certain degree a successful, experiment for supporting the policy of waiting upon events for the longest possible time, a policy upon which the three governments were certainly agreed. When the negotiations were fairly started, our statistical department estimated, that the border neutrals had stocks in hand which would only last for about six months ; once again, therefore, statistics proved ill guides to a nation's resisting power.

Thirdly, neutral governments were inclined to draw things out, in that the military disasters of the entente powers continued in an unbroken succession, and so raised a presumption in some quarters, and a hope in others, that a general peace would be established before the spring. During the first weeks of the negotiations between the United States and the border neutrals, the Italian armies were defeated at the Caporetto ; in the east, the German armies stormed Riga ; the German navy advanced into the Baltic, carried the islands at the mouth of the gulf of Riga, and so, made the communications of their army secure. In December, the Russian government fell, and the new Russian authorities asked for an armistice. Simultaneously, the Rumanian government sued for peace. There may have been neutral ministers who doubted whether even those disasters would bring the entente powers to terms ; but those who doubted, and those who did not, were alike convinced, that the German successes in the east put great surplus forces at the government's disposal, and so, made the invasion, or coercion, of small neutrals an easier operation than it had been since war began. The Danes and the Netherlanders were particularly threatened, and their governments were proportionately disinclined to sign agreements that were certain to excite German resentment, at a time when that resentment was exceptionally formidable.

Fourthly, owing to the long resistance of the neutrals, the negotiations could not be continued as they were begun. The first plan was that the United States should withhold exports of corn, meat, and oils, and then secure a better regulation of neutral exports to the enemy. Towards the end of the year, however, the shipping authorities of the entente reported an immense shortage of tonnage, which could only be made good by putting more Danish, Swedish, and Netherlands vessels into the allied service. This, in itself, enlarged the original negotiations, and served as a notice to neutrals, that the entente powers might be driven to make concessions in order to satisfy their need for tonnage.

There was another influence which made for delays : it was that although the American ministers and officials were often very haughty and imperious in conference, they were all animated by an extraordinary anxiety for the good reputation of their country, and were, in consequence, most sensitive to a charge, no matter how contemptible the persons who made it, that the United States were dealing oppressively with countries that could not defend themselves by force of arms. This pride in American conduct affected officials of every rank and station. No report from an American minister abroad was so promptly, or so elaborately, answered as a report that the United States were being reproached for injustice. In the latter stages of the negotiations, the Americans' care to protect their reputation for fair dealing turned very much to the neutrals' disadvantage ; for the department of state, losing all patience, threatened to publish their conditions, whether neutral governments agreed to the publication or not, in order that all men in Scandinavia might judge for themselves, whether the United States were dealing harshly with their countries : this was the last thing that neutrals ever desired. At the outset, however, this honourable anxiety to be fair and generous inclined the American government to relax on points, which, in our opinion, should have been firmly adhered to ; it was certainly an influence that combined with others to make the negotiations long and unsatisfactory.

Finally, some account must be given of a circumstance that may have inclined the Americans to deal cautiously with the northern neutrals, although there is little documentary proof that it did so. It has been shown, in the last chapter, that, before the American authorities decided to co-operate with us in the economic campaign, they asked us whether we thought the border neutrals would be attacked by Germany, if they were forced to restrict their trade with the enemy still further; and whether the allies would go on a footing with the United States in assisting the border neutrals, if this should occur. Now the answer we gave to this, that there was little fear of it, was an honest reply: we did not think that the Germans would invade Denmark or Holland, as they would only use up their fighting forces, with no compensating economic advantage, if they did so; nor did we think the Germans would break with Norway, as the consequence would be that they would lose their supplies of Norwegian nickel, pyrites, and canned fish, and that the allies would establish a naval base on the Norwegian coast, and so strengthen their hold upon the North sea. On the other hand, after the Americans received our answers, and decided to wage economic war with their full strength, they learned, bit by bit, that this question of rendering aid to the northern neutrals had engaged our attention far more than our answers suggested.

Lending aid to the border neutrals was twice enquired into during the summer and autumn of 1916: once when the Danes communicated their fear of a German attack and, secondly, when the Norwegians did the same.¹ In both cases, our naval and military authorities reported, that we should get no benefit from it, if these countries went to war; and that, if the Danes did so, we should not be able to help them. The military experts never altered their opinion; for whenever these questions were raised afresh they answered as they had done before. The high naval command, on the other hand, were by no means so consistent, and their fluctuating opinions so influenced the instructions that were given to our ministers abroad, that our doubts and hesitations were not concealed from the Americans, and were communicated to them in the worst possible manner. These changes of conduct were most noticeable in the case of Norway.

An alliance between Norway and the allies was never officially proposed, far less considered; but, from the beginning of the war, the high naval authorities in Norway had gossiped and talked about the war in the North sea in a manner that must have given the German staff considerable anxiety; for the Norwegian and Danish naval officers had always said, openly and without disguise, that the time must come when the British fleet would establish a base in their country. If only officers of junior rank had indulged in this wild talk, no importance would have been attached to it; but a far more important person than they, the Norwegian commander-in-chief, expressed the same opinions and with as little reserve; for as soon as the United States declared war, the Norwegian commander-in-chief sought out Admiral Consett and said that the American fleet ought to be based in Norway; he then enlarged upon the advantages: it would close up the blockade of Germany and so on. It is quite safe to assume that what the Norwegian admiral said to Admiral Consett he said to others; he was a brave, honest man, but barbarously outspoken. The American minister at Oslo must therefore have been subjecting official assurances of Norwegian neutrality to a close scrutiny when his government broke with Germany.

When the United States declared war, our government were negotiating agreements for securing neutral shipping; and this caused the question of Norwegian participation to be examined again; for it was thought that the Germans might retaliate so severely upon the Norwegians, that public opinion in the country would force the government to declare war. M. Vogt, the Norwegian minister in London, thought this possible, and twice discussed the contingency with Lord Robert Cecil. The

¹ See Chaps. XXII, and XXIV.

outcome was, therefore, that the naval and military staffs were again asked to examine the matter, and that M. Vogt suggested to his government, that officers from the Norwegian navy should be sent to London, to confer with the British naval staff. (12th–30th April.) When the question was thus raised for the second time, the army staff repeated what they had said in November : if the Norwegians declared war, it would be pure loss to us, as we should be obliged to supply them with arms and equipment, which we could put to a better purpose. The naval staff, on the other hand, reversed their previous opinion : Norwegian participation would straighten German supplies considerably, and it could now be encouraged, without danger, as Norway could be protected against German attacks, by stationing an American squadron in the country. When the Admiralty prepared this second appreciation, Admiral Mayo was in London, and the naval staff discussed the matter with him. The American admiral agreed, and, presumably, reported to Washington accordingly. During the month of May, therefore, the second month of American belligerency, the American authorities learned that plans for Norway's participation were being considered in London. As the naval and military staffs advised two opposite policies, the matter was not further pressed for the time being : also, the Norwegian government declined our invitation to send a naval mission to London, saying that they did not fear a rupture with Germany ; that the Germans would certainly learn that the chiefs of the Norwegian and British navies were conferring ; and that this would be of great prejudice to the Norwegian government.

A few weeks after this the matter was raised for the third time, in a manner so pressing that Norwegian participation could no longer be treated as a question of pure strategy. Late in May, the German naval forces captured the Norwegian steamer the *Thorunn*, took her to Germany, and refused to release her. This capture was a violation of the promises that were given to neutrals, when the Germans made their last declaration of submarine war ; for the Germans then undertook that neutral vessels would be unmolested, if they were carrying supplies to their own countries, and if they kept to certain approach channels, which were delimited with great exactness. The *Thorunn* was in the approach channel, and she was carrying corn and forage to Norway, when she was captured. This excited great anger, which was much stimulated, soon after, by one of those strange incidents that inflame the popular fancy. On 20th June, a German, whom the police suspected, was arrested and his belongings ransacked : some fifty bombs, fuses and detonators were found in a case that was addressed to the German legation. What he intended to do with them was never ascertained : but the common people and the press were so roused, that Mr. Findlay wondered whether the Norwegian government would not, in the end, be forced to declare war ; for to him, it seemed that the people resented the submarine war so strongly, that some fresh incident might leave any government powerless to resist the popular fury. Mr. Findlay therefore recommended, in very urgent and impressive language, that the British government ought, henceforward, to make such preparations as could be made, no matter whether Norway's participation pleased or displeased them ; for our minister was certain, that, if Norway declared for us, and then suffered the calamities that had befallen the other small countries that were allied to us, we should be utterly discredited in northern Europe. On receiving these reports from Christiania, the government appointed a cabinet committee,¹ and instructed them to look into the whole matter.

The committee, indeed, the whole government were much disconcerted, when they learned that the Admiralty had again altered their opinion, and now thought that it would be a burden to us, if Norway entered the war upon our side. Nevertheless, as the committee had been assembled to consider what ought to be done, if the Norwegians declared war (no matter whether we wished them to do so or not),

¹ The northern neutrals committee : Chairman, Lord Carson.

they recommended that every possible preparation should be made for establishing an advanced base at Kristiansand, and that the United States authorities should be asked what they intended to do, in order that the two navies might work together in harmony. When Sir Cecil Spring-Rice was instructed to make these enquiries, he at once answered, that, if he did so, it would make a bad impression, as the United States government had asked for information on this very point, a few weeks before, and were then given answers that they would find hard to reconcile with the enquiries now being addressed to them. Nevertheless, as it was deemed impossible to leave the United States authorities quite ignorant of our preparations, the findings of the committee were communicated to them, with the greatest secrecy, by Lord Reading's mission. Some time in September, therefore, that is two months after the United States government stopped their exports to northern neutrals, and became a party to the economic campaign, they learned that we were prepared for a Norwegian declaration against Germany, and that we looked to the United States to give us substantial aid, if the need arose. The same thing occurred with regard to the Netherlands: our military policy, and the forecasts of our expert advisers were only communicated to the president and his ministers after they had embarked upon a policy of economic coercion. Until we know, from authentic documents, what President Wilson and his advisers thought about the revelations thus made to them, nothing positive can be asserted on the matter; but it is assuming nothing extravagant or unlikely to suppose, that the state papers communicated by Lord Reading's mission were in White House regarded as a warning to be very critical of British assurances that the policy to which America was then committed could be persisted in without danger.

II.—The United States proclaim an embargo; the immediate consequences

As has been said, the United States government issued the first proclamation for prohibiting exports on 9th July. It was drafted on a model that served for all subsequent proclamations of the same kind. After reciting the legal powers recently conferred on the executive by act of congress, and stating, that whereas the public safety required that succour should be prevented from reaching the enemy, the proclamation forbade the export of grains, foodstuffs, metals, fuel, oil and lubricants to an enormous number of countries.¹ In this proclamation, therefore, the United States enunciated a principle upon which they subsequently refused to compromise: that any export of an important commodity might become succour to the enemy (no matter what its immediate destination might be), unless precautions were taken to prevent it.² When the state department issued this proclamation, they had ready a memorandum explanatory of the United States policy, and they intended it should be circulated to all neutral governments, as soon as the proclamation was made operative. It would be interesting to see the original draft of this memorandum,

¹ The countries were: Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions or protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions or protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Germany, her colonies, possessions or protectorates, Great Britain, her colonies, possessions or protectorates, Greece, Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Japan, Liberia, Liechtenstein, Luxemburg, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, The Netherlands, her colonies, possessions or protectorates, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions or protectorates, Rumania, Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions or protectorates, Sweden, Switzerland, Uruguay, Venezuela and Turkey.

² The commodities were: coal, coke, fuel oils, kerosene and gasoline, including bunkers; food grains, flour and meal therefrom, fodder and feeds, meat and fats; pig iron, steel billets, ship plates and structural shapes, scrap iron and scrap steel; ferro-manganese; fertilisers; arms, ammunition and explosives.

which has never been published ; for we only know, that it was prepared by Mr. Hoover, that President Wilson objected to it, and that the memorandum finally issued differed materially from the memorandum originally prepared. The reason for this was that President Wilson had already assured several neutral ministers, that the United States would deal very easily with their countries, and insisted that these assurances should be repeated in the memorandum. For this reason, the paper, as finally drafted was only presented to neutral ministers after some delay.

In the opening paragraphs, the American government explained, that exports to neutrals could only be allowed, after the United States authorities were satisfied, that the nations who were associated with them in war had been supplied with everything that the United States could supply. As these nations were already pinched for necessaries of life, it followed that the exports ordinarily sent to neutrals would be reduced ; neutral governments were therefore urged to do everything in their power to stimulate their national agriculture and fisheries, and to supply themselves from alternative markets. The memorandum then continued, that, notwithstanding the difficulties, the United States would endeavour to supply neutrals with food and primary commodities ; but that they could no longer allow, that the imports of normal years should be the standard of what was needed. Instead of this, the United States authorities proposed to calculate how much protein, fat, and carbohydrates were required per head of population ; how much protein, fat, and carbohydrate was contained in the food produced in neutral countries ; and to supply the deficit if they could. The calculations made up to date proved that the food produced in some neutral countries was in excess of what the population required. The United States government then announced, that, as all primary commodities were essential to the conduct of war, so, they could not consider that neutrals would have acquitted themselves of all obligations to the United States, merely by paying for the goods that they received from them. Some service in return, either to the American people, or to the allies, would be required of them. The memorandum then explained that no exports could be allowed, unless the United States government were satisfied that the supplies thus despatched would be of no benefit to the enemy. The passages in which this stipulation was explained may be quoted verbatim ; for they contain an elaborate endorsement of a doctrine that we had for long been upholding.

It is obvious that the prevention of supplies of all kinds reaching the enemy is of vital interest to the United States, and therefore the shipment of foodstuffs from Denmark to Germany is of the utmost concern to the American people. It appears a right assumption in consequence that the royal government will undertake to exclude any suggestion that American protein, fat or carbohydrate or other materials, either directly or indirectly, reach Germany from Denmark.

It is held strongly in the United States that conversion to the enemy's use is not along the direct transmission of original American commodities, but also the conversion, directly or indirectly, into other commodities exported to Germany or used in manufacture of such commodities, or substitution directly or indirectly for products of Denmark which may be exported to Germany. A case in point is the import of feeding stuffs from the United States to Denmark and the re-export of protein and fat values to Germany created by their use. And in fact the retransmission of food values in these circumstances is even a greater disaster to American interest than if the original feeding stuffs were sent straightway to the enemy, as it thus means not only that American products but Danish labour are being supplied to the enemy.

When this memorandum was circulated, the export embargo was in full operation, but several administrative changes were made during the weeks immediately following. The first committee was succeeded by an exports administration board, which was succeeded by an exports licence council ; this, in its turn, was succeeded by the body to whom all subsequent negotiations were entrusted ; the war trade

board, presided by Mr. Vance MacCormick.¹ A second exports proclamation was issued on 27th August, whereby the export of textiles was forbidden. We, on our side, at once took steps to make good our promise to go on a footing with the United States: the agreements with the Norwegian flour importers, tanners, and oil and colour makers were denounced, and an order in council was issued forbidding all exports to Scandinavian countries, Holland and Switzerland, with a few unimportant exceptions. By these successive steps the embargo upon the border neutrals was completed.

The United States authorities had intended from the beginning, and, indeed, the memorandum made the intention clear, that the neutrals should make the first move towards an accommodation. The war trade board did not, therefore, present any written conditions to the neutral representatives in Washington; but waited to hear what they had to propose. Mr. MacCormick and his colleagues did, however, have frequent conversations with Dr. Nansen, who represented Norway, with M. Brun who represented Denmark, and with the Netherlands minister, van Rappard. In these conversations, Mr. MacCormick stated, in a general way, that the United States would demand something like a complete stoppage of neutral exports to Germany; and the neutral ministers each and all stated, that this would never be agreed to. Both sides were, in fact, waiting upon events; for on 17th October, nearly three months after the memorandum had been presented, the state department despatched an instruction to their representatives abroad in which they stated: that the governments of the border neutrals had not given the information which they had been asked to give; that they had continued to furnish aid to Germany; and that, in the circumstances, the war trade board declined to raise the embargo. During these first three months, the United States ministers abroad were not reporting any economic distress in neutral countries; but all were stating that there was great confusion and uncertainty. From Norway and Switzerland, however, the ministers reported that Great Britain's reputation for commercial tyranny was being transferred to the United States; which was immediately answered by an elaborate and crushing refutation.

III.—The fortunes of the war affect neutrals differently

For the first three months of the embargo, therefore, the conduct of the border neutrals was similar, and the war trade board were still waiting for the embargo to force them to open a negotiation. Thereafter, the fortunes of war compelled the neutrals to steer upon rather divergent courses, without dissolving the rough concert which still guided their conduct.

First, a disaster at sea gave the Norwegians an exceptional opportunity of persuading the Americans to abate their conditions. Since Mr. MacCormick had first informed Dr. Nansen, that the United States would demand that no more fish and minerals should be exported to Germany, the Norwegians had consistently answered that the Germans would attack them if they agreed. Mr. Findlay was inclined to make light of these apprehensions, as he was then satisfied, that, when the Norwegian authorities had last been in controversy with the Germans, they had represented themselves as exposed to dangers, which were none at all. Nevertheless, although the

¹ The composition of the Board was :

- Mr. Vance MacCormick, representing the State Department.
- Mr. Albert Strauss, representing the Treasury.
- Dr. Alonzo Taylor, representing the Department of Agriculture.
- Mr. C. M. Woolley, representing the Department of Commerce.
- Mr. J. B. White, representing the Department of the Food Administrator.
- Mr. F. C. Munson, representing the Shipping Board.

Norwegian estimate of the dangers to which their pyrites industries were exposed had probably been deliberately exaggerated in order to frighten us (who were so much concerned that those industries should work smoothly), Norway was exposed to great dangers, and the German staff gave the country a sharp reminder of it. Since April, the ships in the Anglo-Norwegian trade had been running from Bergen, under British escort. On 15th October, two minelaying cruisers, the *Brummer* and the *Bremse*, sailed from Wilhelmshaven under orders to raid the convoy. Their captains executed their orders with great skill and great severity; for, after passing unobserved through the eighty-four British cruisers and destroyers, which had been sent out to intercept them, they reached the convoy in the early morning of the 17th, and utterly destroyed it, sparing nothing. Neutral ships, survivors in boats, rafts carrying the wounded and the dying, were all destroyed without discrimination or mercy.¹

The news that their ships had been destroyed, and their seamen shot down as though they had been armed enemies, roused the Norwegians; and both the British and the United States ministers in Christiania thought, that, if a trade agreement had then been prepared and presented, the Norwegian government would have agreed to the severest conditions about German trade. This is more than doubtful; for as soon as the popular indignation abated, Mr. Schmedemann, the American minister, noticed that conferences between M. Ihlen and the German minister became more frequent and intimate. The German authorities were, at this time, guardedly offering neutrals an alternative to accepting the United States proposals. It is true they had little to give; for their highest offer, divulged much later, was that they would increase their exports of potash and salt, in return for more fish and agricultural produce. The poverty of the German offer was, however, only known later. In their opening conversations, the German ministers made a vague offer of more corn: as the German conquests in Rumania and southern Russia raised a hope that this offer might be made good, the Norwegian ministers were, for the time being, inclined to explore the German intentions carefully, before agreeing to the conditions upon which the United States would raise the embargo. The immediate consequence of the German naval raid was, therefore, that the Norwegian authorities concealed their anger, and drew closer to the Germans for the time being.

In Sweden, the government of M. Swartz fell in September; and was succeeded by a liberal government under M. Eden. The causes and the consequences of this change will be described later: it must here suffice to say, that it exerted no influence upon the United States policy; for the new government was as firm as the old, that Swedish iron ore must continue to be exported to Germany. As the war trade board had not then decided to abate this condition, they determined to continue the embargo without modification against Sweden, and to refuse all negotiation with the Swedes, until agreements with the other border neutrals were nearer completion. During this third month of the embargo, however, the Americans issued their bunker regulations. They were very rigorous, and, as a large number of owners were unable to comply, 750,000 tons of Dutch and Scandinavian shipping were held in American harbours as a consequence. This very much affected later negotiations with the Netherlanders; but, for the time being, van Rappard merely repeated what he had said before: that the Netherlands could sign no agreement, which would debar them from exchanging Dutch agricultural produce for German coal.

¹ It should be said, in extenuation of the German conduct that a neutral under enemy convoy may be sunk *jure belli*, if the armed escort resists capture. There is, however, an unwritten law of the sea that merchantmen may be allowed to launch their boats before their ships are sunk. Firing on survivors from sunken ships might possibly be justified by the military analogy of sending cavalry to cut up routed troops, who have no power of resistance. Seamen of all nations would, however, be reluctant to disregard the customs of the sea about survivors in boats: the fact that the Germans did so shows that they were on a punitive expedition.

IV.—Why the allies continued to negotiate economic agreements with the Swiss after unrestricted submarine war began

Even before the Americans co-operated in the economic campaign, therefore, the extraordinary circumstances of the times forced us to follow an economic policy which was, virtually, a policy of waiting upon events. There was, however, an exception to this ; for our Swiss policy did not thus come to rest until the year was well advanced. So long as the Swiss textile industries were, strictly speaking, re-export industries ; so long as the Swiss factories were making fuzes and munitions that were of utmost use to us ; so long as it was doubtful whether the Germans intended to leave this traffic alone or whether they contemplated interfering with it ; so long as it was doubtful how much the Germans could coerce the Swiss, and how far the Swiss could resist them ; so long as Swiss cattle was despatched to Germany, France and Austria ; so long as Swiss condensed milk was sent all over Europe in tins supplied by the British tin plate industries ; and so long as Great Britain supplied the lubricants, and Germany the coal and iron that were used by the industries that thus supplied friends and enemies, no single negotiation could dispose of every matter that called for regulation. For these reasons, the questions that were settled with such difficulty during the year 1916 merely introduced kindred questions into the allied council chambers, a few months later : as during the previous year, the Swiss negotiators, could offer no settlement upon any point, until they had ascertained what the Germans intended.

During the year 1916, when supplies of forages were falling, the Swiss cattle raisers reduced their stocks slowly, and it was not until the end of the year that the policy of the graziers was clear : it was to keep up the herds until the very last minute ; to export a big block of surplus cattle in the first half of the year 1917 ; and to keep a reduced stock of the milk yielding cattle at home. When this was ascertained, it was deemed highly important that the additional cattle that were to be sent across the Swiss border, during the first months of the year, should not pass straight to the central empires ; for which reason, the allied ministers at Berne notified the Swiss, that they would start a negotiation upon it, and the Swiss authorities answered they were willing to consider the matter.

Our first proposals were that the Swiss should export as much cattle to Germany as they were obliged to export, under their last agreement ; that the allies should buy whatever was left over, during the spring and summer ; and that a large proportion of the Swiss exports of condensed milk (nine tenths) should be sent to allied countries, as it was Great Britain who supplied the tin containers. As these proposals did not conflict with the last agreement between the Swiss and the Germans, the allied ministers hoped they would be agreed to rapidly ; but in this, they were disappointed. The Swiss answered that they could not agree to this scheme of purchase, unless more forage was supplied to them. They argued thus : if the allies intended to buy the whole exportable surplus outright, then, perhaps, the question of forage could be left over ; but as they intended only to buy gradually, month by month, so, their proposals were that cattle should be kept in the country for longer than the graziers intended, as it was beyond all doubt that the surplus stock could be sent to Germany very rapidly. For this reason, the Swiss claimed, that they must be given more oil cake and oil seeds, to feed the stock that would thus be artificially held in the country ; and that this could best be done by the Italians, who were then holding Swiss forages at Genoa. To this claim the Swiss added another : that their rations of maize must also be raised, as the releasing of a few loads of oil cake would only tide over a crisis, and would not provide forage for the additional herds that would be kept on the pastures.

These counter proposals from the Swiss provoked other proposals from the allies. The Italians argued, that the oil cake that was being detained at Genoa was there held, because the Italian decrees operated against it ; they denied that the Swiss

had any property in it. Moreover, the Italians asked that the Swiss should deliver them a large quantity of timber, and the Swiss, on realizing that the Italians urgently needed the timber, answered that they would only allow it to be despatched, if the Italians undertook to send them a guaranteed quantity of copper sulphates and super phosphates. In addition (as though these difficulties were not enough) the French grew lukewarm about the whole plan, and this was very unexpected, as the French minister in Berne had first suggested it. The French authorities argued, that every head of cattle that was imported into France under this project would cost twice as much as the cattle delivered on the home market in the ordinary course of trade, and that they would have to allot so many extra railway waggons for the additional forages, and for the carriage of this expensive cattle, that the scheme would dislocate the French economic system more than the German. After they had considered the French objections our authorities invited M. Denys Cochin to London to confer with them ; but the conference only accentuated the differences. The French desired to make the Swiss agree to export thirty thousand head of cattle to Germany, and no more, and to give the allies an option on the remainder. The contraband department were convinced that the Swiss would never agree to this limitation clause ; but, as it was a settled point of policy, that the French should be given the chief place in all dealings with Switzerland, M. Denys Cochin was urged to negotiate direct with the Swiss for what he thought would be better conditions.

Monsieur Denys Cochin did, certainly, carry a point that we thought would never be conceded ; for the Swiss agreed not only to limit their exports of cattle to Germany, but to reduce them to the low figure of twenty thousand head. The explanation of this is that when M. Hoffmann assured the allied ministers that they would never formally agree to limit their cattle exports to Germany, they were still uncertain what ends the Germans would pursue in the negotiations that they were obliged to open with them in April ; and that, when M. Denys approached them, the German intentions were clearer. The position was this. In the last agreement with the Germans, the Swiss agreed that factories that were making munitions for the allies should not be allowed to use German coal. By hard bargaining, the Swiss succeeded in getting the Germans to agree that only finished fuzes should be treated as munitions of war, and that the trade in half worked aluminium, copper, steel and brass should go free. As a result, the contracts that were placed and supervised by Mr. Sawyer, the ministry of munitions representative in Switzerland, were not interfered with, and the allies were bound only to supply coal and coke for the fuze making industries. Contrariwise, lubricants that were supplied by the allies were allowed to be used in the ordinary Swiss metal factories. The allies were so much the gainers by this arrangement, that the Swiss were always nervous lest the Germans should ask for some compensating advantage for themselves, and what they most feared was that the Germans would insist that more meats and food stuffs should be put into the exchange traffic.¹ In the Swiss view, the Germans would almost certainly demand

¹ The following figures show how great was the allied predominance in the Swiss factories, and how little the German economic agreements with Switzerland disturbed it :—

				<i>Deliveries of half-finished metal goods and of fuzes to</i>	
				<i>The allies.</i>	<i>The central empires.</i>
August, 1916	..	..	..	15,443,471 francs.	329,114 francs.
September, 1916	..	..	..	14,400,088 "	405,048 "
October, 1916	..	..	..	14,935,299 "	193,534 "
November, 1916	..	..	..	14,143,019 "	485,505 "
December, 1916	..	..	..	15,399,478 "	682,177 "
January, 1917	..	..	..	17,506,468 "	643,471 "
February, 1917	..	..	..	18,208,560 "	434,401 "
March, 1917	..	..	..	13,330,806 "	1,645,758 "

[Footnote continued on p. 637]

this, if they learned, or even suspected, that the Swiss had limited their cattle exports to the central empires in order to placate the allies. For this reason M. Hoffmann and his colleagues assured the allied ministers at Berne that they would not agree to a formal limitation. At the end of April, however, when M. Denys Cochin approached them, the Swiss ministers were relieved of some of their apprehensions, for their negotiations with the Germans were then well advanced, and they were satisfied that the Germans intended to hold the advantages they had secured under the previous agreement, and to bargain only for more aluminium and calcium carbide. More than this, the Swiss probably realized that they were in treaty with a power whose economic strength was on the wane. The first sign of this was the severe fall of the mark upon the foreign exchanges ; this was followed by restrictions in the imports that were allowed to be brought into Germany from Switzerland ; and this was followed by a falling off in German deliveries of coal and iron. With these indications of growing weakness before them, the Swiss felt freer to bargain hard with the Germans ; and, when they realized that the Germans were extremely anxious to be given more aluminium and calcium carbide, they became very stiff that more coal and iron should be sent, and insisted that no more food stuffs should be put into the exchange traffic. Being confident that they would gain their point, the Swiss ministers suddenly, and to us very unexpectedly, agreed to Monsieur Denys Cochin's main proposal. In the agreement that was finally concluded the Swiss undertook to sell all their surplus cattle to the allies, with the exception of twenty thousand head, which they were free to sell in any market. In the matter of forages, the allies granted the Swiss the quantities they asked for ; but, as the submarine campaign was then raging (which made it doubtful whether tonnage could be obtained for carrying these additional cargoes), the Swiss were left free to reduce their herds more rapidly than was provided for in the agreement, if the extra forages were not delivered. If additional quantities of cattle were thus freed for export, the allies were to have the first option upon them. Furthermore, the Swiss undertook to send four fifths of their exports of condensed milk to allied countries, and to export to them the same quantity of cheese as had been exported during the years 1911, 1912 and 1913. The Italians agreed to supply as much oil cake as would be required to keep the herds fed, until the cargoes of overseas forages arrived in Switzerland ; and the Swiss granted the Italian demand for timber.

Footnote continued from p. 636]

The traffic in finished machinery and parts of machinery was equally in our favour.

				<i>Deliveries to</i>	
				<i>The allies</i>	<i>The central empires.</i>
November, 1916	..	..	..	1,888 articles.	380 articles.
December, 1916	..	..	..	806 "	843 "
January, 1917	..	..	..	1,224 "	824 "
February, 1917	..	..	..	1,562 "	607 "
March, 1917	..	..	..	1,469 "	648 "

The following figures are even more remarkable ; for it must be remembered that the iron and steel came almost entirely from the central empires :—

				<i>Deliveries of half-finished articles in</i>		
				<i>Iron and steel.</i>	<i>Brass, bronze, copper.</i>	<i>Zinc and aluminium, nickel, etc.</i>
Entente powers, February, 1917				2,279,861 kilogs.	1,426,753 kilogs.	Not known.
Central empires	"	"	"	34,983 "	1,740 "	" "
Entente powers, March, 1917				3,081,858 "	1,046,487 "	513 kilogs.
Central empires	"	"	"	157,642 "	81,579 "	263,298 "
Entente powers, April, 1917	..	..	..	1,618,813 "	1,925,904 "	28 "
Central empires	"	"	"	156,898 "	54,459 "	1,935,252 "

This may, perhaps, be called the most successful of all the negotiations for regulating a border neutral's domestic exports of food ; for, whereas the submarine campaign made all similar agreements inoperable, or nearly so, this Swiss agreement was punctually executed during the rest of the year.

These negotiations for regulating Swiss exports of cattle and cheeses were conducted concurrently with another, equally difficult, negotiation upon Swiss exports of certain textiles. Stripped of its technical details (and they were highly technical), the issues to be decided were these : the Swiss argued, that some classes of textile exports could be proved to be of no military value, and to be useless for making good a shortage of clothing ; for which reason they claimed, that the allies should agree to the tests that were to be decisive on the point of military, or no military, value, and should grant the *société suisse* greater liberty to export these classes of goods.¹ After much discussion by experts in the textile trades, this was agreed to ; and the Swiss were given liberty to export two thousand tons of cotton tissues, *broderies* and *plumetis* to the central empires, which would have been held in Switzerland, if the statutes of the society had remained unaltered. The Swiss claims on this head, though difficult to investigate, were of less intrinsic importance than what they claimed on another matter. At the beginning of the year, it was patent to all observers that although the Germans were resisting the economic campaign fairly well, the German economic system was suffering from the strain that was imposed upon it. No section of the German industries suffered more than the textile trades, for after the wool and cotton imports had been cut off, German textile factories were compelled either to execute contracts for the government, or to close down. This decline in the textile exports of Germany gave the Swiss an opportunity for passing some of their own textiles into markets that the Germans had been forced to abandon. To do this, however, they required more liberty to transit their goods through Germany than the existing regulations allowed them. These proposals, together with some others for increasing the quantities of metals in the *traffic de perfectionnement*, excited grave misgivings ; for, although nobody in the allied service could say, outright, what powers of requisition were granted to the German authorities by their countless decrees and regulations, it was yet thought certain, that the German government could requisition textiles that were manufactured from cotton and wool supplied by countries with which they were at war, when they passed through Germany. These misgivings were the stronger, in that the Swiss could give us no positive assurance, that these goods would not be requisitioned, but only a declaration that they thought it unlikely. In the end, the Swiss were granted the right to send textiles to the Netherlands and Denmark, by way of the Rhine, on the condition that they were consigned to the Netherlands trust and the Danish guilds.

Even when these difficult matters were settled, the allied authorities were still confronted with a state of affairs that called for regulation. As the year advanced, we became aware that a rising number of lathes, and other metal objects were being despatched to Germany from factories that received their lubricants from allied countries and America. There was no disguise or subterfuge in this ; and the Swiss authorities let us know they would never agree that what they were thus allowing to be exported were munitions of war. As it was patent that we should not persuade the Swiss to accept our interpretation by mere argument, this traffic in lathes, machine tools, and brass could only be settled by coercion ; and, just as the allied authorities had been driven to consider whether bald coercion of the Netherlands, Denmark, Norway and Sweden would effect anything useful, so they were compelled to consider the same thing in the case of Switzerland.²

¹ The test was called the dynamo metric test.

² See chapter XXVII.

Sir Horace Rumbold and Mr. Craigie considered the matter and advised against it. The exports that we considered to be objectionable were exports of machine tools, of lathes, and of goods that are called electro chemical and electro-metalurgical objects; and it could easily be proved that the German factories that received them contributed in some way or another to the military strength of Germany: on the other hand, these factories were not munition factories in the strict sense of the word, and it was more than doubtful whether the German armies would suffer, if all these factories lost their Swiss supplies and closed down. The same could be said about the Swiss exports of aluminium and calcium carbide: they could, perhaps, be stopped, but the Germans would, at the most, be inconvenienced, as other sources were open to them. If, however, the thing were attempted then only some comprehensive scheme of coercion would be suitable for the purpose, as it was not to be imagined, that the Swiss would ever agree willingly to stop exports that yielded a revenue of four million pounds sterling. Coercion, on this scale, could only be exercised by stopping all Swiss supplies of lubricants, of forages, or of food. The first two methods were impracticable: a stoppage of lubricants would stop deliveries of munitions; and a stoppage of forages would make the agreement about cattle exports inoperable; a stoppage of imported foodstuffs was thus the only possible method. With regard to this, the first thing to be remembered was that there was a nine months stock of food in Switzerland: coercing the country would, therefore, be a protracted struggle, and the point principally to be considered was what would be the political consequences of nine months of harsh economic war? Mr. Craigie was convinced that they would be very damaging, for the following reasons. The balance of power in the Swiss economic theatre had altered since the negotiations of the previous year. The military reputation of the Germans, and the terror that their armies inspired, were still unimpaired, but the German economic system was weakening and the Swiss knew it. This, in itself, was bringing the Swiss under our influence, and they were the more inclined to lean on us, and to be accommodating on particular points, in that the German intentions made them uneasy; for the Germans were abandoning the policy of the previous year, and were seeking for distant, rather than for immediate, objects. Realizing that their economic strength was, momentarily, on the wane, the Germans were laying plans for acquiring a predominant interest in new Swiss factories. In addition, all through the summer, German agents were making such persistent enquiries about schemes for electrifying the Swiss railways, that the Swiss hastily passed legislation for debarring anybody but Swiss citizens from exploiting Swiss sources of electrical energy.

There was another circumstance that was adversely affecting German influence in Switzerland: it was, that, while the terror of an economic conflict with Germany was declining, the fear of a German invasion was rising, for it was plain to all, that, if the Germans decided to turn the allied lines in France by making another great flanking movement through a neutral country, the moment when they would do it was fast approaching, as the overthrow of the Russian and Rumanian armies was releasing large forces. Moreover, every Swiss citizen could understand, without prying into the state archives, that his fears were the fears of the general staff; for an extra division was kept under arms on the frontier during the summer and autumn of 1917. This dread of a German invasion raised the credit of the army for the time being, and the growth of a purely military influence was very much for the country's good, as the Swiss army leaders have always been the apostles of national unity.¹ Under this new guidance, ordinary Swiss citizens were casting away some of their partisan hatreds and sympathies, and were realising it was not

¹ See: *Histoire Militaire Suisse*, prepared under the direction of the Swiss staff, a most creditable and honourable piece of work in which the Swiss historians teach the lesson of national unity without departing from scientific method or scrupulous accuracy.

very creditable to them to be so passionately anxious for an allied, or a German, victory when their own country was gravely threatened. It was, for example, during these anxious months, that the colonel of a German speaking regiment, which was then quartered at Bâle, ordered his bandmaster to play the popular music of French Switzerland, in the public park, every Sunday night: the programmes were received with tremendous enthusiasm, and the regiment was loudly cheered when it left Bâle for another part of Switzerland. This was assuredly a sign of the times, for a year previously, Swiss officers had openly doubted whether it was wise to quarter German speaking regiments in French Switzerland, as the spiteful jibing about *Boche*, and *anti-Boche* made enmities between the soldiers and the townsmen.

The inference that Mr. Craigie drew from all this was that German influence in Switzerland had passed its point of greatest strength, and was at last declining; for which reason he contended it would be in the last degree unwise to embark upon a policy of bald coercion, as the only certain consequence would be that the Swiss would appeal to the Germans for help, and no matter whether the help supplied were effective or not, this would enable the Germans to tighten their hold on the country, at the very moment when they were obliged to ease it. Mr. Craigie was not, however, in favour of leaving matters entirely as they were: if sweeping projects were abandoned, and if the Swiss were relieved of all fear that they would be revived, opportunities would arise for regulating particulars matters to our advantage. The growing shortages in tonnage, cargo space, and cereals, would force the Swiss to petition us from time to time; conditions might be attached to such favours as we granted, and if this piecemeal policy were consistently followed, there was a good chance that we should force the Swiss to reduce their exports to the enemy as the year advanced.

Mr. Craigie's recommendations were approved by the contraband department, and the date when they were thus received and endorsed may be called the date when our treatment of Switzerland conformed to our treatment of the other border neutrals (1st September, 1917). By this time, however, the United States were fairly embarked upon the economic campaign, and as we had always regarded the French as the principals in Swiss affairs, we advised the United States authorities to look to them, rather than to us, for guidance.¹ Now although the French experts agreed with Mr. Craigie and Sir Horace Rumbold, that Switzerland required very special treatment, it does not appear that they ever warned the United States, specifically, against making the sweeping proposals to Switzerland that were thought proper to be made to the other border neutrals. For this reason the war trade board prepared a draft agreement for Switzerland that did not differ materially from the drafts that were presented later to the other neutrals; for the United States demanded that no more food or machines be exported from Switzerland to the enemy. By good fortune, however, the war trade board did not immediately present these conditions, but entrusted the negotiation to Mr. McCormick and Dr. Alonzo Taylor, who sailed for Europe with Colonel House's mission in September.

It is a striking illustration of the peculiar hazards of economic warfare, that whereas for three successive years, German victories in the field had made the Swiss very fearful of any arrangement that could be regarded as favourable, or helpful, to the allies, a new German victory had the very opposite effect, and brought the Swiss government more under allied influence than they had ever been before. Late in October, the Austrians attacked the Italians on the Caporetto, and drove the second Italian army before them in rout and confusion. In order to close the gap thus opened in their line, the Italian armies retreated, and took up a new position

¹ See U.S. Foreign Relations, 1917. Supplement II, p. 838.

on the Piave. This disaster made the Swiss fear of an invasion very acute ; for anybody with a map in his hand could see that the new Italian position could more easily be turned by a movement through the St. Gothard pass, than forced by a frontal attack across a river line. The Swiss general staff were, moreover, particularly apprehensive, as their intelligence service reported, that five Austro-German divisions had been removed from the Piave front, and could no longer be located. The danger to which their country was exposed cemented the growing union between the cantons, and determined the Swiss government to lean entirely on the allies, and to reject all German offers of an economic agreement. Switzerland was then very short of bread corn, and the German minister at Berne was making a vague offer of cereals ; but M. Hoffmann and the Swiss minister for war refused to entertain it, as they were convinced the Germans would only release corn to their country on conditions that would prejudice Swiss neutrality. In many circles it was openly said, that the Germans were likely to demand that some exceptional facility be given to their armies in return for continued deliveries of coal and iron. Affairs were in this posture when the American representatives arrived in Paris with their draft agreement.

The reasons that Mr. Craigie had given, a few weeks before, why we should not embark upon any sweeping plan of coercion were thus stronger than ever ; and the French experts, were as persuaded as our own that the United States authorities ought to be dissuaded from proceeding with their project. It is, therefore, very much to the credit of the American representatives, that, although they had been given no very clear guidance on the matter, and although the advice now pressed upon them conflicted with their notion of enforcing a general revision of neutral trade with Germany, they allowed themselves to be persuaded. The agreement that was signed on 5th December was rather a confirmation of the existing agreements, than a new regulation of Swiss trade. A clause was inserted whereby the war trade board was empowered to start a negotiation, later, upon cotton exports, if circumstances demanded it ; but the statutes of the *société de surveillance* were not altered ; and a scale of rations, which did not differ materially from those already allowed by the French rationing committee, was attached to the agreement. From early December, therefore, Switzerland was not included in the American embargo, and cereals and oils were regularly despatched into the country.

V.—*The state department present written conditions to the northern neutrals*

Meanwhile the state department decided to press the negotiation with the other border neutrals, by presenting them with written conditions. This decision was probably taken because it was during the latter part of October, that the first reports were received that the shortage of fuel and lubricants in Denmark was becoming serious, and that, if it continued, the Danish authorities would be compelled to make a coal agreement with Germany, as their supplies of water and electric light were threatened. These first written proposals were not by any means drafted on a uniform model ; for the Netherlands government, who were then represented by a special commission¹, were given a set of general principles to serve as a guide ; whereas the Danish authorities, the second recipients of a written proposal, were given the heads of a draft agreement. Moreover, the two sets of conditions differed materially : the principles for negotiation that were communicated to the Netherlands contained such severe stipulations about similar products, and released exports, that the United States were virtually demanding that no more meat and dairy produce

¹ Van Eelde of the Cereals Office ; van der Houwen van Ordt, Vice-President of the Netherlands East Indies, and Joost van Vollenhoven of the Netherlands Overseas Trust.

should be exported to the enemy.¹ The Danes were only asked to reduce their exports to certain stipulated figures ; but, in the document presented to them, as in the document presented to the Netherlanders, the principle of released exports was firmly maintained, as the Americans stated that Danish horses would be released for export, if motor oil were allowed to go into Denmark. For this reason, the war trade board stated that no oil would be licensed for export to Denmark, unless the Danes forbade the export of all horses.

The Norwegian negotiation opened at about the same time and rather inauspiciously. As winter approached, Sir M. Findlay and Mr. Schmedemann were both so confident they could persuade the Norwegian government to stop all exports to Germany, that it was decided to entrust the negotiations to them. A general instruction was therefore sent to the French and British ministers empowering them to offer a termination of the embargo :

In return for a cessation of all exports direct or indirect to enemy countries, and a continuance of existing exports and facilities to the allies.

If an identical instruction had been sent to Mr. Schmedemann, negotiations would have been transferred to Norway ; but it was never sent, because President Wilson refused to agree. On 19th November, with the draft instructions to his minister before him, the president wrote to Colonel House, and to the secretary of state :

As we are fighting a war of principle, I do not feel that I can consent to demand of Norway what we would not in similar circumstances allow any government to demand of us, namely, the cessation of exports of her own products to any place she can send them. I am convinced that our only legitimate position is that we will not supply the deficiencies which she thus creates for herself if the exports are to our enemies.

It would be interesting to know outright, and as a matter of certainty, whether the president thus intervened, because the revelations of Lord Reading's mission made him anxious : the intimation, so secretly given, that the allies might be obliged to establish a base at Kristiansand ; the raid upon the convoy, which seemed to bring the contingency nearer ; and the president's sudden order that the Norwegians were not to be pressed too hard look like a succession of causes and effects, but it cannot be asserted, positively, that they were so.

As a result of this confusion, no empowering instruction was sent to Mr. Schmedemann, and Dr. Nansen, profiting by the president's intervention (which he had probably engineered himself after the disaster to the convoy), presented a draft agreement to the war trade board. In this paper, Dr. Nansen proposed that the Norwegian government should export certain stipulated quantities of foodstuffs and minerals to Germany ; and it was upon this document that negotiations were begun. It should be added, that the president's intervention must have relieved the Norwegian envoy of a load of anxiety ; for his own private opinion was that a total stoppage of exports to Germany would have to be agreed to, if the allies insisted.

¹ The draft ran :

The exports administrative board therefore wishes to point out to the Holland government commission clearly that it cannot license for export foodstuffs, fodder and other materials and commodities when such articles are to be used :

- (a) For export to the central empires ;
- (b) For release of other foodstuffs or commodities to be so exported ;
- (c) For the reproduction of dairy products to be so exported instead of for the sustenance of the people of Holland ;
- (d) For the production directly or indirectly of any articles or the transportation thereof destined for the central empires, and above all for the transport through or across Holland territory of war materials of enemy origin and ownership being sent directly to the enemy army and to the enemy trenches.

If Holland is to continue to supply what is equivalent to a large part of the ration of the German army, it must follow that the United States cannot supply directly nor can it lend assistance in obtaining those things which the Holland government commission requests.

By the middle of November, therefore, the United States authorities had so far advanced the negotiations with the border neutrals, that certain specified conditions were being examined by both sides. On the other hand, the embargo had then been in operation for four whole months, and there were still no indications that the neutrals were preparing to yield. The Netherlanders ignored the statement of principles presented to them, and attempted to negotiate for a temporary arrangement, whereby certain ships were to be released for a single voyage. The Danes withheld their reply. The Norwegian intentions were even more difficult to penetrate. At Washington, Dr. Nansen answered all counter proposals to his draft very promptly, which implied that his government was anxious to come to a composition; but from Christiania, Mr. Schmedemann reported, that the government would draw things out for as long as they possibly could, and that this would probably be until the early spring. This was confirmed by what transpired in a debate in the *Storting*, when the president of the chamber openly referred to the Scandinavian policy then being pursued, and to the assistance that was being given to Norway by Denmark and Sweden. The Norwegian prime minister enlarged upon this, and was so well supported, that a motion for a vote of censure was withdrawn. Norwegians of all classes and opinions were, indeed, united in thinking that the allies' conditions ought not to be granted, for so long as resistance to them was possible. Only a small circle of Norwegians, the shipowners, had benefited by coming within the British orbit, for they had received all the profits that were derived from the high freights that were given for vessels in the allied trades, and from the insurances that were always promptly paid, when ships were sunk. The enormous destruction of Norwegian shipping had bereaved a large number of families, and as this, in the popular fancy, was thought to be the price paid for the national sympathy with the allied cause, so, there was a growing opposition in the country to any more compliance with what the allies demanded. And in order to remind the Norwegians that the German conduct towards them was still *oderint dum metuant*, and that good reasons for hating and fearing would never be lacking, the German navy again raided the Anglo-Norwegian convoy (12th December). This second raid was as successful, and as skilfully executed, as the last; all the ships of the Bergen-Lerwick convoy were sunk, and again the raiding vessels were never sighted by our intercepting forces.

*VI.—The condition of the border neutrals at the end of the year ;
the United States relax their embargo*

By the end of November, therefore, it was patent to the American government, that the northern neutrals would resist the embargo for longer than had been expected. At about the same time, the state department were receiving reports upon a matter on which they were always extremely sensitive: from Norway Mr. Schmedemann reported, that unemployment was growing in all these industries which were being deprived of American oil and lubricants; from Amsterdam, the American consul-general reported a strong revulsion of feeling against the United States, and deprecated any imitation of Great Britain's forceful methods. From Copenhagen, the reports were even more serious: the commercial attaché considered that Danish resistance to the embargo was more or less inevitable in view of the German danger, and that, as fuel was already very short, this long resistance would necessarily force the Danes to conclude a number of:

Individual and class agreements with Germany to export what commodities they can, to render whatever other assistance they can, for example man power, in return for oil and coal. This I take to be the concrete example of the oft quoted and in some quarters sneered at expression, being driven into the arms of Germany. Why then disregard the plain signs of disaster and wait for disaster itself.

In conclusion, the commercial attaché recommended a line of conduct which had much to recommend it: To relax the embargo upon oils and fuels, before the Germans had taken advantage of the shortage in Denmark; to wait for the next shortage

from which the Germans might benefit, and then : To cash in on the result. We, on our side appreciated the position similarly ; but our anxieties were more with regard to Sweden than to the other neutrals ; for we were particularly anxious that the new Swedish government should not be endangered by the disturbances consequent upon a general shortage. We did, however, substantially confirm what the United States ministers were reporting to Washington, for, in the last days of November, we warned the American ambassador, that we were anxious about the growing distress in neutral countries, and fearful lest this long stoppage of exports should provoke an incident.

At the end of the year, therefore, the United States authorities were confronted with a position that bore no resemblance to what had been predicted at midsummer. They had then been assured, that the border neutrals would be compelled to come to terms if the embargo were enforced ; and it had never been suggested to them, that the neutrals might strike bargains with the central empires, rather than agree to the conditions offered them. In this perplexity, the war trade board decided to answer the reproaches then being levelled against the government of the United States by releasing a few cargoes of kerosene, coffee, sugar, and chocolate, as a Christmas gift to neutrals. It was hoped that the supplies of oil thus sent would make the neutrals independent of the Austro-German supplies for a few weeks longer ; and that the whole transaction would make it plain to the Scandinavian peoples, that American sympathy for their difficulties had not been alienated by the obstinate, enigmatic behaviour of their governments. The Christmas ships were therefore despatched, and the *Christmas idea* put into operation ; but it is more than doubtful whether the United States derived any benefit from the experiment. Their ministers transmitted courteous acknowledgements from the Scandinavian governments ; but in the reports upon the *Christmas idea* there is no mention of any popular manifestations of gratitude to the United States authorities. The Scandinavian peoples were now on rations for most of the necessaries of life ; prices were high, and unemployment was growing ; nevertheless those peoples, as a whole, continued to trust their governments. It should be added, however, that the release of these Christmas cargoes was not what some persons believed it to be, a cunning manœuvre for inciting the Scandinavian peoples against their governments. The papers published by the American government make their motives quite clear : they disliked being accused of oppression, and their pride in the good conduct of the United States commanded them to clear their reputation, without departing from the policy that they still felt themselves bound in honour to pursue. The new year, therefore, arrived with the embargo unrelieved, and with the resistance of neutrals unabated ; but, thereafter, the conduct of each neutral government differentiated itself, still further. It will, on that account, be as well, for the sake of clearness, to deal with each negotiation separately, saying only, by way of preliminary explanation, that every neutral government was guided principally by the course of the war on land.

VII.—*Negotiations with Norway during 1918*

As the Norwegian government had never objected to Norwegian shipping being used in the allied trades, the negotiations with Norway were more straightforward than those with any other government ; and, by the end of the year, Dr. Nansen and the war trade board were negotiating upon a draft agreement, which was subsequently only altered in points of detail. By this draft, Norway was to be free to export 48,000 tons of fish and fish products annually to Germany ; exports of calcium carbide, ferro silicon, calcium nitrate, and molybdenite were to be reduced to certain specified figures, while no antimony, bismuth, manganese, mica, tin, or wolfram were to be exported to Germany. In return for these undertakings, Norway was to receive an assured ration of foodstuffs, propellants and textiles.

The rations to be allowed to Norway never obstructed the agreement ; for the American computation of the amount of food required *per caput populi*, was found, upon examination, to give substantially the same results as our own computation of average imports. It was otherwise with the clauses about calcium carbide, and ferro silicon ; for, during four whole months, Dr. Nansen and the war trade board bargained like traders in an eastern bazaar about the quantities to be inserted in the final agreement. It would be wrong to belittle the extraordinary apprehensions of the Norwegian authorities about these articles. In the longest of his explanatory notes, Dr. Nansen maintained, that, if his government reduced their exports of these commodities to the figures fixed by the war trade board, they would prejudice their neutrality. The *Storting*, which examined the first American proposals in secret session, were satisfied that they could not be agreed to without danger. In their conversations with Mr. Schmedemann, the Norwegian prime minister, and M. Ihlen did not disguise that it was only fear of Germany, which prevented them from signing the agreement in December. More than this, they admitted openly, that they were constantly pressed by the German minister at Christiania to give some assurances about their exports of these substances, more particularly about their exports of calcium carbide. Obviously, therefore, these substances, with which only expert metallurgists and chemists are familiar, were of extraordinary importance to Germany ; and the reason for it is probably this. As has been explained, great hopes were once entertained that the loss of all their supplies of ferro-manganese would put the German gun factories into extraordinary difficulties. It did not do so ; for the Germans invented an alternative process for hardening steel. The process has ever since been a trade secret of Krupps ; but an artillery officer, who was captured on the western front in 1917, informed us that calcium carbide was much used in it. We know nothing more than this, which, however, is sufficient to prove that the Norwegian authorities had ample reason for supposing, that, if the export of these steel-hardening substances were reduced to too low a figure, the Germans would inflict the severest punishment upon their country.

The Norwegian apprehension of danger was thus well founded ; but their ministers are not much to be congratulated on their manner of treating with the United States authorities. At Washington, Dr. Nansen was guarded and conciliatory ; but at Christiania, M. Ihlen and M. Knudsen never attempted to persuade Mr. Schmedemann that their country was exposed to a real and serious danger of reprisals at sea, on a scale not attempted before, and merely fusilladed him with petulant remarks, such as : They must starve a little longer. Naturally enough, this only persuaded Mr. Schmedemann that the Norwegians were deliberately procrastinating ; and the advice that he uniformly gave to the Washington authorities was that they should be more peremptory than ever. At Washington, however, Dr. Nansen succeeded in getting a number of counter proposals considered—all on the subject of pyrites, molybdenum and calcium carbide ; but not even he could cool the temper of the state department, when they heard that M. Knudsen, in a formal interview with Mr. Schmedemann, informed him, that the American draft agreement would not be acceptable until the spring. The secretary of state now lost all patience, and telegraphed to Christiania that the United States government could not tolerate the misrepresentations that were then current in Scandinavia, and that they intended to publish an account of all that had been offered and refused by each party. As the German minister was, at the time, very insistent about exports of calcium carbide, the Norwegian authorities were terrified lest the last offer they had made should be divulged. M. Ihlen called on Mr. Schmedemann twice in a single day, and begged that the Americans should only publish their own conditions, and should divulge nothing of the Norwegian offer. The Americans agreed to this, and did actually allow the leading organs of the American press to publish the rations offered to Norway ; but, as nations do not often allow themselves to

be incited against their governments by a foreign power, this discovery of the American conditions merely inflamed the party divisions in Norway, and did not, by any means, provoke a unanimous movement of opinion. The government organs found good reasons for showing that the American conditions ought not to be accepted; the opposition newspapers proved the opposite. By the end of January, however, the Norwegian government had persuaded the war trade board to allow an export of ten thousand tons of calcium carbide. Thereafter, the danger of signing an agreement seemed less than the danger of resisting it any longer, and, on 21st February, the points in dispute were so near a settlement, that the secretary of state allowed the *Kim* to bunker for Norway. This virtually ended the long embargo. The war trade board did not, however, draft the final text of the agreement, until they had received our comments upon it, and had incorporated our suggestions, which were: that the doctrine of similar and derivative products should be inserted in the text; and that the general agreement should be supplemented by subsidiary ones with those associations, whose agreements had been denounced, when the American embargo was declared.

The principal stipulations of the agreement finally signed (30th April) were as follows:

The rationing schedule, which, as has been explained, did not differ materially from the rations calculated by our statisticians, was agreed to by the Norwegians, who gave the usual undertakings about re-export.

The exports allowed to Germany were:

Fish and fish products 48,000 tons. (The quantity proposed in the first American draft was 40,000 tons.)

Calcium carbide 10,000 tons. (A complete stoppage was proposed in the first American draft.)

Calcium nitrate 8,000 tons. (A complete stoppage was demanded in the first American draft.)

Ferro-silicon 2,000 tons. (A complete stoppage was demanded in the first American draft.)

Iron ore 40,000 tons.

Zinc 1,000 tons.

The war trade board thus yielded in the matter of ferro-silicon, calcium carbide and calcium nitrate; but they successfully maintained their demand for no exports of certain highly important substances; for the Norwegians agreed that no nickel, chrome, pyrites, molybdenum, wolfram, mica, tin, or antimony should be exported to Germany. The doctrine of similar and derivative products was asserted in two places: first in the rationing clauses, and later in the second article. With regard to goods on the rationing schedule, the war trade board only attached the condition to them: That no article imported into Norway under the provisions hereof shall be exported to other than allied destinations, nor shall any article released by such importation be exported to other than allied destinations.

With regard to American goods exported to Norway the war trade board inserted a far more sweeping condition:

No articles, including those mentioned in article III [rationing schedules] of this agreement, which are obtained grown, or produced, in whole or in part, by the use of any implements, machines, machinery, coal, gasolene, kerosene, oils, lubricants or other auxiliaries, or articles hereafter imported from the United States, or hereafter imported from any country associated with the United States in the war, or whose importations shall be facilitated by the war trade board's licence for bunker coal, and ship's stores or by the licence and authority of any country associated with the United States in the war, shall be directly or indirectly exported from Norway to any country or ally of any country with which the United States is at war (including territory occupied by the military forces of such country). The foregoing shall be taken also to include any country, whether previously allied or neutral, all, or a portion of whose territory is now occupied by Germany or her allies, excepting only France, Italy and Belgium.

It will be seen that there was a considerable interval between the date upon which disputed points were settled and the date upon which the agreement was signed: the reason for this was that the project of establishing a base in Norway was being examined afresh, and in circumstances that gave the Norwegians great anxiety. In September, 1917, a conference of allied admirals decided, that the best method of combating the submarine campaign during the coming year would be to lay a great minefield across the northern entrance to the North sea, from the Shetlands to the Norwegian coast. This project had been approved, and preparations were at once made for completing the minefield in the first half of the year 1918. Unfortunately for us, every naval officer in the allied, or the Norwegian, or the German, service could judge for himself, that this great minefield would not be an effective barrier unless it were permanently patrolled; and that this could only be done, if a base were established on the Norwegian side. Secrecy in the handling of the official papers could never stop naval officers of every nation from following this line of reasoning; and, as far as can be judged, the Norwegian authorities were warned almost simultaneously, by the Germans, and by their own commander-in-chief, that this minefield, or rather the measures that would sooner or later accompany it, were a danger to Norway. Nor were they much deceived; for, late in the year the Admiralty presented a state paper to the government, in which they recommended that a base should be seized at Stavanger, as this would be the only point from which the barrage could be patrolled during the coming spring. This, it will be seen, was an old project revived in a very menacing form; for, whereas it had hitherto been assumed that our naval forces would never enter Norwegian waters except as allies, bringing succour, the plan was now that we should invade the country, *manu militari*, and that at least one peaceful town should be laid in ashes, if the Norwegians had the spirit to resist us. The northern neutrals committee disliked the plan; they thought it probable the Swedes would assist the Norwegians, which would involve us in a Scandinavian war, and the military representatives on the committee adhered to the opinion that they had consistently given: that the British army could not enter Scandinavia, as an ally or an enemy, without endangering our position elsewhere. Nothing was decided, therefore, and certainly no project for invading Norway was ever sanctioned; nevertheless, the implications of what the allies were planning were so obvious, that the Norwegian government kept a careful watch over everything that was proposed, accepted, or refused at Washington: every time the United States negotiators appeared unyielding, the question automatically examined on the Christiania side was, whether the allies were insisting upon some condition that they knew would be refused, in order to find an excuse for executing their other designs by force of arms. For these reasons, the Norwegians did not sign the agreement without safeguarding themselves against the danger which gave them so much anxiety; for on 9th March, when the negotiations were virtually terminated, they presented a declaration to all foreign ministers at Christiania: That they would maintain their neutrality by force of arms if needs be; that they would never negotiate for any object that might prejudice their neutrality; and that they had never been approached for assistance or for permission to establish a base on Norwegian territory.¹

¹ The subsequent fortunes of this project were these. The Americans and the British laid the minefield during the summer; a few U-boats were lost in it, but it did not prove a dangerous obstruction, and the German submarine commanders passed it in great numbers. On realizing that the barrier was being passed, the Admiralty staff reported that the enemy were going through Norwegian territorial waters at the eastern end of the barrage; and pressed a project upon the government for forcing the Norwegians to mine their territorial waters. The Admiralty so far succeeded in their plans, that our minister was instructed to request the Norwegian government to complete the mine barrier; he was instructed to be peremptory, and not to allow himself to be involved in long negotiations. The Norwegians now appealed to president Wilson, who expressed such dislike of these violent courses that the project was dropped. Until the German official history is completed it cannot be said, for certain, how and where the German U-boats passed the barrage; but there is no reason for supposing that the Admiralty's statement that the U-boats were using Norwegian territorial waters was accurate. See Michelsen, *U-bootskrieg*, p. 85.

VIII.—*The Danish and the Dutch negotiations*

By the end of the year 1917, the Danish and the Netherlands governments were both considering draft agreements which had been presented to them at Washington and in London.¹ As has already been explained these agreements differed in form : the Danish agreement provided for a reduction of agricultural exports to agreed figures ; the Dutch agreement was less detailed, and was more a statement of principle, but in this document, as in the one presented to the Danes, a regulation of domestic exports was provided for. These clauses in the two agreements were not, however, of any importance : the Danish agreement was signed so late that it did not in itself advance the economic campaign ; the Dutch agreement was not signed until after the armistice had been declared.

If a regulation of domestic exports had been the principal end of these negotiations, then agreements might have been concluded in the early months of the year 1918, notwithstanding that there were serious obstacles in the way. This, however, was no longer the chief object ; for, at the end of the year, the allied transport council reported that 2,200,000 tons of additional shipping would be required to carry what the allied countries would need, if they were to prosecute the war during the coming year. This meant that the chartering agreements with neutrals would have to be enlarged, and proposals on this head were inserted in the draft agreements presented to the Danish and to the Netherlands authorities. The purpose of the negotiations was thus completely changed by the long resistance of the Danish and Netherlands governments. As first conceived, the negotiations were to close the last gap in the blockade² : as finally pursued the negotiations were to secure agreements, whereby our own maritime communications with overseas countries might be better maintained, a subject with which this history is not concerned. It was, moreover, the new tonnage clauses which the Danes and the Netherlanders hesitated to agree to ;

¹ The Danish negotiations were conducted at Washington. The Dutch negotiations were conducted mainly in London by : M. Snouck Hurgronje and M. van Vollenhoven.

² As an illustration of the changes which unforeseeable circumstances may make in the best conceived plan the original scheme of the United States negotiations may be quoted verbatim :

To sum up, it is proposed that :

1. The United States of America should intimate to each of the border neutrals that, unless certain changes are made in their exports to Germany, the United States of America would feel obliged to refuse licences for the more important exports to the neutrals in question, such as foodstuffs, fodder, metals, oils, lubricants, and fertilisers. Whilst we would adopt the same action, it is suggested that the United States of America should take the lead in this matter—this course appearing to us to have the great advantage that the neutral countries, who at present are exporting food to this country, would be less likely to divert their supplies to Germany than they would be if the public in these countries were given to understand that we were active in cutting off their supplies of food and fodder. In this connection it may be mentioned that Denmark and Holland exported food to us last year to the extent of over 40 millions sterling. Whilst we are quite prepared to dispense with this food, except Dutch margarine, if it is not exported to this country it will doubtless find its way to Germany. In order to avoid the delay which would be likely to occur in obtaining the adhesion of the other allies to this policy it is suggested that action should be taken by the United States of America and ourselves at once.

2. In the case of Sweden, while asking for the stoppage of all exports to Germany, we should press principally for the cessation of the export of iron ore and the grant of free transit to Russia.

3. Norway should be asked specially for the stoppage of exports to Germany of fish, canned goods, pyrites, nickel, and other metals, ores, and concentrates.

4. As regards Denmark and Holland, we principally desire the cessation of exports to Germany of fish, agricultural produce, and the stoppage of transit trade between Belgium and Germany, and vice versa.

5. If the United States are prepared to assist us in taking the necessary financial steps to prevent a serious break in the exchange rates with the border neutrals we should offer in principle, and subject to agreement as to price, to buy whatever commodities would otherwise have gone to Germany.

6. Each neutral should be asked to guarantee that no impediment should be put in the way of exports to the allies.

7. On receipt of the neutral replies, which should be asked for within a very short time, the United States and the allies would consider what, if any, modifications they could make in their original demands.

[Footnote continued on p. 649]

and the United States authorities had their own reasons for going warily. It has been explained that a cabinet committee was appointed to enquire into the military policies of the northern neutrals; and that what the committee recommended probably made the president reluctant to press the Norwegians hard. It may be assumed, without disregarding the rules of probable conjecture, that the president was equally uneasy about the committees' recommendations with regard to the Netherlands; and that the disclosures made to him on this point made him determined to agree to nothing, until it was certain that there would be no military consequences to it. Our economic and military experts had never thought that the Germans would invade the Netherlands to mitigate the consequences of the economic campaign; but an invasion of the Netherlands was thought so probable, in certain contingencies, that elaborate preparations had been made to meet it, and these preparations were being perfected during the summer and autumn of the year 1917.

The first enquiry into the matter was made in June, 1916, when the British armies were preparing to attack on the Somme; for the British high command then had information that the Germans intended to over-run Zeeland, and to seize Flushing, if they were forced to give ground anywhere to the north of Lille. Notwithstanding that the British armies were then so much engaged on the western front, the general staff made preparations for sending an expeditionary force to the Schelde; and the Netherlands government thought the danger so serious, that they strengthened their forces, during the first weeks of the British attack, and only dismissed the reservists whom they had called to the colours, when it was evident that the Germans were not likely to be dislodged from their positions in northern France.

The British campaign for the following year raised the question afresh, and far more acutely; for that campaign was undertaken for the express purpose of driving the Germans from the Belgian coast, and of obliging them to abandon their submarine bases at Zeebrugge and Ostende. If this were done successfully, or even if the German hold upon Belgium were made precarious, it was thought highly probable that the enemy would compensate themselves for the loss, by seizing the mouth of the Schelde, and reconstituting their submarine bases in those waters. The preparations of the previous year were therefore elaborated, and the naval and military commands laid plans for sending an expeditionary force to Walcheren, and for despatching naval forces to the Helder. A state paper in which the project was described was laid before the cabinet committee, who recommended that the naval and military staffs should perfect their plans: and that:

So soon as there are definite signs that the Germans contemplate seizing the mouth of the Schelde, steps should be taken to sound the Dutch government as to their attitude in regard to co-operation by us.

This, and the recommendations with regard to Norway were communicated to the president, and to Colonel House, in September, 1917; so that both of them must then have realised that our official answers to their question, whether the northern neutrals might be involved in the war, by no means revealed our whole opinion on the matter, and that we were actively preparing for contingencies that we had described as remote and improbable only a few weeks before. It may also have weighed with the

Footnote continued from p. 648]

8. If it be found that any existing agreements between any allied and neutral countries hinder the adoption of this policy steps will be taken to modify or terminate those agreements.

9. It is understood that wherever any export to a neutral is made as the price of any service or other concession the United States and the allies may decide to allow that export to continue.

10. In order to facilitate the execution of this policy a small joint blockade council shall be immediately formed in London, who shall, in particular, consider all points arising under paragraphs 7 and 8 hereof. The blockade council will also consider how best to deal with exports to border neutrals from neutral countries, such as South America.

11. As far as shipping is concerned, efforts are being made to secure that the negotiations now proceeding with neutrals will secure for the allies the use of as much neutral shipping as possible. The United States of America could no doubt largely assist us in this direction by insisting, in the case of Sweden and Holland, upon the resumption of sailings.

American authorities, that, as the year advanced, the Netherlanders became as suspicious of the British intentions as they were of the German. An agent of the War Office visited Holland, with the greatest secrecy, in October, 1917, and contrived to discuss the occupation of Walcheren with some Netherlands officers. The Netherlanders did, it is true, communicate a few facts about their plans for defending the western Schelde, but this was probably done in order to get more information for themselves; for, as soon as this visit was over, the Netherlands government cleared the island of Walcheren of everybody except those who permanently lived there, and showed so unmistakeably that their preparations were directed as much against Great Britain as against Germany, that the Admiralty thought it would be imprudent to pursue the matter further. It is possible the Americans never learned about the secret visit of our agent; but the Dutch apprehensions must surely have been known to them; and this may have made them suspicious of our assurances that they could press on ruthlessly with the economic campaign, without fear of any military complications resulting. This, of course, cannot be stated positively; certain it is, however, that the United States authorities never pressed their negotiations with the Netherlands; for it was not until March, 1918, that they agreed to requisition all Netherlands shipping in America and British harbours, *jure angariae*. This was only agreed to, because the Netherlands government made it clear, from the beginning, that they did not object to the requisitioning of their ships, provided that a considerable proportion of the requisitioned vessels should be put into the East Indies trade.

This brought 638,000 tons of additional shipping into the allied service. When the requisitioning was completed, the Americans allowed one hundred thousand tons of bread grains to be carried to the Netherlands; thereafter, they licensed cargoes for the Netherlands as the need for them became apparent; but the country never received the goods upon the rationing schedule, which had been drawn up before the negotiations began.

The Danish authorities refused an accommodation, until they were quite certain that the German forces had been defeated both by land and by sea: on 18th September, they signed an agreement that was of little or no consequence to the economic campaign.¹ The long resistance of the Danes provoked angry comments at the time, yet it is difficult to say that it was anything but wise. The tonnage agreement presented to them was one of the measures that we were taking for thwarting the German campaign against commerce. When this agreement was communicated, every minister and official in the Danish service knew that it was upon the campaign at sea that the Germans were counting for final victory; they knew, also, that the campaign had been checked, but not defeated, in the previous year, and that the Germans were still seeking a decision with the greatest resolution and fury. Was it surprising, therefore, that the Danes husbanded their resources, and refused to put tonnage at our disposal, until the issue was better decided; congratulations on a very skilful pilotage in very difficult waters seem more appropriate, than the contemptuous judgments that were often passed upon their conduct.

¹ The agreement was in three parts: the part relating to rations and general exports was signed by the guild and the Chamber of Commerce: the part relating to shipping was signed by the Shipping Committee (Fragtnavn): the part relating to exports of agricultural exports was embodied in identic letters from Mr. Vance MacCormick to M. Brun, and vice versa.

The principal stipulations were:

265,000 tons deadweight of shipping to be chartered to the U.S.

200,000 tons deadweight of shipping to be chartered to Great Britain.

Rations agreed to, and products clauses added on the model of the Norwegian agreement (Articles I and II).

Exports to Germany of butter, eggs, milk and cheese to be reduced to an annual aggregate of 24,200 (Chairman of war trade board to Danish minister, paragraph 2).

Thirty per cent. of the exportable surplus of butter, bacon, milk and cheese to be sent to Norway and Sweden.

Twenty-five per cent. of the exportable surplus of eggs to be sent to Norway and Sweden.

Exports of cattle to Germany not to exceed 226,000 head per annum.

Exports of horses to Germany not to exceed 2,500 head per month.

CHAPTER XXXIII

THE AGREEMENT WITH SWEDEN

Swedish domestic politics after M. Hammar skjöld's retirement.—How the legation and the Foreign Office appreciated the position.—What matters were important to the Swedes.—The negotiations with the Swedish delegation.—The Swedish government's deliberations upon the agreement.—The German government raise no insuperable objections and the British government slightly modify the original agreement.—The United States misgivings : their peculiar anxieties about shipping.—The agreement signed ; general observations upon the closing operations of the economic campaign.—General observations upon the American contribution to the economic campaign.

IF by diplomatic negotiation is meant that kind of bargaining in which allowance is made for political influences and reasons of state, then, it will be patent from what precedes, that the negotiations between the United States and the northern neutrals hardly deserve the name. The neutrals did, it is true, make rough calculations about the fortunes of the campaign, and their conduct seems to have been guided by their calculations ; but the negotiations were more an exercise in obstinacy than a negotiation properly speaking. Each side adhered to its first propositions, until the neutrals' stock of corn and oil, or the patience of the war trade board, was exhausted. The negotiations with the Swedish government were more intricate, for reasons which must be briefly reviewed.

I.—Swedish domestic politics after M. Hammar skjöld's retirement

When driven from office, M. Hammar skjöld conscientiously tried to find successors, who would continue to strive for the things that he had striven for when in power : depressing parliament, upholding and raising the royal influence, and so, preparing the way for a court ministry, sufficiently powerful to defy parliament and the popular parties. Hoping that these objects were still obtainable, he advised the king to appoint a conservative government, but the persons he selected were not capable of discharging so great a task : M. Swartz was a banker, with a fortune in the snuff trade ; M. Lindmann was a company promoter, and a newspaper owner, with a doubtful reputation, who had only been given the title of admiral, and the right to wear the uniform, in order that his appearance at court on ceremonial occasions might be impressive. Actually, he retired from the navy as a sub-lieutenant, and was thus hardly qualified to take a watch at sea, and wholly incapable of commanding a squadron. These men had attached themselves strongly to the court (as they were well received there, the baseness of their occupations was in a sense disguised) ; but they had neither the talents, nor the knowledge, nor the position in society, which would have qualified them for the task of raising the royal influence in Swedish affairs. In point of fact, they did little but manœuvre as their newspaper editors suggested, and their credit was never great.

M. Swartz and his colleagues were hardly settled into office when the tsar's government fell, the tsar abdicated, and a government of ordinary political managers became, for the time being, the rulers of all the Russias. It would be difficult to explain adequately by how much this excited the common people in Europe. The deposition of a tsar would not, in itself, have made much commotion, as palace revolutions had been fairly common in Russia, and more than one tsar has been murdered by the heads of a court faction. The replacing of a tsar by a ministry of politicians was another matter. It was a proclamation that the popular forces in the country had broken barriers that had seemed unbreakable for centuries ; for to the common people (who judged the Russian system of government by its external splendours), the great palaces of the tsar and of his nobility ; the treasures of the

Kremlin ; the glittering regiments of cavalry that surrounded the tsar's person ; the hordes of cossacks who assembled in arms, in obedience to an imperial command ; the splendid ritual of the churches that were part of the imperial system ; the great country houses and estates of the territorial nobles, all seemed parts of an unshakeable and enduring system, against which the popular managers in Europe had directed their invectives and denunciations for more than a century. The fall of the tsar's government was, moreover, quite unexpected. Only a few privileged observers knew about the corrosions that had for long been making the whole structure rotten ; and the strict censorship, which had been imposed since the war began, had virtually screened Russian affairs from any observation at all. When, therefore, the common people in Europe learned that this old system, Asiatic in its magnificence, had been destroyed, almost in a night, and that the wreckage of it was being irresistibly swept away, week by week, and day by day, every shop steward, every workman's official, every artisan who attended the weekly meetings of his guild, every soldier and sailor with a grievance against his officers, felt himself a more powerful man than he had ever dreamed he would become.

The downfall of the tsar's government therefore started commotions that threatened all constituted authority ; but the menace was greater in those countries where authority was showy and ceremonious, than in countries where it was merely respectable. Sweden was more shaken than Norway and Denmark, for, whereas in these countries, the courts had assimilated themselves to the establishments of wealthy merchants, and had not opposed the spread of popular doctrines, authority in Sweden was still attached to a uniformed court, an army, and a nobility ; and the court party in the country did not conceal their hatred of the popular managers. The common people in Sweden were thus exceptionally restless when the Russian republic was proclaimed, and, for several days, the government were taking extraordinary precautions against an outbreak. Soldiers wearing red rosettes were arrested, inflammatory placards were torn down by the police, crowds in the streets were dispersed. Moreover, it was not only the government that were alarmed : Baron Palmstjerna, and M. Branting, the two great leaders of the popular party, were much disturbed at the effervescence, and told our minister, in private, that the people had not been so agitated since the revolution of 1809. The court party and the political managers of the opposition were, in fact, temporarily united ; for M. Branting and his colleagues disliked government by street riot as strongly as anybody, and did not attempt to obstruct measures for maintaining order. The disturbances subsided after a few mass meetings had been held, and a few resolutions passed ; but the popular parties emerged from them very much strengthened. The American embargo was soon afterwards in operation, and the Swedes were immediately pinched. The popular leaders were now able to discredit the government on two grounds. First they argued, with some force, that a system of government which gave greater opportunities to the parliamentary leaders, and more influence to parliament, was the best check to the violent commotions that were then shaking all Russia ; and that the blind obstinacy of the court party was facilitating those sudden changes that all sensible persons wished to avoid. Secondly, they urged, that, as the American restraints upon trade were now declared, and were likely to be of grave consequence to the country, an alleviation of them would be more easily and rapidly secured by a government that was in no way associated with opposition to the maritime powers. An incident now occurred which gave much force to these contentions.

It will be remembered, that, in the year 1915, the Swedish government admitted (by declining to deny it), that the Swedish diplomatic ciphers had been improperly put at the disposal of a German minister ; but that they promised the abuse would never again be repeated. Now M. Wallenberg, who gave the promise, and Admiral Lindmann, who was responsible that the undertaking should be honoured while

he was in office, were both business men, very ignorant of diplomatic procedure, and therefore easily imposed upon. Beneath them, was the corps of Swedish officials and diplomats, composed of highly qualified and talented men, who were contemptuous of the bankers and company promoters then temporarily their masters, and who were animated by a strong sentimental attachment to Germany. Some high official in the Swedish service seems to have persuaded his colleagues and subordinates, that the promise given to the entente powers need not be respected ; and that, if it were broken, neither M. Wallenberg nor Admiral Lindmann would discover it. The abuse therefore continued. It will always be very surprising, that men so well informed as the Swedish diplomatic corps should have imagined, that they would protect themselves sufficiently, if they concealed the fraud from the minister of foreign affairs ; for the recent disclosures about Herr Zimmermann's instructions to the German minister in Mexico ought to have warned every expert, that the entente's intelligence was very good, and that their scrutiny of cipher messages was very searching. The abuse was, in fact, carefully observed, until a good opportunity was found for disclosing it : on 11th September the United States government announced in the press, that the Swedish minister at Buenos Aires had telegraphed a message from his German colleague, in the Swedish cipher, for retransmission to Berlin, and that the message was a recommendation that some Argentine ships, sailing with corn to France : Be sunk without trace. The discovery was, therefore, that the German minister was recommending that ships of the country to which he was accredited be destroyed, and their crews drowned ; and that the Swedish minister was transmitting this odious advice.

This disclosure did immeasurable harm to the Swartz government ; for everybody at once saw that their explanations were the merest chicanery : they alleged that the United States authorities had permitted similar abuses, and, when this was proved to be untrue, they contended that the promise given to the entente powers applied only to cipher telegrams between north America and Europe. This second defence was as easily refuted as the first, and the opponents of the government then inflamed the people against them by saying, that the ministry and its system were now utterly discredited ; that neither the entente powers nor the United States would ever treat with such a government ; and that the restraints upon trade would continue, until a ministry untainted by these partisan practices was established in power. It was equally damaging to the government that the incident excited great mistrust in Norway and Denmark. As has been said, a plan of economic aid had been laid at the Scandinavian conference in May ; and it was then being operated by the three governments. The Danish and Norwegian cabinets had, however, been rather doubtful about the plan ; for they were anxious to do nothing that could be construed as a concerted resistance to the maritime powers. The disclosures showed them, that, if this ill construction of their acts of mutual assistance was the thing to be avoided, then, all co-operation with Sweden was dangerous, as the political sympathies of the Swedish government were so strong, that they influenced ordinary daily business. The Norwegian minister in London did not disguise his misgivings ; and it may be assumed that the heads of the great mercantile houses in Norway freely communicated their dislike of these practices, when they were in conference with their Swedish customers. In official conversations the Danes were more reserved ; but, when the political managers and commercial magnates of the country met our minister privately, they freely gave out the opinion, that the discovery had damaged the Swartz government so severely that they could not survive for long.

The Swedish people were still agitated by these excitements, when the political parties in the state faced one another at the elections for the upper chamber. The success of the popular party was never doubtful ; for, whereas they could offer the voters something in return for their votes—a new electoral law for granting more

political power to the common people, and a government better qualified to negotiate for an alleviation to the restraints on trade—the court party could offer nothing but an appeal to old prejudices, supported by old-fashioned catch words and invectives. With the Russian revolution fermenting and bubbling at the gates of Sweden, M. Trygger, the court manager, still obstinately proclaimed, that his party would never :

Facilitate government by the tribunes of the people, and would for ever combat the notion of giving unrestricted authority to a majority dependent upon elections.

As was to be expected, the court party lost seats, and although conservative ministers had previously maintained themselves in power without a parliamentary majority, the majority against the government was now so much strengthened, that M. Swartz declined to remain in office any longer. After long preliminary manœuvres, therefore, M. Eden succeeded in forming a government, which was sure of a majority in both chambers on all party votes and divisions. M. Hellner, who had conducted the last negotiations for a trading agreement, was made foreign minister.

When M. Eden took office, the country was outwardly calm, but the effervescence was by no means settled, as he let our minister know, that, whatever government was formed, it would have to suppress riots during the coming winter. According to our minister, M. Eden's apprehensions were by no means groundless : the country was still thoroughly disturbed, for the confusion in Russia was spreading its infection among a growing number of poor people, who were losing their employment, as the textile factories reduced their hours of work, and then closed their doors. In addition, the court party had only been incited to greater exertions by their check at the recent elections ; and their press had become so violent, that the allied ministers wondered whether the furious denunciations then circulated daily were not heralds sent out to announce, that the old plan of dissolving the government, and of ruling by decree, was again being considered. Whether this were so or not, every competent observer was satisfied, that the court party would gather recruits from all sections of society, if they could show that the new government were not alleviating the growing distress.

M. Hellner never disguised that the fortunes of his ministry would be determined by the success or failure of his negotiations with the entente powers. He seems to have imagined, at first, that he would be able to negotiate a special agreement with Great Britain, but on this point he was immediately undeceived. The arrangement agreed to was that the negotiations should be conducted in London, with Mr. Sheldon and Mr. Gunther attending them as American representatives, and that the agreement should be submitted to the war trade board for their approval. It should be added, that, although we feared it would be very difficult to persuade the Americans to abandon the conduct of the negotiations to us, the Americans readily agreed. Their negotiations with M. Lagerkranz had been the most unfruitful of all their negotiations with northern neutrals : the Americans opened them with the demand we had advised them to make in the first instance, a stoppage of all trade with Germany ; when M. Lagerkranz told the war trade board that this would be impossible, negotiation virtually ceased ; for the Americans did not invite the Swedish envoy to make counter proposals, and never suggested that their first demands might be modified. In the circumstances, M. Hellner was entitled to say, that the negotiations at Washington had failed, and were terminated.

II.—How the legation and the Foreign Office appreciated the position

The Swedish mission reached London early in December, and it will be as well, for the sake of clearness, to review the direct and indirect objects that each party hoped to secure. First, our negotiators were agreed that the advantages of an

agreement were political rather than economic ; but they were persuaded of this in varying degrees. From Stockholm the allied ministers sent the strongest recommendations that an agreement be facilitated, for reasons purely political.

So long as it was possible for us (wrote Sir Esme Howard) to maintain that our refusal to allow imports to come into Sweden was due to the unpractical policy of M. Hammarskjöld, and to the fact that Messrs. Swartz and Lindmann, for all their assertions that they favoured an agreement, never once began discussions on the subject, the liberal-socialist majority in the country believed that once a more practical and open-minded liberal-socialist government came into office, they would doubtless be able to overcome the difficulties, which had hitherto lain in the way of an agreement. In spite, therefore, of the fact that, before the present government came into office, America was known to be imposing very severe conditions as to exports to Sweden, the public at large no doubt entertained great hopes that the goodwill of the liberal-socialist majority towards the allies would count for something, and enable the new government to help Sweden to obtain her most urgent needs.

Should, therefore, conditions now be presented to Sweden by the allied governments, which, in the eyes of the Swedish public, and even of the socialists, are not compatible with the maintenance of Sweden's position as a neutral country, and should, in consequence, the present rigorous blockade against Sweden be maintained, the present government will undoubtedly suffer great loss of credit, as being no more able than their predecessors to get what Sweden wants, although they had previously laid the blame for Sweden's lack of necessary imports on their political adversaries, Messrs. Hammarskjöld, Swartz and Lindmann. It may, perhaps, be argued that this is a matter of Swedish internal policy, with which the allies, engaged as they are in a life and death struggle, need scarcely concern themselves. I venture to think, however, that, on looking closer into the matter, it will be found that the internal situation in Sweden is not so uninteresting as this. . . . I pointed out, that, with the present friendly government in power, we can probably obtain certain distinct advantages by means of an agreement, provided we do not ask for the impossible, in the shape of total cessation of Swedish commerce with Germany, or even complete stoppage of all iron ore exports to that country. If we insist upon this, we may be sure that we shall get nothing at all ; on the contrary, exports to Germany and imports from Germany will inevitably increase, in proportion as Swedish wants become greater, and Sweden is prepared to pay higher prices for having them supplied. Germany and Austria are already to a certain extent supplying Sweden with, *inter alia*, coal, sugar, wines, both strong and moderately strong, some mineral oils and lubricants, fresh and dried fruits, and have made an offer to supply a considerable quantity of cereals, said to amount to 100,000 tons. If this process is allowed to continue, Sweden must inevitably be bound economically to the German chariot, the result of which will be without doubt that she will, both now and in the future, maintain a close political connection with Germany. It is certain that the liberals and socialists do not desire this, and that they are prepared to go far to meet our requirements, in order to avoid such a contingency, which will probably entail a revulsion of feeling in favour of their political opponents. It cannot be too often repeated that conservatism in Sweden must mean a pro-German policy, while the democratic parties will, if they remain in power, gradually bring this country, in spite of its official classes, on the side of the western powers. By this I do not mean that they will enter the war on our side, for they are determined not to come into the war. But there will be a benevolent neutrality during the war and we shall be able, I hope, to count on Sweden's goodwill after the war, which is very important.

These opinions were endorsed, in a general way, by the Foreign Office, but there was a sharp difference between the opinions of the legation and the opinions current at headquarters ; for Sir Eyre Crowe and the contraband department doubted whether there was such a thing as the goodwill of a neutral government, and expected that the Eden-Hellner combination would be as obstinate as its predecessors :

We have felt all along (wrote Sir Eyre Crowe, at a later stage) that we have, in practice, little to expect from the change of government that has brought the liberals into power in Sweden. The friendliness of the small countries towards England, both during the war and before the war, could never be translated into practice on account of Germany's predominance, and the danger to which that predominance exposes and has exposed any state having relations with her.

Lord Hardinge, however (possibly because his temper had not been stiffened by four long years of bargaining about contraband), viewed the matter much as the legation viewed it :

At the present moment (he wrote) the Swedish government is, on the whole, well disposed and particularly the minister for foreign affairs. It is of the utmost importance, not merely for the present, but for the future that good relations with Sweden should be consolidated. The first condition to achieve

this result is the conclusion of a satisfactory agreement with Sweden, in the immediate present, and if we fail to do this, our whole future position in Scandinavia may be compromised. In fact we have got to support the present government and not drive them into the German camp. . . .

This was treated by the negotiators as their general instructions ; but scepticism at headquarters was strong enough to make the contraband department determined to grant no preliminary alleviation of restraints upon Swedish trade ; for they were persuaded that any release of the cargoes then being held would make the Swedes more obstinate in negotiation, no matter whether the government they represented were conservative or democratic.

It seemed, moreover, as though the points to be secured would be more easily reached, than had hitherto been imagined. The explanation of this is curious. Since the war began, it had been assumed that the Swedish exports of iron ore were of immense importance to the enemy ; but the chances of stopping or checking the export had always seemed so remote, that no proposal had been seriously considered, until the United States had entered the war. Then, at last, it seemed as though the embargo imposed by the United States would so pinch the Swedes, that the export might be reduced by negotiation. The war trade board had, therefore, been advised to ask that all exports of iron ore to Germany should cease. As has already been explained, they did this with so much insistence, and with so little intimation that they would ever abate the demand, that M. Lagerkranz thought all negotiation useless. The new Swedish government were as firm as the old, that the point could not possibly be conceded, and, in his first conversations with the allied ministers, M. Hellner was careful to say that a reduction of the export might be agreed to but no more. Realising from this, and from warnings sent by Sir Esme Howard, that the conditions about iron ore would be very hard to negotiate, the contraband department engaged a special expert of their own, Dr. Louis of Newcastle-on-Tyne, and asked him to supply them with a report upon the whole matter.

As everybody concerned had, for four whole years, thought it beyond all doubt that Swedish supplies of iron ore were essential to Germany, Dr. Louis's report was something of a surprise. He answered, to the enquiries made of him, that the Swedish ore contained very little phosphorus (all iron ore contains some) and that it was, on this account, very important to the German industries, as it was from this ore that they made their steel. But he qualified this by adding, that, by the latest electrical processes, steel of as good quality as any could be made from ore with a tolerably high phosphorus content ; and that any quantity of this kind of ore could be extracted from Lorraine and the Herz. Doctor Louis then explained, that the German steel industries had certainly been established on the assumption that ores containing little or no phosphorus would be obtained from Spain and Sweden, so that, if these supplies were cut off, there would be a commotion in the industry. But Dr. Louis had no doubt whatever that the Germans would overcome the difficulty, by enlarging the plant that can prepare good steel from phosphorous ores, and by using their reserves of low phosphorus ores during the transition. Dr. Louis was convinced that there would be no reduction in the output of German munitions, while the new arrangements were being made. With regard to the Swedish ores containing a high percentage of phosphorus, Dr. Louis reported, that they could be replaced by increasing the output of the Lorraine mines, and that there was no difference between the fertilisers that are obtained from the by-products of the Lorraine, and of the Swedish, ores. According to this report, therefore, a regulation of the Swedish exports of iron ore was no longer a matter of military importance. It will readily be understood by how much this expert investigation eased the negotiation.

For a different reason, free transit of goods to Russia was not a matter that concerned us any longer. The Russian armies were disintegrating, and we had no further interest in supplying them ; the matter changed complexion still further

while the negotiations were in progress ; for on 6th December, the Finnish authorities declared their country an independent republic, and soon afterwards, asked for German aid to establish themselves. As a consequence, all stores, food and equipment despatched to Russia fell into the hands of a government nominally neutral, but strongly attached to Germany. Our concern in Swedish transit of goods to Russia therefore became rather a concern that it should be restricted, than that it should be facilitated. Circumstances had thus altered the relative importance of the points to be secured, by diminishing the importance of points which would have been cardinal a year previously, and by raising the importance of securing more shipping. It was estimated that some four hundred thousand tons of Swedish freighters were lying idle when negotiations were begun : the use of these ships, not iron ore, or transit to Russia, was, so to speak, the strategical position that was to be reached at all costs.

III.—What matters were important to the Swedes

The Swedish side of the matter was that the German offer of food and cereals had been examined and found to be valueless ; that the lubricants received from Austria were insufficient ; that the assistance given by other Scandinavian powers had delayed an acute shortage of fertilisers and foodstuffs ; but that it was no substitute for American supplies. An agreement with the allies was therefore acknowledged to be highly desirable ; but the danger of coming to an agreement with them had increased, rather than diminished, since the last negotiations had been undertaken. Although very anxious to maintain intimate and cordial relations with Germany, the governments of M. Hammarskjöld and of M. Swartz had, nevertheless, always been in a position to make a firm stand, if the German government assumed too much upon the traditional friendship between the two countries. It would appear, indeed, as though M. Wallenberg had been very stiff when the Germans threatened to dislocate the Baltic trade by declaring sawn wood to be contraband. M. Eden's government was not in so good a posture ; for the German fleet then swept the Baltic, and it will be shown, later, that the exceptional influence that the Germans had thus acquired in Baltic affairs was a great embarrassment to the Swedish cabinet.

Apart from all this, the Swedish economic system was still attached to Germany's by links that could not be severed without danger. By freeing themselves of the British, and depending entirely upon the German, coal supplies for their industries, the Swedes had put themselves in some difficulties ; for, with output falling, and a coal shortage exasperating the common people in the German towns, the Germans had not been able to maintain their exports to Sweden at the level promised, and were very much tempted to reduce their foreign shipments severely. As the Swedes had little hope, that they could again draw upon the British coal mines (the offer we made later was a great surprise to them), so, the Swedish government were compelled to consider proposals for reducing their exports to Germany most carefully, as any reduction agreed to hastily might give the Germans the excuse for which they were waiting. Also, the Germans had a great advantage over the Swedes in being their sole suppliers of drugs, chemicals and dyes.

IV.—The negotiations with the Swedish delegation

The general heads of agreement were agreed to by the allied delegates at a meeting on 12th December, when it was decided : to adhere to the system of control established in the draft agreement of February, 1917 ; to demand, at the outset, that no further exports of iron ore with a low phosphorus content be allowed ; but to withhold these conditions until the Swedes had presented theirs. The Swedes did so, in a very guarded way, at the first meeting, which was assembled on 13th December ; and from these first proposals it was patent that the Swedes would be easier about

tonnage than we had imagined ; but that, even if we regarded the regulation of iron ore exports as a matter upon which our pride in negotiation was alone engaged, it would still be very difficult to come to an agreement upon it, for the Swedes undertook only to increase their exports to us. On another matter, however, we changed our course from the outset : for reasons that have already been given, the contraband department were, at first, disinclined to give the Swedes a temporary relief ; as it appeared to them that they would thereby relieve the Swedes of the very anxieties that were forcing them into a negotiation, and receive nothing in return. At the first conversations upon the matter, however, the Swedes promised to charter shipping to us for a short period in return for a temporary concession. This was so good an equivalent, that the whole matter at once changed complexion ; more than this, it appeared, that the exceptional exportation of horses to Germany (of which we were then complaining) could only be checked by allowing the Swedes to make good some of their forage shortage. On inspection, therefore, a provisional arrangement seemed far more advantageous to us, than it had appeared when it was first suggested, and the negotiation of it was entrusted to a sub-committee. As the Swedes offered, at once, to charter one hundred thousand tons of shipping to us, if we would release some cargoes of maize, oil, artificial fertilisers, and coffee, this sub-committee completed its work very rapidly. Sir Eyre Crowe insisted, however, that this temporary agreement was not to be operated until the general agreement was tolerably well advanced, and the negotiation of this latter was much delayed.

As has been said, our first proposal with regard to iron ore was that Germany should receive no ores with a low phosphorus content, and that those with a high content should be divided between the allies. In addition, we demanded that the export of steel hardening substances should be stopped. The Swedes, who grasped at once that these conditions could never be agreed to, promised merely to communicate them. This was done on 19th December, and nearly a month went by before we received the Swedish answer, which was that our proposal could not be accepted ; but that an equal division of iron ore exports between the allies and the central powers might be arranged. This proposal, however, provoked long discussion between the allied governments ; for the French experts had never agreed with Dr. Louis's opinion, and thought, that, if Swedish exports of ores containing little phosphorus could be stopped, then, the disturbance to the German steel factories would be far greater than our metallurgist imagined. The Americans were also dissatisfied with the Swedish offer. They had, by then, determined to be exceptionally firm upon the doctrine of derived products, and it was not contested, that American oils and lubricants were used in the Swedish iron mines. This, in the American view, made it incumbent upon the allies to be stiff about Swedish exports of iron ore to the enemy.

In spite of these delays, however, both sides were fast approaching an accommodation, because each had so much to offer. Having realised from our first investigations, that the Swedes were anxious about their supplies of German coal, our negotiators stated, that considerable assistance could be given, if the Swedes would give us a good equivalent in shipping. Rather to the surprise of our negotiators the Swedes offered 500,000 tons. This offer was so good, that we now pushed on with the first provisional arrangement, which gave us 100,000 tons of shipping for three months ; it was signed on 29th January and put into operation at once. The Swedes received 25,000 tons of phosphate rock ; 15,000 tons of oil ; 15,000 tons of maize, 3,000 tons of oil cake, and a large amount of coffee and cork. After a considerable amount of subsidiary negotiation with the French and the Americans, a counter-proposal on the matter of iron ore exports was agreed to : that those to the enemy should be reduced to 3,000,000 tons, and that the reduction should be effected proportionately in all grades.¹ When the Swedes informed us that this arrangement

¹ The exports to Germany during 1916 and 1917 had been in the neighbourhood of 5,000,000 tons.

would be accepted by them, one point only remained over, our black-listing practice. On this the Swedes showed themselves very unyielding, and maintained, that, if they set up the associations required under the agreement, and gave the guarantees asked for, then, those associations must be free to distribute rationed goods to traders who complied with all the conditions imposed. We agreed, therefore, to revise our black lists in consultation with the Swedes, and agreed, further, not to refuse British goods to Swedish traders, merely because they were known to have transacted business with enemy firms. In return for this we insisted, that the Swedes should give us the names of the second consignees of all rationed goods, notwithstanding that the war trade law forbid it. A draft agreement containing these various provisions—3,000,000 tons only of iron ore was to be sent to Germany, and 500,000 tons of shipping was to be chartered to the allies—was completed by the end of January, and at once despatched to Sweden.¹

V.—*The Swedish government's deliberations upon the agreement*

The Swedish ministers were very reserved about the draft, and said that no answer could be given, until the *handelskommission* had reported upon it. We were suspicious about this committee, as it was largely made up of those high Swedish officials who had so strong an inclination for Germany, but it cannot be said that these gentlemen allowed their sympathies to influence their recommendations. They reported, that, as the entente powers alone could supply the country with what was necessary to feed the people, and to keep the industries productive; and that, as Sweden would continue to draw essential supplies from those countries when the war was over, the agreement ought to be ratified. As against this, however, the *handelskommission* reported:

Because of the geographical position of Sweden, and especially considering recent occurrences, and Germany's increased power in the Baltic, the agreement ought not to be ratified until a preliminary negotiation had been undertaken with Germany.

M. Trolle was, therefore, despatched to Berlin in order to reconnoitre the strength of the German objections.

This decision caused great misgiving among our negotiators, but it can hardly be questioned that it was a wise one. Shortly after the *handelskommission* presented their report, the Germans launched their great onslaught on the western front, and severely defeated the British army opposed to them. No neutral observer imagined that the long series of German victories in the field was now coming to its term: our resistance was so weak, that it seemed, rather, as though the Germans were dealing the last blow to armies that had been consistently checked, or defeated outright, for four successive years. At sea, the German campaign was certainly checked, and several influential Germans had admitted it; but the check was not so decisive as to relieve neutrals; for the convoy system, which had proved the decisive manœuvre, was giving more relief to allied than to neutral vessels. More than this, the German press were loudly proclaiming, that, if a neutral government allowed their country's shipping to be chartered to the allies, with the submarine campaign raging, then, that government were acting as unneutrally as they would be, if they supplied military transport to armies in the field. The latest German prize regulations, therefore, contained a threat that the ships of all powers that had signed these agreements would be treated as enemy vessels.² This meant, that even vessels

¹ The provisions about receiving trusts, etc., were virtually a repetition of the conditions on that head inserted in the previous agreement. (See Chapter XXVI.)

² It should be added that these regulations were minatory only. They were to the effect that a tonnage agreement between a neutral and the entente set up a presumption that any vessel flying the flag of the neutral signatory was in the enemy service. The circumstances in which the vessel was found were, however, to be taken into consideration.

carrying supplies through the approach routes and safety zones might be sunk, unless some preliminary understanding were reached with the German authorities.¹ More important than all this, however, was the position in the Baltic to which the *handelskommission* had referred. This position was one of great difficulty for the Swedes, and must be explained, briefly, as it influenced their deliberations upon the agreement.

On 6th December, the authorities of the grand duchy of Finland declared the country independent, and, almost at once, large sections of the country became the theatre of a fierce civil war. The Russian government raised no objection to the Finnish declaration of independence; but they did not remove the Russian garrison from the country, or withdraw that squadron of the fleet which was stationed at Helsingfors. For some time previously, these troops and sailors had been under no discipline, but they had done no harm to the country, other than that which is done by the marauding and thieving of hungry men. Towards the end of the year, however, when news of the Bolshevik revolution came into Finland, the Russian garrison abandoned all self-control, and began to loot, plunder, and murder, in the manner of an Asiatic horde. Instead of being indignant at seeing their country thus maltreated, a great number of poor people in the southern towns joined the Russians, and having formed executive committees at Helsingfors, Viborg, and other towns, attempted to set up a government on the Russian model. The Russian garrison gave, sold, and bartered their arms, ammunition, and artillery, so that, by the beginning of the year, these revolutionary troops, called the red guards, held most of that part of Finland, which is served by the railway between Hango and the Russian frontier. Naturally enough, all Finns of property, education, and good feeling rose to protect their country, and formed themselves into an army under General Mannerheim, an old Russian officer; but, at the outset, the red guards had great advantages over any forces that the Finns could bring against them: they were armed, and had artillery; they had a fortress under their control; and they could command the services of a nucleus of Russian officers and soldiers.

Nevertheless, General Mannerheim soon got the upper hand in the northern parts of the country, for here the Russian troops wished only to return to Russia, and gave up their arms. It was evident, from the first, however, that General Mannerheim's army would not recover the southern towns, until it was properly equipped, or unless the assistance of a trained and disciplined corps of troops could be obtained. The Finnish authorities therefore asked the Swedes to send them arms and munitions, and, if possible, an auxiliary corps: simultaneously a deputation of Åland islanders reached Stockholm, begging that they might be protected against the Russian garrison, who were plundering them unmercifully. These petitions from the Finns and the Ålanders were not considered on their merits; for no concern was ever dispassionately examined, in a country where every issue was distorted and misrepresented by the contending factions. A small section of the persons upon whom the Swedish government depended for their majority maintained, that the red guards in Finland should be assisted rather than thwarted. Another, and larger, section of the government's majority, though no friends to riot and tyranny, were yet so dependent upon the votes of the common people, that they thought it politic to speak unctuously of any popular movement, and insultingly of whatever is effected by force of arms. These persons and their representatives in the *Riksdag* therefore clamoured loudly, that, if Swedish troops were sent to Finland, then, generations of Finns would remember them with hatred. Another section of the government's majority wished to help the Finnish authorities in some way or another; but they disliked the notion of despatching a military corps, as its exploits in the field might raise the credit of the Swedish army with the people, and so revive the court's policy

¹ In the last German proclamation, the Sperrgebiete, or zones of operation were so defined that all neutrals were allowed an approach route. See map in Michelsen. *U - bootskrieg*.

of a *coup d'état*. As it was only the domestic enemies of the Swedish cabinet who desired, unanimously, to send help to Finland, M. Eden's government refused the Finnish petition, and severely controlled the export of arms and munitions to the country. They did, however, despatch half a battalion of infantry to the Ålands, to protect the islanders against the Russian troops, and to keep the peace between the factions that were distracting even this small community of fishermen. Meanwhile, however, a Finnish deputation visited Germany, where they were well received. The German authorities at once promised help, collected a force of infantry and artillery, and placed it under the command of General von der Goltz. Shortly after M. Trolle reached Berlin, an advance force of German troops established a base at the northern end of the Ålands, and it was publicly announced, that a bigger force was rapidly assembling.

The Swedish government's perplexities were therefore very great. Although they had refused the Finnish government's petition, they had done so because their domestic distractions made them powerless, and not because they desired to withdraw from Baltic politics. On the contrary, they were particularly anxious, that the old treaty about the Åland islands should be respected by the Finnish government, and that the new government should not turn the field fortifications erected by the Russians into a permanent fortress.¹ More than this, the delegation of Ålanders had not disguised that they desired to come under Swedish rule at the final pacification. The Swedish government well realised that this would be difficult, as the Finns were not likely to cede territory of such strategic importance; but, even those Swedes who openly encouraged the revolutionary bands of Russian soldiers maintained, that any Swedish government, no matter what its political complexion might be, was bound in honour to act as patron to the Åland islanders at the final settlement. Further, as the Swedes had always done a brisk trade with Russia through Finland, they were anxious that the new state should not erect artificial barriers between the two countries. Finally, even the best friends of Germany in Sweden were apprehensive at rumours of a projected treaty of trade and commerce, whereby German companies and commercial concerns were to be given exceptional and extraordinary privileges in the new Finnish state.

The Swedish government therefore still desired to be heard and consulted upon Baltic affairs; but it was patent, that the Germans could exclude them entirely from the final pacification, by virtue of the exceptional influence they were acquiring with the new Baltic states. It was, moreover, very doubtful what the final determinations of the Berlin authorities would be. They had stated, at Brest Litovsk, that the final settlement of Europe was a matter which concerned the belligerents alone; thereafter, Kühlmann had admitted, very guardedly, that the Swedes must at least be heard about the Åland islands. This proved, however, to be a manœuvre to induce the Swedes to send a representative to Brest Litovsk, and, when the Swedes declined to do this, saying that they could only present their case to a conference at which all the signatories to the treaty of Paris were represented, the German attitude became more ambiguous. Latterly there were indications, that the Germans intended to admit the Swedes to the final pacification of the Baltic provinces, on condition that the agreement with the entente powers was either abandoned or very much revised. In view of what occurred later, it may be doubted whether the Germans ever decided to connect Baltic policy so closely to the trading agreement; but at least our minister and M. Hellner were satisfied, that the German minister was encouraging the court party who were then protesting:

That the Swedish government had resigned Sweden's right to be heard in Baltic affairs; and that the right could only be reasserted by a new government, which was not suspected of giving surreptitious aid to the enemies of Germany.

¹ See Chapter XVI, Section V.

There were thus good reasons why the Swedish cabinet sent an envoy to Berlin, to discover what the German government intended ; and, as M. Hellner's difficulties were so well appreciated, the entente powers did not object to M. Trolle's mission. It has to be admitted, however, that there was some force in the French contention, that we were thenceforward negotiating the blockade of Germany with the German government itself (the Swedes acting as go-betweens), and that this was a very singular refinement.

VI.—The German government raise no insuperable objections and the British government slightly modify the original agreement

M. Eden and M. Hellner never disguised from our minister, that they would resign if the agreement were not concluded, and that, if they did so, a government of the court party would at once replace them, which was an admission that their political career was virtually under German control. As the union between the German minister and the court party was, at this time, very intimate, it will always be surprising, that the Germans insisted only on a few modifications, and that these were demanded only as a satisfaction on the point of pride. After a long negotiation at Berlin, M. Trolle reported that the Germans asked : that the shipping chartered to the allies should not exceed four hundred thousand tons, and that the exports of iron ore to Germany should be raised to four million tons. On one point only do the Germans appear to have been unyielding : they would not agree that the Swedes should forbid the export of steel hardening substances. It may well be asked, therefore, why the Germans were so easy. Their compliance about iron ore confirms what Dr. Louis had reported, that these supplies were not so important to Germany as had been imagined ; but why did the Germans agree that four hundred thousand tons of shipping should be put into the allied service, when the submarine campaign was still raging, and when every newspaper in Germany was still proclaiming that it would be decisive ? Any German staff officer could have told the German foreign office, that this new reinforcement of shipping would, in itself, delay the decision at sea for many weeks. As no intimate details of M. Trolle's negotiation have ever been divulged, nothing certain can be stated ; but at least everything suggests, that, even at this date, the German authorities had lost heart about the submarine campaign, and were admitting among themselves that it had failed.

It is striking, also, that the contraband department, who had been so sceptical about the political advantages of an economic agreement, when the negotiation started, advised, unreservedly, that these modifications should be agreed to, as the rejecting of them would overthrow the Swedish cabinet. The explanation is that we then had our own special reasons for keeping the Eden government in power. At the beginning of the negotiation, when M. Eden refused to help the Finns, we could raise no obstacle against German domination in Baltic affairs ; latterly the position seemed not so hopeless. The Finns were very short of food, and our minister thought it possible, that we could reassert our influence, and depress that of the Germans, by undertaking to send food to Finland, on condition that the German troops evacuated the country. The first negotiation to this end was to be entrusted to the Swedish government, and it was an essential condition of the plan that M. Eden and M. Hellner should remain in power. Apart from this, when M. Trolle returned from Berlin, our military fortunes were very low ; for, after pressing back our armies to the gates of Amiens, the Germans attacked them further north, and at no point were our forces able to withstand them. It was therefore an ill moment for overturning the one neutral government in Europe that seemed uninfluenced by these disasters to our arms, and for allowing them to be replaced by a government whose leaders were confident that we were virtually defeated. More than this, shipping was then more needed than ever ; for the defeat of the submarine campaign did not supply us with the tonnage for transporting American reinforcements, and it was upon these that the allies were counting to hold the German onslaught.

VII.—The United States misgivings : their peculiar anxieties about shipping

The Americans were, however, doubtful whether these modifications should be accepted ; and refused to agree to them, until it was certain, that we should not get more tonnage by requisitioning Swedish shipping than by agreeing to their conditions. Over and above this, the Americans desired, that the rations allowed to the Swedes be revised ; for they argued, that, as those rations had been calculated for a whole year, and as the agreement would only come into operation in June, the Swedes would be receiving a year's supply in six months, and would therefore accumulate stocks. This intervention, made at the last minute, very much exasperated the contraband department, possibly because they did not appreciate why the Americans were so apprehensive. The truth is, that, if we were anxious to secure shipping, the Americans were even more so, for reasons which can only be explained by making a brief retrospective survey of their military policy.

On 14th June, 1917, General Pershing landed in France ; and during the months immediately following, he sent a number of appreciations to Washington, of which the substance was, that the fighting spirit of the French and British armies was declining, and that the French people were disheartened ; but that these demoralising influences might be checked, if American assistance were made a visible, tangible thing, patent to everybody, at the earliest possible moment. The American general thought that this could most expeditiously be done, by forming an American army in the Verdun-Lorraine part of the front, and by undertaking a major operation with it in the early part of the summer. The American government endorsed these recommendations, and made all the preparations necessary for placing twenty divisions at General Pershing's disposal by the early spring ; and, if the allies had been able to hold the Germans in March and April, General Pershing's military policy would have been executed without hitch ; for the transport fleet under Admiral Gleaves was then carrying some fifty thousand men across the Atlantic every month. The German victories, however, put all in jeopardy ; for the allied generals refused General Pershing's offer to take over a section of the allied line, and asked that the Americans should only transport infantrymen, and that these should be scattered in detachments, all along their fronts. More than this, the allied generals intimated, that, if the entente supplied the tonnage for carrying American reinforcements, then, those reinforcements ought to be incorporated in the allied armies. This arrangement would, of course, have debarred the American troops and their generals from acquiring any military reputation, and would, in addition, have debarred the American government from exerting that influence over allied counsels which they hoped to exert, by reason of having placed a great army in the field, under the command of their own generals.

As the American government were labouring hardest to adjust what their general demanded to what the allies were requiring of them, during those very weeks when the Swedish proposals were being considered, it is small wonder that they were very watchful, and even suspicious, of tonnage agreements that were negotiated in London, with the allied representatives negotiating in chief. For although American representatives were present at every meeting, the negotiation was one in which British and French influence predominated. There was, at the time, a large block of Swedish tonnage lying in the American harbours, which the Americans would have secured for their own use, if requisitioning had been resorted to ; they therefore stood to their objections, until the advantages to be secured by chartering, or by requisitioning, had been better compared. The ministry of shipping's investigations were, however, decisive, that, by requisitioning Swedish shipping, we should certainly not secure more, and would probably secure less, than was promised us under the agreement. As the American preoccupations about tonnage were stronger than their preoccupations about the cereal imports of neutrals, the state department withdrew all their objections, after they had examined the ministry of shipping's

report. Nevertheless, their misgivings remained ; and their doubts are a curious illustration of the American government's perplexities. The war trade board first reminded Mr. Sheldon,¹ that, when the allies had invited the American government to co-operate in the economic campaign, they had described Sweden as a country very nearly self-supporting in the matter of cereals and forages. The United States had, therefore, conceived that their embargo ought to be so administered, that the Swedes should receive just so much cereals as would allow them to reach harvest time without suffering privations. Why then, had the allies allowed them a hundred thousand tons of cereals ? Again, in the draft plan of negotiations, which the allies had communicated, the stopping of Swedish exports of ore had been indicated as the first object of policy. Why had the allies agreed to a reduction that would cause no inconvenience to Germany ? As the contraband department were at this time, thoroughly exasperated with the war trade board, it is as well that these objections were not communicated. They are interesting, however, as illustrating the differences which then divided the two governments. Our authorities were contemptuous of a diplomatic method that seemed little but an obstinate repetition of propositions previously asserted : the Americans were distrustful of a diplomacy, which, as far as they could see, was for ever changing the ends pursued, without reason or explanation given.

VIII.—The agreement signed ; general observations upon the closing operations of the economic campaign

The agreement was signed on 29th May, 1918, and its principal provisions were those stated in the course of this narrative. In addition to these, however, the Swedes undertook to forbid the export of all foodstuffs, textiles, ores and metals. The exceptions to this were, that the Swedes were allowed to complete a contract for exporting fifty tons of molybdenum ; and that an export of 1,500 tons of ferro silicon should be permitted, which had been insisted on by the Germans. There were, in addition, some rather novel and interesting provisions about wood pulp. At the beginning of the negotiations, the military authorities admitted, for the first time, that these substances were being used by the Germans as substitutes for cotton cellulose. The contraband department had, therefore, attempted to secure a total prohibition of these exports, and, on the Swedes obstinately refusing, a compromise was reached whereby the Swedish exports were reduced to 177,000 tons in the course of the year. If they exceeded this, the Swedish textile rations were to be reduced in proportion. Finally, the Swedish government undertook that we should be given a monthly credit of 6,250,000 kroner, which was to be spent exclusively in Sweden. This loan was very much needed to maintain the rate of exchange in the country. As the agreements with Norway and Denmark were concluded more by pressure of circumstances than negotiation proper, these negotiations with Sweden may be called the last of those calculations of economic and political advantages, which constituted the blockade of Germany. It will therefore be convenient, at this point, to review what was effected by these various agreements, and by the economic policy of which they were the instruments.

This narrative will have been written to no useful purpose, unless it has made it clear, that the blockade of Germany was an operation of war, and that currents of trade, and particular commodities, were the strategic points in the theatre. It is not, therefore, inappropriate to speak of the allied embargo, and of the agreements consequent upon it, as the last assault upon a position that had hitherto been very tenaciously held : the domestic exports of the border neutrals. The attack upon this position was begun in 1916, soon after the blockade ministry was established. The object of the operation, as it was then conceived, was to reduce the domestic exports

¹ The American government's representative on the allied blockade committee.

of the border neutrals to their pre-war volume ; and, if this had been the end pursued in the second attempt, it could be said to have been reached, for the following figures prove that the domestic exports of Norway, Denmark and Sweden were reduced to something considerably less than their normal volume :

TABLE LXXI
Effect of agreements with Norway, Sweden and Denmark

	Commodity.	Normal Export to Germany.	Export permitted under Agreement.	
Norway	Fish and fish products	71,000 tons of fish and fish products. 156,000 barrels salted herring.	} 48,000 tons	
	Calcium carbide ..	15,248 tons		10,000 ..
	Ferro silicon	3,086 ..		2,000 ..
	Calcium nitrate ..	7,528 ..		8,000 ..
	Iron ore	303,457 ..		40,000 ..
	Zinc	5,718 ..		1,000 ..
Sweden	Cream and meat ..	36,000 ..	Export of all foodstuffs prohibited. 3,500,000 tons	
	Iron ore	4,563,638 ..		
Denmark .. .	Butter, bacon, eggs, milk and cheese.	48,881 ..	24,200 ..	
	Fish and fish products	29,507 ..	25,000 ..	
	Cattle	156,985 head	226,000 head	
	Horses and foals ..	52,395	30,000	

The published statistics do not allow any comparison to be made for the other limited exports : sulphite, pulp, ferro alloys, pyrites, etc.

It was certainly a great achievement to reduce these exports from the prodigious volume to which they had expanded during the previous year to about half their normal size, yet it is doubtful whether even this satisfied the contraband department. When this second attempt upon the exports of the border neutrals was launched, with the United States assisting, the officers of the contraband department did not define the ends to be reached so precisely as they did on the former occasion : they did not hope to stop those exports outright, for they expressly stated that this was to be demanded only as a stimulant to negotiation ; but, from the language they used, it would certainly appear as though they hoped for a great and striking reduction in the trade then running towards Germany from Norway, Sweden and Denmark. Whether what was actually effected was above or below the expectations of the contraband department is a matter upon which none of its officers has ever pronounced in writing. Their recollection of the matter, which has been dimmed by twenty years of occupation in other concerns, is that they were disappointed, because they doubted whether the reductions agreed to would add materially to the distresses of Germany. These doubts were well grounded. Under the agreements, a trade in highly important metals and ores was allowed to continue, and Mr. Fayle has shown that a country can severely reduce nearly all its imports of these substances, and yet supply the industries essential to war. It may be presumed, therefore, that the quantities of calcium carbide, ferro silicon, calcium nitrate, and the rest, which were still allowed to be exported to Germany, would have sufficed for industries that had practised every shift and economy for four whole years. Iron ore is the only substance of which a country needs more in war than in peace, and of this, the Germans had enough.

All this, however, is more an estimate of what these agreements would have effected, than of what they did actually effect, for a glance at the dates on which they were signed shows that they were not in operation for long. It was otherwise with the American and allied embargo, which was in full operation for nine months, and in partial operation for thirteen. According to French statisticians, who were better informed than ours about continental commerce, the embargo was a powerful instrument of war. The French estimate is, that the value of the goods that Germany imported from the border states during 1915 was four and a half milliards of francs ; and that, during the following year, when the allies first attempted to reduce them, the figure was roughly the same. In 1917, however, there was a tremendous fall to 2,720 millions of francs : the quantities imported must have fallen in an even greater proportion, as the prices of all materials was then very much higher. In the last year of the war, the decline continued, and the value of all the goods imported was only 1,663 millions of francs. This must be attributed to the embargo, and to the great deflection in the trade of Scandinavian countries which it occasioned. It is regrettable that we have no means of reviewing this deflection in detail : its extent and importance can, however, be estimated by the few indications that Scandinavian economists have given :

The total value of foodstuffs imported from Denmark in 1917 (writes Herr Heckscher) amount to 50,000,000 kroner—about \$13,000,000 representing half the total imports of foodstuffs to Sweden during that year—and in 1918 to 97,000,000 kroner. These imports consisted principally of the following things : in 1917, 7,000 tons of butter, 6,300 tons of pork, 550 tons of cheese, and 30,000,000 eggs ; in 1918, 7,000 tons of grain, 5,000 of butter, 6,000 of meat, 3,000 of sugar, and 75,000,000 eggs, to which there must be added considerable imports of potatoes, and about 47,000 tons of turnips and other root crops. Among Danish exports to Sweden, seed, hides, bones, animal fats, glycerine, and scrap iron may be mentioned. Among Norwegian imports to Sweden the most important was salted herring, amounting to some 54,600 tons during 1918, which met all the requirements of Sweden in their foodstuff. Of great value to Swedish economic life were also some 18,000 tons of nitrate fertilisers. Among other commodities imported from Norway to Sweden may be mentioned 102,000 tons of pyrites in 1917, and 110,000 in 1918.

In exchange Sweden exported to Denmark and Norway large quantities of commodities needed in the industries of both countries. During 1917 and 1918, when the supply of iron from belligerent countries fell to an insignificant percentage of the normal, Sweden exported iron and steel to Denmark to the value of kr. 16,000,000 in 1917, and kr. 42,000,000 in 1918—or in American money \$4,300,000 and \$11,300,000 respectively, and to Norway the same exports to the value of kr. 32,000,000 and kr. 43,000,000. Among other Swedish exports may be mentioned dressed lumber and woodwork, firewood, pulp, spinning paper, turpentine and wood tar, glassware and fireproof bricks.

As it was this great deflection of the Scandinavian trade, which reduced the volume of exports to Germany, it may well be, that the agreements signed during the last year of the war would have eased the Germans ; for, when the last agreement was signed, the American embargo was ended, and the deflection consequent upon the scarcities in Scandinavia was no longer necessary. This, however, is pure speculation, and the Americans may justly claim to have added to the shortages in Germany by adhering inflexibly to their plan ; for it will be shown, later, that this fall in the German imports coincided with a tremendous fall in the production of foodstuffs in Germany, and that the two were of decisive effect. As the Americans must in justice be given the credit of having closed the blockade of Germany, as far as it could be closed, it will not be improper to add a few words about their achievement and method of executing it.

IX.—General observations upon the American contribution to the economic campaign

It is curious, and illustrative of the misunderstandings that may arise between men of high character, if they are well separated, that, while the state department were thus executing the policy that the allies had invited them to pursue, the British officials were very distrustful of them. The Foreign Office archives are packed with judgements upon American conduct, which are either contemptuous, or loaded with

suspicion. Thus, when Lord Eustace Percy reported that the embargo was in full operation, and that the northern neutrals were cautiously approaching the state department, Sir Eyre Crowe wrote :

I am afraid we shall never get the Americans to deal with these problems on any reasonable lines, and it is quite clear that our embassy are powerless to do anything.

Again, when the French government suggested measures for a closer union between the Americans and the allies (October, 1917) Sir E. Crowe wrote :

It becomes more and more evident that the United States do not want to co-operate with us ; they only want to see our cards, and get us to make every concession to the United States in the way of our controlled exports.

Indeed, Sir Eyre Crowe was at one time so convinced that there could be no union between the American and the allied authorities that he wrote :

I am disposed to think that, eventually, we shall have to decide on our course of action not only towards Sweden but towards all neutrals for ourselves, apart from anything the United States may do (November, 1917).

The American decision to send a Christmas gift to the neutrals provoked even stiffer comments. The state department were, at once, credited with the most artful intentions ; and, when they explained, that they did not intend to give these Christmas gifts unconditionally, and that the goods sent would not relieve the embargo, an official of the contraband department wrote :

This looks as if they were trying to shift on to us, the odium of breaking a promise which they ought never to have made. . . .

Even after the United States had sent a representative to the inter-allied blockade committee, these angry suspicions continued. When they appointed their representative, the Americans formally notified us that the state department could not be bound by his decisions and recommendations ; so that they were only acting consistently, when they communicated their doubts about the Swedish agreement. Indeed, considering their own peculiar preoccupations in the matter of shipping, and when it is remembered what good reasons they had for being surprised that the Swedish ration of cereals was so much increased, the state department may be said to have presented their criticism very temperately. Furthermore, the American authorities allowed their doubts to be resolved by the ministry of shipping, a body composed of British government servants, and would have been well within their rights, if they had withheld their consent, until their own experts had conducted an independent investigation. Nevertheless, Lord Robert Cecil at once wrote :

The action of the war trade board in this matter is really intolerable. It was formally agreed that the Americans were to have the conduct of the Danish and Norwegian negotiations, and we that of the Dutch and Swedish. Much as we disapproved of their methods of dealing with Norway, we left them to decide what should be done. Now at the last minute they try to upset our Swedish negotiations and jeopardize 400,000 tons of shipping in defiance of all the opinions of their advisers here.

These suspicions are not supported by facts. The papers published by the state department are state papers only ; and contain no private correspondence from official to official, nor any of those departmental minutes, from which the temper and inner motives of a department can be appreciated. But the collection proves, sufficiently, that the state department never wavered, and never entertained any plan of acting independently of the allies, far less of thwarting them, and seeking an economic advantage at their expense. In all major questions they may be said to have loyally deferred to us. Their representatives came to Europe with a draft agreement for Switzerland, which had been prepared entirely by their officials and experts. Upon our advice, they abandoned their plan altogether, and allowed an entirely different agreement to be signed. When negotiating with Dr. Nansen, the war trade board received several warnings from us about the importance that we

attached to the Norwegian exports of pyrites. They abated many of their conditions ; but never the condition that no pyrites should be exported to Germany ; and their negotiations would have been much sooner terminated, if they had made some small concession on the point. They adhered without reserve to the Swedish agreement, notwithstanding that they thought it not a good one. Finally, they agreed, that an allied blockade committee should be established, and instructed Mr. Sheldon to become a member of it, well realising that this was virtually a decision that the executive administration of the blockade should be done from London. Apart from all this, the statistics of American trade are the record of a policy implacably pursued ; and are a crushing refutation to any who suspected at the time, or have since suspected, that the government of the United States will ever subordinate their military policy to their commercial interests. It would be well for us, if our own record was as honourable.

TABLE LXXII

Statistics illustrating the operation of the American Embargo

	Norway.		Sweden.		Denmark.		The Netherlands.		Switzerland.	
	June, 1915, to June, 1916.	June, 1917, to June, 1918.								
Total Exports \$	53,645,295	25,216,242	51,979,745	4,122,550	55,872,312	4,969,542	97,476,328	6,381,964	8,082,516	21,264,078
Food and Fodder \$	26,747,894	15,119,126	13,087,029	1,015,914	33,945,160	673,485	50,275,205	1,772,329	2,542,755	6,844,144
Meat and Products \$	4,103,721	117,280	3,048,091	1,513	1,769,519	20,009	4,708,397	1,007	125,992	4,586,379
Oils .. \$	6,913,346	1,325,564	6,208,203	394,098	4,954,036	257,733	12,666,377	103,462	588,186	1,228,197

One point remains to be examined. Did the United States lend us their aid in the economic campaign without departing from the principles they enunciated in their state papers ? It has been shown, in the course of this narrative, that the lawyers and officials of the state department decided, after deliberation, that the assistance asked of them could be given, without making the United States government a partner in acts of coercion that they had previously pronounced illegal. They were asked only to supply American goods to the border neutrals on such conditions, that those goods would not be re-exported to the enemy, and would not stimulate any trade in which the enemy had an interest. As these conditions were to be attached to goods produced on American soil, so, the imposing of them was judged to be the exercise of a sovereign right, which was quite distinct from the rights that the allies had previously exercised over commerce from neutral to neutral.

These conditions were imposed in all the agreements signed with neutrals, and were embodied in clauses which asserted the doctrine of similar or released products, more stiffly than it had ever been asserted by the allies.¹ Moreover this clause is expressly stated to apply only to goods produced directly or indirectly from materials despatched from the United States, so that in the main the United States may be said to have been consistent. Nevertheless, an impartial court would probably judge that the United States did, in the end, swallow and digest more of the allied doctrine and practice, than they had at first intended. The goods supplied to neutrals

¹ See Article II, sub-sections 5 and 6 of the Norwegian agreement.

by virtue of the agreements signed with them were not only goods of American origin and manufacture, for each agreement contained stipulations encouraging the border neutrals to secure as much of their rations as they could from purely neutral sources. Quite clearly then, the United States asserted a general right of supervising neutral trade, and even of fixing the quantities of goods that could be allowed to pass from neutral to neutral. More than this, they attached a particular condition to rationed goods of neutral origin, which was not so severe as the condition attaching to goods of American origin ; but which was explicit enough. The condition was :—

No article imported into $\left\{ \begin{array}{l} \text{Norway} \\ \text{Denmark} \end{array} \right\}$ under the provisions hereof shall be exported by $\left\{ \begin{array}{l} \text{Norway} \\ \text{Denmark} \end{array} \right\}$ to other than allied destinations nor shall any article released by such importation be exported to other than allied destination.

It is difficult to reconcile the doctrine thus asserted and upheld with the contention advanced on a previous occasion :

When goods are clearly intended to become incorporated in the mass of merchandise for sale in a neutral country, it is an unwarranted and inquisitorial proceeding to detain shipments for examination as to whether those goods are ultimately intended for the enemies use. Whatever may be the conjectural conclusions to be drawn from trade statistics, which when stated by value are uncertain evidence as to quantity, the United States maintains the right to sell goods into the general stock of a neutral country, and denounces as illegal and unjustifiable any attempt of a belligerent to interfere with that right on the ground that it suspects that a previous supply of such goods in the neutral country, which the imports renew or replace, has been sold to an enemy. . . .

CHAPTER XXXIV

THE CONSEQUENCES OF THE BLOCKADE IN GERMANY

The immediate or direct consequences of the economic campaign.—That the national resistance was reduced by the economic campaign.—The first symptoms of failure.—The growing demoralisation in the Reichstag.—New symptoms of decline.—The German government reassert their authority and discipline is restored in the fleet.—Antagonisms between rich and poor continue ; the rising suspicions of the common people.—The state of the German people during the winter of 1917.—The condition of the common people at the beginning of 1918.—The revolutionary outbreak : its suddenness and strength.

THE economic campaign operated with varying effect against rich and poor, armed and unarmed ; and its consequences are a matter upon which German historians alone can speak authoritatively ; for only a German can state, whether the materials published are sufficient for an exhaustive survey of the subject, or whether they must be supplemented by further research in the state archives. Furthermore, only a German historian can decide, whether opinions expressed by contemporary writers, and reports issued by committees of enquiry, are accurate and reliable, or whether they have been invalidated by research not undertaken at the time. Nevertheless, the German government have published materials so liberally and freely, German committees of enquiry have enquired into the matter so conscientiously ; German writers with the highest standards of truth and honour have written so copiously, that even an English historian may hope that he departs not too far from scientific truth, if he scrupulously relies upon his German guides. It can, however, be said, with a fair degree of certainty, that no research undertaken in a later age will add anything to our knowledge of the immediate or direct consequences of the economic campaign ; for the German ministry of health have expressed the national suffering in a scientific notation, and their report stands like a monument of truth, which will never be corroded or defaced by subsequent enquiry.

I.—The immediate or direct consequences of the economic campaign

The German scientists open their review by a calculation which establishes, that, if an ordinary human being is to keep his health and strength, then, his daily food must contain 2,280 calories. They follow this by a second calculation, which proves, that, in the latter part of 1917, and thereafter, the daily rations of the urban population contained only 1,000 calories ; they show this to be barely sufficient for a child of two or three years old. This loss of nourishment is illustrated by figures showing the scarcities in the more popular foods : meal is much used in German cooking, and in normal times the average daily consumption *per caput populi* is 320 grammes : during the last six months of the blockade the average daily consumption of meal was 160 grammes. With regard to meat and fats the German experts have made the following calculations :—

TABLE LXXIII

The weekly consumption of meat per head of urban population in peace time was	1,050 gr.
The weekly consumption of meat per head of urban population in 1917-1918 was	135 gr.
Average daily consumption of fats per head of urban population in peace time . .	30 gr.
Average daily consumption of fats per head of urban population in 1917-1918 . .	7 gr.

This reduction, say the German scientists, was the more felt in that supplementary fats, fat meats, cheeses, milk and eggs, could hardly be obtained at all.

The German scientists have calculated the immediate effects of this, by tabulating the increase in the death rates of those persons, who, by their ages and occupations, were most exposed to the shortage. The figures they have produced are rather

like what the figures of wastage would be in an individual, who was subjected to prolonged hunger, but not to starvation; for, in these cases, the first downward movement of the curve that represents the individual's state of health is slow, and it is not until under-nourishment has forced him to make a heavy call upon his reserves of fats and natural heats, that the movement becomes sharp. The actual figures run thus :—

TABLE LXXIV

Year.	Number of deaths attributable to the blockade.	Percentage increase over 1913 rate.
1915	88,235	9·5
1916	121,114	14·3
1917	259,627	32·2
1918	293,760	37·0

Figures as to the incidence of the scourge are interesting as showing that it fell with most force upon the young and the middle aged, and that the old suffered less.

TABLE LXXV

Age.	Number of deaths in 1917.	Percentage increase over 1913 rate.
0-1	3,506	2·4
1-5	30,591	49·3
5-15	19,920	55·0
15-48	12,856	42·2
48-60	19,720	29·2
60-70	22,890	35·2

The German scientists and statisticians have also estimated by how much the prolonged shortages stimulated tuberculosis, or assisted to make it fatal; the figures as to this roughly correspond with the others, and show that the national resistance to this disease was roughly maintained until 1916, and that, thereafter, it fell heavily.

TABLE LXXVI

Deaths from tuberculosis in 1914	were 41,730	: i.e. an increase above normal of 1,356.
" " "	1915 " 44,805	: " " " " 4,431.
" " "	1916 " 48,779	: " " " " 8,405.
" " "	1917 " 67,860	: " " " " 27,486.
" " "	1918 (half year) were 41,847.	

Tuberculosis is, of course, particularly aggravated by a food shortage, because it is of the very essence of the treatment that those who suffer from it should receive more milks, fats and oils; other diseases of the lungs are, however, combatted, though possibly in a less degree, by giving sufferers a richer diet, and with regard to these other lung complaints the figures are :—

TABLE LXXVII

1914	: increase in the number of deaths over the normal number	: 1,643.
1915	: " " " " " "	2,489.
1916	: " " " " " "	5,113.
1917	: " " " " " "	15,543.

The German scientists have attempted, but failed, to express some other forms of suffering in this statistical notation. They think it probable, for instance, that the economic campaign increased the number of persons who annually pass the border line between sanity and insanity; but cannot give precise figures. They think it probable, also, that the scarcity in soaps and fats promoted skin diseases among people of middling incomes, and typhus among the destitute persons of the slums; but, as they cannot give statistics, they do not assert it positively. They are,

however, quite satisfied, that a number of women miscarried in labour, or suffered from puerperal fever, who would not have done so, if there had been no economic campaign. They give the following figures :—

TABLE LXXVIII

1914 :	23·7	cases per 10,000 confinements :	percentage increase over 1913 :	1·8
1915 :	27·63	„ 10,000	„ „ „ „	5·73
1916 :	28·67	„ 10,000	„ „ „ „	6·77
1917 :	30·79	„ 10,000	„ „ „ „	8·89

They add, that, if statistics for the first six months of 1918 are used as a basis of calculation, then, the economic campaign would probably have caused a percentage increase of 14·8 if it had continued unabated throughout the year.

Having thus reviewed particular effects, the German scientists estimate the total economic damage done to the German nation. Their premises and method of calculation are these : German medical experts are satisfied, that a man will die outright, if he loses forty per cent. of those natural heats which are raised by the ordinary operations of the body ; but that he will continue to work, and earn his livelihood, until thirty per cent. of these natural heats are lost, after which he will become an invalid. After considering the figures of work done by those parts of the nation that were not at the front, and making all the allowances necessary for female labour, work done by adolescents in schools, and so on, the German scientists conclude, that the work done by the average man was the work done by a person, who had lost only twenty per cent. of his natural heats, this is, by a person ten per cent. removed from the invalid condition. Applying this reasoned hypothesis to the returns of national productivity : taxes paid, national revenues, and the rest, the German scientists report :

The political-economy-loss, occasioned by the decrease in the work-yield of each physically independent person must be reckoned as forty per cent. of the total national work-yield.

If this is applied to other statistics (with a deduction of one-sixth for *rentiers* wholly and partially living upon their private means) the final result of the calculation is, that the economic campaign did a total damage of 8,092 milliards of marks to the productive forces of the German empire. It must certainly be reckoned a great achievement that these losses were inflicted upon so stalwart an opponent as the German citizen, converted into the perfect *homo economicus* by war legislation and patriotic endeavour.

II.—That the national resistance was reduced by the economic campaign

Nevertheless, it is strange, that these statistics and reasonings should have been circulated over the world as evidence, not of the failure, but of the efficacy of the campaign ; for, if the consequences of the economic campaign were recorded only in these figures, then, any person with a knowledge of military history would at once pronounce the whole business a contemptible failure. What, indeed, could be more frivolous, than that the British and French fleets ; the whole diplomatic service of the allies ; the bureaucracy of Whitehall ; and the most talented men that could be recruited from our universities, law schools and business houses, should combine, for four whole years, to execute an operation of war against hospital patients ; to increase the sufferings of phthistic, asthmatical and bronchitic persons ; and to raise the number of women who miscarry in childbed ? As for the political economy loss, the figure is impressive by its greatness, and by the difficulty of the calculation that establishes it ; but it gives little or no guidance on the only matter that can interest a historian of the campaign. What damage was done to the national resistance of Germany ?

This, however, is a matter upon which the German government have made enquiries that are as careful and reliable, though not so precise, as those of the German scientists; and their generals, civilian ministers, parliamentary commissioners and the rest, are unanimous on two points. The first of these is, that the fighting efficiency of the German army was never reduced :

Lack of munitions and war material (say the parliamentary commissioners) did not decide the course of the offensive in 1918. Although somewhat lowered by lack of supplies, the physical fitness of the troops was up to all expectations. The offensive was admittedly influenced, in isolated cases, by troops being insufficiently supplied with food and spirits but the operation as a whole was not impeded on that account.

This is decisive, that the military resistance of Germany was not affected by the economic campaign; but German authorities qualify this by a second, and far more important, proposition: that the economic campaign continued its ravages after its purely economic consequences had been checked, and that this sapped the national resistance.

Many things combined to bring down the German people, writes General von Kuhl, but I consider the blockade the most important of them. It disheartened the nation.

Similar statements could be multiplied; Kuhl's has been selected because he was, perhaps, the most reliable and dispassionate observer of the German surrender.¹ The last point established by the German authorities is, therefore, that the secondary consequences of the economic campaign were decisive. As to what these secondary consequences were, German testimony is also unanimous. Chancellors, generals, ministers of state, *Reichstag* deputies, and witnesses of a much humbler station maintain that certain morbid symptoms began to manifest themselves in the German body politic in the early part of 1917; that they proved symptoms of a disease that spread its infection over the whole people; and that the source of this infection was the economic campaign. A review of the consequences of the economic warfare is, therefore, by no means completed, when the wants and shortages of the German nation are reduced to the scientific notation of calories consumed *per caput populi*, birth rates, death rates, infant mortality, harvest statistics and the rest. These calculations are ingenious, and doubtless accurate, but they leave unexplained by what successive steps the German people became infected with a blind and contagious anger against authority, wherever situated; and it was the infusing of this anger into one of the bravest, and most obedient, people in Europe, which was the great consequence of the campaign, and the great achievement of those who waged it.

III.—The first symptoms of failure

In the opening months of the year 1917, the imperial chancellor decided that it would be necessary to alter the electoral laws of Prussia; and persuaded the emperor to give what was called an Easter message to the people, in which they were promised a more equitable system of electing deputies for the Prussian *Landtag*. The chancellor was conscious, therefore, that some kind of discontent was even then beginning to manifest itself. He has never described the indications that most impressed him, and has said, merely, that the fermentations of the Russian revolution were then felt. He was persuaded, however, that the symptoms were serious; for he spoke strongly in the Prussian house, saying that the national unity would be imperilled if this, and several other, reforms were not granted. This history is not concerned with the subsequent fortunes of the bills introduced, and attempted to be introduced, for securing these improvements. It is, however, relevant to show, that, far from promoting the national unity, the measures contemplated provoked heats and

¹ He was Prince Rupprecht of Bavaria's chief staff officer. His *Gutachten* in Volumes IV and V of the *Ursachen des Zusammenbruchs* are admirable pieces of work, upon which any historian can safely rely.

discords, which the chancellor, and every other competent observer, admitted to be signs that the evil they wished to remedy was more deep-seated than they had imagined. In brief, what happened was that the reform of the Prussian electoral system was so much an imperial concern that the *Reichstag* took note of it, and appointed a committee of constitutional reform. This committee drafted plans, and passed resolutions, which were an open challenge to the existing system, in that the principal recommendation was that the *Reichstag* be consulted in the appointments of ministers of state. This was not, in itself, disruptive, for parliamentary committees are, by nature, greedy to enlarge the privileges of their order; but everybody concerned was satisfied that the constitutional reform was examined with unusual violence.

Soon after, writes the chancellor, I was obliged to make a dilatory declaration in the *Reichstag*. . . . The debates ended with the appointment of a constitutional committee, to whom everything relating to inner reform and revolution was referred. This ended the domestic truce. The words constitutional reform opened a prospect of conflicts between parliament and the crown, upon their respective rights. . . . Deep-seated, and incisive effects became manifest, when the committee set to work in May.

These effects can only be competently examined by a German historian, but their bare nature is manifest: discussions in the *Reichstag* and in the provincial assemblies took an ugly complexion, and revolution was then first mentioned *eo nomine*; for the word was used sometimes recklessly, sometimes threateningly, in the *Reichstag* and in the Saxon diet. Hereafter, says Helfferich, revolution was painted on the wall by anybody who wished to be impressive or troublesome. Though unexpected, these symptoms of political unrest were not, however, particularly serious; for the most provocative speakers left the monarchy alone, indeed, one of them was careful to state that a revolution would not touch the monarchic system. Nevertheless, such unnecessary heat and bitterness was a bad sign. Germany was not the only country in which electoral reform was being agitated: in England, the speaker's committee had for long been considering the same question, and a great alteration in our electoral laws was decided at about the same time; but the preparing and drafting of the new law never provoked the least excitement in the country. Parliamentary business that was identical in its nature was thus differently despatched in a well and an ill-fed country.

These parliamentary outbursts occurred at a bad season. The annual variations in economic duress had, by then, become regular, and the months preceding the gathering of the fruit and wheat harvests were the worst in the year; for bread and meat rations were always at their lowest during April, May and June. Strikes protesting against the new rations had therefore been fairly frequent during these months, and the German authorities do not seem to have bothered about them greatly. They knew that the workmen could not remain on strike for long, owing to the high prices prevailing; and they knew, also, that the workmen's protests, though generally silly and unreasonable, did, nevertheless, make all local authorities careful to make as good a distribution of food as was possible.

The strikes during the first months of the year 1917 were, however, noticeably different from those of the previous year, in that they were inflamed by politics. On or about 16th April, the metal workers in Berlin, Leipzig, Magdeburg, and a number of other industrial towns, went on strike to protest against the new rations. Dr. Michaelis, who was then Prussian food controller, met the workmen's leaders, and promised alleviations that satisfied them. The men, however, refused for several days to return to work, and at their meetings passed resolutions of a purely political kind: that electoral reform and universal suffrage should be pressed on with; that an auxiliary service bill then before parliament laid fetters upon the working classes; and also, which was even more unusual, that the government should declare openly they were ready to make peace, and that they did not intend to annex any enemy

territory. This did not differ very greatly from what occurred in England soon after ; for many circumstances and influences were then combining to animate the common people of all countries with a brutal truculence. The munition workers at Woolwich sang the red flag in General Robertson's presence, and obliged him to leave a meeting that he had been invited to attend ; bluejackets in London declined to salute their officers any longer ; and there were long strikes in the munition works in the midlands. There was, however, this difference between the English and the German disorders, that, whereas those in England were never anything worse than outbreaks of sottish insolence, something sinister seems always to have emanated from those in Germany. From the beginning, the German authorities were much disturbed. Marshal von Hindenburg, the imperial chancellor, and the great headquarters staff, each, in turn, sent their own special warning, or exhortation, to the workmen and their leaders. The disorders evidently continued for longer than was admitted ; for early in May General Gröner, the director of railways, was complaining in circulars that were composed of threats, admonitions, and cajolery, that political resolutions were then being introduced into strikers' manifestoes. These official interventions were only partly successful. Towards the end of June there were angry strikes at Dusseldorf, Hamburg, Magdeburg and Rostock ; these also, were influenced by politics, and, from this time onwards, news about strikes became difficult to obtain, which shows that the censors were given orders on the subject, and that resolutions passed at the strikers' meeting were not thought to constitute news that could safely be circulated. Also several German papers wrote, at this date, about the revolution which is now brazenly threatened.

IV.—The growing demoralisation in the Reichstag

The workshops and the factories of Germany were still rumbling, when the *Reichstag* assembled for a session, which Germans of every condition believe to be of decisive importance in the history of their country. The business immediately before the house was to approve the finance minister's estimates, and to vote him the credits ; and, even before the house assembled, the leaders of the government were impressed by the depression of the deputies. The vote for credits provoked a succession of gloomy harangues ; according to Helfferich, the leader of the socialist party painted the position in every shade of black and grey ; and it was from this time onwards that the socialists manœuvred to break their alliance with the government. The position, as they appreciated it, was, therefore, that the fermentation in the towns was spreading, and that they would risk their positions as popular managers, unless they made their conduct and utterances more conformable to that of the workmen's leaders : supporting the authorities was no longer likely to be applauded by the common people, whose suffrages had raised them to influential positions. It was to a chamber that was thus showing neurotic symptoms, that a centre deputy called Erzberger made a succession of utterances upon submarine warfare.

Erzberger was one of those very rich catholic laymen, whom the catholic hierarchy occasionally take into their confidence ; and, for this reason, he was for ever moving from capital to capital, discussing catholic policy with cardinals, bishops and archbishops, and with all those political managers, who promote the catholic interest in their countries. In appearance, Erzberger was beyond all measure gross and brutish, and this very well disguised his character ; for he was restless, emotional, and unsteady, but very intelligent, and never short of a quick answer, or of a sharp, cutting phrase. The aptitudes that he had acquired as a papal diplomat, and as a bustling, inquisitive man made Erzberger a singularly competent critic of war and policy. He had for long been painfully impressed by the reputation for clumsy dealing that German diplomats were acquiring all over Europe, and it seemed to him to confirm the severest judgements, that submarine warfare should have been declared, while the American government were preparing to mediate, and declared

so harshly and abruptly, that the greatest neutral power in the world was turned, almost in a night, from a friendly mediator into an active enemy. As for submarine war itself, Erzberger was well qualified to criticize it. He was the head of a great iron works, and, for many years, he had taken an active part in the management : this had put him into frequent correspondence with those experts, whom industrial firms employ : metallurgists, chemists, engineers, and so on. By his training, therefore, he was accustomed to order, and to follow, expert investigation upon matters beyond his competence. Finally, he had not piled up so large a fortune without being very familiar with the shifts of commerce. It so happened, moreover, that for months past Erzberger had been enquiring into the subject matter of submarine warfare, and that his enquiries had made him very uneasy. He had assumed that the naval staff's predictions of a certain success were conclusions that were drawn from scientific calculations, which could not be disputed. A few conversations with officers on the naval staff disabused him ; for he saw, at once, that the staff, who had issued these forecasts with such outward assurance, had never made any calculation that was beyond dispute. It was a shock to him to realise, that the very officers who had prepared statistics and figures, which the whole German nation had regarded as geometric proof were using such expressions as : We hope for the best, or : Can you suggest any other way of bringing England down, when they were cross questioned in private. Erzberger was soon persuaded, therefore, that, even if submarine warfare were justifiable, its probable consequences had been much exaggerated. The naval staff now made the mistake (very common among men of that kidney) of treating Erzberger rudely and abruptly. They could not forbid him to enter the Admiralty ; but, when he did, they told him, that, as he was not an expert, they could not give him explanations that he would understand. An answer to Erzberger's last enquiry about certain import statistics was long overdue, when the *Reichstag* assembled for its autumn session. Erzberger was now assured, that, if he subjected the official forecasts about submarine warfare to a searching examination, the authorities entrusted with the reply would make an ill figure, as he was satisfied they had no reserves of argument or statistical material to produce in refutation. His plan for discrediting the government was, moreover, much favoured by time and circumstances : it was in harmony with the agitation for constitutional reform, which was, after all, only an agitation to prove that deputies selected by the *Reichstag* would be more competent governors of Germany than nominated ministers ; and it was to be executed in an assembly that was nervous, restless, and sensitive to incitement.

It cannot, however, be too much emphasised, that, when Erzberger made such a tremendous impression upon the *Reichstag*, he was not attempting to expose a scandal, or to make a striking discovery ; for he revealed no confidential papers, nor did he attempt to excite his audience, by suddenly and dramatically exposing an unsuspected secret of government. He merely asked the *Reichstag* to consider, whether the submarine campaign would so exhaust Great Britain, that the British government would be obliged to sue for peace. He then reviewed the figures, and showed, that, if tonnage continued to be sunk at the rate at which it was then being destroyed, nothing certain could be inferred from that. The tonnage that remained could be more economically used, not only by countries at war, but by maritime neutrals : these economies, practised all over the world by all maritime states, would form a general pool from which the powers at war could draw ; and, until this pool were utterly destroyed, submarine warfare could not possibly be decisive. Erzberger then marshalled figures that showed, that this reserve of world shipping, which would be available to any nation that had the money to hire it, would be exhausted very slowly, and that the war would continue for many years, if this were its only termination. The official forecast that Great Britain would be reduced in six months was, therefore, shattered by the most ordinary investigation.

Every individual deputy, and every group of deputies, who were seeking an excuse to abandon the government, now rallied to Erzberger, and, on the evening after his first harangue was delivered, there were excited meetings between the managers of the principal parties. When the main committee reassembled, the government's majority in the chamber was doubtful. Erzberger now delivered a second speech, more embracing than the first, in which all the rumbles of the popular parties were gathered together, and put into a sort of logical order. First, Erzberger broke what little credit remained to the government's war plan: the submarine campaign had been represented to the German people as a measure of war, which would inevitably and infallibly exhaust the enemy in six months. Five of these six months had gone by, and the British government had not even put the people on rations. The campaign was not therefore advancing the date on which peace negotiations could be begun, nor did the government's second or reserve plan, *Durchhalten* (hold on), seem more promising; for, if a successful war plan could be constructed out of mere endurance, the war would have been over long before. The government were therefore inviting the chamber to vote the enormous credits necessary for prosecuting the war, without giving the least assurance that they had any plan of war, or of policy, which was calculated to end the conflict. A general revision of all that was being striven for was thus necessary; and, if the government publicly proclaimed, that they did not intend to annex any territory belonging to their enemies, or to impose any punitive indemnities upon them, then, the date on which the first peace conference could be convened would be brought nearer, as the ends pursued by the German government would be shown, to the whole world, to be no obstacle to a general peace. A resolution embodying these principles was passed, by a large majority, on 17th July.

From this it is clear, that Erzberger's utterances upon submarine war contained nothing that might not have been said by any shipowner who had turned politician, or by a shipping correspondent to a newspaper of good standing. Indeed, for weeks past, Captain Persius had been warning all readers of a great daily paper that no sudden, striking success was to be expected. Even if Erzberger's review of shipping statistics was accepted as accurate, it was a thousand times less sensational than revelations that had never stirred the British nation, the ill conduct of the Dardanelles campaign, and the shameful mismanagement of the Mesopotamian expedition. It is, therefore, surprising, that Germans of every condition consider that these speeches, and the resolution passed when the impression made by them was still fresh, were of decisive importance in the history of Germany. They say that these discoveries sowed the seeds of a discouragement, which grew to a mighty harvest of despair, and that, by making them, Erzberger gave a fatal stimulus to the gathering forces of disruption. It was, indeed, because Erzberger's conduct was thus represented, that he was afterwards struck down by the dastardly hand of an assassin. There were, however, some reasons why the *Reichstag* was impressed. Admiral von Capelle, on whom fell the duty of making a first reply, cut an ill figure; and it is always more or less alarming, when a minister who is responsible for the conduct of war is publicly exposed as a stupid, ignorant man. Helfferich, who followed, was not well qualified to raise the government's credit; for he had criticized the naval staff, in the council chamber, by reasoning very similar to Erzberger's. Being thus suddenly called upon to improvise arguments against his own innermost convictions, Helfferich's utterance was hesitating and unconvincing.

This explains why the *Reichstag* was so disturbed, but why should three critical speeches from a centre deputy have shaken an entire nation? The proper explanation is, presumably, that Erzberger weakened an ancient German loyalty: confidence in the expert, faith in the *Fachmann*. Conceiving of themselves as a nation of chemists, engineers and philologists, the Germans have always been highly respectful to all who have risen to eminence as teachers or inventors, and the great respect

that they voluntarily gave to their military leaders was given, because they conceived of them as professors in a special science, eminent in it, because their training and education had been German. It was a corollary to his blind confidence in the specialist to assume, that German war plans, manœuvres, and strategy had some of that scientific exactness that had made all German works of learning so justly famous. Submarine warfare had thus been accepted by the German people as a measure vouched for by their national specialists in war. To show, as Erzberger did undoubtedly show, that, what the Germans had believed to be a scientific calculation was no more than a piece of rough guess-work, was to transport every thinking German, almost in an instant of time, from an ordered and familiar landscape into a foggy and uncharted wilderness. And it must be remembered, that Erzberger not only weakened a national faith, he also weakened belief in an early deliverance from an unhappy condition. To educated Germans, the weekly bulletins upon submarine warfare, the lists of ships sunk, and the estimates of what tonnage remained, were as the burning flame and the pillar of cloud, which had once guided another nation from affliction to happiness.

V.—*New symptoms of decline*

It is therefore natural that Germans, who know that the national resistance was maintained until the summer of 1917, and that it declined thereafter, should credit Erzberger's speeches and revelations with a great power of disruption. But, as circumstances alone can make a revolution or a popular movement, Erzberger can be given no more credit than is due to a man, who understands what kind of political manœuvres will be favoured by circumstances, and who lays his plans with great skill and foresight. It may be true, that the German people showed symptoms of malignant disease as soon as Erzberger's utterances were by them digested; it was not, however, his words, but the body of the German nation, which carried the poison. The fever in the *Reichstag* was, in fact, the symptom of a national, and not merely of a parliamentary, illness, for, even while Erzberger was delivering his speeches, and while the government were bargaining with the party managers to discover how their support could be recovered, grave disturbances were shaking the discipline of the fleet. For years after the war, Germans were divided by a controversy so fierce that the participants in it more than once used murder as an auxiliary to argument; and the central point of this controversy was, whether the German seamen revolted spontaneously, because they were discontented and truculent, or whether they were incited to mutiny by a group of political managers. As a conscientious committee of conscientious Germans have been unable to decide which of the two parties was in the right, no foreigner could possibly pass judgement on so fine a question. Fortunately, it is not necessary even to attempt it; for it is here relevant only to set out such facts as will show, that, no matter which of the two assumptions is made, the revolt of the German seamen, and its incalculable consequences, must certainly be counted among the secondary effects of economic warfare.

In Wilhelmshaven, Kiel and Hamburg, as in all other seaports in the world, there is a ferocious population of thieves and vagabonds; but it does not appear, that the German bluejackets were ever much influenced by this quayside vermin. Above the quayside population, however, there is a better society of artisans, who are employed in the shipyards, and these people and the bluejackets mingle closely. It is common in Portsmouth for a dockyard matey, as he is called, to have a son in the navy, another son or nephew in the sheds, and a daughter or a niece, who is married to a bluejacket. Doubtless the connection is equally close at the German naval bases; and it was from these artisans that the German bluejackets learned their first lessons in politics. Nor can there be much doubt as to the kind of politics that were taught. The artisans of Kiel and Hamburg were frequently on strike, and these towns were particularly afflicted; for the food shortages were acute in both

places, and the population that was thrown out of work, when the German merchant service was driven from the seas, had by no means been absorbed into the imperial dockyards. It does not appear, however, that the German bluejackets were much interested in the workshop chatter of their artisan friends for the first year of the war : thereafter they seem to have listened to it, and, at the end of 1915, the habit of talking politics was well established ; for a German petty officer then entered in his diary : It is really astounding to see how every man's head is filled with politics. These politics were, moreover, just that collection of catchwords, which is put together in a modern workshop : that the officer caste would have to disappear after the war ; that Liebknecht should be made war minister, and so on. All this was a new state of affairs ; for every German naval officer, who has testified to the matter, is quite certain, that the German bluejackets took no interest in politics, until they began to be discontented at their monotonous, dreary, and unappetising rations. Long before the German bluejackets ever thought of revolting, therefore, the fleet was showing the symptoms that were beginning to show themselves like blotches in the body politic of Germany : the strange but universal connection between violent, subversive opinions, and food shortages was as evident in the German fleet as it was elsewhere, so that, in tracing what followed, I am, in fact, only reviewing phenomena that were similar in kind and substance to the political disturbances in the *Reichstag*.

Owing to the peculiar circumstances of the times, the German bluejackets were thus persuaded by their artisan friends ashore, that they must look to the political managers in the *Reichstag*, rather than to their officers, for a redress of grievances ; and, when on leave, one or two discontented bluejackets called at the *Reichstag*, on just such a man as artisans would choose ; for deputy Dittmann, who was selected, was a man animated by a fierce hatred of anybody who was richer, or more influential, or better educated, than himself.¹ The secondary confidant, Frau Zietz, was a woman who had much influence over the half-destitute rabble in the slums of Berlin. These persons at once grasped, that they could much increase the voting strength of their party by using the opportunity thus offered. They therefore caressed and flattered the bluejackets who called upon them, gave them bundles of pamphlets, and made them agents for the high seas fleet section of the independent socialist democratic party. Deputy Dittmann was, of course, far too prudent to distribute reasonable literature to the bluejackets ; but it can easily be imagined by how much the vanity and self importance of these poor, silly fellows must have been stimulated, when they strutted about the lower decks of their ships, proclaiming themselves the trusted friends of Herr Dittmann and his associates. The pamphlets that were thenceforward circulating from hand to hand, were, moreover, nicely calculated to blow all the smoulder into a blaze : every strike was elaborately described as a heroic onslaught against the strong posts of injustice ; all the gossip of the workshops, the daily grumbling of the common people were transmuted into verses of that litany of hatred, which is chanted daily in the poor quarters of a great city. Deputy Dittmann and his friends were, presumably, quite innocent of any charge of inciting the bluejackets to mutiny ; they must have known, however, that, if these inflammatory pamphlets became popular on the lower deck, the discipline of the fleet would certainly be damaged.

This literature, which had been available to bluejackets for many years (political agitation was no new thing in Germany) but had never before been popular, exerted an influence that steadily increased. Deputy Dittmann and Frau Zietz first established contact with the bluejackets in 1915 ; and there is no reason to suppose that the men who fought with such spirit at Jutland were much affected. By 1917, however, the bluejackets of the Heligoland were repeating all the catchwords of the industrial workshops : *Wir kämpfen für die Geldsacke*, and so on ; it must be

¹ Read his envenomed harangues to the Committee of Enquiry, *Ursachen des Zusammenbruchs*, Vol. IX.

remembered, moreover, that the pitiable ditty, which, afterwards, became a sort of marching song for any troops that had revolted, was composed, at about this time, on the lower deck of a German battleship, by a stoker called Werner. It ran thus :

*Wir kämpfen nicht für Vaterland,
Auch nicht für unsere Ehre
Wir kämpfen nur aus Unverstand
Für die grossen Millionäre.*

*Wir kämpfen nicht für Vaterland
Wir kämpfen nicht für Gott
Wir kämpfen für das reiche Pack
Wir Armen gehen Kapott.*

This trash is significant for a peculiar reason. No bluejacket has ever written anything that could be called either literature or poetry ; but bluejackets have a folk literature of their own, with strong distinguishing characteristics : it consists of rhymed ditties, which are always about women, and which, practically without exception, are indecent or maudlin. This song bears no affinity to a genuine lower deck chanty ; it is the song of a shop steward, or of a local trades union secretary : that it was composed on the lower deck of a German battleship shows that the virus was spreading steadily.

Discontent on the lower decks gathered strength under these various stimulants, and the naval authorities were evidently aware that something was wrong ; for in April, 1917, Admiral Von Capelle admitted, in the *Reichstag*, that there was friction between officers and men ; he attributed it to what he called war time neurasthenia. The naval secretary was, however, ignorant of the storm that was gathering, for nothing was done in the high seas fleet beyond punishing all disobedient or refractory seamen with great regularity. By midsummer, 1917, 360 years of imprisonment and confinement in cells had been ordered in the high seas fleet alone. The seamen were, by then, making ready to act collectively, and on 6th June, a whole watch in the *Prinz Regent Luitpold* broke discipline, and refused to receive their rations ; this refusal was not an orderly protest against bad food, for the officers noticed that the men were almost dangerous. The captain of the ship quelled the disturbance by serving out more flour, a remedy that could only occasionally be attempted ; and, for the next month, the fleet was quiet.

In the early morning of 5th July, however, the trouble started afresh ; this time it appeared in the fleet flagship, for the watch on deck made a united protest against the food served out to them after night firing. Thereafter, collective acts of indiscipline occurred at short intervals. On 15th July, there were disturbances in the *Posen* ; four days later, the crew of the *Prinz Regent Luitpold* remained in their messes and refused duty. They announced that they had gone on hunger strike. Captain Hornhardt settled the disturbance by an ancient method, *panem et circenses* ; more flour was served out, and extra leave was given, but, on the following day, over a hundred men walked ashore from the cruiser *Pillau* without leave. They returned to their ship, however, when the period of leave which they considered due to them had expired, and continued to do their duty.

A few days later a sinister rumour swept through the fleet from mess table to mess table : Captain Thorbecke of the *König Albert* was said to have been murdered by his men. In point of fact, Captain Thorbecke had accidentally fallen out of a pinnace when he was returning to his ship. The real truth about the accident was not, however, ascertained at once, and meanwhile, thousands of angry men were inflamed by this wild story of vengeance—just such a story, in fact, as would rouse a pack of ignorant fellows, who, for months past, had been studying Herr Dittmann's pamphlets about oppression. The discontent among the men again boiled over ; and, on

1st August, some fifty bluejackets left the *Prinz Regent Luitpold* without leave. Many of them were arrested and summarily punished on their return, as a consequence of which, the greater part of the crew walked over the side, on the following day, and held protest meetings at the ale houses along the quayside. It was at these meetings that the men first passed political resolutions: demands for a peace without annexations or indemnities were mixed up with protests against the arrest and punishment of their mates. The authorities were now thoroughly alarmed: the garrison was asked to round up the leave breakers, and the *Prinz Regent Luitpold* was taken out to Schillig roadstead and isolated from the rest of the fleet. This, however, by no means checked the spread of the contagion; for, after the *Prinz Regent Luitpold* had left, disturbances broke out in the *Kaiser*, the *Kaiserin*, the *Friedrich der Grosse*, the *Westfalen* and the *Rheinland*. It was not until the end of the month, that the high seas fleet had returned to its orderly habits.

VI.—*The German government reassert their authority and discipline
is restored in the fleet*

These ugly symptoms, which had displayed themselves almost simultaneously in the *Reichstag*, the fleet, and the industrial towns, were, however, symptoms of a disease that was still curable by ordinary treatment; for the German government, and the naval command now took vigorous measures for recovering the authority that seemed to be slipping from them, and they were successful for the time being. The old chancellor, Bethmann-Hollweg, was replaced by Dr. Michaelis, and he, having been found unsuitable for the office, was soon replaced by Count von Hertling. The chancellor finally selected did certainly rally the *Reichstag* to him; for it was not until the very end of his office, that the deputies again became restless. Hertling was a calm, wise man, with great influence over those catholic deputies who had been so swayed by Erzberger's incitements. Having spent the most of his life studying the intricacies of mediæval theology, and having written a book of the most profound learning upon Aristotle's doctrine of the soul, it was mere child's play to him to make a speech, or to draft a resolution, which persons of opposite opinions were ready to endorse.

The fleet was pacified by sterner methods. When the disorders subsided, leave was more freely given, better food was served out, and games were organised ashore. Having thus restored order by cajolery, the officers re-established their authority: a well selected party of officials from the department of justice descended upon the fleet; and they, having been well trained in the criminal courts, persuaded a number of bluejackets to inform against their mates, and extracted confession from others, without ever going beyond what the law allows by way of persuasion *per terrorem*. Evidence for as many convictions as the officers thought proper to inflict was soon collected, and the two men who had been most intimate with Herr Dittmann were shot. For many months the seamen were too cowed and disunited to move; but the fleet was never again entirely free of contagion. When raiding in the East Indies, Captain Nerger was repeatedly in trouble with his crew, which is proof that the discontent that had begun with the food shortage had, by then, become something more sinister; for, if any crew on the high seas feeds well, it is the crew of a successful raider. Late in the year, the crew of a surveying ship that was working in the Heligoland bight revolted; and General von der Goltz was painfully impressed by the brutal indiscipline of the crews employed in the Finnish expedition. The evil was deep-seated.

Although it would be highly uncritical not to accept the judgement universally passed by Germans, that these simultaneous disorders in the inner and outer organs of the German empire were symptoms of a disease that had been started by a shortage of food, it can, nevertheless, be said, that Germans may have thought that the disease was more virulent at this particular moment, than it actually was; for

it is certain, that the German government fully recovered their authority during the autumn of the year. The *Reichstag* was throughout calmer than it had been in July, there were fewer strikes, and the army was not infected by the fleet. There were reasons for this. The people and the *Reichstag* had been seriously disturbed at midsummer, because Erzberger's speeches upon the submarine campaign were almost proof that the war would not be brought to an end by it. The victory against Italy (October), and the final collapse of Russia, reconciled the people to Erzberger's disturbing forecast, because they considered it probable, that the disintegration of the allies would do what the submarine campaign had failed to do. All neutral observers reported to us, that these adventitious encouragements stopped the growing demoralisation for the time being.

VII.—*Antagonisms between rich and poor continue; the rising suspicions of the common people*

It is clear, however, that the recovery observable during the autumn was partial only, for there is no month in the year 1917, in which there are no indications at all of the strange disease that is consequent upon a prolonged shortage: hatreds, antagonisms, and a general inclination for subversive doctrines. The most persistent of these indications is the fury of the common people at the activities of the *Vaterlandspartei*. This party was formed to check the demoralisation evident at midsummer; and, as a great number of wealthy men, landowners, nobles, grand dukes, and the like enrolled themselves, the party never lacked funds. But though wealthy and energetic, the leaders of the party were dull, ignorant men, for all they could think of doing was to try to revive the enthusiasm that sweeps across a nation, when its armies are first called to the colours. Any sensible observer of human affairs knows, that, when this excitement has subsided, it is futile to try to revive it: all that can be hoped for is that it has been replaced by a general sense of duty. It was therefore the height of folly to imagine, that the German people would then be inflamed by patriotic catchwords which had roused them, when they first marched against the French, yet this folly was attempted at an enormous expense. Even the warlike Ludendorff thought the whole thing ridiculous.

It cannot, in itself, be called an unhealthy sign, that a party of nobles and landowners thus ventilated their prejudices throughout the land, and the rubbish talked at their meetings was probably not more sottish than the rubbish uttered at a British election, when the squire and his orators harangue the villagers. The fury provoked by the *Vaterlandspartei* is another matter; for, all over the country, the common people at once concerted to break up their assemblies. In the course of one month, an angry rabble at Frankfurt, Stuttgart and Leipzig banded together to disperse the *Vaterlanders*, and if necessary, to storm their platforms. It must be remembered, moreover, that High Admiral von Tirpitz was present, in uniform, at nearly every meeting, and that the platforms were generally loaded with titled grandees: the common people of Germany had never before threatened violence to people of this standing. It is even more significant, that persons of good position yielded to every intemperance whenever the *Vaterlandspartei* occupied their thoughts. In the *Reichstag*, deputies rose and said, that there would be strikes in munition factories for so long as the *Vaterlanders* were allowed to make utterances in public; another deputy said, that the law of public assembly was being operated to advance the interests of the fatherland party, and this was answered by rounds of applause. Deputy Dittmann, who was at last brought to trial, and sentenced, for breaching some emergency regulations about public speaking, said, at his trial, that he would repeat his offence as soon as he was able, and would willingly incur the same penalty of five years' imprisonment, provided he had the satisfaction of knowing, that he was obstructing the *Vaterlanders*. Moreover, the party was popularly believed to have established itself in the seat of government; for, in October, a

deputy rose and said, that the soldiers' rest billets behind the front were filled with clergymen and retired officers, who were apostles of the fatherland party, and whose lectures for the men were mere artifices for spreading the party's doctrines. These wild accusations made such an impression, that the war minister could hardly make himself heard amid the interjections and interruptions. Helfferich noted, that it was a new and very bad sign that an officer of such high character as General von Stein should be rudely treated :

I left the tribune much disgusted. The insults to the war minister, who had commanded an army at the Somme, who had held his men together in the most difficult circumstances, and who was so upright and honourable that he was entitled to courtesy from every opponent . . . ; the wild cries and bluster that interrupted my remarks, which were quite conciliatory ; the contemptible hypocrisy of Deputy Lämmacher, a left socialist whom we knew to be pressing an unscrupulous agitation in the army and the fleet, and who was now affecting indignation at pan-German propaganda, all filled me with anger and bitterness.

Circumstances, were, however, so combining, as to make it almost impossible for the government to clear itself of these suspicions. When the authorities first felt that the common people's faith in them was on the ebb, they conscientiously tried to take the people more into their confidence. Ludendorff has explained, with great particularity, how retired officers, school teachers, and other persons of good standing, volunteered for what was called welfare service on the home front ; and, by good fortune, materials have survived, which enable us to trace, step by step, how a political question, then being examined by the chancellor and his colleagues, was communicated to the common people, and how it was by them received.

In about mid-autumn of the year 1917, the German government received an intimation from Cardinal Pacelli, in which the apostolic nuncio urged them to declare, openly and freely, that they would restore Belgium. A crown council was therefore assembled on 11th September, and, at this council, the naval and military representatives all advised, that some guarantees for the future must at least be demanded, before Belgium was restored. Ludendorff and Hindenburg were convinced, that Great Britain and France would, at some future date, invade the Rhineland through Belgium, and they represented, that the great Westphalian industries could not be left thus exposed. Holtzendorff urged the same thing in a different way ; and maintained that the maritime triangle Zeebrugge-Bruges-Ostende must remain under German control, as the surrender of this strip of coastline to British influence would impede the peaceful development of the German empire. The admiral then continued, that British influence might be eliminated from the coast of Flanders, or northern France, without establishing military foothold in those parts ; but he was prepared to admit, that this vague safeguard against British influence might not be secured at the peace conference ; he was only emphatic on one point, which was that a negotiation for these safeguards ought not to be prejudiced by a premature undertaking that Belgium would be unconditionally restored. The advice thus given by the generals and admirals is certainly not the counsel of wise or of well-informed men, indeed, it almost passes comprehension, that an officer in Holtzendorff's position should have thought, that the British government would establish a sphere of influence in northern France and Flanders (as though they were Morocco or Egypt) ; and should have recommended that a number of elaborate precautions should be taken against this imaginary danger. Ludendorff's terrors seem as ill-grounded as the admiral's. On the other hand, it is obvious, that neither Ludendorff nor Holtzendorff were influenced by the *Vaterlandspartei*, who were then clamouring that the surrender of Belgium was unthinkable, indeed, the admiral disassociated himself from them in the first sentence of his letter. The state papers presented by Ludendorff and Holtzendorff were, in fact, two letters of conscientious advice, written by two conscientious men. The German government adopted the advice with some reservations ; for the crown council decided that Belgium might

have to be restored unconditionally; but that this ought not to be promised beforehand; and that safeguards against all these dangers were at least to be negotiated for.

Having by then established the *Nachrichtendienst*, which was to keep the people better informed upon the government's policy, the authorities naturally took steps to translate these reasons of state into language easily understood by the common people, and it so happened that the popular edition of these state papers was read, very attentively, by a Belgian of the highest attainments; for Monsieur Henri Pirenne, whose history of Belgium has been much admired, both in his own country and abroad, was then detained in the little town of Creuzburg on the Werra. He was at liberty to go where he wished, provided he reported himself once a day to the mayor, an excellent man, with whom he was on good terms. This is what he reports:

One morning the mayor was telling me, once again, that Hindenburg and Ludendorff were simply soldiers, with no authority on political matters. As he was speaking, a great bundle of papers was brought in to him, and he opened it before me. It was from the *Kommando* at Cassel, who sent him a collection of maps, crudely coloured, in which Belgium was represented as a road to Germany along which French and British armies were marching: the *Kommando* ordered him to paste up these maps. . . . He did so, but without enthusiasm, and in a couple of days, every one of them had been torn down.

The incident is fairly illustrative of the rising distrust among the common people: the maps were removed, because what they represented seemed, in the popular fancy, to be connected with the doctrines of the hated *Vaterlanders*. This excitement and anger, which was so disproportionate to the exciting causes, cannot have been provoked merely by the rubbish uttered by the fatherlanders: it was their wealth, and pride that provoked the fury; and it is certainly significant, that, whereas displays of wealth and power ordinarily make the common people envious and spiteful, they were now fomenting deep and lasting hatreds.

This popular belief, that all wealthy persons were exceptionally selfish and unscrupulous was, moreover, very much stimulated by the extraordinary circumstances of the times. As has been said, strikes had been fairly frequent at the beginning of the year, and the managers of a number of large factories, either because they sympathised with the workmen, or because they thought that bribery was the best policy in the circumstances, made large purchases of food in the open market, and resold it to their men, at a loss, inside the factories. The government did not dare to intervene, and one municipality, that of Neukolln, started a tremendous agitation by suddenly publishing their correspondence with the food controller's office. These disclosures were much distorted by the prevailing passions; for instead of representing the abuse as one which was virtually inevitable, the popular leaders, in town and country, denounced it as an organised conspiracy to divide the poor people against themselves, and to fill the factories with a population that had been corrupted to support the interests of wealthy persons by the most insidious form of bribery. The government's weakness (which was certainly very much disclosed in the correspondence published by the town councillors at Neukolln) was represented as proof, that the authorities had concerted with the capitalists to debauch the common people, for the most infamous ends.

VIII.—*The state of the German people during the winter of 1917*

These parliamentary excitements, these disturbances in the most disciplined fleet in the world, and these strikes with a political complexion certainly constitute proof that the German people were more disunited and troubled during the year 1917, than they had ever been before. On the other hand, it would be hasty to assume, that the better parts of the German nation were losing heart, when the winter of 1917 was approaching. Monsieur Henri Pirenne, whose testimony is of

such value, saw no signs of flinching among the middle class citizens of Jena ; he resided among them for many weeks, during the autumn of the year, and they were all steadfastly doing their duty, and loyally supporting the government.¹ It was in this condition, therefore, that the German people settled down to the fourth winter of the war ; and it is of some interest to discover what they suffered during the period.

All particulars of the American embargo, and of the negotiations consequent upon it, were kept strictly secret ; but it was widely known that the United States government had entered the economic campaign with their full strength, and were doing everything in their power to restrict German supplies. As the British people were then exasperated at three years of unsuccessful campaigning—for not even the patriot press could any longer disguise that our armies had failed to shake the enemy, and had often been badly defeated in the attempt to do it—so, the body of the nation was animated by a spirit half peevish and half craven, which satisfied its appetite by belittling whatever was done by Great Britain, France and Italy, and by speaking of American achievement in the language of unctuous flattery. For this reason, and also, because the catchword closing the blockade was much used in the newspapers, it was popularly believed, that, after the Americans went to war, the German people suffered far greater want than any previously experienced ; and the belief has been persistent enough to deceive a thoughtful and learned writer upon politics and strategy.²

But the German authorities, who are more reliable, are decisive that the German nation never again suffered what they had to endure during the winter of 1916–1917, and that, thereafter, their condition was slightly, but appreciably, improved. Dr. Philipp, reporting years later to a parliamentary commission, states that :

The food position in Germany was fearful, ever since 1916, but not so bad as to justify abandoning the war in the autumn of 1918. Nutrition, in 1918, was certainly insufficient, but it was appreciably better than it had been during the turnip winter of 1916. . . .

The German ministry of health have confirmed this with an abundance of illustrative statistics, which show that after March, 1917, the improvement was steady. Coal was more equitably distributed, which was a great alleviation, and slightly more food was always available. The alleviation, such as it was, was noticed by everybody ; neutral journalists reported that travelling was easier, and that country hotels were better able to accommodate visitors ; German prisoners in England received better parcels of food ; British prisoners in Germany were less pinched. In one respect only, matters deteriorated : good clothing became so rare that it was almost unobtainable, and textiles of all sorts were so scarce, that sheets were not provided even at the Adlon hotel. The restraints upon trade that the American government ordered to be imposed did not, therefore, set off the advantages that the Germans secured by conquering Rumania ; for, although much less was drawn from the country than had been hoped, what was extracted from it eased the scarcity in Germany, in so far as it was eased.

Statistics of harvests gathered, foods consumed, milks and fats distributed do not, however, give any measure of those secondary effects which we are now considering : the sufferings of ordinary, plain, people, and the depression, anger and excitement consequent upon the suffering. It is unfortunate that nobody but a German can now scientifically estimate what the German nation endured during the last winter of the war ; for a good estimate could only be made by an exhaustive study of the

¹ The Belgian raged at the patriotism of the Jena professors, and represented it as proof that they were mere agents of the state. These were natural prejudices ; but if a German of Monsieur Pirenne's standing had been transported to the senior common room of an Oxford or Cambridge college, he could easily have thought that the patriotic talk, and crude politics there circulating were evidence of a close connection between Whitehall and the universities.

² Admiral Castex. *Theories Strategiques*, Vol. 5.

baser, trashy, literature of Germany : those cheap books, bad plays, serial stories and the like, which are written for the common people. These records would certainly show what matters were then of most importance to ordinary people ; and only a German can examine them and say whether they contain a good and clear, or a poor and confused, record of suffering. I can here indicate what a proper examination might yield. *Die Töchter der Hekuba* has many faults, but it is neither sensational nor theatrical, and if anything can safely be assumed about the author, Klara Viebig, it is, that she was the intimate friend of many brave and uncomplaining women. Now the state of things to which Klara Viebig testifies is that a dreary, bleak, domestic life was imposed upon all classes of society. She speaks of households, in which there was enough coal to cook, and to keep a small fire in one room, while the rest of the house went cold ; of persons, who had enough soap to clean their hands and face once a day, perhaps, and who were at all other hours exposed to the depressing influence of soiled hands, and soiled linen ; of men and women, who had enough clothes to keep out the cold, but not enough to check the bad influence of a growing shabbiness ; of people who had enough food to stave off bare hunger (though not always), but who never enjoyed a meal that was appetising or cheering ; and the gloom of this cheerless life casts its shade upon all occasions when families gather, birth, marriage, homecomings, and death. To me, who am searching only for the military consequences of economic warfare, Klara Viebig's record is more impressive than the ministry of health's calculations about the nation-work-yield ; for it is as certain as anything can be, that a nation's total, and with it its military, efficiency would be very much reduced, if such a state of affairs were continued. It is, indeed, to the terrible prolongation of this state of affairs that Klara Viebig testifies : the hope that some relief would soon come dashed by the next day's news ; the bleak grey months before any new hope could be entertained ; the same disappointment, and the same stark prospect.

There is another indication from a similar source, not so trustworthy perhaps, but still worth recording : *All Quiet on the Western Front* is the work of an unmanly sniveller, but of a ready writer, who has watched the business of the book bazaar, and who well knows what stuff is there getting a quick sale, and whether business is brisk in the stinking corners of the market. It does, therefore, seem striking, that this author, after endeavouring (and I hope failing) to excite feelings of pity and horror by all the artifices of a cheapjack invention, did write a few pages which rose to the dignity of literature : those in which he describes a soldier's return, on leave, to a household that is practising every shift to stave off hunger.

The very slight alleviations during the winter of 1917, were thus insufficient to allay the growing demoralisation : indeed when the improvements are juxtaposed to whatever else was provoking anger, and even despair, it is at once seen that they must have been powerless to check it. The improvements were that the whole people received a few more ounces of bread a day, that vegetables were slightly easier to obtain, and that no house was entirely unwarmed and unlighted. The loss was the universal depression to which Klara Viebig testifies so eloquently : it was, after all, the fourth winter of the war ; the end was not then in sight ; and the most ignorant of the people now understood how slight were the alleviations consequent upon the greatest victories. Persons unable to find Rumania on a map were realising, that the conquest of the country had been of little profit ; and, as the winter was turning to spring, the German authorities were compelled to admit, that very little corn would be extracted from the Ukraine for months to come. The German armies had, indeed, entered a devastated country, where all the great houses, with their barns, granges and implements, had been burned ; where herds of cattle were roaming wild, and masterless in search of pasture ; and where the peasant, after stealing the few tools, and beasts that he coveted had withdrawn to his field of roots, his meadows, and his cabin. There was no prospect of any yield from such a country, until a proper government and a police were established, and, although the Germans were in good hopes

of effecting this, the operation was long and doubtful. This, alone, which was announced in the first months of the year, was a great set back; for it was not the hunger, but the despair of the German people that the German authorities were now combatting.

IX.—The condition of the common people at the beginning of 1918

It is, however, curious and illustrative of the difficulties of following the progress of a popular movement, step by step, that, although it must be assumed that the sickness of the German people advanced considerably during this winter, the indications of the advance are by no means so good and clear as they were during the previous summer. Outwardly, the authority which the government had asserted, when the disease was first manifest, was still being effectively exerted. There is, however, one exception to this. During January, 1918, all Germany and German Austria were shaken by a great strike, which the trades unions officials neither prepared, nor attempted to stop. The trouble started in Austria, on new year's day, when the people in Prague and Vienna rioted for more bread; there were conferences between the authorities and the riot managers, and the trouble subsided for the time being. On 13th January, however, the disturbances began again, and thenceforward politics, not food, was the driving force of the agitation. Five great meetings were held on that day, at which resolutions were passed for a peace without annexation or indemnities; on the following day, the workmen came out on strike in Vienna, Gratz, Styria and Prague. On 18th January, the ministry at Vienna had a meeting with the chief demonstrators, and affected to regard the matter as a bread riot. The delegates did certainly discuss a few minor matters with General Höfer, the food controller, but they warned the government, that the men were striking for peace. On the two following days, all work was stopped in Vienna, and Buda-Pesth, and in the munition factories at St. Polten, Lichtenworth and Roth; and it was not until the ministry consented to engage in a political discussion with the strikers' leaders, that the demonstrators would promise anything. On 20th January the Austrian premier and Count Czernin met a labour deputation, and gave formal undertakings about electoral reform, peace without annexations, and the releasing of industries from military control. Then, and not before, the workmen began to return to their factories.

A few days later, the German workmen continued the disturbance.

The masses felt (so ran the report of the German bureau of social policy) that the successful strike in Austria-Hungary was a direct appeal to their honour; to extract from the imperial government the clear promises which they considered to be contained in Count Czernin's words about peace. Thus it came about that the movement borrowed some expressions from Austria and Russia; it was, nevertheless, a native product.

The censorship was so strictly exercised that it is, even now, difficult to ascertain much about this great German strike. On 26th and 27th January, nearly a quarter of a million men were on strike in greater Berlin; and a vast number of men had ceased to work in Bavaria and Saxony. The resolutions passed by the men, and the petitions presented by their leaders were, for the most part, suppressed by the government. Their contents are not, however, doubtful; for the trades unions officials announced, on the first day, that they could not intervene, as the strike was political. The authorities in each state now attempted pacification by different methods. In Bavaria and Saxony, the ministers turned to the socialist deputies of the *Landtag*, and begged their assistance. The men were driven back to work by hunger, but the authorities affected to attribute all to the socialist managers, whom they loaded with flattery; congratulatory speeches were addressed to them in the chambers of both countries. The Prussian ministers at least acted like men vested with authority. Being warned by the officials of the bureau of social policy, that the workmen's parliamentary leaders and their trades unions officials were powerless, Herr Walraf, the minister for the interior, said, proudly, that he would not parley with leaders of a riotous assembly; a newspaper called the *Vorwärts* was at once suppressed;

Deputy Dittmann and Frau Zeitz were arrested, and brought to trial, for inciting to disorder ; and several hundred of the riot managers were enrolled and sent to the front. Thereafter the government waited ; and, during the first week in February, the strikers returned to work.

It would be imagined that this great strike, which followed so naturally upon the ferments of the previous year, would itself have been followed by stronger and stronger indications of unrest ; but this is not the case. Outwardly, Germany was calm for several months ; and neither the German newspapers, nor the German state papers, nor the records of the German commissions of enquiry contain anything, which enables a historian to judge how the popular movement gained strength, during the months that intervened between the great strike and the final overthrow of all constituted authority. Even the officials of the bureau of social policy were deceived by this long calm ; for they reported that the final outburst surprised everybody. Some persons must, however, have possessed information of which all record has since been lost, for the strike ended to a grumbling accompaniment of threatening utterances and gloomy forebodings. In the lower Prussian house, Herr Hoffmann warned the government, that the end of the strike signified nothing, as a volcanic eruption was certainly impending. A neutral journalist, calling at the Foreign Office in mid-January, said he was quite certain that the microbe of internal discord was eating into Germany. A few months later, other neutral journalists repeated this in even stronger language. A Netherlander reported in May : Reaction has set in and may go far ; almost simultaneously, a Swiss journalist stated that revolution was brewing, but that the managers of it found difficulty in getting it started.

In addition to these isolated indications, there is another, from which too much cannot be inferred, but which is, nevertheless, good enough to deserve record. The German officials were satisfied, that the authority and influence of all the accredited workmen's leaders ended at the time of the great strike. To use an analogy from our own domestic history, the Scheidemann's, the Eberts, the Jooses, and the Davids were like the Redmond party after the easter rebellion : men watching and waiting for news, and manœuvring fitfully to recover some of their popularity. But, as the common people of Germany were at no time reduced to the political condition of a horde without leaders, and throughout obeyed orders from some source (or at least attempted to), it is clear, that the great mass of them transferred their obedience and loyalty to a new class of manager during the first months of the year 1918. Now it so happens that these new men have left some kind of a record behind them ; it is very unreliable, for such creatures as they, who are suddenly promoted to the command of men, from their previous condition of human vermin, grubbing in the refuse of the workshops, are as vain and self important as they are untruthful. On one point, however, their records seem fairly trustworthy ; it is, that none of the societies they controlled exerted much influence until the winter of 1917, when they received such accessions of strength, that they were able to extend their operations to the armies, by distributing their pamphlets among the troops stationed on the lines of communications ; and, by organising societies for assisting soldiers to desert the colours.¹

¹ See the testimony of Comrade Vater, quoted by General von Kuhl :—This revolution did not come to us as a surprise. We have prepared for the revolution systematically since 25th January of this year. The work was both difficult and dangerous ; we have paid for it with many years of hard labour and imprisonment. The party realised that the big strikes did not lead to revolution, and other means had therefore to be adopted. The work was successful. We caused our people who went to the front to desert the colours ; we organised the deserters and provided them with money and anonymous leaflets. We despatched these men in all directions, especially back to the front, so that they might work upon the men in the trenches and corrupt the front. They caused the soldiers to desert to the enemy. And thus the decay spread, gradually but surely.—*Ursachen des Zusammenbruchs VI*, p. 10.

Such an operation as this can only be attempted if a good deal of money is available for executing it ; and, in this particular case, it can safely be assumed, that large funds were forthcoming ; for the work was as carefully, and methodically, done, as though it had been government business on the Wilhelmstrasse. Deserters' bureaux were established at Berlin, Stuttgart, Cologne and Munich, and at these offices applicants were cross-examined on their political opinions. Every effort was made to pass them across the Netherlands frontier, if they were thought to be good men, with enough capacity to carry the revolutionary infection into countries bordering on Germany. Less promising applicants were entrusted to an advanced base at Ghent, which contrived to shelter deserters, and, what is more, contrived it so successfully, that hundreds of thousands of men were often wandering about Belgium, at the railway termini, and in the larger towns. Boastful as these new leaders were, they never pretended that such operations as these could have been attempted earlier ; it seems safe to assume, therefore, that recruits began to pour into their societies during the winter of 1917, and that the great accession of strength which enabled them to start operations for corrupting the soldiers, enabled them, at the same time, to entice the workmen from their ordinary leaders. It is a pity that no historical narrative can be compiled from the writings which the new men have left behind ; for it would be beyond all measure interesting to know how they fermented unrest among the hungry workmen of Germany. The only point which seems well established is, that, after the great strike was over, the new leaders decided to abandon that method, and determined to incline the workmen to violent courses, by sending agents into any factory where they could radiate an influence.¹

X.—*The revolutionary outbreak : its suddenness and strength*

For several months, therefore, the German government exercised the authority that they had so manfully asserted in the moment of danger. The months of April, May and June, the worst and hardest of the year, were traversed without strikes or political disturbances, and in June, the government were still so firmly established, that they expelled Herr Kuhlmann from his post of foreign secretary for making a gloomy speech in the *Reichstag*. On 18th July, however, the German onslaughts on the western front were ended for ever ; and the first of the French counter-attacks was launched from the forest of Retz near Villers Cottérêts. On 8th August, the British armies attacked the German lines to the south of Albert. Five days later, the German generals informed a crown council which was assembled at Spa, under the presidency of the emperor, that the war could not be brought to a successful end by the armies. After this admission had been made, the petition for an armistice, and the accepting of the conditions imposed, were inevitable. Nevertheless, the end might have been much postponed ; for during August, September, and October, the generals repeated, at the successive crown councils to which they were summoned, that the German armies could still put up so good a resistance, that the entente powers might become weary of the struggle, and abate their terms. This advice was given in writing by a group of army commanders, after the Austrian armies had been defeated at Vittorio Veneto, and after the surrender of Bulgaria and Turkey were virtually certain. During these months, moreover, the German government's authority still seemed undisputed : the old imperial cabinet was not replaced by Prince Max of Baden's parliamentary government to appease the *Reichstag* ; but only because it seemed that a government so constituted would be likely to placate President Wilson, and would secure better armistice conditions. There was only one warning puff from the approaching cyclone during these critical weeks : on 13th September, the emperor addressed Krupp's workmen at Essen, and was by

¹ See Barth : *Aus der Werkstatt der deutschen Revolution*. Drahn und Leonhard : *Unterirdischer Literatur im revolutionären Deutschland*. Drahn und Friedegg : *Revolutions Almanach*. Ernst Lorenz : *Fünf Jahre Dresdner USP*.

them hissed and shouted down. The German government were, in fact, still considering whether it would be better to go on fighting or to accept terms, which they then knew would be exceptionally severe, when their authority was suddenly wrested from them.

What occurred during the following week occurred so rapidly, that it is impossible to regard it as anything but an outbreak of frenzy which escapes analysis. At the time, some observers explained it by the military reverses suffered by the German armies ; others were convinced that the bad news about the harvest¹ was the decisive influence. It would indeed, be natural to suppose that the common people of Germany rose in rebellion, because they thought that the military leaders had determined to continue the campaign, regardless of what the people would suffer, if the war were continued without hope of success, during a period of unprecedented scarcity. This line of reasoning would be a sufficient excuse for a revolutionary movement ; but it is more than doubtful whether this is the proper explanation ; for in the few memorials of the upheaval that have survived, little is said about the armies, and nothing about the harvest. Indeed, if the manifestoes and proclamations that can still be consulted record the real motives of the revolutionary leaders and of the masses supporting them, then, one must assume, that the motive force of the whole business was a few catchwords about the rich gang (*das reiche Pack*), the millionaires, the capitalists and the workslaves (*Arbeitsklaven*). This explanation, however, is not complete without a complementary re-statement of it : if these catchwords became banners under which millions of men gathered, then, those men were persuaded that they were suffering more than could be endured, and were determined to vent their anger upon everybody who seemed to be more fortunate than they were themselves. This blind, unreasoning fury can only be attributed to the prolonged scarcity.

The first outburst, which set all in motion, is, however, traceable to its source. As has been explained, the German seamen had never settled down after the mutinies of the previous year ; and politics continued to be heatedly discussed on the lower decks of the high seas fleet. The bluejackets were, therefore, following the opening negotiations for an armistice with keen interest, when they learned that the commander-in-chief was preparing to put to sea for a major operation against the British fleet. They determined, at once, to keep the fleet in harbour ; the stokers drew fires in the engine rooms of half a dozen ships ; and, in a few hours, the crews of half the ships were disobedient. The news travelled quickly ; on 30th October or thereabouts, the common people in Kiel started a revolutionary movement, which spread with such speed, that on 9th November, the *Rathaus* of every considerable town from Kiel to Munich, and from Essen to Berlin, was occupied by a revolutionary committee.²

TABLE LXXIX

¹ The prospective deficits were certainly alarming ; - for the actual yield, which was always forecasted with fair accuracy was as follows :—

Wheat (in thousands of tons)	2,542,	the average for 1912-13 being	4,932	thousands of tons.
Rye	7,213,	"	"	11,910
Barley	2,072,	"	"	3,647
Oats	4,300,	"	"	9,117
Potatoes	26,407,	"	"	52,000
Sugar	1,250,	"	"	1,892

As the Rumanian harvest was, also, very short, and as no relief was likely to be obtained from the Ukraine, a terrible winter was in sight ; but it is more than doubtful whether the persons who made the revolution in Germany were following this line of reasoning. Theirs was the more simple popular reasoning : If the rich gang could be dispossessed of their authority, there would be plenty of food.

² See the map of the revolutionary movement inserted in the German edition of Prince Max of Baden's memoirs.

All constituted authority was now overthrown and the revolutionary movement swept into the remotest and most sheltered parts of the country :

I saw at once (writes Monsieur Henri Pirenne) that the conflagration in Germany was strong and universal. It soon reached Thuringia. On 9th November I saw the red flag floating over the Wartburg, the old palace of the landgraves of Thuringia. . . .

On the following day the Belgian historian reached Weimar. The red flag was flying over the grand duke's palace ; the grand duke himself was a prisoner within ; two soldiers, smoking cigarettes were doing sentry duty over the great heraldic doorway. From here, Monsieur Pirenne went to the Weimarian parliament house, where the *Landtag* had assembled.

I shall never forget what I saw (he continues). The head of the revolutionary government, a socialist tavern keeper called Baudert, was finishing his speech. In front of him were the deputies, scattered over a hall that was half empty ; they were putting back papers into the cases from which they had taken them, and were preparing to leave. They were all old conservatives, landlords, barons and *Rittergutbesitzer*, elected on a restricted suffrage, but they were still the legal representatives of a government to which they had sworn fidelity. They had just listened without a word of protest to their new governor, who had dismissed them as though they were flunkys. It was enough to tell them to go. Out they went ; tightly strapped into their frock coats, which made a ludicrous contrast with the dirty shirt of the man who was expelling them. Many of them were scarred with the wounds they had received at their university, in their students' duels ; and yet not one of them offered the least resistance. The new governor had not taken the trouble to assemble any of the military apparatus which accompanies a *coup d'état*. There was not a soldier in the hall, in the building, or in the street outside.

The government of Germany was entrusted, for the time being, to a handful of men, to whom the angry masses allowed enough authority to sign the armistice and to disband the armies. Every German in authority was, however, so helpless, that, when the armistice conditions were presented, the chief German delegate reported to his government, that it would be useless to negotiate for any substantial alleviation of them. This was the reception given to the hardest conditions that have ever been attached to a cessation of arms ; and, during such discussions as were permitted, the German delegation only endeavoured to prove, that some of the conditions could not be fulfilled, unless they were altered slightly. The instruction finally sent to the German delegates was that they were to make one last effort, and to sign if it was unsuccessful. It probably illustrates the state to which Germany was then reduced, that the only conditions that provoked passion were those relating to economic warfare. It was stipulated in the armistice that the blockade should be continued (Clause No. XXV). When this clause was read out for the last time, Erzberger appealed for an alleviation ; and even from the cold and impersonal minutes of proceedings, it can be seen that his speech was a cry of distress. When the article about shipping was recited for the last time (No. XXXII) Captain Vanselow renewed Erzberger's appeal for easier treatment. Admiral Wemyss now lost his temper and spoke excitedly, at which Marshal Foch was visibly annoyed, for his own conduct had been very correct. Erzberger, who was quick to seize an opportunity, even in those terrible difficulties, closed the incident by saying, that the British had declared themselves ready to relieve German distress, and that he would be satisfied if this was stated in the official record. Thereafter, the delegation had no option but to sign ; but the more thoughtful of them must have wondered whether any central authority would survive to execute the conditions ; for the hurricane of popular fury was still driving across the country, and shattering every institution of government that stood in its track.

CHAPTER XXXV

THE CONSEQUENCES OF THE ECONOMIC CAMPAIGN TO THE OTHER STATES OF THE GERMAN CONFEDERATION

The Austro-Hungarian breakdown.—The Bulgarian breakdown.—The Turkish breakdown.

THE AUSTRO-HUNGARIAN BREAKDOWN

THE advance of demoralisation in Austria-Hungary has left a clearer track, or line of march, behind it, than it did in Germany; but the outward symptoms were by no means identical in both countries. The symptoms of a German breakdown were disconnected, and separated by considerable intervals of time: the warning signs of an Austrian collapse first clearly displayed themselves in the spring of 1917, and, thereafter, appeared in a continuous succession. The greater difference is, however, that the symptoms of German unrest were on some occasions made manifest in the *Reichstag*, and the *Landtage*, while, at others, they appeared in the whole body politic of the nation; whereas disturbances purely political were, throughout, the clearest symptoms that the Austro-Hungarian empire was crumbling. For this reason, it is not possible to be certain, that the disintegrating influence, or exciting cause, was identical in the two countries. Everything combines to show, that what may be called the secondary consequences of a prolonged scarcity demoralised the German nation: it is by no means certain that the same can be said of Austria-Hungary; for, although the economists who wrote upon the subject, long afterwards, produced some interesting and significant figures about prices, wages, and the rest, they did not establish clearly what degree of suffering was inflicted, or whether the suffering was well spread, or what sections of the population escaped. Unless these points are established, no historian can decide whether the economic campaign brought the Austro-Hungarian empire to ruin, or whether that old structure fell to the ground, because the economic campaign accelerated corrosions that had for long been rotting its struts and foundations.

The immediate consequences of the economic campaign were, certainly, that, after 1915, the amount of corn available for feeding the people of Austria was very much below the quantity normally consumed by them. The relevant figures are:

TABLE LXXX

	<i>Austro-Hungarian corn production.</i>	<i>Deficit.</i>
1914	90·2 million quintals	9·8 million quintals
1915	79·4 " "	20·6 " "
1916	62·9 " "	37·1 " "
1917	62·2 " "	37·8 " "
1918	52·7 " "	47·3 " "

These deficits were never made good by importations; even during 1915, Rumania only despatched 4·7 millions of quintals to Austria-Hungary; and there was an equal decline in other important foodstuffs. In the year 1914, 211 million quintals of potatoes were grown in Austria-Hungary; this fell to 149 millions in 1915, to 105 millions in 1916, and to 90 millions in 1917. Barley production was 32·7 millions of quintals in 1914, and 13 millions in 1917. Maize production fell from 54·2 million quintals in 1914, to 27·2 quintals in 1917. These shortages in grains, naturally caused derived shortages in meat, milk, butter and fats. In theory, and according to law, every Austrian subject was entitled to a ration of bread which ought to have been sufficient; but statistics of rationed food are very deceptive; for if the rationing schedules for Austria-Hungary represented the amount of food that every Austrian

ate, then, the suffering and distress, which we know were inflicted, would be unexplainable.¹ It is, therefore, better to think of Austria-Hungary as our observers represented it in the fourth year of the war, a country with four bad spots, or zones of distress: Vienna, Buda-Pesth, Prague and Dalmatia; but with a countryside in which no signs of distress were visible. In each of the bad zones there was a severe shortage of everything necessary for life: bread, meat, milk, eggs and vegetables were extremely scarce; and new clothing was almost unobtainable. It was in a country thus afflicted that the following symptoms appeared.

In April, 1917, the outward signs of distress in Austria-Hungary were not stronger than they had been a year before; but those responsible for governing the country were certainly in the gravest anxiety; for it was on this date, that the new Emperor Karl warned the German government that Austria was so near exhaustion, that it would be more profitable to escape from the war by ceding territory, than to continue it, until some great disaster had befallen the empire. The escape that he proposed was that Germany should cede Alsace-Lorraine to France, and that Austria should compensate her ally out of Austrian Poland. The Emperor Karl urged that these sacrifices were advisable in the following words:

We are fighting a new enemy, who is more dangerous than the entente: our enemy is international revolution, which is finding a powerful ally in the general famine. I do swear to you that I am not forgetting how fateful a moment of the war we have now reached; and do beg you to reflect, that, if we end the war soon—even at a heavy sacrifice—we shall [at least] have an opportunity of checking the upheaval that is now preparing.

In this letter therefore the emperor stated, without equivocation, that the economic campaign, or the hunger that it was occasioning, was bringing the country to ruin and dissolution; but it would be hasty to regard this letter as a scientific diagnosis of the country's condition. The draftsman of it was obviously more concerned to be impressive than to be accurate. The important point to be remembered, however, is, that at this date, the governors of Austria were admitting that their country was virtually beaten; for Count Czernin was as decisive as his master, that it would be risking a tremendous disaster to prolong the war through the coming winter.

The reasons for this anxiety were certainly more patent to those who were governing Austria-Hungary than to those who were watching the country from an observation post; for, during the summer months, the only visible symptoms of the downfall that the emperor described as almost imminent in April, were an outbreak of strikes with a political complexion, which were declared at Prague during September; and a disturbance in the Austrian fleet at Cattaro, in the following month, when the crew of a torpedo-boat mutinied, and surrendered themselves voluntarily to the Italians. The mutineers spoke of other simultaneous disturbances in the battle fleet, but it is by no means certain that they were telling the truth; in any case, the outbreak was less serious than the disturbances that had shaken the German fleet a month previously. If, however, the outward signs of the approaching disaster were still weak and intermittent, evidence accumulated fast, that the rulers of Austria were becoming desperate; for, throughout the year they approached the entente powers so insistently, that they might almost be said to have been petitioning for peace. In April, the emperor appealed to President Poincaré through Prince Sixte de Bourbon; in September, Count Colloredo-Mannsfeld, and Count Karolyi were in Switzerland, endeavouring to prepare for a formal negotiation between Great Britain and Austria; they were followed by Professor Foerster, of Munich university, who visited the United States and the British, legations, as the emperor's unofficial representative. Early in November, an agent appeared at the British legation and announced he was empowered to state, that the Austro-Hungarian government were ready to

¹ See the elaborate rationing tables on pp. 82, 83, of Gratz Schuller: *Der wirtschaftliche Zusammenbruch Oesterreich Ungarns*, and compare them with Max Muller's monthly reports on the condition of the people of Vienna in the winter of 1917-18.

begin official conversations. Simultaneously, or nearly so, the Austrian minister at the Hague approached the British legation, while the Austro-Hungarian legation at Berne announced that Count Mensdorff would shortly arrive there, and would discuss peace with a British representative. Count Mensdorff was preceded at Berne by Count Karolyi, who was evidently instructed to excite the sympathies of the United States legation ; for, although he had little to say about the conditions that Austria-Hungary would accept, he was explicit, and even eloquent, about the reforms that the government wished to undertake, and the regimen of freedom that they wished to institute. The count urged, in conclusion, that an American agent, Mr. Anderson, should visit Austria, and, when the president allowed him to go, Count Apponyi, the minister of education, received him, and gave every assurance that the Austro-Hungarian authorities were ready to start a negotiation. General Smuts now travelled to Berne, where he met Count Mensdorff, who offered to start a general negotiation for peace, by facilitating preliminary conversations between the British and German governments.

These repeated, insistent, attempts to open a negotiation for peace constitute evidence that the fortunes of the Austro-Hungarian empire were sinking ; but, if all the proposals made by the Austrian ministers and their agents are examined, it does not appear that famine and revolution were their chief anxieties. The substance of what they proposed was that they should be given an early opportunity for reconstructing the political fabric of the empire ; and not that they should be granted an armistice and a temporary supply of provisions. Political disruption seems to have been their dominant anxiety ; for nothing said by Karolyi or Apponyi, and no statement that Professor Foerster made on the emperor's behalf suggests, even remotely, that the Austrian ministers thought themselves threatened by the disasters that accompany economic prostration : the rising of hungry men ; the collapse of all authority ; the rule of local committees, whose only maxims of government are a few precepts of workshop jargon. Whatever it was that the rulers of Austria feared, it was not this.

If, however, the appreciation of all these experienced men was correct : that the Austro-Hungarian monarchy was beginning to crack and split asunder, then certainly, the scarcities were quickening the process. The people were slightly better off in the winter of 1917 than they had been in the previous winter ; but this alleviation determined all the local authorities in Austria-Hungary to hold even more tightly to supplies grown locally, in order that the benefits of a slightly happier condition might not be lost. In the autumn, the long grumbling controversy between the Austrian and Hungarian authorities became very sharp ; for, on 6th September, the Hungarian minister, Count Hadik, announced officially, that Hungary could not supply what Austria demanded. This was followed by regulations that kept all Hungarian corns and meats in the country for the time being. The Bohemian authorities, who, though not so independent as the Austrian, were yet well empowered to issue local regulations, also came into open antagonism with the government at Vienna. In Croatia, the harvest seems to have been exceptionally good ; but here also, the local authorities were getting the upper hand. Count Tisza travelled through the country, while the harvest was being gathered, and wrote a long letter to the emperor, of which the substance was that the central government could no longer break down the resistance of the local authorities, and put this plenty into circulation.¹ As the winter continued, therefore, the Austrian shortages were steadily accentuated.

The Austrian and Hungarian governments now took such measures as were still possible to remedy this state of affairs. Bohemia was repartitioned into administrative districts ; each one of which was made so small, that the Austrian government's

¹ Quoted in Gratz-Schuller ; *Der Wirtschaftliche Zusammenbruch Oesterreich-Ungarns*, p. 85.

representative in the district was better able to exercise his authority. Though obstinate in controversy, the Hungarian government never intended that Austria should be deprived of all Hungarian supplies ; and so, after some parley, a system was instituted, whereby surpluses, which local authorities agreed to be so, were requisitioned and despatched to Austria. The Hungarian authorities remained immovable, however, that what they could spare, and not what Austria declared she needed, should determine the quantity to be despatched.

These measures for strengthening authority were not immediately followed by political disturbances, but rather by a commotion in the workshops ; for it was in January, 1918, that the great strike was first declared in Austria, and continued in Germany. This trouble in the workshops was, however, never properly settled in Austria, for on 12th March, it blazed up again : a railwayman's strike brought a great deal of traffic to a standstill, and, just as the trains were again beginning to move, there was a great strike in the munition factories at Florisdorff and Stradlau. These troubles were, however, less serious than the racial divisions that were beginning to bring all government to a stand. The *Reichsrath* assembled in the first part of February, and the deputies were so excited, and so determined that the ventilating of their antagonisms and jealousies should take precedence over all business, that it was doubtful whether the two houses would pass the budget. There is, however, a sharp difference between the state of the Austrian parliament and that of the German a few months before. All observers of German affairs were satisfied that the reception given to Erzberger's revelations, and the peace resolution that was so suddenly and excitedly passed, were symptoms of a general deterioration of spirit. The commotions in the Austrian parliament were quite different ; for here the houses divided themselves into racial groups, which were so distrustful of one another, that no business could be transacted. Also, there was no workshop note in the catchwords that were bandied about in the Austrian parliament ; the most inflammatory speeches were on a model that had been common nearly a century before, when the philosophers of the nineteenth century were circulating their panaceas through Europe : political freedom ; representative institutions, and autonomy were much talked of ; but no workshop jargon about capitalists and work slaves was mixed up with it.

The Austrian government therefore adhered to their plan of checking the rising excitement by remodelling the political structure of the empire ; and Dr. von Seidler, the premier, promised legislation for setting up local parliaments. On receiving these promises, the *Reichsrath* passed a provisional budget, whereby the government were granted credits until the end of June ; but the vote on this was a truce rather than a composition of differences ; for, throughout the session, the Czech and the German deputies displayed the greatest hatred for one another, and the Czechs showed, by their conduct and utterances, that they were preparing for a fierce resistance to any constitutional reform that might weaken their countrymen's resolve to separate themselves entirely from the empire. When the *Reichsrath* was adjourned, the Vienna correspondent of the *Frankfurter Zeitung* wrote shrewdly, that a vast number of Austro-Hungarian citizens looked more to President Wilson for a redress of their grievances, than they did to their own rulers, and that this was fast bringing the operations of constitutional government to a standstill.

The process was very much accelerated by the extraordinary scarcity that now prevailed. As has been explained, the months of March, April, May and June were the leanest in every year. In Austria they were exceptionally hard ; for the Hungarian peasants made a concerted resistance to the requisitioning of their exportable surpluses, and the quantities despatched to Austria were so much below what had been expected, that bread rations in Vienna were reduced by half. After the end of April, there were never more than three days' bread supply in Vienna, and to maintain even this, the Austrian authorities were, on one occasion, obliged to requisition several train loads of Rumanian corn, which were passing through

Austria on their way to Germany. From June onwards, all rations in German-Austria were merely figures stating how much food might be lawfully acquired ; not even the richest men in Vienna could obtain it. This state of affairs was accompanied by a great outburst of industrial disturbances ; there were strikes in all trades at Prague, Graz, Laibach and Buda-Pesth ; in Vienna there was a furious bread riot opposite von Siedler's residence, which the rioters tried to storm. The *Reichsrath* was now due to assemble ; but the premier decided that he could no longer govern constitutionally, and resigned. Baron Hussarek succeeded him ; but he only assembled the *Reichsrath* to adjourn it (July, 1918). The end was, indeed, now very near ; the yield of the coming harvest was roughly calculated by the end of July, and the responsible authorities estimated, that the deficit in corn alone would be twenty-three million quintals. There was no longer any hope of supplies from the Ukraine or Rumania. On 10th September, therefore, General von Cramon, the Austrian representative at great headquarters, told the German generals, that his government intended to sue for peace, and that the German government could no longer deter them. The first Austrian petition was, indeed, issued independently of the German (16th September) ; and, while it was being considered, the battle of the Vittorio Veneto was fought. Thereafter, the empire dissolved very fast ; but authority was divided, and transferred rather than overthrown. The Yugoslav, Bohemian, and Polish, national councils, which proclaimed their countries independent, were for long in great administrative confusion ; but it does not appear that their authority was ever submerged by that volcanic eruption from the workshops and the slums, which temporarily smothered all ordered government in Germany.

THE BULGARIAN BREAKDOWN

From what precedes it can be said, with a tolerable degree of certainty, that scarcity so much accelerated political deterioration in Germany, that it can be called the actuating cause of it ; and that, although it is not quite so certain that scarcity promoted disruption in Austria at an equal pace, it was yet a great incentive to it, as it inclined all men of influence and power to think of desperate remedies. The same cannot be said about Bulgaria ; for of all the countries that were in alliance with the central empires Bulgaria was the least pinched : after three winters of warfare, and at the time of year when food was shortest in all enemy countries, the rations allowed by law were about three times what was allowed in Germany. It is therefore highly ironical, that, in order to protect themselves against the scarcity that threatened, and indeed because they did it successfully, the Bulgarian authorities were compelled to follow a line of conduct that so weakened the spirit of the nation, and so demoralised its armies, that one military reverse laid them prostrate and helpless.

It has been explained that the parliamentary committee, which attempted a first regulation of Bulgarian economy, was dissolved in the spring of 1917. The body that took its place was of a military composition : the head of it was a major-general, and the department responsible for provisioning the people was a branch of the general staff. In addition to these two departments, there were seven sections, with technical experts in charge of each. The powers granted to the new committee were very wide ; the judicial section was a court, as well as an administrative body, and could try and punish all breaches of regulations that were brought to its notice. In the words of the Bulgarian economist, M. Danailow,

The director, in his capacity of military commander, was vested with all the disciplinary powers of an army commander. It is not too much to say that this director had all the powers of a dictator in whatever related to provisioning, rationing, compulsory production in workshops and factories, compulsory sowings, compulsory cheese makings, etc. He was only responsible to the cabinet. The sub-directors exercised the powers of heads of departments ; and of heads

was immediate resistance to the regulations about extra sowing, slaughtering of beasts, and reporting of stocks ; but the committee, having foreseen this, overcame it quickly ; the twenty-five soldiers attached to every local committee were vigorously and continuously employed. Within a few weeks, therefore, the committee were the masters of all that they wished to lay their hands on ; but they were, thenceforward, ruling their countrymen, more as a foreign conqueror rules an occupied territory, than as native governors, who exert an authority that is supported by custom.

A large number of controllers official and disguised (writes M. Danailow) visited workshops, shops, factories, farms and private houses, under the authority of the committee, in order to see that the regulations were being carried out, and (which was more important) in order to detect breaches of the law. . . . In addition, representatives of the committee appeared wherever anybody was buying or selling, and the annoyance of it was almost unbearable. Everybody thought he was in danger of being suspected for the most futile reason, or feared that he was being denounced in some anonymous report. Seizures in private houses, forced sales, cross questionings before the magistrates, arrests, became daily occurrences. It has to be admitted that these severities were usually justifiable : they certainly gave excellent results. But the agents were often too conscientious and made baseless accusations, which discouraged the people. More remarkable, the severity strengthened itself, and without reason. The agents developed a habit of mind peculiar to themselves : they saw breaches of the law everywhere. Traders were particularly suspect ; and the heaviest blows fell upon them. In some places the agents provoked breaches of the law by the traps they set. I am not here speaking of the dishonesty of some ; but only of their love of suspicion and persecution. . . .

This control of all economic activity, these prosecutions, forced sales, seizures and confiscations inevitably affected the soldiers. Many of them returned on leave from the front, only to get the bad news that their parents or friends were before the courts, on a charge of breaching the regulations. Of necessity this discouraged and angered them ; and many of my contemporaries consider that the anger excited by the countless prosecutions undertaken against farmers, who had hidden their grain, or who had made false declarations, was the real cause of the military breakdown.

There were other causes. By the summer of 1917, the controversy between the German and Bulgarian authorities had spread to the nation at large ; but, as can be imagined, the issues were much distorted by the popular fancy. It was known that the parliamentary committee for controlling the distribution and exportation of foodstuffs has been dissolved under German pressure. From the outset therefore, and quite independently of the hatred they subsequently excited, the new committee were represented as a mere instrument for executing German wishes. Like all popular accusations this was very unjust, for General Protoguerof and his colleagues were probably more honest, and certainly more capable, than the place hunters they dispossessed. As for the charge that they were mere German agents, they would not have administered the Bulgarian economic system so well, if there had been a word of truth in it. The honesty and high capacity of the new committee was, however, no check to the ugly spirit that was certainly abroad, in the spring of 1917, when every deputy in the *Sobranje* who had nothing to hope for from the Radoslavoff government, and every mayor, town counsellor, or other magnate, who hoped to get some advantage by a change of government, was sure of a good round of applause, or of a strong approving murmur, if he represented every inconvenience that the people or the army were suffering, as evidence that the Germans were using the country for their own purposes.

If the Bulgarians had ever been united, this snarling temper would probably never have gained such strength that it became a political force ; but, as the antagonists of the Radoslavoff party had never subscribed to an *union sacrée* or a *Burgfried*, so, they were waiting on events, and using every opportunity that offered of discrediting their rivals. The Germans now gave them an exceptional chance. As has been explained, Erzberger's speeches in the *Reichstag* were followed by the peace resolution of 17th July, which the deputies voted by a great majority. The second paragraph of the resolution which ran :

The *Reichstag* is striving for a peace of understanding for a durable pacification of peoples. Forced annexation of provinces . . . are incompatible with a peace of this kind,

is said by all authorities to have disturbed every section of the Bulgarian people ; for everybody read it as an announcement that the Germans were preparing to desert their allies, or, at least, to give them no support in the negotiations for a final settlement. It was, indeed, a natural line of reasoning that it was of little use to endure so much, if the provinces conquered from Serbia, at the cost of such quantities of blood and treasure, would have to be yielded again, in order that the Germans might reach a settlement more easily. The soldiers were said to have been particularly distrustful ; and, although the people looked more to the Germans, than to the Austrians, for guidance, the peaceful sentiments that Czernin was compelled to infuse into his public utterances stimulated the misgivings of a people, who are by nature cunning, distrustful, tenacious of every advantage gained, and apprehensive of anything that might put an advantage in jeopardy. In addition, all Bulgarian authorities are satisfied that President Wilson's speeches demoralised the Bulgarian people ; for the soldiers and the peasants interpreted the President's utterances as a declaration, that ethnographic boundaries should be imposed upon friend and foe. They argued, therefore, that as a claim for those parts of Macedonia, where the Bulgarian language is spoken, could be better set up on the eleventh of President Wilson's political principles, than upon any declaration made by a German or an Austrian statesman, so, it would be more sensible to establish the claim at once, by ceasing from all active operations against the entente armies, and by negotiating for a settlement with the United States government.¹ The Bulgarians were the more encouraged to be confident in their political calculations, in that the United States government never declared war against their country. These opinions, circulating freely throughout the country, are believed by all competent observers to have corrupted the army from its natural allegiance ; for not even the officers were free of the infection. It was, in fact, just such a line of reasoning as peasants would follow : a shrewd calculation of advantage and disadvantage, misleading only, because too high a value was given to selfishness, and cunning.

Although Bulgaria's resistance to the economic campaign was, in many respects, more successful than that of any other enemy, not even the committee that organised the resistance could protect the country indefinitely against scarcity. It has been shown, in the course of this narrative, that each of the enemy suffered a first shock from the dislocations of economic warfare ; that they recovered from it, and then enjoyed a short period of ease ; and that this period was followed by a slow but regular, decline. The economic system of Bulgaria passed through the same cycle of recovery and decadence, the difference being only, that the period of recovery (for so the year 1917 may be called) was longer, and therefore deceptive ; and that the decline had only begun when the Bulgarian armies were defeated. In June, 1918, however, it was generally admitted, that the harvest was a bad one, and that rations would have to be reduced. The actual figures, which were not disclosed until later, were very alarming ; the committee estimated that only two-thirds of the normal quantities of grains would be gathered ; in point of fact they over-estimated.² The announcement about rations excited the anger that had for so long been rumbling, and was taken by all to be proof of what everybody had suspected, that General Protogerof and his officers were draining the country to satisfy Germany. Of

¹ It ran thus : Rumania, Serbia and Montenegro to be evacuated ; occupied territories restored ; Serbia accorded secure and free access to the sea ; and the relations of Balkan States to one another determined by friendly counsel along historically established lines of allegiance and nationality ; and international guarantees of the political and economic independence and territorial integrity of the several Balkan States should be entered into.

TABLE LXXXII

² The figures were (in hundreds of kilos) :—

	1912.	1915.	1916.	1917.	1918.
Cereals	27,720,385	22,826,903	17,687,032	16,761,103	11,381,738

all charges directed against the committee this was the most popular and the most unfounded, for if anything can be said with certainty about the Bulgarian committee of control, it was that they were hard bargainers.¹ The charge was, however, very difficult to rebut ; the committee were hated, and it was notorious that they had not secured from Germany, any of the agricultural machinery that was required to make good the growing shortages in drag beasts, and farmers' wagons.

Monsieur Radoslavoff was now driven from office, and his place taken by Monsieur Malinoff, who replaced General Protoguéroff by General Popof, a political soldier with a seat in the *Sobranje*. This change conciliated parliament, but it by no means made the committee popular in the country, as the powers it was exercising could not be diminished in the slightest degree. The harvest was poor, and the incentive to cheat and withhold stocks was proportionately stronger. Requisitions, inspecting of stocks, and the rest, were therefore more than ever necessary. Nor could M. Malinoff order a mitigation of the new scale of rations, which were proclaimed soon after he took office. The Turkish government chose this ill moment for opening a negotiation for recovering the territory east of the Maritza, which the Bulgarians had wrested from them during the second Balkan war. This provoked a storm of indignation in the country and the *Sobranje* ; and the fifteenth anniversary of the Macedonian insurrection was celebrated to a nasty accompaniment of demonstrations against all countries and governments that were in alliance with Bulgaria. Monsieur Malinoff was obliged to post a proclamation in all villages and communes, that not a grain of food should leave the country ; and that the Maritza territory would never be ceded.

Reports now began to be received that the Bulgarian soldiers were unsteady. The first of these rumours came from Switzerland, with which country Bulgaria had contrived to keep up a brisk trade. Soon afterwards, our military intelligence agents reported, that there had been disciplinary trouble in at least seven regiments. The Bulgarian soldiers had, indeed, more cause to be dissatisfied than the civilians ; for, in the autumn of the year 1918, they were, in some respects, the worst provided section of the whole people. They never lacked food, for twelve ounces of bread, one meat meal with vegetables, and a fair quantity of native wine, were always allowed them ; many regiments were, nevertheless, in the last state of destitution. Thousands of soldiers had served all through the summer without boots ; many thousands more had no caps ; and, when soldiers were released from the front to gather the harvest, the gangs of ragged and dirty men, who were to be seen in every village, excited universal pity. A German officer on the Macedonian front often saw men slinking away to hide themselves, in order that no foreigner should see their filth. As Bulgarian peasants are not by nature careful of their appearance, it can be imagined to what state the soldiers were reduced to be so ashamed of themselves. It would be natural to attribute the bad equipment of the Bulgarian troops to the economic campaign, which had made all textiles so scarce in the central empires ; but it is by no means certain that this is the proper inference to be drawn : Monsieur Danailov explains the miserable condition of so many Bulgarian regiments by bad administration only ; and says, that there were always good stocks of boots and clothing in the depôts, but that they were never properly distributed.

¹ As even Captain Falls (see *Macedonian Campaign*, Vol. II, p. 134) seems to have thought that there was something in the charge, it is as well to give the figures :—

TABLE LXXXIII

	<i>Exports, in thousands of levas.</i>		
	1916.	1917.	1918.
Cereals and leguminous products	13,072	2,563	136

Practically all agricultural exports were to Austria-Hungary or to Germany. See Danailov : *Les Effets de la guerre en Bulgarie*, p. 401.

When, therefore, General Franchet d'Esperey ordered the Serbians and the French to carry the great mountain that dominated the Bulgarian front, the attacking troops advanced against an army that was shaken by misfortune, and a nation that was demoralised by suspicions. It cannot, however, be asserted, positively, that this decided the issue ; for it is to the honour of the Bulgarian troops, that, having so many good reasons for laying down their arms, they yet met the onslaught like brave men and good soldiers. It was only after they had failed to hold the French and Serbians, and saw their best positions overwhelmed, and their front broken, that they disobeyed all orders to rally and disbanded.

THE TURKISH BREAKDOWN

It seems beyond all question that the economic campaign operated against Turkey with more decisive effect than against any other enemy country ; for the Ottoman empire was the only state at war which was unable to organise any effective resistance to it. Committees and special departments of government were established, German advisers were attached to them, laws, decrees and emergency proclamations were issued ; but nothing checked the scarcity in the towns, and, during the last two years of the war, the economic state of Turkey seems to have been substantially unaltered. The people in all the towns, particularly those in Constantinople and Smyrna, were suffering want ; in those parts of the countryside where the peasants had habitually raised one kind of crop, the population was severely pinched, for goods were so badly distributed, that even a rough exchange of products between district and district had become difficult. In those parts where millet, maize, and fruit are grown, the people lacked for nothing ; but the zones of distress were always much larger than the zones of easy living. As this bad state of affairs continued, unalleviated, for two and half years, without provoking a popular uprising, it is not quite correct to say that the economic campaign operated against Turkey without check or hindrance, for the courage, patience, and endurance, of a nation that suffered so much without complaining proved a formidable obstacle.

There was, however, one section of the people who suffered more than the most stoical can bear, and that section was the army. As the transport services deteriorated, so, army supplies were steadily reduced, until nothing was being sent to the armies beyond what is a bare necessity for conducting a campaign. Guns, arms and ammunition reached the various fronts ; but, from the summer of 1917 onwards, food supplies grew steadily scarcer, and the soldiers received neither boots, nor uniforms, nor letters from home. The field hospitals hardly deserved the name, for drugs, medical stores, bedding and service were as scarce as food and clothing ; the base hospitals were little better, although a charitable society called the Red Crescent remedied matters slightly in a few places. From 1917 onwards the soldiers deserted the colours in increasing numbers, and fled in armed gangs to those parts of the country where food could be obtained. In the summer of 1918, it was estimated that half a million men were living like brigands in the fastnesses and remoter parts of Anatolia. They raided villages in arms, came to a composition with the headmen, and retired, after arranging how their supplies should be delivered to them. The town of Brusa became a tributary state to a band of men who lived in the hills outside. These communities of bandit raiders were far too numerous to be dealt with by the constabulary, of whom few were left in the country ; and no authority, local or central, had any troops to despatch against them.

The armies that remained in the military theatres were thus more composed of men who were too apathetic to assist themselves, than of soldiers proper, and their condition is best described in the words of their own commanders.

(i) When the troops are entrained they do not know one another, nor do they know their officers. They know only that they are being sent to a bad place. They therefore slip away, whenever an opportunity offers, notwithstanding that they risk being shot if they are found. They jump off

the trains ; they drop out of columns of march, when they are going through broken country ; they disappear from bivouacs. Every division marching to the theatres east or south of the Taurus has lost thousands of men. . . . This wholesale desertion is not a natural failing of the Turkish army. Izzet Pasha, who commands in the Caucasus, and in whom I place the greatest reliance, tells me that it was unknown until now.—Liman von Sanders, 13th December, 1917.

(ii) The food situation of the fourth army is so dreadful that only 350 grammes of flour can be given to the men, and 2·5 kilogrammes of forage to animals. If communications are not improved, it is doubtful whether we can go on.—Report from the fourth army H.Q., December, 1917.

(iii) The Turkish soldiers concentrated at that time in Palestine [October, 1917] had not enough bread to maintain their strength. They received almost no meat, no butter, no sugar, no vegetables, no fruits. Only a thin tent gave a semblance of protection from the hot sun by day, and from the cold of the night. They were wretchedly clothed. They had no boots at all, or, what they had, were so bad that they injured the feet of many who wore them. Soldiers had been without word from home for years. Owing to the bad communications no leave was ever given. There was no amusement of any sort, no tobacco, no coffee. And men so placed could not but see that their German comrades on the same front were well fed, and enjoyed every sort of comfort and amusement.—General Hussein Hussni Emir.

(iv) There are no bonds left between the government and the people. What we call the people are composed now of women, disabled men and children. For all alike the government is the power which insistently drives them to hunger and death. The administrative machinery is devoid of authority. Public life is in full anarchy. Every new step taken by the government increases the general hatred the people feel for it. All officials accept bribes, and are capable of every sort of corruption and abuse. The machinery of justice has entirely stopped. The police forces do not function. Economic life is breaking down with formidable speed. Neither people nor government employees have any confidence in the future. The determination to live rides even the best and the most honest of every sort of sacred feeling. If the war lasts much longer, the whole structure of Government and dynasty, decrepit in all its parts, may suddenly fall to pieces.

The end of the war is not near. The other side has more power to resist than ourselves. The attitude of the Germans is devoid of initiative. They seem to say : Come and defeat us, if you can ! The keys which may terminate the war are not in our hands.

Our army is very weak. Most of the formations are now reduced to one-fifth of their prescribed strength. The Seventh Army, which constitutes our only organised strength, has been shaken without exchanging a single shot with the enemy. It fully demonstrates the general exhaustion. The 59th Division which was sent from Constantinople at full strength—with battalions a thousand strong—consisted, 50 per cent., of men so weak that they could not keep their feet. The rest consisted of undeveloped youths between seventeen and twenty, and of used-up men between the ages of forty-five and fifty-five. The best organised divisions lose half their numbers by desertion or sickness before they reach the front. The army cannot remedy this situation. It is a result of general conditions.—Mustapha Kemal to Enver Pasha, September, 1917.

The utter overthrow of the Turkish army and the submission of the Turkish people was, indeed, only delayed until the autumn of 1918, because it was difficult to collect the forces necessary for the purpose. When General Allenby was ready to move, the Turks were virtually helpless ; for their stoicism and endurance were no longer any barrier to the forces that had been assembled against them.

CHAPTER XXXVI

THE RELAXATION OF THE BLOCKADE

The relaxation in Europe.—The relaxation of the blockade in the Mediterranean.

I.—The relaxation in Europe

WHEN the armistice with Germany was signed, the blockade ministry was roughly on the same footing as it was when first instituted: the contraband department was still the executive branch of the whole system, the enemy exports committee, the foreign trade department, and the department for restricting enemy supplies were still branches of the organisation; the contraband committee had not changed its constitution since 1916, and was performing the same duties. The blockade was, however, differently administered, in that it was superintended by an allied organisation, the allied blockade committee, on which Great Britain, France, Italy and the United States sent representatives. In neutral countries, allied committees, to which each allied legation or embassy sent a representative, transacted business with all trading associations with whom the allies had an agreement, or with any private firm that was doing business not provided for under an agreement. It was by the allied blockade committee that the relevant clauses in the armistice were administered during the closing months of the year.

The armistice with Germany was specific that the blockade was to be continued. By the twenty-sixth article, it was laid down that the blockade should be maintained, and that all German ships found on the high seas should be liable to capture; the twenty-second article stipulated, that the German government should cancel and withdraw any restrictions that had been imposed upon trade between the Netherlands, Scandinavia and the allied powers. By the twenty-third article, Germany was debarred from transferring German merchantmen to a neutral flag while the armistice was in force. The armistice therefore abrogated no trading agreement with a border neutral; indeed, it was still so well recognised that restraints upon enemy trade would continue, that the Netherlands overseas trust signed a general consolidating agreement with the allies on 25th November. Nevertheless, relaxations and easings of the restraints imposed were considered necessary from the outset. On 16th November, the United States authorities urged that all agreements should thenceforward be leniently administered, and, before the end of the year, the allied committee had ordered a number of relaxations. The censorship of the neutral parcel post ceased on 30th November; on 10th December, the committee first reconsidered the scale of rations to neutral countries; and, by the end of the year, they had agreed to raise the rations of all the northern neutrals. No additional supplies of corn and fodder were allowed; but the new rations constituted a relaxation on a point of principle, in that the policy so long pursued of reducing domestic exports of the border neutrals by reducing their imports of fertilisers was virtually abandoned. Holland's ration of phosphate rock was raised from 40,000 to 100,000 tons; the ration for pyrites and fertilisers was more than doubled. Jute control was virtually abandoned, in that the rations for each country were increased by about eighty per cent. Almost simultaneously, the existing restraints upon the domestic exports of all allied countries were eased, in that the black lists were so reduced that only enemy firms in neutral countries, and firms known to be acting as a cover for them, were retained on the lists.

Meanwhile the British fleet had entered the Baltic, and the allied blockade committee determined that no additional restraints should be imposed upon such trade as was running between Scandinavia and Germany. The agreements signed with

the northern neutrals during the last months of the war expressly sanctioned trade in certain commodities ; the committee therefore ruled, that exports from Scandinavia to Germany should be allowed to pass, provided that the legation committees certified them as goods that would have been exported in the ordinary course of trade. In the same minute, it was ruled that German raw materials should be allowed to be exported, provided they were carried in Scandinavian vessels. Finland was to be treated as a neutral country, whose trade with Holland and Scandinavia was to be subject only to the restraints imposed in the last agreements upon trade between two border neutrals.

Early in the new year, the delegations to the peace conference began to assemble in Paris, and two new organs of administration were soon afterwards established. A *conseil supérieur du blocus* was set up at the instance of the French ; soon afterwards, a supreme economic council was established at President Wilson's request. The duties of the various councils and committees were now as follows. The supreme economic council was, as its name implied, an executive committee for supervising and co-ordinating all inter-allied committees that were concerned with food supplies, relief, and shipping. The *conseil supérieur du blocus* was roughly subordinated to it. The allied blockade committee, which was still sitting in London, thus became an administrative committee for supervising such trade as was allowed to run between the allied countries and northern Europe. A *comité du blocus de l'orient* was established to supervise such trade as was to be allowed between allied countries, Switzerland, and the Mediterranean neutrals. These various councils and committees were at once so much occupied with ordinary daily business that their minute books contain very little about general policy. Nevertheless, it is not difficult to guess what policy they were obliged to follow. When President Wilson announced the armistice to congress he stated, unequivocally, that food and supplies should be despatched to the central empires as soon as possible, as : Hunger breeds madness. An ugly distemper was, indeed, spreading all over Europe : strikes, half political, half industrial, disorderly assemblies, and street riots, were reported daily from almost every country ; the eastern countries, such as Poland, and the new Baltic states were literally suffering from famine. Without recording it in their minute books, therefore, the councils and committees now administering the blockade determined, in a general way, to facilitate the circulation and production of food, and, at the same time, to keep the machinery of control in working order, so that the old restraints might be re-imposed, if an emergency arose, or if the German government rejected the conditions of peace.

Early in the new year this policy was much advanced by pressure of circumstances. When the armistice was signed, the allied representatives undertook to relieve the scarcities in Germany, in so far as was thought wise to do so ; and this promise was soon productive of very good consequences. It cannot perhaps, be proved outright, that the political and social disorders in Germany are attributable to the economic campaign, but the inference that they are so is much strengthened, if the circumstances in which the revolutionary hurricane subsided are even briefly examined : for, just as the German people rose and vented their anger upon all instruments and organs of public authority, when they thought they would have to bear another winter of want and scarcity, so, their anger subsided ; they returned to their orderly habits ; and showed themselves very anxious to live under a settled government (and most willing to obey it), as soon as their sharpest sufferings were relieved. In the first days of December, it was still doubtful where authority resided in Germany. In Berlin, there was a cabinet of ministers, and, outwardly, they were the rulers of the country : the ministers were in charge of their departments of state, and the civil service were obeying them ; foreign powers were treating with the Berlin government ; and the army, which was then retreating through Belgium, was executing orders that were being received, daily, from the capital. In the country, however,

executive committees were established in every *Stadthaus* and *Rathaus*, and these executive committees not only claimed, but exercised, authority ; for the provincial civil service, the local police, and the local authorities obeyed them. Whether these local committees intended to obey or disobey the ministers at Berlin was still uncertain ; but there was, obviously, good material at hand for a fierce conflict between the two : the local committees were, for the most part, composed of real faction leaders, whereas president Ebert and his colleagues were industrious, orderly citizens of modest means and unassuming habits, just that kind of person, in fact, whom the mob general knows to be his most formidable enemy. If the fierce, turbulent men, who temporarily controlled the provinces and provincial towns of Germany, had been able to strengthen their influence over the common people, during the winter months of 1918, it is hardly doubtful that the country would have been the theatre of prolonged disorders. This, however, was denied to them : from the outset, the revolutionary councils had no choice but to leave all administrative matters to the civil servants whom they nominally commanded ; and when the first conferences between the allied and the German authorities were concluded, and the results of them known, those German officials who were administering the food regulations decided, almost simultaneously, and without consultation together, that they could safely raise the rations, as supplies from overseas were now promised, and would reach the country before long. The Bavarian and Saxon authorities did this soon after the armistice was signed ; the Prussian authorities were slower, and did not issue the necessary orders until the last days of November ; during the first week of December, however, better rations were being given in most of the German towns.

This seems to have been the turning point ; for public order steadily reasserted itself during the weeks following. In Berlin, a small band of energumens, who called themselves *Spartaci*, still looked threatening, and prepared for an armed conflict ; but in the country, the great mass of the German people were showing, by their daily habits and conversation, that they were turning their backs upon the men whom they had allowed to lead them during their brief hour of delirium. Pamphlets and proclamations about the revolution that was to be completed and made perfect still circulated freely ; but the people cared for none of this, and in every town, village, and hamlet the talk was not of the revolutionary committees, who still sat in the town halls and council rooms, but of the national assembly that was to be elected at the end of the year. The writs for electing this assembly were issued soon after, and were a sort of challenge from the ministers at Berlin to all persons in Germany who still desired to set up a government on the Russian model : the challenge was hardly accepted ; for, during the last week of December, the soldiers and sailors councils (the very bodies to whom the faction leaders looked for support) passed an overwhelming vote in favour of electing a constituent assembly. As soon as this vote was passed, the revolution in Germany was virtually over ; for the ends pursued by the first managers were, thenceforward, impossible of attainment.

Soon afterwards, the allied authorities received a report from the technical experts who were sent into Germany to enquire into the state of the people. These experts recommended that three hundred thousand tons of bread stuffs and fats should be despatched to the country without delay, and the allied authorities agreed to arrange with the Germans how this was to be done, when they negotiated their next monthly prolongation of the armistice. At the first conference, which was held at Treves, it was agreed that the German merchant service should be placed in the allied service, to relieve the scarcity of shipping and to assist the transportation of supplies. At a second conference, held a month later, it was agreed, also, that 270,000 tons of bread stuffs and fats should be allowed to pass into Germany ; and that Germany should be allowed to pay for these foodstuffs with exported goods.

Further negotiations were necessary before these discussions could be made operable ; but, in February, the *conseil supérieur du blocus*, pursuing their policy of increasing the amount of food available for consumption in Europe, ordered that the northern neutrals' rations of bread stuffs and fodder should be raised to the quantities required for normal consumption. The allied blockade committee in London therefore sanctioned increases, which may be judged of from the following illustrative figures :

TABLE LXXXIV

	<i>Ration fixed by last agreement.</i>	<i>New ration.</i>
<i>Norway.</i>		
Bread grains, wheat, barley, rye	300,000 tons	425,000 tons
<i>Sweden.</i>		
Bread grains, wheat, barley, rye	250,000 tons	325,000 tons
<i>Denmark.</i>		
Bread grains, wheat, barley, rye	Not fixed.	500,000 tons
<i>Holland.</i>		
Bread grains, wheat, barley, rye	325,000 tons	1,050,000 tons
Rice	50,000 tons	200,000 tons

These new rations combined with the increases allowed in fertilisers, did not in themselves ease the blockade of Germany ; but they virtually made considerable relaxations inevitable ; and Marshal Foch, who noticed a stiffening temper in the delegations that met him every month to negotiate a prolongation of the armistice, protested against them.

The marshal's protest was disregarded, and in the middle of March, 1919, allied representatives met a German delegation in Brussels to negotiate for the further provisioning of Germany, and for putting the German merchant navy into the allied service. When this conference assembled, the restraints still being imposed were roughly these. German imports and exports were nominally restricted to what had been allowed under the last agreements concluded with the border neutrals ; raw materials, but not manufactures, were allowed to be exported from Germany ; and the stipulated quantities of agricultural produce were allowed to pass into the country. All around Germany, however, the neutrals were reprovisioning themselves as fast as the scarcity of shipping would allow ; and all experts were satisfied, that their exportable stocks would be materially increased during the next months. The first reliefs allowed to Germany were, however, practically consumed ; and the American experts were now alarmed at the condition of the country. The task before the conference was thus to allow Germany to receive a regular supply of foodstuffs, sufficient to relieve distress, but not sufficient to allow stocks to be accumulated. The conference therefore decided to allow Germany a monthly importation of 370,000 tons of breadstuffs, forages, and fats. These imports were to be paid for in various ways, but payment by exports of all kinds were allowed. This raised the ban upon the export of manufactured goods. The German merchant navy was put into the allied service under stipulated conditions ; but a fleet of small vessels was allowed to run in the German trade with neighbouring countries. Overseas shipping was, however, very scarce ; and it was patent that the supplies now permitted to be passed into Germany would be most economically delivered by facilitating trade between Germany and the border neutrals. The *conseil supérieur du blocus* and the allied blockade committee therefore gave orders, that the coasting trade between Germany, Scandinavia, and Holland should be freed of all restraints ; that all restrictions upon exports of fish from the border neutrals to Germany should be raised ; and that no German exports to border neutrals should be stopped, unless

they were bullion or arms and munitions. Simultaneously, restraints upon trade between Scandinavian countries were eased: guarantees against re-export were still exacted; but the permit of the legation committee was no longer attached to particular consignments. An even greater relaxation was ordered in the following month; for on 9th April, the supreme economic council recommended that black lists and enemy trading regulations should no longer be operated; on 22nd April, the consent of every allied government was received and noted in the council's minute books.

It was under this regimen that German trade was allowed to run until the peace treaty was ratified. Nominally, it was still a trade, whereby a stipulated quantity of foodstuffs was delivered in the country in return for exports and securities; but as these relaxations had been accompanied by countless relaxations in points of detail, a small general commerce was running between Germany and the American continent when the peace treaty was ratified. All restraints upon trade: agreements with neutrals, black lists, bunker controls, and the rest then became null and void.

II.—The relaxation of the blockade in the Mediterranean

The armistices with the Mediterranean powers were drafted and presented by three different authorities, and contained no uniform provisions about economic warfare. The Austrian armistice, which was prepared by the allied naval and military representatives at Versailles, contained clauses similar to those in the German armistice, and stipulated that economic warfare against Austria was to continue unabated. The Turkish armistice, which was drafted by the British Admiralty and War Office, and negotiated by Admiral Calthorpe, contained nothing relevant to the matter. The armistice with Bulgaria, which was prepared by General Franchet d'Esperey and his staff, contained no words about the sea, or the control of sea communications. Economic warfare in the Mediterranean differed from that in Europe, however, in that whereas in Europe restraints upon enemy trade were imposed only by trading agreements with the border neutrals, regular blockades of the enemy countries in the Mediterranean had been declared. The Italian government had declared a blockade of the Austrian coasts of the Adriatic in May, 1915; the coasts of Turkey had been declared to be blockaded in June, 1915; those of Bulgaria in October of the same year. None of these blockades were raised when the armistices were concluded.

There were, however, pressing reasons why restraints upon trade should be removed as soon as possible. The Austrian-Hungarian monarchy had quite disintegrated when the armistice was signed; indeed General Weber, the commander-in-chief, agreed to the conditions as representative of the armies only, thereby intimating that no single government could be held responsible for executing them. Of the states formed from the body of the old empire, Austria was prostrate, and the population of Vienna were threatened with famine. The state of Hungary was not very well ascertained; but Bohemia was known to be suffering from scarcity, and the Dalmatian coast was much afflicted. Now the new government of Bohemia was friendly to us; Dalmatia was incorporating itself in the new Yugoslav state, an allied country; and as Austria was quite unable to renew the campaign, or to resist any conditions imposed upon her, there was no need to withhold supplies from any part of the old empire, with the possible exception of Hungary. Nevertheless, no supplies were allowed into the country until January; when Mr. Hoover, to whom Dr. Alonzo Taylor had just reported upon the terrible state of Vienna, told the Austrian representatives: You have not arranged the finance but you will get the food. The treatment to be given to the other parts of the country was not settled for the moment.

Meanwhile, General Franchet d'Esperey advanced to the Danube, and negotiated an armistice with Hungary, now an independent state. During December, French troops marched into Buda-Pesth. Though hot tempered and arbitrary the French general was not, by nature, a cruel man, and as soon as he saw the confusion and distress in all the countries that his troops were occupying, he strongly recommended that commercial relations should be restored with all countries in middle and eastern Europe, with the possible exception of Hungary. On 6th February, the *conseil supérieur du blocus* endorsed this recommendation, which virtually ended the economic campaign against Bulgaria and Turkey. It was left to the *comité du blocus de l'orient* to secure such guarantees against re-export as were thought advisable.

The supreme economic council now approved a general plan of relief for Austria, and all ex-enemy countries. As Austria was the most stricken of all, it was deemed necessary to grant immediate permission for Austrian goods to be exported. This was followed, soon after, by a recommendation that the blockade on all countries bordering on the Adriatic should be raised ; the right to free commerce was thereby granted to Yugoslavia, Austria and Czechoslovakia ; guarantees against re-export to Germany were asked for and obtained (6th March). These alleviations were not extended to Hungary until some weeks later, and during March, April and May, Hungarian imports and exports were nominally restricted to the importations allowed by way of relief, and to the exports allowed to be despatched in payment. On 26th May, however, the supreme economic council ruled that no restrictions of any sort need be imposed any longer.

APPENDIX I

MARITIME ORDERS IN COUNCIL

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AT THE COURT AT BUCKINGHAM PALACE,

The 20th day of August, 1914.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS during the present hostilities the Naval Forces of His Majesty will co-operate with the French and Russian Naval Forces, and

Whereas it is desirable that the naval operations of the allied forces so far as they affect neutral ships and commerce should be conducted on similar principles, and

Whereas the Governments of France and Russia have informed His Majesty's Government that during the present hostilities it is their intention to act in accordance with the provisions of the Convention known as the Declaration of London, signed on the 26th day of February, 1909, so far as may be practicable.

NOW, THEREFORE, His Majesty, by and with the advice of His Privy Council, is pleased to order, and it is hereby ordered, that during the present hostilities the Convention known as the Declaration of London shall, subject to the following additions and modifications, be adopted and put in force by His Majesty's Government as if the same had been ratified by His Majesty :—

The additions and modifications are as follows :—

(1) The lists of absolute and conditional contraband contained in the Proclamation dated August 4th, 1914, shall be substituted for the lists contained in Articles 22 and 24 of the said Declaration.

(2) A neutral vessel which succeeded in carrying contraband to the enemy with false papers may be detained for having carried such contraband if she is encountered before she has completed her return voyage.

(3) The destination referred to in Article 33 may be inferred from any sufficient evidence and (in addition to the presumption laid down in Article 34) shall be presumed to exist if the goods are consigned to or for an agent of the Enemy State or to or for a merchant or other person under the control of the authorities of the Enemy State.

(4) The existence of a blockade shall be presumed to be known :—

(a) to all ships which sailed from or touched at an enemy port a sufficient time after the notification of the blockade to the local authorities to have enabled the enemy Government to make known the existence of the blockade,

(b) to all ships which sailed from or touched at a British or allied port after the publication of the declaration of blockade.

(5) Notwithstanding the provisions of Article 35 of the said Declaration, conditional contraband, if shown to have the destination referred to in Article 33, is liable to capture to whatever port the vessel is bound and at whatever port the cargo is to be discharged.

(6) The General Report of the Drafting Committee on the said Declaration presented to the Naval Conference and adopted by the Conference at the eleventh plenary meeting on February 25th, 1909, shall be considered by all Prize Courts as an authoritative statement of the meaning and intention of the said Declaration, and such Courts shall construe and interpret the provisions of the said Declaration by the light of the commentary given therein.

And the Lords Commissioners of His Majesty's Treasury, the Lords Commissioners of the Admiralty, and each of His Majesty's Principal Secretaries of State, the President of the Probate, Divorce, and Admiralty Division of the High Court of Justice, all other Judges of His Majesty's Prize Courts, and all Governors, Officers, and Authorities whom it may concern, are to give the necessary directions herein as to them may respectively appertain.

ALMERIC FITZROY.

AT THE COURT AT BUCKINGHAM PALACE,

The 29th day of October, 1914.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS by an Order in Council dated the 20th day of August, 1914, His Majesty was pleased to declare that during the present hostilities the Convention known as the Declaration of London should, subject to certain additions and modifications therein specified, be adopted and put in force by His Majesty's Government; and

Whereas the said additions and modifications were rendered necessary by the special conditions of the present war; and

Whereas it is desirable and possible now to re-enact the said Order in Council with amendments in order to minimise, so far as possible, the interference with innocent neutral trade occasioned by the war:

NOW, THEREFORE, His Majesty, by and with the advice of His Privy Council, is pleased to order, and it is hereby ordered, as follows:—

1. During the present hostilities the provisions of the Convention known as the Declaration of London shall, subject to the exclusion of the lists of contraband and non-contraband, and to the modifications hereinafter set out, be adopted and put in force by His Majesty's Government.

The modifications are as follows:—

- (i) A neutral vessel, with papers indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage.
- (ii) The destination referred to in Article 33 of the said Declaration shall (in addition to the presumptions laid down in Article 34) be presumed to exist if the goods are consigned to or for an agent of the enemy State.
- (iii) Notwithstanding the provisions of Article 35 of the said Declaration, conditional contraband shall be liable to capture on board a vessel bound for a neutral port if the goods are consigned "to order," or if the ship's papers do not show who is the consignee of the goods or if they show a consignee of the goods in territory belonging to or occupied by the enemy.
- (iv) In the cases covered by the preceding paragraph (iii) it shall lie upon the owners of the goods to prove that their destination was innocent.

2. Where it is shown to the satisfaction of one of His Majesty's Principal Secretaries of State that the enemy Government is drawing supplies for its armed forces from or through a neutral country, he may direct that in respect of ships bound for a port in that country, Article 35 of the said Declaration shall not apply. Such direction shall be notified in the "London Gazette" and shall operate until the same is withdrawn. So long as such direction is in force, a vessel which is carrying conditional contraband to a port in that country shall not be immune from capture.

3. The Order in Council of the 20th August, 1914, directing the adoption and enforcement during the present hostilities of the Convention known as the Declaration of London, subject to the additions and modifications therein specified, is hereby repealed.

4. This Order may be cited as "the Declaration of London Order in Council, No. 2, 1914."

And the Lords Commissioners of His Majesty's Treasury, the Lords Commissioners of the Admiralty, and each of His Majesty's Principal Secretaries of State, the President of the Probate, Divorce, and Admiralty Division of the High Court of Justice, all other Judges of His Majesty's Prize Courts, and all Governors, Officers, and Authorities whom it may concern, are to give the necessary directions herein as to them may respectively appertain.

ALMERIC FITZROY.

AT THE COURT AT BUCKINGHAM PALACE,

The 11th day of March, 1915.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS the German Government has issued certain Orders which, in violation of the usages of war, purport to declare the waters surrounding the United Kingdom a military area, in which all British and allied merchant vessels will be destroyed irrespective of the safety of the lives of passengers and crew, and in which neutral shipping will be exposed to similar danger in view of the uncertainties of naval warfare ;

And whereas in a memorandum accompanying the said Orders neutrals are warned against entrusting crews, passengers, or goods to British or allied ships ;

And whereas such attempts on the part of the enemy give to His Majesty an unquestionable right of retaliation ;

And whereas His Majesty has therefore decided to adopt further measures in order to prevent commodities of any kind from reaching or leaving Germany, though such measures will be enforced without risk to neutral ships or to neutral or non-combatant life, and in strict observance of the dictates of humanity ;

And whereas the Allies of His Majesty are associated with Him in the steps now to be announced for restricting further the commerce of Germany :

His Majesty is therefore pleased, by and with the advice of His Privy Council, to order and it is hereby ordered as follows :—

I. No merchant vessel which sailed from her port of departure after the 1st March, 1915, shall be allowed to proceed on her voyage to any German port.

Unless the vessel receives a pass enabling her to proceed to some neutral or allied port to be named in the pass, goods on board any such vessel must be discharged in a British port and placed in the custody of the Marshal of the Prize Court. Goods so discharged, not being contraband of war, shall, if not requisitioned for the use of His Majesty, be restored by order of the Court, upon such terms as the Court may in the circumstances deem to be just, to the person entitled thereto.

II. No merchant vessel which sailed from any German port after the 1st March, 1915, shall be allowed to proceed on her voyage with any goods on board laden at such port.

All goods laden at such port must be discharged in a British or allied port. Goods so discharged in a British port shall be placed in the custody of the Marshal of the Prize Court, and, if not requisitioned for the use of His Majesty, shall be detained or sold under the direction of the Prize Court. The proceeds of goods so sold shall be paid into Court and dealt with in such manner as the Court may in the circumstances deem to be just.

Provided that no proceeds of the sale of such goods shall be paid out of Court until the conclusion of peace, except on the application of the proper Officer of the Crown, unless it be shown that the goods had become neutral property before the issue of this Order.

Provided also that nothing herein shall prevent the release of neutral property laden at such enemy port on the application of the proper Officer of the Crown.

III. Every merchant vessel which sailed from her port of departure after the 1st March, 1915, on her way to a port other than a German port, carrying goods with an enemy destination, or which are enemy property, may be required to discharge such goods in a British or allied port. Any goods so discharged in a British port shall be placed in the custody of the Marshal of the Prize Court, and, unless they are contraband of war, shall, if not requisitioned for the use of His Majesty, be restored by order of the Court, upon such terms as the Court may in the circumstances deem to be just, to the person entitled thereto.

Provided that this Article shall not apply in any case falling within Articles II. or IV. of this Order.

IV. Every merchant vessel which sailed from a port other than a German port after the 1st March, 1915, having on board goods which are of enemy origin or are enemy property may be required to discharge such goods in a British or allied port. Goods so discharged in a British port shall be placed in the custody of the Marshal of the Prize Court, and, if not requisitioned for the use of His Majesty, shall be detained or sold under the direction of the Prize Court. The proceeds of goods so sold shall be paid into Court and dealt with in such manner as the Court may in the circumstances deem to be just.

Provided that no proceeds of the sale of such goods shall be paid out of Court until the conclusion of peace except on the application of the proper Officer of the Crown, unless it be shown that the goods had become neutral property before the issue of this Order.

Provided also that nothing herein shall prevent the release of neutral property of enemy origin on the application of the proper Officer of the Crown.

V.—(1) Any person claiming to be interested in, or to have any claim in respect of any goods (not being contraband of war) placed in the custody of the Marshal of the Prize Court under this Order, or in the proceeds of such goods, may forthwith issue a writ in the Prize Court against the proper Officer of the Crown and apply for an order that the goods should be restored to him, or that their proceeds should be paid to him, or for such other order as the circumstances of the case may require.

(2) The practice and procedure of the Prize Court shall, so far as applicable, be followed *mutatis mutandis* in any proceedings consequential upon this Order.

VI. A merchant vessel which has cleared for a neutral port from a British or allied port, or which has been allowed to pass having an ostensible destination to a neutral port, and proceeds to an enemy port, shall, if captured on any subsequent voyage, be liable to condemnation.

VII. Nothing in this Order shall be deemed to affect the liability of any vessel or goods to capture or condemnation independently of this Order.

VIII. Nothing in this Order shall prevent the relaxation of the provisions of this Order in respect of the merchant vessels of any country which declares that no commerce intended for or originating in Germany or belonging to German subjects shall enjoy the protection of its flag.

ALMERIC FITZROY.

AT THE COURT AT BUCKINGHAM PALACE,

The 20th day of October, 1915.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS by the Declaration of London Order in Council No. 2, 1914, His Majesty was pleased to declare that, during the present hostilities, the provisions of the said Declaration of London should, subject to certain exceptions and modifications therein specified, be adopted and put in force by His Majesty's Government; and

Whereas, by Article 57 of the said Declaration, it is provided that the neutral or enemy character of a vessel is determined by the flag which she is entitled to fly; and

Whereas it is no longer expedient to adopt the said Article:

NOW, THEREFORE, His Majesty, by and with the advice of His Privy Council, is pleased to order, and it is hereby ordered, that, from and after this date, Article 57 of the Declaration of London shall cease to be adopted and put in force.

In lieu of the said Article, British Prize Courts shall apply the rules and principles formerly observed in such Courts.

This Order may be cited as "The Declaration of London Order in Council, 1915."

And the Lords Commissioners of His Majesty's Treasury, the Lords Commissioners of the Admiralty, and each of His Majesty's Principal Secretaries of State, the President of the Probate, Divorce, and Admiralty Division of the High Court of Justice, all other Judges of His Majesty's Prize Courts, and all Governors, Officers, and Authorities whom it may concern, are to give the necessary directions herein as to them may respectively appertain.

J. C. LEDLIE.

AT THE COURT AT BUCKINGHAM PALACE,

The 30th day of March, 1916.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS by the Declaration of London Order in Council No. 2, 1914, His Majesty was pleased to direct that during the present hostilities the provisions of the Convention known as the Declaration of London should, subject to certain omissions and modifications therein set out, be adopted and put in force by His Majesty's Government ; and

Whereas doubts have arisen as to the effect of Article 1 (iii) of the said Order in Council on the right to effect the capture of conditional contraband on board a vessel bound for a neutral port ; and

Whereas it is expedient to put an end to such doubts and otherwise to amend the said Order in Council in the manner hereinafter appearing ; and

Whereas by Article 19 of the said Declaration it is provided that whatever may be the ulterior destination of a vessel or of her cargo, she cannot be captured for breach of blockade if, at the moment, she is on her way to a non-blockaded port ; and

Whereas it is no longer expedient to adopt Article 19 of the said Declaration ;

NOW, THEREFORE, His Majesty, by and with the advice of His Privy Council, is pleased to order, and it is hereby ordered, as follows :—

1. The provisions of the Declaration of London Order in Council No. 2, 1914, shall not be deemed to limit or to have limited in any way the right of His Majesty, in accordance with the law of nations, to capture goods upon the ground that they are conditional contraband, nor to affect or to have affected the liability of conditional contraband to capture, whether the carriage of the goods to their destination be direct or entail transhipment or a subsequent transport by land.

2. The provisions of Article 1 (ii) and (iii) of the said Order in Council shall apply to absolute contraband as well as to conditional contraband.

3. The destinations referred to in Article 30 and in Article 33 of the said Declaration shall (in addition to any presumptions laid down in the said Order in Council) be presumed to exist, if the goods are consigned to or for a person, who, during the present hostilities, has forwarded imported contraband goods to territory belonging to or occupied by the enemy.

4. In the cases covered by Articles 2 and 3 of this Order, it shall lie upon the owner of the goods to prove that their destination was innocent.

5. From and after the date of this Order, Article 19 of the Declaration of London shall cease to be adopted and put in force. Neither a vessel nor her cargo shall be immune from capture for breach of blockade upon the sole ground that she is at the moment on her way to a non-blockaded port.

6. This Order may be cited as " The Declaration of London Order in Council, 1916."

And the Lords Commissioners of His Majesty's Treasury, the Lords Commissioners of the Admiralty, and each of his Majesty's Principal Secretaries of State, the President of the Probate, Divorce, and Admiralty Division of the High Court of Justice, all other Judges of His Majesty's Prize Courts, and all Governors, Officers, and Authorities whom it may concern, are to give the necessary directions herein as to them may respectively appertain.

ALMERIC FITZROY.

AT THE COURT AT BUCKINGHAM PALACE,

The 7th day of July, 1916.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS by an Order in Council, dated the 20th day of August, 1914, His Majesty was pleased to declare that during the present hostilities the provisions of the Declaration of London should, subject to certain additions and modifications therein specified, be adopted and put in force by His Majesty's Government :

And whereas the said Declaration was adopted as aforementioned in common with His Majesty's Allies :

And whereas it has been necessary for His Majesty and for His Allies from time to time to issue further enactments modifying the application of the articles of the said Declaration :

And whereas Orders in Council for this purpose have been issued by His Majesty on the 29th day of October, 1914, the 20th day of October, 1915, and the 30th day of March, 1916 :

And whereas the issue of these successive Orders in Council may have given rise to some doubt as to the intention of His Majesty, as also as to that of His Allies, to act in strict accordance with the law of nations, and it is therefore expedient to withdraw the said Orders so far as they are now in force :

NOW, THEREFORE, His Majesty, by and with the advice of His Privy Council, is pleased to order, and it is hereby ordered, that the Declaration of London Order in Council No. 2, 1914, and all Orders subsequent thereto amending the said Order are hereby withdrawn ;

And His Majesty is pleased further to declare, by and with the advice of His Privy Council, and it is hereby declared, that it is and always has been His intention, as it is and has been that of His Allies, to exercise their belligerent rights at sea in strict accordance with the law of nations ;

And whereas on account of the changed conditions of commerce and the diversity of practice doubts might arise in certain matters as to the rules which His Majesty and His Allies regard as being in conformity with the law of nations, and it is expedient to deal with such matters specifically ;

It is hereby ordered that the following provisions shall be observed :—

- (a) The hostile destination required for the condemnation of contraband articles shall be presumed to exist, until the contrary is shown, if the goods are consigned to or for an enemy authority, or an agent of the enemy State, or to or for a person in territory belonging to or occupied by the enemy, or to or for a person who, during the present hostilities, has forwarded contraband goods to an enemy authority, or an agent of the enemy State, or to or for a person in territory belonging to or occupied by the enemy, or if the goods are consigned " to order," or if the ship's papers do not show who is the real consignee of the goods.
- (b) The principle of continuous voyage or ultimate destination shall be applicable both in cases of contraband and of blockade.
- (c) A neutral vessel carrying contraband with papers indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage.
- (d) A vessel carrying contraband shall be liable to capture and condemnation if the contraband, reckoned either by value, weight, volume, or freight forms more than half the cargo.

And it is hereby further ordered as follows :—

- (i) Nothing herein shall be deemed to affect the Order in Council of the 11th March, 1915, for restricting further the commerce of the enemy or any of His Majesty's Proclamations declaring articles to be contraband of war during the present hostilities.
- (ii) Nothing herein shall affect the validity of anything done under the Orders in Council hereby withdrawn.
- (iii) Any cause or proceeding commenced in any Prize Court before the making of this Order may, if the Court thinks just, be heard and decided under the provisions of the Orders hereby withdrawn so far as they were in force at the date when such cause or proceeding was commenced, or would have been applicable in such cause or proceeding if this Order had not been made.

This Order may be cited as " The Maritime Rights Order in Council, 1916."

And the Lords Commissioners of His Majesty's Treasury, the Lords Commissioners of the Admiralty, and each of His Majesty's Principal Secretaries of State, the President of the Probate, Divorce, and Admiralty Division of the High Court of Justice, all other Judges of His Majesty's Prize Courts, and all Governors, Officers, and Authorities whom it may concern, are to give the necessary directions herein as to them may respectively appertain.

ALMERIC FITZROY.

AT THE COURT AT BUCKINGHAM PALACE,

The 10th day of January, 1917.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS on the 11th day of March, 1915, an Order was issued by His Majesty in Council directing that all ships which sailed from their ports of departure after the 1st day of March, 1915, might be required to discharge in a British or Allied port goods which were of enemy origin or of enemy destination or which were enemy property :

And whereas such Order in Council was consequent upon certain Orders issued by the German Government purporting to declare, in violation of the usages of war, the waters surrounding the United Kingdom a military area, in which all British and Allied merchant vessels would be destroyed, irrespective of the lives of passengers and crew, and in which neutral shipping would be exposed to similar danger, in view of the uncertainties of naval warfare :

And whereas the sinking of British, Allied, and neutral merchant ships, irrespective of the lives of passengers and crews, and in violation of the usages of war, has not been confined to the waters surrounding the United Kingdom, but has taken place in a large portion of the area of naval operations :

And whereas such illegal acts have been committed not only by German warships but by warships flying the flag of each of the enemy countries :

And whereas on account of the extension of the scope of the illegal operations carried out under the said German Orders, and in retaliation therefor, vessels have been required under the provisions of the Order in Council aforementioned to discharge in a British or Allied port goods which were of enemy origin or of enemy destination or which were enemy property, irrespective of the enemy country from or to which such goods were going or of the enemy country in which was domiciled the person whose property they were :

And whereas doubts have arisen as to whether the term "enemy" in articles 3 and 4 of the said Order in Council includes enemy countries other than Germany :

NOW, THEREFORE, His Majesty is pleased, by and with the advice of His Privy Council, to order, and it is hereby ordered, as follows :—

1. In articles 3 and 4 of the said Order in Council of the 11th March, 1915, aforementioned, the terms "enemy destination" and "enemy origin" shall be deemed to apply and shall apply to goods destined for or originating in any enemy country, and the term "enemy property" shall be deemed to apply and shall apply to goods belonging to any person domiciled in any enemy country.

2. Effect shall be given to this Order in the application of the said Order in Council of the 11th March, 1915, to goods which previous to the date of this Order have been discharged at a British or Allied port, being goods of destination or origin or property which was enemy though not German, and all such goods shall be detained and dealt with in all respects as is provided in the said Order in Council of the 11th March, 1915.

J. C. LEDLIE.

AT THE COURT AT BUCKINGHAM PALACE,

The 16th day of February, 1917.

PRESENT,

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS by an Order in Council dated the 11th day of March, 1915, His Majesty was pleased to direct certain measures to be taken against the commerce of the enemy :

And whereas the German Government has now issued a memorandum declaring that from the 1st February, 1917, all sea traffic will be prevented in certain zones therein described adjacent to Great Britain and France and Italy, and that neutral ships will navigate the said zones at their own risk :

And whereas similar directions have been given by other enemy Powers :

And whereas the orders embodied in the said memorandum are in flagrant contradiction with the rules of international law, the dictates of humanity, and the treaty obligations of the enemy :

And whereas such proceedings on the part of the enemy render it necessary for His Majesty to adopt further measures in order to maintain the efficiency of those previously taken to prevent commodities of any kind from reaching or leaving the enemy countries, and for this purpose to subject to capture and condemnation vessels carrying goods with an enemy destination or of enemy origin unless they afford unto the forces of His Majesty and His Allies ample opportunities of examining their cargoes, and also to subject such goods to condemnation :

His Majesty is therefore pleased, by and with the advice of His Privy Council, to order, and it is hereby ordered, that the following directions shall be observed in respect of all vessels which sail from their port of departure after the date of this Order :—

1. A vessel which is encountered at sea on her way to or from a port in any neutral country affording means of access to the enemy territory without calling at a port in British or Allied territory shall, until the contrary is established, be deemed to be carrying goods with an enemy destination, or of enemy origin, and shall be brought in for examination, and, if necessary, for adjudication before the Prize Court.

2. Any vessel carrying goods with an enemy destination, or of enemy origin, shall be liable to capture and condemnation in respect of the carriage of such goods ; provided that, in the case of any vessel which calls at an appointed British or Allied port for the examination of her cargo, no sentence of condemnation shall be pronounced in respect only of the carriage of goods of enemy origin or destination, and no such presumption as is laid down in Article 1 shall arise.

3. Goods which are found on the examination of any vessel to be goods of enemy origin or of enemy destination shall be liable to condemnation.

4. Nothing in this Order shall be deemed to affect the liability of any vessel or goods to capture or condemnation independently of this Order.

5. This Order is supplemental to the Orders in Council of the 11th day of March, 1915, and the 10th day of January, 1917, for restricting the commerce of the enemy.

ALMERIC FITZROY.

APPENDIX II

CONTRABAND PROCLAMATIONS

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PROCLAMATION

August 4, 1914

SPECIFYING THE ARTICLES TO BE TREATED AS CONTRABAND OF WAR

GEORGE R.I.

WHEREAS a state of war exists between us on the one hand and the German Empire on the other:

And whereas it is necessary to specify the articles which it is Our intention to treat as contraband of war:

NOW, THEREFORE, We do hereby, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice the articles enumerated in Schedule I hereto will be treated as absolute contraband, and the articles enumerated in Schedule II hereto will be treated as conditional contraband:

Schedule I

The following articles will be treated as absolute contraband:

1. Arms of all kinds, including arms for sporting purposes, and their distinctive component parts.
2. Projectiles, charges, and cartridges of all kinds, and their distinctive component parts.
3. Powder and explosives specially prepared for use in war.
4. Gun mountings, limber boxes, limbers, military wagons, field forges, and their distinctive component parts.
5. Clothing and equipment of a distinctively military character.
6. All kinds of harness of a distinctively military character.
7. Saddle, draft, and pack animals suitable for use in war.
8. Articles of camp equipment and their distinctive component parts.
9. Armour plates.
10. Warships, including boats, and their distinctive parts of such a nature that they can only be used on a vessel of war.
11. Aeroplanes, airships, balloons, and air craft of all kinds, and their component parts, together with accessories and articles recognizable as intended for use in connection with balloons and air craft.
12. Implements and apparatus designed exclusively for the manufacture of munitions of war, for the manufacture or repair of arms, or war materials for use on land and sea.

Schedule II

The following articles will be treated as conditional contraband:

1. Foodstuffs.
2. Forage and grain suitable for feeding animals.
3. Clothing, fabrics for clothing, and boots and shoes, suitable for use in war.
4. Gold and silver in coin or bullion; paper money.
5. Vehicles of all kinds available for use in war and their component parts.
6. Vessels, craft, and boats of all kinds; floating docks, parts of docks, and their component parts.
7. Railway material, both fixed and rolling stock, and materials for telegraphs, wireless telegraphs, and telephones.
8. Fuel; lubricants.
9. Powder and explosives not specially prepared for use in war.
10. Barbed wire, and implements for fixing and cutting the same.
11. Horseshoes and shoeing materials.
12. Harness and saddlery.
13. Field glasses, telescopes, chronometers, and all kinds of nautical instruments.

Given at our court at Buckingham Palace, this fourth day of August, in the year of our Lord one thousand nine hundred and fourteen, etc., etc.

PROCLAMATION

September 21, 1914. No. 1410

SPECIFYING CERTAIN ADDITIONAL ARTICLES WHICH ARE TO BE TREATED
AS CONTRABAND OF WAR

GEORGE R.I.

WHEREAS on the 4th day of August last, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband of war during the war between us and the German Emperor.

And whereas on the 12th day of August last We did by Our Royal Proclamation of that date extend Our Proclamation aforementioned to the war between Us and the Emperor of Austria, King of Hungary.

And whereas by an order in council of the 20th day of August, 1914, it was ordered that during the present hostilities the convention known as the Declaration of London should, subject to certain additions and modifications therein specified, be adopted and put in force as if the same had been ratified by Us.

And whereas it is desirable to add to the list of articles to be treated as contraband of war during the present war.

And whereas it is expedient to introduce certain further modifications in the Declaration of London as adopted and put into force.

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war, or until We do give further public notice, the articles enumerated in the schedule hereto will, notwithstanding anything contained in Article 28 of the Declaration of London, be treated as conditional contraband.

Schedule

Copper, unwrought.	Magnetic iron ore.
Lead, pig, sheet, or pipe.	Rubber.
Glycerine.	Hides and skins, raw or rough tanned
Ferrochrome.	(but not including dressed leather).
Hæmatite iron ore.	

Given at our court at Buckingham Palace, this twenty-first day of September, in the year of our Lord one thousand nine hundred and fourteen, etc., etc.

PROCLAMATION

October 29, 1914. No. 1613

REVISING THE LIST OF CONTRABAND OF WAR

GEORGE R.I.

WHEREAS, on the fourth day of August, 1914, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband of war during the war between Us and the German Emperor ; and

Whereas, on the twelfth day of August, 1914, We did by Our Royal Proclamation of that date extend Our Proclamation aforementioned to the war between Us and the Emperor of Austria, King of Hungary ; and

Whereas on the twenty-first day of September, 1914, We did by Our Royal Proclamation of that date make certain additions to the list of articles to be treated as contraband of war ; and

Whereas it is expedient to consolidate the said lists and to make certain additions thereto :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that the lists of contraband contained in the schedules to Our Royal Proclamations of the fourth day of August and the twenty-first day of September aforementioned are hereby withdrawn, and that in lieu thereof during the continuance of the war or until We do give further public notice the articles enumerated in Schedule I hereto will be treated as absolute contraband, and the articles enumerated in Schedule II hereto will be treated as conditional contraband.

Schedule I

1. Arms of all kinds, including arms for sporting purposes, and their distinctive component parts.
2. Projectiles, charges, and cartridges of all kinds, and their distinctive component parts.
3. Powder and explosives specially prepared for use in war.
4. Sulphuric acid.
5. Gun mountings, limber boxes, limbers, military wagons, field forges and their distinctive component parts.
6. Range-finders and their distinctive component parts.
7. Clothing and equipment of a distinctively military character.
8. Saddle, draft, and pack animals suitable for use in war.
9. All kinds of harness of a distinctively military character.
10. Articles of camp equipment and their distinctive component parts.
11. Armour plates.
12. Hæmatite iron ore and hæmatite pig iron.
13. Iron pyrites.
14. Nickel ore and nickel.
15. Ferrochrome and chrome ore.
16. Copper, unwrought.
17. Lead, pig, sheet, or pipe.
18. Aluminium.
19. Ferro-silica.
20. Barbed wire, and implements for fixing and cutting the same.
21. Warships, including boats and their distinctive component parts of such a nature that they can only be used on a vessel of war.
22. Aeroplanes, airships, balloons, and aircraft of all kinds, and their component parts, together with accessories and articles recognizable as intended for use in connection with balloons and aircraft.
23. Motor vehicles of all kinds and their component parts.
24. Motor tires ; rubber.
25. Mineral oils and motor spirit, except lubricating oils.
26. Implements and apparatus designed exclusively for the manufacture of munitions of war, for the manufacture or repair of arms, or war material for use on land and sea.

Schedule II

1. Foodstuffs.
2. Forage and feedings stuff for animals.
3. Clothing, fabrics for clothing, and boots and shoes suitable for use in war.
4. Gold and silver in coin or bullion ; paper money.
5. Vehicles of all kinds, other than motor vehicles, available for use in war, and their component parts.
6. Vessels, craft, and boats of all kinds ; floating docks, parts of docks, and their component parts.
7. Railway materials, both fixed and rolling stock, and materials for telegraphs, wireless telegraphs, and telephones.
8. Fuel, other than mineral oils. Lubricants.
9. Powder and explosives not specially prepared for use in war.
10. Sulphur.
11. Glycerine.
12. Horseshoes and shoeing materials.
13. Harness and saddlery.
14. Hides of all kinds, dry or wet ; pigskins, raw or dressed ; leather, undressed or dressed, suitable for saddlery, harness, or military boots.
15. Field glasses, telescopes, chronometers, and all kinds of nautical instruments.

Given at our court at Buckingham Palace, this twenty-ninth day of October, in the year of our Lord one thousand nine hundred and fourteen, etc., etc.

PROCLAMATION

December 23, 1914

REVISING THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

GEORGE R.I.

WHEREAS on the 4th day of August, 1914, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband of war during the war between Us and the German Emperor ; and

Whereas on the 12th day of August, 1914, We did by Our Royal Proclamation of that date extend Our Proclamation aforementioned to the war between Us and the Emperor of Austria, King of Hungary ; and

Whereas on the 21st day of September, 1914, We did by Our Royal Proclamation of that date make certain additions to the list of articles to be treated as contraband of war ; and

Whereas on the 29th day of October, 1914, We did by Our Royal Proclamation of that date withdraw the said lists of contraband and substitute therefor the lists contained in the schedule to the said proclamation ; and

Whereas it is expedient to make certain alterations in and additions to the said lists :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that the lists of contraband contained in the schedule to Our Royal Proclamation of the twenty-ninth day of October aforementioned are hereby withdrawn, and that in lieu thereof during the continuance of the war or until We do give further public notice the articles enumerated in Schedule I hereto will be treated as absolute contraband, and the articles enumerated in Schedule II hereto will be treated as conditional contraband.

Schedule I

1. Arms of all kinds, including arms for sporting purposes, and their distinctive component parts.
2. Projectiles, charges and cartridges of all kinds and their distinctive component parts.
3. Powder and explosives specially prepared for use in war.
4. Ingredients of explosives, viz. : nitric acid, sulphuric acid, glycerine, acetone, calcium acetate and all other metallic acetates, sulphur, potassium nitrate, the fractions of the distillation products of coal tar between benzol and cresol, inclusive, aniline, methylaniline, dimethylaniline, ammonium perchlorate, sodium perchlorate, sodium chlorate, barium chlorate, ammonium nitrate, cyanamide, potassium chlorate, calcium nitrate, mercury.
5. Resinous products, camphor, and turpentine (oil and spirit).
6. Gun mountings, limber boxes, limbers, military wagons, field forges, and their distinctive component parts.
7. Range-finders and their distinctive component parts.
8. Clothing and equipment of a distinctively military character.
9. Saddle, draught, and pack animals suitable for use in war.
10. All kinds of harness of a distinctively military character.
11. Articles of camp equipment and their distinctive component parts.
12. Armour plates.
13. Ferro alloys, including ferro-tungsten, ferro-molybdenum, ferro-manganese, ferro-vanadium, ferro-chrome.
14. The following metals : Tungsten, molybdenum, vanadium, nickel, selenium, cobalt, hæmatite pig-iron, manganese.
15. The following ores : Wolframite, scheelite, molybdenite, manganese ore, nickel ore, chrome ore, hæmatite iron ore, zinc ore, lead ore, bauxite.
16. Aluminium, alumina, and salts of aluminium.
17. Antimony, together with the sulphides and oxides of antimony.
18. Copper, unwrought and part wrought, and copper wire.
19. Lead, pig, sheet, or pipe.
20. Barbed wire, and implements for fixing and cutting the same.
21. Warships, including boats and their distinctive component parts of such nature that they can only be used on a vessel of war.
22. Submarine sound signalling apparatus.

23. Aeroplanes, airships, balloons, and aircraft of all kinds, and their component parts, together with accessories and articles recognizable as intended for use in connection with balloons and aircraft.
24. Motor vehicles of all kinds and their component parts.
25. Tires for motor vehicles and for cycles, together with articles or materials especially adapted for use in the manufacture or repair of tires.
26. Rubber (including raw, waste, and reclaimed rubber) and goods made wholly of rubber.
27. Iron pyrites.
28. Mineral oils and motor spirit, except lubricating oils.
29. Implements and apparatus designed exclusively for the manufacture of munitions of war, for the manufacture or repair of arms, or war material for use on land and sea.

Schedule II

1. Foodstuffs.
2. Forage and feeding stuffs for animals.
3. Clothing, fabrics for clothing, and boots and shoes suitable for use in war.
4. Gold and silver in coin or bullion ; paper money.
5. Vehicles of all kinds, other than motor vehicles, available for use in war, and their component parts.
6. Vessels, craft, and boats of all kinds ; floating docks, parts of docks, and their component parts.
7. Railway materials, both fixed and rolling stock, and materials for telegraphs, wireless telegraphs, and telephones.
8. Fuel, other than mineral oils. Lubricants.
9. Powder and explosives not specially prepared for use in war.
10. Horseshoes and shoeing materials.
11. Harness and saddlery.
12. Hides of all kinds, dry or wet ; pigskins, raw or dressed ; leather, undressed or dressed, suitable for saddlery and harness, or military boots.
13. Field glasses, telescopes, chronometers, and all kinds of nautical instruments.

Given at Our Court at Buckingham Palace, this Twenty-third day of December, in the year of our Lord one thousand nine hundred and fourteen, etc., etc.

PROCLAMATION

March 11, 1915

**ADDING TO THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR
GEORGE R.I.**

WHEREAS on the twenty-third day of December, 1914, We did issue Our Royal Proclamations specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities or until We did give further public notice, and

Whereas it is expedient to make certain additions to the lists contained in the said proclamation :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice the following articles will be treated as absolute contraband in addition to those set out in Our Royal Proclamation aforementioned :

- Raw wool, wool tops and noils and woollen and worsted yarns.
- Tin, chloride of tin, tin ore.
- Castor oil.
- Paraffin wax.
- Copper iodide.
- Lubricants.

Hides of cattle, buffaloes, and horses ; skins of calves, pigs, sheep, goats, and deer ; leather, undressed or dressed, suitable for saddlery, harness, military boots, or military clothing.

Ammonia and its salts whether simple or compound ; ammonia liquor, urea, aniline, and their compounds.

And We do hereby declare that the following articles will be treated as conditional contraband in addition to those set out in Our Royal Proclamation aforementioned :

Tanning substances of all kinds (including extracts for use in tanning).

And We do hereby further declare that the terms " foodstuffs " and " feeding stuffs for animals " in the list of conditional contraband contained in Our Royal Proclamation aforementioned shall be deemed to include oleaginous seeds, nuts and kernels ; animal and vegetable oils and fats (other than linseed oil) suitable for use in the manufacture of margarine ; and cakes and meals made from oleaginous seeds, nuts and kernels.

Given at Our Court at Buckingham Palace, this eleventh day of March, in the year of our Lord one thousand nine hundred and fifteen, etc., etc.

BY THE KING

A PROCLAMATION

MAKING CERTAIN FURTHER ADDITIONS TO AND AMENDMENTS IN THE LIST OF ARTICLES
TO BE TREATED AS CONTRABAND OF WAR

GEORGE R.I.

WHEREAS on the twenty-third day of December, 1914, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities or until We did give further public notice ; and

Whereas on the eleventh day of March, 1915, We did by Our Royal Proclamation of that date make certain additions to the list of articles to be treated as contraband of war ; and

Whereas it is expedient to make certain further additions to and amendments in the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war, or until We do give further public notice, the following articles will be treated as absolute contraband in addition to those set out in Our Royal Proclamations aforementioned :—

Toluol, and mixtures of toluol, whether derived from coal-tar, petroleum, or any other source ;

Lathes and other machines or machine-tools capable of being employed in the manufacture of munitions of war ;

Maps and plans of any place within the territory of any belligerent, or within the area of military operations, on a scale of four miles to one inch or on any larger scale, and reproductions on any scale by photography or otherwise of such maps or plans.

And We do hereby further declare that item 4 of Schedule I of Our Royal Proclamation of the twenty-third day of December aforementioned shall be amended as from this date by the omission of the words " and all other metallic acetates " after the words " calcium acetate."

And We do hereby further declare that in Our Royal Proclamation of the eleventh day of March aforementioned the words " other than linseed oil " shall be deleted and that the following article will as from this date be treated as conditional contraband :—

Linseed oil.

Given at Our Court at Buckingham Palace, this Twenty-seventh day of May, in the year of our Lord one thousand nine hundred and fifteen, and in the Sixth year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT THE ROYAL PAVILION, ALDERSHOT CAMP

The 20th day of August, 1915

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

ADDING TO THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 23rd day of December, 1914, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities or until We did give further notice; and

Whereas on the 11th day of March and on the 27th day of May, 1915, We did, by Our Royal Proclamations of those dates, make certain additions to the list of articles to be treated as contraband of war; and

Whereas it is expedient to make certain further additions to the said lists:

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband in addition to those set out in Our Royal Proclamations aforementioned:—

Raw cotton, cotton linters, cotton waste, and cotton yarns.

And We do hereby further declare that this Our Royal Proclamation shall take effect from the date of its publication in the London Gazette.

Given at Our Court at the Royal Pavilion, Aldershot Camp, this Twentieth day of August, in the year of our Lord one thousand nine hundred and fifteen, and in the Sixth Year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 14th day of October, 1915

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

REVISING THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 23rd day of December, 1914, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities or until We did give further public notice; and

Whereas on the 11th day of March, and on the 27th day of May, and on the 20th day of August, 1915, We did, by Our Royal Proclamations of those dates, make certain additions to the lists of articles to be treated as contraband of war; and

Whereas it is expedient to make certain further additions to and amendments in the said lists:

NOW THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that the lists of contraband contained in the Schedules to Our Royal Proclamation of the 23rd day of December, as subsequently amended by Our Proclamations of the 11th day of March, and of the 27th day of May, and of the 20th day of August aforementioned, are hereby withdrawn, and that in lieu thereof, during the continuance of the war or until We do give further public notice, the articles enumerated in Schedule I hereto will be treated as absolute contraband, and the articles enumerated in Schedule II hereto will be treated as conditional contraband.

Schedule I

1. Arms of all kinds, including arms for sporting purposes, and their component parts.
2. Implements and apparatus designed exclusively for the manufacture of munitions of war, or for the manufacture or repair of arms or of war material for use on land or sea.
3. Lathes and other machines or machine tools capable of being employed in the manufacture of munitions of war.
4. Emery, corundum, natural and artificial (alundum), and carborundum, in all forms.
5. Projectiles, charges, and cartridges of all kinds, and their component parts.
6. Paraffin wax.
7. Powder and explosives specially prepared for use in war.
8. Materials used in the manufacture of explosives, including :—Nitric acid and nitrates of all kinds ; sulphuric acid ; fuming sulphuric acid (oleum) ; acetic acid and acetates ; barium chlorate and perchlorate ; calcium acetate, nitrate and carbide ; potassium salts and caustic potash ; ammonium salts and ammonia liquor ; caustic soda, sodium chlorate and perchlorate ; mercury ; benzol, toluol, xylo, solvent naphtha, phenol (carbolic acid), cresol, naphthalene, and their mixtures and derivatives ; aniline, and its derivatives ; glycerine ; acetone ; acetic ether ; ethyl alcohol ; methyl alcohol ; ether ; sulphur ; urea ; cyanamide ; celluloid.
9. Manganese dioxide ; hydrochloric acid ; bromine ; phosphorus ; carbon disulphide ; arsenic and its compounds ; chlorine ; phosgene (carbonyl chloride) ; sulphur dioxide ; prussiate of soda ; sodium cyanide ; iodine and its compounds.
10. Capsicum and peppers.
11. Gun mountings, limberboxes, limbers, military waggons, field forges, and their component parts ; articles of camp equipment and their component parts.
12. Barbed wire, and the implements for fixing and cutting the same.
13. Range-finders and their component parts ; searchlights and their component parts.
14. Clothing and equipment of a distinctively military character.
15. Saddle, draught, and pack animals suitable, or which may become suitable, for use in war.
16. All kinds of harness of a distinctively military character.
17. Hides of cattle, buffaloes, and horses ; skins of calves, pigs, sheep, goats, and deer ; and leather, undressed or dressed, suitable for saddlery, harness, military boots, or military clothing ; leather belting, hydraulic leather, and pump leather.
18. Tanning substances of all kinds, including quebracho wood and extracts for use in tanning.
19. Wool, raw, combed or carded ; wool waste ; wool tops and noils ; woollen or worsted yarns ; animal hair of all kinds, and tops, noils and yarns of animal hair.
20. Raw cotton, linters, cotton waste, cotton yarns, cotton piece goods, and other cotton products capable of being used in the manufacture of explosives.
21. Flax ; hemp ; ramie ; kapok.
22. Warships, including boats and their component parts of such a nature that they can only be used on a vessel of war.
23. Submarine sound-signalling apparatus.
24. Armour plates.
25. Aircraft of all kinds, including aeroplanes, airships, balloons and their component parts, together with accessories and articles suitable for use in connection with aircraft.
26. Motor vehicles of all kinds and their component parts.
27. Tyres for motor vehicles and for cycles, together with articles or materials especially adapted for use in the manufacture or repair of tyres.
28. Mineral oils, including benzine and motor spirit.
29. Resinous products, camphor and turpentine (oil and spirit) ; wood tar and wood-tar oil.
30. Rubber (including raw, waste, and reclaimed rubber, solutions and jellies containing rubber, or any other preparations containing rubber, balata, and gutta-percha, and the following varieties of rubber, viz. : Borneo, Guayule, Jelutong, Palembang, Pontianac, and all other substances containing caoutchouc), and goods made wholly or partly of rubber.
31. Rattans.
32. Lubricants.
33. The following metals : Tungsten, molybdenum, vanadium, sodium, nickel, selenium, cobalt, hæmatite pig-iron, manganese, electrolytic iron, and steel containing tungsten or molybdenum.
34. Asbestos.

35. Aluminium, alumina, and salts of aluminium.
36. Antimony, together with the sulphides and oxides of antimony.
37. Copper, unwrought and part wrought ; copper wire ; alloys and compounds of copper.
38. Lead, pig, sheet, or pipe.
39. Tin, chloride of tin, and tin ore.
40. Ferro alloys, including ferro-tungsten, ferro-molybdenum, ferro-manganese, ferro-vanadium and ferro-chrome.
41. The following ores : Wolframite, scheelite, molybdenite, manganese ore, nickel ore, chrome ore, hæmatite iron ore, iron pyrites, copper pyrites and other copper ores, zinc ore, lead ore, arsenical ore, and bauxite.
42. Maps and plans of any place within the territory of any belligerent, or within the area of military operations, on a scale of 4 miles to 1 inch or any larger scale, and reproductions on any scale, by photography or otherwise, of such maps or plans.

Schedule II

1. Foodstuffs.
2. Forage and feeding stuffs for animals.
3. Oleaginous seeds, nuts and kernels.
4. Animal, fish, and vegetable oils and fats, other than those capable of use as lubricants, and not including essential oils.
5. Fuel, other than mineral oils.
6. Powder and explosives not specially prepared for use in war.
7. Horseshoes and shoeing materials.
8. Harness and saddlery.
9. The following articles, if suitable for use in war : Clothing, fabrics for clothing, skins and furs utilisable for clothing, boots and shoes.
10. Vehicles of all kinds, other than motor vehicles, available for use in war, and their component parts.
11. Railway materials, both fixed and rolling stock, and materials for telegraphs, wireless telegraphs, and telephones.
12. Vessels, craft, and boats of all kinds ; floating docks and their component parts ; parts of docks.
13. Field glasses, telescopes, chronometers, and all kinds of nautical instruments.
14. Gold and silver in coin or bullion ; paper money.

Given at Our Court at Buckingham Palace, this Fourteenth day of October, in the year of our Lord one thousand nine hundred and fifteen, and in the Sixth year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 27th day of January, 1916

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

MAKING CERTAIN ADDITIONS TO AND AMENDMENTS IN THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities or until We did give further public notice ; and

Whereas it is expedient to make certain further additions to and amendments in the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council that, during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband, in addition to those set out in Schedule I of Our Royal Proclamation aforementioned :—

Cork, including cork dust.
Bones in any form, whole or crushed, and bone ash.
Soap.
Vegetable fibres and yarns made therefrom.

And We do hereby further declare that as from this date the following amendments shall be made in Schedule I of Our Royal Proclamation aforementioned :—

In item 8, for " acetone " shall be substituted " acetones, and raw or finished materials usable for their preparation."
In item 9, for " phosphorus " shall be substituted " phosphorus and its compounds."
In item 26 there shall be added after the word " parts " the words " and accessories."
In item 38 the more general term " lead " shall be substituted for the words " lead, pig, sheet, or pipe."

And We do hereby further declare that the following articles shall as from this date be treated as conditional contraband in addition to those set out in Schedule II of Our Royal Proclamation aforementioned :—

Casein.
Bladders, guts, casings, and sausage skins.

Given at Our Court at Buckingham Palace, this Twenty-seventh day of January, in the year of our Lord One thousand nine hundred and sixteen, and in the Sixth year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 12th day of April, 1916

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

MAKING CERTAIN ADDITIONS TO AND AMENDMENTS IN THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities, or until We did give further public notice ;

And whereas on the 27th day of January, 1916, We did by Our Royal Proclamation of that date make certain additions to and modifications in the list of articles to be treated as contraband ;

And whereas it is expedient to make certain further additions to and modifications in the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband in addition to those set out in Our Royal Proclamations aforementioned :—

Gold, silver, paper money, and all negotiable instruments and realisable securities.
Metallic chlorides, except chloride of sodium ; metalloidal chlorides ; halogen compounds of carbon.
Starch.
Borax, boric acid, and other boron compounds.
Sabadilla seeds and preparations therefrom.

And We do hereby further declare that as from this date the following amendments shall be made in Schedule I of Our Royal Proclamation aforesaid :—

In item 3 the following shall be substituted for the present wording :—

“ Lathes, machines, and tools capable of being employed in the manufacture of munitions of war.”

In item 8 for “ either ” shall be substituted “ formic ether ; sulphuric ether.”

And We do hereby further declare that no gold, silver, or paper money captured after this date shall be treated as conditional contraband, and that, except as to captures already effected, item 14 shall as from this date be struck out of Schedule II of Our Royal Proclamation aforesaid.

Given at Our Court at Buckingham Palace, this Twelfth day of April, in the year of our Lord One thousand nine hundred and sixteen, and in the Sixth year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 27th day of June, 1916

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

MAKING CERTAIN ADDITIONS TO THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities, or until We did give further public notice ; and

Whereas on the 27th day of January, 1916, and the 12th day of April, 1916, We did by Our Royal Proclamations of those dates make certain additions to and modifications in the said list of articles to be treated as contraband ; and

Whereas it is expedient to make certain further additions to the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband in addition to those set out in Our Royal Proclamations aforesaid :—

Electric appliances adapted for use in war and their component parts.

Asphalt, bitumen, pitch, and tar.

Sensitized photographic films, plates, and paper.

Felspar.

Goldbeaters' skin.

Talc.

Bamboo.

Given at Our Court at Buckingham Palace, this Twenty-seventh day of June, in the year of our Lord One thousand nine hundred and sixteen, and in the Seventh year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 3rd day of October, 1916

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

MAKING CERTAIN ADDITIONS TO AND AMENDMENTS IN THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities, or until We did give further public notice ;

And whereas on the 27th day of January, 1916, the 12th day of April, 1916, and the 27th day of June, 1916, We did, by Our Royal Proclamations of those dates, make certain additions to and modifications in the said list of articles to be treated as contraband ;

And whereas it is expedient to make certain further additions to the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband, in addition to those set out in Our Royal Proclamations aforementioned :—

Insulating materials, raw and manufactured.
Fatty acids.
Cadmium, cadmium alloys, and cadmium ore.
Albumen.

And We do hereby further declare that as from this date the following amendments shall be made in Schedule I of Our Royal Proclamation of the 14th day of October, 1915, aforementioned :—

For item 6, " paraffin wax," there shall be substituted " waxes of all kinds."

And We do hereby further declare that the following article shall as from this date be treated as conditional contraband in addition to those set out in Our Royal Proclamations aforementioned :—

Yeast.

Given at Our Court at Buckingham Palace this Third day of October, in the year of our Lord One thousand nine hundred and sixteen, and in the Seventh year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 23rd day of November, 1916

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

MAKING CERTAIN ADDITIONS TO AND AMENDMENTS IN THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS, on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities, or until We did give further public notice ; and

Whereas, on the 27th day of January, 1916, the 12th day of April, 1916, the 27th day of June, 1916, and the 3rd day of October, 1916, We did, by Our Royal Proclamations of those dates, make certain additions to and modifications in the said list of articles to be treated as contraband ; and

Whereas it is expedient to make certain further additions to the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband, in addition to those set out in Our Royal Proclamations aforementioned :—

Diamonds suitable for industrial purposes.
Silk in all forms and the manufactures thereof ; silk cocoons.
Artificial silk and the manufactures thereof.
Quillaia bark.
Zirconium, cerium, thorium, and all alloys and compounds thereof.
Zirconia and monazite sand.

And We do hereby further declare that, as from this date, the following amendments shall be made in Schedule I of Our Royal Proclamation of the 14th day of October, 1915, aforementioned :—

For item 4, " emery, corundum, natural and artificial (alundum), and carborundum in all forms," there shall be substituted " emery, corundum, carborundum, and all other abrasive materials whether natural or artificial, and the manufactures thereof."

And We do hereby further declare that, as from this date, the following amendments shall be made in Our Royal Proclamation of the 12th day of April, 1916, aforementioned :—

For " gold, silver, paper money, and all negotiable instruments and realisable securities," there shall be substituted " gold, silver, paper money, securities, negotiable instruments, cheques, drafts, orders, warrants, coupons, letters of credit delegation or advice, credit and debit notes, or other documents, which in themselves, or if completed, or if acted upon by the recipient, authorise, confirm, or give effect to the transfer of money, credit, or securities."

And We do hereby further declare that the following articles shall, as from this date, be treated as conditional contraband in addition to those set out in Our Royal Proclamations aforementioned :—

Sponges, raw and prepared.
Glue, gelatine, and substances used in the manufacture thereof.
Empty barrels and casks of all kinds and their component parts.

Given at Our Court at Buckingham Palace, this Twenty-third day of November, in the year of our Lord One thousand nine hundred and sixteen, and in the Seventh year of Our Reign.

GOD SAVE THE KING

AT THE COURT AT BUCKINGHAM PALACE

The 29th day of December, 1916

PRESENT

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL

The following Draft Proclamation was this day read at the Board and approved.

ALMERIC FITZROY.

BY THE KING

A PROCLAMATION

MAKING CERTAIN ADDITIONS TO, AND AMENDMENTS IN, THE LIST OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

WHEREAS on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities, or until We did give further public notice ; and

Whereas on the 27th day of January, 1916, the 12th day of April, 1916, the 27th day of June, 1916, the 3rd day of October, 1916, and the 23rd day of November, 1916, We did, by Our Royal Proclamations of those dates, make certain additions to and modifications in the said list of articles to be treated as contraband ; and

Whereas it is expedient to make certain further additions to the said list :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that during the continuance of the war or until We do give further public notice, the following articles will be treated as absolute contraband, in addition to those set out in Our Royal Proclamations aforementioned :—

Oxalic acid and oxalates.
 Formic acid and formates.
 Phenates.
 Metallic sulphites and thiosulphates.
 Soda lime, and bleaching powder.
 Platinum, osmium, ruthenium, rhodium, palladium, iridium, and the alloys and compounds of these metals.
 Strontium salts and compounds thereof.
 Sulphate of barium (barytes).
 Bone black.

And We do hereby further declare that, as from this date, the following amendments shall be made in Schedule I of Our Royal Proclamation of the 14th October, 1915, aforementioned :—

For item 8, "ethyl alcohol ; methyl alcohol," there shall be substituted "Alcohols, including fusel oil and wood spirit, and their derivatives and preparations."

For item 35, "aluminium, alumina, and salts of aluminium," there shall be substituted "aluminium and its alloys, alumina, and salts of aluminium."

For item 41, "wolframite, scheelite," there shall be substituted "tungsten ores."

And We do hereby further declare that, as from this date, the following amendments shall be made in Schedule II of Our Royal Proclamation of the 14th October, 1915, aforementioned :—

For item 5, "fuel, other than mineral oils," there shall be substituted "fuel, including charcoal, other than mineral oils."

Given at Our Court at Buckingham Palace, this Twenty-ninth day of December, in the year of our Lord One thousand nine hundred and sixteen, and in the Seventh year of Our Reign.

GOD SAVE THE KING

BY THE KING

A PROCLAMATION

CONSOLIDATING, WITH ADDITIONS AND AMENDMENTS, THE LISTS OF ARTICLES TO BE TREATED AS CONTRABAND OF WAR

GEORGE R.I.

WHEREAS on the 14th day of October, 1915, We did issue Our Royal Proclamation specifying the articles which it was Our intention to treat as contraband during the continuance of hostilities or until We did give further public notice ;

And whereas on the 27th day of January, and on the 12th day of April, and on the 27th day of June, and on the 3rd day of October, and on the 23rd day of November, and on the 29th day of December, 1916, We did, by Our Royal Proclamations of those dates, make certain additions to the lists of articles to be treated as contraband of war ;

And whereas it is expedient to make certain additions to and amendments in the said lists, and to consolidate and re-issue the same in alphabetical order :

NOW, THEREFORE, We do hereby declare, by and with the advice of Our Privy Council, that the lists of contraband contained in the Schedules to Our Royal Proclamation of the 14th day of October, 1915, as subsequently amended by Our Proclamations of the 27th day of January, and of the 12th day of April, and of the 27th day of June, and of the 3rd day of October, and of the 23rd day of November, and of the 29th day of December, 1916, aforementioned, are hereby withdrawn, and that, in lieu thereof, during the continuance of the war or until We do give further public notice, the articles enumerated in Schedule I hereto will be treated as absolute contraband, and the articles enumerated in Schedule II hereto will be treated as conditional contraband.

Schedule I

Abrasive materials. (See " Emery.")
 Acetic acid and acetates.
 Acetic anhydride.
 Acetic ether.
 Acetones, and raw or finished materials usable for their preparation.
 Aircraft of all kinds, including aeroplanes, airships, balloons, and their component parts, together with accessories and articles suitable for use in connection with aircraft.
 Albumen.
 Alcohols, including fusel oil and wood spirit, and their derivatives and preparations.
 Aluminium, and its alloys, alumina, and salts of alumina.
 Ammonia.
 Ammonia liquor.
 Ammonium salts.
 Aniline and its derivatives.
 Animals, saddle, draught, and pack, suitable, or which may become suitable, for use in war.
 Antimony, and the sulphides and oxides of antimony.
 Apparatus which can be used for the storage or projecting of compressed or liquefied gases, flame, acids, or other destructive agents capable of use in warlike operations, and their component parts.
 Armour plates.
 Arms all of kinds, including arms for sporting purposes, and their component parts.
 Arsenic and its compounds.
 Arsenical ore.
 Asbestos.
 Asphalt.
 Balata. (See " Rubber.")
 Bamboo.
 Barbed wire, and the implements for fixing and cutting the same.
 Barium chlorate and perchlorate.
 Barium sulphate (barytes).
 Bauxite.
 Benzine. (See " Mineral Oils.")
 Benzol and its mixtures and derivatives.
 Bitumen.
 Bleaching powder.
 Bone black.
 Bones in any form, whole or crushed ; bone ash.
 Borax, boric acid, and other boron compounds.
 Bromine.
 Cadmium, cadmium alloys, and cadmium ore.
 Calcium acetate, nitrate, and carbide.
 Calcium sulphate.
 Camp equipment, articles of, and their component parts.
 Camphor.
 Capsicum.
 Carbolic acid. (See " Phenol.")
 Carbon disulphide.
 Carbon, halogen compounds of.
 Carborundum. (See " Emery.")
 Carbonyl chloride. (See " Phosgene.")
 Cartridges. (See " Projectiles.")
 Caustic potash.
 Caustic soda.
 Celluloid.
 Cerium, and its alloys and compounds.
 Charges. (See " Projectiles.")
 Cheques. (See " Gold.")
 Chloride of lime.
 Chlorides, metallic (except chloride of sodium), and metalloidal.
 Chlorine.
 Chromium and its alloys, salts, compounds and ores.
 Clothing and equipment of a distinctively military character.
 Cobalt and its alloys, salts, compounds and ores.
 Copper pyrites, and other copper ores.
 Copper, unwrought and part wrought ; copper wire ; alloys and compounds of copper.
 Cork, including cork dust.

- Corundum. (See "Emery.")
- Cotton, raw, linters, cotton waste, cotton yarns, cotton piece-goods, and other cotton products capable of being used in the manufacture of explosives.
- Coupons. (See "Gold.")
- Credit notes. (See "Gold.")
- Cresol and its mixtures and derivatives.
- Cyanamide.
- Debit notes. (See "Gold.")
- Diamonds suitable for industrial purposes.
- Electrical appliances adapted for use in war and their component parts.
- Electrolytic iron.
- Emery, corundum, carborundum, and all other abrasive materials, whether natural or artificial, and the manufactures thereof.
- Equipment. (See "Clothing.")
- Explosives, materials used in the manufacture of.
- Explosives specially prepared for use in war.
- Fatty acids.
- Felspar.
- Ferro-alloys of all kinds.
- Ferro-silicon.
- Fibres, vegetable, and yarns made therefrom.
- Financial documents. (See "Gold.")
- Flax.
- Forges, field, and their component parts.
- Formic acid and formates.
- Formic ether.
- Fusel oil. (See "Alcohols.")
- Gases for war purposes and materials for production thereof.
- Glycerine.
- Gold, silver, paper-money, securities, negotiable instruments, cheques, drafts, orders, warrants, coupons, letters of credit, delegation, or advice, credit and debit notes, or other documents which in themselves, or if completed, or if acted upon by the recipient, authorise, confirm, or give effect to the transfer of money, credit, or securities.
- Goldbeaters' skin.
- Gun-mountings and their component parts.
- Gutta-percha. (See "Rubber.")
- Hæmatite iron ore.
- Hæmatite pig-iron.
- Hair, animal, of all kinds, and tops, and noils and yarns of animal hair.
- Harness, of all kinds, of a distinctively military character.
- Hemp.
- Hides of cattle, buffaloes, and horses.
- Hydrochloric acid.
- Implements and apparatus designed exclusively for the manufacture of munitions of war, or for the manufacture or repair of arms or of war material for use on land or sea.
- Incendiary materials for war purposes.
- Insulating materials, raw and manufactured.
- Iodine and its compounds.
- Iridium and its alloys and compounds.
- Iron (electrolytic).
- Iron pyrites.
- Kapok.
- Lathes, machines, and tools, capable of being employed in the manufacture of munitions of war.
- Lead and lead ore.
- Leather, undressed or dressed, suitable for saddlery, harness, military boots, or military clothing.
- Leather belting; hydraulic leather; pump leather.
- Letters of credit, delegation, or advice. (See "Gold.")
- Light producing materials for war purposes.
- Limbers and limber-boxes and their component parts.
- Lithium. (See "Strontium.")
- Lubricants.
- Machines. (See "Lathes.")
- Manganese and manganese ore.
- Manganese dioxide.
- Maps and plans of any place within the territory of any belligerent, or within the area of military operations, on a scale of 4 miles to 1 inch or any larger scale, and reproductions on any scale, by photography or otherwise, of such maps or plans.

Mercury.
 Metallic sulphites and thiosulphates.
 Mineral oils, including benzine and motor-spirit.
 Molybdenum and molybdenite.
 Monazite sand.
 Motor-spirit. (See "Mineral Oils.")
 Motor vehicles of all kinds, and their component parts and accessories.
 Naphtha. (See "Solvent Naphtha.")
 Naphthalene and its mixtures and derivatives.
 Negotiable instruments. (See "Gold.")
 Nickel and its alloys, salts, compounds and ores.
 Nitrates of all kinds.
 Nitric acid.
 Oleum. (See "Sulphuric Acid.")
 Orders. (See "Gold.")
 Osmium and its alloys and compounds.
 Oxalic acid and oxalates.
 Palladium and its alloys and compounds.
 Paper-money. (See "Gold.")
 Peppers.
 Phenates.
 Phenol (carbolic acid) and its mixtures and derivatives.
 Phosgene (Carbonyl Chloride).
 Phosphorus and its compounds.
 Photographic films, plates, and paper, sensitised.
 Pitch.
 Platinum and its alloys and compounds.
 Potassium salts.
 Powder specially prepared for use in war.
 Projectiles, charges, cartridges, and grenades of all kinds, and their component parts.
 Prussiate of soda.
 Quebracho wood. (See "Tanning substances.")
 Quillaia bark.
 Ramie.
 Rangefinders and their component parts.
 Rattans.
 Resinous products.
 Rhodium and its alloys and compounds.
 Rubber (including raw, waste, and reclaimed rubber, solutions and jellies containing rubber, and any other preparations containing balata and gutta-percha, and the following varieties of rubber, viz. : Borneo, Guayule, Jelutong, Palembang, Pontianac, and all other substances containing caoutchouc), and goods made wholly or partly of rubber.
 Ruthenium and its alloys and compounds.
 Sabadilla seeds and preparations thereof.
 Searchlights and their component parts.
 Securities. (See "Gold.")
 Selenium.
 Silk, artificial, and the manufactures thereof.
 Silk, in all forms, and the manufactures thereof ; silk cocoons.
 Silver. (See "Gold.")
 Skins of calves, pigs, sheep, goats, and deer.
 Smoke producing materials for war purposes.
 Soap.
 Soda lime.
 Sodium.
 Sodium chlorate and perchlorate.
 Sodium cyanide.
 Solvent naphtha and its mixtures and derivatives.
 Starch.
 Steel containing tungsten or molybdenum.
 Strontium and lithium compounds and mixtures containing the same.
 Submarine sound-signalling apparatus.
 Sulphur.
 Sulphur dioxide.
 Sulphuric acid ; fuming sulphuric acid (oleum).
 Sulphuric ether.
 Talc.

Tanning substances of all kinds, including quebracho wood, and extracts for use in tanning.
 Tantalum and its alloys, salts, compounds and ores.
 Tar.
 Thiosulphates. (See "Metallic Sulphites.")
 Thorium and its alloys and compounds.
 Tin ; chloride of tin ; tin-ore.
 Titanium and its salts and compounds ; titanium ore.
 Toluol and its mixtures and derivatives.
 Tools. (See "Lathes.")
 Tungsten and its alloys and compounds ; tungsten ores.
 Turpentine (oil and spirit).
 Tyres for motor vehicles and for cycles, together with articles or materials especially adapted for use in the manufacture or repair of tyres.
 Uranium and its salts and compounds ; uranium ore.
 Urea.
 Vanadium and its alloys, salts, compounds and ores.
 Vegetable fibres. (See "Fibres.")
 Wagons, military, and their component parts.
 Warrants. (See "Gold.")
 Warships, including boats and their component parts of such a nature that they can only be used on a vessel of war.
 Waxes of all kinds.
 Wire, barbed. (See "Barbed wire.")
 Wire, steel and iron.
 Wood spirit. (See "Alcohols.")
 Wood tar and wood-tar oil.
 Woods of all kinds capable of use in war.
 Wool, raw, combed, or carded ; wool waste ; wool tops and noils ; woollen or worsted yarns.
 Xylol and its mixtures and derivatives.
 Zinc and its alloys.
 Zinc ore.
 Zirconia.
 Zirconium and its alloys and compounds.

Schedule II

Algae, lichens, and mosses.
 Barrels and casks, empty, of all kinds, and their component parts.
 Bladders.
 Boots and shoes, suitable for use in war.
 Casein.
 Casings.
 Casks. (See "Barrels.")
 Charcoal. (See "Fuel.")
 Chronometers.
 Clothing and fabrics for clothing, suitable for use in war.
 Docks, floating, and their component parts ; parts of docks.
 Explosives not specially prepared for use in war.
 Field glasses.
 Foodstuffs.
 Forage and feeding-stuffs for animals.
 Fuel, including charcoal, other than mineral oils.
 Furs utilisable for clothing suitable for use in war.
 Gelatine and substances used in the manufacture thereof.
 Glue and substances used in the manufacture thereof.
 Guts.
 Harness and saddlery.
 Horse-shoes and shoeing materials.
 Lichens. (See "Algae.")
 Mosses. (See "Algae.")
 Nautical instruments, all kinds of.
 Oils and fats, animal, fish, and vegetable, other than those capable of use as lubricants, and not including essential oils.
 Oleaginous seeds, nuts, and kernels.
 Powder not specially prepared for use in war.
 Railway materials ; both fixed and rolling stock.
 Sausage skins.

Skins utilisable for clothing suitable for use in war.
 Sponges, raw and prepared.
 Telegraphs, materials for ; materials for wireless telegraphs.
 Telephones, materials for.
 Telescopes.
 Vehicles of all kinds, other than motor vehicles, available for use in war, and their component parts.
 Vessels, craft, and boats of all kinds.
 Yeast.

Given at Our Court at Buckingham Palace, this Second day of July, in the year of our Lord One thousand nine hundred and seventeen, and in the Eighth year of Our Reign.

GOD SAVE THE KING

CLASSIFIED LIST OF ARTICLES TREATED AS ABSOLUTE AND CONDITIONAL
 CONTRABAND FROM JULY, 1917, TO ARMISTICE

I.—ARMS, MUNITIONS, AND MILITARY EQUIPMENT

Absolute Contraband :

Aircraft of all kinds, including aeroplanes, airships, balloons and their component parts, together with accessories and articles suitable for use in connection with aircraft.
 Animals, saddle, draught, and pack, suitable or which may become suitable for use in war.
 Apparatus which can be used for the storage or projecting of compressed or liquified gases, flame, acids, or other destructive agents capable of use in warlike operations, and their component parts.
 Armour plates.
 Arms of all kinds, including arms for sporting purposes, and their component parts.
 Barbed wire and the implements for fixing and cutting the same.
 Camp equipment, articles of, and their component parts.
 Cartridges.
 Electrical appliances adapted for use in war and their component parts.
 Explosives, materials used in the manufacture of.
 Explosives specially prepared for use in war.
 Forges, field, and their component parts.
 Gases for war purposes and materials for production thereof.
 Gun mountings and their component parts.
 Harness of all kinds, of a distinctly military character.
 Implements and apparatus designed exclusively for the manufacture of munitions of war, or for the manufacture or repair of arms or of war material for use on land or sea.
 Incendiary materials for war purposes.
 Lathes, machines, and tools, capable of being employed in the manufacture of munitions of war.
 Leather, undressed or dressed, suitable for saddlery, harness, military boots, or military clothing.
 Light producing materials for war purposes.
 Limbers and limber boxes and their component parts.
 Maps and plans of any place within the territory of any belligerent, or within the area of military operations, on a scale of four miles to one inch or any larger scale, and reproductions on any scale, by photography or otherwise, of such maps or plans.
 Powder specially prepared for use in war.
 Projectiles, charges, cartridges, and grenades of all kinds, and their component parts.
 Rangefinders and their component parts.
 Searchlights and their component parts.
 Smoke producing materials for war purposes.
 Submarine sound signalling apparatus.
 Toluol.
 Wagons, military, and their component parts.
 Warships, including boats, and their component parts of such a nature that they can only be used on a vessel of war.
 Woods of all kinds, capable of use in war.

Conditional Contraband :

Boots and shoes suitable for use in war.
 Clothing and fabrics for clothing suitable for use in war.
 Furs utilisable for clothing suitable for use in war.
 Skins utilisable for clothing suitable for use in war.
 Vehicles of all kinds, other than motor vehicles, available for use in war, and their component parts.

II.—FOODSTUFFS AND FORAGE

Conditional Contraband :

Casein.
 Casings.
 Foodstuffs.
 Forage and feeding stuffs for animals.
 Sausage skins.

III.—OILS

Absolute Contraband :

Benzine.
 Benzol and its mixtures and derivatives.
 Glycerine.
 Lubricants.
 Mineral oils including motor spirit.
 Naphtha.
 Naphthalene and its mixtures and derivatives.
 Solvent naphtha and its mixtures and derivatives.
 Turpentine (oil and spirit).

Conditional Contraband :

Oils and fats, animal, fish, and vegetable, other than those capable of use as lubricants, and not including essential oils.
 Oleaginous seeds, nuts, and kernels.

IV.—METALS AND MINERALS

Absolute Contraband :

Aluminium, and its alloys, alumina and salts of alumina.
 Arsenical ore.
 Asbestos.
 Asphalt.
 Bauxite.
 Bitumen.
 Cadmium, cadmium alloys, and cadmium ore.
 Cerium, and its alloys, and compounds.
 Chromium, and its alloys, salts, compounds, and ores.
 Cobalt and its alloys, salts, compounds, and ores.
 Copper pyrites, and other copper ores.
 Copper, unwrought, and part wrought.
 Copper wire.
 Copper alloys and compounds.
 Electrolytic iron.
 Felspar.
 Ferro alloys of all kinds.
 Ferro silicon.
 Hæmatite iron ore.
 Hæmatite pig iron.
 Iridium and its alloys and compounds.
 Iron pyrites.
 Lead and lead ore.
 Manganese and manganese ore.
 Manganese dioxide.
 Mercury.
 Molybdenum and molybdenite.
 Monazite sand.
 Nickel and its alloys, salts, compounds and ores.
 Osmium, and its alloys and compounds.

Palladium and its alloys and compounds.
 Phosphorus and its compounds.
 Platinum and its alloys and compounds.
 Rhodium and its alloys and compounds.
 Ruthenium and its alloys and compounds.
 Selenium.
 Steel containing tungsten and molybdenum.
 Talc.
 Tantalum and its alloys, salts, compounds and ores.
 Thorium and its alloys and compounds.
 Tin ; chloride of tin ; tin ore.
 Titanium and its salts and compounds ; titanium ore.
 Tungsten and its alloys and compounds ; tungsten ores.
 Uranium and its salts and compounds ; uranium ore.
 Vanadium and its alloys, salts, compounds, and ores.
 Zinc and its alloys.
 Zinc ore.
 Zirconia.
 Zirconium and its alloys and compounds.

V.—TEXTILES AND CLOTHING

Absolute Contraband :

Clothing and equipment of a distinctly military character.
 Cotton, raw, linters, cotton waste and yarns, cotton piece goods, and all cotton products capable of being used in the manufacture of explosives.
 Wool, raw, combed, or carded.
 Wool waste.
 Wool tops and noils.
 Woollen and worsted yarns.

VI.—CHEMICAL SUBSTANCES

Absolute Contraband :

Acetic acid.
 Acetates.
 Acetic anhydride.
 Acetic ether.
 Acetones, and raw or finished materials usable for their preparation.
 Ammonia.
 Ammonia liquor.
 Ammonium salts.
 Aniline and its derivatives.
 Antimony, and the sulphides and oxides of antimony.
 Arsenic and its compounds.
 Barium chlorate, and perchlorate.
 Borax, boric acid and other boron compounds.
 Bromine.
 Calcium acetate, nitrate, and carbide.
 Calcium sulphate.
 Capsicum.
 Carboic acid.
 Carbon disulphide.
 Carbon, halogen compounds of.
 Carbonyl chloride.
 Caustic potash.
 Caustic soda.
 Chloride of lime.
 Chlorides, metallic (except chloride of sodium), and metalloids.
 Chlorine.
 Cresol, and its mixtures and derivatives.
 Cyanamide.
 Formic acids and formates.
 Formic ether.
 Hydrochloric acid.
 Iodine and its compounds.
 Metallic sulphites and thiosulphates.

Nitric acid.
 Oleum (fuming sulphuric acid).
 Oxalic acid and oxalates.
 Phenates.
 Phenol (carbolic acid) and its mixtures and derivatives.
 Phosgene (carbonyl chloride).
 Potassium salts.
 Prussiate of soda.
 Sabadilla seeds and preparations thereof.
 Soda lime.
 Sodium.
 Sodium chlorate and perchlorate.
 Sodium cyanide.
 Strontium and lithium compounds and mixtures containing the same.
 Sulphur.
 Sulphur dioxide.
 Sulphuric acid.
 Sulphuric ether.
 Urea.

VII.—INDUSTRIAL MATERIALS AND EQUIPMENT

Absolute Contraband :

Emery, corundum, carborundum, and all other abrasive materials, whether natural or artificial, and the manufactures thereof.
 Albumen.
 Alcohols, including fusel oil and wood spirit, and their derivatives and preparations.
 Balata.
 Bamboo.
 Bleaching powder.
 Bone black.
 Bones in any form, whole or crushed.
 Bone ash.
 Camphor.
 Celluloid.
 Cork, including cork dust.
 Diamonds suitable for industrial purposes.
 Fatty acids.
 Fibres, vegetable, and yarns made therefrom.
 Flax.
 Gutta-percha.
 Hair, animal, of all kinds, and tops, and noils, and yarns of animal hair.
 Hemp.
 Hides of cattle, of buffaloes, and of horses.
 Insulating materials, raw and manufactured.
 Kopok.
 Leather belting ; hydraulic leather ; pump leather.
 Motor vehicles of all kinds, and their component parts and accessories.
 Nitrates of all kinds.
 Pitch.
 Quillaia bark.
 Ramie.
 Rattans.
 Resinous products.
 Rubber (including raw, waste, and reclaimed rubber, solutions and jellies containing rubber, and any other preparations containing balata and gutta-percha, and the following varieties of rubber, viz. :—Borneo, Guayule, Jelutong, Palembang, Pontianac, and all other substances containing caoutchouc), and all other goods made wholly or partly of rubber.
 Silk, artificial and the manufactures thereof.
 Silk, in all forms, and the manufactures thereof.
 Silk cocoons.
 Skins of calves, pigs, sheep, goats, and deer.
 Soap.
 Starch.
 Tanning substances of all kinds, including quebracho wood, and extracts for use in tanning.

Tar.
 Tyres for motor vehicles and for cycles, together with articles or materials especially adapted for use in the manufacture or repair of tyres.
 Waxes of all kinds.
 Wire, steel and iron.
 Wood tar and wood tar oil.
 Xylol.

Conditional Contraband :

Algae.
 Barrels and casks, empty, of all kinds, and their component parts.
 Bladders.
 Docks, floating, and their component parts ; parts of docks.
 Explosives, not specially prepared for use in war.
 Fuel, including charcoal, other than mineral oils.
 Gelatine and substances used in the manufacture thereof.
 Glue and substances used in the manufacture thereof.
 Guts.
 Harness and saddlery.
 Horse shoes, and shoeing materials.
 Lichens.
 Mosses.
 Powder not specially prepared for use in war.
 Railway materials ; both fixed and rolling stock.
 Sponges, raw and prepared.
 Telegraphs, materials for ; materials for wireless telegraphs.
 Telephones, materials for.
 Vessels, craft, and boats of all kinds.

VIII.—MISCELLANEOUS

Absolute Contraband :

Gold.
 Silver.
 Paper money.
 Securities, negotiable instruments.
 Cheques, drafts, orders, warrants, coupons.
 Letters of credit, delegation or advice.
 Credit and debit notes, or other documents which in themselves, or if completed or acted upon by the recipient, authorise, confirm, or give effect to the transfer of money, credit, or securities.
 Goldbeaters' skin.
 Peppers.
 Photographic films, plates, and paper, sensitized.

Conditional Contraband :

Chronometers.
 Field glasses.
 Nautical instruments.
 Telescopes.
 Yeast.

APPENDIX III

TABLES ILLUSTRATING THE RESTRAINTS UPON
INTERNATIONAL TRADE IMPOSED BY THE FIRST
CONTRABAND AGREEMENTS WITH NEUTRALS
BORDERING UPON GERMANY—BRITISH CONTRA-
BAND LIST, AND NEUTRAL PROHIBITIONS OF
EXPORT. DECEMBER, 1914.

ARMS, MUNITIONS AND MILITARY EQUIPMENT

Great Britain.	Holland.	Sweden.
<p><i>Articles Declared Contraband.</i></p> <p>Note.—“ c.c.” = Conditional Contraband.</p> <p>Aircraft of all kinds and their component parts.</p> <p>Animals (saddle, pack and draught).</p> <p>Armour plates.</p> <p>Arms of all kinds (including arms for sporting purposes and their component parts).</p> <p>Barbed wire (with fixing and cutting implements).</p> <p>Camp equipment.</p> <p>Cartridges of all kinds and component parts.</p> <p>Charges of all kinds and component parts.</p> <p>Field forges.</p> <p>Field glasses.</p> <p>Gun mountings.</p> <p>Implements and apparatus for the manufacture of munitions and war material.</p> <p>Limbers and limber boxes.</p> <p>Military clothing and equipment.</p> <p>Military harness.</p> <p>Military wagons.</p> <p>Powder and explosives for use in war.</p> <p>Projectiles of all kinds and component parts.</p> <p>Rangefinders.</p> <p>Submarine sound-signalling apparatus.</p> <p>Telescopes (c.c.).</p> <p>Warships (including boats and distinctive component parts).</p>	<p>Notes.—See Text for temporary variations.</p> <p>Minister for War empowered to grant exemptions from any prohibitions in special cases.</p> <p>Military Governors of frontier areas under martial law may prohibit export of any other articles.</p> <p>Ammunition.</p> <p>Gunpowder.</p> <p>Horses (except colts), geldings under 20 months, foals under 12 months.</p> <p>Leather for military purposes, chrome, equipment pieces, harness, harness saddles, knapsacks, saddle, sole, upper.</p> <p>Limenitrogen.</p> <p>Military clothing.</p> <p>? Nitro-glycerine or nitrogelatine (“ Nitrogenlime ” in list).</p>	<p>Animals, foals under one year, horses, stallions, other live animals.</p> <p>Armour plate and other kinds.</p> <p>Bayonets; similar weapons, with or without scabbards, also parts thereof; gilt, silvered, nickelled or etched; other kinds.</p> <p>Cannon.</p> <p>Cartridge cases, empty or with ammunition ready for use.</p> <p>Cutlasses.</p> <p>Explosives, detonating caps (ignition caps), dynamite, gunpowder, common, guncotton, smokeless powder, igniting material not specially mentioned for projectiles and guns such as cartridges for beacon lights, cartridges not specially mentioned, loaded or not, fuses for beacon lights, blasting, double, percussion, precipitation, safety, time, other explosives not specially mentioned.</p> <p>Firearms, including battery guns without carriages, machine guns, pistols, revolvers, finished parts of such arms, other guns.</p> <p>Foils.</p> <p>Gun-carriages.</p> <p>Howitzers.</p> <p>Lead bullets and lead shot.</p> <p>Limber carriages.</p> <p>Mortars.</p> <p>Projectiles.</p> <p>Sabres.</p> <p>Torpedoes.</p> <p>Wagons, ammunition.</p> <p>Weapons.</p> <p>War material not specially mentioned and parts thereof.</p> <p>Other war materials.</p>

FOOD-STUFFS AND FORAGE

Great Britain.	Holland.	Sweden.
<p>Food-stuffs (c.c.).</p> <p>Forage and fodder (c.c.).</p>	<p>Barley, all products.</p> <p>Beetroots, sugar.</p> <p>Bread (frontier communes).</p> <p>Buckwheat, all products.</p> <p>Butter.</p> <p>Cassava and arachide products.</p> <p>Cattle, live, and fat of, dried, melted, raw, salted, smoked, unmelted.</p> <p>Cheese.</p> <p>Cocoa.</p> <p>Cocoabeans, raw.</p> <p>Coffee.</p> <p>Cotton-seed cake and meal.</p> <p>Cubebs.</p>	<p>Arrowroot, flour of.</p> <p>Barley, flour, milled, grain, milled and unmilled, groats, milled.</p> <p>Beans.</p> <p>Biscuits, dog, and other kinds.</p> <p>Bran, other kinds not specially mentioned.</p> <p>Bread not specially mentioned.</p> <p>Cattle food not specially mentioned (see also “ Oil-cake ” below), brewers' grains and wash, gluten food, maize cakes, maize meal cakes, maize germ meal, meal and maize cakes, molasses food, other kinds (all even if with admixture of animal substances).</p>

ARMS, MUNITIONS AND MILITARY EQUIPMENT

Norway.	Denmark.	Italy.	Switzerland.
<p>Brass, cup shaped rudiments for manufacture of cartridges.</p> <p>Copper, cup shaped rudiments for manufacture of cartridges.</p> <p>Dynamite percussion caps.</p> <p>Horses, live.</p>	<p>Ammunition of every description, raw materials for production of, single parts thereof known as such.</p> <p>Arms of every description, including sporting guns or single parts thereof known as such.</p> <p>Explosives distinctly intended for war purposes and raw materials for.</p> <p>Gunpowder.</p> <p>Horses, all kinds, colts and foals, with exceptions governed by age.</p> <p>Instruments and apparatus exclusively made for manufacture or repairs of arms and materials for land and sea battles.</p>	<p>Aeroplanes.</p> <p>Animals, donkeys, horses, mules.</p> <p>Cannons.</p> <p>Carbines.</p> <p>Dirigibles.</p> <p>Goods, all that can be considered contraband of war.</p> <p>Military equipment, all kinds.</p> <p>Pistols.</p> <p>Revolvers.</p> <p>Rifles.</p> <p>Sabres.</p> <p>Timber for aeroplane construction.</p>	<p>Animals, asses, horses, mules and their harness, dogs, military and police.</p> <p>Arms and component parts.</p> <p>Cables, field.</p> <p>Explosive and pyrotechnic materials.</p> <p>Gun stocks.</p> <p>Harness, completed and half-completed, leather.</p> <p>Microphones.</p> <p>Military clothing, underclothing, winter gloves, stockings, boots, men's, of more than 1,200 grammes weight per pair, woollen blankets.</p> <p>Munitions.</p>

FOOD-STUFFS AND FORAGE

Norway.	Denmark.	Italy.	Switzerland.
<p>Cattle.</p> <p>Food-stuffs with the exception of all articles required for a ship about to undertake a voyage, berries, butter, cheese, coffee, eggs, fish, fish goods, game, margarine, raw products for manufacture of (oleo stock, lard and arachis, cotton-seed and cocos oils), poultry, spices.</p>	<p>Bran.</p> <p>Bread of all sorts.</p> <p>Buckwheat groats.</p> <p>Corn, excluding malt.</p> <p>Corn waste.</p> <p>Fodder.</p> <p>Flour.</p> <p>Groats.</p> <p>Hay "Majenza" groats.</p> <p>"Maltspirer."</p> <p>Malt, vegetable stearine for manufacture of margarine.</p> <p>Margarine.</p> <p>Meal.</p>	<p>Bacon.</p> <p>Barley.</p> <p>Beans.</p> <p>Beef, tinned.</p> <p>Bran.</p> <p>Carrots.</p> <p>Cattle.</p> <p>Cheese.</p> <p>Cheese, hard (exemptions may amount to 8,000 tons).</p> <p>Coffee.</p> <p>Eggs.</p> <p>Flour.</p> <p>Food, prepared.</p> <p>Hay.</p>	<p>Bran.</p> <p>Cattle, large and small.</p> <p>Dried raisins and fruits.</p> <p>Food-stuffs (except fresh milk, fresh fish, sweetmeats, pastries, unsugared rolls, chocolate, "succédanés du café," specialities such as assaisonnements Maggi, purée of tomatoes, flour for children's food, ova-maltine, drinks and mineral waters, manufactured tobacco.</p>

FOOD-STUFFS AND FORAGE—*continued*

Great Britain.	Holland.	Sweden.
	Fats, other edible and mixtures of. Flour. Grain and grain waste. Groats. Hay. Hogwash, dried. Katjang (N. East Indies). Legumen. Linseed, cake and meal. Maize, all products (and N.E.I.). Malt waste. Meal of pulps. Meatmeal. Nutcake, ground. Nutmeal, ground. Oats, all products. Other oil-seed except caraway, mustard and bluepoppy. Other force-feeding cake, and meal and waste of. Pigs, and fat of, dried, melted, raw, salted, smoked, unmelted. Potatoes. Pulp, dried. Pulse. Rape cake, meal and seed. Rice (and N.E.I.), and meal and waste. Rye, flour, spelt, all products. Straw. Sugar, and pulp. Tea. Treacle. Wheat, all products.	Conserves, edible goods of animal or vegetable origin, preserved in hermetically-sealed or air-tight vessels. Flour, milled, other kinds not specially mentioned. Groats, milled, other kinds not specially mentioned. Hay. Hemp. Macaroni, groats, milled. Maize, bran, flour, milled. Malt, even if crushed. Oats, bran, flour, milled, grain, milled and unmilled, groats, milled. Oil-cake, acorns, ground or not, cotton-seed cake, earthnut (or arachides), flax seed cake, hemp seed cake, maize flour cakes pressed together, rape and turnip seed cake, soya bean cake, sunflower seed cake, other kinds. Pease. Potatoes, current harvest, brought in from 15th February to 30th June, cut, dried, other kinds not treated. Rice, bran, flour, groats, ground, unhusked or outer husk only removed. Rye, bran, flour, milled, grain, milled and unmilled. Sago, groats, milled. Soya beans. Straw. Vegetables, flour of, not classified under another head. Vermicelli, groats, milled. Vetches. Wheat, bran, flour, milled, grain, milled and unmilled, groats, milled.

OILS

Great Britain.	Holland.	Sweden.
Benzol. Coal tar. Cresol. Glycerine. Lubricants. Mineral oils. Motor spirit. Turpentine oil and spirit.	Benzine. Gas oil. Glycerine. Lubricating oils. Machine oils. Petroleum. Tallow.	Animal oils, animal fats not elsewhere included, bone fat, blubber of marine animals, other kinds, cod liver oil (other kinds), degrass (tanners' fat), lanoline, lard oil, sperm, spermaceti, train oil, wool fat, other animal oils. Benzine. Castor oil. Ceresine. Cocoa nut oil. Cotton-seed oil. Cresol. Earthnut or arachides oil. Gasolene. Glycerine, purified, raw. Grease, engine and cart. Hemp oil. Illuminating oil. Linseed oil, raw, acid, boiled.

FOOD-STUFFS AND FORAGE—*continued*

Norway.	Denmark.	Italy.	Switzerland.
Forage, meal of herrings, of liver and of whale meat. Goats. Pigs. Reindeer. Sheep.	Oil-cake. Pease, cooking and fodder. Potatoes. Rice. Sago groats. Soya beans, soya, bruised. Straw.	Indian corn and other cereals. Lard. Macaroni and such-like special cereals. Meat, fresh. Mutton, tinned. Oats. Pigeons, dried. Potatoes. Rye. Sea bread. Semolina. Sheep. Ship-biscuits. Straw. Sugar. Vegetables, dry. Vermicelli, and such-like special cereals. Walnut meal. Wheat.	Forage of every kind. Hay. Litter. Seeds. Straw.

OILS

Norway.	Denmark.	Italy.	Switzerland.
Mineral oils.	Benzine. Fuel gas oil. Glycerine. Linseed oil. Lubricants, all. Mineral oils, all preparations. Motor spirit, all preparations. Petroleum. Vaseline. Vegetable oils for manufacture of margarine.	Benzine. Benzol. Glycerine. Lubricating materials. Petroleum. Resinous liquids. Turpentine oil. Tar. Vaseline.	Benzine. Mineral oils. Oils and fats prepared for lubricating. Resinous oils (benzine, petroleum, petroleum residues, naphtha, teretinth, etc.). Tar. Tar oils. Vegetable and animal oils and fats, industrial.

OILS—continued

Great Britain.	Holland.	Sweden.
		<p>Lubricating oils (mixture of fatty and mineral oil, providing latter is chief component), dark, light, other kinds, other lubricating substances not specially containing fat or oil.</p> <p>Maize oil.</p> <p>Mineral oils, crude, native, petroleum waste (massut), other kinds.</p> <p>Mineral wax (ozokerite).</p> <p>Olive oil.</p> <p>Palm oil.</p> <p>Palm nut oil.</p> <p>Paraffin, crude, purified.</p> <p>Petroleum.</p> <p>Soya bean oil.</p> <p>Sesame oil.</p> <p>Turnip and rape seed oil and acids.</p> <p>Vaseline, even if artificial, in barrels or other vessels.</p> <p>Vegetable wax.</p> <p>Vegetable fats and fatty oils, cocoa butter, purified for food, other kinds, other vegetable fatty substances not usually liquid in ordinary temperatures.</p> <p>Oil of every description used either for burning or lubricating purposes.</p>

METALS AND MINERALS

Great Britain.	Holland.	Sweden.
<p>Alumina.</p> <p>Aluminium (and salts of).</p> <p>Antimony (with sulphides and oxides of).</p> <p>Bauxite.</p> <p>Calcium acetate (and other metallic acetates).</p> <p>Chrome ore.</p> <p>Cobalt.</p> <p>Copper (unwrought and part wrought).</p> <p>Copper wire.</p> <p>Ferro-alloys.</p> <p>Ferro-chrome.</p> <p>Ferro-manganese.</p> <p>Ferro-molybdenum.</p> <p>Ferro-tungsten.</p> <p>Ferro-vanadium.</p> <p>Hæmatite iron ore.</p> <p>Hæmatite pig iron.</p> <p>Iron pyrites.</p> <p>Lead (sheet, pig, or pipe).</p> <p>Lead ore.</p> <p>Manganese.</p> <p>Manganese ore.</p> <p>Mercury.</p> <p>Molybdenite.</p> <p>Molybdenum.</p> <p>Nickel.</p> <p>Nickel ore.</p> <p>Selenium.</p> <p>Scheelite.</p> <p>Sulphur.</p> <p>Tungsten.</p> <p>Vanadium.</p> <p>Wolframite.</p> <p>Zinc ore.</p>	<p>Antimony, reglus of.</p> <p>Barbed wire.</p> <p>Chilesaltpetre.</p> <p>Copper.</p> <p>Copper compounds.</p> <p>Lead.</p> <p>Lead compounds.</p> <p>Limesaltpetre.</p> <p>Pyrites.</p> <p>Salt.</p>	<p>Brass wire.</p> <p>Copper, bands, electrolytic, plates, rods (rolled or forged), unwrought, wire, wrought.</p> <p>Iron plates covered with tin.</p> <p>Ferro-manganese.</p> <p>Lead, lines, manufactured, pipe rods, scrap, sheets, unmanufactured, waste.</p> <p>Mercury.</p> <p>Mercury salts.</p> <p>Nickel, crude, unmanufactured.</p> <p>Plate and sheet goods of all kinds.</p> <p>Salt, common (chloride of sodium), cooking, marine, rock in pieces or ground, saline (dairy salt), table.</p> <p>Spiegeleisen.</p>

OILS—continued

Norway.	Denmark.	Italy.	Switzerland.

METALS AND MINERALS

Norway.	Denmark.	Italy.	Switzerland.
<p>Barbed wire. Brass, bars, rolled and wrought, without further working up, wire rolled. Copper, unwrought (except that produced in Norwegian works and accompanied by a certificate of origin), bars, rolled and wrought without further working up, sheets, pressed and rolled at least 3 mm. in thickness, refuse of, and of cupriferous alloys (brass, etc.). Sulphur.</p>	<p>Aluminium, unworked. Antimony. Barbed wire. Brass, bars, cocks, plates, old. Chrome ore. Copper, all kinds, blocks, manufactured, old, wire. Ferro-chrome. Ferro-silica. Hæmatite. Iron plates, tinned. Iron pyrites. Lead, all, new and old. Manganese. Nickel. Nickel ore. Tin, new and old. Zinc in blocks.</p>	<p>Alum. Aluminium. Antimony. Asbestos. Brass. Bronze. Chrome. Copper. Iron, iron alloys, pig and scrap, plates, scrap. Lead. Manganese and mineral compounds. Nickel and its alloys. Silicum. Steel plates coated with tin or zinc. Steel, scrap. Tin and tin plates. Zinc.</p>	<p>Aluminium and its amalgamations, raw or in sheets. Antimony. Barbed wire and steel wire of all kinds. Carborundum, raw. Copper } and all amalga- Tin } mations, raw Zinc } or in sheets, Lead } discs, rods, wire. } Ferro-chrome. Ferro-manganese. Iron, bars and scrap. Kaolin. Nickel and its amalga- mations, raw or in sheets. Rails. Saltpetre. Sulphur. Sulphur, pyrite of.</p>

TEXTILES AND CLOTHING

Norway.	Denmark.	Italy.	Switzerland.
Woollen goods.	Woollen tricotage goods— Woven. Knitted.	Clothing and equipment for troops, and all prime materials for their manufacture. Cloth. Linen.	Textiles in pure or mixed wool. Thread. Wool and carded wool. Worsted yarns.

CHEMICAL SUBSTANCES

Norway.	Denmark.	Italy.	Switzerland.
Coal tar dye-stuffs and organic by-products for producing (aniline, naphthol, naphthylamine, naphthylaminsulphosyrer, etc.). Iodine. Iodine, raw. Sulphur, flower of.	Sulphuric acid.	Acetone. Calcium carbide. Calcium hydrochloride (exemptions may amount to 2,000 tons). Nitric acid. Phenic acid. Picric acid. Potash, nitrate of. Sodium carbonate. Sodium nitrate. Sulphuric acid. Sulphuric anhydride.	Chloride of soda, compressed. Lead, red oxide of, containing nitric, muriatic or acidozotic acid. Muriatic acid. Nitric acid. Nitro-muriatic acid. Oleum vitriolicumans. Oxides, compressed of liquid. Pyrogallic acid and its extracts. Salts, all containing saltpetre. Sulphuric acid, liquid. Sulphuric acid, mixture of. Tannic acid. Tannin.

INDUSTRIAL MATERIALS AND EQUIPMENT

Great Britain.	Holland.	Sweden.
<p>Camphor. Chronometers. Floating docks (c.c.). Fuel. Harness and saddlery (c.c.). Hides of all kinds, dry or wet (c.c.). Horseshoes and shoeing materials (c.c.). Leather, dressed and undressed (c.c.). Motor vehicles and their component parts. Nautical instruments (c.c.). Pigskins, raw or dressed (c.c.). Powder and explosives not prepared for use in war. Railway materials, fixed and rolling (c.c.). Resinous products. Rubber, raw, waste and reclaimed, and articles made of. Telegraphic materials (c.c.). Telephonic materials (c.c.). Tyres, for motor vehicles and cycles, and all articles and materials adapted for use in their manufacture. Vehicles (other than motor vehicles) and their component parts (c.c.). Vessels (craft and boats of all kinds) (c.c.). Wireless telegraphic materials.</p>	<p>Alcohol. Automobiles and parts. Bicycles. Bones. Briquettes. Charcoal briquettes. Coal. Coke. Colza seed. Cotton, any form. Fuel, liquid. Hides. Jute bags, cloth, piece-goods, raw, yarns. Leather, wholly or partly manufactured. Motor cycles. Sacks, empty. Tan, extract of. Tanning materials. Timber for mines. Tyres. Vehicles, horse drawn. Wool, raw, sheep fleecus, shoddy, waste, yarns. Yarns, linen, and mixed.</p>	<p>Aloes. Balata. Bougies. Camphor, refined. Carriages and vehicles, without motors for conveyance of goods, with motors for conveyance of passengers and of goods. Catgut. Flax. Fuel, briquettes of coal and peat, charcoal, coal, anthracite, coke, gas, steam and other coal, peat, wood, other fuels not specially mentioned. Furriers' goods, of dogs, common sheep, reindeer or wolves—dressed, not dressed, finished articles having fur covering or lining, such as boas, caps, carriage aprons, cloaks, fur coats and muffis, skins, dressed, sewn together, and partly manufactured articles such as linings. Gutta-percha. Hides and skins, raw (see also "Leather"), not classifiable as furriers' goods, dressed and partly dressed, leather, bend (cleaned), hemlock, horse, insole, machine belting, sole, other kinds, half and whole hides, hippopotamus and walrus hides, pieces of hides. Jute and jute bags. Leather and skin (see also under "Hides and Skins"), bands, even if pieced together, bronzed, gold, lacquered, silver, other kinds, pieces, partly manufactured, not specially mentioned, uppers for boots, other kinds. Motor cycles, finished, and parts thereof not specially mentioned. Oakum. Pease, inedible. Rubber, manufactures of soft (see also "Tyres"), articles not specially mentioned, alone or in combination with other materials. Saddlers' goods, even if of textile materials, and other manufactures not specially mentioned, of leather or skin, even if in combination with other materials, such as boxing gloves, crops, fencing gloves, harness, razor strops, saddles, whips (see also "Hides and Skins," "Leather"). Soap and cresol soap solution (lysol). Tanning materials. Timber, unmanufactured, of aspen. Tin plates. Tyres, inner tubes, solid, even if in lengths, motor car and parts thereof. Wool, artificial, dyed and undyed (shoddy and mungo), rags, sheeps, dyed and undyed, waste, including so-called "wool-dust," dyed or undyed.</p>

INDUSTRIAL MATERIALS AND EQUIPMENT

Norway.	Denmark.	Italy.	Switzerland.
<p>Balata. Coal. Coke. Gutta-percha. Hides and skins and their products. Jute canvas (jute sacking), except packing round other goods intended for export, jute products, raw and waste. Motor cars. Peat. Rubber and rubber waste. Sacks, empty. Tanning materials. Timber, aspen. Tin packing, plates and parts of. Tyres for motor cars and cycles. Wool. Woollen waste.</p>	<p>Cables, electric. Coal. Cokes. Combustible matter, all. Copra. Cotton, hygroscopic, sacks, yarn. Earth nuts. Hides and skins, all lamb and sheep, unprepared, cattle, raw, calf. Jute sacks and jute linen for sacks. Leather, all kinds, except of goat skin. Manure, artificial, blood, bone, cooked, ground and raw, sulphate of ammonia, superphosphates. Materials, raw, for building or repair of iron or steel ships. Motor cars and all separate parts for. Rubber. Sesame seed. Tar jute. Timber, blocks, boards and planks. Tyres, motor. White waste, cleaning. Wool, of sheep and lambs. Woollen and half-woollen rags and shoddy.</p>	<p>Asbestos articles. Bone. Cables, steel, of strong resistance. Coal. Cotton, raw and waste. Cylinders, compressed gas. Flax, export allowed up to 400,000 quintals. Gutta-percha. Hemp, export allowed up to 400,000 quintals. Hides, prepared and raw. Horn. Jute. Motors and fittings. Rubber, raw. Sanitary material. Timber. Vehicles, all kinds. Wool rags and waste.</p>	<p>Alcohol. Boats, with or without motors. Bone, and powdered bone. Candles, tallow and wax. Cobblers' wax. Combustibles of every kind: briquettes, coal, coke, firewood, lignite. Cotton, raw and bleached. Cotton and linen rags. Electric implements. Gum in solution. Laundry washing, everything used in. Leather, boots, half completed, unworked. Manure, artificial. Motor engines and component parts of motors. Paper, old, rag pulp, old cards and rubbish for manufacture of. Pine resin, purified. Projectors. Rubber and its derivatives. Rubber, insulating. Sacks and jute material for making them. Sanitary material, excluding medical and surgical goods. Skins. Starch. Starch powder. Tannin bark. Telephone apparatus. Tyres. Vehicles, with or without motors. Walnut wood. Wool, artificial, combinations and waste.</p>

MISCELLANEOUS

Great Britain.	Holland.	Sweden.
Money, gold, silver and paper.	Bandaging and raw materials for. Gold, bullion and coin. Gold } N. East Indies. Silver } Medicines. Surgical instruments.	Gold, coins and ingots. Silver, coins and ingots. Skis and ski staves. Suture needles. Thermometers (fever).

MISCELLANEOUS

Norway.	Denmark.	Italy.	Switzerland.
<p>Batteries, dry, for electric pocket lamps.</p> <p>Gold, manufactured and unmanufactured, minted and unminted.</p> <p>Silver.</p> <p>(Gold and silver worked up into ornaments or articles of use may be exported.)</p> <p>Medicines.</p>	<p>Gold, bars and minted.</p> <p>Silver, bars and minted (including foreign coinage).</p> <p>Goldbeaters' solder.</p> <p>Medicines.</p>	<p>Gold, bars.</p> <p>Medicines.</p> <p>Money.</p>	<p>Disinfectants.</p> <p>Medicines, excluding serums and vaccines.</p> <p>Opera glasses with lenses.</p>

APPENDIX IV

Diagrams illustrating the effects of the rationing system upon the course of neutral trade during the years 1915, 1916, 1917, 1918

					<i>Pages</i>
Netherlands	1915	..	..	..	764-766
	1916	..	..	..	776-778
	1917	..	..	..	788-790
	1918	..	..	..	800-802
Denmark	1915	..	..	..	767-769
	1916	..	..	..	779-781
	1917	..	..	..	791-793
	1918	..	..	..	803-805
Norway	1915	..	..	..	770-772
	1916	..	..	..	782-784
	1917	..	..	..	794-796
	1918	..	..	..	806-808
Sweden	1915	..	..	..	773-775
	1916	..	..	..	785-787
	1917	..	..	..	797-799
	1918	..	..	..	809-811

APPENDIX IV

*Diagrams illustrating the consequences of the blockade of the central empires
to the principal imports of the northern neutrals*

1915

THE NETHERLANDS

	<i>Page</i>
Imports of food and fodder	764
Do. meat and meat products	764
Do. metals	764
Do. animal and vegetable oils	765
Do. mineral oils	765
Do. oleaginous nuts	765
Do. cotton	766
Do. wool	766

DENMARK

Imports of food and fodder	767
Do. meat and meat products	767
Do. metals	767
Do. animal and vegetable oils	768
Do. mineral oils	768
Do. oleaginous nuts	768
Do. cotton	769
Do. wool	769

NORWAY

Imports of food and fodder	770
Do. meat and meat products	770
Do. metals	770
Do. animal and vegetable oils	771
Do. mineral oils	771
Do. oleaginous nuts	771
Do. cotton	772
Do. wool	772

SWEDEN

Imports of food and fodder	773
Do. meat and meat products	773
Do. metals	773
Do. animal and vegetable oils	774
Do. mineral oils	774
Do. oleaginous nuts	774
Do. cotton	775
Do. wool	775

1916

THE NETHERLANDS

	<i>Page</i>
Imports of food and fodder	776
Do. meat and meat products	776
Do. metals and ores	776
Do. animal and vegetable oils	777
Do. mineral oils	777
Do. oleaginous nuts	777
Do. cotton	778
Do. wool and woollen manufactures	778

DENMARK

Imports of food and fodder	779
Do. meat and meat products	779
Do. metals and ores	779
Do. animal and vegetable oils	780
Do. mineral oils	780
Do. oleaginous nuts	780
Do. cotton	781
Do. wool and woollen manufactures	781

NORWAY

Imports of food and fodder	782
Do. meat and meat products	782
Do. metals and ores	782
Do. animal and vegetable oils	783
Do. mineral oils	783
Do. oleaginous nuts	783
Do. cotton	784
Do. wool and woollen manufactures	784

SWEDEN

Imports of food and fodder	785
Do. meat and meat products	785
Do. metals and ores	785
Do. animal and vegetable oils	786
Do. mineral oils	786
Do. oleaginous nuts	786
Do. cotton	787
Do. wool and woollen manufactures	787

1917

THE NETHERLANDS

	<i>Page</i>
Imports of food and fodder	788
Do. meat and meat products	788
Do. metals and ores	788
Do. animal and vegetable oils	789
Do. mineral oils	789
Do. oleaginous nuts	789
Do. cotton	790
Do. wool and woollen manufactures	790

DENMARK

Imports of food and fodder	791
Do. meat and meat products	791
Do. metals and ores	791
Do. animal and vegetable oils	792
Do. mineral oils	792
Do. oleaginous nuts	792
Do. cotton	793
Do. wool and woollen manufactures	793

NORWAY

Imports of food and fodder	794
Do. meat and meat products	794
Do. metals and ores	794
Do. animal and vegetable oils	795
Do. mineral oils	795
Do. oleaginous nuts	795
Do. cotton	796
Do. wool and woollen manufactures	796

SWEDEN

Imports of food and fodder	797
Do. meat and meat products	797
Do. metals and ores	797
Do. animal and vegetable oils	798
Do. mineral oils	798
Do. oleaginous nuts	798
Do. cotton	799
Do. wool and woollen manufactures	799

1918

THE NETHERLANDS

	<i>Page</i>
Imports of food and fodder	800
Do. meat and meat products	800
Do. metals and ores	800
Do. animal and vegetable oils	801
Do. mineral oils	801
Do. oleaginous nuts	801
Do. cotton	802
Do. wool and woollen manufactures	802

DENMARK

Imports of food and fodder	803
Do. meat and meat products	803
Do. metals and ores	803
Do. animal and vegetable oils	804
Do. mineral oils	804
Do. oleaginous nuts	804
Do. cotton	805
Do. wool and woollen manufactures	805

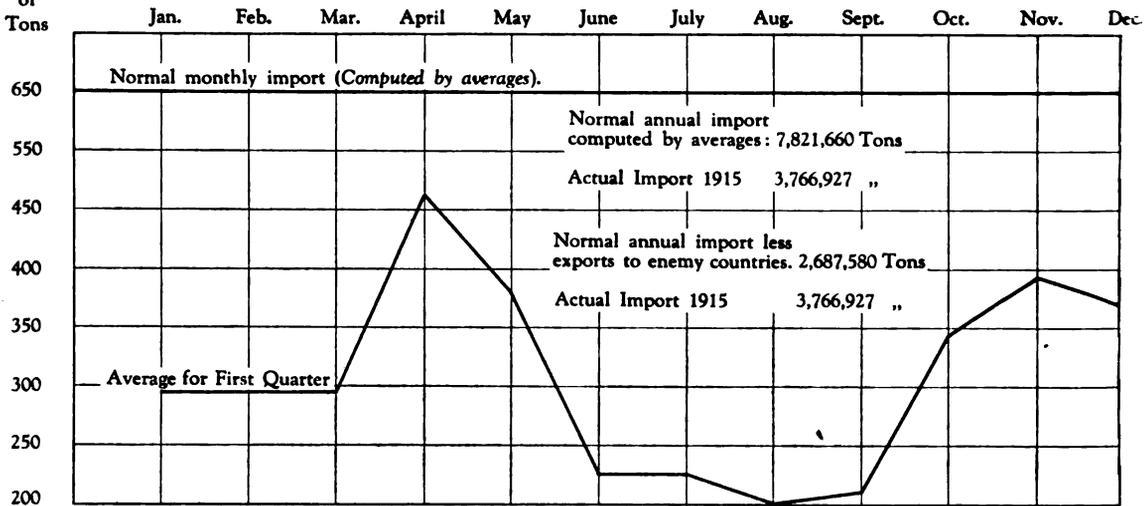
NORWAY

Imports of food and fodder	806
Do. meat and meat products	806
Do. metals and ores	806
Do. animal and vegetable oils	807
Do. mineral oils	807
Do. oleaginous nuts	807
Do. cotton	808
Do. wool and woollen manufactures	808

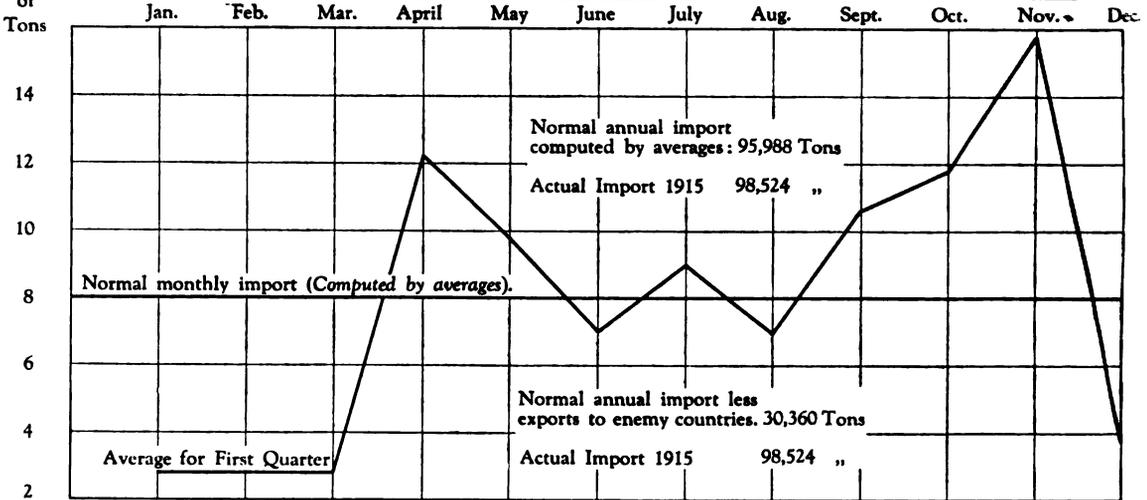
SWEDEN

Imports of food and fodder	809
Do. meat and meat products	809
Do. metals and ores	809
Do. animal and vegetable oils	810
Do. mineral oils	810
Do. oleaginous nuts	810
Do. cotton	811
Do. wool and woollen manufactures	811

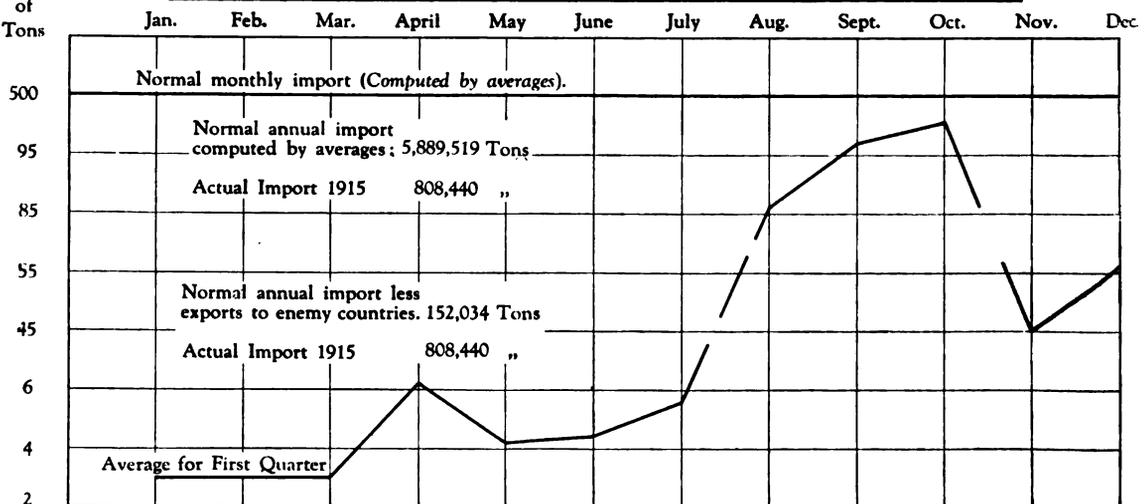
Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Food and Fodder in 1915.**



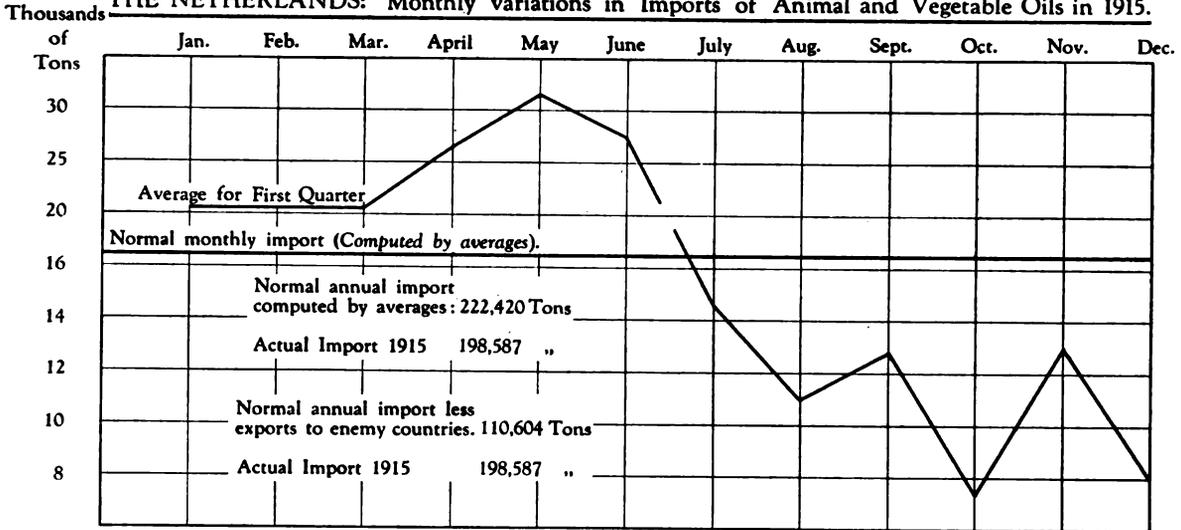
Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Meat and Products in 1915.**



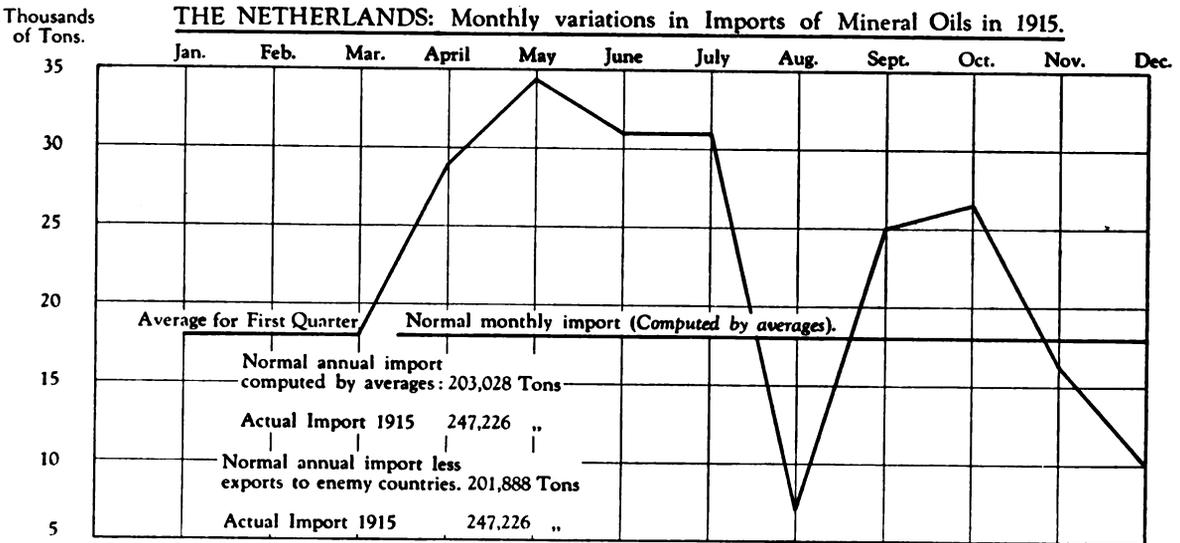
Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of All Metals in 1915.**



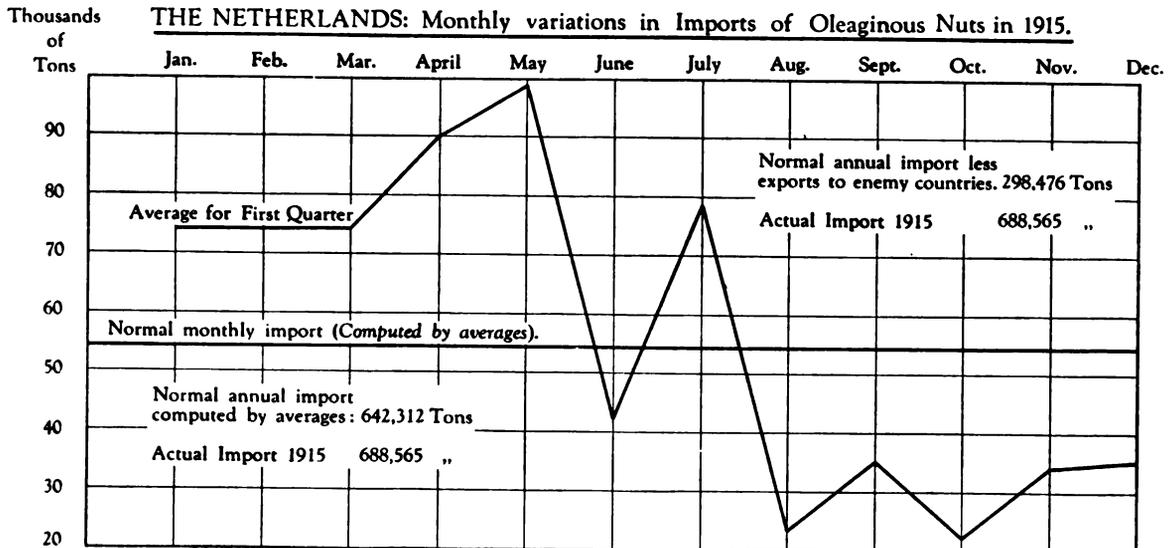
THE NETHERLANDS: Monthly variations in Imports of Animal and Vegetable Oils in 1915.

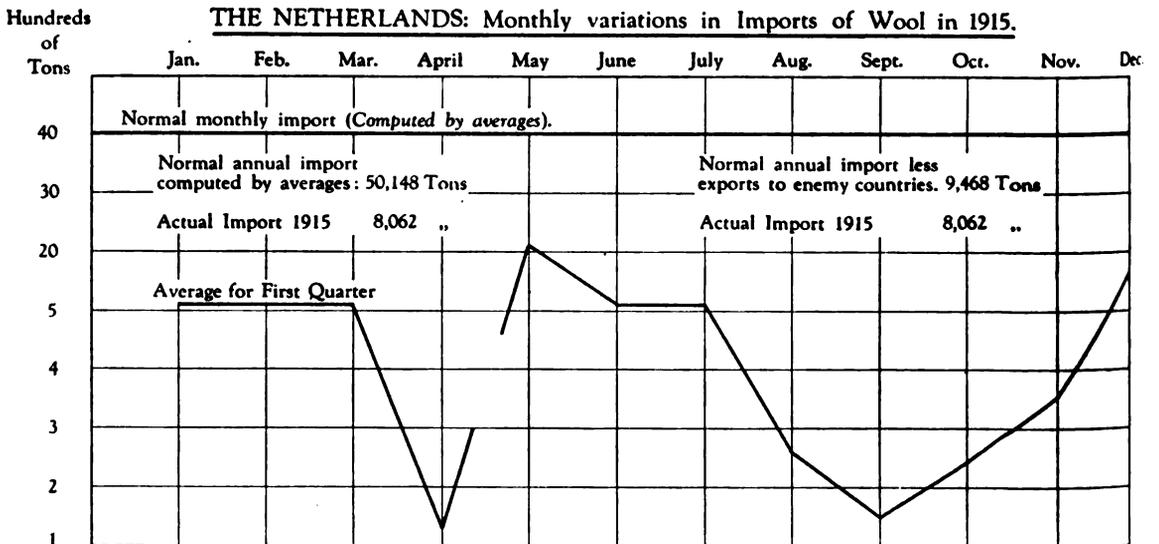
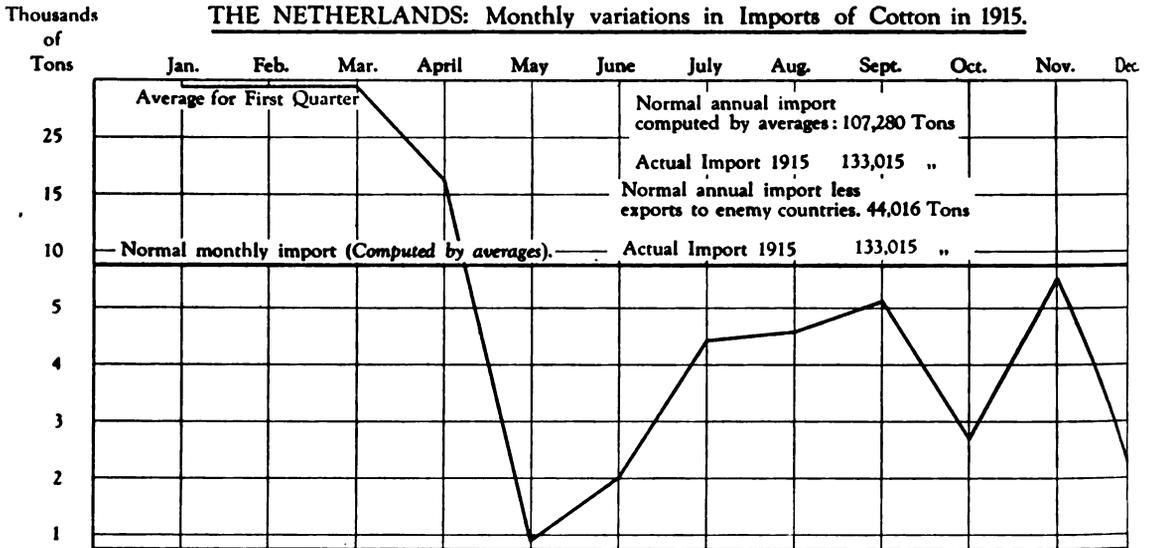


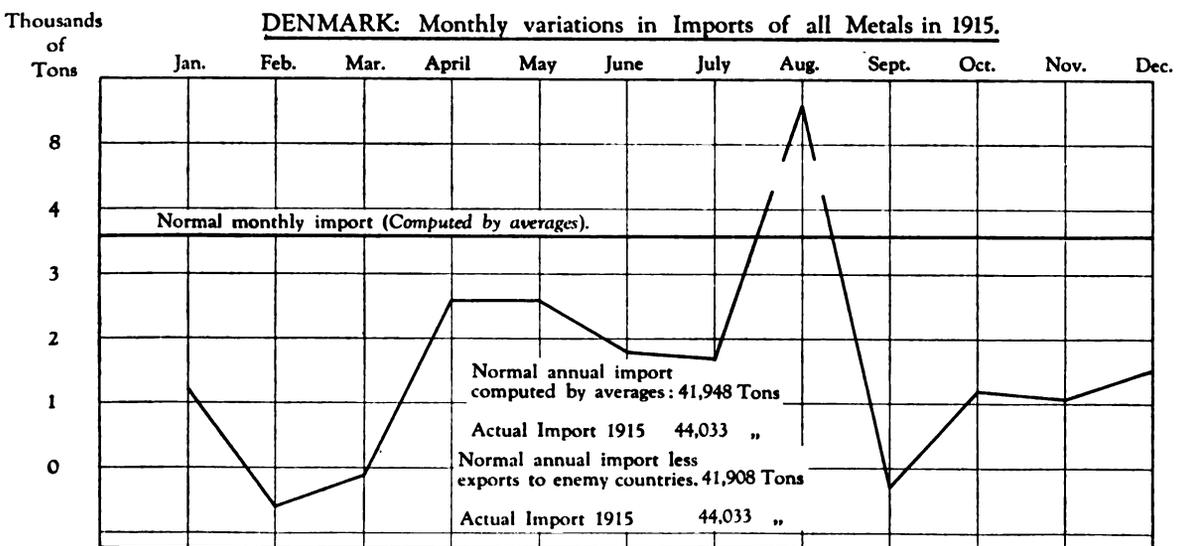
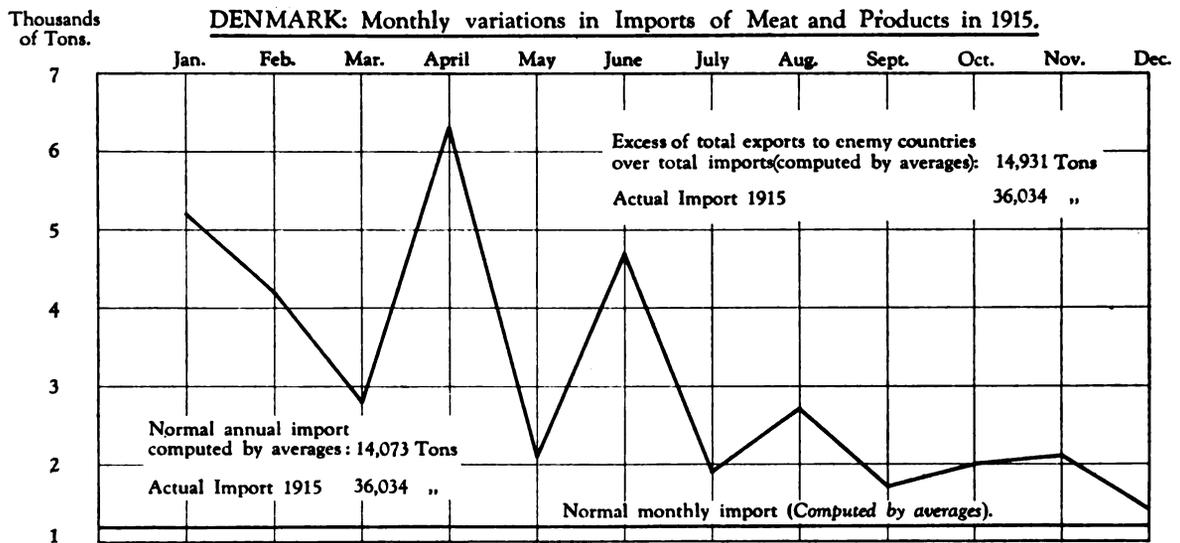
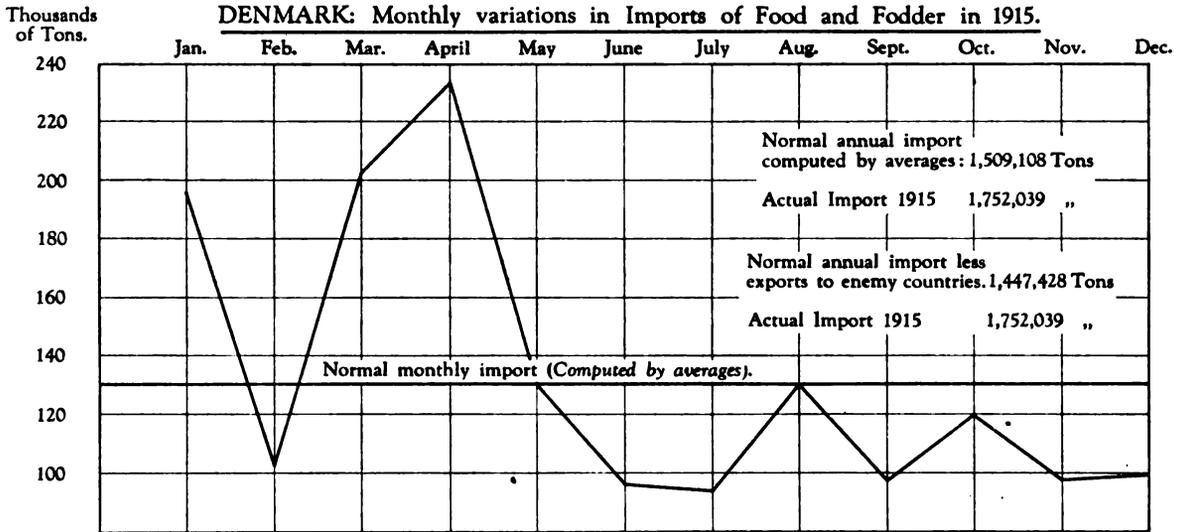
THE NETHERLANDS: Monthly variations in Imports of Mineral Oils in 1915.

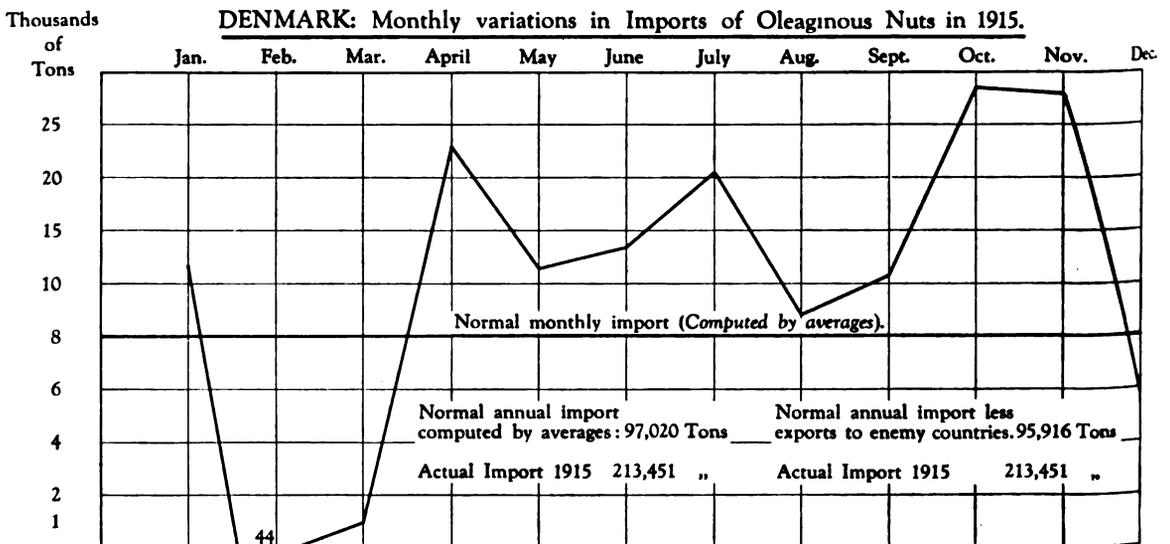
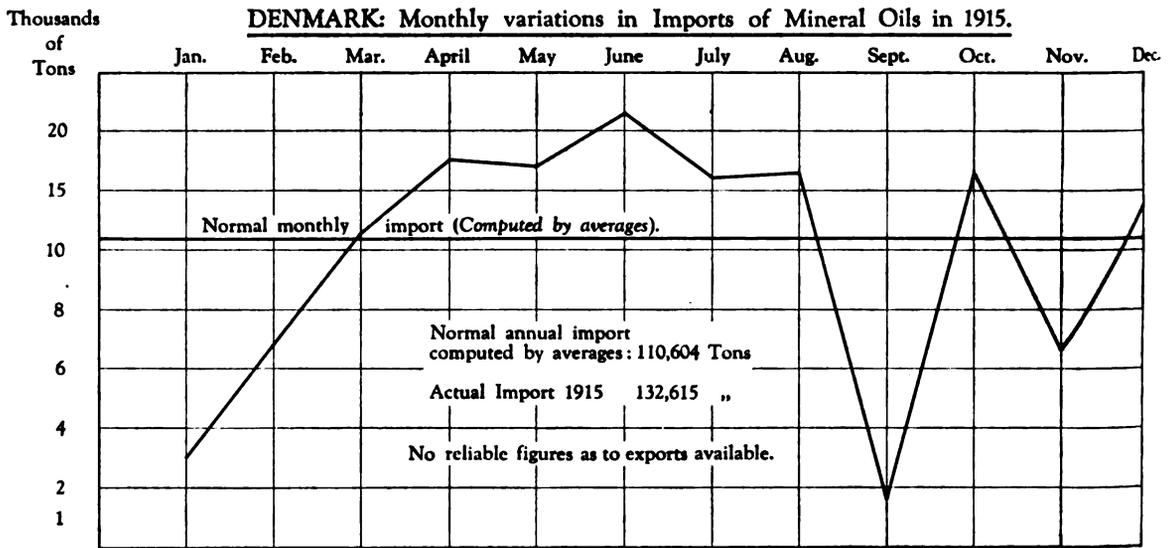
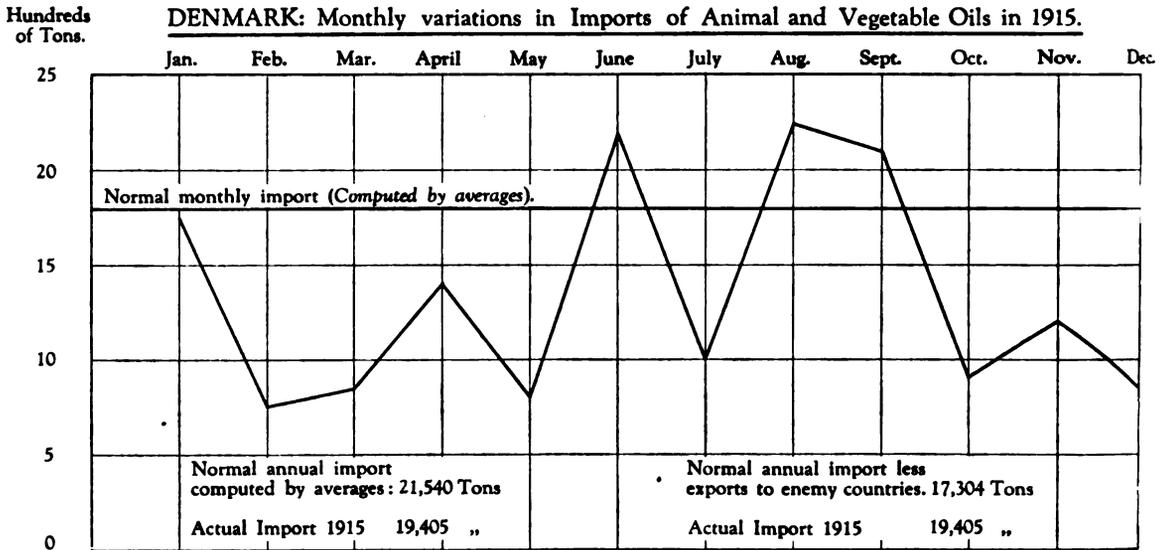


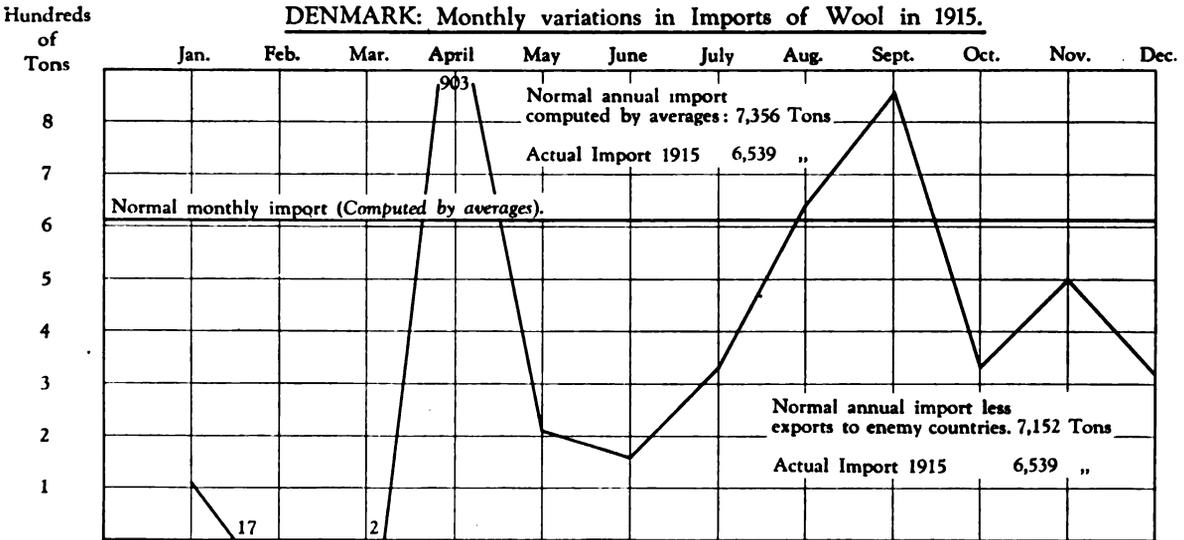
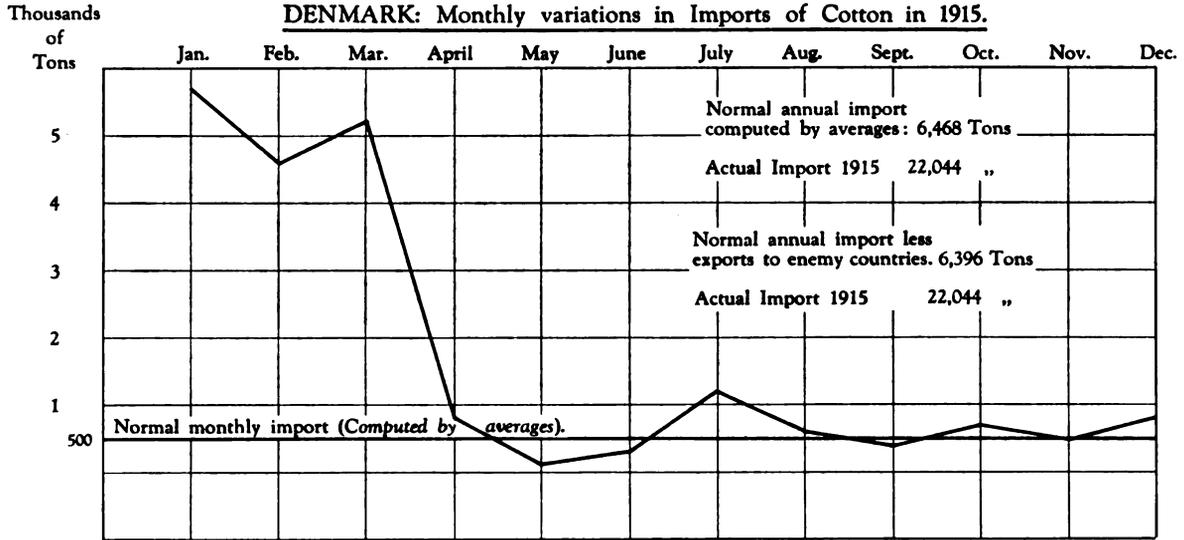
THE NETHERLANDS: Monthly variations in Imports of Oleaginous Nuts in 1915.

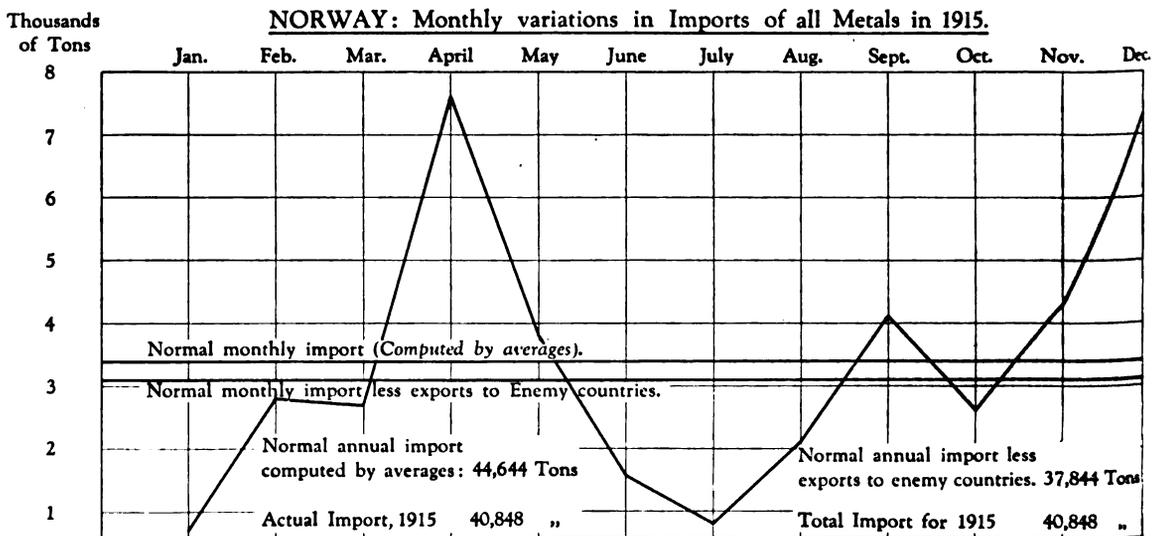
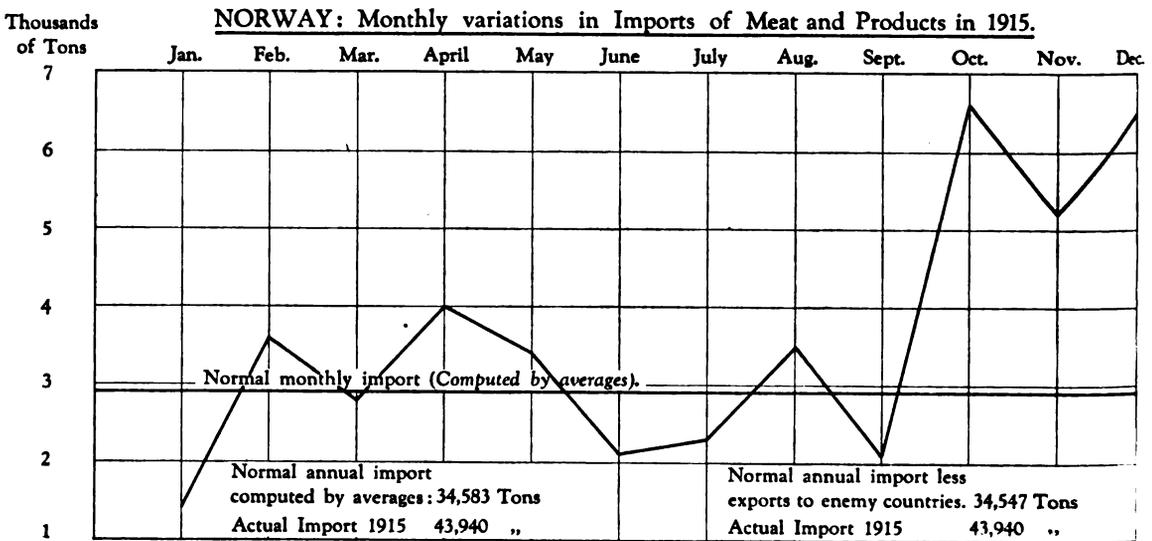
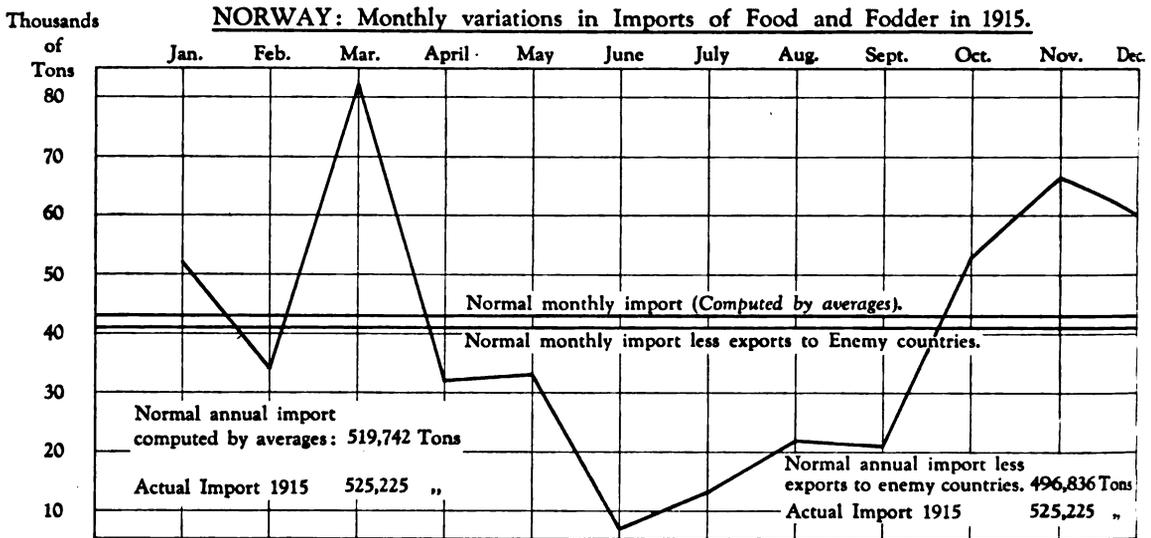




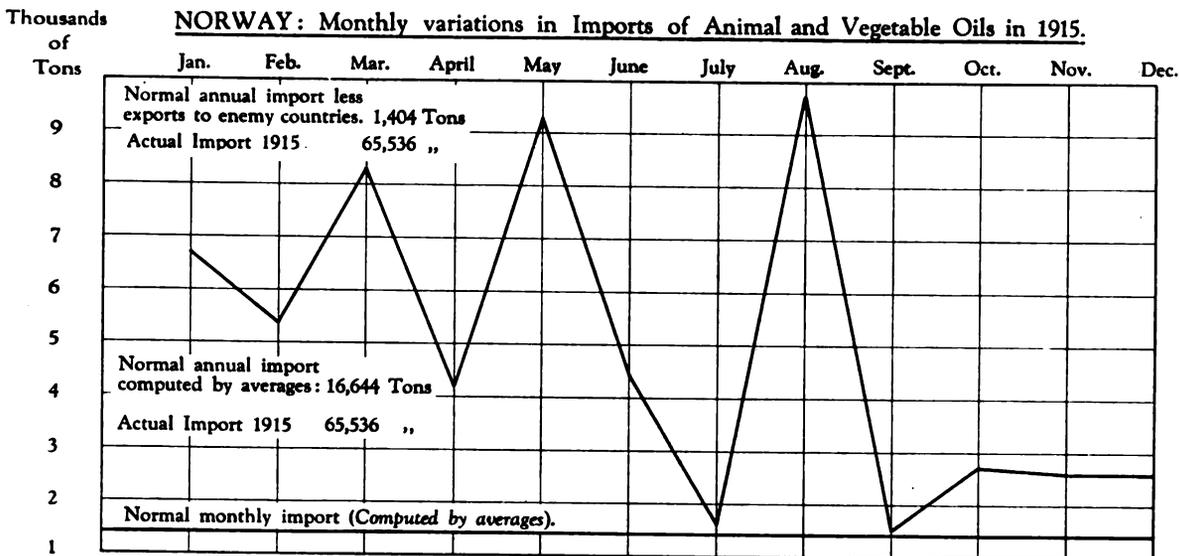




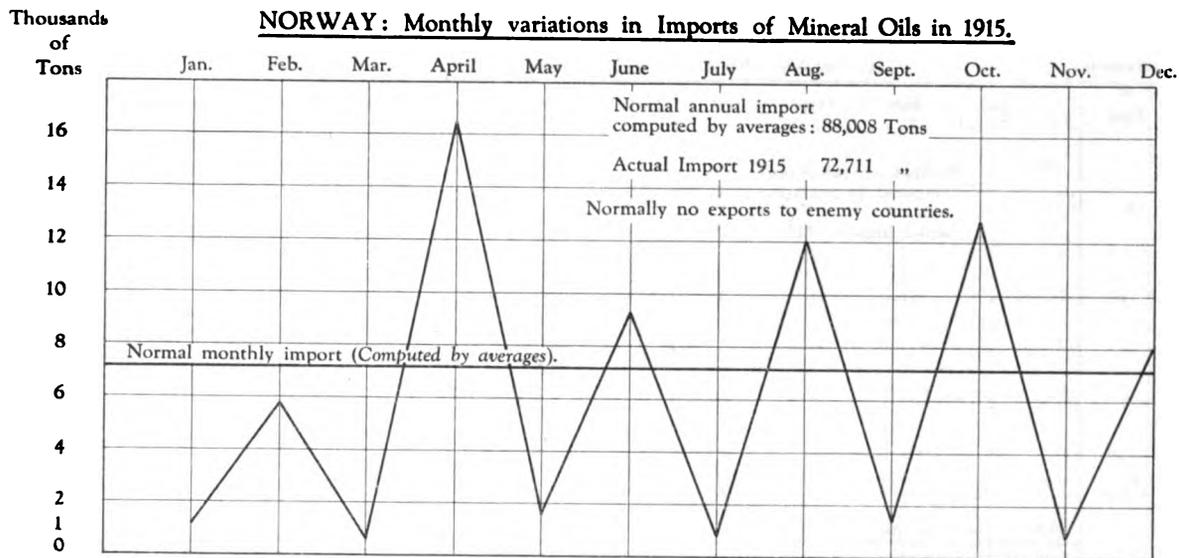




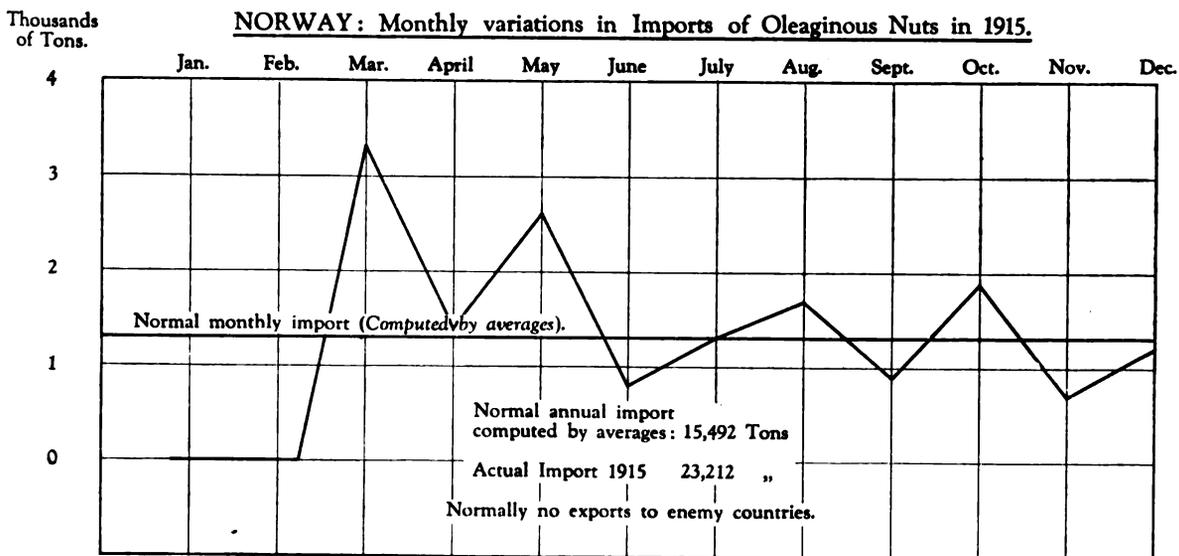
NORWAY: Monthly variations in Imports of Animal and Vegetable Oils in 1915.

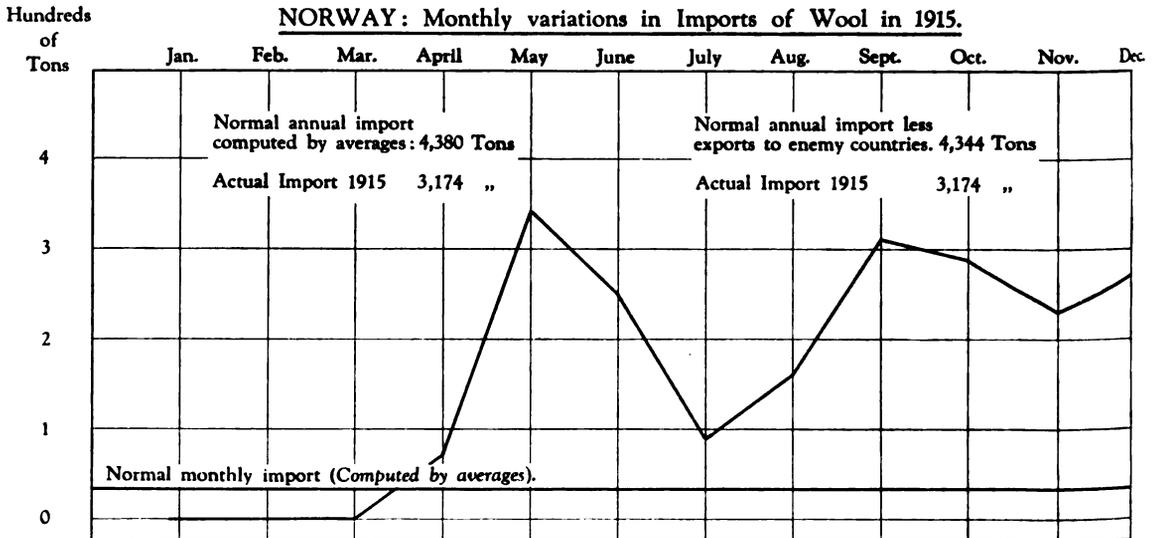
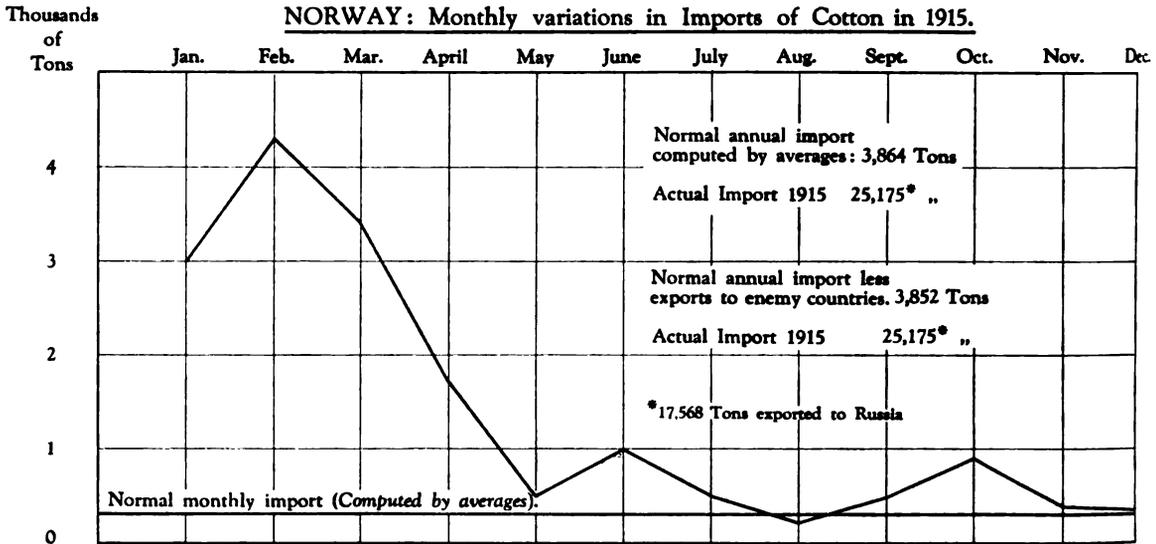


NORWAY: Monthly variations in Imports of Mineral Oils in 1915.

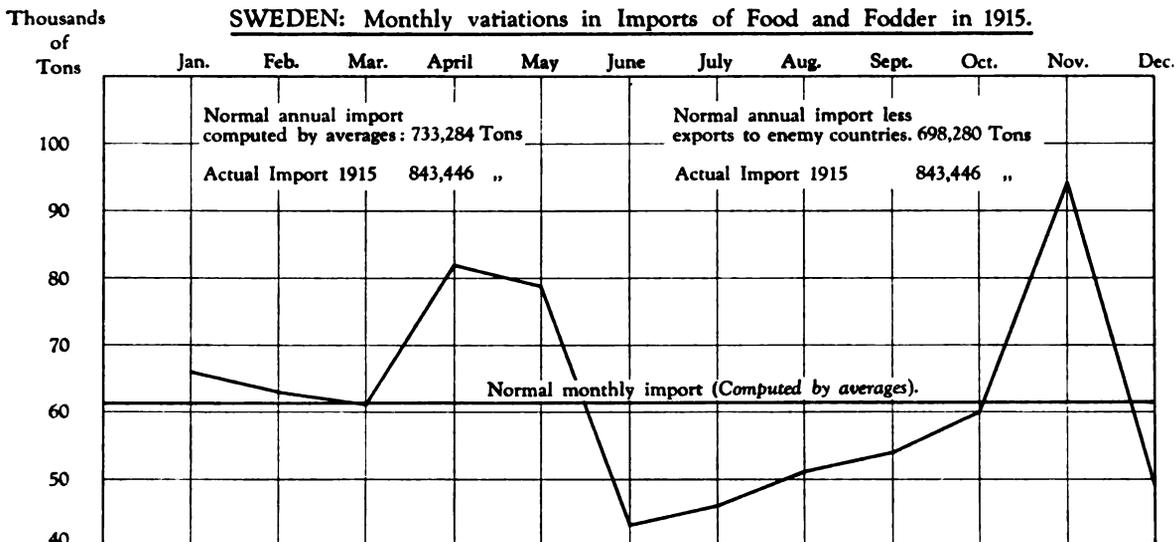


NORWAY: Monthly variations in Imports of Oleaginous Nuts in 1915.

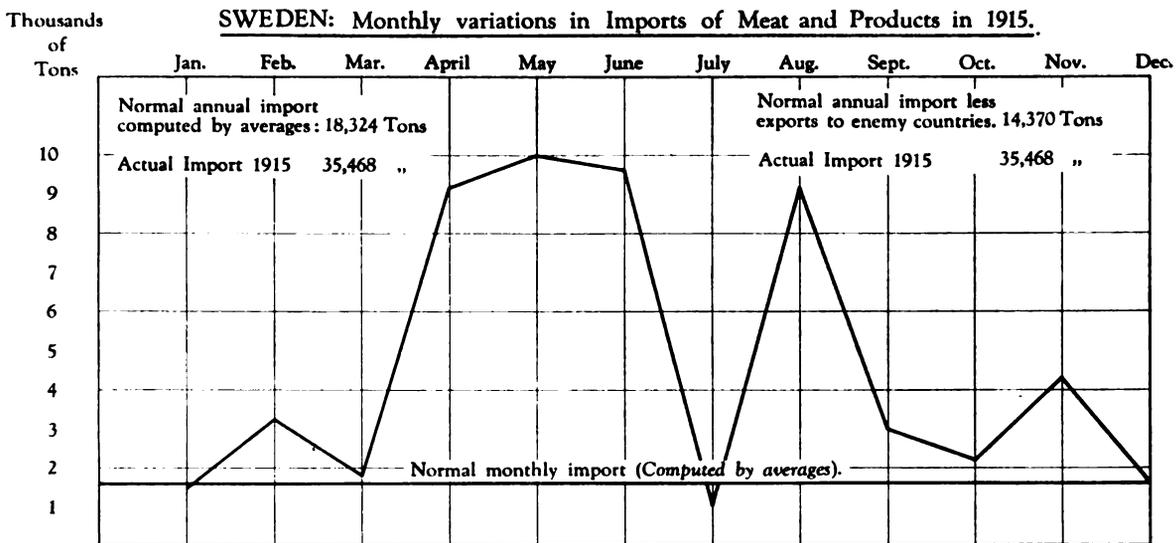




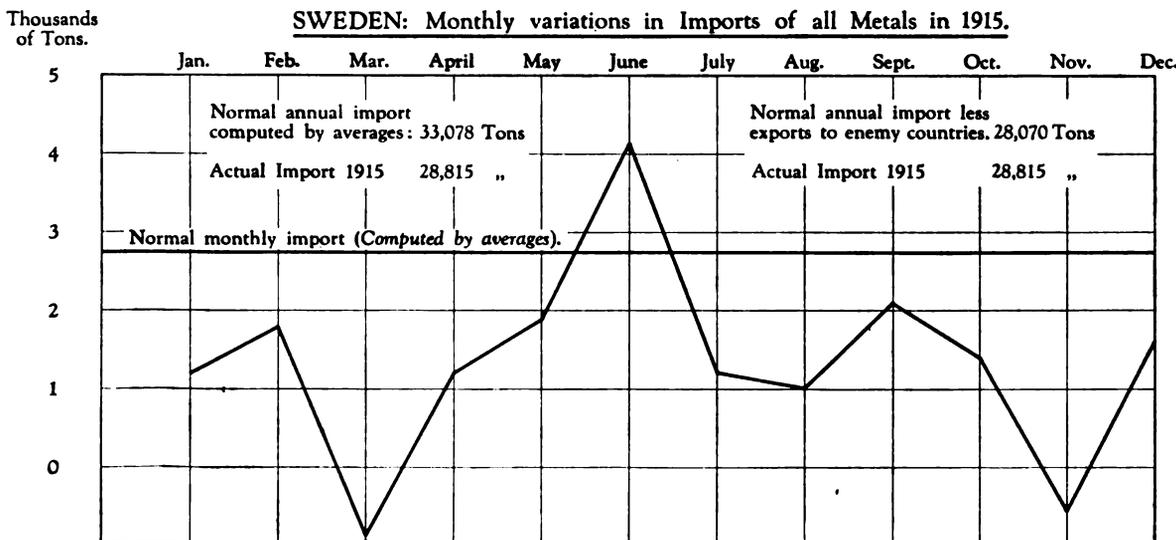
SWEDEN: Monthly variations in Imports of Food and Fodder in 1915.



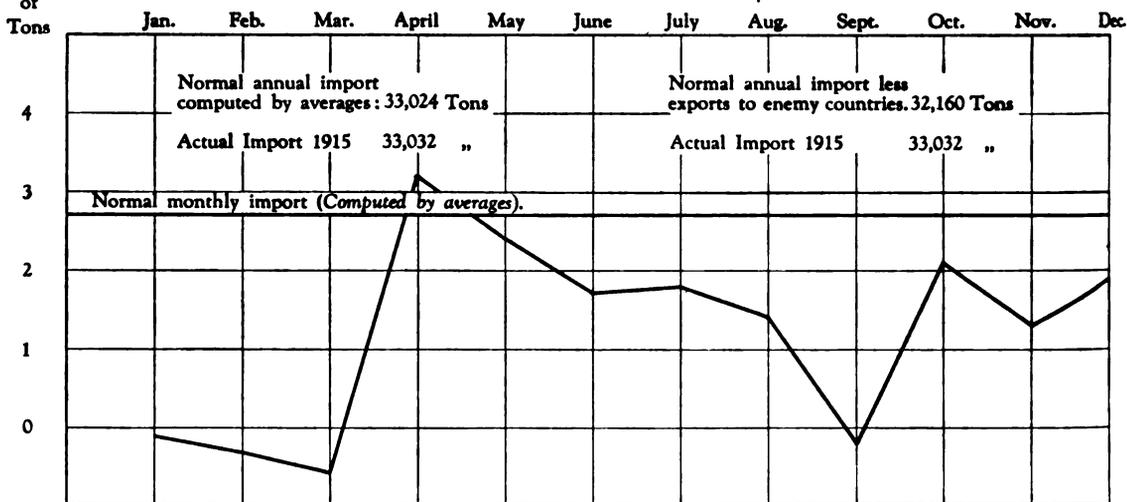
SWEDEN: Monthly variations in Imports of Meat and Products in 1915.



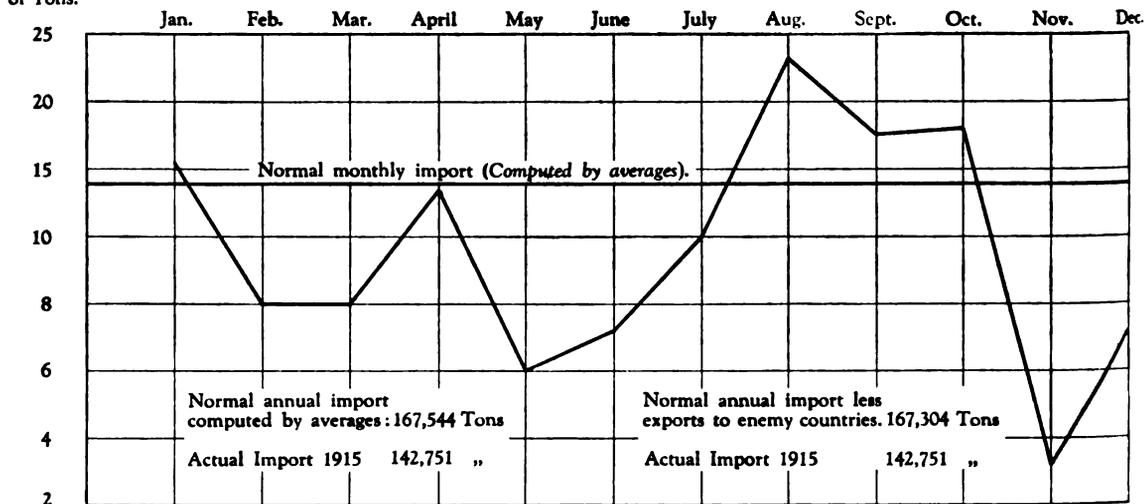
SWEDEN: Monthly variations in Imports of all Metals in 1915.



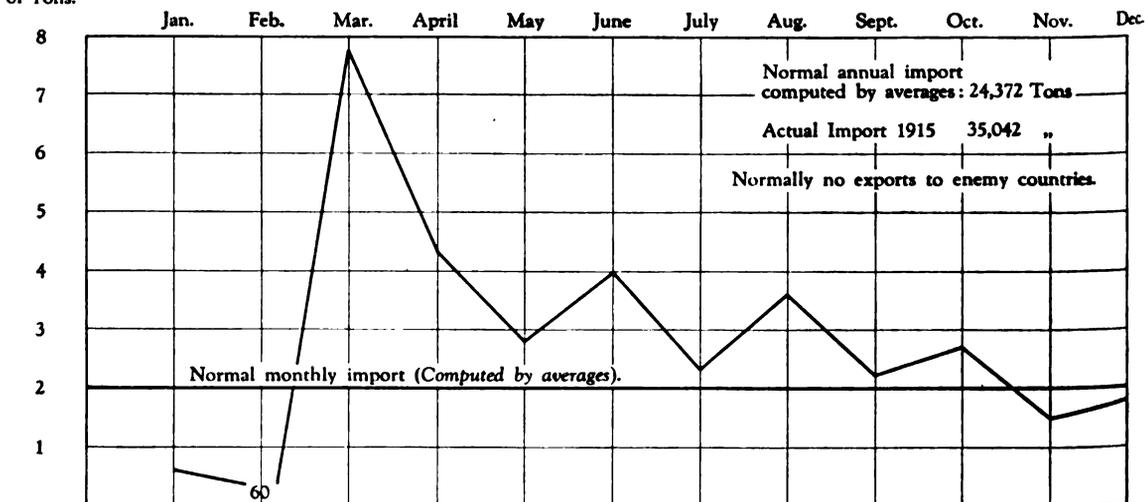
Thousands of Tons **SWEDEN: Monthly variations in Imports of Animal and Vegetable Oils in 1915.**



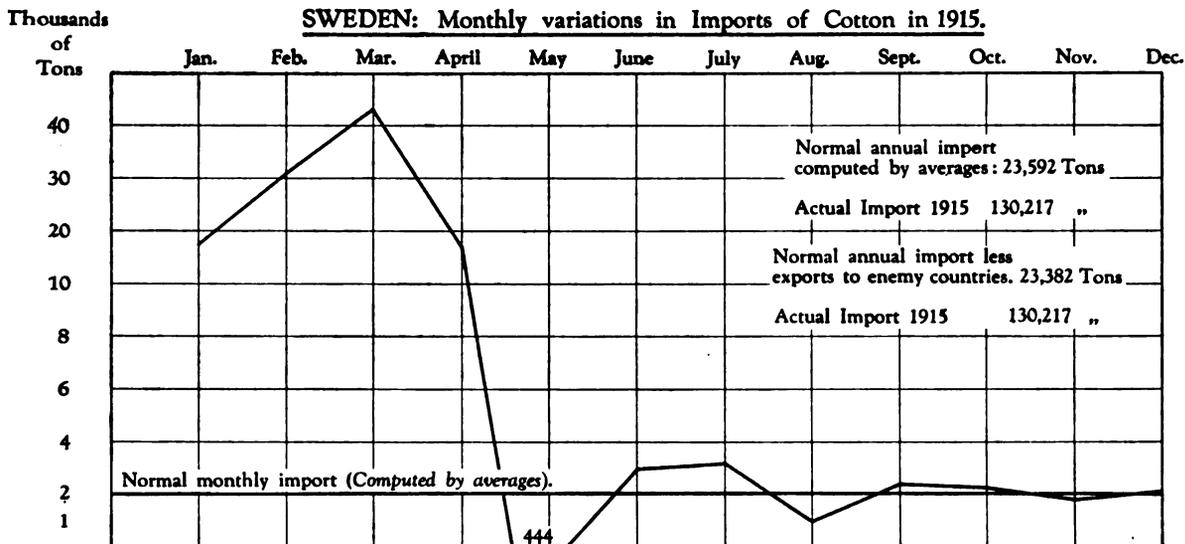
Thousands of Tons **SWEDEN: Monthly variations in Imports of Mineral Oils in 1915.**



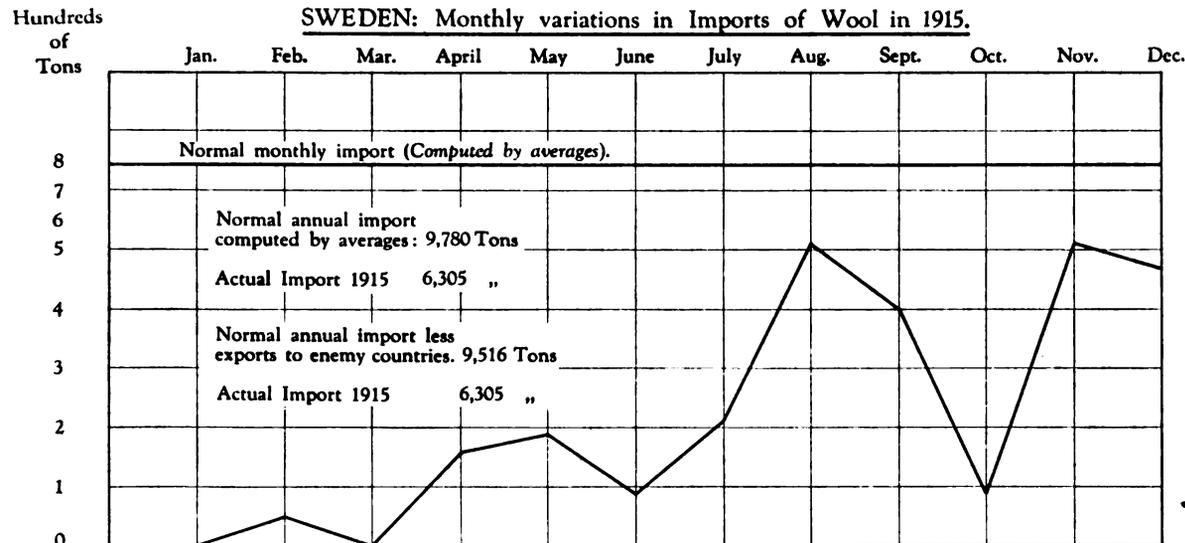
Thousands of Tons **SWEDEN: Monthly variations in Imports of Oleaginous Nuts in 1915.**

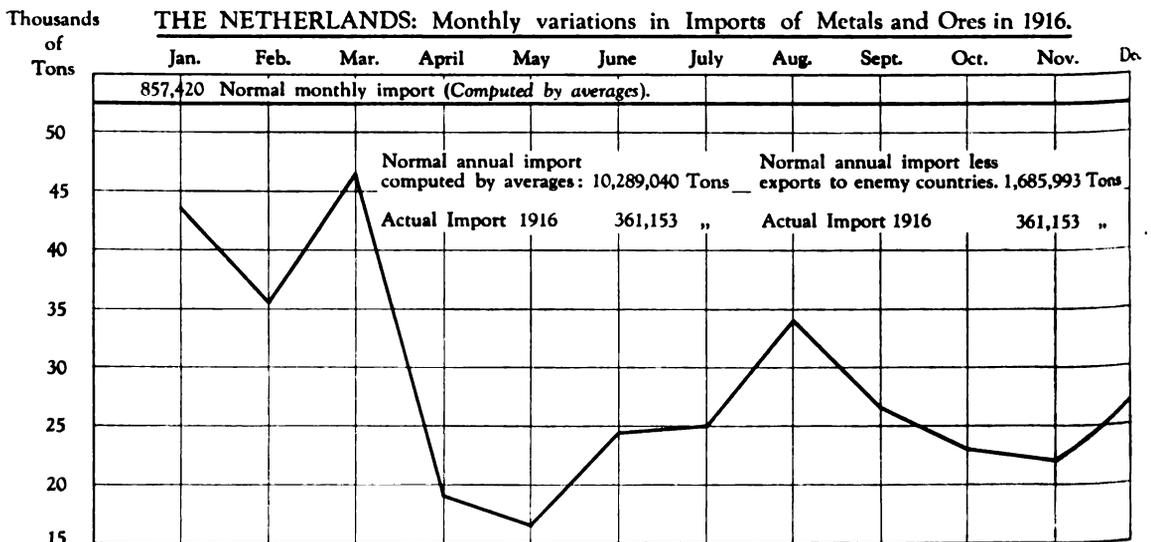
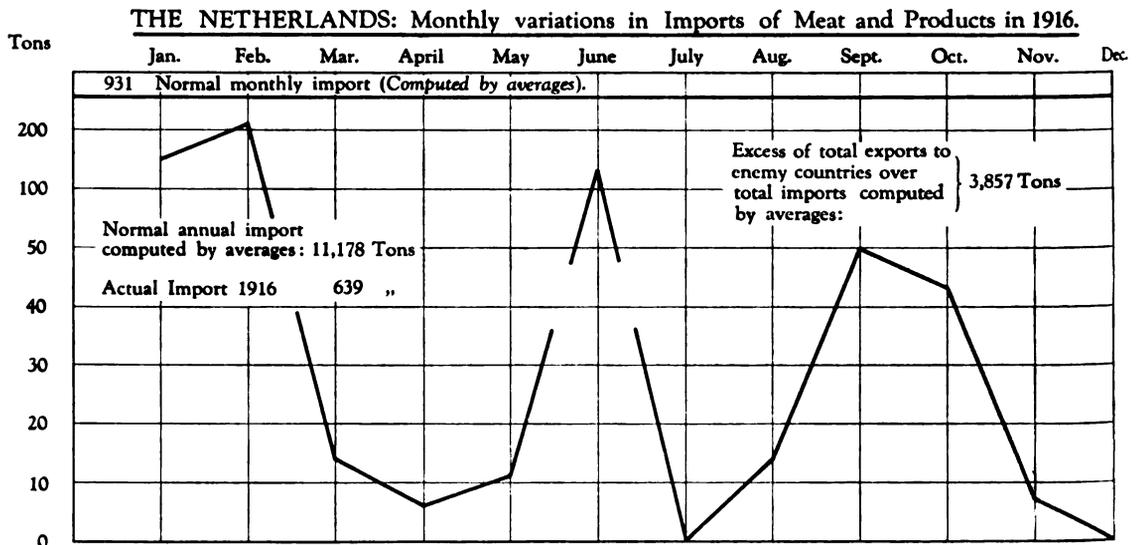
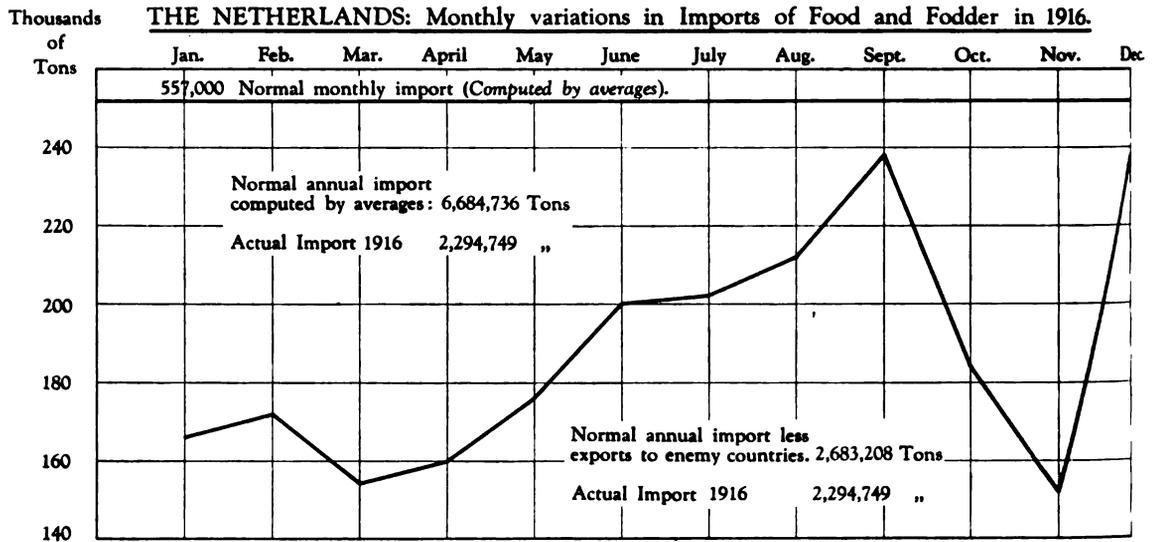


SWEDEN: Monthly variations in Imports of Cotton in 1915.

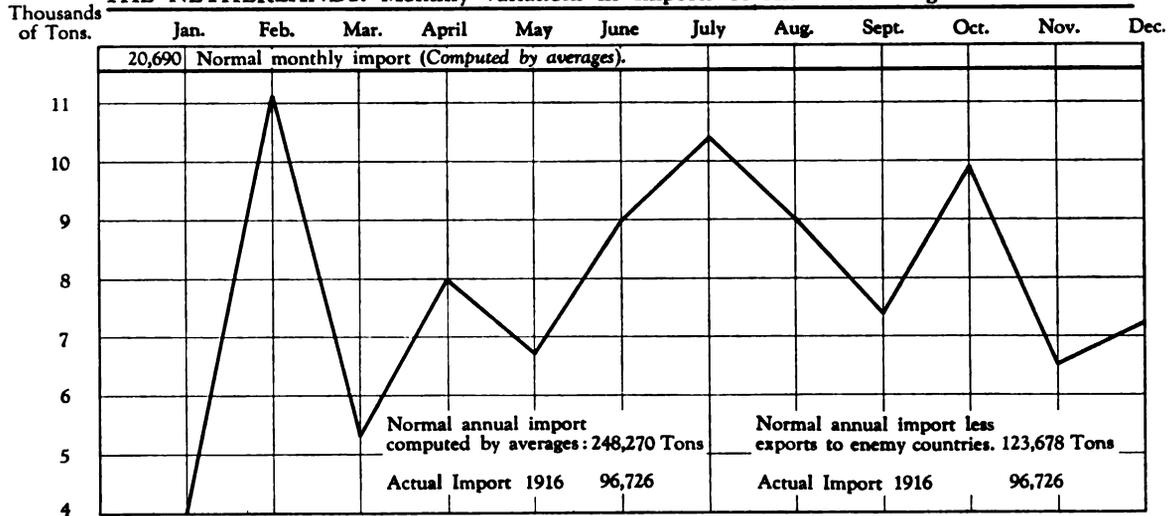


SWEDEN: Monthly variations in Imports of Wool in 1915.

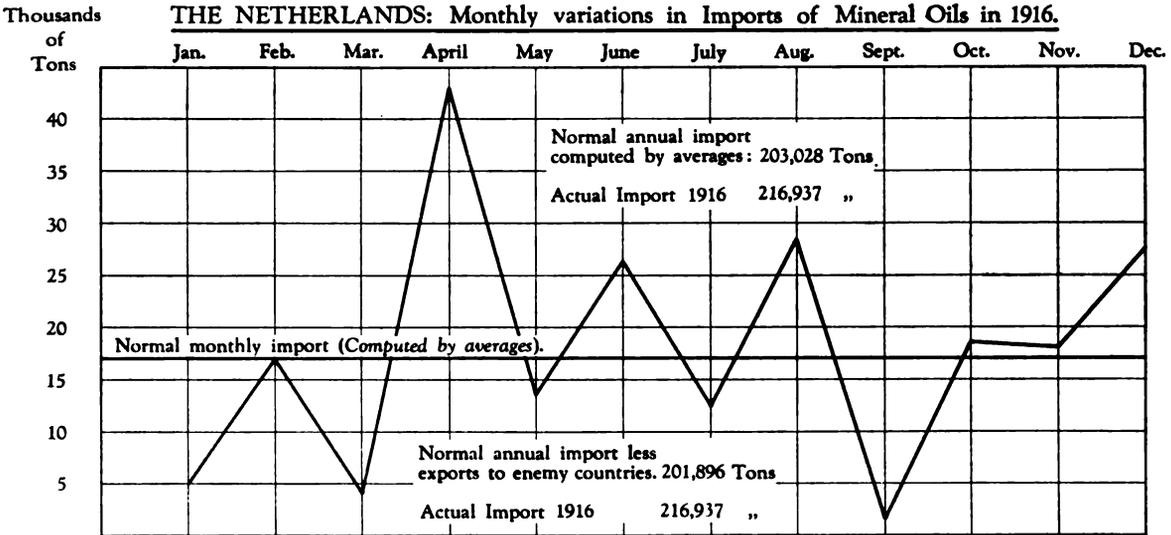




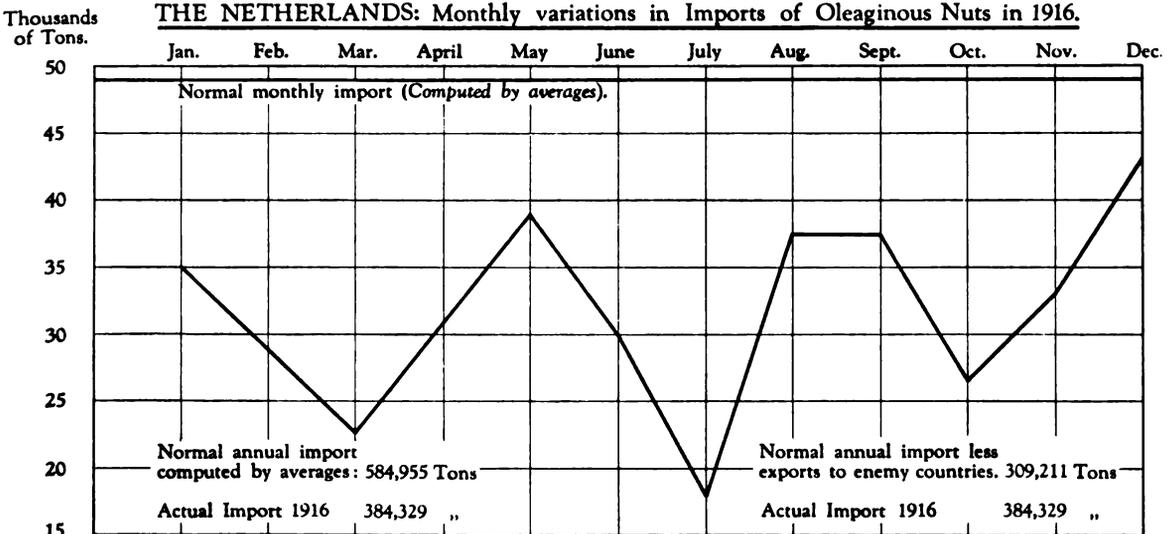
THE NETHERLANDS: Monthly variations in Imports of Animal and Vegetable Oils in 1916.

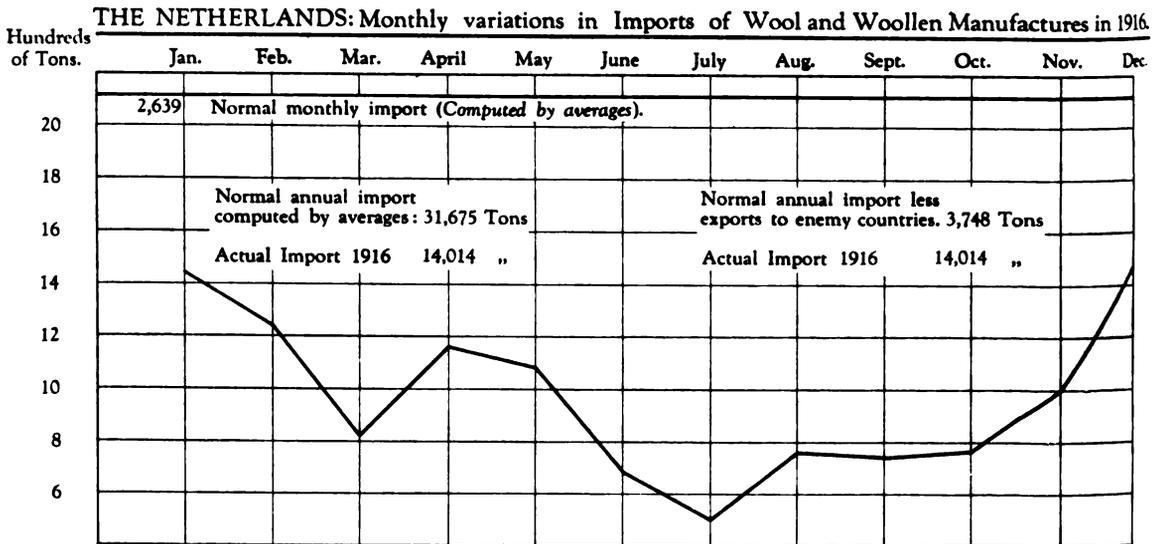
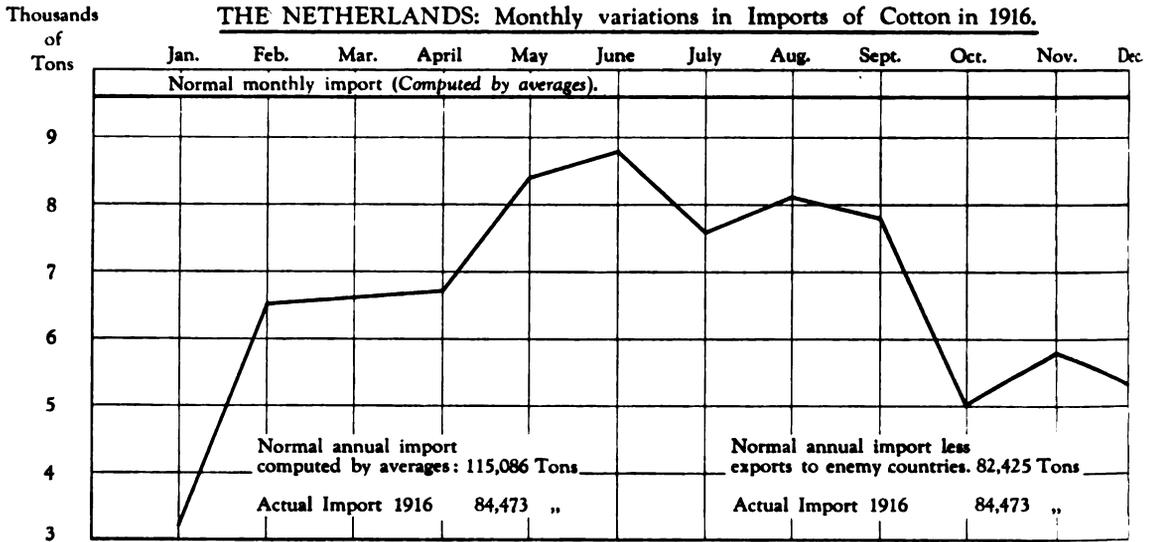


THE NETHERLANDS: Monthly variations in Imports of Mineral Oils in 1916.

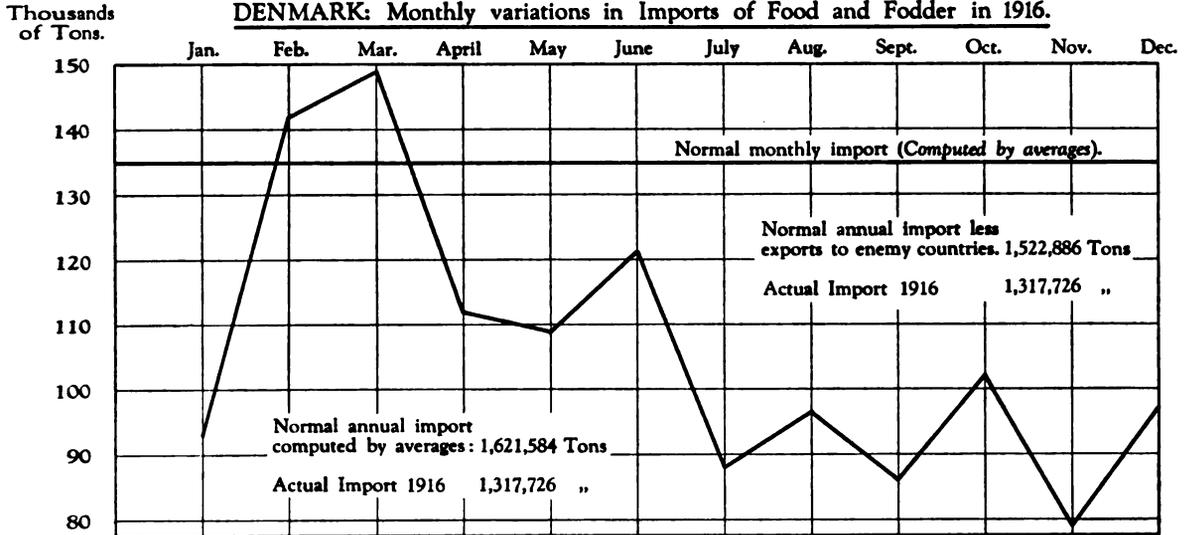


THE NETHERLANDS: Monthly variations in Imports of Oleaginous Nuts in 1916.

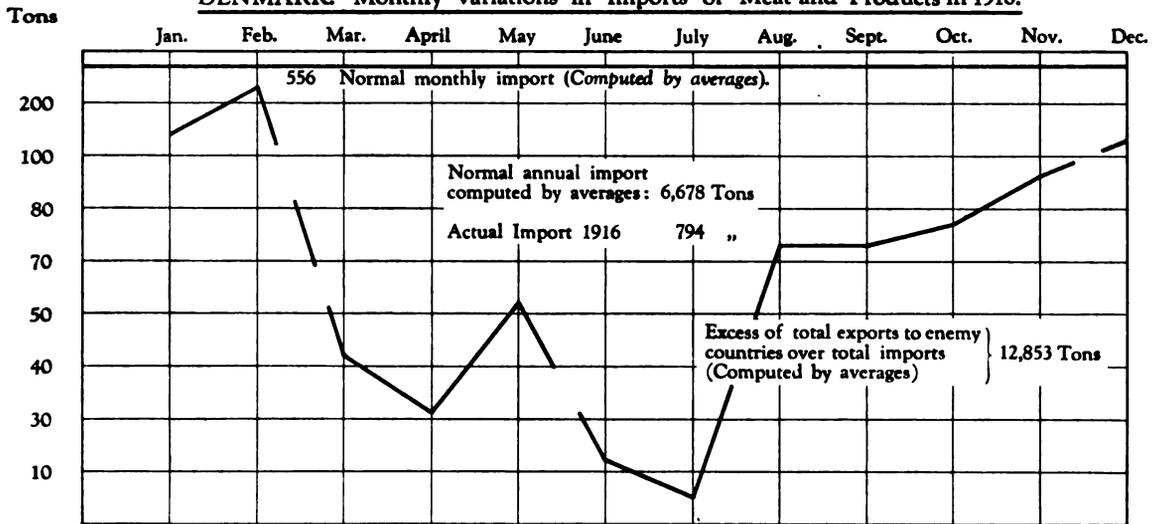




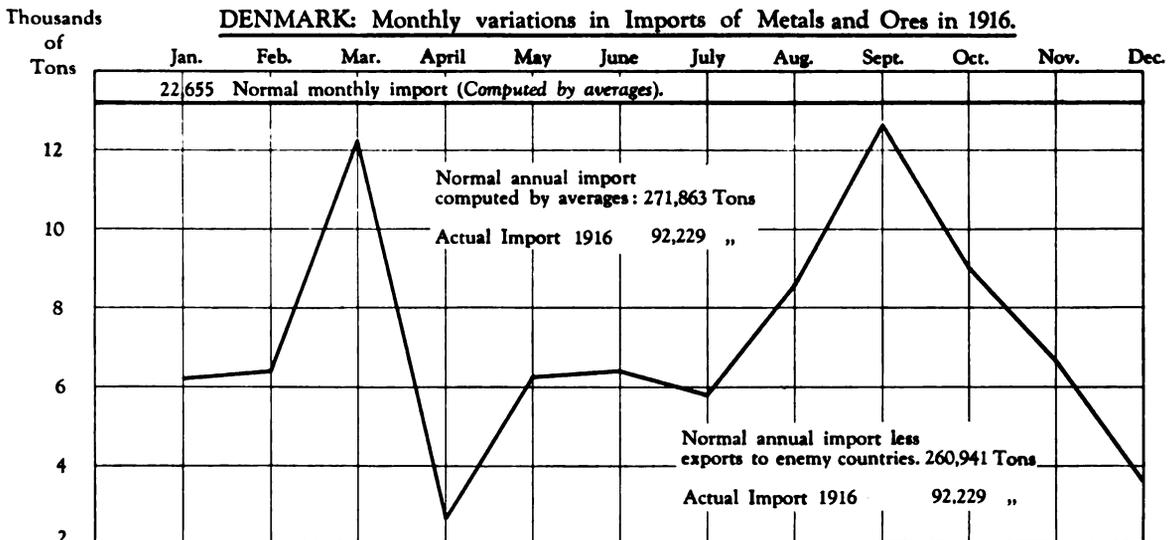
DENMARK: Monthly variations in Imports of Food and Fodder in 1916.

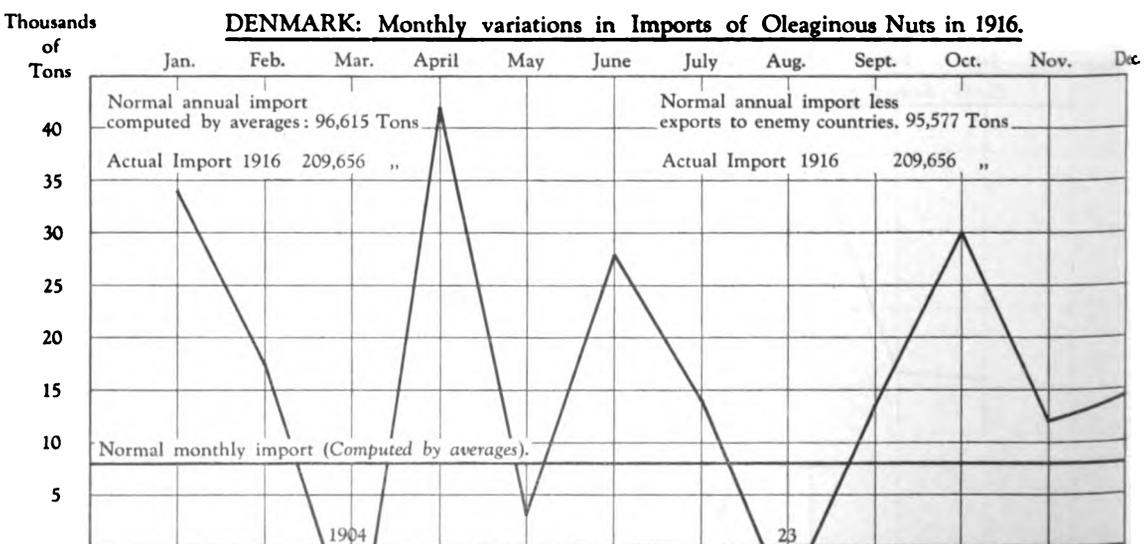
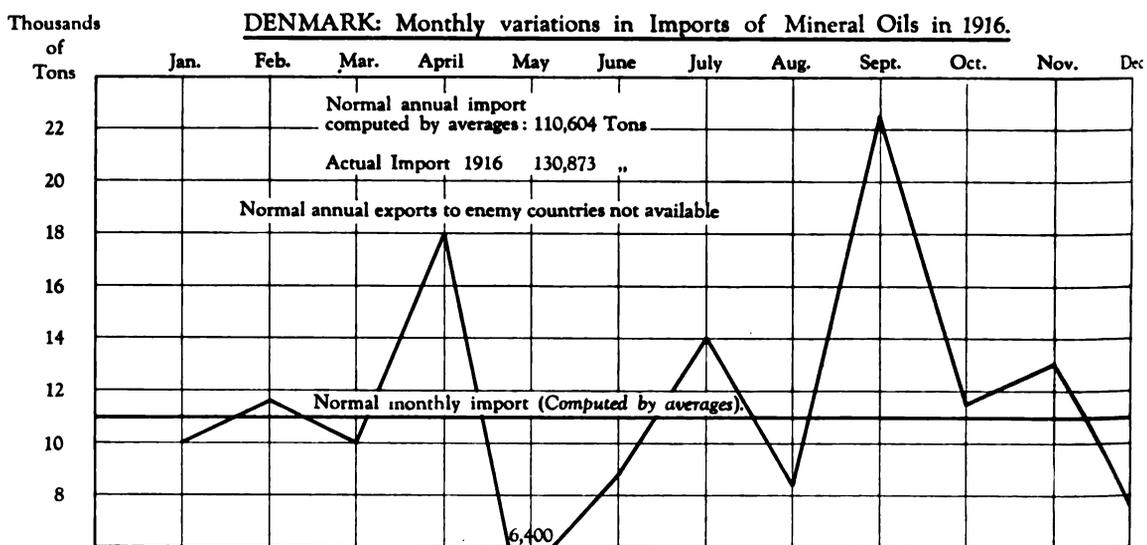
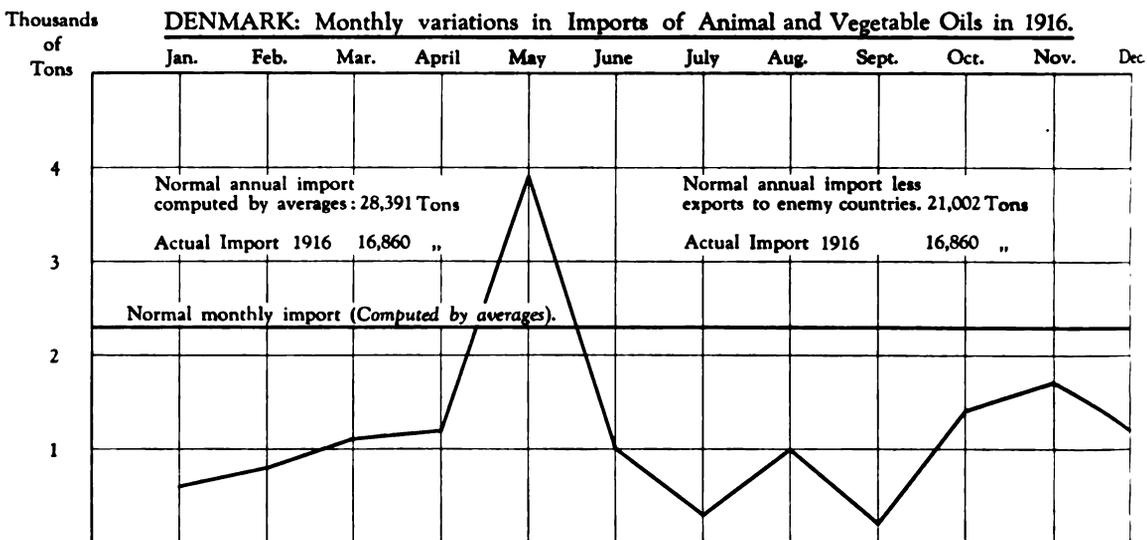


DENMARK: Monthly variations in Imports of Meat and Products in 1916.

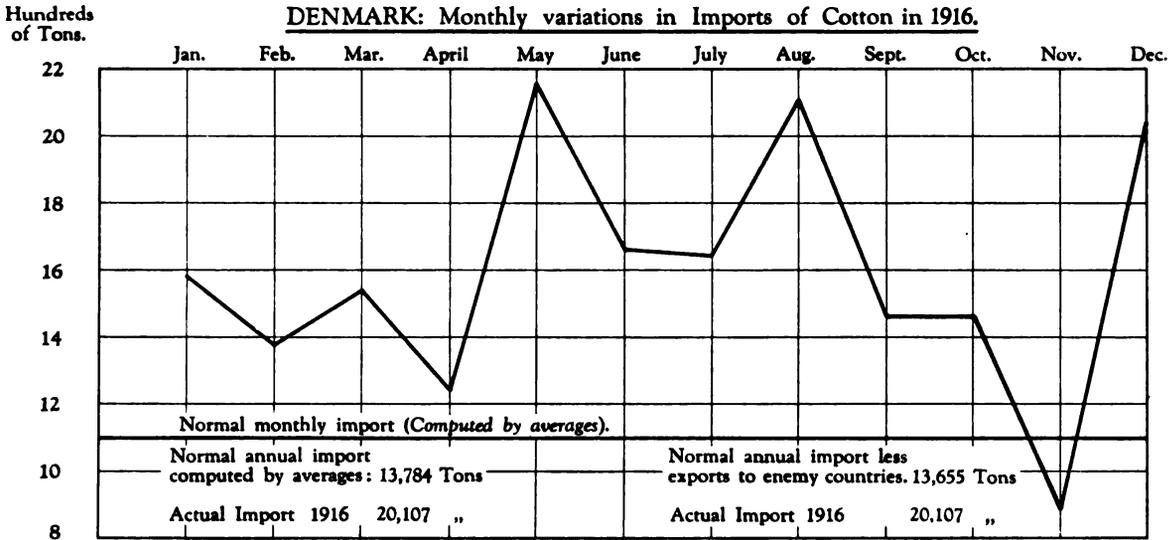


DENMARK: Monthly variations in Imports of Metals and Ores in 1916.

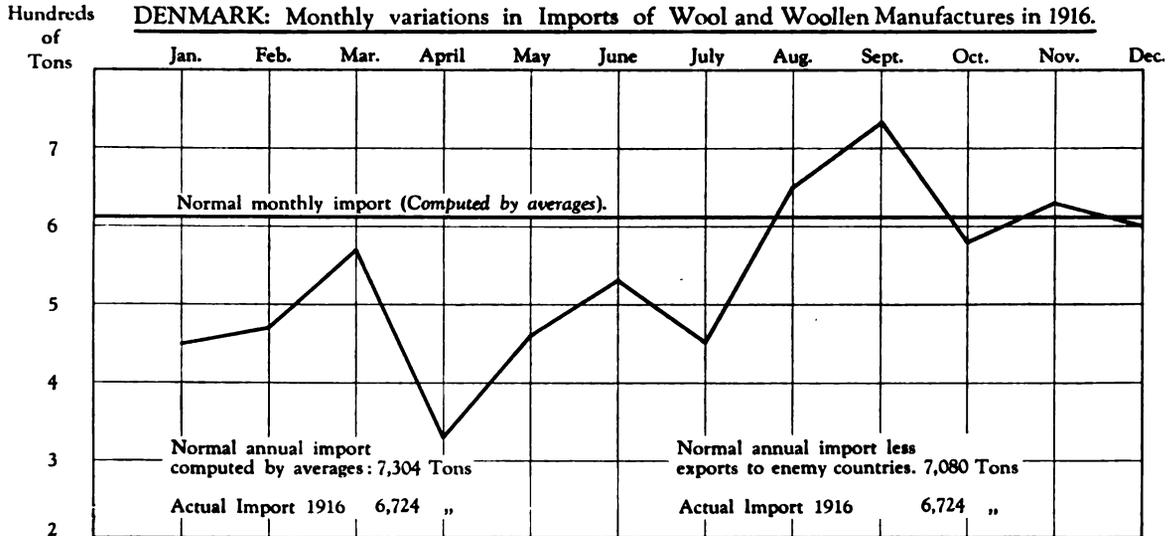


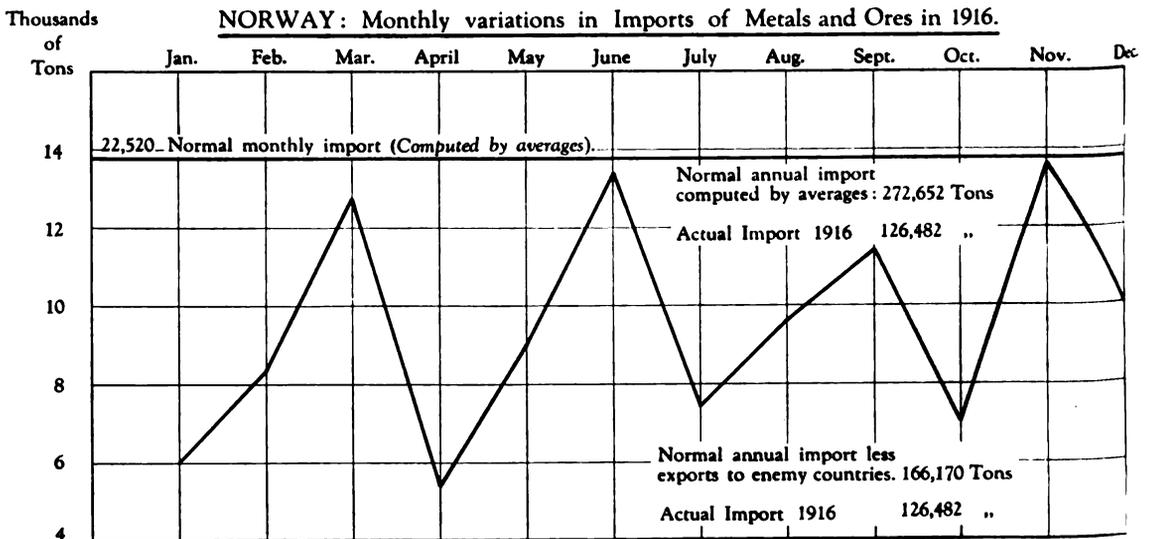
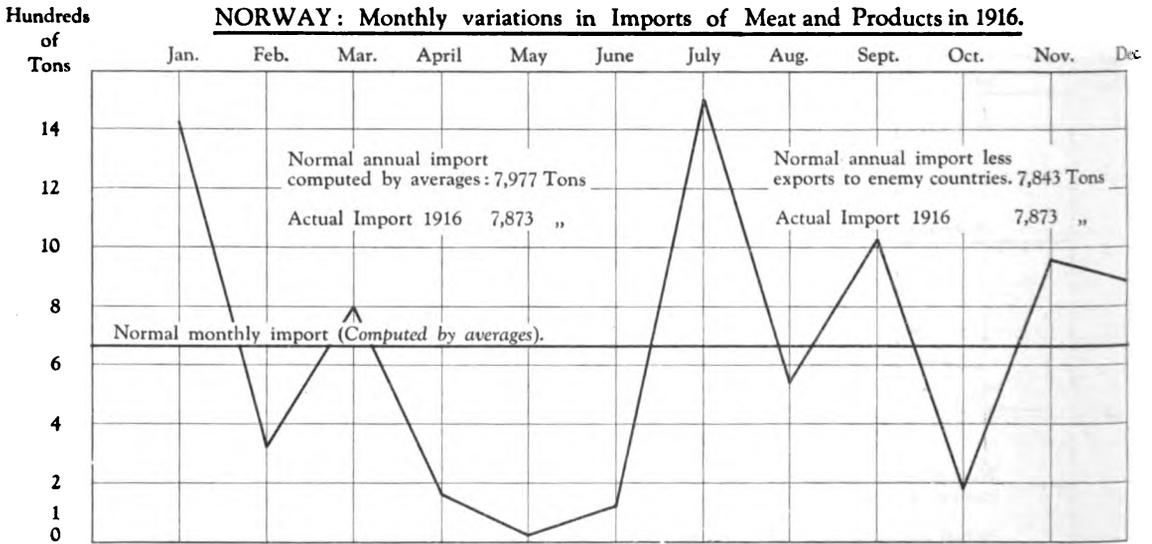
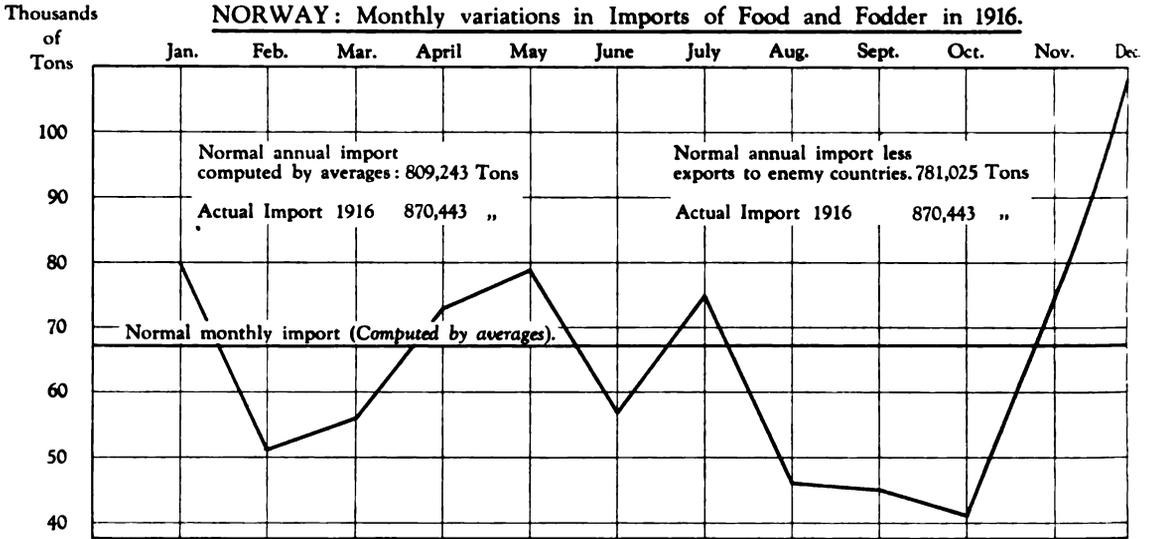


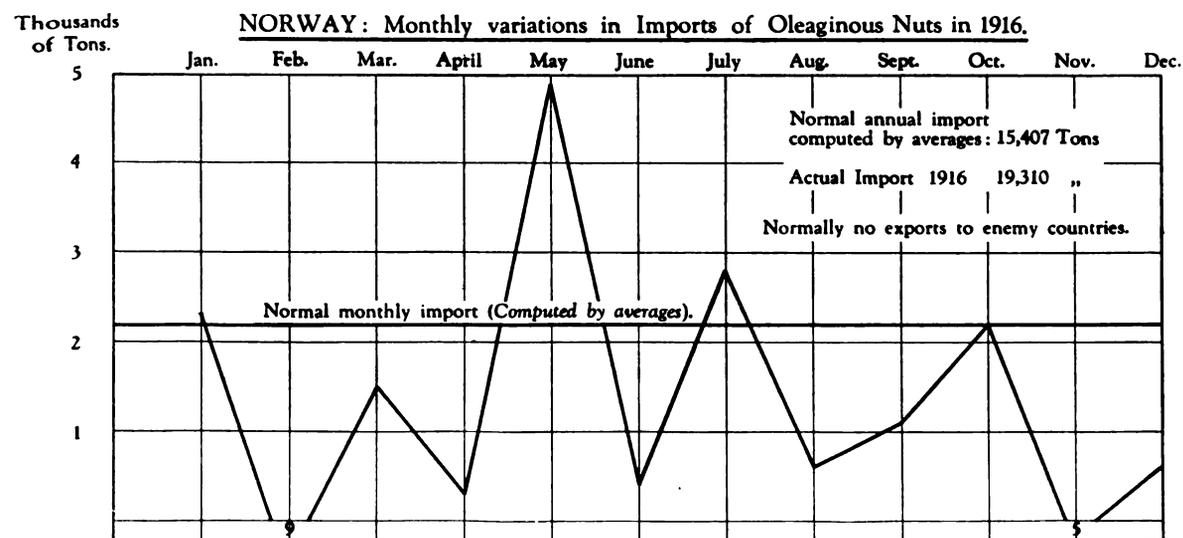
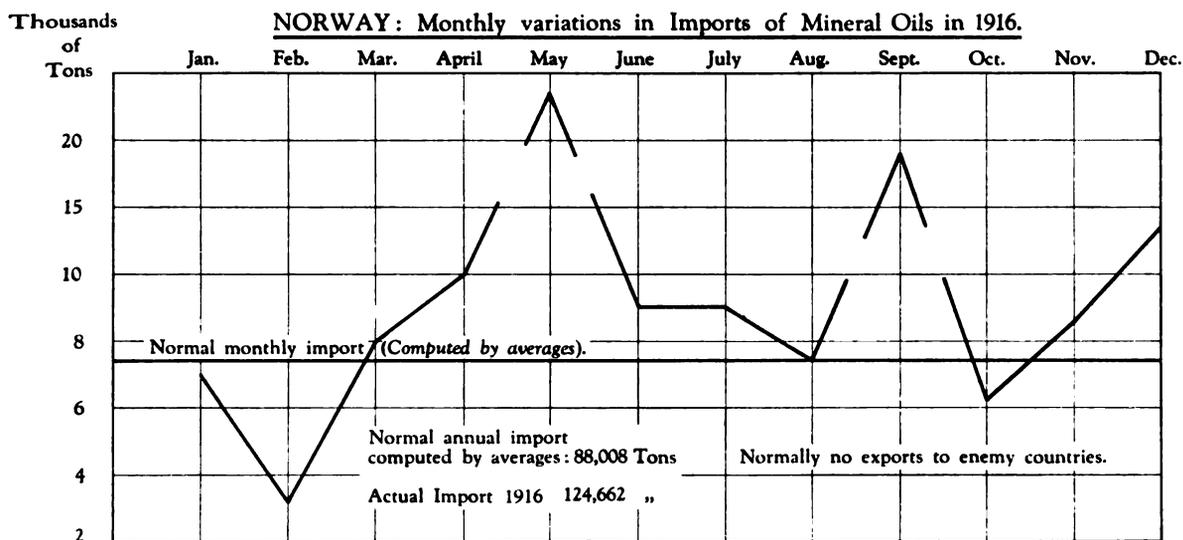
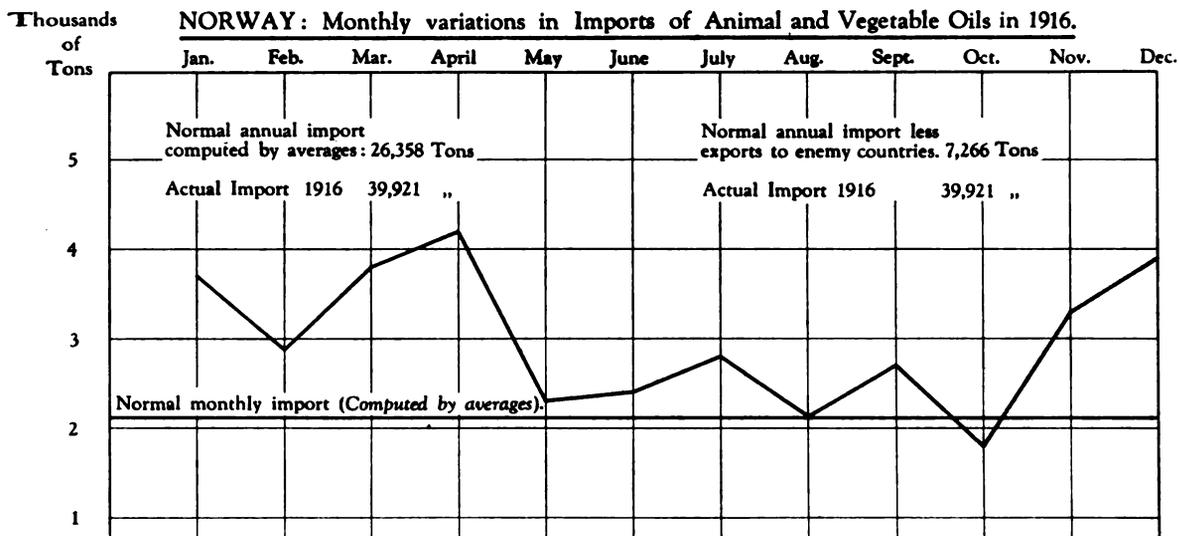
DENMARK: Monthly variations in Imports of Cotton in 1916.

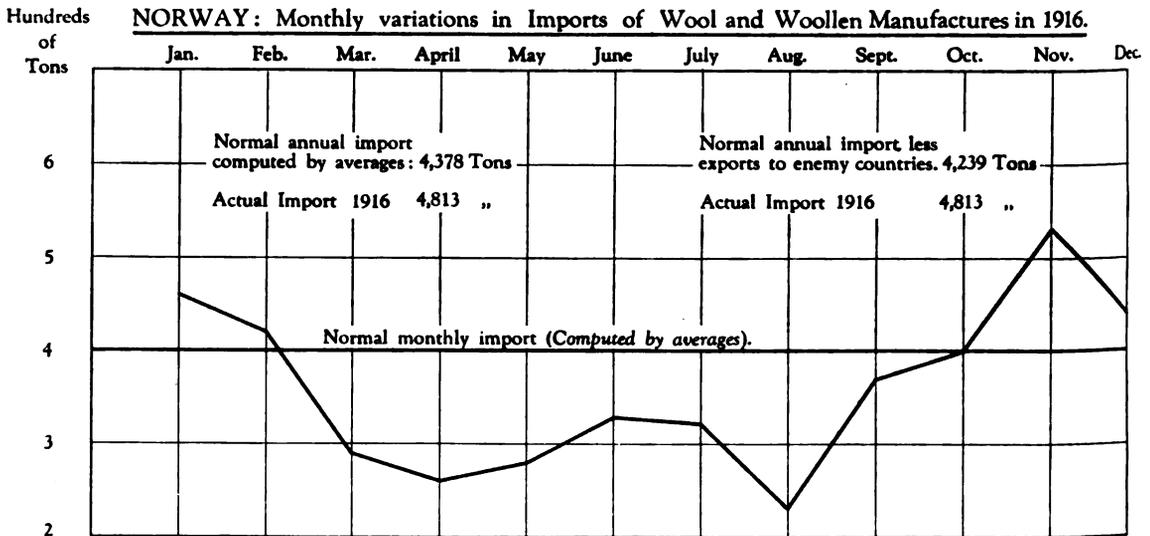
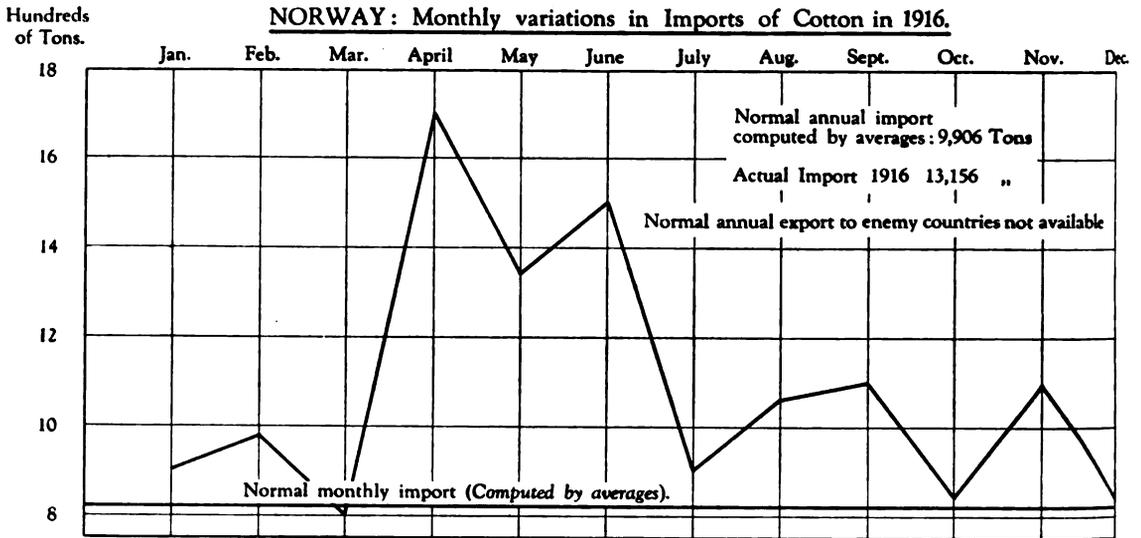


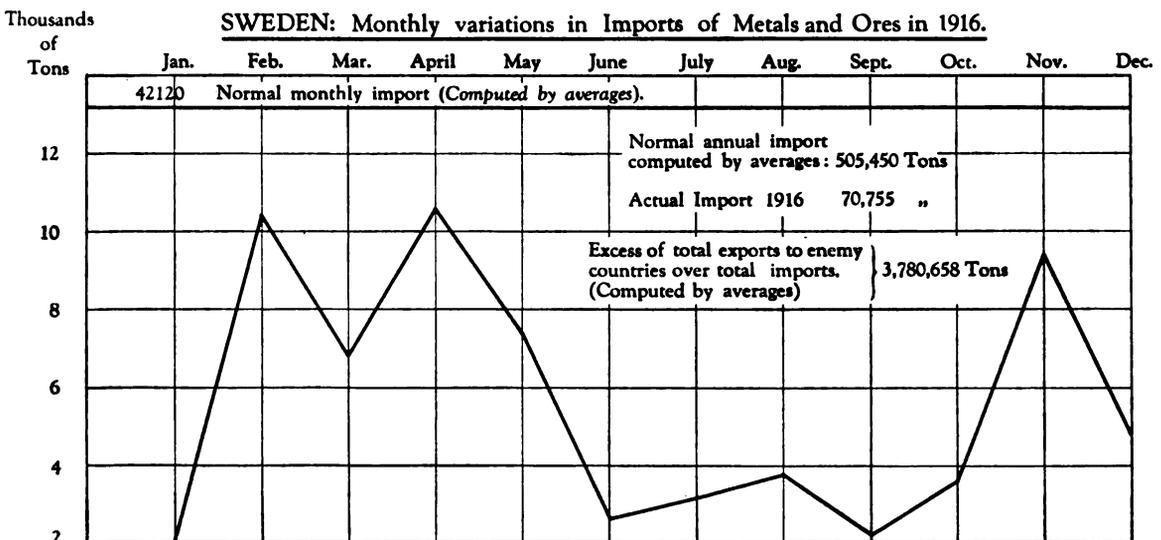
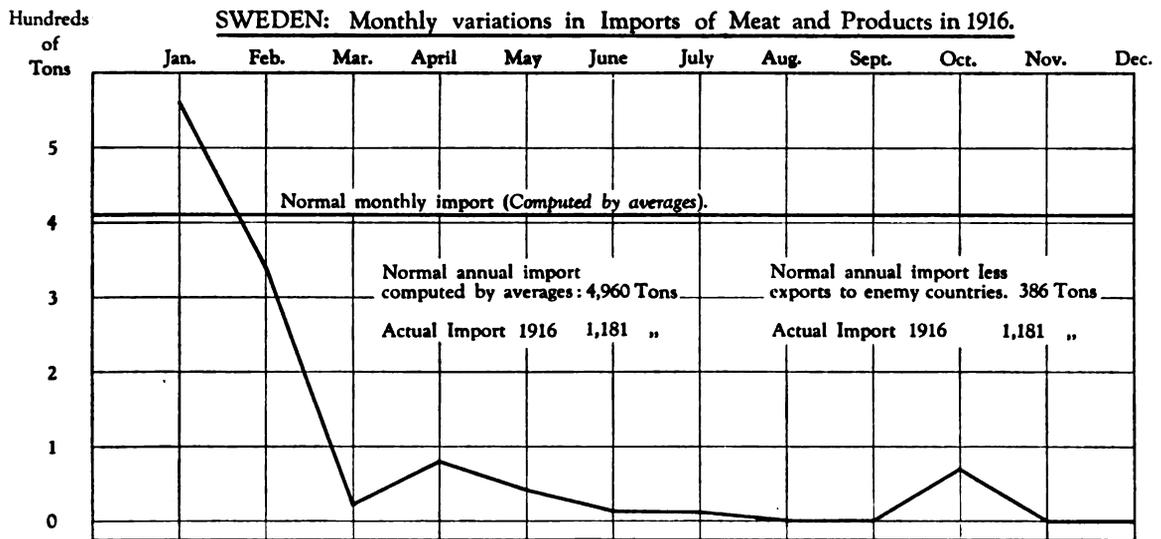
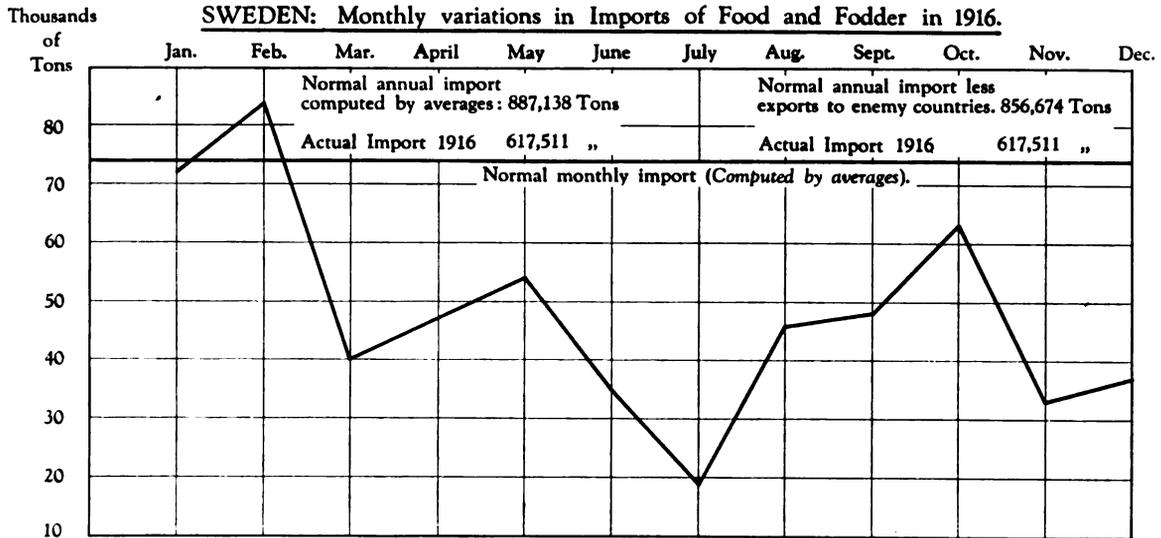
DENMARK: Monthly variations in Imports of Wool and Woollen Manufactures in 1916.





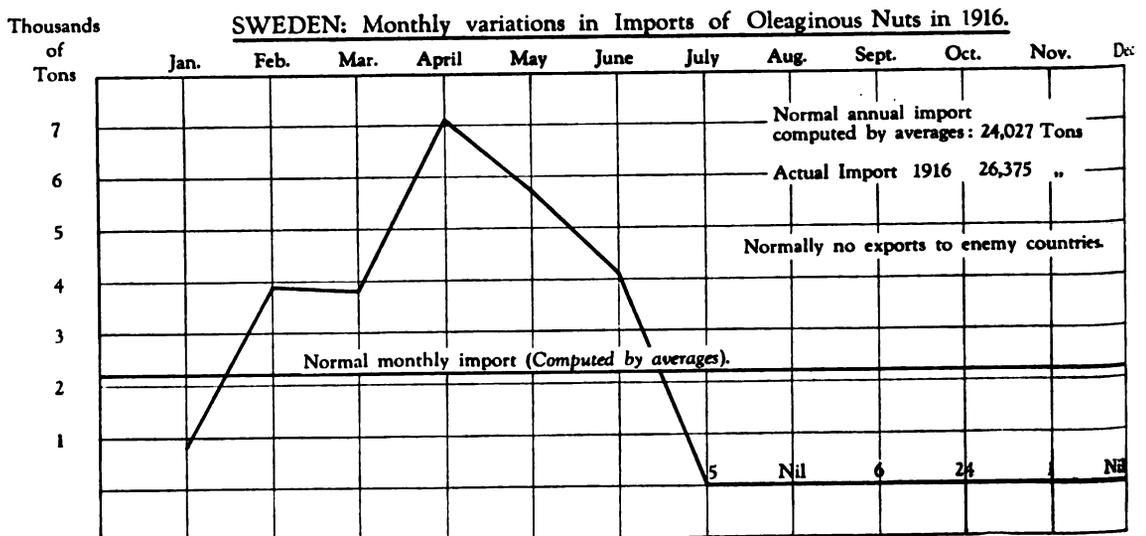
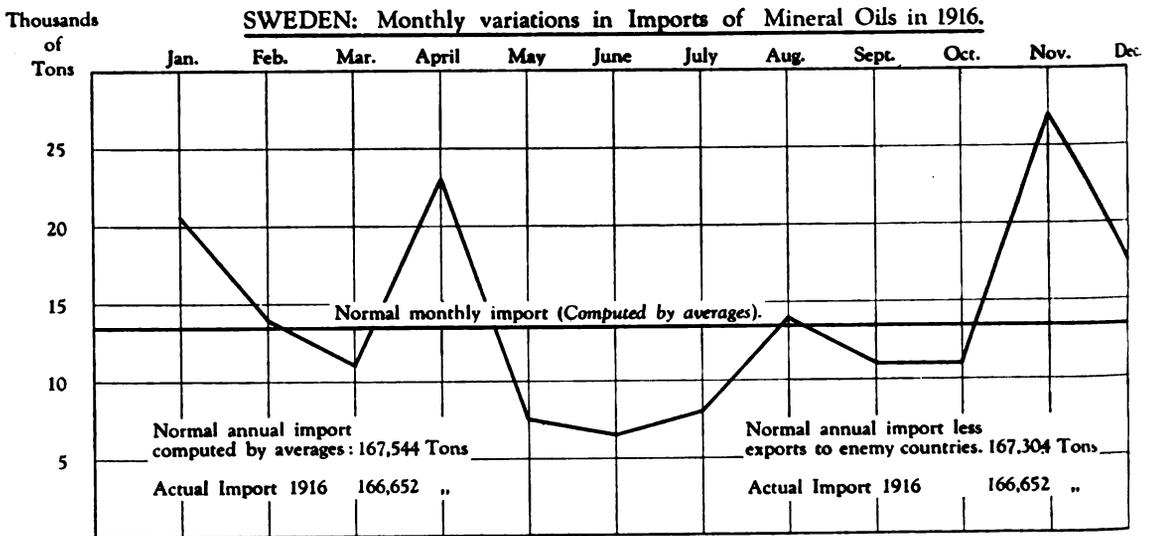
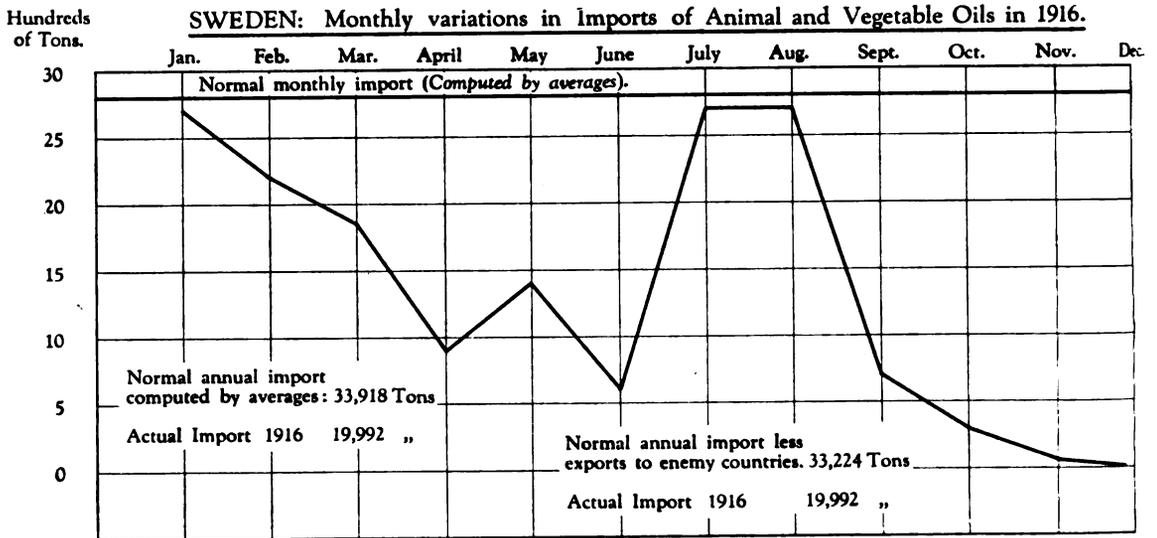


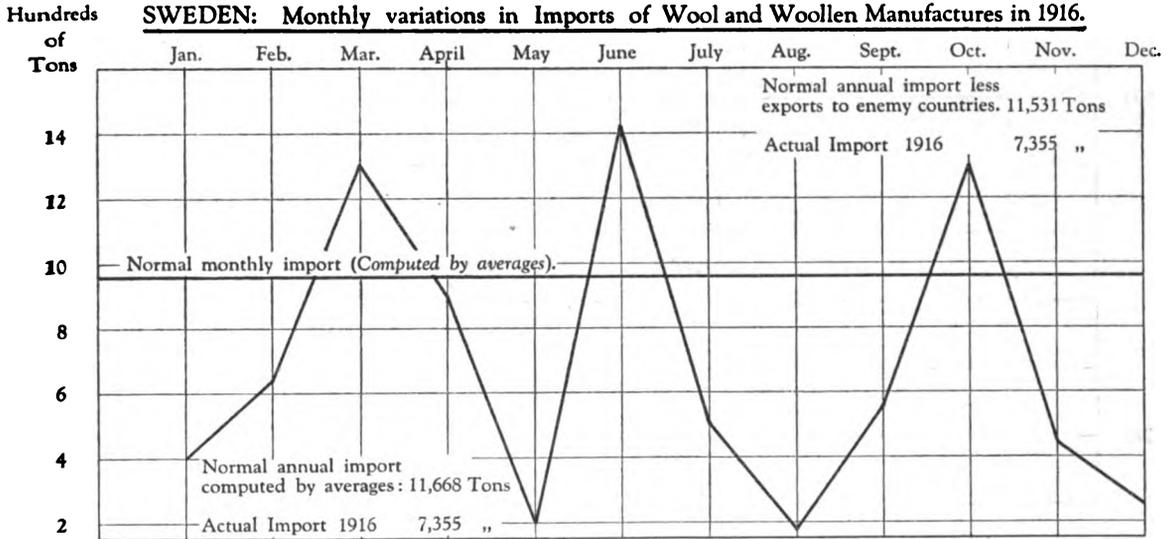
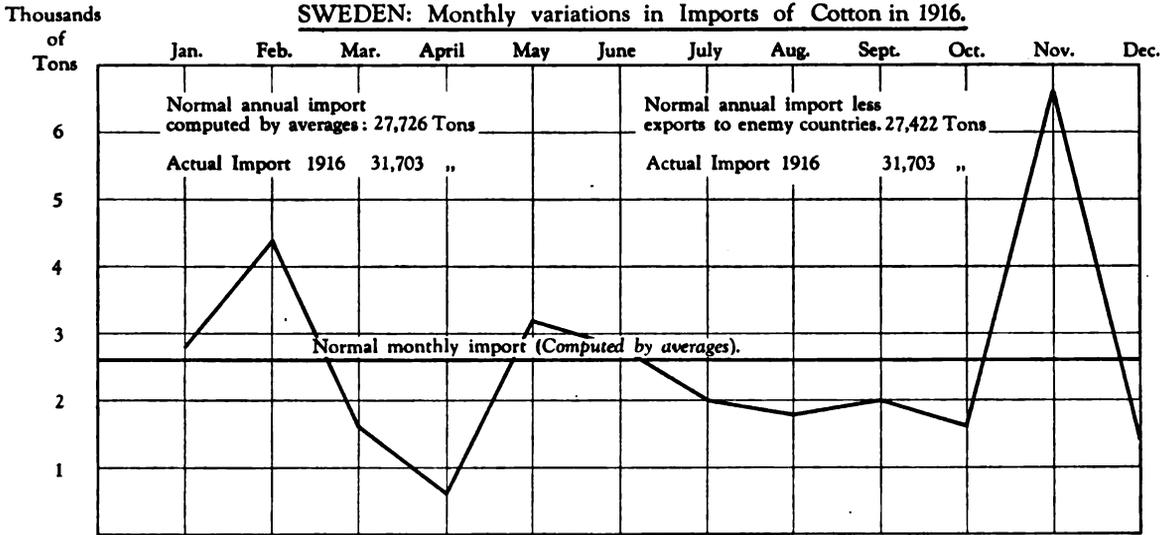


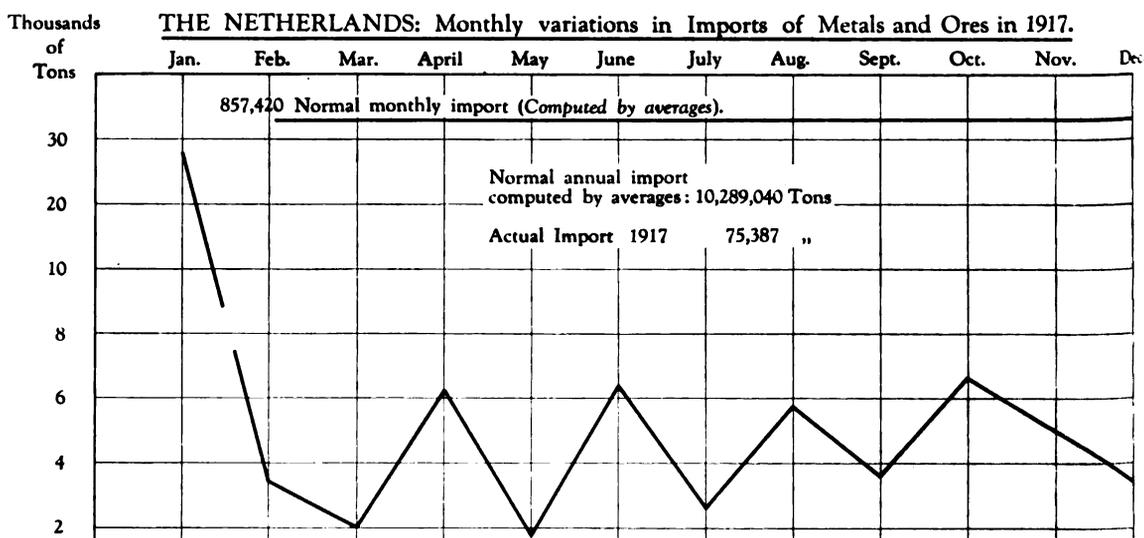
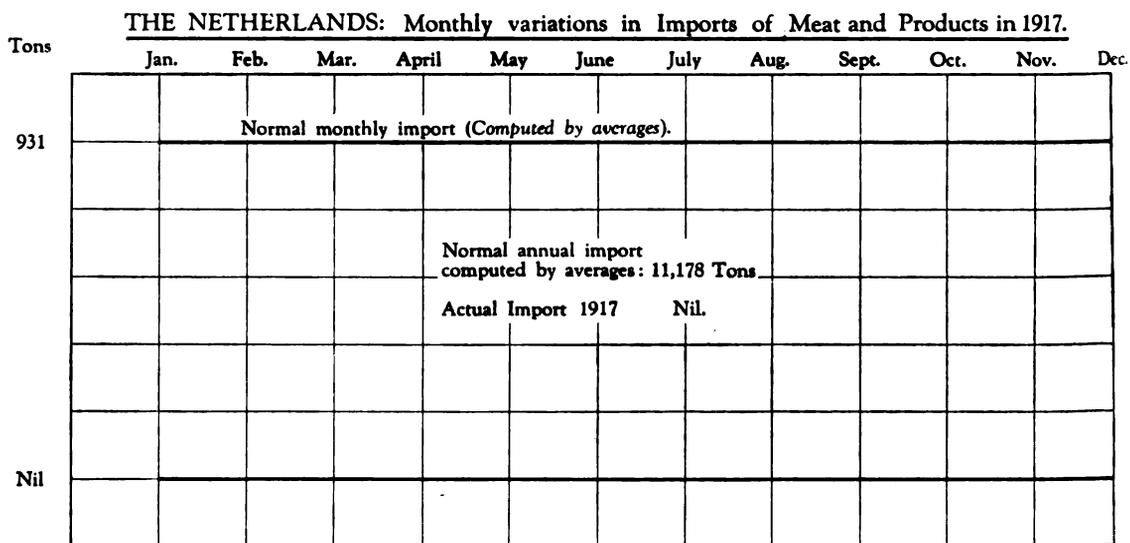
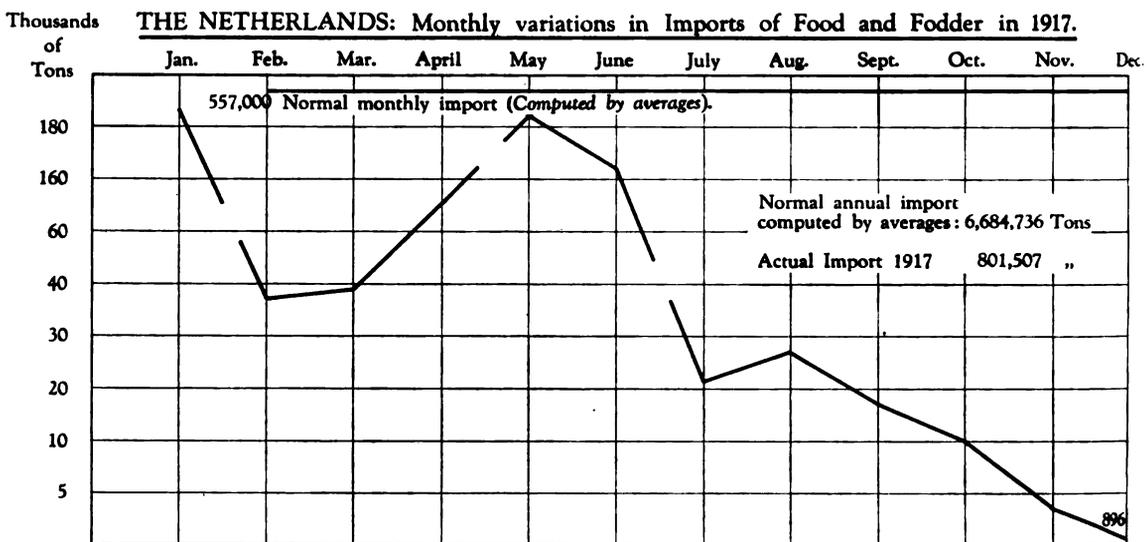


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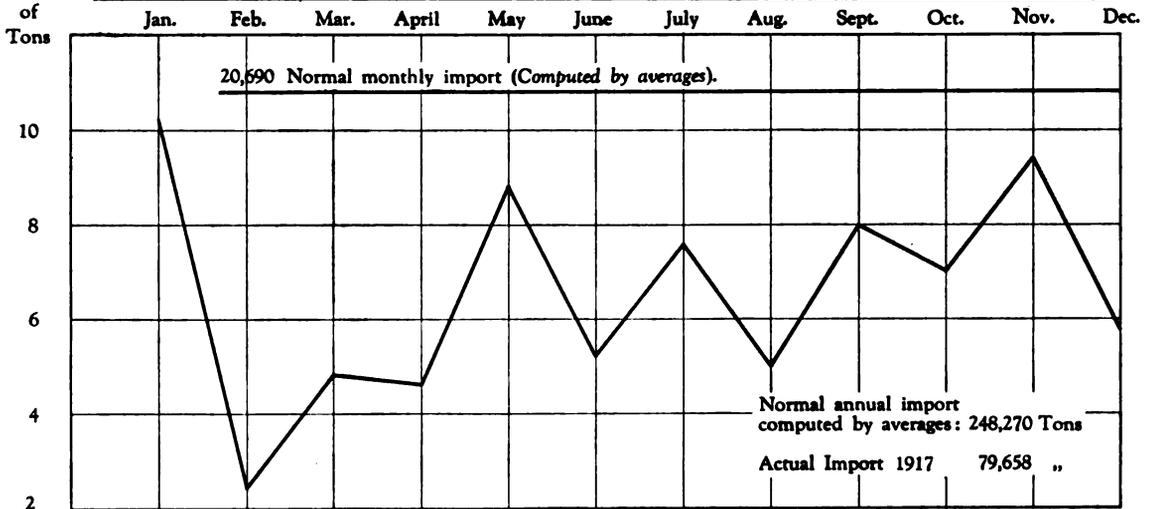
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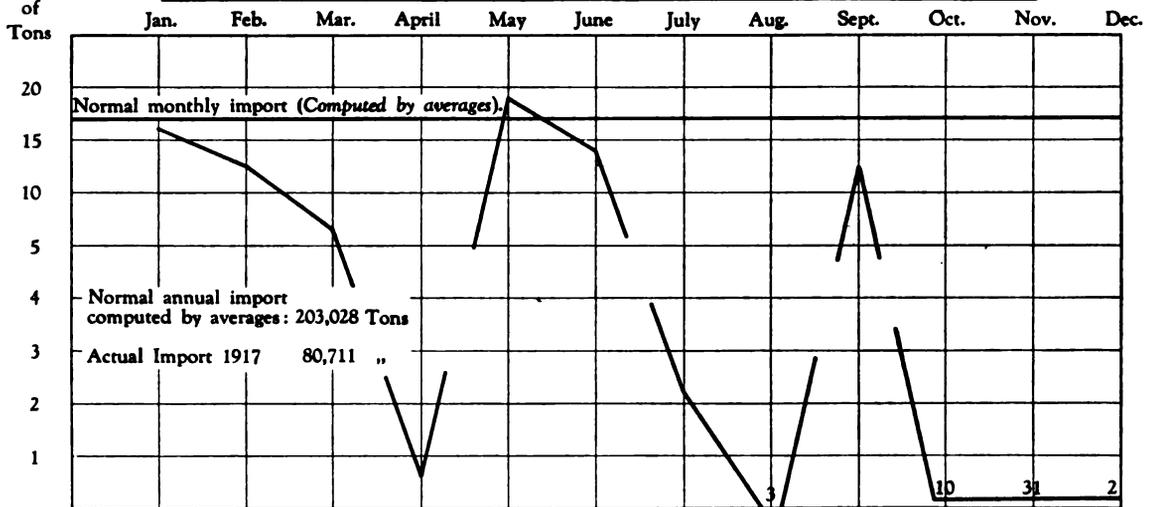




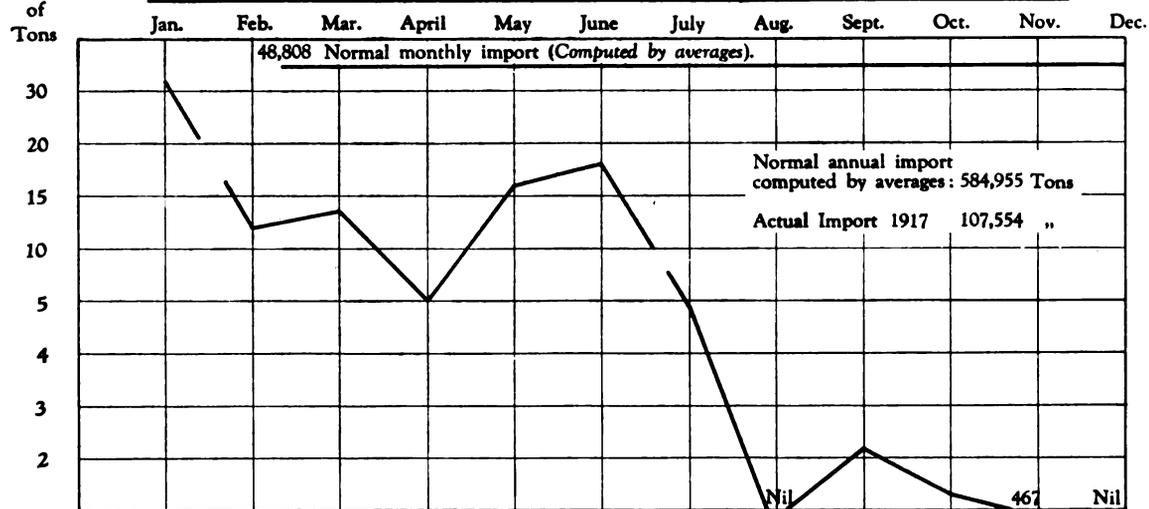
Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Animal and Vegetable Oils in 1917.**

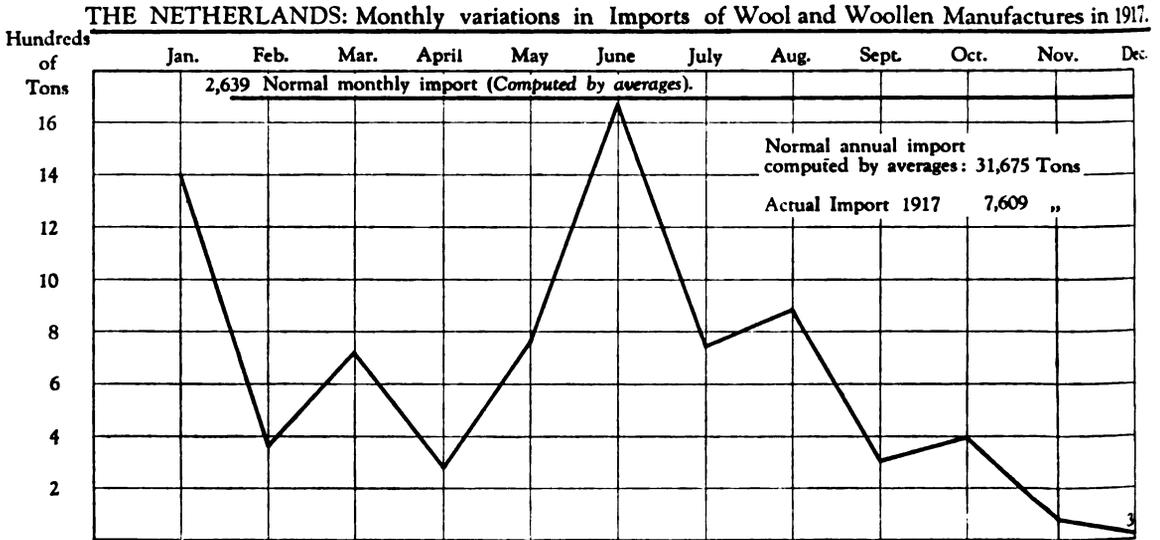
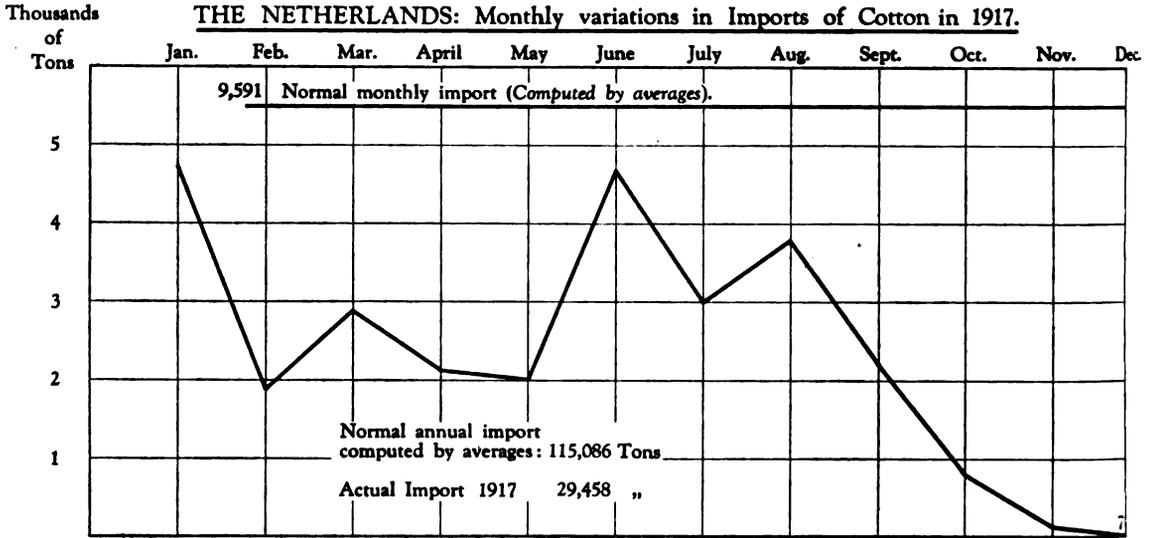


Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Mineral Oils in 1917.**

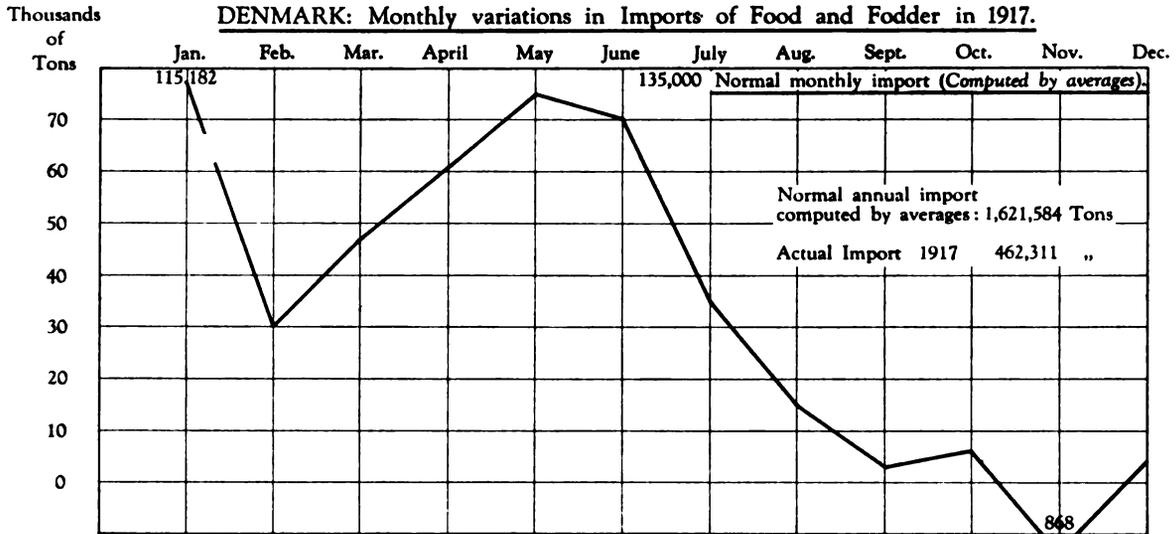


Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Oleaginous Nuts in 1917.**

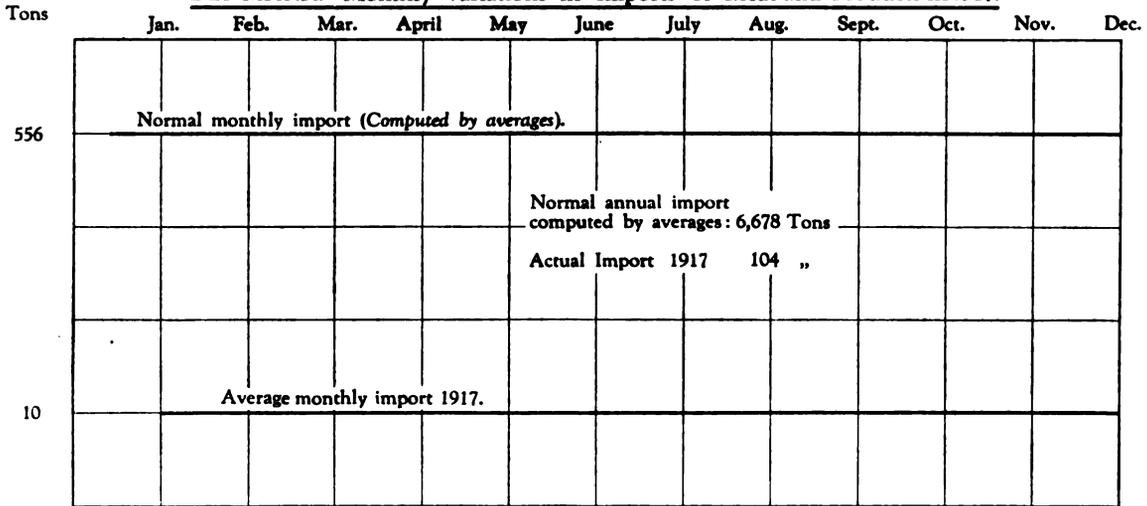




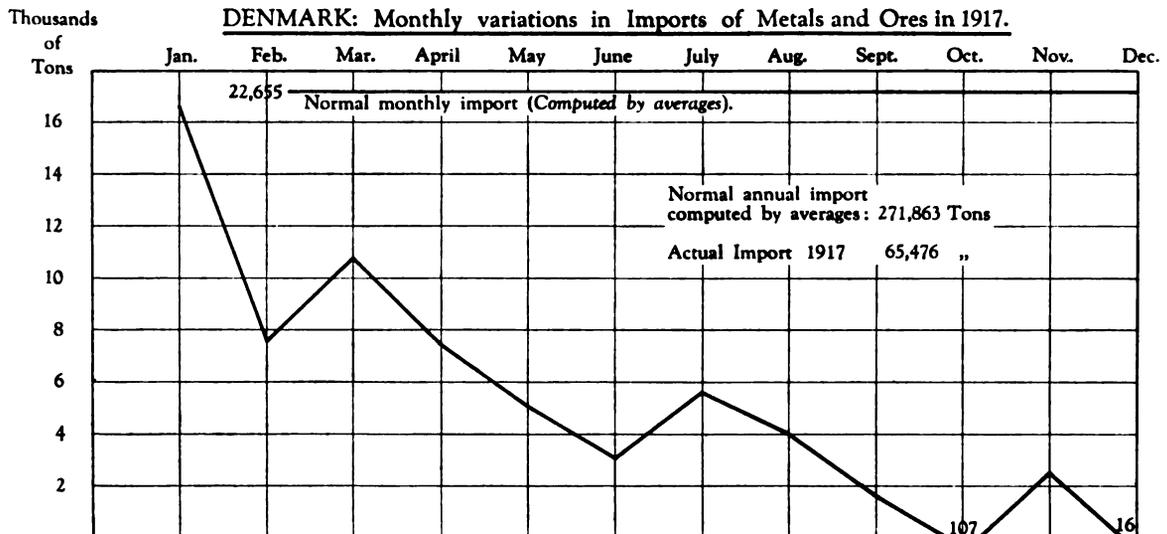
DENMARK: Monthly variations in Imports of Food and Fodder in 1917.

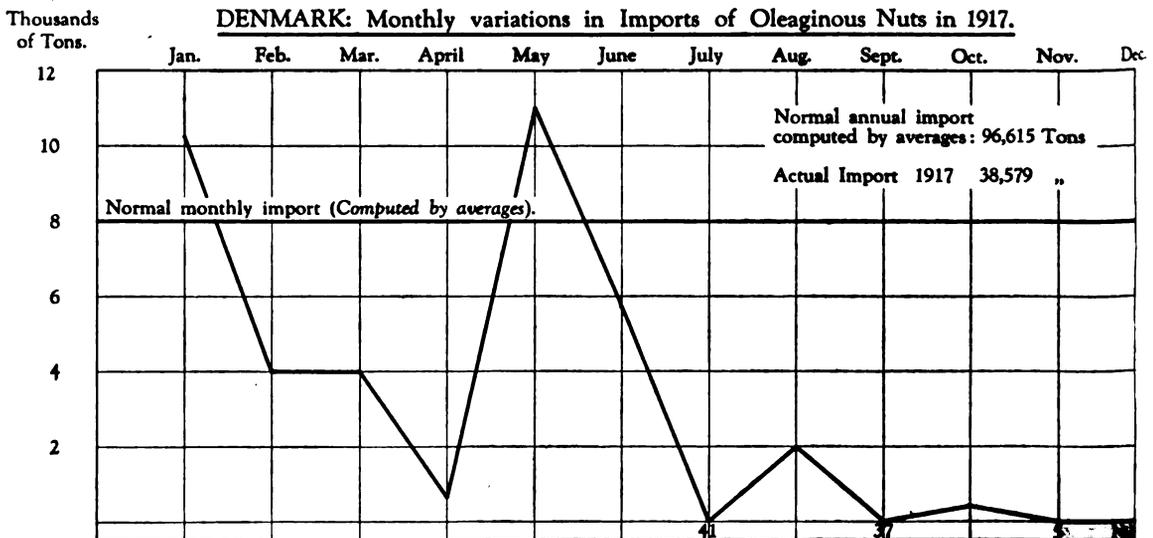
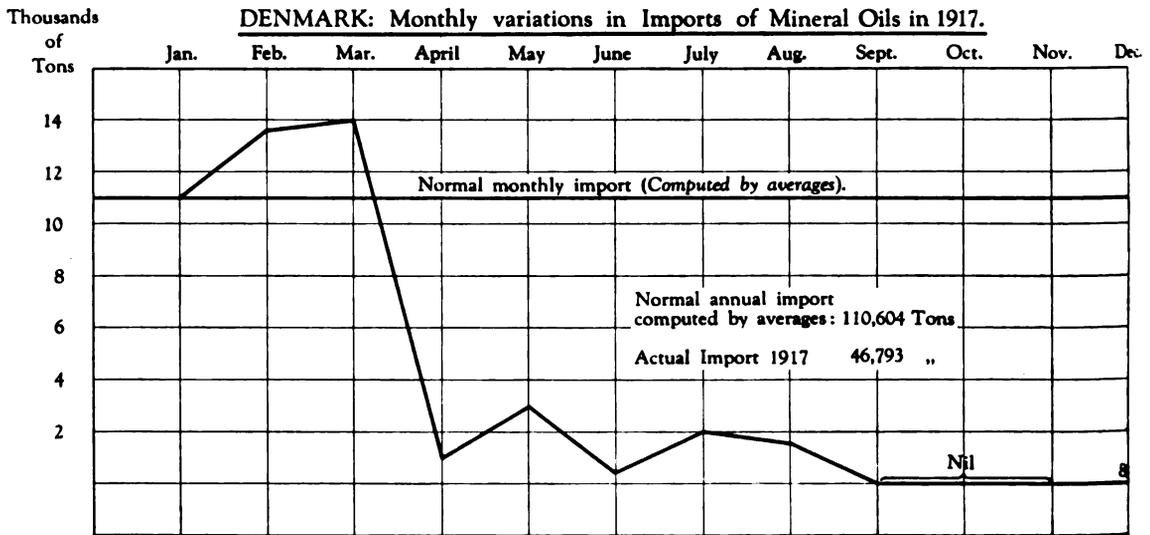
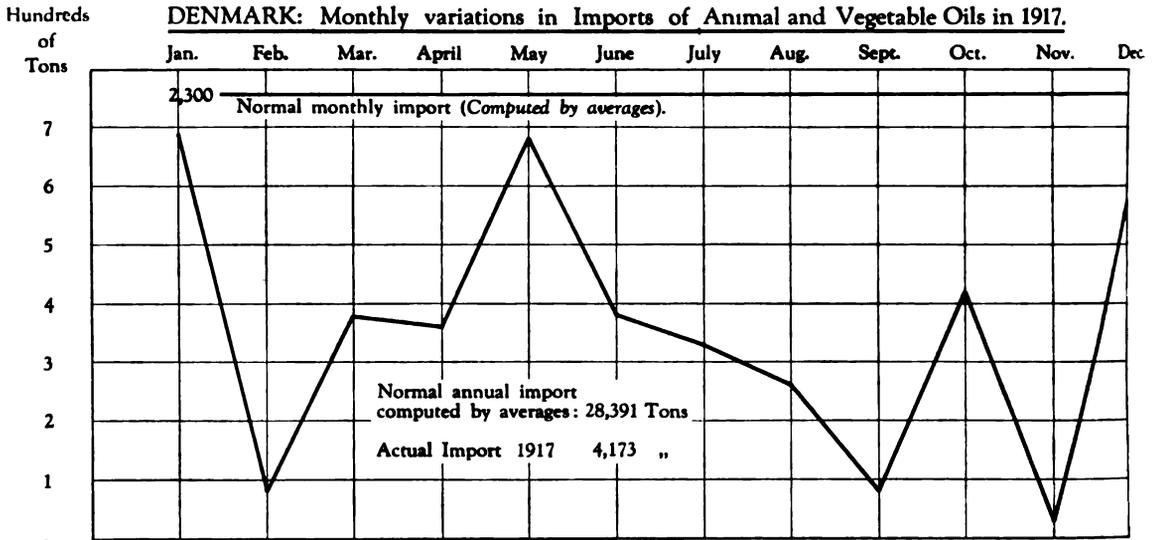


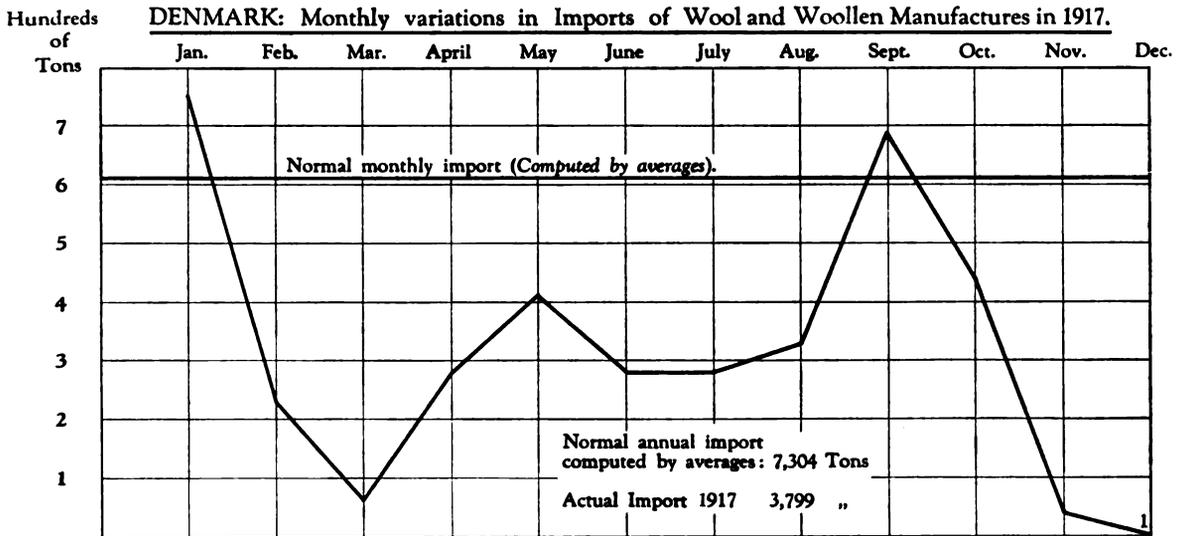
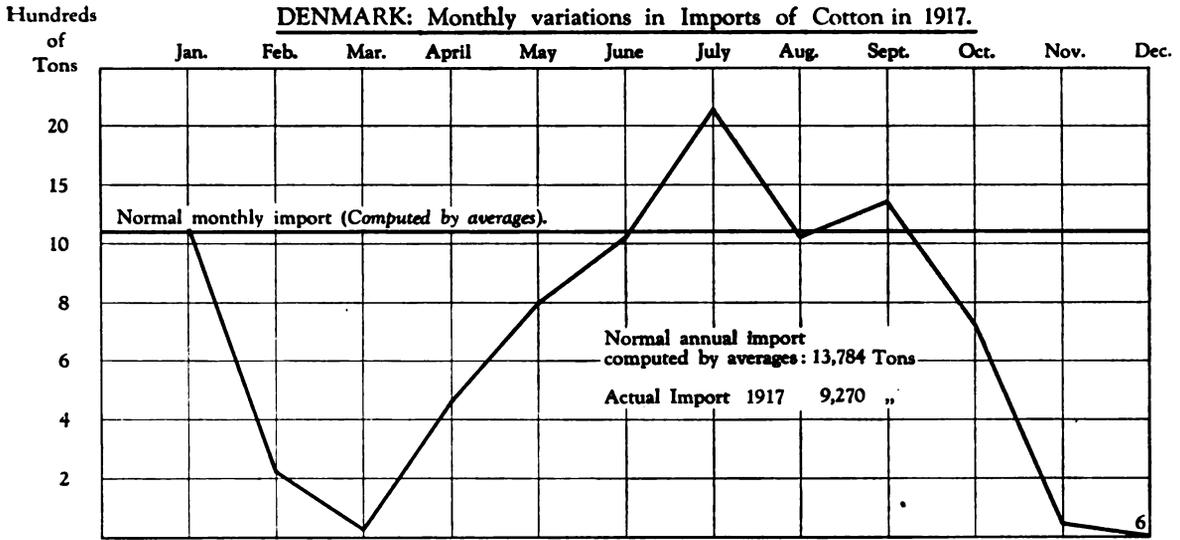
DENMARK: Monthly variations in Imports of Meat and Products in 1917.

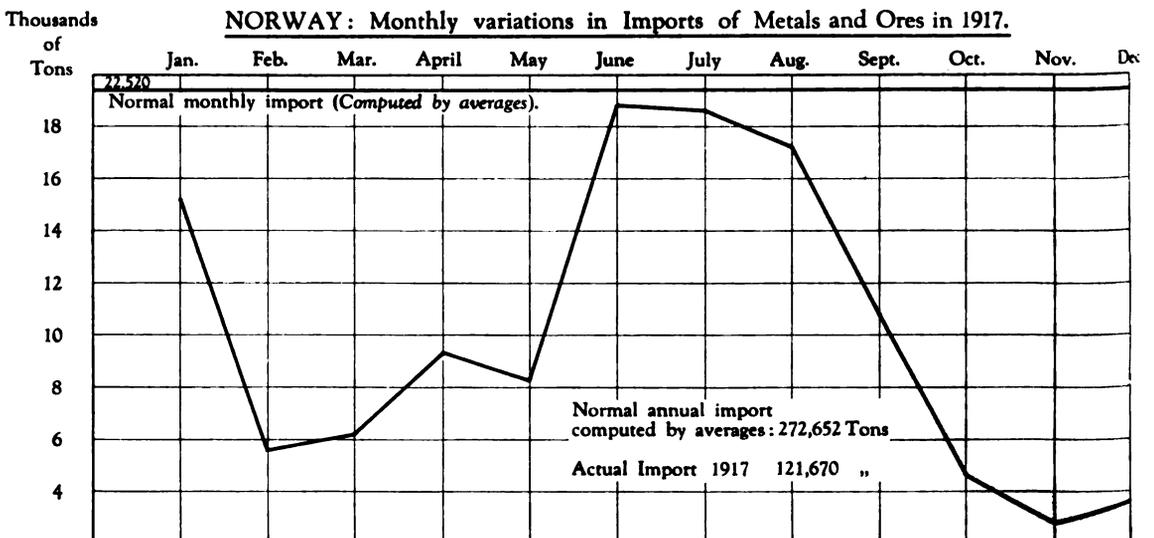
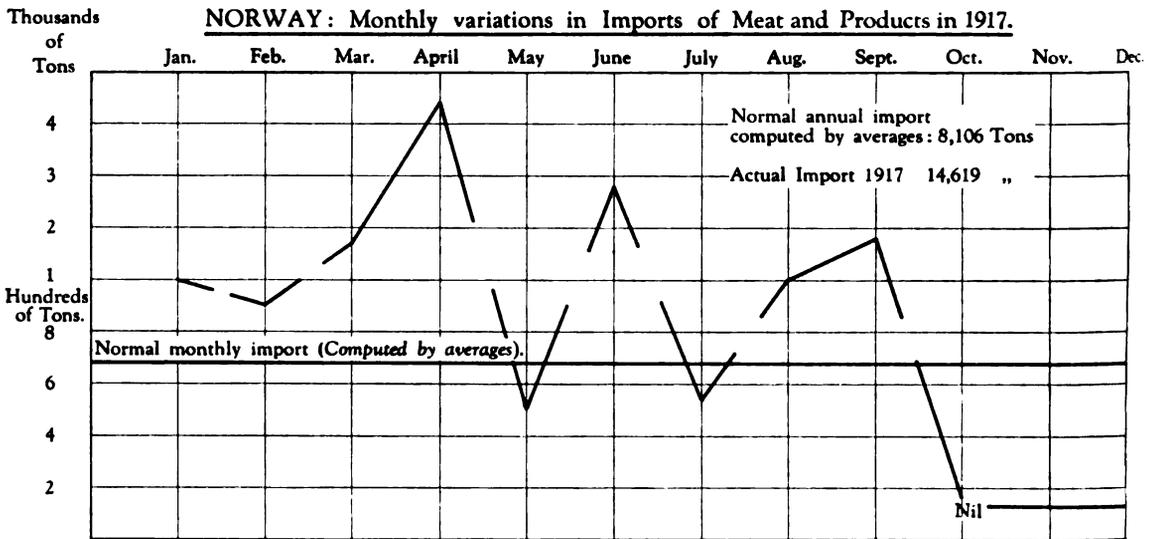
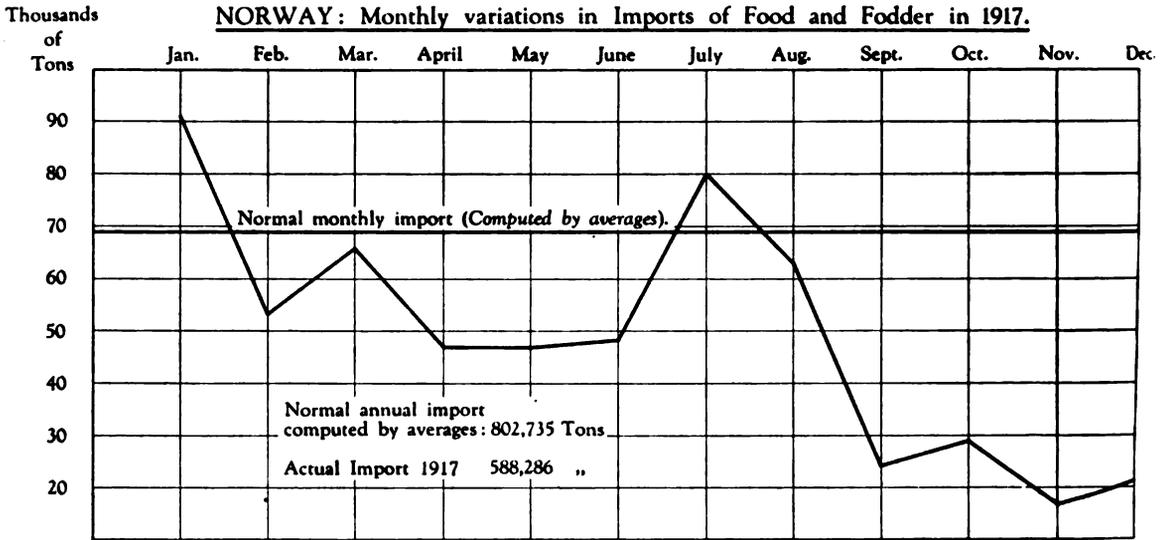


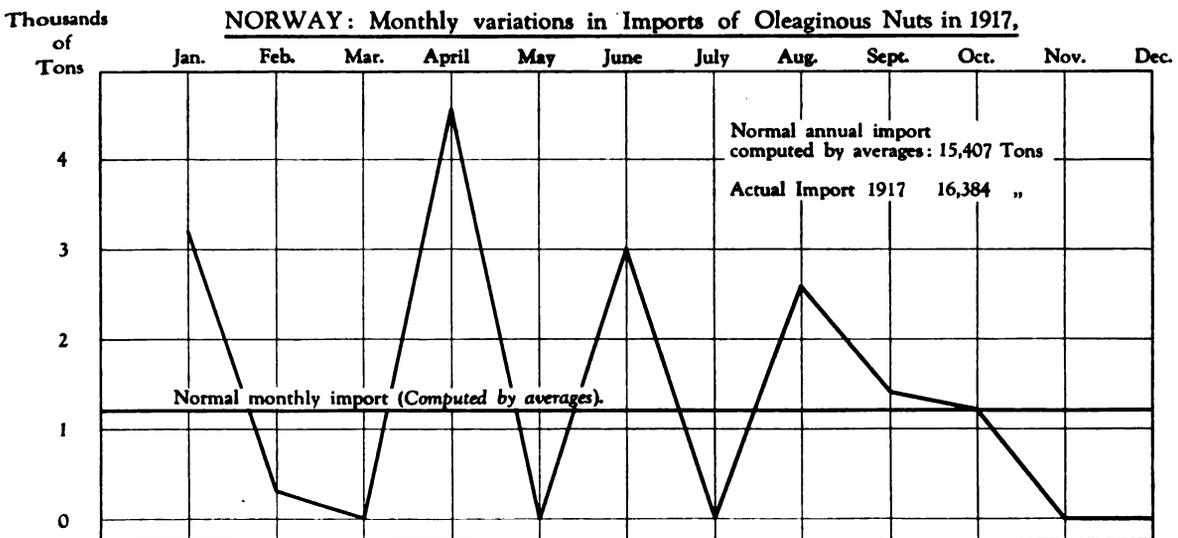
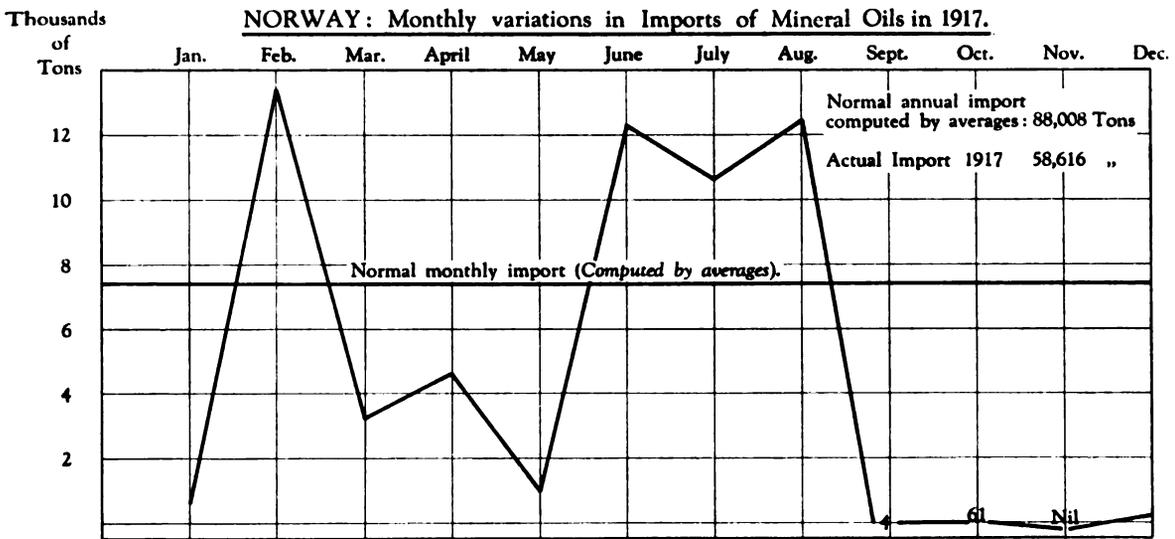
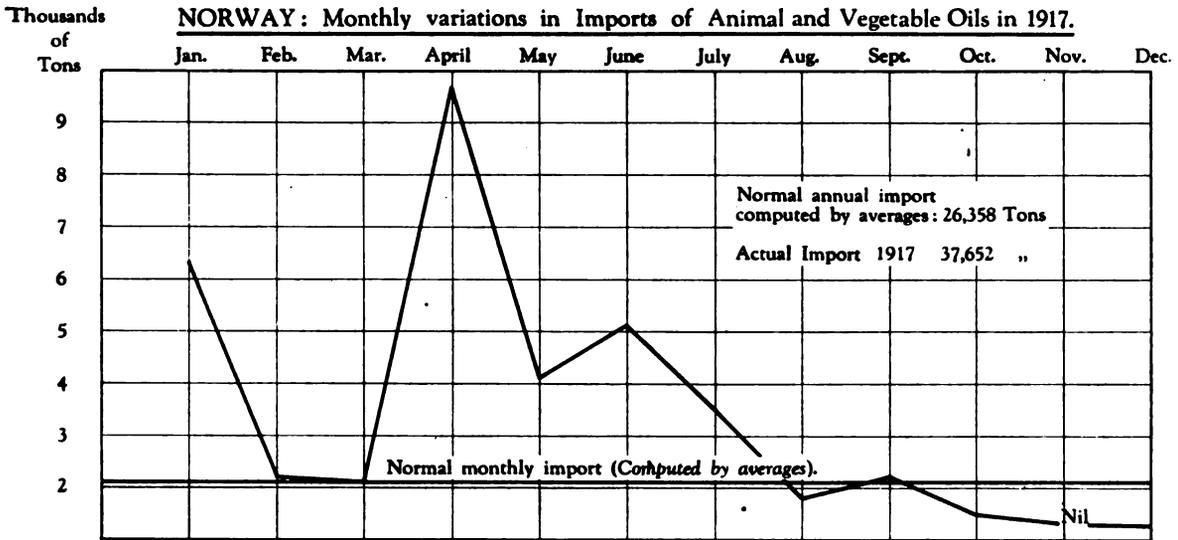
DENMARK: Monthly variations in Imports of Metals and Ores in 1917.

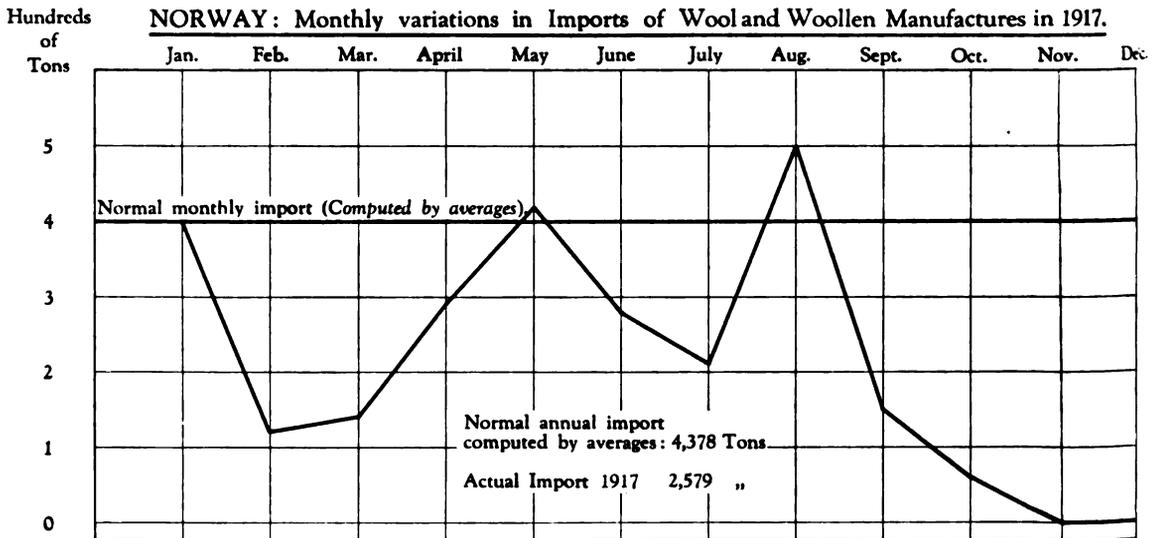
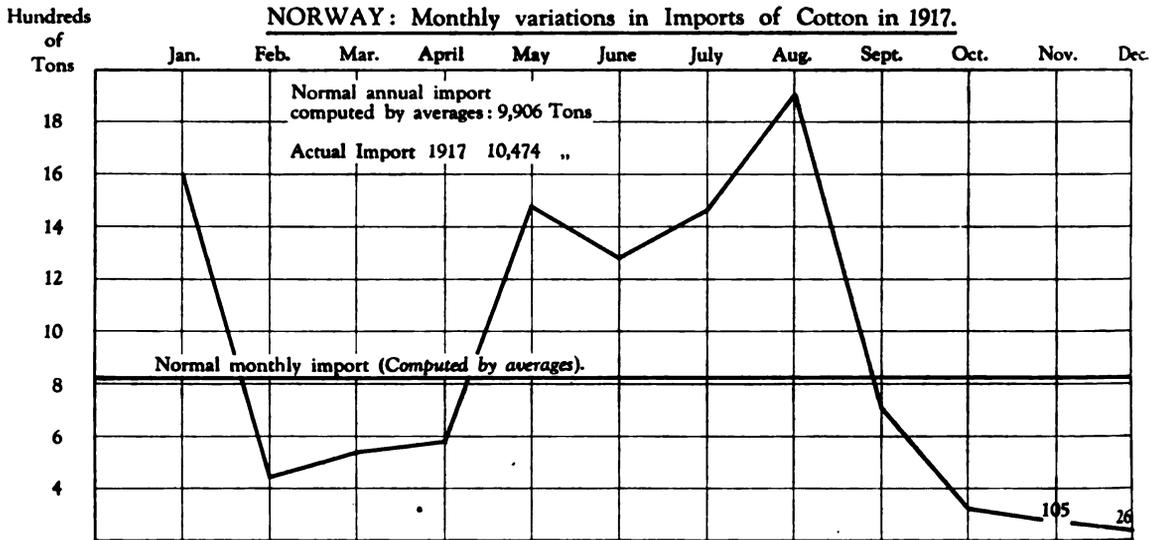






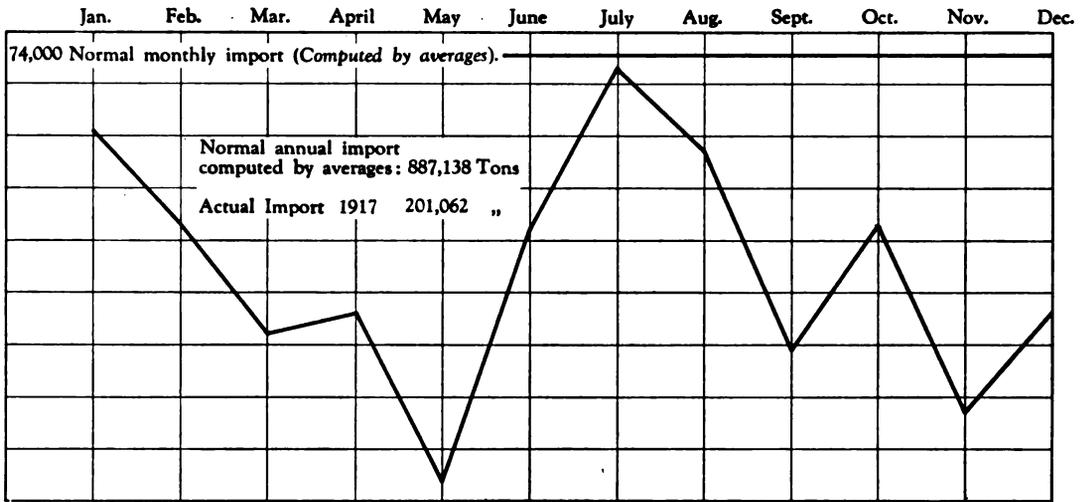






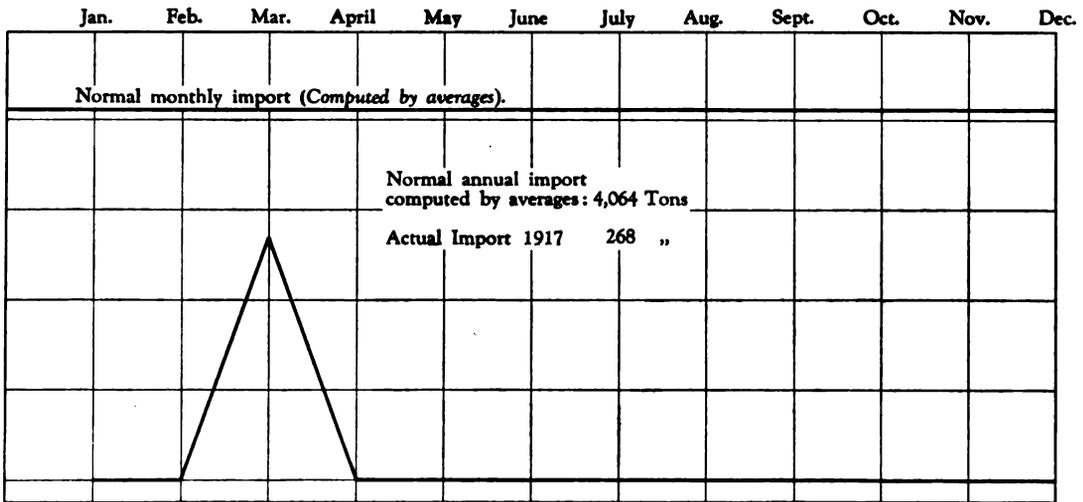
Thousands of Tons

SWEDEN: Monthly variations in Imports of Food and Fodder in 1917.



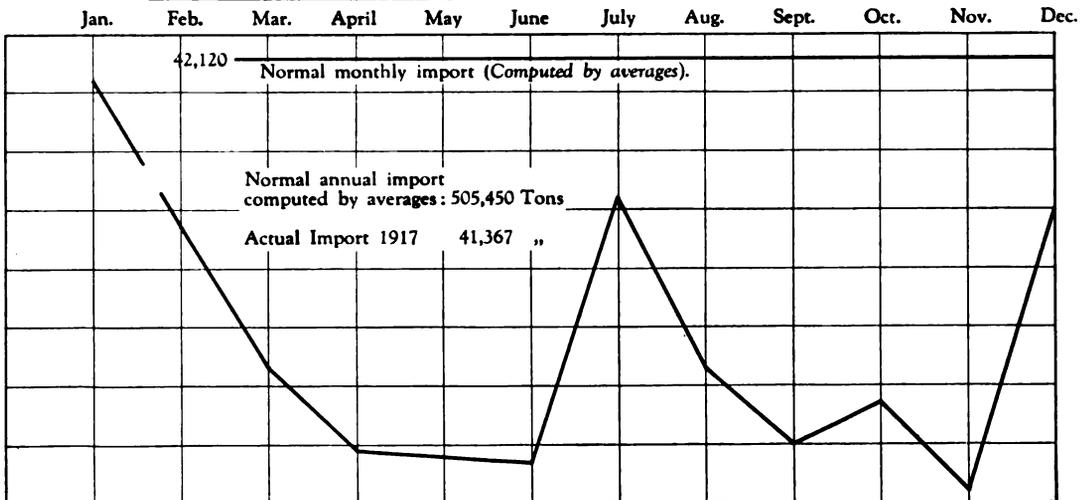
Hundreds of Tons

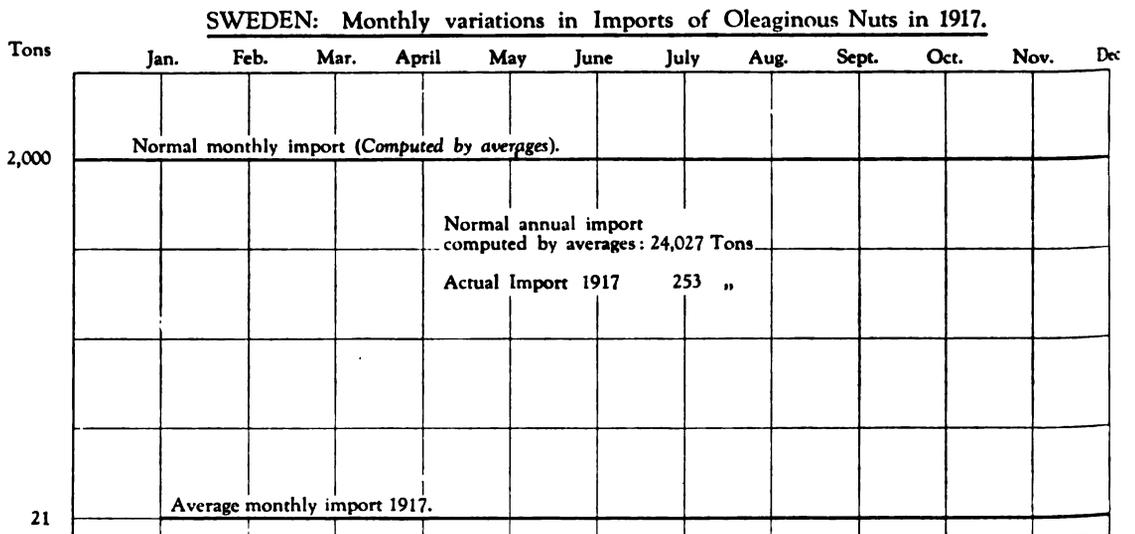
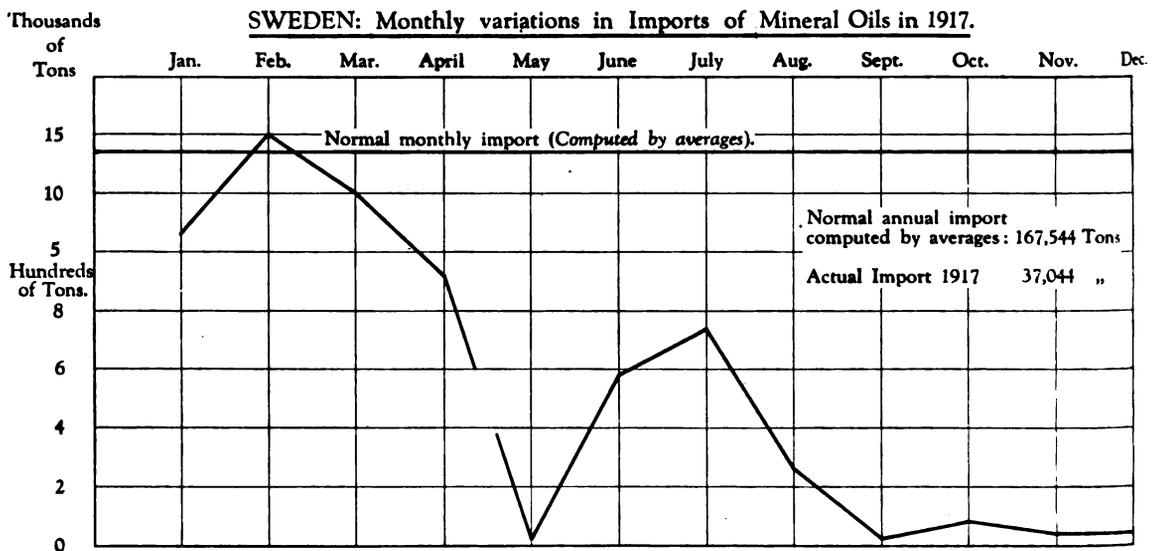
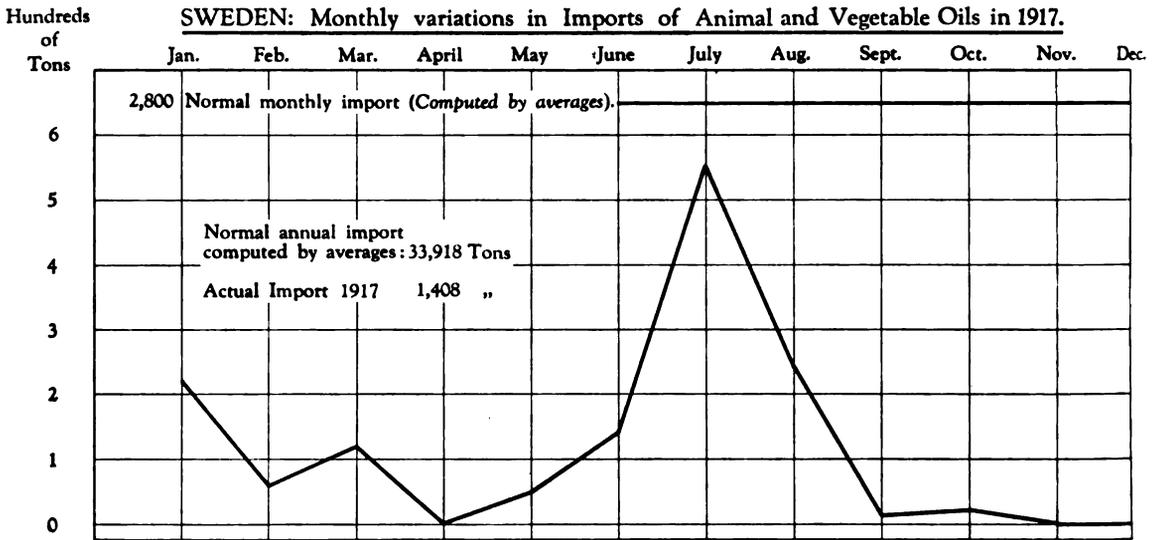
SWEDEN: Monthly variations in Imports of Meat and Products in 1917.



Thousands of Tons

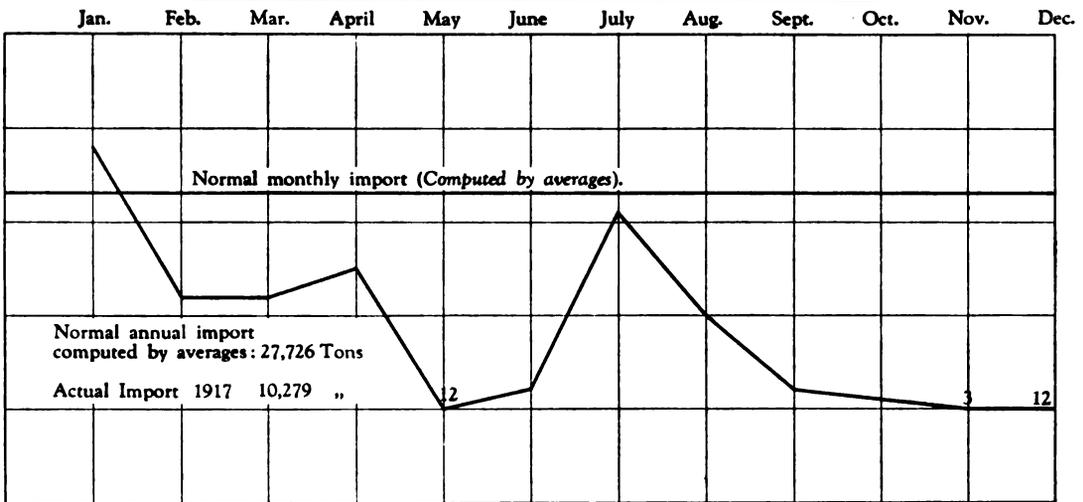
SWEDEN: Monthly variations in Imports of Metals and Ores in 1917.





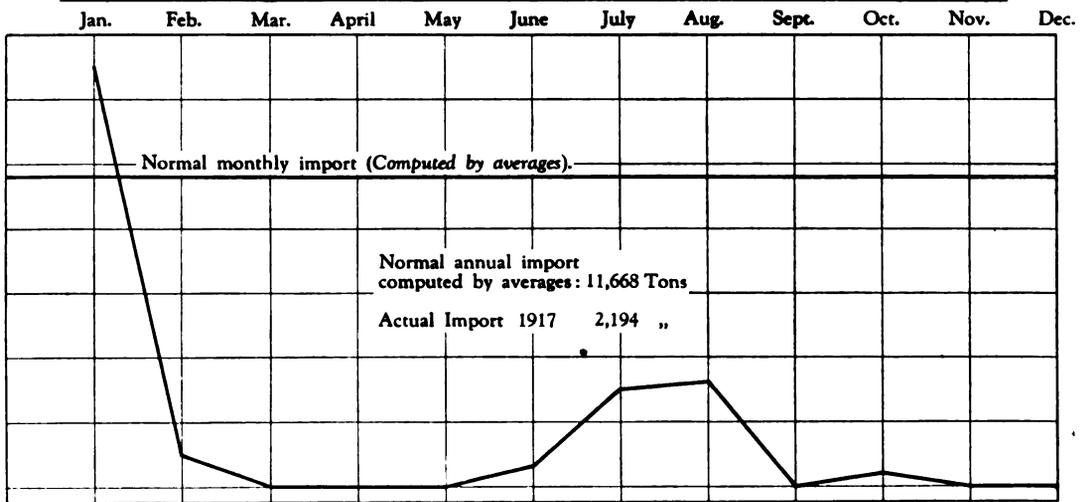
Thousands
of
Tons

SWEDEN: Monthly variations in Imports of Cotton in 1917.

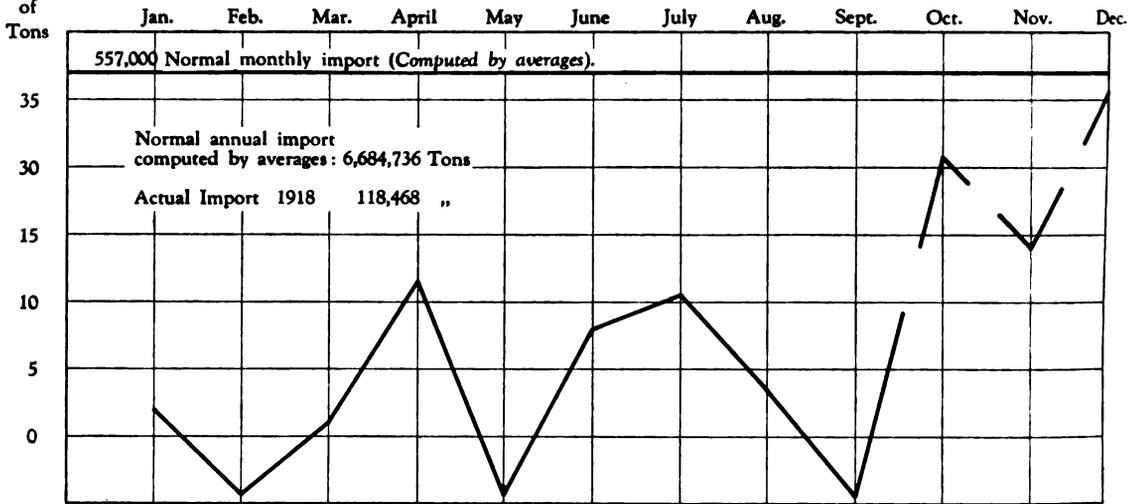


Hundreds
of
Tons

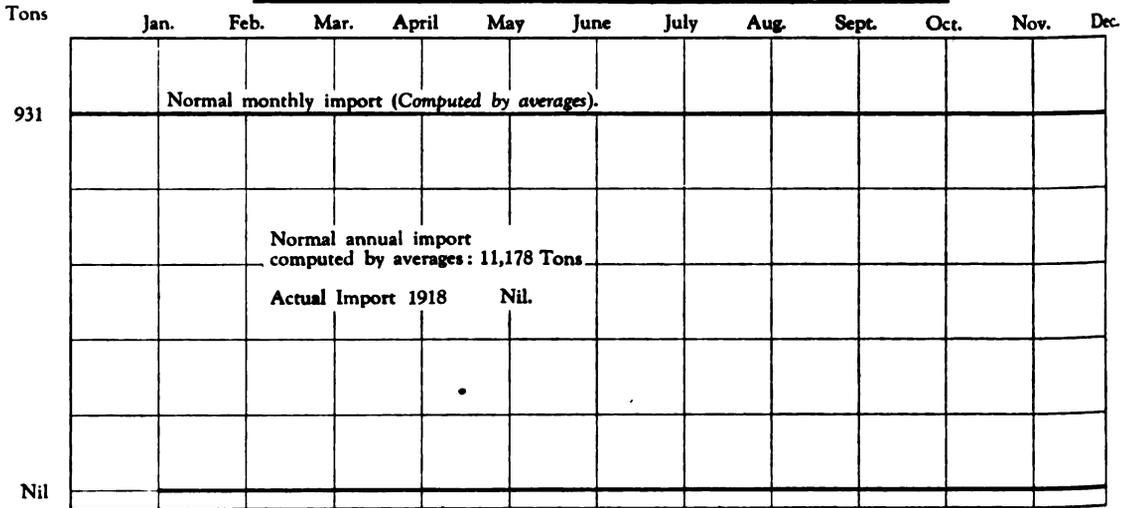
SWEDEN: Monthly variations in Imports of Wool and Woollen Manufactures in 1917.



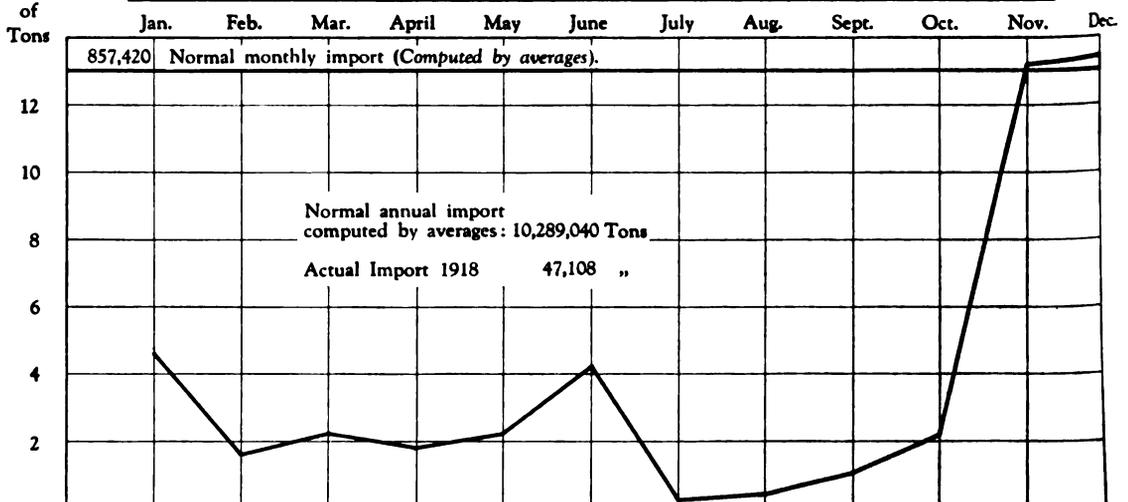
Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Food and Fodder in 1918.**



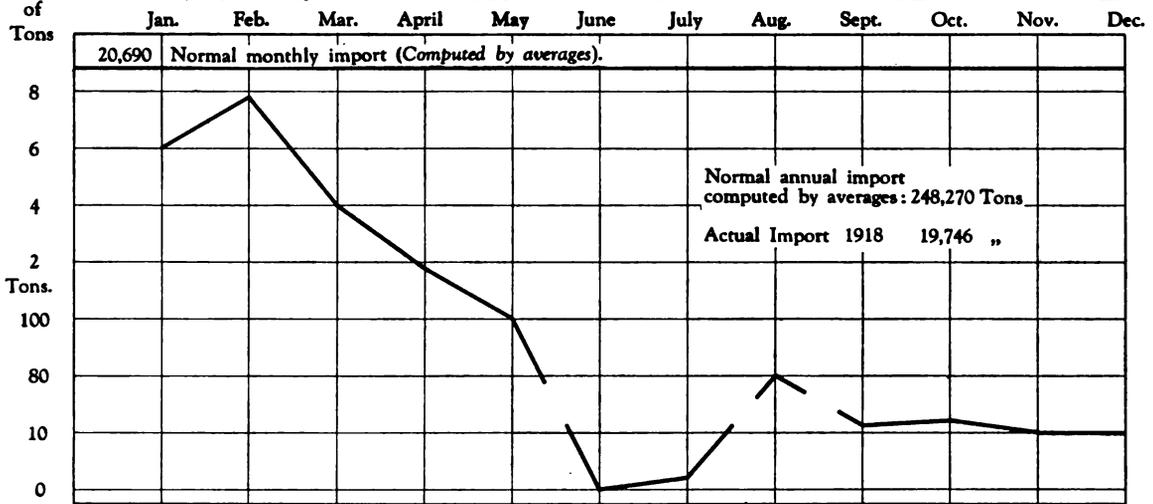
THE NETHERLANDS: Imports of Meat and Products in 1918.



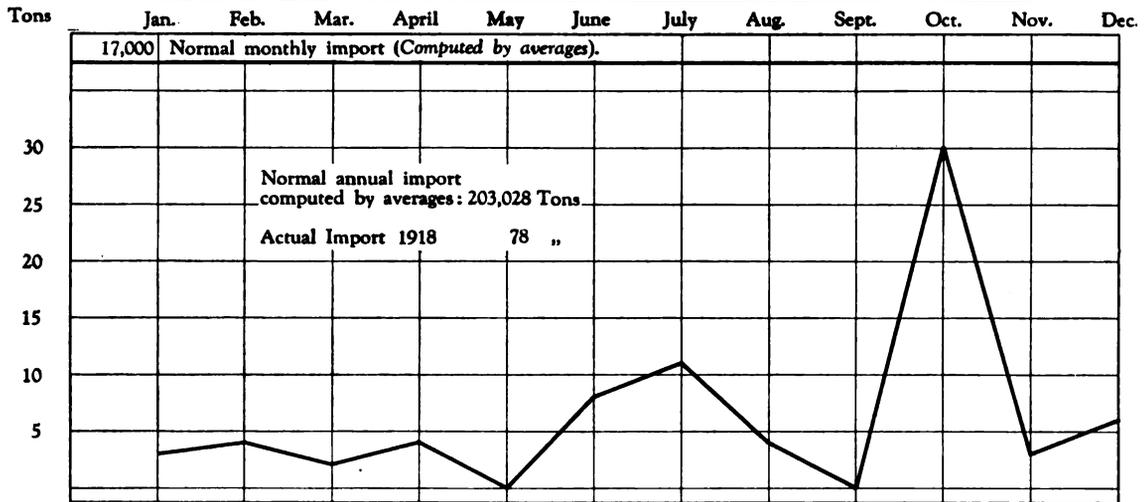
Thousands of Tons **THE NETHERLANDS: Monthly variations in Imports of Metals and Ores in 1918.**



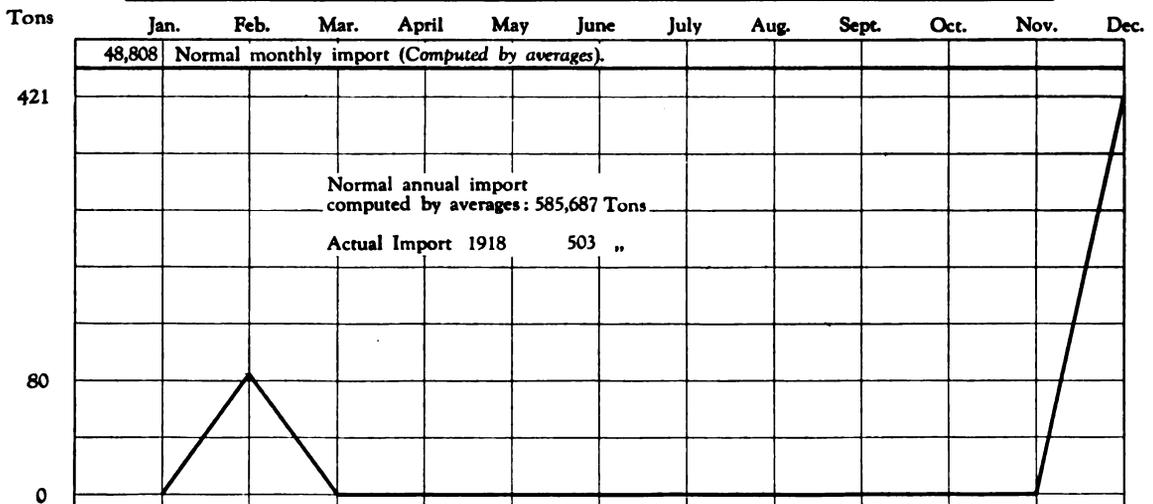
Thousands **THE NETHERLANDS: Monthly variations in Imports of Animal and Vegetable Oils in 1918.**



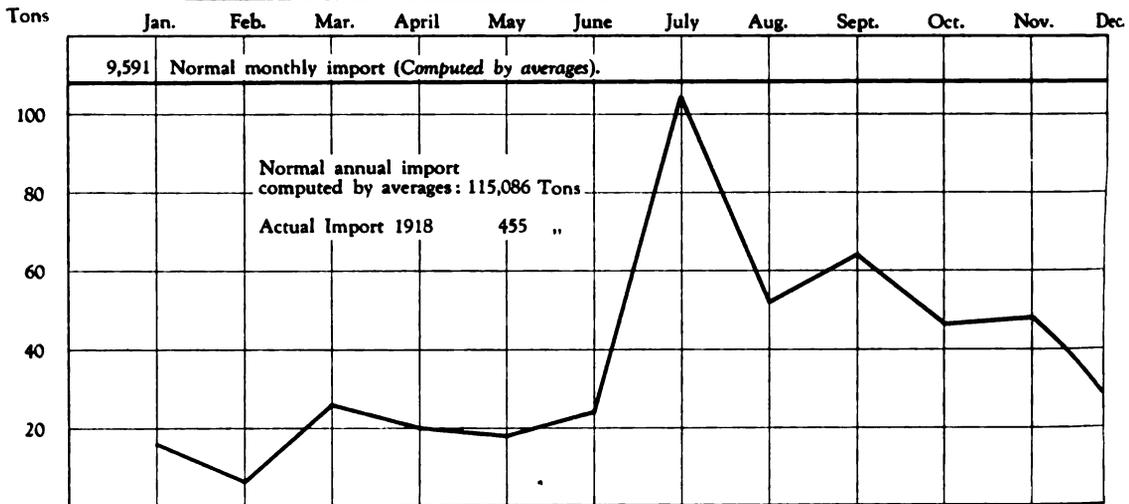
THE NETHERLANDS: Monthly variations in Imports of Mineral Oils in 1918.



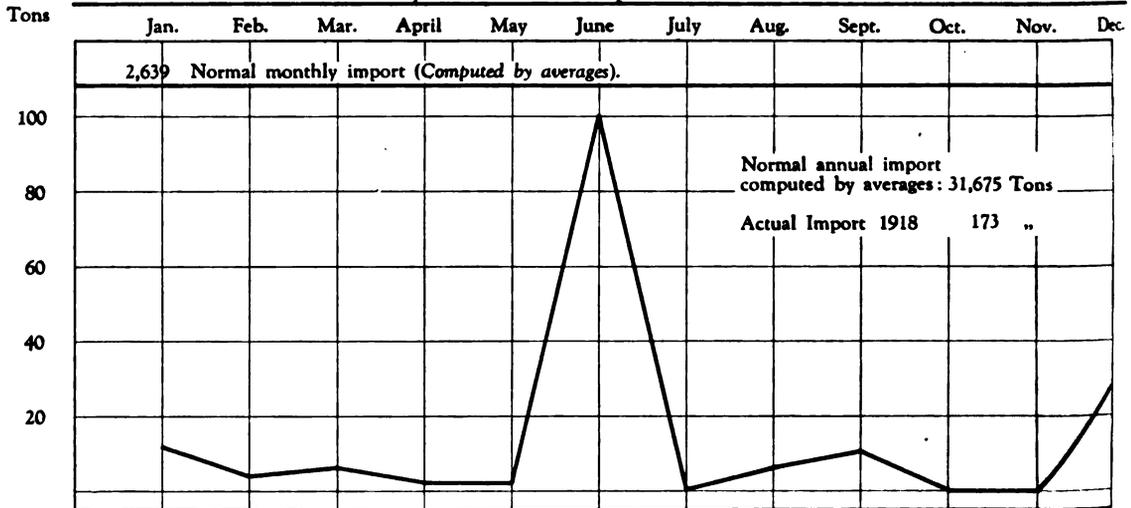
THE NETHERLANDS: Monthly variations in Imports of Oleaginous Nuts in 1918.



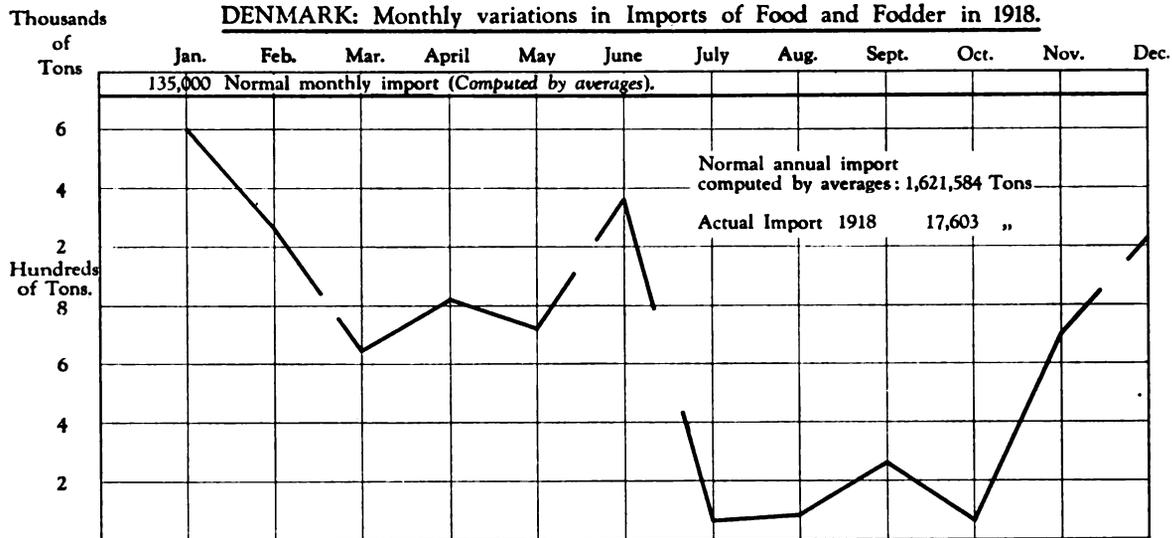
THE NETHERLANDS: Monthly variations in Imports of Cotton in 1918.



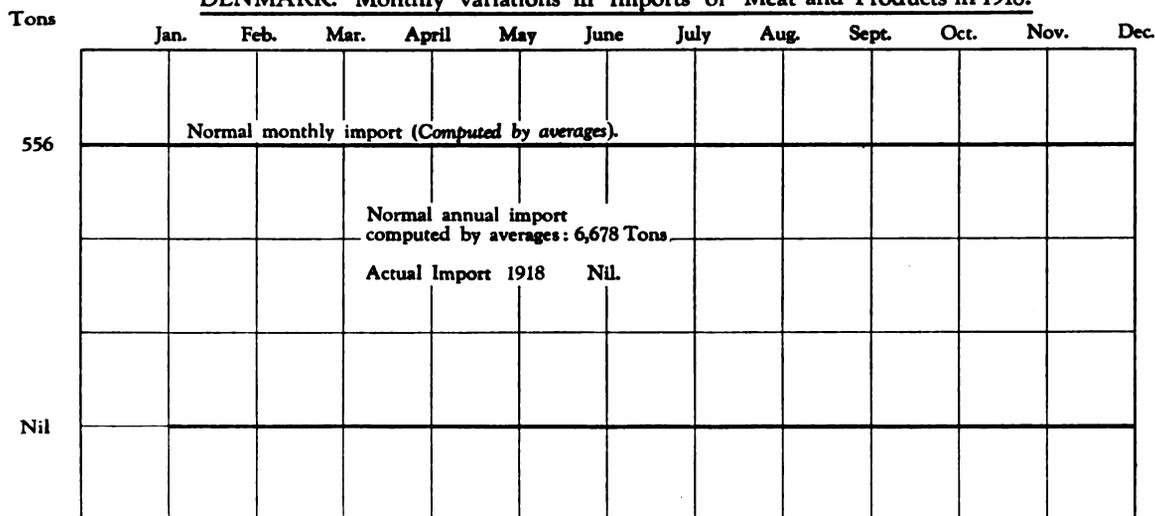
THE NETHERLANDS: Monthly variations in Imports of Wool and Woollen Manufactures in 1918.



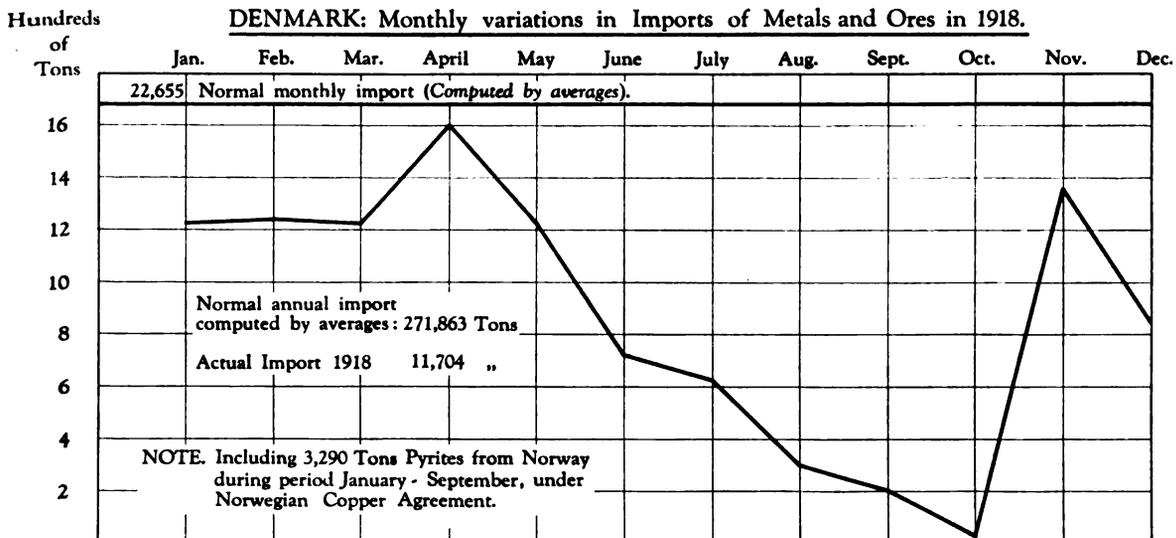
DENMARK: Monthly variations in Imports of Food and Fodder in 1918.

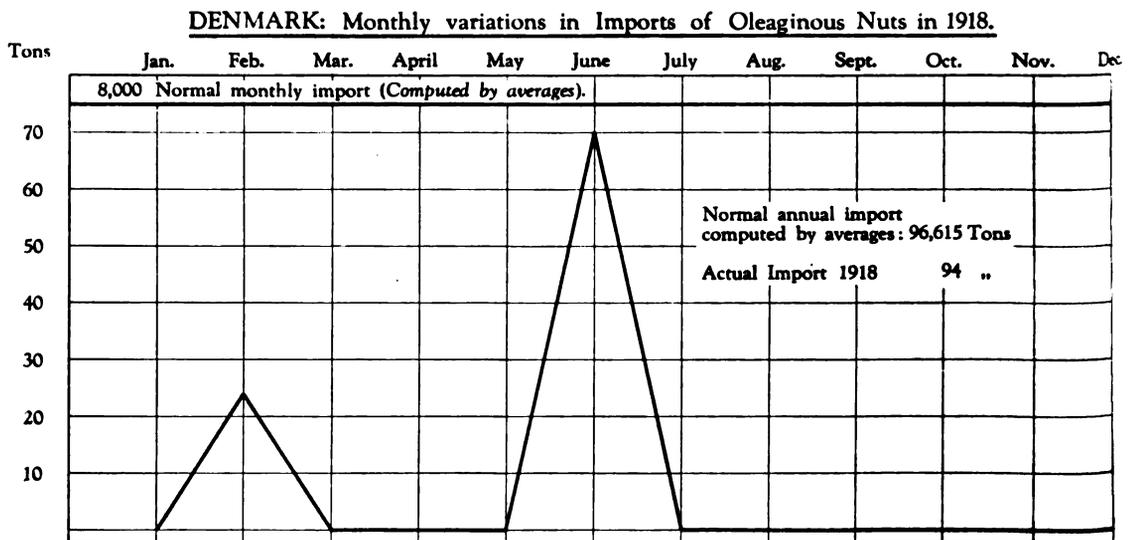
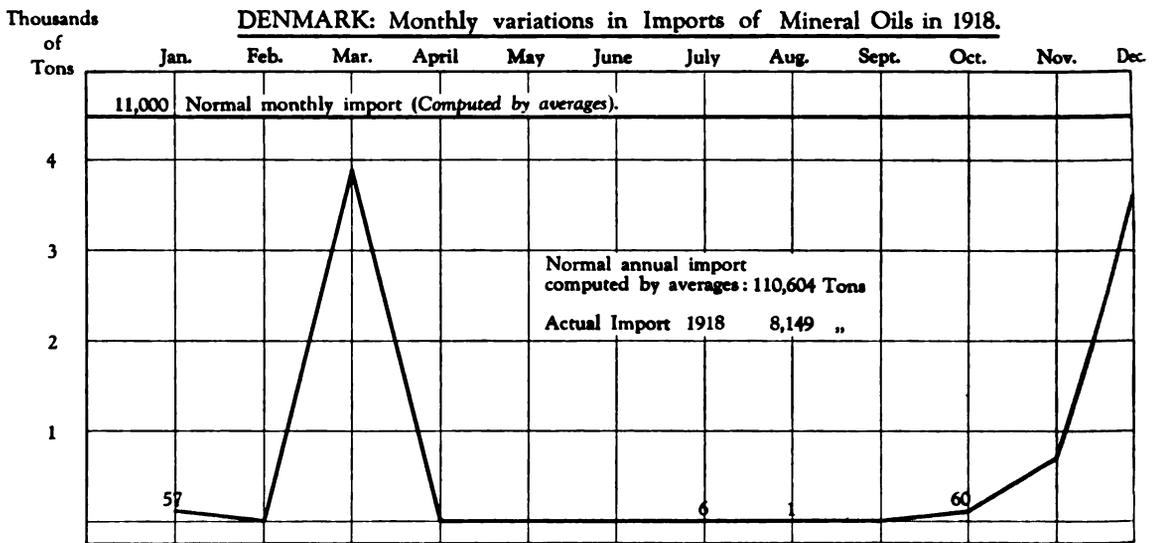
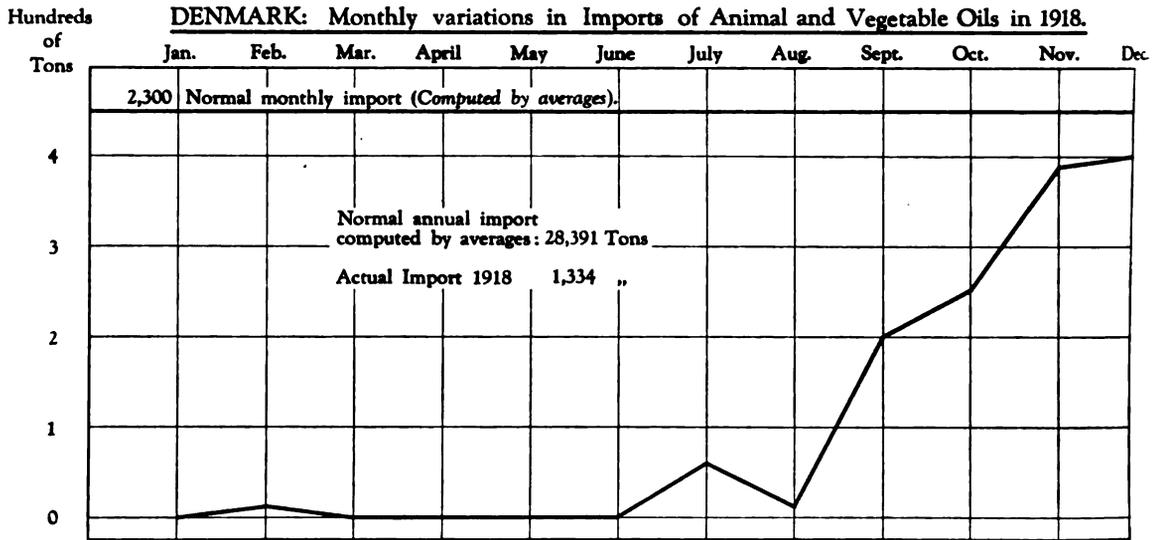


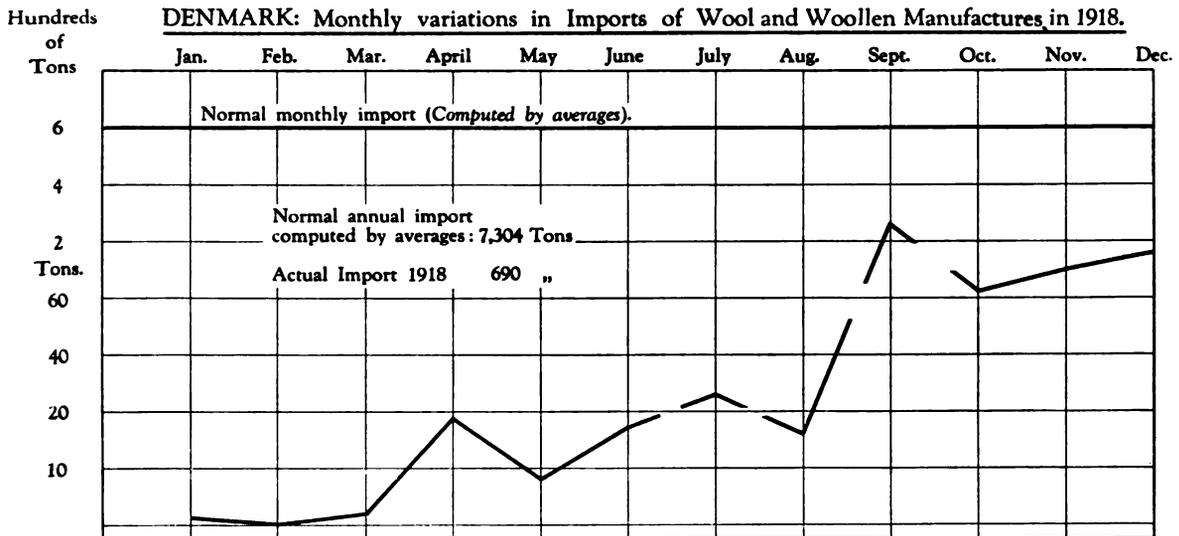
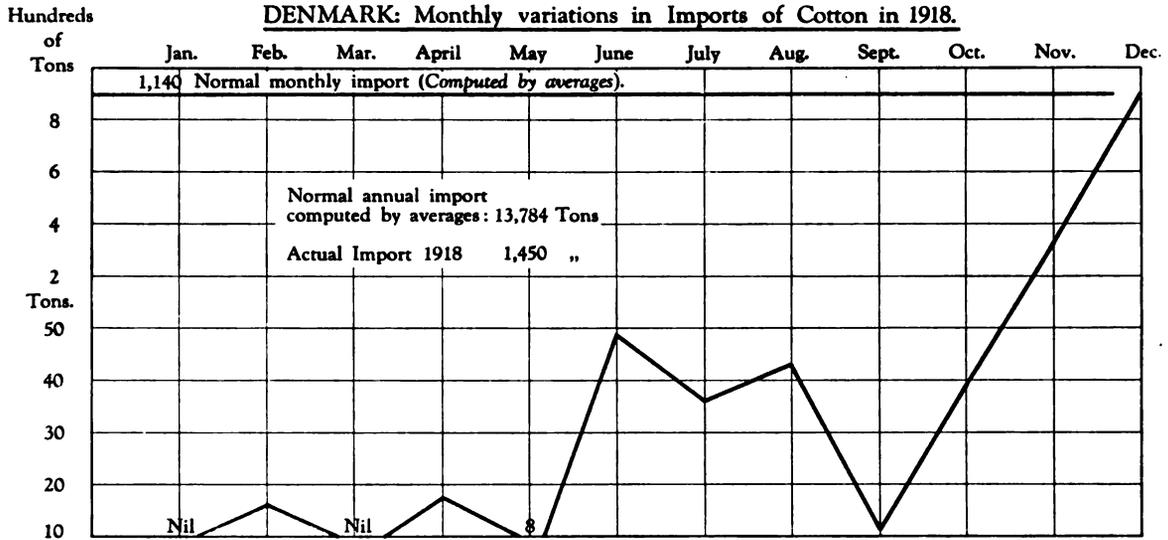
DENMARK: Monthly variations in Imports of Meat and Products in 1918.

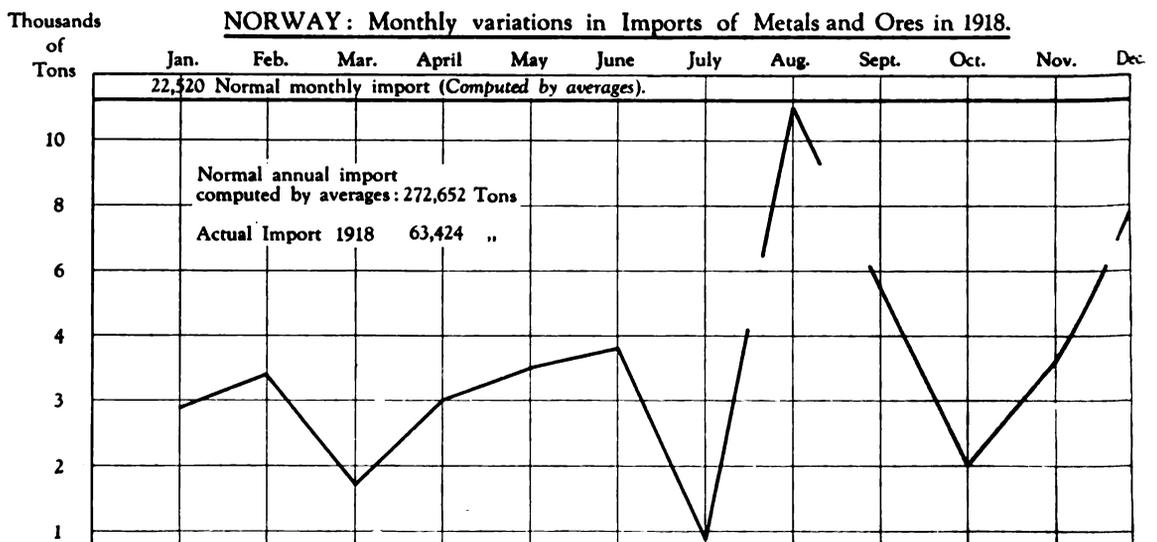
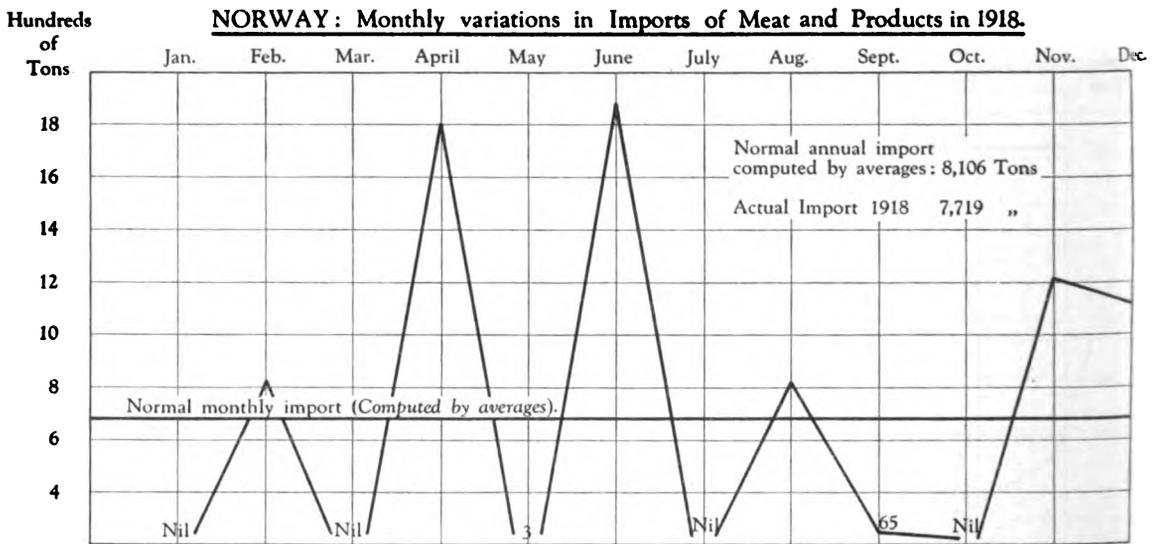
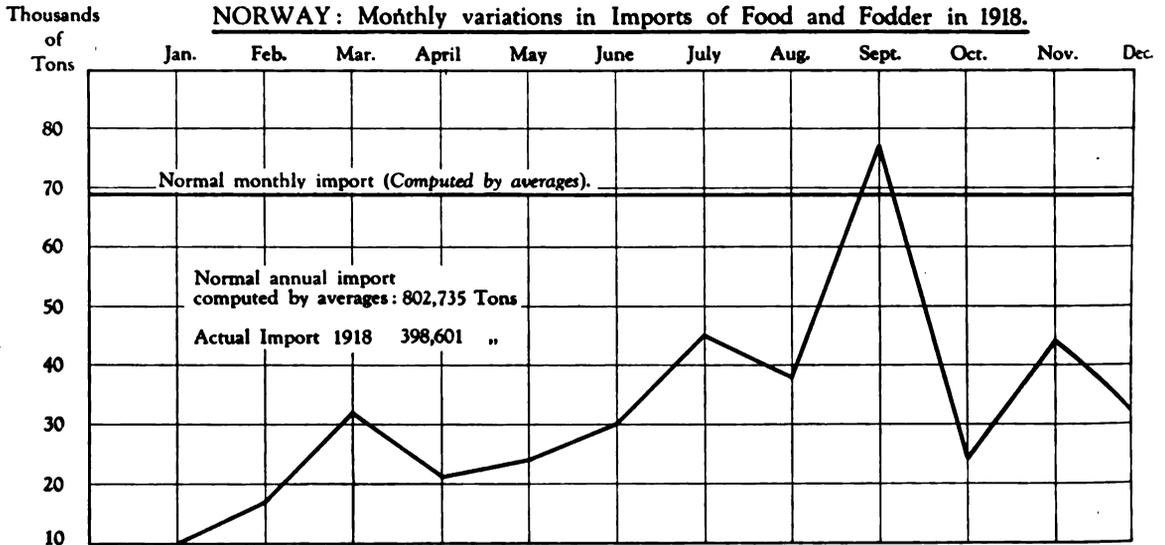


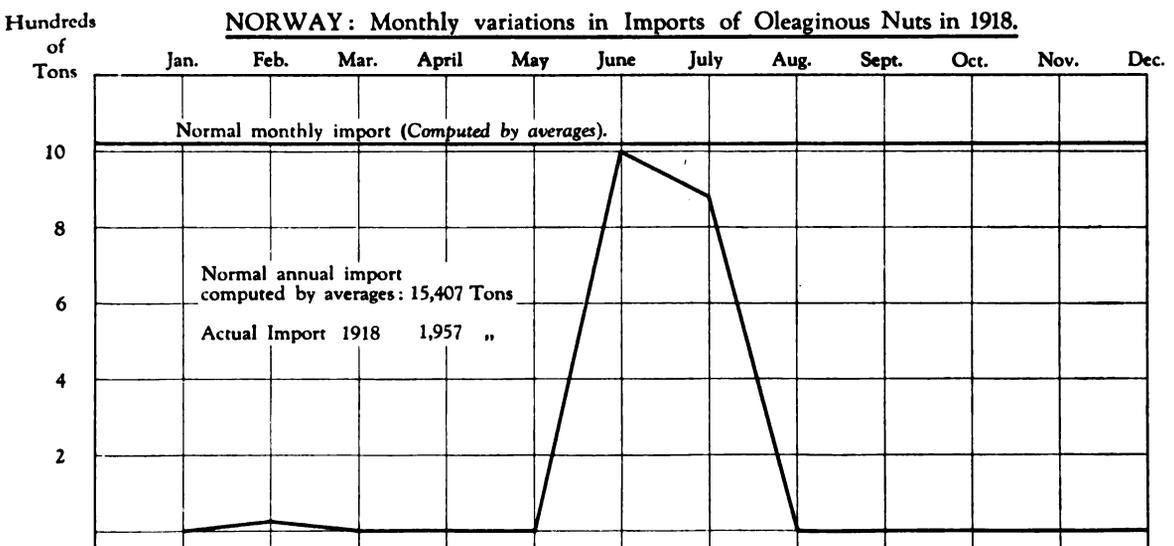
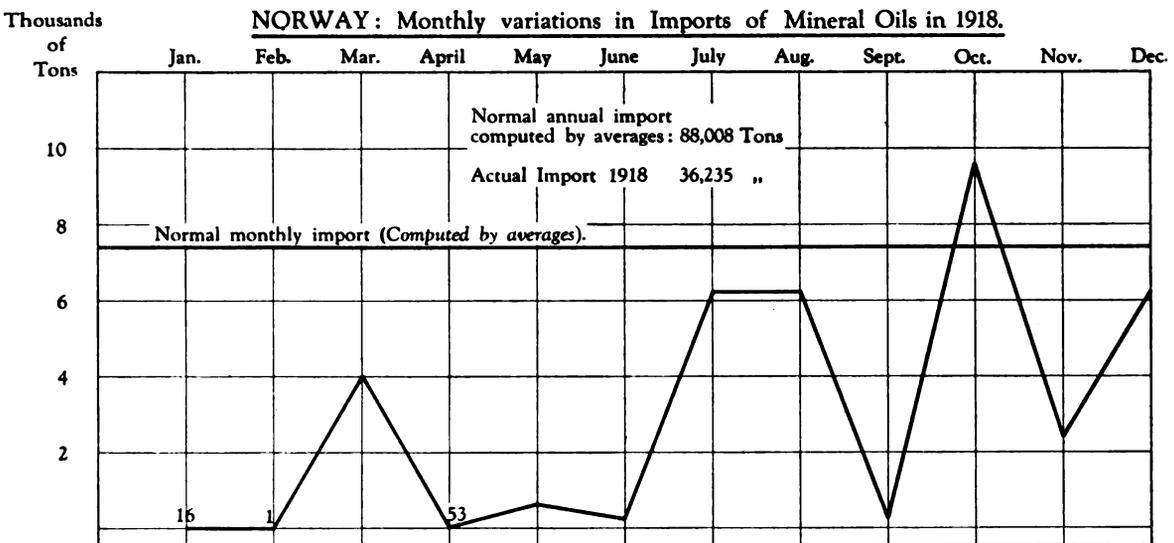
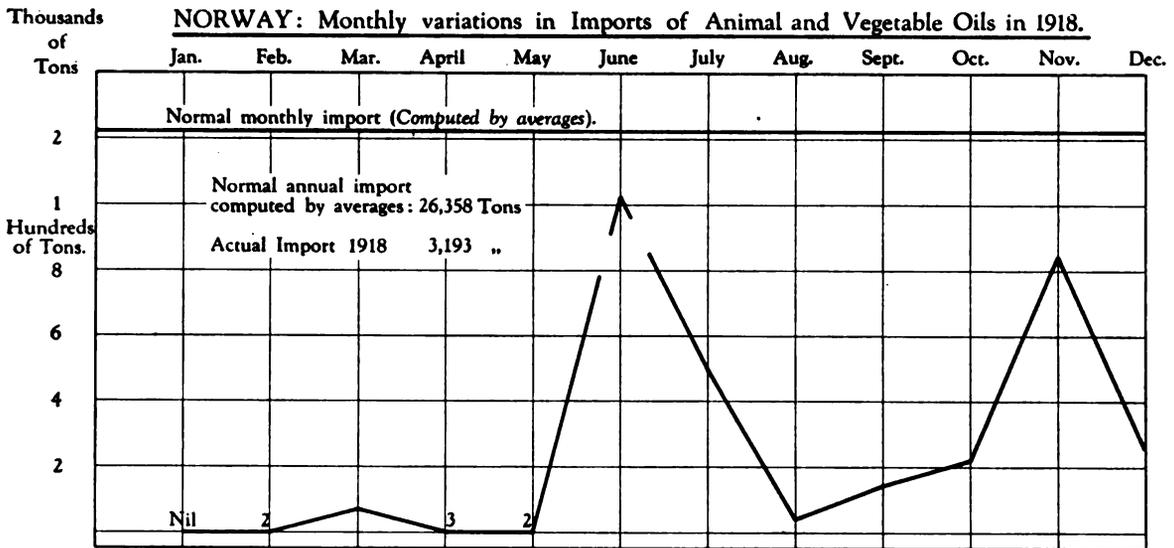
DENMARK: Monthly variations in Imports of Metals and Ores in 1918.

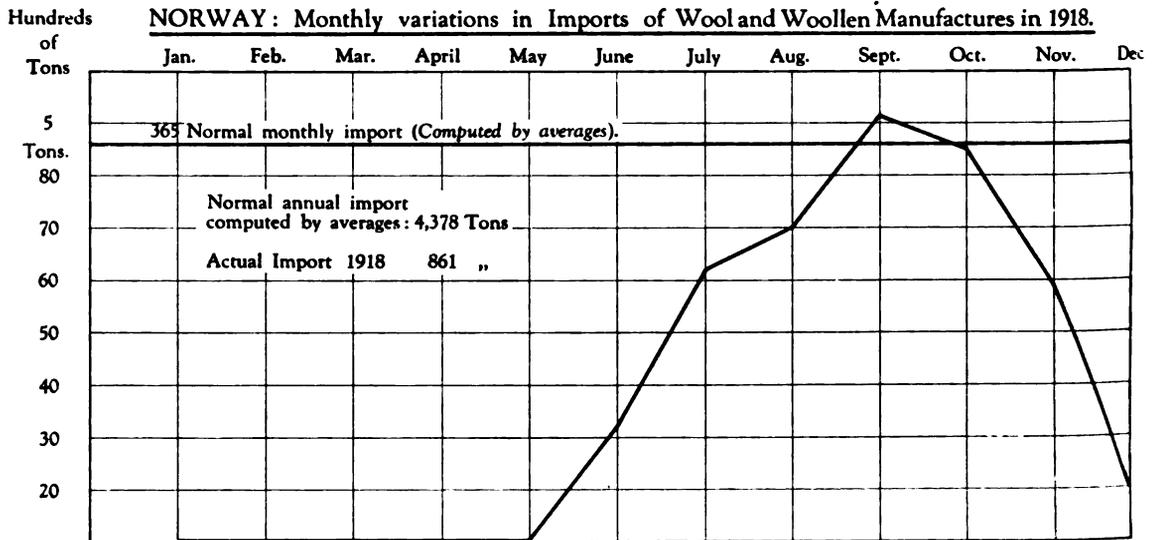
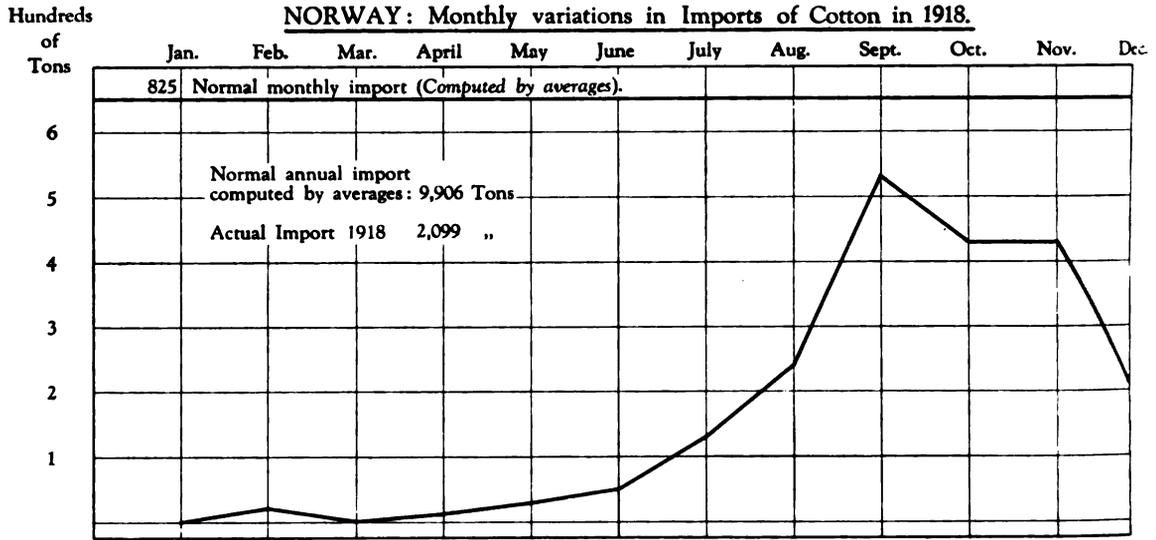






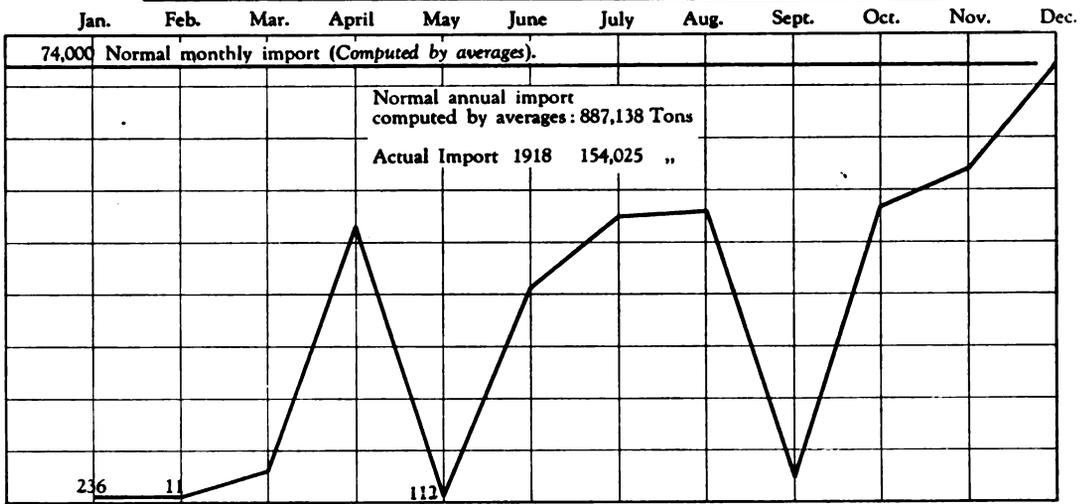






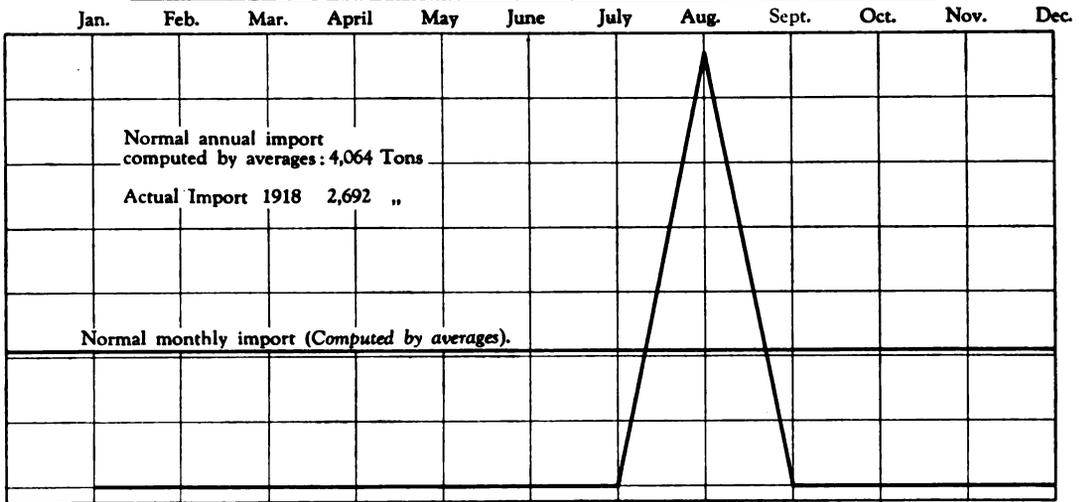
Thousands of Tons

SWEDEN: Monthly variations in Imports of Food and Fodder in 1918.



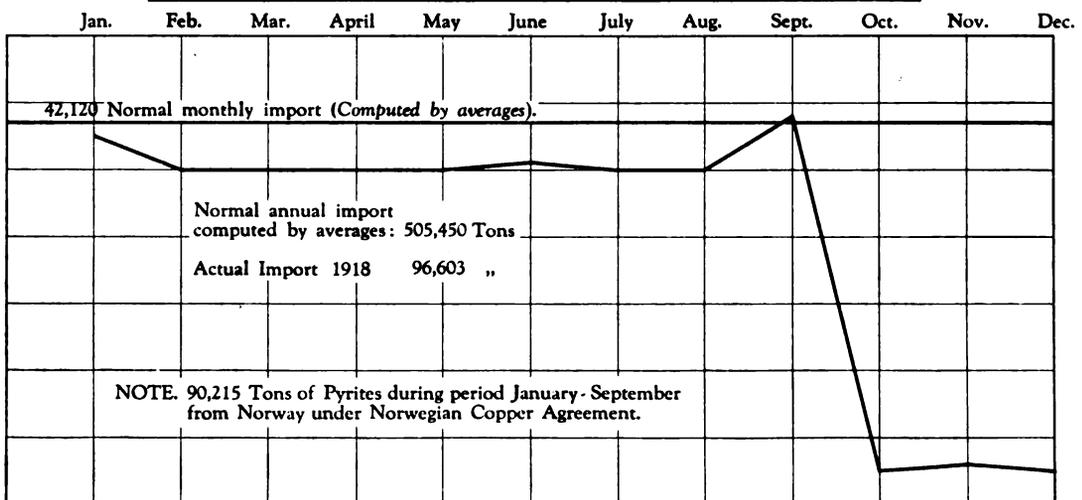
Hundreds of Tons

SWEDEN: Monthly variations in Imports of Meat and Products in 1918.

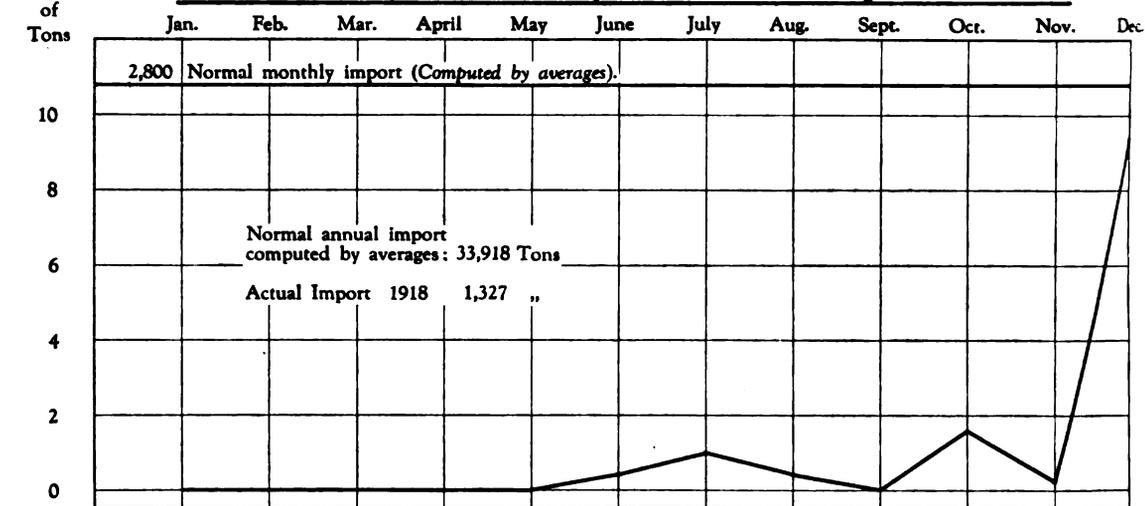


Thousands of Tons

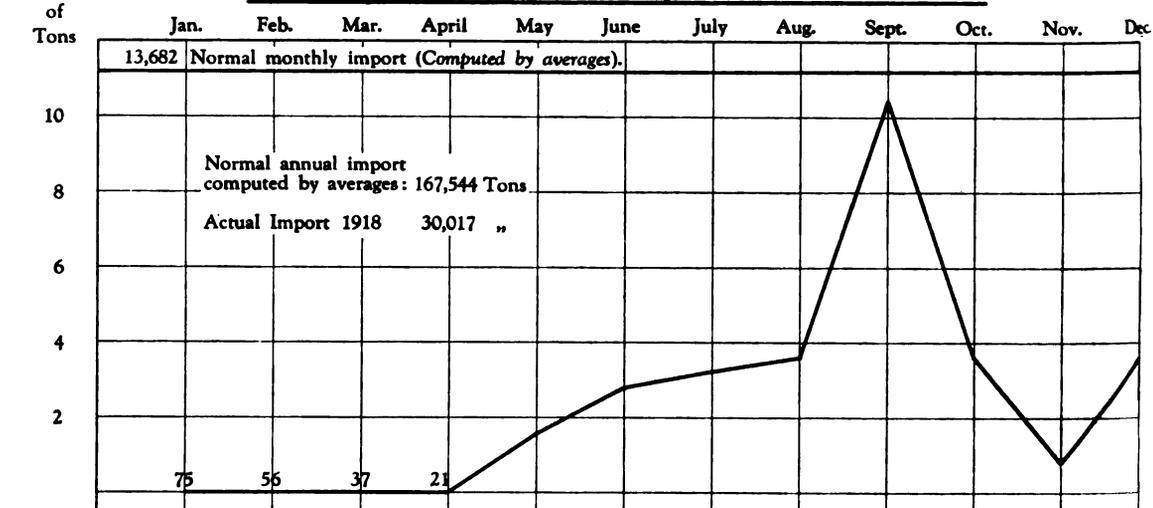
SWEDEN: Monthly variations in Imports of Metals and Ores in 1918.



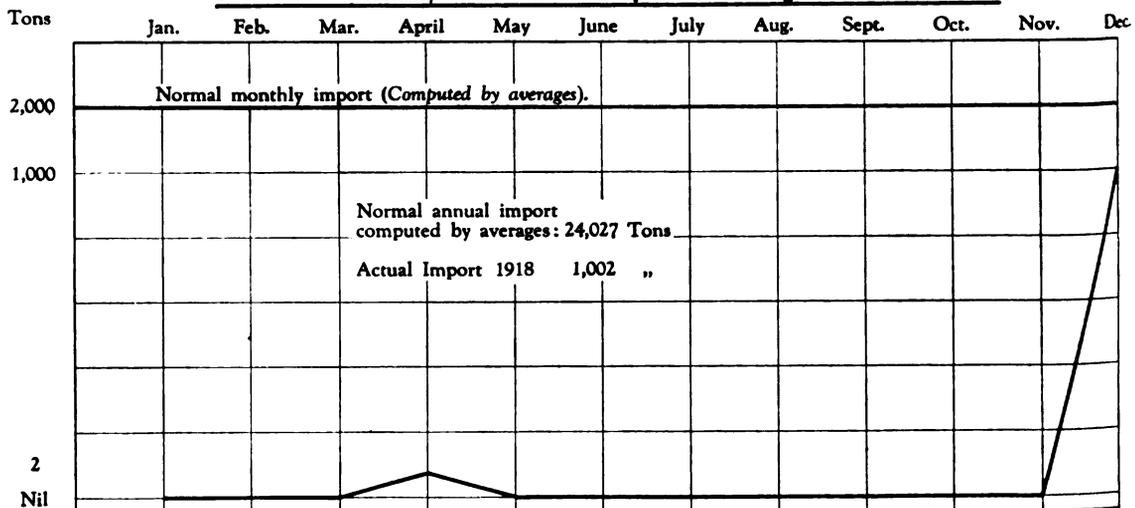
SWEDEN: Monthly variations in Imports of Animal and Vegetable Oils in 1918.



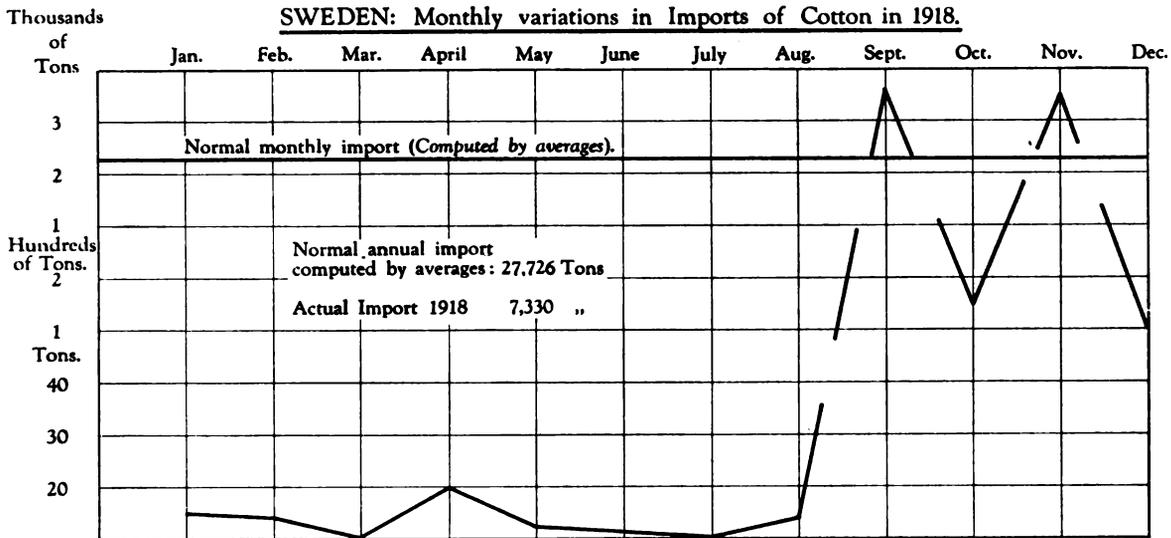
SWEDEN: Monthly variations in Imports of Mineral Oils in 1918.



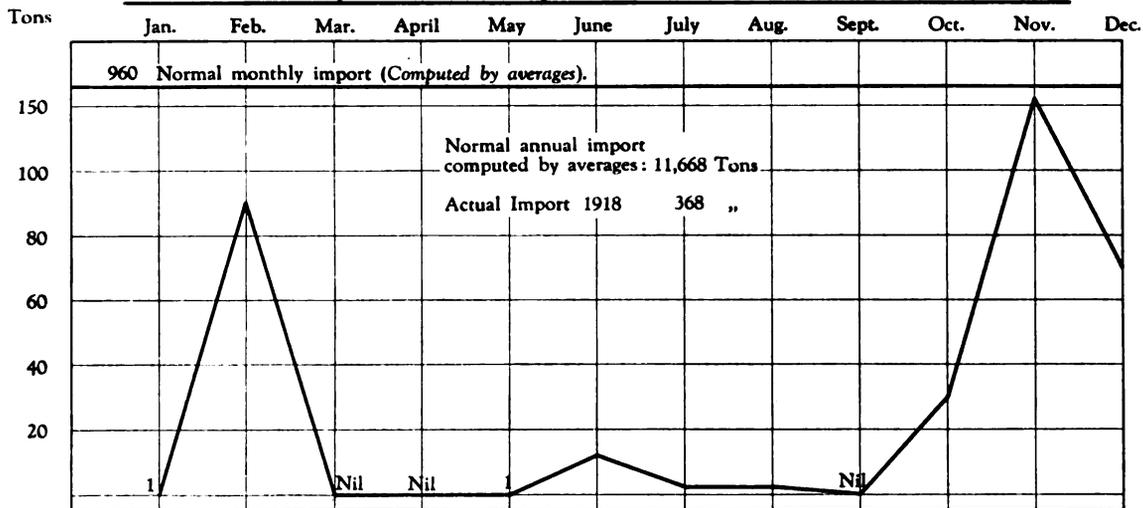
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