

Between the devil and the deep blue sea

TRADE NEGOTIATIONS BETWEEN THE WESTERN ALLIES
AND THE SCANDINAVIAN NEUTRALS 1914-1919

Knut Ola Naastad Strøm

Between the devil and the deep blue sea analyses the interplay between Western Allied policymakers and the governments of Denmark, Norway and Sweden during the Great War. It explores to what extent Allied economic warfare authorities were able to dictate terms to their Scandinavian counterparts on matters of trade policy, and examines whether there is such a thing as a “Scandinavian experience” of the Allied blockade of Germany. The thesis consists of an introductory chapter, followed by a two-part main body.

The first of these parts is a three chapter long secondary source-driven study of wartime Scandinavian trade and trade policies between 1914 and 1917. It reassesses the findings of the established Scandinavian historiography in light of more recent publications on Allied blockade efforts during the early stages of the war. The section argues that the British-led blockade during the early stages of the war was ineffective, allowing Scandinavian trade flows to shift as the Central Powers began to reroute trade through the Danish, Swedish and Norwegian domestic markets. From late 1915 onwards, these shifts were gradually reversed as British authorities reformed their economic warfare strategy.

The second part of the thesis is a five chapter long primary source-driven study of the late war trade negotiations between Allied and Scandinavian authorities. It uses archival material from the Danish Foreign Ministry, the British Ministry of Blockade and the American War Trade Board to show how British, and later American and inter-Allied economic warfare authorities were gradually able to harness and coordinate trade control efforts in Scandinavia over the course of 1917 and 1918.

Scandinavian governments were eventually forced to accept severe restrictions on their external trade, in return for continued access to increasingly important international western markets. The Danish, Norwegian and Swedish governments nevertheless retained a degree of economic and diplomatic freedom through to the end of the war. Consequently, Western Allied economic warfare authorities remained unable to impose full control over Scandinavian trade.

Knut Ola Naastad Strøm is a lecturer and researcher at the unit for Economic History, Department of Economy and Society, School of Business, Economics and Law, University of Gothenburg. This volume is his doctoral dissertation.

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Abstract

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This thesis is dedicated to them.

To teachers.

Göteborg, 11th February, 2019

Knut Ola Naastad Strøm

Abbreviations

Source material

ADM	Admiralty papers, UK National Archives
BT	Board of Trade papers, UK National Archives
CAB	Cabinet papers, UK National Archives
FO	Foreign Office papers, UK National Archives
FRUS	Foreign Relations of the United States, Published records of the US State Department
HaFo	Handelspolitiske Forhandlinger/Trade Policy Negotiations, Danish National Archives
HSUS	Historical Statistics of the United States, Published statistics of the US Department of Commerce
KCA	Kammerherre Clans Arkiv/Chamberlain Clan's Archive, Danish National Archives
MUN	Ministry of Munitions papers, UK National Archives
RG	Record Group, US National Archives and Records Administration
SA	Stortingsarkivet/Norwegian Parliamentary Archives
T	Treasury papers, UK National Archives
UMA	Udenrigsministeriets arkiv/Danish Ministry of Foreign Affairs papers, Danish National Archives

Other abbreviations

AA	Auswärtiges Amt/The German Ministry of Foreign Affairs
ABC	Allied Blockade Council (Also referred to as the "Allied Blockade Committee" in some sources)
Amembassy	American embassy (US State Department shorthand)
Amlegation	American legation (US State Department shorthand)
BoE	Bank of England
BoT	Board of Trade (UK)
CCTS	Coordinating Committee on Trade and Supplies (UK)
CEC	Coal Exports Committee (UK)
CID	Committee of Imperial Defence (UK)
DFDS	Det Forenede Damskibsselskab – The United Steamship Company (DK)
DNI	Director of Naval Intelligence (UK)
DoL	Declaration of London
EAB	Exports Administrative Board (US)
ESRC	Enemy Supplies Restriction Committee (UK) (Alternative name of the RESC)
FO	Foreign Office (UK)

GRT	Gross Register Tons
HM	His Majesty's (UK)
HMG	His Majesty's Government (UK)
IATC	Inter-Allied Trade Commission/Committee
MoB	Ministry of Blockade (UK)
MoM	Ministry of Munitions (UK)
MoS	Ministry of Shipping (UK)
MP	Member of Parliament
NID	Naval Intelligence Division/Department (UK)
NTC	Neutral Tonnage Conference (UK)
OHL	Oberste Heeresleitung/Supreme Army Command (Germany)
PUS	Permanent Under-Secretary (UK)
RESC	Restriction of Enemy Supplies Committee (UK)
RESD	Restriction of Enemy Supplies Department (UK)
RN	Royal Navy (UK)
SecState	Secretary of State (US)
SIS	Secret Intelligence Service (UK)
SKL	Seekriegsleitung/Supreme Naval Command (Germany)
UDN	Utenriksdepartementet/Norwegian Ministry of Foreign Affairs
UDS	Utrikesdepartementet/Swedish Ministry of Foreign Affairs
UM	Udenriksministeriet/Danish Ministry of Foreign Affairs
USSB	United States Shipping Board
WTAC	War Trade Advisory Committee (UK)
WTB	War Trade Board (US)
WTD	War Trade Department (UK)
WTSD	War Trade Statistical Department (UK)

Chapter I: Research questions, theory, method and literature

Introduction

Denmark, Sweden and Norway, the three states which together make up Scandinavia, were all spared most of the physical and psychological horrors that so devastated many other European societies during the Great War. They all, at least in formal terms, successfully preserved their neutrality all the way through the conflagration which engulfed the continent. In the process of doing so, their respective economies experienced dramatic expansion, followed by equally dramatic contraction, as trade patterns were changed and disrupted by the economic warfare waged by the Great Powers. As a consequence of Western Allied blockade efforts, all three Scandinavian states came out of the war with comprehensive trade agreements with the Allied powers. These agreements not only regulated their trade with the warring powers, but also to a large extent with each other.

For all these similarities, economic and political histories of the Scandinavian states during the First World War have tended to emphasise the uniqueness and national character of the states' respective experiences, forcing us to discuss wartime Scandinavia in national rather than regional terms. There are many excellent reasons for doing so. Although the governments of the various Scandinavian states held largely similar views on the overall need to maintain neutrality and economic prosperity, their policies on these issues were formulated and implemented within distinctly national institutional frameworks. Consequently, these governments had very different ideas about how their policy objectives could and should be achieved. These ideas in turn helped shape their respective responses to the challenges of economic warfare and political isolation.

It is nevertheless easy to overemphasise the differences between the experiences of the three. Although all three states reached trade agreements with the Western Allies, regulating their external economic relations to an almost unprecedented level, they all also retained a degree of economic and political independence through to the very end of the conflict. Their experience of the Entente blockade of Germany, especially after the entry into the war of the United States in 1917 increased the effectiveness of the Allied blockade, was largely a shared one. Not just because they faced the same challenges, but also because the Great Powers often understood the Scandinavian states in terms of region rather than nationality, adapting their policies towards one in order to match their relations with the other two. In short, neither Denmark, Sweden, nor Norway existed in a vacuum, isolated from the other two. Each faced many of the same economic and political challenges, hardships and deprivations as its

neighbours, and although the degree of formal economic cooperation between the three remained low through the conflict, the economic experiences of each were thoroughly influenced by the experiences of the other two. As such, there is clearly room in the current literature for a comprehensive *Great War History of Scandinavia*.

This is not said *history*, the scope of which would be far too big to fit within the constraints of a PhD project. Nor is it a more traditional *History of the Blockade*, of which there are many examples in the existing historiography. These have tended to emphasise internal influences on Allied policymaking, either by studying power play or policy initiatives within the British or American governments, or by looking at the interplay between the British and American, and to a lesser extent French and Italian, blockade administrations. Instead, this doctoral project contributes to bridging the gap between these two main strands of blockade literature by examining the evolving relationship between Scandinavian governments and Western Allied economic warfare authorities.

Research questions, thesis structure and synopsis

By way of analysing trade negotiations between the Western Allied economic warfare authorities and their Scandinavian counterparts during the Great War, this PhD project seeks to answer two main research questions:

- 1) To what extent were Allied economic warfare authorities able to dictate terms to their Scandinavian counterparts on matters of trade policy between 1914 and 1919?

Traditional geopolitical narratives have sought to describe “small states” as policy-takers in international relations, responding to initiatives by the major powers. This line of thinking is at odds with the policy objectives of Scandinavian governments during the Great War. Caught between two major power blocks, Danish, Norwegian and Swedish ministers and officials sought to forge their own paths, attempting to maintain economic and diplomatic ties with the outside world. In so doing, they were forced to engage in negotiations with Anglo-American economic warfare authorities on questions of external trade. Over the course of the war Allied pressure grew progressively stronger, and the existing historiography of Great War Scandinavia describes the wartime Scandinavian governments as increasingly hard placed to resist the imposition of Allied trade control policies. Yet to what extent does this narrative stand up to close scrutiny? To what extent were the Norwegian, Swedish and Danish governments able to maintain control over national trade policy through to the end of the Great War?

2) Is there such a thing as a “Scandinavian experience” of the blockade?

Norwegian, Swedish and Danish political-economic histories of the Great War have tended strongly towards nation-centric focuses, and reflect the institutional framework within which Norwegian, Swedish and Danish policy was made during the war. Allied economic warfare strategy nevertheless often appears to have been laid down with broad brush, British and American blockade authorities being less concerned with the niceties of Scandinavian domestic politics than with cutting the Central Powers off from international markets. Efforts to influence Allied policy by the government of any one of the three Scandinavian countries thus had potential consequences for the governments of the other two. Yet how far does this thesis hold, and to what extent is it possible to describe the blockade as a shared experience across the economic-political landscape of Great War Scandinavia?

In answering these questions, the aim of this thesis is to provide a comprehensive account of Western Allied economic warfare efforts in Scandinavia between 1914 and 1919, as well as a comparative study of Scandinavian responses to said efforts. The text itself is divided into two main parts. The first of these, a secondary source-based background section consisting of chapters II-IV, covering the years 1914-1917, reassesses the existing Scandinavian historiography in light of recent international research on early Western Allied economic warfare efforts. Much of this research serves to underline the finding that Scandinavian prosperity and the successful expansion of Scandinavian external trade during this period was not only a result of domestic policy choices, but even more a consequence of the chaotic and contradictory nature of Allied economic warfare policies, as well as the failure by Western Allied authorities to coordinate blockade efforts through much of the first three years of conflict. As such, this part of the thesis should be seen as a supplement to, rather than a replacement for, any part of the existing historiography.

The second part of the thesis, consisting of chapters V-VIII, provides a primary source driven analysis of the Scandinavian governments’ respective trade negotiations with the Western Allied powers between the entry into the war of the United States in the spring of 1917 and the formal end of the Allied economic blockade of Germany in the summer of 1919. Western Allied attempts to impose trade agreements on the Scandinavian states, and the consequent Danish, Swedish and Norwegian efforts to resist or deflect these, set the terms for Scandinavian economic prosperity, or lack thereof, during the final years of the conflict. The thesis analyses how Allied economic warfare efforts influenced trade patterns and policy in each of the three Scandinavian states, explaining why it took until 1918 for Scandinavian governments to reach comprehensive trade agreements between their respective countries and the Western Allies. In so doing the project explains how Allied economic warfare efforts over time served to erode the economic policy choice sets available to Norwegian, Swedish and Danish policymakers. Consequently, the analysis also offers

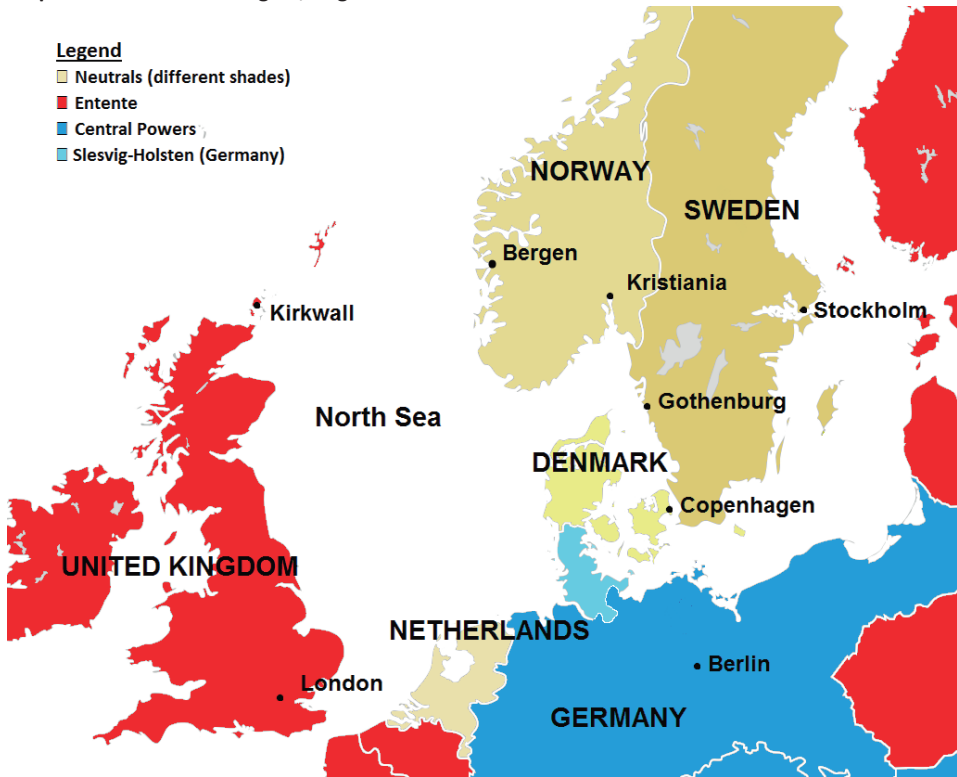
an explanation as to why, even when faced with heavy external economic pressure, the level of political-economic cooperation and coordination between Scandinavian governments remained so low through most of the Great War.

The terminology of Scandinavia and the Great War

Outside the region itself, the name Scandinavia has come to be used colloquially to refer to some or all of the smaller Nordic or North European states. Yet in its strictest sense, and the way it is used within the region itself, Scandinavia refers only to Denmark and the countries of the Scandinavian Peninsula – Norway and Sweden. This is the sense in which I use the term within these pages, although for practical purposes this matters little. The Nordic or Norse countries of the Western Sea; Iceland, the Faeroes and Greenland; were all colonial possessions of Denmark within the timeframe of this thesis, and were in any case sufficiently removed from the events described in this work that their being left out should not impact on the validity of the overall analysis. The last of these Nordic states, Finland, did gain its independence from Russia following the revolutions of 1917, but again its situation and experiences are sufficiently different from those of the Scandinavian nations as to warrant an unacceptably large expansion of the scope of the study, should it be included in any detail. For all of the above reasons therefore, the name Scandinavia is used within these pages to refer collectively to Denmark, Norway and Sweden only.

Similarly, when referring to place names, I've sought to use those native to the country in question. An exception is made where there exists long established and broadly accepted English variants of these, and where the use of the domestic name would therefore cause unnecessary confusion. Thus the Swedish city of Göteborg becomes Gothenburg, while the Danish capital København becomes Copenhagen. Where the name of a place, city or area has changed over time, I've also sought to use the name that was current within the timeframe. Thus Oslo, which was called Christiania or Kristiania between 1624 and 1924, is here referred to as Kristiania. Finally, where there are multiple names or variations of a name, all of which were in contemporary usage, I've sought to select the one which use is most closely associated with the context. The North German/South-Danish provinces, which are called Schleswig-Holstein in German, are therefore referred to by their Danish names Slesvig-Holsten.

Map 1.1: The North Sea region, August 1914



Source: Own work¹

It takes two to tango

In my analysis of the interaction between Allied economic warfare authorities and their Scandinavian counterparts, I've sought to use theoretical frameworks established by a succession of earlier Scandinavian and international scholars. This in turn helps integrate this thesis with the existing historiography.

Allied foreign and trade policy strategies during the Great War came to challenge Danish, Swedish and Norwegian views on state neutrality, and an analysis of the interaction between Allied and Scandinavian authorities can hardly avoid tackling the concept. Neutrality was a cornerstone of the foreign policies of all three Scandinavian countries on the outbreak of war, but their conception of it, as well as the evolution of neutrality policy over the course of the conflict, differed significantly. This should not come as a surprise. As the decision not to

¹ Based upon Wikimedia Commons: *Blank map of Europe showing national borders as they stood in 1914* by Alphonon
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participate in a conflict is never down to a single party alone, neutrality cannot be a unilateral concept. At the very minimum, it is a settlement between two or more powers, all of whom recognise that it is beneficial to all concerned parties that they avoid outright conflict with one another. In this sense, neutrality is not an absolute. Nor is it so much a policy as an agreement, the terms of which are open to at least some form of negotiation. In international relations, as in all relationships, it takes at least two to tango.

There were numerous attempts at codifying or regulating the rights and duties of neutrals over the course of the half century preceding the outbreak of the Great War. Establishing such rights and duties within the framework of international law should, at the very least, make neutrality more predictable. By imposing rules on the game, limiting the influence that could be wielded through diplomatic, military or economic power, such regulation would also inherently strengthen the weaker part. Strong international legislation on this issue was therefore attractive to Scandinavian policymakers. Just as neutrality had broad support amongst Scandinavian populations, efforts to regulate neutrality were embraced by successive Scandinavian governments leading up to 1914. By the eve of war, these efforts had nevertheless met with only limited success.²

The Scandinavian states had also encouraged efforts to enshrine neutral rights in law at the 1899 and 1907 Hague conferences. The resulting conventions did go some way towards clarifying the rights and duties of neutrals, including establishing the right of private neutral traders to continue conducting business with warring parties. Yet the Hague conventions couched these rights and duties in vague terms, and no practical or viable enforcement mechanism was established. It was therefore far from obvious to the interested parties that the newly enshrined rights would be observed in case of future conflict. Only the year after the Second Hague Conference the professional head of the British navy, Admiral John Fisher, told a senior Foreign Office official that "in the next big war ... we should most certainly violate ... [any] treaty that might prove inconvenient".³ Others, including Kaiser Wilhem II, expressed similar sentiments.⁴

This is far from saying that codified international law was worthless, or otherwise considered to be so. There were nevertheless obvious limits to how far it could be relied on for protection of neutral rights in a time of crisis. This much was apparent, even to the leadership of the staunchly pro-international legislation liberal parties in power in Denmark and Norway immediately before the war. At the Second Hague Conference the Scandinavian states had supported a proposal for the establishment of an international arbitration court with the power to rule on conflicts between nations. They had all nevertheless torpedoed the same by refusing

² Salmon, 2004: 54, 71-75

³ Eyre Crowe relaying conversation with John Fisher, quoted in Hull, 2014: 82

⁴ Hull, 2014: 82-83

to contemplate the great powers being allowed permanent judiciary representation on said court while the Scandinavian states themselves would only be allowed to appoint representatives on a rotational basis.⁵

This line of argument was symptomatic of a feature common to the respective Scandinavian governments' view of international law before the Great War. Such legislation should safeguard, but not challenge, the interests of the state. Where international law and the national interest clashed, the national interest would take precedence. In his 2012 PhD thesis on Norwegian involvement in the League of Nations⁶ Karl Erik Haug uses the term "small state realism" to cover the apparent duality inherent in the Norwegian government's approach (and by extension the respective approaches of the Danish and Swedish governments) to international law and arbitration. Efforts to subjugate the views of the small state to those of the great powers, in matters which the small state in question defined as in its national interest, could not be entertained. Similar to how nationalist sentiment and practical Scandinavism augmented each other, liberal Scandinavian views on sovereignty and the expansion of international legislation were far from mutually exclusive, since international law, as regulating inter-state relations, could not be applicable to the domestic or national interest of states. Conventions, treaties and arbitration must complement, rather than impinge on sovereignty.⁷

Francis Sejersted in *The Age of Social Democracy*, his magnum opus on the evolution of social democratic society in Sweden and Norway, saw in the Scandinavian states' participation at 1899 and 1907 Hague conferences the origins of said nations' heralding of international arbitration and mediation in the inter-war and post-1945 periods.⁸ In this he may well be correct, but it would be a mistake to attempt to understand the neutrality policies of the respective governments in the light of the policies and achievements of later decades. Although there certainly were voices within the socio-political spheres of all three Scandinavian countries that argued strongly in favour of a more altruistic take on foreign policy before 1914, including giving up a much greater degree of national sovereignty in support of widening the scope and power of international legislation, these views lost out in favour of a much more pragmatic approach to international relations in the decades before the war.⁹ International law was an instrument to be wielded in the interest of the state. More to the point, it must be wielded in the interest of the small state, where any legislation not firmly recognising the equality of states

⁵ Berg, 1995: 92

Bjørn, 2003: 483-485

⁶ Haug, Karl Erik; *Folkeforbundet og krigens bekjempelse: Norsk utenrikspolitikk mellom realisme og idealisme*; PhD thesis, Norwegian University of Science and Technology (NTNU); Trondheim, 2012

⁷ Berg, 1995: 92-94

⁸ Sejersted, 2011: 177

⁹ Such views were perhaps most strongly held by the respective Danish, Norwegian and Swedish peace movements popular around the turn of the century, movements which also fostered a significant degree of inter-Scandinavian cooperation. These groups advocated strongly in favour of disarmament and arbitration of international conflicts. See Haug, 2012 and Ringsby in Ahlund, 2012

must be disallowed. In this sense international legislation was a means by which small states could punch above their weight in international affairs.¹⁰

For these reasons, all three Scandinavian states had sought to avoid such international commitments in the immediate pre-war period as might curtail their respective sovereignty or political freedom. They all continued that policy by declaring their neutrality shortly after the outbreak of conflict. Coupled with their geographical location, covering the only remaining transatlantic trade routes still open to the Central Powers, these policies allowed them and their economies to prosper through the first years of conflict. German import trade was rerouted through their territories, and international demand for their domestic production rose. Robert Rothstein, in his 1968 work *Alliances and Small Powers*, described their ability to achieve this as “the immunity of irrelevance”.¹¹ As long as the Scandinavian states lacked the military or economic power to affect the outcome of the conflagration engulfing the continent, the warring nations could leave them to their own devices. In this view, the appearance of power is dangerous for the neutral small state because it undermines the very irrelevance upon which its security is based.

This perception of international irrelevance brought the issue of private enterprise to the forefront. Even though the state-controlled economic or military power of the Scandinavian countries was limited, the freedom of private Scandinavian businesses to trade with warring parties increased their potential economic influence in Europe to a degree which the Western Allies found increasingly unacceptable. This separation between public and private neutrality had been fundamental to Norwegian thinking on the rights and duties of states in the pre-war era. The size of the national merchant fleet and relative importance of seaborne trade made the alternative unthinkable. The possibility of shippers being prevented from sailing on the great powers in case these should become embroiled in war would have far-reaching consequences for the domestic economy. This view was reflected in the government’s brief to the head of the Norwegian delegation at the 1907 Hague conference, and although subsequent efforts at having the principle enshrined in law were largely failures, the concept remained key to the Knudsen government’s understanding of its duties as a neutral in 1914. Norwegian governments of the immediate pre-war era went far in coupling economic priorities to foreign policy objectives. As subsequent events would show, the idea that the obligations of the state were distinctly separate from those of its citizens was widely accepted in Danish and Swedish government circles as well. To Scandinavian governments on the eve of war, neutrality was a public, not private, undertaking.¹²

¹⁰ Berg, 1995: 92-94

¹¹ Rothstein, 1968: 212

¹² Berg, 1995: 94-95

Salmon, 2004: 115

The exercise of private economic freedom in Scandinavia, separated from considerations of neutrality, was not exclusively to the benefit of the Central Powers. Members of the Entente also enjoyed access to Scandinavian resources and services. The sale of these to the warring powers nevertheless undermined the very irrelevance upon which Scandinavian neutrality depended. As trade eroded Scandinavian irrelevancy, western pressure on the Norwegian, Swedish and Danish governments to accommodate Allied economic warfare efforts grew accordingly.¹³

Scandinavian vulnerability to such pressure was as real as the economic prosperity attained over the course of the first years of the war. In *The Power of Nations* Klaus Knorr argued that the ability of a state to resist economic pressure depended to a large extent on “the volume and structure of a state’s foreign economic transactions”.¹⁴ If foreign trade makes up a significant proportion of a state’s GDP and that state’s export trade is limited to non-monopolised goods and few trade partners, the state is vulnerable to economic pressure. The description fits the Danish, Norwegian and Swedish economies well. The value of the respective Scandinavian nations’ exports and imports as a share of GDP hovered between a fifth and a third in the years leading up to 1914.¹⁵

Yet this vulnerability was not absolute. It depended not only upon the willingness of outside powers to apply pressure, but also on the willingness of Scandinavian governments to resist. In *The Origins of Alliances*,¹⁶ Stephen Walt argues that there are two general explanations for why states choose to align with other states. A state confronted with an external threat may choose to “balance”, by aligning with other states facing the same threat. Equally a state might choose to ease the threat through “bandwagoning”, by allying with the threatening state. Although none of the Scandinavian states entered into formal alliances during the war, the ultimate goal of Allied economic warfare authorities was nevertheless to force Danish, Norwegian and Swedish policymakers to align themselves more closely with the Western Allied powers. In this regard, the balancing/bandwagoning dichotomy furthers our understanding of the responses chosen by the respective Scandinavian governments when faced with increasing external pressure from 1916 onwards. That the alliance label is applicable is also underlined by the titles of perhaps the most comprehensive and influential text written on the experiences of one of the Scandinavian states during the war: Olav Riste’s work on Norway, *The neutral ally*.¹⁷

¹³ Salmon, 2004: 14-15

¹⁴ Knorr, 1975: 84

¹⁵ Salmon, 2004: 5-8

See Figure 2.5

¹⁶ Walt, 1987

¹⁷ Riste, 1965

Walt, 1987: 32

According to Walt, a weaker state should tend to bandwagon, supporting the greater threat to its wellbeing, economic or otherwise, because its lack of power offers the state little hope of influence with allies, and because balancing will nevertheless incur the displeasure of the threatening power. States are likewise likely to bandwagon when effective balancing allies are unobtainable. On the other hand, balancing should be more common than bandwagoning, for the simple reason that it is safer. Bandwagoning may mollify the original threat, but it does not in itself remove it. Such a policy will also increase the power of the threatening state. Although potentially unattractive at the outset of a conflict, bandwagoning should nevertheless become progressively more likely as a contest plays out. Once the outcome of the conflict appears certain, the allure of balancing disappears. The threatening power can be victorious; in which case allying against it will only ensure defeat. Alternatively, the threatening power will be defeated, in which case the threat is diminished or removed altogether.¹⁸

For the purposes of this thesis, Walt's object of investigation is not particularly relevant. The very concept of involvement in alliances was anathema to many, if not most, Scandinavian policymakers. Across the Norwegian political spectrum especially, these were seen as dangerous, and liable to drag the state into conflicts in which it had little or no interest. Although certain Danish and Swedish politicians and government officials had flirted with the possibility of joining formal alliances in the pre-war era, these also represented a minority view on the matter on the eve of war in 1914. Walt's conclusion that balancing is much more prevalent than bandwagoning is likewise less interesting in the context of this thesis project. More productive in the context of the present investigation is his way of approaching the question of states' responses to external challenges. Even among the Scandinavia states, none of whom were formal participants in the Great War, the balancing/bandwagoning dichotomy is a useful lens through which to look at how small state governments defined their political-economic interests and sought to safeguard these. As Western Allied blockade measures began to bite from late 1915 onwards, Scandinavian policymakers found themselves forced to deal with external threats to their domestic economies. The strategies they adopted in order to achieve this differed starkly from each other. Some chose to attempt to resist Allied economic pressure in part or in full, either by way of strengthening their own domestic position or by seeking external assistance, thus balancing the threat. Others elected to be more accommodating to western pressure, bandwagoning in order to reduce the negative impact on their domestic economies. Between 1914 and 1919 Scandinavian governments formulated and effected policy between these extremes.

In short, although the Great Powers had the means, and eventually the will, to influence policy decisions taken by the Scandinavian governments, the Scandinavian states retained a

¹⁸ Walt, 1987: 28-31

measure of political and economic manoeuvre room through to the end of the war. In the grand scheme of things, the Scandinavian nations may well have been small states, but they were not pawns in the hands of the great powers. In the words of Patrick Salmon, they were “not merely passive elements in the international system”.¹⁹ Instead the Scandinavian states sought to use what power they had to protect their security and independence, political, economic or otherwise. In the process of doing so, they also attempted to influence Western Allied economic warfare policymaking, at least as far as these policies had implications for Scandinavia.²⁰

Scandinavia and the merits of spatial context

Is there such a thing as a “Scandinavian experience” of the blockade, and to what extent did the concept of Scandinavian identity influence how the respective Norwegian, Swedish and Danish governments defined and pursued policy objectives over the course of the war? My analysis builds not only on the implications of the abovementioned narrative of interaction within the confines of an international system, but also on the concept of Scandinavism as established and employed in more recent additions to the historiography. As such, this thesis challenges some of the findings of the earlier canon by applying a comparative perspective to primary sources and existing narratives of Great War Scandinavia alike.

The generation of Scandinavian historians of the First World War and interwar era who published in the decades immediately before and after 1945 produced almost exclusively national narratives. That is, they analysed policy and economic phenomena from a national perspective, barely scratching the surface in terms of providing regional or international comparisons. This is not surprising, since the environment in which these accounts were written was highly conducive to a nation-centric focus. Geopolitics from the post-Napoleonic period onwards served to cement the position of the nation-state as the principal unit of historical analysis. In her 2013 paper on Nordic historiography, Maria Jalava argues that this tendency grew even stronger in the immediate post-war period because “post-WWII social theories were particularly interested in modernization, development, and change – in other words, in temporality at the expense of spatiality. Indeed, [...] there is no doubt that, at least in European historiography, the vast majority of historical studies until today has firmly resided within the parameters of nation-states.”²¹ This is reflective of the state as the framework within which what both contemporary and later observers saw as the great “modernization projects” of the late 19th and early 20th centuries took place, in Scandinavia and in the western world more generally.

¹⁹ Salmon, 2004: 4

²⁰ Handel, 1990

²¹ Jalava, Maria; “The Nordic Countries as a Historical and Historiographical Region: Towards a Critical Writing of Translocal History”; *Historia da Historiografia*, Vol. 11, April 2013: 245

Processes of- and policies on industrialisation, democratisation, economic and cultural liberalisation were formulated, effected and interpreted within the confines of nation state borders.²²

Since contemporary academic theory was chiefly concerned with processes of change which appeared to be defined by national boundaries, the nation state became the focus for most period historical investigations. This was especially useful because it appeared to mirror many of the processes still in play when the abovementioned works were written. In the Scandinavian case, the nation-centrism of the post-war historiography helped explain contemporary foreign policy issues and the position of the Scandinavian countries in the cold war geopolitical system. In Denmark and Norway this vein of literature perceived the pursuit of neutrality policies by their respective national governments in the run-up to and early stages of the Second World War as flawed. The desire for neutrality and relative unwillingness to engage with the realities of European power politics through much of the inter-war era appeared to explain why the two countries were unable to avoid, or defend themselves properly, against the onslaught of invasion in 1940. This in turn provided the backdrop against which these countries abandoned neutrality in favour of alliance politics in the post-war period. In contrast, Sweden was not dragged into war between 1940 and 1945, and the story of the apparent success of traditional foreign policy in preserving the country's neutrality formed a lens through which cold war non-alignment could be understood and justified.

There is much to be said for this perspective. Scandinavian policymakers of the Great War era made their policy decisions within the confines of national political systems and bureaucracies. When presented with the common challenges of maintaining neutrality while tackling supply shortages and economic pressure from abroad, the respective Scandinavian governments responded with distinctly national strategies. The post war historiographical Scandinavian perspective, so far as it exists, is also much more concerned with acknowledging these national differences than with exploring a possible comparative perspective. National political systems and bureaucracies did not operate in a vacuum, and the focus on nation states to the point of excluding more regional or international perspectives goes a long way towards precluding a comprehensive discussion of the impact of outside influences on national policy. This tendency was made explicit in a 2008 report by the Norwegian National Research Council on the state of the Norwegian historical profession.²³ Norwegian historians wrote Norwegian history about Norwegian experiences for a Norwegian audience. The traditional historiography attended to void complex spatial narratives in favour of more clearly delineated national studies.

²² Sejersted, Francis; *The Age of Social Democracy: Norway and Sweden in the Twentieth Century*; Princeton University Press, 2011: 173

²³ Norges Forskningsråd (Forskningsrådet/The Research Council of Norway); *Evaluering av norsk historiefaglig forskning: Bortenfor nasjonen i tid og rom: fortidens makt og fremtidens muligheter i norsk historieforskning*; Oslo, 2008

When it comes to histories of economic and foreign policy during the Great War period at least, things were not much different in Sweden or Denmark. That said, it should be added that the Research Council report reflected the past, as much as the present, of Norwegian and Scandinavian historical research. A reassessment of established narratives was already well under way by 2008, and Norwegian as well as Swedish and Danish academic history has given a much greater emphasis to regional and international perspectives in the decade since. This process of reorientation is nevertheless far from complete.

The 2008 report, penned by an international committee headed by Swedish historian Bo Stråth, noted that one of the chief tasks of historical research is to “problematise and destabilise borders in time and space”.²⁴ In other words, similar to the rigorous use of strict periodisation, the inability to interpret domestic events in a regional context is detrimental to our understanding of historical processes. Any history of a relationship will be lacking all the while it is based solely on the experiences of only one party. A comprehensive analysis of negotiations or policy cooperation (or lack thereof) must likewise be founded on an understanding of the strategies and priorities of all parties concerned. There is thus a need for a reassessment of the respective Danish, Swedish and Norwegian narratives of the domestic political economy of the Great War era, not because the present narratives are bad or faulty, but because they are incomplete. A more comparative approach should help us understand to what extent the respective domestic governments’ responses to external pressure differed from those of each other and why they did so, if indeed they differed much at all. In short, is it possible to talk of a “Scandinavian” experience of the Great War?

Having argued the relative inadequacy of the purely national narrative, it is worth spending some time reflecting on the alternative. If a more regional approach is warranted, then it requires a conscious understanding of what that region is. In her 2013 paper Jalava promotes the Nordic region as a unit of analysis. Jalava notes how regions, be they political, economic, cultural or otherwise, are as much of a socio-cultural construct as nations themselves. Regions therefore offer perspectives which are otherwise obscured by too narrow a focus on nation-states or too wide a focus on macro-regions such as “Europe” or “the west”.

Although Jalava uses the term “Norden” to refer to the wider Nordic region stretching from Finland in the east to Greenland in the west, this thesis concentrates the discussion around the “Nordic core” of Denmark, Sweden and Norway proper. This region, Scandinavia, existed as a united political entity only once, between the late fourteenth and early sixteenth centuries. Yet although the breakup of this late-medieval Kalmar Union lay almost four hundred years in the past by 1914, the call for political Scandinavism in one form or another had been a recurring phenomenon ever since. Having seen something of a peak in the mid-nineteenth century,

²⁴ Forskningsrådet, 2008: 174 (my translation)

Scandinavian political unity as a popular cause suffered a dramatic setback in 1864, when Sweden-Norway failed to come to the aid of Denmark in its war with Prussia. Political Scandinavism in a more limited form nevertheless underwent something of a resurgence over the last decades of the century, leading to the establishment of more pan-Scandinavian institutions such as the Scandinavian Monetary Union, but was once again set back by the dissolution of the Norwegian-Swedish monarchical union in 1905. The political animosity caused by this split, although considerable, receded quickly after 1910. Yet it was still enough to make the new Swedish and Norwegian kings reluctant to visit each other's capitals in 1915. By 1914, political Scandinavism, albeit in a more limited form was again on the rise. Perhaps the most ironic symbol of the resurgent feeling of regional brotherhood was the unveiling in August 1914 of a monument at Magnor in Norway, celebrating a century of peace on the Scandinavian peninsula.²⁵ Just a few days previously, the Great War had begun on the continent.²⁶

Yet even if the popularity and extent of political Scandinavism was limited on the eve of war in 1914, no one could deny the reality of what might be termed geographical Scandinavism. Even before historians began applying Wallersteinian world systems theories to their work on Scandinavia or its constituent parts, it's been easy to think of early twentieth century Denmark, Sweden and Norway as countries on a European periphery. In the context of Great War economic warfare history, this approach would nevertheless be misleading. Surrounded by enemies on all sides, the Central Powers of Germany, Austria-Hungary and Turkey were left with a single entry point for commercial relations with the rest of the world: the European northern neutrals. In this sense, Denmark, Norway and Sweden were bound together by way of becoming a political-economic battleground for the warring powers. Scandinavia would be sitting in the eye of the storm: A calm oasis, surrounded by a vast conflagration.

The Scandinavian countries were also united by a sense of what Jalava termed "practical Scandinavianism".²⁷ Although vestiges of political pan-Scandinavism survived in the form of coordination in legal matters and the semi-successful Scandinavian Monetary Union, the overall notion of a politically united Scandinavia received a fatal setback in 1864. The idea of a shared Scandinavian identity instead became an ingrained part of the new national-romantic characters being constructed in the nineteenth century. Rather than challenging Swedish, Danish or Norwegian nationality, "Scandinavian" became a constituent part of these identities. The relative lack of pan-Scandinavian political connotations helps explain why identifying with the

²⁵ Ringsby, Per Jostein; "Scandinavian collaboration for peace during the First World War"; in Ahlund, Claes (ed.); *Scandinavia in the First World War: Studies in the War Experience of the Northern Neutrals*; Nordic Academic Press, 2012: 129

²⁶ Hemstad in Sørensen et al., 2005: 11, 17-19
Sejersted in Sørensen et al., 2005: 28-31

Sejersted, 2011: 173-175

²⁷ Jalava, 2013: 251

Scandinavian region did not preclude the respective Scandinavian governments' pursuing such national political agendas as were at times at odds with those of their neighbours. In this sense, being part of a Scandinavian community offered opportunities rather than constraints on domestic policy making.

Yet even though the respective Scandinavian governments did not see themselves as "politically" bound to each other, both practical and geographical Scandinavism had an impact on how they were treated by foreign powers. Pre-war British naval planners had little time for the niceties of intra-Scandinavian relations, preferring to discuss policy in pan-Scandinavian terms. Over the course of the first years of the conflict these tendencies were partly reined in by the Foreign Office, which was much more alive to the differences between the three countries and their respective governments. British authorities nevertheless retained a degree of policy coordination on Scandinavian matters, especially after the establishment of a unified Ministry of Blockade in early 1916. This coordination enabled them, on occasion, to capitalise on the lack of economic and political cooperation between the Scandinavian governments. The United States' entry into the war in the spring of 1917 led to a period of uncertainty where British authorities struggled to get the American government to adopt Entente strategy on Scandinavian trade. These efforts were only partly successful, but the degree of coordination on Scandinavia was retained. Western economic warfare authorities saw Allied policy on Sweden, Denmark and Norway as part of a concerted Scandinavian effort through to the conclusion of the war.

Patrick Salmon has seen the ability of British decision makers to formulate such coordinated policies as part of a general trend towards the gradual "erosion of Scandinavian isolation", which would ultimately culminate in the direct if involuntary involvement of Denmark and Norway in the Second World War.²⁸ In this sense the Norwegian, Swedish and Danish experience of the Allied blockade during the Great War was one of being dragged unwillingly into the limelight of great power politics. The object of Western Allied pressure, as well as the tools by which this pressure could be applied, remained the same for all three countries through the conflict: limiting as far as possible their transit of overseas commodities and exports of domestic goods to Germany. That the British, and later American and inter-Allied, economic warfare authorities sought to tailor this pressure to each individual state in order to achieve maximum effect does not detract from the merits of a comparative approach. Rather, comparing Allied policies as well as the responses of the Scandinavian governments to said policies allows us to estimate the relative effectiveness of these for both sides. This in turn helps us to understand not only the impact Allied pressure had on Scandinavian external trade patterns, but also the extent to which Scandinavian authorities were able to resist or influence Western Allied blockade policy.

²⁸ Salmon, 1997: 1

Defining the national interest

The theories on international relations and regionalism as outlined above do not alone suffice to explain how Scandinavian and Allied policymakers sought to formulate and effect economic policies during the Great War. They must be supplemented with an understanding of how said policymakers perceived policy objectives.

Walt's balancing/bandwagoning dichotomy as applied in this thesis is not absolute. Instead it represents the extremes between which the Scandinavian governments sought to manoeuvre in order to protect what they believed to be their national interest. Understanding how they defined their national interests, and how these developed as circumstances changed, is therefore key to understanding their response to Western Allied economic warfare policies. Those same economic warfare policies can likewise only be understood through the lens of Allied policy objectives and of the process through which said policy was formulated.

In his 2004 book *Scandinavia and the great powers 1890-1940* Patrick Salmon challenges Michael Handel's dictum that "[t]he international system ... leaves [weak states] less room for choice in the decision-making process [because t]heir smaller margin of error and hence greater preoccupation with survival makes the essential interests of weak states less ambiguous".²⁹ Far from being passive subjects to great power priorities, Salmon argues that the Scandinavian governments were both able and willing to conduct active foreign policy. He identifies a range of "[c]onstraints and opportunities", including geography, economic factors and diplomatic environment, which helped shape Scandinavian diplomacy before and during the Great War.³⁰ To Salmon, domestic institutions provide powerful determinants to foreign policy. The diplomatic efforts of the respective Scandinavian governments therefore "were products of a specific social, political, economic and cultural order within their own countries".³¹

The national interests of states, both within Scandinavia and outside, were not established in a vacuum of foreign affairs. They were highly dependent on the nature and strength of the domestic institutional framework within which these interests were defined. In his seminal 1990 book on institutional theory Douglass North famously wrote that "[i]nstitutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic".³² These "rules of the game" might be formal, as in the case of legal obligations, organisational or political systems or otherwise explicit requirements of behaviour. They can also be implicit, non-legal, cultural, societal or otherwise informal norms or standards. For the purposes of this thesis the distinction matters little. North's institutions together make

²⁹ Michael Handel, quoted in Salmon, 2004: 12

³⁰ Salmon, 2004: 4, 11

³¹ Salmon, 2004: 12

³² North, 1990: 3

up a framework which narrows the set of responses available to an actor facing a challenge or problem.

The institutional framework has regulatory qualities since its rules are enforceable. Like the institutions themselves, these enforcement systems can be formal or informal. Breaking a law or formal requirement can be met with punishment meted out by an enforcement authority. Disregarding a group norm or standard will provoke sanctions from the remaining group members. A perceived wrong will bring about retaliation from the wronged party in one form or another. A government in a parliamentary system may not be able to flout the will of parliament without getting removed from power. The enforcement mechanism in this case would be the legal requirement that a sitting government is dependent on parliamentary support, tacit or otherwise. If this requirement is no longer enforced to the same extent, as might be the case if some form of party-political truce is in effect, then the regulatory effects of the institution is weakened. Yet even in this case the institution would have a degree of regulatory power, as parties or other parliamentary groups might choose to break the truce should political antagonism or displeasure reach a certain level.

Because the framework is normative, the evolution of the institutions that make up the framework can become self-reinforcing. When these institutions enable and constrain decision making in a normative way, future choices will be influenced by earlier choices made within the confines of the same framework. The concept of path dependence thus provides a degree of linkage through time. This is an elaborate way to say that history matters, but it is also a toolset facilitating the analysis of historical events. To state that previous decisions act as determinants for future choices is not the same as saying that any given response to a future challenge is inevitable. The range of possible responses to any particular challenge might be wide or narrow, but the choice is always real.³³

The power of path dependency within the scope of this thesis lies in its ability to explain the road not taken. Institutional theory provides a mechanism whereby the choice set available to actors can be defined, and consequently which options are not available to actors when faced with a distinct challenge. This in turn ties directly into what Göran B. Nilsson termed “the writing of forward-looking history”.³⁴ In much the same vein as North argued in favour of identifying choice sets, Nilsson noted that rather than relying on the benefit of hindsight, it is necessary to assess the actions of historical actors within the confines of the frameworks they operate within. Policy decisions which we, as modern-day historians, know had unintended or otherwise less than ideal outcomes can still only be understood in the context of the institutional framework within which those decision were made. Since these choice sets differed from actor

³³ North, 1990: 96-99

³⁴ Lit. “Att skriva historia framlänges”, own translation

to actor, they also help explain some of the differences between the respective Allied and Scandinavian responses to economic warfare in North Western Europe between 1914 and 1919.³⁵

In a 1985 article Carsten Due-Nielsen criticised what he saw as the then prevalent focus in Danish historiography on external relations as determinants in foreign policy, to the exclusion of domestic influences. Instead he called for what we might term a more “holistic” approach, where the causes of foreign policy decisions must be found at the intersection of internal and external influences.³⁶ The national interest of the state, as understood by politicians and officials in charge of foreign and economic policy between 1914 and 1919, was a product of external influences analysed within the confines of the prevailing domestic institutional framework. The degree of agency afforded Scandinavian and Western Allied policymakers dealing with economic warfare issues was directly related to the constraints and opportunities derived from said institutional frameworks. Likewise, the impact and relative success of diplomatic and economic policies can only be assessed through an understanding of what the actors in questions were trying to achieve and why. In this respect the historiography on the western blockade has evolved considerably in the thirty-odd years since Due-Nielsen voiced his original criticism. New histories of the foreign relations of the Scandinavian states published in the 1990s and 2000s have made much greater efforts at analysing domestic determinants on foreign policy than most early works. Anglo-American studies of economic warfare have likewise taken considerable strides towards illustrating the inter-governmental and inter-Allied considerations impacting Western Allied policy decisions. Together, these works afford us an opportunity for a comprehensive and comparative reassessment of the interplay between Scandinavian governments and Western Allied economic warfare authorities between 1914 and 1919. This thesis is a contribution to that ongoing reassessment.

Methodology and approaches

This thesis project analyses political and economic relations between the Scandinavian countries and the Western Allies between the outbreak of the Great War in 1914 and the end of economic warfare in the wake of the signing of the Versailles treaty in 1919. These relations were fraught with difficulties, as the Western Allies sought to find ways by which Germany’s access to trade with and through Scandinavia could be restricted to the greatest possible degree. Such intrusions were resented by Scandinavian governments through the conflict. These therefore adopted strategies aimed at deflecting or otherwise modifying Allied economic pressure, in order to cause as little damage to the Scandinavian domestic economies as possible.

³⁵ Nilsson, 1988: 5-6

³⁶ Due-Nielsen, 1985: 2-6

In the first stage of the present project I have sought to identify the various issues discussed during the extensive trade negotiations that increasingly came to characterise Scandinavian economic relations with the west as Allied economic warfare efforts evolved into a comprehensive weapon of war. This in turn helps establishing the degree of contention around these issues, as well as the relative priority assigned to them by the negotiating parties themselves. Identifying these priorities is important not only because it adds to our understanding of the course of the negotiations, but also because it allows us to discuss policy choices and choice sets in more concrete terms. The object of this approach is not only to show what issues were considered important, but also explain why this was so and how the assessment of such issues changed over time.

In order to achieve this, I've relied on secondary literature covering the various rounds of negotiations between the outbreak of war in August 1914 and early 1917. I've chosen to forgo the use of primary source material here, partly because the period in question was characterised as much by false starts and domestic political turmoil amongst the Allies as it was by serious and concerted efforts by the Entente at negotiating comprehensive accords with the neutrals. The main reason is nevertheless one of time constraints. The documentary record covering Western Allied economic warfare efforts in Scandinavia between 1914 and 1919, as well as the Scandinavian responses to these, is extensive. To produce a comprehensive thesis covering all inter-governmental Scandinavian trade negotiations during the Great War in full is a task well beyond the scope of a traditional doctoral project. For these reasons I've limited myself to a primary source driven analysis of the negotiations covering the latter half of the conflict. These negotiations would eventually lead to the signing of comprehensive trade and blockade treaties between the Western Allies and each of the three Scandinavian states in 1918. In this sense, the outcome of these negotiations represented the culmination of four years' worth of diplomatic sparring and economic conflict, the impact of which upon Scandinavian trade was immense.

Following the United States' entry into the war in April 1917, and the subsequent renewed efforts by the Western Allies at reaching general trade and blockade agreements with the Scandinavian neutrals, I've established the course of the negotiations by way of the documentary record of the Allied government bodies responsible for conducting the negotiations in question. These are chiefly minutes and reports on the outcome of meetings produced by the British Ministry of Blockade and the American War Trade Board. Norwegian and Swedish primary source material on the day to day negotiations during this period has been comprehensively covered by other authors. A few exceptions notwithstanding, it has therefore been possible to rely on secondary sources to account for the experiences of the delegations negotiating on behalf of these countries. Danish participation in negotiations with the Allies has not previously been made subject to the same degree of in-depth study. The Danish experience is therefore covered

through Danish Foreign Ministry records, the majority of which are minutes and reports of meetings authored by various Danish trade representatives engaged in negotiations in Copenhagen, London and Washington.

The second stage of work builds on the findings of the first. Once the course of the negotiations has been established, I've sought to understand the various disagreements and policy decisions encountered in terms of choice sets. Negotiators on either side did not make choices in a vacuum. The manner in which they responded to challenges was in each case defined by the options available to them. The range and scope of this choice set was in turn defined by the framework within which the negotiators operated.

In general terms, this is an approach akin to classical "Northian" institutional framework theory. It borrows heavily from Patrick Salmon's thoughts on constraints and opportunities in policymaking, not only in that I've sought to establish influences more broadly, but also in discussing how these constraints and opportunities enabled Scandinavian diplomats to adopt active policy measures on their own. Crucially, this includes assessing the impact of domestic frameworks. When Carsten Due-Nielsen called for a holistic approach to the study of Scandinavian foreign relations he argued in favour of a more comprehensive outlook, beyond the traditional focus on external influences on foreign policy. It would be wrong to ascribe this criticism to Due-Nielsen alone, since he was far from the only academic of the 1980s to call for an end to inflexible approaches to historical study. Unlike many of his colleagues Due-Nielsen nevertheless made this criticism explicit in the context of Great War historiography. I have a lot of sympathy for this sentiment. So too did many of those historians who wrote in the intervening years. Between 1985, when Carsten Due-Nielsen published his thoughts on the need for holistic revision, and today, a range of works have explored the impact of domestic and external institutions and processes alike on foreign policy making within the Scandinavian countries during the war. In analysing how Western Allied economic warfare authorities sought to introduce trade control measures across Scandinavia, and how the Scandinavian governments in return sought to push their respective policies on trade and neutrality, I've attempted to build upon these efforts.

In order to produce such an analysis, it has been necessary to establish the choice sets available to Scandinavian and Allied policymakers and negotiators. The trade policies of all three Scandinavian governments, as well as those of the British and American political bodies with which they interacted, were created within the political-economic institutional framework of each individual state. Formal aspects of the political system, such as elections and parliamentarism, as well as more informal considerations such as the need to maintain party or cabinet cohesion, played important roles in limiting the choice sets available to these policy makers. So too did other domestic political considerations. Powerful interest groups could sway

politicians, while ideologies or traditions could set hard limits on political manoeuvre room. Economic considerations were likewise powerful determinants on foreign policy making. The desire to maintain domestic economic prosperity and growth while limiting or avoiding unemployment and industrial shortages altogether were important considerations. More crucial still was the need to avoid serious shortages of food or other key commodities. This was true across the North Sea divide. For instance, the imperative for the British and American negotiators who in 1917 and 1918 sought to secure access to Scandinavian tonnage was much the same as for their Scandinavian colleagues who sought to retain that very tonnage for domestic use: the state must secure the infrastructure by which supply shortages could be avoided.

On top of these internal determinants came the need to balance more traditional foreign relations and security considerations. Neutral rights, as established both by way of customary practice and by formal treaty, served to limit the room for manoeuvre in international relations. Such rights and duties were nevertheless open to interpretation. They offered far from a cast iron defence against some of the more predatory tendencies of the economic policies of foreign powers. The choice-set available to Scandinavian decision makers was therefore further constrained by the need to tailor negotiating strategies to the evolving policies of colleagues and counterparts alike. Where secondary literature has served as the backdrop for discussions on the domestic institutional frameworks within which Scandinavian and Allied negotiators and policymakers operated, primary documentary records have been used to show how these same actors understood the external influences impacting their policies. This includes not only Scandinavian and Allied assessments of the changing positions of their respective counterparts, but also analyses of the wider impact of policies on Allies and counterparts alike. From 1917 onwards British and American policymakers sought, with varying degrees of success, to take into account the weaknesses and strengths of each other's positions when formulating policy. This included attempts at playing good cop/bad cop vis-à-vis Scandinavian negotiators, as well as being alive to the sensitivities of each other's domestic political situations.

That these constraints and opportunities in policymaking evolved as the conflict progressed offers another dimension to the analysis. One aspect of this is the "Northian" concept of path dependency. From late 1916 onwards both Allied and Scandinavian negotiators increasingly found that their choice sets were constrained by the policy decisions made during the earlier stages of the conflict. Scandinavian actors found themselves struggling to adapt to the economic realities brought about by the shift in trade patterns between 1914 and 1916. British policymakers were similarly left to cobble together an improvised blockade apparatus in the wake of the abandonment of pre-war economic warfare plans over the course of late 1914 and early 1915.

Working from Maria Jalava's concept of regional history, the domestic Scandinavian economic-political institutional frameworks must also be understood as aspects of a whole. Unlike many of the ever-evolving "Northian" institutions detailed above, geographical Scandinavism was a permanent feature of Scandinavian politics through the war. Ironically, the permanence of geography tended not only to make the respective Scandinavian governments take a long-term view of foreign and trade relations, but also made them more appreciative of their differences. By virtue of having a great power neighbour permanently situated across its southern border, Danish foreign policy would have to take into account not just the current state of Danish-German relations, but also the long-term implications of diplomatic efforts. Likewise, the Norwegian and Swedish governments understood themselves as having long term interests in the North Sea and Baltic regions respectively, both of which required careful handling lest they irreparably undermine national security not only in the present context of Great Power conflict, but also in post-war Europe. Although these security considerations were paramount features of Scandinavian foreign policy during the war, the particular focus of these considerations within the political establishment of each Scandinavian state did not feature nearly as prominently in their neighbours' policy deliberations. These considerations therefore also had the side effect of making the governments of the respective Scandinavian states somewhat blind to the future impact of their foreign policy choices upon their neutral neighbours. For instance, when it came to participating in proposed intra-Scandinavian economic cooperation from 1917 onwards, the Norwegian government's growing acceptance of British control over Norwegian external trade between 1915 and 1917 meant that it found its wings severely clipped.

Taking the day-to-day negotiations as a point of departure is something of a break with the norm of foreign relations and economic policy accounts. These instead tend to start with identifying policy objectives before working backwards, in an attempt to analyse how successful negotiators were fulfilling these. Adopting such a bottom-up approach, using negotiations to identify policy issues, frees us from some of the risks inherent in tracing the footsteps of pre-conceived strategies. When you expect to be able to follow certain issues or discussions, it is all too easy to overlook findings that appear to fall outside the scope of these. Using records to trace the day to day course of negotiations thus makes it possible to account for controversies, compromises and breakthroughs as they took place, as well as to establish how the negotiators' assessment of said policy issues and priorities evolved over time, including such issues as were resolved between the negotiators themselves without extensive involvement from outside leadership.

This approach nevertheless carries the inherent risk of introducing an artificial disconnect between the representatives engaged in direct negotiations and their political and

administrative superiors. It would not be difficult to overestimate the freedom and impact enjoyed by negotiators. Through following the day-to-day communications between the various representatives and their respective superiors, I've sought to avoid falling into this trap by identifying constraints placed on negotiators. The primary source material consulted in order to construct an account of the negotiations has therefore been extended to cover not only reports from the negotiators themselves, but also the feedback and instructions provided to the negotiators from their superiors in Copenhagen, Stockholm, Kristiania, London and Washington.

The lack of comprehensive Norwegian and Swedish primary source material, and the consequent need to rely on secondary sources to identify such important discussions within the political-economic policy machineries as were resolved before they reached the stage of external negotiations, is another obvious weakness. It is nevertheless a weakness which I feel has been reduced to an acceptable degree by way of the high quality and comprehensive nature of the available secondary source material. Relying on these works is therefore a price well worth paying, as it has enabled me to incorporate a more thorough primary source driven study of the Danish policy process.

The literature on Great War Scandinavia

The evolution of the Scandinavian historiography of World War One economic policy and foreign relations can be understood as taking place in three distinct steps. The first wave of literature on the subject, most of which was published in the interwar period, is defined by the Carnegie funded works on the wartime economies of the neutral states, produced as separate volumes for each of the Scandinavian countries.³⁷ These volumes offered the first overall analysis of economic indicators such as trade data and price levels, much of which had been confidential through the war years and only recently made available to researchers. The authors of the volumes in question, Eli Heckscher and Kurt Bergendal for Sweden, Wilhelm Keilhau for Norway and Einar Cohn for Denmark³⁸ also had either direct experience with wartime economic administration themselves, or direct access to officials and policymakers who had. Their analyses were nevertheless hampered by their complete reliance on domestic sources, and relatively limited access even to these.

To this first wave of literature must also be reckoned the texts on policy written by the policymakers themselves. Some of these were autobiographical or semi-autobiographical in

³⁷ Heckscher, Eli F., Kurt Bergendal, Wilhelm Keilhau, Einar Cohn & Thorsteinn Thorsteinson; *Sweden, Norway, Denmark and Iceland in the World War*; New Haven, 1930

³⁸ Cohn, Einar; *Danmark under Den Store Krig*; G. E. C. Gads Forlag, 1928
Keilhau, Wilhelm; *Norge og Verdenskrigen*; Oslo, 1927

nature, such as Danish Foreign Minister Eric Scavenius' short book on wartime foreign policy.³⁹ The level of analysis in these is usually shallow, limiting their use as secondary sources. Others were more comprehensive efforts at providing sweeping narratives, such as Danish Defence Minister Munch's general history of Denmark, which served as the foundation for historical analyses of Danish wartime foreign relations through much of the cold war period.⁴⁰ Munch's account is nevertheless concerned almost exclusively with external influences on policy, foregoing any attempt at incorporating domestic or otherwise economic determinants.

Many of these shortfalls were rectified by the second wave of Scandinavian literature, which was published in the cold war period. Olav Riste's *The neutral ally*⁴¹ from 1965 provided the first comprehensive analysis of Norwegian wartime foreign relations combining Norwegian, German and American governmental source material. Riste's research predated the opening of most British public archives, but his use of material from the private archives of a few key British officials went some way towards rectifying this deficiency. His main argument, reflected in the title of his book, that Norwegian authorities' increasingly came to accommodate western economic warfare efforts, and that the level of accommodation eventually reached a point where neutrality existed in name only, has formed the basis for more or less all subsequent accounts of Norwegian wartime foreign relations. Among these were Donald Lee Haugen's 1978 licentiate thesis on the late war negotiations between the Norwegian government and the American War Trade Board.⁴² Using the private papers of Norwegian negotiators and delegates, as well as public Norwegian and American diplomatic correspondence, Haugen argued that although Norwegian authorities were indeed forced to make significant concessions to the Allies, internal disagreements on both sides over questions of policy and negotiating strategy contributed strongly to the protracted nature of the negotiations. His work thus showed that any understanding of the relationship between the negotiating parties must be grounded in an understanding of the frameworks within which each party made their decisions.

Steven Koblik took a leaf out of Riste's book when he called his 1972 work on the Anglo-Swedish trade agreement of June 1918 *Sweden: The Neutral Victor*.⁴³ Koblik based much of his analysis on Swedish and British primary sources, and his study of the Swedish negotiations in 1917-18 is one of the most in-depth available on that particular aspect of the foreign relations of any of the Scandinavian states during that phase of the war. Like Haugen's thesis, *The Neutral Victor* is nevertheless narrower in scope than Riste's work, focusing squarely on the latter half of

³⁹ Scavenius, Erik; *Dansk udenrigspolitik under den første Verdenskrig*; Forlaget Fremad, 1959

⁴⁰ Munch, Peter Rochegune; "Under den Første Verdenskrig 1914-1920"; in Friis, Aage, Axel Linvald & M. Mackeprang (eds.); *Schultz Danmarkshistorie: Vort Folks Historie Gennem Tiderne*, Vol. VI; J. H. Schultz Forlag, 1943

⁴¹ Riste, 1965

⁴² Haugen, Donald Lee; *Between Scylla and Charybdis: Anglo-American war diplomacy, the Nansen mission to the United States and the maintenance of Norwegian neutrality, 1917-1918*; Licentiate (Hovedfag) thesis, University of Bergen (UiB); Bergen, 1978

⁴³ Koblik, 1972

the conflict, and has not had the same degree of influence on the subsequent Swedish historiography as Riste had in Norway, perhaps because Koblik's focus on the partisan conflict over foreign policy direction and stinging criticism of Sweden's Prime Minister Hammarskjöld's policies between 1914 and 1917 has been seen as somewhat unjustified by later generations of historians. More successful in that regard has been Thorstein Gihl's 1951 volume on the First World War period, part of a comprehensive series of tomes covering the history of Swedish foreign relations up to that point.⁴⁴ Predating Koblik's work by a good two decades, Gihl's work is similar to those of earlier generations in that he had very limited access to foreign source material, but nevertheless focused almost entirely on external determinants. In this sense his account is much more traditionally oriented, disregarding much of the impact of the ongoing party-political and constitutional crisis which characterized much of Swedish wartime politics.

Tage Kaarsted provided something of a Danish equivalent to Koblik and Riste in his 1979 book *Great Britain and Denmark 1914-1920*.⁴⁵ His work is solid, but the exclusive focus on Danish relations with Britain nevertheless means that Kaarsted's analysis of Danish involvement with western economic warfare efforts is limited to the period before the summer of 1917, after which trade negotiations moved from London to Washington. His discussion of the negotiations leading up to the comprehensive Danish-American trade and blockade agreement of September 1918 are regrettably brief. Somewhat inexplicably, this weakness has not been rectified by any subsequent students of Danish foreign relations. It therefore remains one of the least well understood aspects of the political economy of wartime Scandinavia. Kaarsted's analysis of foreign relations was also firmly rooted in his extensive knowledge of Danish political history, but saw Danish wartime policy developments as a result of unprecedented external pressures. Erik Rasmussen in his 1965 book *Velfærdsstaten på vej 1913-19*, although heavily based on Munch's work, went much further in contextualizing Danish foreign policy in the domestic developments of the day, seeing these as an aspect of the ongoing transformation of the Danish state into a modern parliamentary democracy.⁴⁶ Together, Munch, Rasmussen and Kaarsted's works made up the core of the Danish historiography on Danish wartime foreign relations well into the post-cold war era.

The works making up the third wave of Scandinavian literature on foreign and economic policy during the Great War began to be published from 1990 onwards. In the wake of the cold war Roald Berg and Bo Lidegaard wrote the relevant volumes of Norway and Denmark's new official foreign relations histories, published in 1995 and 2003 respectively.⁴⁷ Although building extensively on Riste, Kaarsted, Rasmussen and other authors of earlier generations, Berg and

⁴⁴ Gihl, Torsten; *Den svenska utrikespolitikens historia IV: 1914-1919*; Norstedts, 1951

⁴⁵ Kaarsted, 1979

⁴⁶ Rasmussen, 1965

⁴⁷ Berg, 1995

Lidegaard, 2003

Lidegaard also made much greater efforts to incorporate a discussion of domestic influences on foreign policy. In this they took their cue from critical voices, such as Carsten Due-Nielsen, who called for just such a holistic approach to historical analysis. As such, Berg and Lidegaard, together with the authors of other volumes in the same series, did not so much challenge the findings of Riste and Kaarsted, as place these on a much firmer footing.

The new and broad Norwegian and Danish foreign relations histories also benefitted from or have been reinforced by a swathe of studies of narrower topics published in the past twenty years. Karl Erik Haug's licentiate thesis on Norwegian-German relations between 1916 and 1918,⁴⁸ Ketil Andersen's work on the relationship between the nitre producing Norsk Hydro and their French owners,⁴⁹ Sebak's work on wartime transmigration,⁵⁰ and Espen Storli's PhD thesis on the development of the early twentieth century Norwegian aluminium industry⁵¹ have all added materially to our understanding of the economic considerations of Norwegian wartime policymakers. Gjermund Rognved's work on Norwegian wartime monetary history,⁵² and Værholm and Øksendal's studies of the wartime Bank of Norway⁵³ have likewise helped flesh out the domestic considerations impacting state policy. Steen Andersen's as of yet unpublished work on the Danish business community's dealings with British authorities is similarly notable in the Danish historiography, helping to broaden our understanding of Danish experiences with western economic warfare to include the private sphere.

There has been no new overall history of Swedish wartime foreign relations since that penned by Gihl in 1951. Rather, developments in the Swedish historiography have been summarized and framed in terms of overall Swedish political or economic histories, such as those written by Lars Magnusson,⁵⁴ Lennart Schön⁵⁵ and Bo Stråth.⁵⁶ Like the Norwegian and Danish histories these have built largely on the earlier generation of work in terms of primary source analysis, but made great efforts towards discussing the impact of domestic considerations on policy. More focused studies, such as Peter Hedberg's quantitative work on

⁴⁸ Haug, Karl Erik; «*Falls Norge på die seite unserer feinde tritt*» - *Det tysk-norske forhold fra sommeren 1916 til utgangen av 1917*; Licentiate (Hovedfag) thesis, University of Trondheim (UNIT); Trondheim, 1994

⁴⁹ Andersen, Ketil Gjølme; *Flaggskip i fremmed eie: Hydro 1905-1945*; Pax, 2005

⁵⁰ Sebak, Per Kristian; *A transatlantic migratory bypass: Scandinavian shipping companies and transmigration through Scandinavia, 1898-1929*; PhD thesis, University of Bergen (UiB); Bergen, 2012

⁵¹ Storli, Espen; *Out of Norway Falls Aluminium: The Norwegian Aluminium Industry in the International Economy*; PhD thesis, Norwegian University of Science and Technology (NTNU); Trondheim, 2010

⁵² Rognved, Gjermund Forfang; *The Slide from stability: Monetary and fiscal policy in Norway 1914-1920*; PhD thesis, University of Oslo (UiO); Oslo, 2014

⁵³ Værholm, Monica & Lars Fredrik Øksendal; *Letting the anchor go: Monetary policy in neutral Norway during World War I*; Working Paper 2010/28, Bank of Norway; Oslo, 2010

⁵⁴ Magnusson, Lars; *Sveriges ekonomiska historia*; Norstedts, 2010

⁵⁵ Schön, Lennart; *Sweden's Road to Modernity: An Economic History*; SNS Förlag, 2010

⁵⁶ Schön, Lennart; *An Economic History of Modern Sweden*; Taylor & Francis, 2012

⁵⁶ Stråth, Bo; *Sveriges historia 1830-1920*; Norstedts, 2012

Swedish wartime trade balances⁵⁷ have likewise helped deepen our understanding of the nature of the domestic wartime economy.

The majority of these works are national histories, discussing national experiences and national source material. Attempts at providing a more regional Scandinavian perspective have been limited, although this is beginning to be rectified with the recent publishing of more comparative analyses. The 1995 *In Quest of Trade and Security*, edited by Göran Rystad, Klaus-Richard Böhme and Wilhelm Carlgren was an early attempt at contextualizing Swedish foreign relations, discussing international affairs in the Baltic in a series of essays covering the 19th and 20th centuries.⁵⁸ In their respective texts, contributors Carlgren, Rystad and Bo Hugemark argued that eastern or Baltic considerations had a significant impact on Swedish policymaking, while Michael Clemmesen analysed the impact on Danish policymakers of German unification and Denmark's geographical position between continental Europe and the Scandinavian peninsula. A more recent take on the Scandinavian region, and one of few truly comparative attempts at analysing the overall Swedish, Danish and Norwegian wartime experience, is Rolf Hobson, Tom Kristiansen, Nils Arne Sørensen and Gunnar Åselius' introductory essay in the 2012 book *Scandinavia in the First World War: Studies in the War Experience of the Northern Neutrals* edited by Claes Ahlund.⁵⁹ The core argument in Hobson, Kristiansen, Sørensen and Åselius' text is that the Scandinavian states held starkly differing conceptions of their security and economic interest, and that their efforts to maintain overt political neutrality therefore precluded more extensive policy cooperation between the three.

Non-Scandinavian authors have been understandably less interested in the Scandinavian countries, and academic discussions on the impact of western economic warfare on the European neutrals are scarce. A number of studies of the wartime finances and economic policies of the great powers published from the 1970s onwards nevertheless contribute materially towards contextualizing economic developments in Scandinavia. The works of Kathleen Burk,⁶⁰ Avner Offer,⁶¹ Hew Strachan⁶² and others forms an informative take on the economic relationship between the Entente powers during the war. These detail how the European Allies sought to extract substantial financial and material assistance from the United States, and in the process gradually transferred economic power and leadership across the Atlantic. They also, in part, describe the development of the British and inter-Allied agencies which came to administer the blockade.

⁵⁷ Hedberg, Peter; "The Impact of World War I on Sweden's Foreign Trade and Growth"; *The Journal of European Economic History*, 3, 2016

⁵⁸ Rystad et al., 1995

⁵⁹ Ahlund, 2012

⁶⁰ Burk, Kathleen; *Britain, America and the Sineews of War 1914-1918*; George Allen & Unwin, 1985

⁶¹ Offer, Avner; *The First World War: An agrarian interpretation*; Clarendon Press, 1989

⁶² Strachan, Hew; *The First World War: To Arms*; Oxford University Press, 2001

Strachan, Hew; *Financing the First World War*; Oxford University Press, 2004

Nicholas Lambert's *Planning Armageddon*, published in 2012, details British pre-war blockade planning and the subsequent early-war failure to implement these plans, and is a recent revisionist work dealing directly with British policy on Scandinavia.⁶³ Lambert's core assertion is that the economic warfare theories and plans developed at and around the British Admiralty in the years before 1914 represented something of a revolution in thinking on the use of international trade and finance as weapons of war, and that it was the other British ministries and departments' failure to fully appreciate the potential and sophistication of Admiralty plans that led them to oppose their adoption as British strategy through much of the early war period. Some aspects of Lambert's analysis, especially his reliance on Admiralty sources to the exclusion of outside perspectives, have come in for criticism from historians such as Lloyd-Jones, Lewis, Morgan-Owen and Dehne.⁶⁴ These and others have pointed out how senior British politicians and officials were justifiably concerned with the possible impact of economic warfare policy on other aspects of the British war effort, and instead highlighted the lack of detail in Admiralty plans and the consequent gradual evolution of western economic warfare policy through the war years.

Of primary source-based studies dealing with Great War Entente-Scandinavian relations as a whole, there are really only two worth mentioning. Thomas Bailey's 1942 work on relations between the United States and the neutrals is little known, but provides an excellent overview of American economic warfare in wartime Europe.⁶⁵ Bailey wrote at a time when most American governmental archives from the Great War era were still classified, but enjoyed access to several key officials and policymakers engaged in regulating American wartime trade, including the head of the War Trade Board Vance McCormick and US Food Administrator (and former president) Herbert Hoover. Bailey's work is chiefly concerned with justifying the legality and moral position of US policy, some of which had come in for criticism in light of the United States' assertion of neutral rights while still itself neutral in the early part of the conflict. Bailey's work must also be understood in the context contemporary US politics, having been written while the United States government was increasingly coming to support the British war effort against Nazi-Germany all the while maintaining overt neutrality.

The use of older literature, such as Gihl and Bailey, is necessarily restricted to basic referencing of names and events. Where I've used these works for quotations or event chains, I've only done so where the accounts are backed up by other sources likewise referenced in the thesis proper. The limited nature of the policy analysis contained within Gihl and Bailey should therefore not impact this thesis in any meaningful sense.

⁶³ Lambert, 2012

⁶⁴ Dehne, 2016

Lloyd-Jones et al., 2016

Morgan-Owen, 2017

⁶⁵ Bailey, 1942

The second international study of wartime Scandinavia is Patrick Salmon's 2004 work *Scandinavia and the great powers 1890-1940*.⁶⁶ This is a much more recent and broad-based study than that of Bailey, uniquely incorporating governmental source material from all three Scandinavian countries as well as from Britain and Germany. Salmon discusses Scandinavian external relations between 1890 and 1940, arguing that although the governments of all three Scandinavian countries at various times found that they had converging priorities, their perception of their respective security and economic interests often diverged, leading them to adopt different policies. In this Salmon's analysis serves as the background for Hobson, Kristiansen, Sørensen and Åselius' later work. Salmon's attempt to provide a comparative study of the region over an eventful sixty-year period within the confines of a single volume renders his treatment of the Entente blockade and the subsequent Scandinavian trade negotiations necessarily brief. Salmon argues that the three Scandinavian states' experience with the Allied blockade differed markedly between each them, and that these differences were largely mandated by a combination of geography, resource endowment and what he terms "the nature of domestic politics" within each of the three.⁶⁷ Salmon goes on to note that all three Scandinavian states also retained a significant degree of agency in their policymaking in spite of occasional great power involvement in Scandinavian affairs. Overall, the findings in *Scandinavia and the great powers 1890-1940*, are firmly grounded in a source driven analysis, and I'm indebted to Salmon for much of the theoretical background and methodological approaches adopted for this thesis project. Some of Salmon's key assertions, especially that neither Norway, Sweden nor Denmark were ever puppets in the hands of their more powerful neighbours, even during the worst travails of wartime, also matches well with the conclusion of this thesis project. Given the brevity with which Salmon tackles some of his material, there is nevertheless room for revisiting Salmon's analysis of the processes which led up to said conclusions. Other assertions, notably that there were fundamental differences between the respective Danish, Norwegian and Swedish experiences with Allied economic warfare efforts, are also open for reassessment.

Archives and primary source material

The primary source-based part of this thesis aims to analyse the interplay between Western Allied negotiating strategies on economic warfare issues and the neutral Scandinavian governments' policy responses to said strategies through the latter half of the Great War. The analysis should also identify and explain the differences between how respective Swedish, Norwegian and Danish negotiators responded to Allied efforts. To that end, the bulk of the primary source material used in this project comes from the archives of the British and

⁶⁶ Salmon, 2004

⁶⁷ Salmon, 2004: 119

American government departments chiefly responsible for conducting negotiations with the Scandinavian neutrals: The British Ministry of Blockade (MoB) and the American War Trade Board (WTB).

A significant part of this archival material consists of British and American communications with their neutral Scandinavian counterparts, in the form of memoranda, proposals, notes and other more or less formal overtures from both sides of the negotiating table, as well as minutes of meetings between the negotiating parties. The source material also covers reports on more informal means of communications such as semi-private letters between Allied and neutral officials, as well as reports of verbal discussions and similar. The majority of these documents come from the *General Correspondence* files of the Ministry of Blockade Contraband Department, as well as the War Trade Board *Executive Country Files*. Together, these sources should allow us to identify the topics discussed between the relevant parties at any particular point in time, as well as the progress of said discussions.

In order to analyse the establishment and pursuit of negotiating strategies, as well as how the respective parties perceived the strengths and weaknesses of their own negotiating positions it is necessary to look beyond the documents covering the direct communications between the parties. The second major tranche of files making up the primary source material for this thesis is therefore what might be termed the various preparatory or background documentation utilised by the respective sides. For the British and American authorities these files cover communications between the officials concerned with conducting the actual negotiations, as well as between the negotiators and their respective superiors in London and Washington. This material also consists of memoranda, discussion papers and other policy documents produced by or used by the ministries and departments in preparation for negotiations.

In addition to documents sourced from the Ministry of Blockade Contraband Department's *General Correspondence* files and the War Trade Board *Executive Country Files*, British Cabinet Minutes and Memoranda files have been used in order to illuminate the formal freedoms and restrictions placed upon the MoB by the political leadership, as well as identify to what degree blockade policy was discussed and determined at cabinet level. When occasional files are referenced in, but not found amongst, the Ministry of Blockade material, it has also been necessary to consult certain memoranda and communications in other Treasury, Admiralty and Foreign Office holdings.

For the American side it has to some extent been possible to supplement the WTB *Executive Country Files* with the relevant volumes of the published records of the United States

State Department.⁶⁸ These documents consists largely of telegrams and reports produced by American diplomatic officials, up to and including the Secretary of State, and provides some coverage of policy decisions and communications between American and Scandinavian officials for the period between the United States' declaration of war against Germany in April 1917 and the establishment of the War Trade Board in October of the same year.

For the final year of the conflict, the War Trade Board archives also contain the minutes, memoranda and communications produced by the various policy coordination bodies created by the Allied powers. Files from the Supreme Economic Council and the Supreme Blockade Committee allow us to track inter-Allied debates on policy from July 1918 onwards. The records of the various Inter-Allied Trade Committees operating in Copenhagen, Kristiania and Stockholm between 1918 and 1919 likewise allows us to track the implementation of Allied trade control measures, as well as the rigour with which such measures were applied. As in the British case, it has also occasionally been necessary to supplement the *WTB Executive Country Files* with War Trade Board documents on general economic warfare policy, as opposed to policy on specific Scandinavian countries. These files, lifted from the *WTB Records Pertaining to Negotiation of Trade Agreements* group, cover in the main policy conferences between American and other Allied officials in the period before the establishment of formal coordination bodies in 1918.

The War Trade Board archive, which is held in its entirety at the National Archives and Records Administration II (NARA II) facility in College Park, Maryland, is covered by existing NARA finding aids which allows relatively easy search and sorting of files by topic. With the exception of certain folders containing miscellaneous unsorted files, the document boxes are also well structured, simplifying access. Due to the limited size of the War Trade Board administrative apparatus, as well as the limited timeframe within which the United States government was engaged in economic warfare efforts in Scandinavia, it has therefore been possible to identify and read in full the *WTB Executive Country Files* boxes relevant to the organisation's involvement with the Scandinavian negotiations.

The primary source material from British government bodies, held at the British National Archives in Kew, is more complicated to handle. This is in part due to the sheer size of the British apparatus engaged in administering the blockade, and in part due to the overlapping areas of responsibility of and complex relationship between various temporary or permanent government bodies. The total number of documents on economic warfare efforts produced by the Ministry of Blockade and other relevant bodies between 1917 and 1919 dwarves that of their American counterparts. A complete trawl of the MoB archives, equivalent to what has been possible with the WTB, is therefore not feasible within the scope of a single Ph.D. project. Fortunately, since the Ministry of Blockade archives are held as part of the Foreign and

⁶⁸ See *Foreign Relations of the United States (FRUS)*

Commonwealth Office collections, it has been possible to supplement the National Archives' digital finding aids with the old and well-worn FO index card filing system.

In order to match the types of British records to their American counterparts, I've sought to consult documentation related to British conduct of and involvement in the actual trade and blockade negotiations themselves. The accessed files are therefore largely limited to Ministry of Blockade preparatory or post-negotiation analysis memoranda, as well as telegrams, minutes and memoranda reporting on the day-to-day progress of said negotiations. Given the Anglo-American decision in late 1917 to divide the responsibility for the Scandinavian negotiations between them, including the decision to conduct negotiations between Allied and Swedish delegates exclusively in London, I've also sought to focus my search on documentation relating to Swedish blockade policy. Although British files have also been used to supplement War Trade Board archival records on the progress of the American late war negotiations with Danish and Norwegian delegations, the WTB archives contain comprehensive records of Ministry of Blockade memoranda and telegrams sent to the American negotiators, lessening the need to conduct a comprehensive search of British archives in order to find these documents.

Unlike their American counterparts, the much more established British government agencies also used a documentary handling system which not only filed relevant papers according to topic, but also kept internal responses and comments on said papers filed with the relevant documents. It is not unusual to find Foreign Office or Ministry of Blockade memoranda and telegrams bound in file covers containing comments showing how the documents in question were assessed, by junior or mid-level staffers, before being passed on up the chain of command, culminating with concluding remarks by senior officials. On the occasions where discussion on such documents went all the way to the top, it is not unusual to find "RC" scribbled in red pen at the bottom of the file cover, showing that the minister of blockade himself, Robert Cecil, approved the policy decision made by his subordinates. Such real time commentary on the day-to-day documentary record is largely absent in the American archives, meaning that it's been much easier to piece together the internal debates and struggles behind policy decisions within the Ministry of Blockade than within the War Trade Board.

Although my consultation of British documentary sources has not been all-encompassing, the fact that the total number of Foreign Office and Ministry of Blockade files consulted outnumber the American files to a considerable degree is testament to the much more comprehensive nature of the British archival record. Although the extent of said records has prevented an exhaustive trawl of British archives, the documents identified and consulted have allowed me to piece together a reasonably complete record of British day-to-day negotiations with the various Scandinavian delegations through to the end of the war.

The Swedish and Norwegian documentary record of the day-to-day negotiations between late 1917 and the summer of 1918 has been examined and covered in the secondary literature, chiefly by Steven Koblik, Olav Riste and Donald Lee Haugen. Not so for Denmark. In order to include a Danish perspective in this study, it has therefore been necessary to consult Danish primary source material in order to provide an account of Copenhagen's response to Allied economic warfare efforts between 1917 and 1919. Like the War Trade Board archives, the Danish administrative and diplomatic apparatus have produced a more manageable documentary record of the negotiations, allowing these to be accessed and browsed in a more exhaustive manner than has been possible in Britain. The Danish Foreign Ministry archive sections on the Danish-American trade negotiations between 1917 and 1919, as well as the files related to the negotiations among Julius Clan's papers, all of which are held by the Danish National Archives in Copenhagen, have been copied and studied in full. These files cover communications between Foreign Minister Scavenius or the central Foreign Ministry administration in Copenhagen and Allied representatives, as well as the various Danish representatives, delegations and diplomatic stations engaged in conducting negotiations abroad. The documentary record also covers such files as memoranda, discussion papers and minutes of meetings on blockade and economic warfare matters involving diplomatic service officials. A more focused search, using the Foreign Ministry's internal finding aids, has also been made of the files relating to Scandinavian inter-governmental trade negotiations during the war. Although not in as great detail as the Danish-American negotiations, the documentary record on inter-Scandinavian negotiations has in turn allowed me to follow the progress of these negotiations and how these relate to the concurrent Danish talks with the western powers from the mid-war period through to the signing of the final Danish-American agreement in September 1918.

Finally, the creation of an active Norwegian parliamentary foreign policy committee, and the establishment of the practice of Foreign Minister Ihlen giving semi-regular reports on the state of Norwegian foreign relations to closed or secret sessions of the Norwegian Storting over the course of the late war period, has allowed me to use parliamentary minutes and protocols to supplement the occasionally patchy War Trade Board record of the activities of the Norwegian Nansen delegation in Washington. This is useful because, unlike the relationship between the Danish Clan delegation and the Foreign Ministry in Copenhagen, and the Swedish Wallenberg delegation and the Foreign Ministry in Stockholm, relations between Nansen and Foreign Minister Ihlen were not the best. Not only did Nansen enjoy a deserved reputation for acting independently, but Berg, Haugen and others have shown how Ihlen often refrained from issuing the Norwegian trade delegation with clear instructions or responses to such questions as Nansen did send to Kristiania. As a consequence, it is not always easy to know whether the

arguments Nansen used in his dealings with American and British officials matched the views of his superiors in Norway. Comparing War Trade Board records of discussions with Nansen to Ihlen's official reports to the Norwegian Storting, has allowed me to lessen this problem somewhat. My study of Norwegian parliamentary papers in this regard is nevertheless far from comprehensive, and is limited to Ihlen's reports on particularly important trade and blockade questions or at critical stages in the negotiations.

For the above reasons, the primary sources consulted in the course of this doctoral project cannot be said to constitute an exhaustive trawl of the relevant documentary record. They nevertheless provide comprehensive coverage of the day to day negotiations, including the files outlining or forming the background for Western Allied and Scandinavian negotiating strategies between 1917 and 1918.

Part I

Chapter II: Neutrality established

Scandinavia on the eve of conflict

Introduction

For all their societal and political-economic similarities, the three Scandinavian countries went into the war with different perceptions of their respective trade and security interests. This chapter examines the political economies and external trade patterns of Denmark, Norway and Sweden in the immediate pre-war era. The differences between the three countries in turn help explain their responses to the changing economic circumstances brought about by the outbreak of great power conflict on the continent.

The chapter also accounts for the gradual evolution of increasingly sophisticated British economic warfare plans in the immediate pre-war era, as well as their potential impact on the Scandinavian economies should they be put into practice. These plans were much advanced by the time war broke out in 1914, and called for unprecedented British government intervention in global commodities markets and interference with international transport infrastructure. The proponents of such novel warfighting methods nevertheless failed to have them adopted and embedded as official British strategy. The unresolved split between proponents and opponents of these plans would set the stage for a series of confused and eventually abortive attempts to implement them when war finally did break out.

The Baltic orientation

Sweden was by 1914 the most industrialised of the three Scandinavian countries. The mechanization of resource extraction and exploitation resulted in rapid primary sector productivity growth from the 1850s onwards. Mining and smelting, especially of iron ore, had been the traditional powerhouse of the pre-industrial Swedish economy. Over the course of the latter half of the 19th century the introduction of heavy machinery, falling transport costs and the adoption of new and improved smelting processes saw production skyrocket, output of pig iron quadrupling between the early 1860s and 1913. Although the mining industry suffered declining growth rates in the 1880s and 1890s as Germany and Britain increased domestic production of iron, the industry retained its key position among Swedish export industries through to the Great War period. The lumber industries of central and northern Sweden were likewise early beneficiaries of mechanisation and growing overseas demand, with sale of sawn lumber peaking

at 40% of all Swedish exports by value in 1870. Thereafter the lumber industry maintained absolute production levels, but its dominating position in the Swedish economy was gradually eroded by the rapid growth of other sectors. It nevertheless accounted for over a quarter of Swedish exports by the outbreak of war. The large lumber sector also spawned the creation of a secondary processing industry, whereby wood was turned into paper and pulp. Easy access to domestic raw materials and the introduction of efficient chemical processes from the 1880s onwards saw the industry grow rapidly.⁶⁹

The decades around the turn of the century also saw the emergence of new industries outside the traditional resource extraction sector, such as energy and engineering. Advanced engineering products' share of total Swedish exports nevertheless grew from just over 2% in the early 1880s to over 10% in 1913. This put it more or less on par with the traditional iron and steel industry. Urbanisation and rising real wages also led to increasing domestic demand for consumer goods. The growing domestic market in turn drove the adaptation of industrial production of products for domestic consumption, the factory system replacing traditional home crafts in many sectors from the 1860s onwards. Weavers and cotton mills were an early growth sector, quickly followed by rapid expansion in the chemical-, soap-, candle- and other industries. On the eve of war the Swedish economy was the most diversified of the Scandinavian economies, exports making up a smaller share of the economy than in either Denmark or Norway. Nor did any single sector dominate the export market. The majority of Sweden's exports were fairly evenly split between Germany and Britain, which in 1913 took 21.9% and 29.1% respectively, with Denmark following at 8.7%, France at 8.1%, Norway at 6.6% and the US at 4.2%. The same countries in return provided Sweden with the majority of her imports, with Germany at 34.2%, Britain at 24.4%, the US at 9.1%, Denmark at 6.4%, France at 4.1% and Norway at 3.1%.⁷⁰

Despite the growth of industry, agriculture retained a substantial share of the Swedish economy. By 1913 the rural population in Sweden still made up almost two thirds of the total.⁷¹ From mid-19th century onwards the introduction of crop rotation techniques, mechanisation and the increasing use and sophistication of fertilisers resulted in substantial productivity increases in crop agriculture. Grain production per acre grew by almost 32% from 1866/70 to 1911/15.⁷² Falling grain prices, population growth and the growth of a domestic market all nevertheless contributed to a gradual shift from grain production towards animal husbandry. As a result,

⁶⁹ Magnusson, 2010: 288-292, 295-297
 Salmon, 2004: Table 2
 Schön, 2010: 144-152
 See Table 2.1

⁷⁰ Magnusson, 2010: 292
 Salmon, 2004: Table 2, Table 3
 Schön, 2010: 142, 152-156
 See Figures 2.5 & 2.6

⁷¹ SCB: SOS: *Statistisk årsbok 1917*: Tabell 26

⁷² SCB: SOS: *Statistisk årsbok 1920*: Tabell 80

Sweden became a net importer of grain from 1886/90 onwards, while trade in animal products, chiefly butter and bacon, as a share of total Swedish exports declined.⁷³ The country nevertheless retained a large degree of self-sufficiency in foodstuffs. Overseas competition and the growing importance of domestic industries also presaged a gradual return to protectionism from the 1880s onwards. In this the Swedish government was at odds with its Scandinavian neighbours, with both Denmark and Norway largely favouring free trade. In 1895 the Swedish national assembly, the Riksdag, went so far as to abolish the Swedish-Norwegian customs union when the Norwegian government proved reluctant to renounce its liberal trade policies.⁷⁴

Compared to Denmark and Norway, the Swedish economy immediately before the war was altogether more centred on the domestic market, imports and exports making up a relatively smaller portion of GDP. Between 1900 and 1913 the value of imports as a share of Swedish GDP actually declined. Although all the Scandinavian nations were relative latecomers to industrialisation, the impressive growth rates achieved by Sweden in the decades leading up to 1914 meant that on the eve of conflict its GDP per capita hovered around the Western European average.⁷⁵

The social and demographic upheaval brought about by industrialisation and urbanisation had profound implications for the political system, as the new urban working and middle classes sought to challenge the upper and landholding classes' constitutional control of power.⁷⁶ Lagging behind her Scandinavian neighbours, Sweden adopted universal male suffrage only in 1909. Extending the franchise to all adult males would eventually help bring the new social democratic party to the forefront of Swedish politics, yet by the outbreak of war its growing organisational and popular strength was still in the process of being translated into political power. The conservative parties in the Riksdag, supported by King Gustav V, fought a determined campaign to avoid the introduction of parliamentary democracy – something they successfully prevented until 1917. National defence was another political conflict issue, symbolic of the growing left-right divide in Swedish politics around the turn of the century. Neutrality had been a cornerstone of Swedish foreign policy ever since the end of the Napoleonic wars. Sweden's failure to come to the aid of Denmark in its 1864 struggle against Prussia, or to influence the progress of the Crimean War – much of which was fought on Sweden's doorstep in the Baltic, marked the end of the country's great power pretensions. Yet despite political reluctance to

⁷³ SCB: SOS: *Statistisk årsbok 1919*: Tabell 112

⁷⁴ Bjørgo, 1995: 343

Federico, 2005: 190

Magnusson, 2010: 305-308

Morell, 2001: 84-89, 93, 99-101, 157

Schön, 2010: 167-173

⁷⁵ Sjögren in Fellman et al., 2008: 36 ...

Salmon, 2004: Table 1, Table 2

⁷⁶ Sjögren in Fellman, 2008: 34 ...

accept a more proactive foreign policy, the need to maintain a sizeable military, largely in order to counteract the perceived threat of Imperial Russia, which had annexed Finland from Sweden in 1809, enjoyed the strong support of the King and the conservative parties.⁷⁷

Norway's unilateral dissolution of the monarchical union with Sweden in 1905, coupled with the apparent growth of Russian economic and military power brought increased pressure from conservative forces to reassess Sweden's strategic position. Many within the conservative parties, supported by the King, desired the strengthening of Sweden's armed forces. Closer ties to Germany, both on a political and military level, appeared to many senior conservative politicians another obvious counter to perceived Tsarist Russian assertiveness in the Baltic from the 1880s onwards. From 1906 the Russian government also actively sought the right to reoccupy the Finnish Åland islands off Stockholm, demilitarised by international treaty in the wake of the Crimean War. By the summer of 1914 Russian efforts were still unsuccessful, but the prospect of Russian forces permanently stationed in proximity to the Swedish capital helped spur conservative desires for an understanding with Germany yet further. In 1910 the respective heads of the Swedish and German general staffs held unofficial talks in Berlin. More formal military cooperation stranded on the reluctance of successive Swedish governments to get entangled in great power alliances, but the relative German orientation of Swedish foreign policy persisted.⁷⁸

Although they shared the conservatives' distrust of Tsarist Russia, the Swedish liberal and social-democratic parties opposed foreign policy entanglements and increased expenditure on the armed forces. They sought instead the introduction of social reform programs, as well as parliamentarism. The political struggle over constitutional reform came to a head in early 1914, when King Gustav intervened directly in support of a conservative proposal to increase naval expenditure. This caused a deep political split over the power of the monarchy vis-à-vis government. The liberal government of Karl Staaff resigned in protest over the king's refusal to consult with ministers on policy. In February a caretaker government under Hjalmar Hammarskjöld took office ahead of parliamentary elections called for the autumn of 1914.⁷⁹

⁷⁷ Carlgren in Rystad et al., 1995: 11

Hobson et al. in Ahlund, 2012: 16-18

Salmon, 2004: 27-28

Stråth, 2012: 176-177

⁷⁸ Koblik, 1972: 17-18

Salmon, 2004: 29, 109-111

Stråth, 2012: 120-122

⁷⁹ Hobson et al. in Ahlund, 2012: 15-17

Koblik, 1972: 16

Olsson, 2006: 282-284

Salmon, 2004: 29-30

Stråth, 2012: 192-197

Ostensibly an independent technocrat government, Hammarskjöld and the majority of his ministers held traditionalist conservative views on both foreign policy and economic issues. Hjalmar Hammarskjöld himself was a former county governor, minister of justice and ambassador to Denmark. He was also a professor of international law, and an internationally recognized authority in the field. Perhaps for this reason he took a very active hand in the conduct of Swedish foreign policy. Hammarskjöld was also notoriously difficult to work with, having a somewhat abrasive personality.⁸⁰

Hammarskjöld's foreign minister, Knut Wallenberg, was a senior member of the Wallenberg dynasty of financiers, as well as the head of one of the largest independent banks in Sweden. His extensive network within western European banking and finance, as well as his more liberal leanings, meant that many Swedish and international observers expected him to act as a powerful counterweight to Hammarskjöld's conservatism. Upon Wallenberg's appointment the British minister in Stockholm, Esme Howard, would write to London to say that his inclusion in the government guaranteed that Sweden would not move further into the German political orbit.⁸¹ Yet Wallenberg was the first non-noble foreign minister in Swedish history and the first without a background in the Swedish diplomatic service. Partly for these reasons he had difficulties in cooperating with many of the conservative-leaning ministry officials, and struggled to assert himself vis-à-vis the prime minister. Foreign policy was also traditionally seen as a royal and government prerogative. Parliamentary oversight was consequently weak. The dedicated foreign policy committee of the Riksdag, the "secret committee",⁸² met only twice over the two decades leading up to 1914. As a result, Hammarskjöld himself was able to control foreign policy to a much greater extent than his liberal opponents had hoped would be the case.⁸³

⁸⁰ Koblik, 1972: 19-20

Olsson: 293-295

⁸¹ Olsson, 2006: 286

⁸² In Swedish: "hemliga utskottet"

⁸³ Gihl, 1951: 161

Hobson et al. in Ahlund, 2012: 15-17

Koblik, 1972: 18-19, 26-28

Olsson, 2006: 284-290

Salmon, 2004: 56

Table 2.1: Exports of the Scandinavian countries (by commodity groups, percentage of total)

Denmark	1874	1890-1894	1900-1904	1910-1914
Agricultural products	82,0	84,0	89,0	87,0
Industrial products	13,0	7,0	5,0	8,0
Other exports	5,0	9,0	6,0	5,0

Sweden	1881-1885	1891-1895	1901-1905	1911-1913
Timber products	40,4	37,1	38,5	26,1
Iron and steel	16,2	9,5	10,2	9,3
Iron ore	-	0,4	5,0	8,0
Grain	11,7	4,7	0,4	0,3
Butter	6,3	12,0	8,9	6,0
Paper and pulp	4,6	8,3	12,9	17,6
Engineering products	2,6	3,1	6,7	10,5
Other exports	18,2	24,9	17,4	22,2

Norway	1865	1885	1895	1905
Fishing and Whaling	21,8	16,4	17,4	15,6
Timber, pulp and paper	23,6	19,7	20,4	21,9
Mining, metals and chemicals	2,9	3,2	2,4	3,4
Other industrial products	5,3	9,2	11,0	9,7
Shipping services	41,4	43,3	38,9	32,5
Other exports	5,0	8,2	9,9	16,9

Sources: Bjerke, Juul; Langtidslinjer i norsk økonomi 1865-1960; Oslo, 1966: 64
 Salmon, 2004: Table 2

The Atlantic orientation

Norway, like its Scandinavian neighbours was a relative latecomer to industrialisation. As overseas demand for traditional primary products such as lumber, fish and minerals skyrocketed from the mid nineteenth century onwards, the Norwegian economy increasingly came to be characterised by export driven growth. Foreign demand and technological advances led to the development of new industries. Efficient water-turbines, introduced in the 1880s and 1890s, allowed for the exploitation of the country's substantial hydro power resources. The main beneficiaries of this new source of cheap electricity were the lumber, paper and pulp industries, as well as new metallurgical and chemical concerns. These expanded rapidly, and contributed to the impressive GDP growth rates achieved around the turn of the century. Despite this, the development of the industrial sector lagged behind that of its Scandinavian neighbours, and by 1914 Norwegian per capita GDP remained below the Western European average.⁸⁴

Industrial expansion was accompanied and facilitated by increasing urbanisation and by productivity growth in the primary sector. The west coast herring fisheries were highly successful exporters, experiencing exponential growth following the introduction of industrial canning around the turn of the century. Antarctic whaling and the northern cod fisheries likewise experienced substantial growth. Between 1908 and 1914 the total amount of fish landed in Norway per annum grew from 421 000 tons to 618 000 tons.⁸⁵

Almost half the working population of the country was still employed in agriculture, forestry and fishing in 1910.⁸⁶ Like the other primary sector industries, Norwegian agriculture was modernised over the course of the decades leading up to the war. Access to cheap foreign grain nevertheless meant that farming on marginal arable land declined and domestic production stagnated in absolute terms. Total production of grain and potatoes, which stood at 917 500 tons in 1875, fell slightly to 857 000 tons in 1910.⁸⁷ When coupled with population growth and increasing urbanisation, this meant that dependency on large scale imports of grain grew significantly. Between 1905 and 1914 grain imports, mainly of Russian rye and American wheat, reached 64-67% of total domestic consumption. The Norwegian economic historian Fritz Hodne has also noted that since a large amount of domestically produced grain was used as

⁸⁴ Berg, 1995: 104-109

For a comprehensive overview of the Norwegian economy and foreign relations before the war, see Hodne, 1981 and Berg, 1995 respectively.

⁸⁵ Berg, 1995: 16-19

Mitchell, 2003: Table C9

Hodne, 1981: 105-107, 109, 123-124

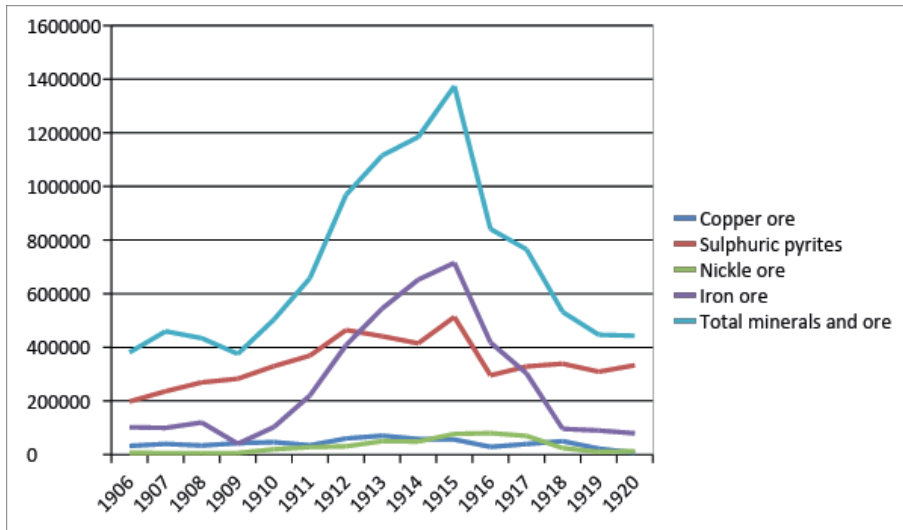
⁸⁶ Mitchell, 2003: Table B1

⁸⁷ Mitchell, 2003: Table C2

animal fodder, imports may have accounted for as much as 90% of all grain used for human consumption by 1910.⁸⁸

Although relatively less important than agriculture and the fisheries, the mining sector also enjoyed a period of growth in the decades before the war. Domestic production of all ores and minerals grew from an annual average of 248 207 tons between 1901 and 1905 to 1 156 112 tons in 1913.⁸⁹ Like in other export oriented sectors, growth was primarily driven by overseas demand. Although limited refining capacity was available in the country, most of the ore, especially sulphuric pyrites, iron, copper and phosphates, was exported for processing abroad.⁹⁰

Figure 2.1: Norwegian ore and mineral production 1906-1920 (tons, per annum)



Sources: NOS V: Norges Bergverksdrift 1907-11; NOS VI: Norges Bergverksdrift 1912-17 & NOS VII: Norges Bergverksdrift 1918-20: Tabel 1 (all)

Despite the mechanisation of fisheries and expansion of heavy industries, the single most important Norwegian export through the period was not goods, but services. From the end of the Napoleonic wars onwards, the country built up a disproportionately large merchant marine. After a period of relative stagnation in the 1870s and 1880s, large scale replacement of old sailing vessels with new steamships led to renewed growth from the 1890s. As shown in Figure

⁸⁸ Borgedal, 1968: 151-152, 158, 192-193

Hodne, 1981: 186-187

Hodne, 1992: 64-65

⁸⁹ NOS VI: Norges Bergverksdrift 1914: Tabel 1

⁹⁰ Hodne, 1981: 355-357

Sandvik, 2008: 31-32

Strøm, 2012: 17-18, 40

2.3, by 1914 total Norwegian tonnage stood somewhat short of two million gross tons –similar to the French and American fleets and second only to the British and German merchant navies.⁹¹ At 4.4 percent of the world’s total tonnage, available Norwegian shipping far outstripped the requirements of domestic trade. As a consequence, Norwegian vessels were increasingly geared towards supporting international markets, plying trade lanes in the Atlantic, Pacific and Indian Oceans. Despite the growth of industrial primary sector exporters leading to a relative decline in the importance of the shipping sector to the economy as a whole, the merchant fleet remained Norway’s leading earner of foreign currency through the pre-war decades by a substantial margin, shipping services making up 32.5% of Norwegian exports by value in 1905. The heavy dependence on imports and exports, together with the large and growing size of the merchant fleet, combined to make international trade of crucial importance to economic growth in Norway in the years immediately preceding 1914. By the outbreak of the Great War exports of goods and services alone accounted for over a third of total GDP.⁹²

⁹¹ See Table 2.2

⁹² Hobson et al. in Ahlund, 2012: 11

Berg, 1995: 15-17

Hodne, 1992: 55-59

Salmon, 2004: Table 1

Table 2.1: Steam tonnage, June 1914 (merchant vessels of 100 gross tons and above)

Flag	Total gross tonnage (1000 tons) ⁹³
United Kingdom	18892
British Dominions	1632
Germany	5135
United States ⁹⁴	2027
Norway	1957
France	1922
Japan	1708
Netherlands	1472
Italy	1430
Austria-Hungary	1052
Sweden	1015
Denmark	770
World total	50919

Source: Berglund, Abraham; "The War and the World's Mercantile Marine"; *The American Economic Review*, Vol. 10, No. 2 (Jun), 1920: 230

The Norwegian merchant fleet was entirely dependent on good relations with Britain for access to its global network of ports and bunker stations. In 1913 alone, Norwegian vessels made over 7000 visits to UK ports, against only 4000 calls in Norway itself. This dependence was further exacerbated by the development, from the 1870s onwards, of a complex financial services industry centred on the City of London, underpinning global trade. Britain was also the most important market for Norwegian exports, taking 25% of the total in 1913, with Germany coming in second at 17%. The United States took 7.7%, while neighbouring Sweden and Denmark took only 6.7% and 2.3% respectively. For imports, the ratio was reversed, with Germany providing almost 32% by value, against Britain at 26%. Other countries were all in single digits, with Sweden providing 8.4%, the US 7.1% and Denmark 5.2%.⁹⁵

Despite being in a monarchical union with Sweden between 1814 and 1905, the Norwegian political landscape looked relatively more tranquil than that of its eastern neighbour in 1914. The liberal parties in the national assembly, the Storting, had forced the establishment

⁹³ The table covers steam tonnage only. Nations that had a large number of sailing vessels included in their merchant fleets are thus somewhat misrepresented. The most extreme case is Norway, the total tonnage of which might be underrepresented by as much as one third of the total. However, steam and sailing tonnage are not directly comparable due to the efficiency differences between the two. Nevertheless, the exclusion of sailing tonnage does little to change the overall picture.

See: Mitchell, Brian R.; *International Historical Statistics 1750-2000: Europe*, 5th ed.; Palgrave Macmillan, 2003: F4 NOS XII 245: *Historisk Statistikk 1968*: Tabell 175

⁹⁴ More than half of all US merchant tonnage operated on and around the Great Lakes in 1914. These are excluded from the table, as they could not be used to respond to demands for shipping elsewhere. The US total is for ocean going vessels only.

⁹⁵ Berg, 1995: 17-18

NOS VI 097: *Norges Handel 1915*: Anhang C

Salmon, 2004: Table 3

See Figures 2.5 & 2.6

of parliamentary democracy in 1884. Universal suffrage was introduced in 1913. The breakup of the Swedish-Norwegian union in 1905 was acrimonious, but had in the end been achieved peacefully. Similarly, the election in 1906 of a Danish prince to occupy the newly independent Norwegian throne did much to reaffirm Norway's position as a stable corner of Europe in the eyes of the European great powers.⁹⁶

The relative lack of domestic political conflict notwithstanding, the transforming economy and growing power of the new industrial working class was changing the overall Norwegian political landscape. The liberal *Venstre* party, which had dominated the Storting since the dissolution of the union with Sweden, split between 1907 and 1909 into two new parties – the social-liberal *Venstre* – and the smaller and more centrist economically-liberal *Frisinnede Venstre*. *Frisinnede Venstre* sought cooperation with the conservative *Høyre*, and together they controlled the government between 1909 and 1912. Yet the government suffered a series of unpopular setbacks and crises, and in the 1912 elections *Venstre* was returned to power with a majority mandate. Although the new social democratic party *Arbeiderpartiet* got its electoral breakthrough in the same elections with 26% of the votes, they remained on the side-lines of parliamentary politics. In 1913 the leader of *Venstre*, Gunnar Knudsen, formed a new government. It remained in power when war broke out the following year.⁹⁷

Through the 1890s and early 1900s the pursuit of trade and economic prosperity went hand in hand with a commitment to neutrality in Norwegian foreign policy. In the run-up to the 1899 Hague peace conference the Norwegian government of the day lobbied strongly in favour of international guarantees for Norwegian neutrality along the lines of the treaties providing for Belgium and Switzerland. These efforts largely stranded on opposition from the Swedish government, but would be pursued with renewed vigour following the breakup of the union. Although attempts by the Norwegian government in the wake of independence to get the Great Powers to formally guarantee Norwegian neutrality failed, they did lay the groundwork for a 1907 treaty, by which Russia, France, Germany and Great Britain guaranteed Norwegian territorial integrity. Both the Norwegian Storting and government were similarly active in efforts to secure a greater degree of international recognition of neutral rights. Aside from these efforts there was broad agreement among politicians to avoid foreign military or diplomatic entanglements. No alliances or foreign security commitments would be contemplated. Yet there were limits to how far neutrality could be practiced. Underlying efforts to secure a greater degree of international cooperation and agreement on neutral rights was the tacit understanding that Norwegian security and independence was underwritten by Britain.

⁹⁶ Berg, 1995: 42-48

Salmon, 2004: 71, 81

⁹⁷ Berg, 1995: 88-89

Furre, 1992: 37-39

Thue in Fellman et al., 2008: 418

Dependent upon sea-borne trade, not only for economic prosperity, but for survival, the Norwegian government had no choice but to avoid conflict with whichever power controlled the North Sea and Trans-Atlantic sea-lanes. The roots of this understanding went all the way back to the Napoleonic Wars, when a British naval blockade had caused widespread starvation and destitution in Norway. One of the chief reasons the Norwegian government had in selecting the Danish Prince Carl, who would take the more Norwegian sounding name of Haakon upon ascending the throne, as the new King of Norway in 1906 had also been his marriage to the daughter of the British monarch.⁹⁸

Britain and other transatlantic trading partners provided the majority of the coal and food imports so vital to Norwegian prosperity. The relative importance of the merchant fleet and the dependence on western trade were determining factors in Norwegian foreign policy – even before 1905, when such policy was still officially the preserve of the Swedish union government in Stockholm. Swedish-Norwegian disagreements over trade were also contributed substantially to the breakdown and eventual dissolution of the monarchical union. Beginning in the 1890s, the creation of a Norwegian consular service, independent of the Swedish-Norwegian diplomatic service, also came to enjoy broad political support in the national assembly – the Storting. This was a direct challenge to Swedish domination of union foreign policy, brought about by the belief that the existing diplomatic service was failing to adequately promote Norwegian economic. In 1905 the Swedish refusal to sanction the creation of this new service was the direct cause for the dissolution of the union. Safeguarding Norwegian economic interests would also become one of the chief tasks of the new diplomatic service that had to be set up following independence. By the outbreak of war in 1914, more than 600 honorary and professional consuls had been appointed in order to promote Norwegian trade and shipping. While virtually all the important embassy and legation postings were filled by men with career experience from the old Swedish-Norwegian diplomatic service, the London legation – so vital to Norwegian trade and security – was given to the internationally famous polar explorer Fridtjof Nansen in an attempt to raise Norway's profile there.⁹⁹

The ideal of neutrality and international cooperation would occasionally clash with domestic interests. This was especially true for matters which directly impinged upon important sectors of the Norwegian economy. The early years of independence saw the beginnings of a conflict with Britain over fishing rights and the extent of the Norwegian maritime border. Similarly, in 1905 the Storting introduced limited tariff protection for domestic agriculture and industry. These moves were controversial, and on a number of occasions the Norwegian

⁹⁸ Berg, 1995: 43, 45, 48

Bjørgero, 1995: 342-343

Hoelseth in Sørensen et al., 2005: 41-43, 46

Salmon, 2004: 71-75

⁹⁹ Bjørgero, 1995: 312-314, 343-347

government would make concessions to foreign governments in order to avoid economic or diplomatic retaliation.¹⁰⁰

Norwegian foreign policy in the decades before the Great War must thus be understood in light of the structure of the Norwegian economy, with its very high reliance on transatlantic trade. Favourable conditions for the merchant fleet and access to foreign markets had to be maintained, in spite of domestic pressure in favour of greater protection for Norwegian industry and agriculture. Neutrality in wartime was likewise important in safeguarding domestic prosperity, but international isolation – especially a break with Britain – would be disastrous for the economy as a whole. This realization permeated across the Norwegian political spectrum in 1914. Norway's complete reliance on overseas imports of grain and coal, as well as the long-time underlying assumption that Britain would act as a guarantor of Norwegian security in case Norwegian neutrality should somehow fail, made the maintenance of amicable relations with the United Kingdom an absolute necessity.¹⁰¹

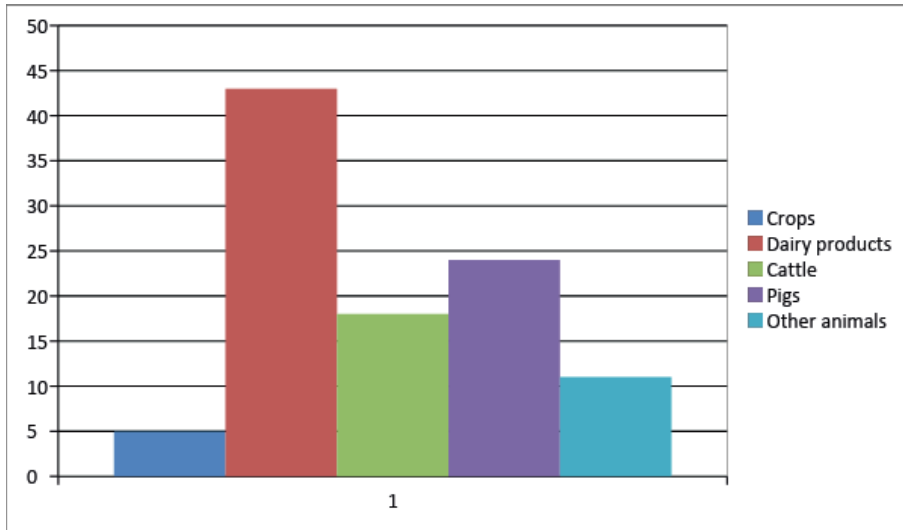
The continental orientation

Denmark lacked the hydro power potential, as well as the forestry or mineral resources of its Scandinavian neighbours. Much of the early Danish industrial revolution therefore came to centre on mechanization of the traditionally important agricultural sector after 1870. This transformation of agricultural production was facilitated by the dramatic fall in European grain prices caused by falling transport costs and the introduction of persistent large scale Asian and American grain imports to Denmark. The collapse in grain prices forced many Danish farmers to switch from crop production to animal husbandry, which in turn was accompanied by the creation of large scale dairy and slaughterhouse businesses. Those farmers that continued raising crops increasingly made use of farm machinery and artificial fertilisers, which in turn dramatically increased the productivity of arable land. Thus total grain production grew, despite farms increasingly focusing on animal husbandry. Between 1870 and 1914, total crop production doubled, while the production animalia close to quadrupled. With a large part of the domestic crop going into to fodder production, husbandry dominated the agrarian economy. As shown in Figure 2.4, crops made up only 5% of agrarian production by value.¹⁰²

¹⁰⁰ Berg, 1995: 101-104, 122

¹⁰¹ Riste, 1965: 42-43, 51-52

¹⁰² Bjørn, 1988: Tabel, 5, 234-235, 244-245

Figure 2.2: Danish agricultural output in 1910 (by value, percentage of total)

Source: Pedersen, 2009: Tabel 6.2.

The 1911 census, the last taken before the outbreak of war, showed that there were still more Danes living in the countryside than in the towns and cities. Likewise 37% of the population were employed in the agrarian sector, and around three quarters of Denmark's total area was given over to agricultural use.¹⁰³ The agricultural sector thus dominated the Danish economy, which in turn was becoming increasingly oriented towards international markets. The intensive crop farming and animal husbandry was dependent on large scale imports of fertilisers, grain and fodder. Domestic industries, which also grew through the decades leading up to 1914, were also highly dependent on imports of coal and raw materials. These industries catered overwhelmingly to domestic demand. Agricultural produce, chiefly in the form of pork, cattle and dairy products, made up almost 90% of all Danish exports. In 1913 the United Kingdom would take the majority of dairy and pork exports, while Germany took nearly all Danish sales of cattle, coming in at respectively 55.5% and 24.8% of total Danish exports. Norway and Sweden together accounted another 7.5% with all other countries at even smaller percentages. For imports, the situation was reversed. Germany provided 38.4% of these, with the UK a distant second at 15.8%. The United States provided 10.1%, mostly in the form of cheap grain and fodder used in Danish farming, while Norway and Sweden together accounted for 9.4%.¹⁰⁴ Danish GDP per capita in 1913 stood well above the western European average, in excess of that of both Germany and France. This prosperity had been built on dramatic productivity increases,

¹⁰³ Bjørn, 1988: 209-210

Pedersen, 2009: Figur 3.2.

¹⁰⁴ See Figures 2.5 & 2.6

which in turn relied on entirely on stable access to foreign markets for both to obtain inputs and to dispose of outputs.¹⁰⁵

In Denmark, like in her Scandinavian neighbours, the issue of neutrality was high on the political agenda in the years leading up to the outbreak of war. Yet the reasons were not chiefly economic in nature. Instead these centred largely on the relationship with Denmark's powerful southern neighbour, Germany. Danish forces had been decisively defeated in 1864 when Prussia and Austria invaded Denmark's Dano-German southernmost provinces of Slesvig and Holsten. These provinces were occupied by Prussia, and subsequently annexed to the new German empire that would be established between 1866 and 1871. The dramatic defeat and loss of territory proved a national trauma in Denmark. It convinced Danish politicians across the political spectrum that the Danish borders could not be unilaterally defended from German aggression, and that some form of accommodation must be sought with one or more foreign powers.¹⁰⁶

What form this accommodation should take was a source of domestic political conflict in the decades before 1914. The permanent presence of a new European great power on Denmark's southern border could not be ignored. As the events of 1864 had shown, Denmark must avoid military confrontation with its southern neighbour at all costs. This might be accomplished through by way of a formal or informal accord with the authorities in Berlin, the more extreme versions of which could be in the form of a customs union, or even a military alliance. Equally an accommodation might be reached with the other European powers, seeking to balance German influence and retaining a greater degree of independence in economic and foreign policy.¹⁰⁷

The latter approach would require a careful diplomatic balancing act, so as to avoid Germany regarding Denmark as a threat on its northern border, provoking renewed conflict. The problem was made more acute from the turn of the century onwards by the widespread belief that a military confrontation between Germany and one or more of the other European great powers was in the offing. Since such a confrontation might well involve fighting in or around the Belts, Danish neutrality would come under threat. Even though British naval planners were largely coming to abandon serious thoughts of large scale operations in the Baltic region, this

¹⁰⁵ Bjørn, 1988: Tabel 1, 245

Bjørn, 2003: 489-490

Due-Nielsen, 1985: 8

Pedersen, 2009: 86-88

Salmon, 2004: Table 2

¹⁰⁶ For an overview of Danish security and foreign policy considerations in the wake of the 1864 defeat, see Bjørn, Claus & Carsten Due-Nielsen; *Dansk utenrigspolitik historie 3: Fra helstat til nationalstat 1814-1914*; Gyldendal, 2003

¹⁰⁷ Bjørn, 2003: 486-487

Clemmesen in Rystad et al., 1995: 140-141

Due-Nielsen, 1985: 9-11

was not known to Germany.¹⁰⁸ Successive German governments therefore feared that Britain or another great power might force the Baltic straits or even invade Denmark as a prelude to engaging German forces. In case of great power conflict, Germany might therefore preventatively occupy all or parts of Denmark in an effort to secure its northern flank. German military planners made no secret of their fears, and these were thus widely recognised in Danish political circles.¹⁰⁹

These issues would dog successive Danish governments in the decades leading up to the outbreak of war. The level of partisan political conflict remained high, despite the introduction of parliamentarism in 1901. Like in Norway, the liberal *Venstre* party, which dominated Danish parliamentary politics through much of the immediate pre-war period, was deeply divided between economic- and social liberals. It suffered a series of splits between 1895 and 1910, eventually emerging as the moderate *Venstre*, and more left leaning *Radikale Venstre*. Like in Sweden and Norway, industrialisation and urbanisation had also led to the emergence of a growing social-democratic party, *Socialdemokratiet*, which by 1910 enjoyed the support of around 30% of the electorate. Yet this support was not translated into proportional political power, as the electoral system strongly favoured the traditional bourgeoisie parties.¹¹⁰

By the early years of the 20th century, what political support there had been for a Danish-German military alliance, had waned to such an extent that the idea had all but been abandoned. There was thus broad political acceptance behind the idea that Denmark would seek to maintain its neutrality in case of great power conflict. The partisan response to all of the abovementioned issues nevertheless varied considerably across the political spectrum. From 1905 onwards a centrist *Venstre* government sought closer relations with Germany, including extensive cooperation on security issues.¹¹¹ Between 1908 and 1913 a succession of centre-right governments, interrupted only by a brief return to liberal rule 1909-1910, favoured a return to a foreign policy status quo more, including more or less firm opposition to any security cooperation with Germany. In 1913 the conservative government fell, and was in turn replaced by one formed by *Radikale Venstre* under its leader, Carl Theodor Zahle. Although ostensibly a minority government, *Radikale Venstre* enjoyed the implicit support of the social democrats in return for cooperation over electoral and constitutional reform, allowing Zahle to command a parliamentary majority.¹¹²

¹⁰⁸ Bjørn, 2003: 473-474

¹⁰⁹ Ahlund, 2012: 15

Bjørn, 2003: 478, 481-482, 486-487, 495

Clemmesen in Rystad et al., 1995: 156-158

Salmon, 2004: 27-29

¹¹⁰ Due-Nielsen, 1985: 8-9

Pedersen, 2009: 118

¹¹¹ Bjørn, 2003: 460-470

¹¹² Bjørn, 2003: 470-474, 455, 492-493

Unlike the conservative governments that preceded it, the Zahle government also favoured a greater degree of rapprochement with Germany. This return to a policy of German accommodation was personified by Zahle's Foreign Minister, Erik Scavenius – a professional diplomat who had also briefly served as foreign minister in the short-lived *Radikale Venstre* government of 1909-1910. The working relationship between Zahle and Scavenius was the polar opposite of that between their Swedish counterparts. Where Hammarskjöld tended to take a very hands-on approach to foreign policy, Zahle was happy to let Scavenius run the Danish Foreign Ministry with a very large degree of independence. This in turn provided foreign relations with a degree of isolation from many other policy issues. Scavenius also believed that German pressure, be it military or diplomatic, could not be resisted should the German government decide to press the issue. If Danish political independence was to be maintained, such pressure must therefore instead be deflected, or better still, avoided completely. Undue provocation must be avoided, and good relations with Berlin maintained. To this end Scavenius let the German minister in Copenhagen, Graf von Brockdorff-Rantzau, know that Denmark would under no circumstances join Germany's enemies in a potential future great power conflict.¹¹³

Having long been relegated to the relative side-lines, by the beginning of the 20th century economic considerations were also beginning to appear with increasing frequency on the foreign policy agenda. From 1908 a separate trade department was established in the Danish Foreign Ministry. Cooperation between commercial interests and the foreign service, which expanded its number of consulates and trade representatives from the 1890s onwards, was also growing. The influence of business leaders in Danish politics was also substantial, but the size of this group was limited. By 1914 foreign policy thus remained the preserve of a relatively small group of politicians, officials and elites.

The majority of Denmark's foreign trade took place outside of trade agreements or formal treaties. This occasionally caused issues with Germany, with the German government making increasing use of tariffs and import restrictions to protect its domestic agriculture from Danish competition. Although these pre-war trade disputes with were never very serious, the delicate nature of Danish-German relations meant that they could never be discarded completely. Opposition of the powerful farming lobby to any protectionist Danish measures also ensured that Denmark would follow a relatively liberal foreign trade policy through to the outbreak of war.¹¹⁴

Due-Nielsen, 1985: 9

Hobson et.al. in Ahlund, 2012: 15

¹¹³ Bjørn, 2003: 455, 492-496

¹¹⁴ Bjørn, 2003: 487-490

Neutrality would thus remain a cornerstone in Danish foreign policy into the war. Entanglement in great power politics or large scale foreign enterprise would only bring certain risk with uncertain reward. The potential pitfalls were many. The status and rights of the Danish-speaking population in Slesvig-Holsten was still unsettled, and ideally Denmark would manage the return of at least a part of the lost territory. Danish control of the Sound and Belts¹¹⁵ also had the potential to bring Denmark into conflict with whatever power was interested in Baltic shipping. The undiversified nature of the Danish exports, and the agricultural sector's reliance on overseas imports likewise meant that the country would be vulnerable to trade disputes. Jeopardising relations with either of Denmark's two trading partners, the UK and Germany, might lead to Denmark being dragged into the political-economic orbit of either. This in turn had the potential to compromise Denmark's independent foreign policy. Foreign policy must thus be conducted with the utmost care, so as not to attract the unwelcome attention of foreign powers. In the words of Carsten Due-Nielsen, "Denmark sought obscurity".¹¹⁶ This was a stance borne out of necessity, rather than ideological conviction. In this sense Scavenius' policies of German rapprochement accompanied by a firm defence of Danish economic and political independence represented continuity rather than change. The government party may have termed itself "the radical left", but there was little radical about the foreign policy it sought to pursue.¹¹⁷

The birth of economic warfare

Over the course of the final decades of the 19th century Scandinavia and the Baltic region, which had played an important role in great power strategy from before the Napoleonic wars through to the post Crimean war era, was gradually reduced to a relative backwater on the European periphery. The years around the turn of the century saw the gradual reversal of this process. Beginning in 1898, Wilhelmine Germany's rapid naval expansion rekindled British interest in Northern European waters. The consequent Anglo-German naval arms race was to dominate relations between the two powers before the war, and helped focus much of the military planning of both countries on a possible naval confrontation in the North and Baltic Seas.¹¹⁸

The great powers' growing interest in the Baltic region also helps explain why Norwegian attempts to secure an international agreement guaranteeing Norway's neutrality were effectively blocked by Britain, as British policymakers feared the possibility of a German

¹¹⁵ The Sound (shared with Sweden), Great Belt and Little Belt (both within Danish territorial waters) together formed the sea lanes by which shipping could enter or leave the Baltic.

¹¹⁶ Due-Nielsen, 1985: 6

¹¹⁷ Clemmesen in Rystad et al., 1995: 158-160

Due-Nielsen, 1985: 6-8

¹¹⁸ Salmon, 2004: 53-54, 64-65

occupation of all or parts of Denmark. If this happened, the British Admiralty argued that it might be forced to take possession of a naval base or anchorage on the south coast of Norway. The British could not provide a guarantee which they might be forced to break. The result was the Norwegian integrity treaty of 1907, in which long term territorial integrity was guaranteed, but which did not preclude the temporary violation of Norwegian sovereignty in case of great power conflict.¹¹⁹

Patrick Salmon has dubbed the Anglo-German antagonism over the North Sea and Baltic “the war that did not happen”.¹²⁰ It was a conflict defined by the British Admiralty’s search for a way in which to strike decisively against Germany, and equal German efforts to protect itself from such a strike. Various British plans called for amphibious landings in either Denmark or Norway and the forcing of the belts by British naval units. Beginning in 1903 the German government also began exerting pressure on the Danish government in order to get it to guarantee the closing of Sound and the Belts in case of European war. This would have allowed the German navy the freedom to control the Baltic without fear of British interference, while the construction of the Kiel Canal between the Baltic and the North Sea would also have allowed the German navy to transfer its vessels between the two theatres of operation at will.¹²¹ If the Danish government proved reluctant to comply with German demands, the German naval high command argued that Germany would have to secure the same result by effecting the swift occupation of the country, either upon the outbreak of war following British violation of either Danish or Norwegian neutrality. Scandinavia was now, as it hadn’t been for decades, a potential battleground in a future European great power conflict.¹²²

The establishment of the Triple Entente and the run-up to the signing of the Norwegian integrity treaty in 1907 would nevertheless turn out to be something of a peak in British planning for the application of military force in Scandinavia, as the British Admiralty gradually began turning to economic warfare as the means by which German ambitions could be frustrated. In 1906 the Naval Intelligence Division (NID) at the British Admiralty began collecting and studying statistics on German trade. These studies appeared to confirm that industrialisation was indeed making the German economy increasingly dependent on foreign markets. If war between Britain and Germany should come to pass, might it not be possible for the Admiralty to turn the very industrialisation which had made Germany so powerful, into a weapon to be used against her? The prospect was enticing. The German merchant navy was second only to the British in size, and its two million tons of shipping would be at the complete

¹¹⁹ Salmon, 2004: 71-73

¹²⁰ Salmon, 2004: 83

¹²¹ Although the largest would remain unable to traverse the canal until it’s widening in 1914.

¹²² Clemmesen in Rystad et al., 1995: 152-154

Lambert, 2012: 44

Salmon, 2004: 83-84

mercy of the Royal Navy in case of war. Would it be possible for Germany to replace the loss of this trade by way of home production, or imports through neutrals? The initial findings of the NID were clear. Imports using rail and road transport would be in no position to replace sea-borne trade. If Britain could cut Germany off from sea borne trade, the German economy would suffocate.¹²³

In December 1908 officers presented the navy's plan for strangling the German economy to government ministers for the first time. The crux of the Admiralty argument was that the German economy was not only reliant on overseas trade to a very large degree, but also that as both domestic and international trade had come to rely on an increasingly intricate system of credit and finance any great shock that the British could inflict on the German economy on the outbreak of war might well cripple the enemy war effort from the word go. The British were exceptionally well placed to apply such pressure. The Royal Navy was the largest naval force in the world, well able to deny German ships access to international trade lanes. If Britain could also deny Germany access, directly and indirectly, to international financial facilities, then German trade would ground to a halt. This latter point was the crux of the Admiralty's new economic warfare doctrine. It would prevent the rerouting of German trade through neutral countries, as German firms would be denied the means of paying for the goods purchased. The shock to the German economy of the sudden and combined collapse of trade, capital and credit facilities would starve German industry of raw materials and German banks of working capital. Under such conditions economic warfare proponents believed that the German economy, already under severe strain from the outbreak of war and mobilisation, would ground to an almost complete standstill.¹²⁴

How could this grand vision of economic warfare be turned into practical policy? Firstly, the Royal Navy would implement a strict blockade of all trade carried in German vessels. This relatively simple matter would at a stroke remove the world's second largest merchant navy from the high seas. That would in turn mean that German trade would have to be carried on foreign bottoms. As early as 1904 Sir Arthur Wilson, then Commanding Admiral in home waters, had argued that economic warfare would be futile in a great power war because "Scandinavian nations being neutral would make it very difficult for us to effectively stop German and Russian trade as it would be carried on through Danish and Swedish ports principally by American ships, even if not by English ones".¹²⁵ Yet this criticism was predicated on non-German merchant

¹²³ Offer, 1989: 226, 230-232

Salmon, 2004: 43-52, 54-55, 70-71

Strachan, 2001: 17-19, 376, 397-401

For an in depth account of the Admiralty's pre-war preparations for economic warfare against Germany, see Lambert, 2012.

¹²⁴ Lambert, 2012: 117, 121-124

¹²⁵ Wilson to Selborne, 6th March 1904; quoted in Lambert, 2012: 42

Lambert, 2012: 41-43, 75-76

vessels being available in sufficient quantities to replace German tonnage, and economic warfare proponents were arguing that this simply wasn't the case. Neutral merchantmen were all either engaged in supplying their own domestic markets, or plying other valuable trading routes. The only significant source of available tonnage was the British merchant fleet itself. For this reason it would be of the utmost importance to prevent both neutral and British merchantmen from carrying cargoes to European neutrals which could be re-exported from there to Germany. If this could be done, it offered the enticing prospect of solving the thorny issue of the rerouting of German trade through neutrals.¹²⁶

Nicholas Lambert has argued that much of the criticism levelled at commercial warfare plans missed the mark, simply because critics did not realise how far the international trading system had evolved in the decades since the mid-19th century, nor grasp the full scope of the strategy economic warfare proponents at the Admiralty wanted to implement. By the beginnings of the 20th century, much of the traditional view of blockade was encapsulated in and defined under the 1856 Declaration of Paris – an agreement intended to regulate trade in a time of conflict, signed in the wake of the Crimean War by Britain, France, Prussia and a number of other major powers.¹²⁷ This stated that a close blockade had to be kept up by a blockading squadron situated just off the blockaded port itself. It also had to be effective, to the extent that warships of the blockading force should be able to physically prevent access to the port by virtually all merchant vessels. A blockade thus enforced was legally binding, and all civilian vessels regardless of nationality attempting to breach it could be considered liable for confiscation or outright sinking. In short – a combatant state could not achieve such legal status simply by declaring a port to be under blockade, but must also have warships enforce it in close proximity to the harbour in question.¹²⁸

Another thorny issue which the 1856 declaration attempted to deal with was the issue of civilian property rights on the high seas. Enemy owned merchantmen carrying enemy owned cargoes could be legally seized by a belligerent if encountered anywhere in international or enemy waters, while neutral merchantmen carrying neutral owned cargoes were immune. If enemy merchantmen were carrying neutral cargoes, or neutral merchantmen were carrying enemy cargoes, the question of contraband arose. Certain types of goods could be promulgated as contraband, and, if found to be enemy owned or en route to enemy destination, be liable for confiscation. Yet there was no general agreement on which goods or cargoes could be considered contraband, beyond military supplies and armaments of war. The 1856 treaty therefore distinguished between absolute and conditional contraband. Conditional contraband

¹²⁶ Hull, 2014: 148

Lambert, 2012: 124-125, 238-240

¹²⁷ The 1856 Declaration of Paris, negotiated in the aftermath of the Crimean War, was intended to regulate wartime trade, and had been ratified by the UK, France and Prussia and others.

¹²⁸ Lambert, 2012: 41-43, 64, 75-76

goods could be legally confiscated only if consigned to enemy military forces, and not if intended for civilian use. Like absolute contraband, this class of goods was left undefined. The definition of contraband was thus left to whatever the belligerents desired and circumstances allowed.¹²⁹

The contraband regulations may have been vague in and of themselves, but they were further complicated by the issue of neutral ports. What would happen if, as Admiral Wilson had suggested in 1904, the enemy simply shifted its trade from its home ports to contiguous neutral ports? The Declaration of Paris did not touch upon this. The longstanding, albeit somewhat controversial, doctrine of continuous voyage held that goods in transit could be considered contraband, even if nominally headed for neutral port, provided it could be shown that final destination was enemy territory. Although not codified in any international treaty, the doctrine had been applied by-, and enshrined in the domestic legislation of a number of states, including both Britain and the United States, through the 19th century.¹³⁰

Even if it was not readily accepted by many contemporaries, several of these issues had or would come under threat from technical developments during the latter half of the nineteenth century. The advent of modern weapons, such as sea mines and torpedoes, offered a serious threat to any blockading squadron seeking to operate close inshore. Blockade work under such conditions would likely make losses to major British fleet units untenable. That the German navy might be able to inflict such damage without exposing its own ships to commensurate risk made matters even worse. These developments were appreciated by a number of senior British naval officers. Thus, unless the Admiralty was prepared to risk the gradual erosion of British naval supremacy, the prospect of an effective close blockade had been rendered more or less impossible.¹³¹

The issues facing the contraband regime were more complex still. As envisaged in 1856, the system built on experiences from Napoleonic and pre-industrial eras, when merchantmen were of limited size, and the western trading system was geared so that transactions were usually conducted directly between buyer and seller. Information on a cargo's origin, ownership and consignee was usually also readily discernible. By the first decades of the twentieth century, much of this transatlantic trade had shifted from direct transactions to an exchange bill system, whereby orders and payments were routed through independent banks and agents. This system allowed an exporter to be paid upon shipment and a buyer to pay upon receipt of a cargo, and thus greatly facilitated trade, but it also made the entire transshipment process much more opaque than it had been before the system evolved. Additionally, modern merchantmen would

¹²⁹ Lambert, 2012: 64-65

¹³⁰ Hull, 2014: 163

Lambert, 2012: 65

¹³¹ Hull, 2014: 144-145

Kramer in Winter et al., 2014: 463

Strachan, 2001: 393-397

routinely carry cargoes destined for numerous consignees, and were in any case so large as to make traditional stop-and-search work at sea impossible. Any merchant ship stopped by a blockading vessel would have to be directed to a friendly port before it could be properly searched for contraband.¹³²

All of these issues would make the control of cargoes, and thus the operation of the contraband system, very difficult. Yet, as economic proponents had come to realise, it also placed a very powerful weapon at the hands of the British government. As bills covering ownership and payment of cargoes in transit could be freely discounted at any time, these effectively became liquid financial instruments. Since London operated the only fully functioning discount market for bills in the world, this was a huge incentive for banks to conduct their business through Britain. In other words, if the British government could effectively regulate the City of London exchange market, it might be possible to shut down German external trade as effectively as if the Royal Navy had placed warships off every port in the world.¹³³

London's position as a hub of global trading and finance also provided the Royal Navy with other means by which to control mercantile shipping. As early as 1908 the Admiralty had concluded that keeping tabs on the nature, destination and quantities of all goods entering the North Sea basin on British bottoms would be too difficult to contemplate. The intricacies of modern trading and financial systems made it too easy to obscure ultimate destination or ownership. The Admiralty instead favoured the much simpler method of tracking ships rather than individual cargoes. To this end the Admiralty had gradually been developing what had come to be known as the "war room system". The war room itself was a giant map plot at the Admiralty buildings in London, maintained and continuously updated, showing the location of all important war- and merchant ships. The commercial data used to keep tabs on these ships was provided covertly by a number of British financial and shipping businesses – chief among them Lloyd's of London, the global leader in maritime insurance. By 1914 the system represented the pinnacle of large scale communications and intelligence coordination. This plot could be used by the Admiralty to identify, detain and inspect all steamers seeking to carry goods to the neutrals. Neutral shipping would thus be delayed, and even if they could not be detained indefinitely, the extra time and costs incurred on the shippers would reduce the amount of goods available to German traders. British ships meanwhile would be allowed to proceed only if their cargoes could be guaranteed not to reach enemy destination. If left to its own devices, this could allow the Admiralty to avoid many of the problems associated with enforcing continuous voyage regulations. British ships were subject to British legislation and

¹³² Lambert, 2012: 112-113

¹³³ Lambert, 2012: 113-115

oversight, and the cargoes they carried could be regulated without recourse to international law.¹³⁴

Economic warfare as national strategy

Despite the grand scope of the doctrine being envisioned at the Admiralty, it was not the only department of the British government thinking hard about the future of naval warfare in the decade leading up to 1914. The status of international trade in times of war was also on the agenda in international diplomacy, as the 1856 Treaty of Paris was increasingly coming to be recognised as obsolete. The ill-defined concept of continuous voyage especially placed a fundamental dilemma at the feet of Herbert Henry Asquith's liberal government. The British merchant fleet was the largest in the world by a considerable margin, and its earnings were of huge importance to the British economy. If a great power conflict should break out without British involvement, British traders would benefit from strong legal protection of neutral trading rights. If Britain was to become involved in such a conflict, however, those legal protections would hamper its capacity to wage economic warfare.¹³⁵

Asquith's Foreign Secretary, Edward Grey, sought to reconcile these apparent contradictions by securing an international treaty which would protect commercial interests, while also enshrining sufficient belligerent rights for the Royal Navy not to be "unduly limited and crippled in its actions in time of war".¹³⁶ Negotiations between representatives from the various great powers for a replacement for the 1856 treaty began at the London Naval Conference in late 1908. The resulting declaration, signed in March the next year, codified continuous voyage. It defined it broadly, giving belligerent powers the right to modify contraband lists. As a concession to supporters of strong neutral rights it nevertheless stated that conditional contraband would be exempt from capture under such rules. The declaration also tightened the rules regulating reflagging of merchant shipping in times of war. This would prevent German or British merchantmen being sold off to neutrals, so that neutral merchant fleets could not suddenly expand their size outside of new construction. The Director of Naval Intelligence (DNI), Alexander Bethell, also considered the clauses requiring a close blockade so vaguely worded as to be ignorable.¹³⁷

Despite, or perhaps because of, these compromises, the 1909 Declaration of London (DoL) was widely seen as inadequate by both proponents and detractors of strong protection of

¹³⁴ Lambert, 2012: 23, 84, 179-181, 211-212

¹³⁵ Lambert, 2012: 23

¹³⁶ Grey to Dutch ambassador, quoted in Coogan, 1981: 104

¹³⁷ Coogan, 1981: 30, 35, 70-72, 114, 117, 132-135

Hull, 2014: 143-149

Lambert, 2012: 96, 132-133, 135-136

neutral trading rights. It also met with fierce opposition in Parliament, and Asquith was repeatedly forced to postpone a vote on British ratification. The government would finally withdraw the bill from Parliament altogether in 1911. With British official policy thus ambiguous, the planning efforts of military and economic officials proceeded haphazardly at best.

Another major problem faced by proponents of the Admiralty's new economic warfare proposals was the need to encroach on political territory traditionally held by other government bodies. Plans calling for the regulation and control of financial markets and neutral trade necessarily entailed cooperation, not just with the Foreign Office, but also the Board of Trade (BoT), the Home Office, the Treasury and others. There was little precedent for such peace time cooperation on war plans within the British government before the war. Both the War Office and the Admiralty were keen to maintain their monopoly on war planning, rather than having to share that responsibility with civilian departments. Even more problematic for proponents of economic warfare: the BoT was known to be a bastion of liberal free trade views. They were unlikely to go quietly along with the sweeping trade denial proposals of the Admiralty. Yet there was little prospect of getting economic warfare endorsed as official British policy unless the civilian departments could be involved in one way or another. The end result was the establishment of a new committee tasked with examining how Britain could regulate trade in times of war.¹³⁸

The new committee would be chaired by the Earl of Desart, and was organised under the aegis of the Committee for Imperial Defence (CID), the traditional forum for consultation between ministers and senior military personnel. Desart was a retired lawyer and civil servant who had also been head of the British mission at the 1908-1909 London Naval Conference. The Desart Committee first met in March 1911, and included senior officials from the Treasury, Board of Trade, Foreign Office and a host of other ministries, as well as the Navy and the Army. Opposition to the economic warfare scheme proved as staunch as the Admiralty had feared. BoT representatives argued that although cutting Berlin off from British supplies and the British financial and trading networks would indeed hurt Germany, the impact would be limited as the enemy would eventually find other sources of supply. Neutrals were also likely to take a very dim view of any British attempt at regulating German transit trade. Treasury officials supported the Board of Trade, and noting that cutting of Germany from British trade was likely to bring more harm to Britain and the City of London than it would to the enemy. Since a future great power war was likely to be a short affair, the Treasury also believed it would be folly to inflict unnecessary damage on British trading networks.¹³⁹

¹³⁸ Lambert, 2012: 140-142

¹³⁹ Hull, 2014: 150-151

About the only issue upon which the various delegates to the Desart Committee agreed was that Britain's ability to counter the rerouting of German import trade through adjacent neutral ports was of critical importance to the viability of economic warfare as a concept. The most important such neutral ports were undoubtedly those of the Low Countries, and the Admiralty argued that neutral or not, these should therefore be blockaded directly. If the cabinet would not allow the navy to do this, Admiralty representatives suggested two other avenues through which the same objectives could be achieved. Firstly the cabinet should expand the limited contraband lists set out in the Declaration of London, so that they covered all stores deemed of value to Germany. These stores could then be legally seized by naval patrols on the high seas. Secondly, even for goods insufficiently covered under contraband regulations, British blockade authorities should seek to use every means at disposal to harass neutral trade. Harassment should be focused on shipments to and from the Low Countries specifically, and across the North Sea basin generally, with a view to curtailing this trade as far as possible. The means of such harassment were many. Insurance premiums for ships trading on neutral ports should be raised to prohibitive levels. Merchant shipping entering or exiting the North Sea should be forced to call at British ports for inspection, leading to delays and incurring expenses for traders.¹⁴⁰

Provided that the thorny issue of Dutch and Belgian ports could be dealt with, that left Scandinavia. Harassment of neutral shipping aside, the Admiralty maintained that the most important means of stopping the rerouting of German trade through these countries' ports would be preventing British merchantmen from carrying this trade. The Board of Trade agreed with the Admiralty's assessment that only the British merchant fleet had the excess capacity to take up the glut created by the removal of German vessels from the North Sea trade lanes. BoT representatives nevertheless continued to oppose any form of government regulation of British trade with or between neutrals. In this they were backed up by the Foreign Office, which feared such policies would cause severe damage to British relations with the neutrals, chief among these the United States.¹⁴¹

The Desart Committee also considered what steps could be taken to deny German traders access to the London financial market in case of war. German trade represented around 15% of all bills processed through the City of London on any given day. A number of senior bankers warned the committee that the withdrawal of such trade without notice would leave the British banking system severely exposed, possibly setting off a full blown financial crisis. That a great power war would precipitate a financial crisis was indeed a key tenet of Admiralty plans, the

Lambert, 2012: 142-144, 155-164

¹⁴⁰ Hull, 2014: 151-153

Lambert, 2012: 164-166

¹⁴¹ Lambert, 2012: 164-167

goal of which was to create such a shock as to force the German economy into more or less immediate meltdown. Yet the bankers called to appear before the Desart Committee all concurred that instead of taking measures to increase pressure on Germany, the British government would do best to limit its interference with the financial markets to a bare minimum, lest the British capacity to wage war be even more seriously damaged than the German. These arguments frustrated several of the committee's adherents of economic warfare, but were fully in line with the sentiments expressed by Board of Trade and the Treasury representatives.¹⁴²

It is beyond the scope of this thesis to assess the arguments levelled against the Admiralty and its proposals. When Desart presented his committee's findings to Asquith and cabinet ministers at a CID meeting in December 1912 he endorsed economic warfare in general, while recommending that the British government take steps to ensure that Germany would be unable to reroute its trade in times of war. Desart insisted on the importance of ensuring that the British merchant fleet not be allowed to carry goods suspected of being destined for Germany. He shied away from recommending outright that the government intervene to use the City markets as a weapon against Germany, probably so as to avoid a head-on clash with the Board of Trade and Treasury, but left no doubt that he thought Britain better able than Germany to withstand a financial meltdown. Likewise, the British government must be prepared to face strong international condemnation for preventing trade between neutrals by withholding access to British merchantmen and financial services. Desart went so far as to point out how efforts to stop transshipments of warlike goods to Germany should include cotton, oil, rubber and coal, all of which Desart himself as a plenipotentiary at the London Naval Conference three years previously had argued should be considered "free goods". As Desart pointed out, the Declaration of London – withdrawn from Parliament, but still carrying significant weight in international diplomacy – might limit states' ability to interfere in international trade, but not their ability to control their domestic merchants. Regulating the British merchant fleet would thus fall outside of the scope of the declaration and be legally and diplomatically defensible. Furthermore, all of these measures were worth taking if the end result would be to ensure victory against Germany, and economic warfare offered not only this, but also held out the prospect of achieving it quickly.¹⁴³

Desart received support for his conclusions from a number of important cabinet ministers. Lloyd George and Churchill, the Chancellor and First Lord of the Admiralty¹⁴⁴ respectively, insisted that Germany trade be denied access to the Dutch and Belgian ports on the outbreak of

¹⁴² Lambert, 2012: 158, 169-175

¹⁴³ Hull, 2014: 152-153

Lambert, 2012: 175-177

¹⁴⁴ The First Lord of the Admiralty was the title of the political head of the Admiralty – a government minister with a seat in cabinet. It should not be confused with the First Sea Lord, a naval officer and professional head of the Admiralty.

war. Asquith drafted a proposal to this effect, which was voted on and overwhelmingly approved by the ministers present. Another suggestion of Lloyd George's, that the northern neutrals should have their imports rationed in times of war so as to ensure that no excess goods above and beyond domestic requirements would be allowed to enter these countries, was also met with approval. The Desart Committee report thus appeared to have gotten the Admiralty its desired government endorsement of economic warfare. Yet in so doing, the Desart Committee and the December 1912 CID meeting had taken economic warfare firmly out of the hands of the British navy, and made it an issue requiring interdepartmental coordination. This coordination could only happen at cabinet level.¹⁴⁵

Neither the Desart Committee report nor any subsequent cabinet discussions tackled the question of how merchant shipping in the North Sea could be controlled. The Admiralty had been too reluctant to reveal specifics of its plans for there to be any serious subject matter to discuss. The Committee for Imperial Defence itself appears to have abandoned the idea of neutral rationing sometime in 1913 or 1914, on the grounds that there were not sufficient statistics available to calculate the domestic requirements of said neutrals. The December 1912 CID meeting likewise left open the question of how vigorously economic warfare would be pursued. Senior officials at the Foreign Office were deeply sceptical of allowing the Admiralty a free hand in dealing with neutrals. The nature and strength of financial controls was also highly controversial. Asquith himself harboured doubts as to how much danger it would be worth exposing the City to in case of war. The Treasury and the Board of Trade, despite formally subscribing to the findings of the Desart Committee, also continued to resist any attempts at increasing regulation and oversight of trade. In short, although Desart had found economic warfare to be a viable strategy, neither the Desart report nor subsequent CID or cabinet meetings did much to organise or compel the cooperation and coordination between government departments necessitated by such a strategy.¹⁴⁶

Same, same, but different

There were significant similarities between the situations the three Scandinavian countries found themselves in on the eve of war in 1914. All three were in the process of industrialising, with extensive urbanisation and high GDP per capita growth rates. This in turn drove socio-political change across Scandinavian society. The rise of the new urban working and middle classes led to the emergence of new political parties and coalitions. The Norwegian Storting forced the adoption of parliamentary government upon a reluctant king in 1884, with the adoption of universal suffrage following on the eve of conflict in 1913. In Denmark

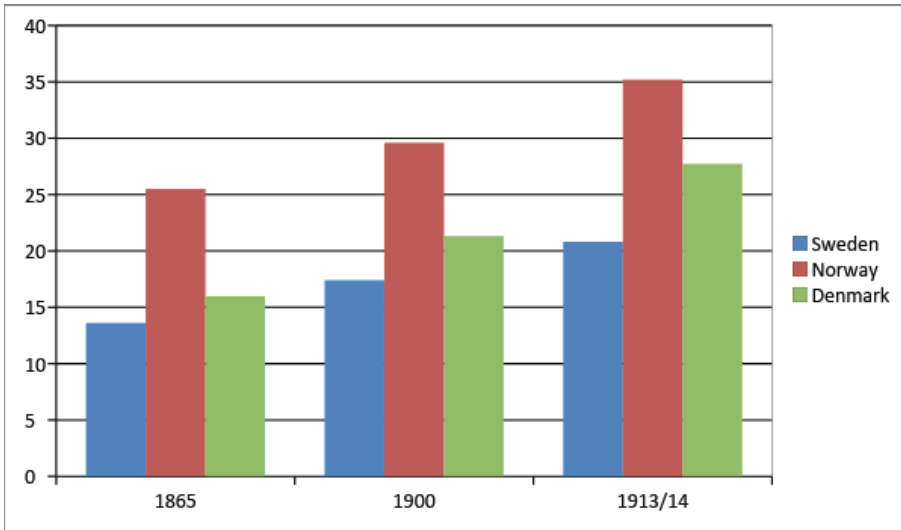
¹⁴⁵ Lambert, 2012: 177-178

¹⁴⁶ Lambert, 2012: 179-181, 194-195

parliamentarism would have to wait until 1901, while Sweden proved less progressive still, parliamentary government being adopted only in 1917. In Denmark and Sweden this would lead to protracted constitutional struggle, as emerging liberal and social democratic parties sought to translate popular support into political power. The outbreak of war in 1914 led to the imposition of a degree of political burgfrieden in both countries, but these arrangements would come under increasing strain as the conflict dragged on.

The structural composition of their domestic economies likewise differed between the three countries. All three saw the emergence of import substituting industries, catering to the expanding domestic market. Here Sweden was in the forefront, with the home market accounting for a substantially larger share of overall GDP than in any of the other Scandinavian countries. Sweden was also alone in introducing substantial protectionist measures in the years before the war, increasing tariffs as a means to support domestic production. The import substituting industries in all three Scandinavian countries were nevertheless dependent on imports of raw materials as input in manufacture. In this Sweden was again the relatively more self-sufficient than either of the other two, with imports as a share of total GDP declining slightly in the decade before the war.

The Scandinavian export sectors in turn were still focused around the traditional primary sector, with mechanisation leading to substantial productivity growth from the mid-19th century onwards. The introduction of refining and manufacturing of domestic primary output also helped maintain sustained export growth as a share of total GDP through the half century before 1914. As shown in Figure 2.1, iron and timber, both in their unprocessed and refined states, made up the bulk of Swedish exports before the war, but exports of agricultural and engineering products were still substantial. The Danish export sector was much less diverse than the Swedish, and almost entirely reliant on agricultural production which accounted for almost nine tenths of the country's exports by value. Norwegian exports were likewise clustered around the primary fishing and timber industries and their industrial derivatives, with various metallurgical and chemical products making up most of the balance of goods exports. Additionally, the income from the sale of shipping services from the large Norwegian merchant fleet would help push Norwegian exports as a share of GDP above that of her Scandinavian neighbours.

Figure 2.3: Scandinavian exports as percentage of total GDP¹⁴⁷

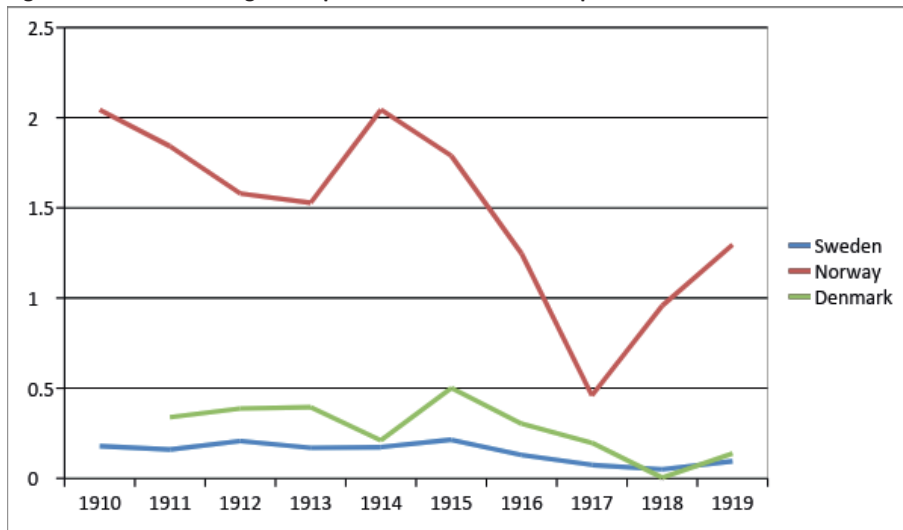
Source: Salmon, 2004: Table 1

Figure 2.5 illustrates some of the Scandinavian reliance on foreign markets. The relative importance of exports to all three Scandinavian economies was increasing before the war. The growth of the Swedish domestic market, combined with relatively more protectionist trade policies than those found in either of her more free trade oriented neighbours, nevertheless resulted in the Swedish export sector lagging behind those of Denmark and Norway. These two countries both had relatively high shares of exports to GDP, with Norway as the extreme outlier, largely by way of her sale of shipping services. Danish and Norwegian reliance on foreign markets were further exacerbated by through their respective export sectors' reliance on imported inputs. Danish agriculture's production of meat, dairy and other animalia, comprising 95% of Danish agricultural production by value, was largely predicated on imports of cheap fodder. For its part, the Norwegian merchant fleet was dependent on access to overseas fuel and financial-mercantile infrastructure.

The agricultural sector of the three countries likewise differed markedly from each other. Sweden and Denmark were large scale producers of both grain and animal products, but were Danish agriculture accounted for the vast majority of the country's exports, Swedish agriculture produced almost exclusively for the domestic market. The productivity gains in both countries over the half century preceding 1914, especially the gradual shift to animal husbandry, were to some extent built on access to relatively cheap imports of fodder and fertilizer. Both countries' reliance on agricultural imports was nevertheless low when compared to that of Norway.

¹⁴⁷ Includes shipping services in the calculation of Norwegian exports.

Figure 2.4: Scandinavian grain imports as share of domestic production 1910-1919¹⁴⁸



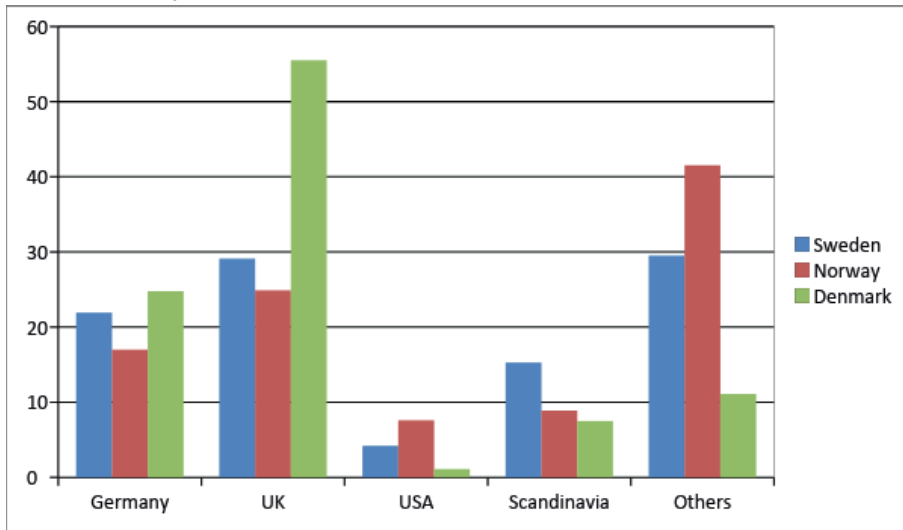
Sources: DSD; DS: Statistisk Aarvog 1913: Tabel 59; Statistisk Aarvog 1916: Tabel 46, 65; Statistisk Aarvog 1917: Tabel 47, 64; Statistisk Aarvog 1918: Tabel 66; Statistisk Aarvog 1919: Tabel 63; Statistisk Aarvog 1920: Tabel 47
 SSB; NOS VI 018: Norges handel 1913: Tabel 2; NOS: Statistisk Aarvog 1914: Tabel 26; Statistisk Aarvog 1917: Tabel 28; Statistisk Aarvog 1920: Tabel 30
 SCB; SOS: Statistisk årsbok 1920: Tabell 78, 112; Statistisk årsbok 1922: Tabell 77, 113

Whereas Swedish and Danish agriculture was capable of meeting domestic demand for food in the years before the war, Norway was completely reliant on imported grain. As shown in Figure 2.6 Norway grain consumption between 1910 and 1913 outstripped domestic production by a factor of 1.5 or more. The balance had to be brought in from abroad, largely in the form of American and Russian shipments. This lack of self-sufficiency in staple foods was not a new phenomenon, having played a part in Norwegian economic and security considerations for centuries. The relatively extreme Norwegian reliance on imported plant-based foodstuffs notwithstanding, it should also be noted that both Denmark and Sweden were net importers before the war, at 39% and 17% of domestic production respectively. In both cases wheat and

¹⁴⁸ The graph shows imports in absolute quantities as a share of domestic production. A value above 1 indicates that a country is importing more than it is producing. Swedish production includes grain, seeds, peas & beans, while imports cover all types of grain and bran, including rice. Danish production includes grain, seeds, peas & pulse, while imports includes flour of the same. Norwegian production includes grain, seeds, peas & beans, while imports cover all grains and legumes. Data used in the chart for all three countries does not include potatoes or root vegetables. These were important domestic food crops, but were not imported or exported to any large degree. All production figures are for gross production, and does not account for exports. As Denmark was the only significant Scandinavian exporter of grain during these years, exporting 95 000 tons of grain (or just in excess of 10% of imports of the same) in 1913, this should not skew the overall picture significantly. Note also that import figures do not cover oil cake or other common non-grain forms of animal fodder. The inclusion of oil cake in the 1913 figures would raise Swedish import values by almost 31%, the Danish values by almost 69% and the Norwegian values by just over 6%. This would result in import-to-production ratios for 1913 of 0,22 for Sweden, 0,66 for Denmark and 1,62 for Norway. Including all forms of animal fodder in the calculations would thus increase the estimated dependency of all three countries on crop imports, but not change their relative position to each other, nor Norway's status as the only net importer of grain and legume crops.

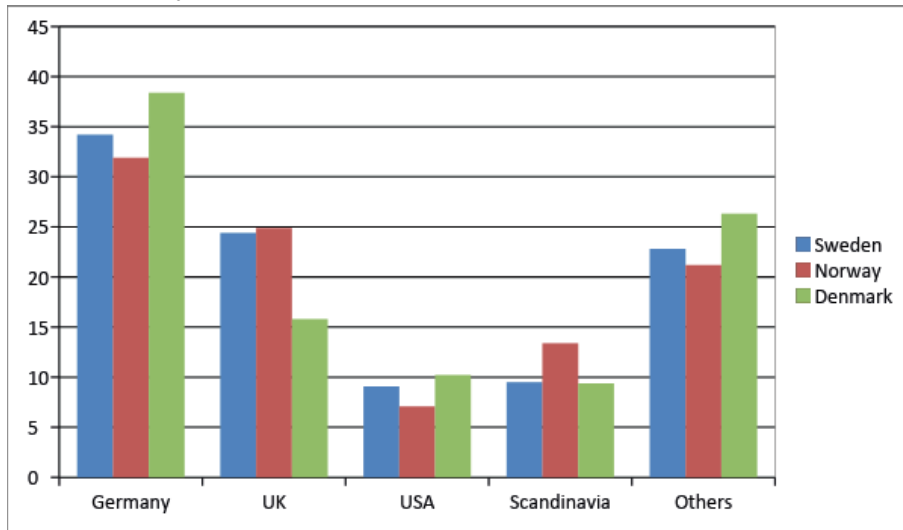
maize imports were used to maintain animal production, either directly through the use of maize as fodder, or indirectly through imported wheat releasing domestic grain for use as fodder.

Figure 2.5: Scandinavian goods exports by main trading partners 1913 (by value, percentage of total domestic exports)



Source: Salmon, 2004: Table 3

Figure 2.6: Scandinavian goods imports by main trading partners 1913 (by value, percentage of total domestic imports)



Source: Salmon, 2004: Table 3

As for the division of trade, Germany and Britain were the main trading partners of all three Scandinavian countries, both individually and as a whole. Together the German and UK markets took 51% of all Swedish exports by value, 41.9% of all Norwegian exports and a full 80.3% of all Danish exports. The same was even more true for imports, where Germany and the UK together provided 58.6% for Sweden, 56.8% for Norway and 54.2% for Denmark. As shown in Figures 2.5 and 2.6, it is also worth noting how small a proportion of Scandinavian trade was intra-regional. The majority of foreign commodities in demand in Sweden, Norway or Denmark could not be sourced from either of the other two. Coal came largely from Britain and Germany, grain and fodder from Russia and the United States. Consumer goods and industrial raw materials like minerals, oils, rubber, cork, leather, textiles, coffee and more came from a more diverse range of sources, some European, others further afield.

On the eve of war in 1914 Sweden thus appeared the most economically self-sufficient of the three Scandinavian countries, while Norway the most exposed to foreign markets. Denmark fell somewhere in between her two neighbours. All three were nevertheless well integrated into European and global markets, finding themselves vulnerable to the vagaries of international trade.

Although the Norwegian foreign ministry did include a number of veterans of the pre-1905 union diplomatic corps, the overall foreign service was only 9 years old in 1914. The ministry's relative inexperience combined with the prominent role played by the economically oriented consular service to make the Norwegian Foreign Ministry somewhat sensitive to

economic concerns. This was reflected in Norway's political leadership in 1914, with both the prime minister and foreign minister being former businessmen, maintaining extensive contacts with the Norwegian business community. This contrasted starkly with the foreign and diplomatic services of Sweden and Denmark, both of which continued to be dominated by traditionalist bureaucracies, limiting the influence of private enterprise and relegating trade to a somewhat subsidiary concern in foreign policy making.

That is not to say that there was no input from businesses on foreign policy, the Danish foreign ministry having established a separate commercial department as recently as 1909. Business elites, especially powerful individuals with contacts in the upper echelons of political life, could also on occasion make their views felt. Banker Knut Wallenberg, a man with no previous government experience, was even appointed foreign minister in Sweden in 1914. Wallenberg did struggle to cooperate with the foreign ministry bureaucracy however, and unlike his Norwegian and Danish colleagues was kept on a more or less tight leash by a prime minister eager to direct foreign policy himself. Both issues would make Wallenberg less successful than he might otherwise have been in shaping policy. On the outbreak of war overall foreign policy in Denmark and Sweden thus remained the preserve of traditional political-bureaucratic elites.

Just like there were significant economic similarities between the Scandinavian countries, there was widespread political agreement in all three on maintaining neutrality in case of European conflict. Yet interpretation of what neutrality meant and how it should be implemented varied considerably. Norway's complete reliance on overseas grain and coal imports, as well as the long-time underlying assumption that Britain would act as a guarantor of Norwegian security in case Norwegian neutrality should somehow fail, made the maintenance of amicable relations with the United Kingdom appear an absolute necessity, even to the detriment of relations with other countries.

If Norwegian foreign and economic policy had an Atlantic orientation, then Sweden had a Baltic one. Among the Scandinavian states, Sweden appeared least reliant on international trade for its economic wellbeing, being largely self-sufficient in foodstuffs. Sweden had also built up strong trade and cultural relations with Germany. These relations were made yet stronger by wariness of Imperial Russia. Furthermore, Prime Minister Hammarskjöld's legalistic interpretation of international law and neutral rights, buoyed by Sweden's more sheltered geographical position, made him far less interested than his Norwegian colleagues in making concessions to Britain. The result was a neutrality policy that was largely accommodating to German wishes.

Denmark's neutrality policy would likewise seek to accommodate Germany, but where Hammarskjöld did so by preference, Zahle and Scavenius would do so out of perceived necessity. Geographical proximity to- and military weakness vis-à-vis its powerful southern neighbour

could make it no other way. Yet Foreign Minister Erik Scavenius recognised that although avoiding military conflict with Germany would be the paramount concern, complete Danish economic reliance on Germany would erode Danish independence and foreign policy freedom to an unacceptable degree. Furthermore, the highly mechanised Danish agricultural sector upon which Danish economic prosperity had been built was dependent upon imports of fodder and fertilisers from overseas. This effectively meant that to Scavenius, the maintenance of transatlantic trade relations and economic freedom was a key part of Danish security policy.

On the eve of blockade

Given their relative dependency on imports, as well as access to international markets in order to dispose of outputs, all three Scandinavian countries were exposed to economic pressure on the eve of war in the summer of 1914. There were nevertheless significant differences between how the Danish, Swedish and Norwegian governments perceived their respective national interests. These interests would form the background against which each formulated trade and security policy once war did break out.

Given the network of alliances controlling territories west, south and east of Germany proper, the northern neutrals of Scandinavia and the Netherlands represented the only proxies by which German merchants could access global commodity markets in case of war. It was the existence of this potential loophole in the blockade which British planners sought to tackle in the years leading up to the Great War. The importance of neutral ports for German wartime trade was recognised both in Britain and Germany before 1914, and British naval authorities sought to find ways by which Germany could be prevented from operating through these. Britain certainly had the means by which Germany could be prevented from accessing overseas resources, but whether those means could be turned into practical policy was more questionable. By the outbreak of war in August 1914 the Admiralty had concocted a scheme by which it intended to harness not only British naval power, but also financial and mercantile forces towards achieving this goal. The naval authorities nevertheless failed to realise that coordinating all of these efforts required the cooperation of numerous other government departments, some of which were adamantly opposed to Admiralty plans. Or if the economic warfare proponents did realise the strength of the opposition, their efforts to secure at least some degree of interdepartmental coordination were severely lacking. Patrick Salmon summed up this tendency on the part of British naval authorities to ignore the views of other government departments as “testimony to the power of wishful thinking at the Admiralty”.¹⁴⁹

¹⁴⁹ Salmon, 2004: 112

As it was, inter-governmental resistance against existing economic warfare schemes would prove to be very tough indeed. At least some of the opposition to Admiralty plans was founded on issues which would come to loom especially prominently once war had been declared, such as Britain's relationship with the neutrals, but which Admiralty officials had done little if anything to address. Nor had the Admiralty the means by which interdepartmental cooperation could be compelled once war had begun. The same held true for the Desert Committee. Although its report had endorsed economic warfare, the committee itself was only a non-executive subordinate section of the Committee of Imperial Defence, which itself was also only an advisory body. Coordination could only be compelled happen at cabinet level, and although Asquith and several of his colleagues had greeted the Desert Committee report with enthusiasm, very few steps towards implementing its recommendations had actually been taken by the time war broke out.

Chapter III: Improvising strategy *1914-1915*

Introduction

This chapter details the abortive British attempts at implementing a comprehensive economic warfare strategy over the course of late 1914 and early 1915. The failure to implement pre-war plans rendered Entente economic warfare efforts completely ineffective, leaving the relevant British government departments with the unenviable task of attempting to improvise new North Sea and transatlantic blockade systems from scratch. Their problems were compounded by the continued failure by the British cabinet to provide centralised strategic guidance and coordination, which in turn meant that it was only after a year of conflict that the British government began to establish some semblance of control over trade into and out of the North Sea basin. The initial failure to make the blockade effective left the Scandinavian governments largely free to pursue such economic and trade policies as they saw fit, without much regard to the possibility of sanctions. The initial Scandinavian response to the war was therefore determined not so much by external factors, as by the internal institutional security and economic framework of the individual states, as discussed in chapter II. British inability to put meaningful pressure on the Scandinavian neutrals, as well as the relative lack of willingness to interfere with the domestic economy on the part of the Scandinavian governments themselves, meant that market forces and the deliberate rerouting of German trade allowed Scandinavian imports from the west to grow rapidly. These were in turn transhipped to the Central Powers, or otherwise replaced domestic produce which in turn was sold to the continent. The British government's failure to effectively regulate North Sea traffic was also compounded by its failure to regulate the operations of British private commercial interests, many of which eagerly grasped the opportunity to supply increased Scandinavian, and by extension German, demand.

Due to the above reasons the Norwegian government was able to pursue a hands-off policy, whereby economic relations with the warring powers were left almost entirely in the hands of private commercial interests, essentially privatising foreign policy during this early phase of the conflict. The Danish government sought to follow a similar path, but found itself unable to ignore growing British efforts at re-imposing control from the summer of 1915 onwards. The Swedish government adopted an even less compromising attitude towards British economic warfare efforts over same period. The consequent shift in the external trade patterns of all three Scandinavian states over the course of late 1914 and early 1915, increasingly relying on imports from the west while sending their exports to the Central Powers, nevertheless made the Scandinavian powers more and more vulnerable to economic pressure from the Western Allies once these finally began to implement effective blockade policies from late 1915 onwards.

The two July crises

It is somewhat understandable that the July 1914 financial crisis should have been drowned out by the more dramatic diplomatic crisis which by 4th August had brought the European great powers to open war. Grasping the scope and seriousness of the financial crisis is nevertheless key to understanding the way in which the British cabinet sought to implement economic warfare policies at the beginning of the Great War. Although the events themselves are somewhat peripheral to Scandinavia, the July crisis therefore deserves some treatment here.

The Desart enquiry on trading with the enemy had predicted that future great power conflict would be presaged by a financial crisis of unprecedented severity. This is more or less exactly what came to pass. Over the course of the last weekend of July 1914 news broke in London that the ongoing Balkan crisis, set off by the assassination of the Austro-Hungarian Archduke Franz Ferdinand in late June, was escalating rapidly. When the European stock exchanges opened on the morning of Monday 27th July, worried investors across the continent sought to liquidate and repatriate their assets. Markets were flooded with bills and shares, and the rapid collapse of prices eventually forced most of the European exchanges to stop trading. On the 30th, the French government announced a month long moratorium on settlements. This left London and New York as the only stock markets still in full operation.¹⁵⁰

The rush of foreign investors withdrawing their balances had already made liquidity scarce in London. The French moratorium and the closure of the European exchanges compounded this problem, as British firms with holdings on the continent could not easily repatriate these in order to meet demand at home. Domestic liquidity was also being made increasingly scarce by the Bank of England (BoE), which did not have sufficient reserves to act as a lender of last resort on the magnitude then called for. The BoE therefore began rapidly increasing the discount rate in order to protect its gold holdings. In ordinary circumstances this should have had the effect of encouraging the flow of gold to Britain from the United States, yet it did not. The expectation of war had caused transatlantic shipping insurance premiums to shoot up, making it prohibitively expensive to ferry gold to Europe. With the international gold market brought to a standstill, international currency convertibility effectively collapsed. As a consequence the City of London ground to a standstill, threatening a large number of British traders and banking houses with bankruptcy.¹⁵¹

With markets starved of liquidity confidence began collapsing and international trade ground almost to a standstill. By the end of July, the global financial system had suffered severe

¹⁵⁰ Lambert, 2012: 186-189

Roberts, 2013: 8-10

Strachan, 2001: 820-821

¹⁵¹ Lambert, 2012: 186-189

Roberts, 2013: 48-54 172-174, 208-209

Strachan, 2001: 820-822

damage. On 31st July the New York and London Stock Exchanges finally closed their doors. On Sunday 2nd August Asquith proclaimed the coming week a banking holiday, easing the pressure on the City banking houses. Five days later, the British government followed in Paris' footsteps by announcing a month-long moratorium on settlements. This put an end to the threat of complete market meltdown, and when the City banks reopened on 7th August following the end of the imposed bank holiday, the immediate crisis was over.¹⁵²

Within the space of five short days, from 27th to 31st of July, international transactions had ground to almost a complete standstill, bringing the City of London financial system as a whole closer to collapse than at any time before. This had happened before any of the great powers had gone to war against one another. Although the combined actions of the BoE and the Treasury over the first weeks of August served to stabilise the situation, removing the immediate threat of collapse, trading nevertheless remained sluggish and confidence fragile. The Treasury and the Board of Trade were both seriously worried about market performance and the overall state of the British economy. They would therefore be loath to sanction any government policies they believed to be prejudicial to a full and speedy recovery.

It was against this background of financial storm that the Asquith cabinet was to take Britain to war. On 2nd August news broke that Germany had declared war on Russia. As France would support its Russian allies, this meant that a general European war was now inevitable. But would Britain have to be a party? On this issue Asquith's liberal cabinet was split right down the middle. A number of ministers were set against any kind of British participation, especially for the sake of preserving the European balance of power. When Asquith avoided a major cabinet split upon the British declaration of war against Germany on 4th August, it was largely due to the German armed forces' invasion of Belgium. Belgian neutrality was guaranteed under an 1839 treaty by the great powers, including Britain, France and Germany. When the Belgian government requested that Britain uphold its treaty obligations to protect it, joining the war took on a moral hue. Germany's violation of Belgian neutrality treaty thus allowed Asquith and Grey to fuse the liberal and realist wings of the government. Britain would go to war, not only to support France in a great power struggle, but also to contain illegitimate German aggression against a minor neutral.¹⁵³

Even after war had been declared, the means by which Britain would fight were not clear. On 29th July, in the middle of the financial crisis and well before any decision had been taken on whether to go to war at all, the cabinet had discussed possible ways in which Britain could support France. Ministers, Asquith included, had opined strongly that the army ought not to be sent to France. At the urging of Churchill, the First Lord, the cabinet instead settled on economic

¹⁵² Roberts, 2013: 54-62, 208-209

Strachan, 2001: 821-824

¹⁵³ Lambert, 2012: 195-200

warfare as the chief foundation for Britain's war effort against Germany. A naval focus appeared to offer a cheap and relatively bloodless way through which Britain could satisfy her treaty obligations and victory be achieved. Yet a formal decision that naval strategy should be the mainstay of the British war effort did not rule out some form of commitment on land. A week later, on 6th August, Asquith's new minister of war, Herbert Kitchener, announced that the British army would deploy an expeditionary force to the continent in order to support the French army there. By the second week of August 1914, the Admiralty's pre-war expectations of a chiefly naval conflict were moot.¹⁵⁴

The legality of blockade

The war room at the Admiralty had been put on a crisis footing on 1st August, providing naval officers with ample information by which enemy merchantmen could be swept from the high seas. This goal was largely accomplished within a week of Britain joining the conflict. Of approximately 1500 German merchant vessels larger than 100 GRT, 245 were captured by British forces, and 1059 were laid up in neutral ports. That left some 221 vessels which reached German port or operated in the protected waters of the Baltic.¹⁵⁵

The German merchant navy having been dealt with, the Admiralty then turned its attention to regulating other actors trading in the North Sea basin. On 5th August, the Asquith government issued a royal proclamation banning British subjects from trading with the enemy. The proclamation made ordinary exports of contraband or warlike stores from Britain to enemies and neutrals alike illegal. A legacy of the Desart Committee was that responsibility for defining "warlike stores" was left in its entirety to the Admiralty. In addition to strategic raw materials and stores such as coal, metals and munitions, the Admiralty used its powers to immediately outlaw exports of food and fodder. This made it a relatively simple matter to curtail British-borne food shipments to the northern neutrals. A naval blockade cordon was set up at the entrances to the North Sea, across the Straits of Dover and along the Shetland-Bergen line, and every British-flagged ship crossing these lines were directed to return to UK port for inspection.¹⁵⁶

¹⁵⁴ Coogan, 1981: 150-152
Lambert, 2012: 200-201
Strachan, 2001: 97-98, 198, 204-205, 374

¹⁵⁵ Coogan, 1981: 153
Lambert, 2012: 211-212
Lloyd-Jones et al., 2016: 82-83

¹⁵⁶ CAB 24\8: Statement with regard to the blockade, Imperial Conference 1917
Hankey, 1961: 352-353
Hull, 2014: 153-154
Lambert, 2012: 210-214
Strachan, 2001: 394-395, 397, 401

A number of neutral merchantmen were also caught up in the Admiralty's flurry to control trade across the North Sea. Well over a hundred neutral steamers that were unlucky enough to be docked in a British port on the outbreak of war were prevented from sailing until their cargoes of foodstuffs had been discharged. Other neutral vessels were being held back or delayed by more underhand tactics, such as deliberate faulty stowage of cargoes and fuel necessitating time consuming efforts to rectify before the ship could put to sea.¹⁵⁷

All of these efforts were fully in line with the policies proposed by the Admiralty during the Desart deliberations. Yet they provoked strong reactions from a number of other government departments. Although Foreign Secretary Grey himself was initially happy to go along with the naval blockade efforts, a number of his subordinates were not. Several senior Foreign Office officials were deeply worried about the reaction from neutral countries to British interference with their trade. In the days preceding the declaration of war, Eyre Crowe, head of the Western Department at the Foreign Office and thus responsible for Scandinavian issues, had requested that the Admiralty adhere to the Declaration of London in full. He was flatly refused. The Admiralty was not keen to limit its application of continuous voyage.¹⁵⁸

The issue of legality was a sensitive one, not least because only Germany's flaunting of international law over Belgian neutrality had allowed Asquith to keep his cabinet more or less intact. International law regarding war at sea was also very much a grey area in 1914. The only relevant ratified codification, the 1856 Treaty of Paris, had, as noted above, been rendered largely obsolete over the course of the half century which had passed since its creation. The power of the doctrine of continuous voyage had also been watered down by the Declaration of London, through its provision that conditional contraband – i.e. types of goods that were only considered contraband if addressed directly to enemy forces, rather than civilians – was exempt from capture. This included food, the import of which through Dutch and other neutral ports had so concerned the 1912 Desart enquiry. Yet the Declaration of London also gave the British government its desired legal cover to conduct a distant blockade and to modify contraband lists. This cover was desirable, not just because it might allow Britain to deflect neutral criticism, but also to defend the confiscation of goods in its own prize courts.¹⁵⁹

As the Declaration of London remained unratified, it was not directly applicable as international law. In a cabinet meeting on 13th August, Foreign Secretary Grey proposed a compromise solution. Britain should adopt the DoL as official policy, but modified so as to retain doctrine of continuous voyage in full. Admiralty officials were nevertheless opposed because,

¹⁵⁷ Hull, 2014: 153-154

Lambert, 2012: 210-214

¹⁵⁸ Hull, 2014: 157

Kaarsted, 1979: 22

Lambert, 2012: 211, 215

¹⁵⁹ Hull, 2014: 157-160

although continuous voyage was a useful tool, it would hardly suffice to prevent the rerouting of German trade through neutrals. It was far too difficult to gather the necessary evidence to prove enemy destination for all such rerouted cargoes caught in the British blockade net. Economic warfare proponents were also worried because the Declaration of London contained pre-defined contraband lists, and these were much narrower than what the Admiralty had in mind. This second problem might be avoided by Britain issuing its own contraband lists, something which the Declaration of London itself allowed for. The first problem was much more difficult to solve. Churchill, the First Lord of the Admiralty, nevertheless suppressed the objections from within his own department and came out in favour of Grey's proposal. Yet representatives from the Treasury, the Board of Trade, and several other government departments continued to resist the plan. Seizing food shipments intended for civilian consumption remained controversial among ministers, and so did overt British interference with neutral trade. After several days of acrimonious debate, Asquith referred Grey's proposal to a new sub-committee consisting of Grey, Churchill, and a number of other ministers, officials and admirals.¹⁶⁰

On 13th August, the same day Grey presented his modified Declaration of London proposal, the cabinet also authorised the creation of a new inter-departmental committee tasked with considering how Britain could best cut Germany off from foreign sources of supply. This Restriction of Enemy Supplies Committee (RESC)¹⁶¹ would be headed by civilian Admiralty lord Sir Francis Hopwood, and its members drawn from the Foreign Office, the Board of Trade and the Admiralty. A number of MPs and independent experts were also appointed to the new body. Its task was essentially the same as that given to the pre-war Desart Committee. Like the Desart Committee, the RESC was also only tasked with gathering information and proposing policies. It had no executive powers of its own. Interdepartmental coordination on blockade policy remained in the hands of ministers. What the Restriction of Enemy Supplies Committee and Grey's new cabinet sub-committee did, and probably the main reason for why Asquith approved of their creation, was to remove the immediate controversy of formulating blockade policy from the cabinet itself.¹⁶²

The establishment of these two new committees completely failed to mollify the concerns of those worried about the consequences of economic warfare. President of the Board of Trade Walter Runciman was deeply worried that the effective cessation of trade between Britain and the northern neutrals was already causing severe damage to the British domestic economy. His fears were shared by Treasury officials, many of whom were still working hard to limit the

¹⁶⁰ Coogan, 1981: 155-163

Lambert, 2012: 217-219, 222-223

¹⁶¹ Occasionally also referred to as the Enemy Supplies Restrictions Committee (ESRC), the Committee for the Restriction of Enemy Supplies (CRES), or simply the Hopwood Committee.

¹⁶² Kennedy, 2007: 702-703

Lambert, 2012: 219-220

fallout from the very recent financial crisis. Restricting external trade in the name of economic warfare was bound to lead to collateral damage to the Allies' own economic situation. Quite aside from the economic consequences of blockade, a number of cabinet ministers also remained concerned with issues of morality or neutral reaction to British policy. The United States' ambassador in London, Walter Hines Page, had already complained about the British navy preventing American cargoes from reaching buyers in the northern neutrals. On 14th August these ministers, frustrated by what they perceived as the Admiralty's heavy handed use of contraband lists, pushed through cabinet authorisation to reopen direct trade between Britain, Scandinavia and the Netherlands. The next day, the cabinet ordered the Admiralty to remove coal from the contraband lists. Over the following week trade in a number of other restricted commodities, including practically all dominion and colonial produce, was resumed as well. Having been in operation for a grand total of almost exactly two weeks, strict economic warfare was now at an end.¹⁶³

Having diluted the power of the blockade, thus mollifying a number of its critics in cabinet, Asquith moved almost immediately to strengthen it again. Home Secretary Reginald McKenna argued that since Germany was believed to have instituted complete government control over its food supplies and industry in the cause of war, all foodstuffs destined for Germany were therefore by definition destined for the German war effort.¹⁶⁴ All food shipments suspected of going to Germany would therefore be liable for capture by British forces. This interpretation proved acceptable to the cabinet, and on 20th August the government issued an order-in-council making British adherence to the modified version of the Declaration of London official.¹⁶⁵ Five days later, on 25th August, Grey informed the Dutch ambassador in London that Britain intended to "capture all foodstuffs consigned to Rotterdam unless accompanied by a definite guarantee from the Dutch government not only that they will be consumed in the country, but that they will not release for Germany equivalent supplies of foodstuffs in Holland at the time."¹⁶⁶ By the end of the month British naval forces had seized 52 such vessels bound for either Dutch or German ports.¹⁶⁷

The adoption of the modified Declaration of London went some way towards bringing order to the chaotic implementation of economic warfare., but not far enough In order to improve intra-government coordination on blockade questions, and possibly also to ensure that economic warfare would now stay off the immediate cabinet agenda, Asquith created yet

¹⁶³ Lambert, 2012: 222-223

¹⁶⁴ Reginald McKenna served as First Lord of the Admiralty between 1908 and 1911, including during the opening stages of the Desart committee deliberations. He was therefore intimately familiar with Admiralty thinking on economic warfare.

¹⁶⁵ Hull, 2014: 159-161, 171

¹⁶⁶ Grey to the Dutch Ambassador, quoted in Coogan, 1981: 162

¹⁶⁷ Coogan, 1981: 155-163

Lambert, 2012: 223-229

another two committees in late August. The Coordinating Committee on Trade and Supplies (CCTS) was intended to act as a controlling body for economic warfare as a whole, its mandate being to oversee all the various bodies currently occupied with prosecuting and administering the blockade. At the head of the CCTS Asquith placed McKenna, a supporter of strict economic warfare. Meanwhile, the new Trading With the Enemy Committee (TWEC)¹⁶⁸ was tasked with studying and responding to applications from merchants wishing to export goods to the northern neutrals. The TWEC would be chaired by Attorney General John Simon, one of the cabinet's most outspoken critics of economic warfare. The end result of Asquith's exertions was thus that although he had given proponents of economic warfare the responsibility for creating the rules, he had granted its opponents the power to grant exemptions to the same rules. The policy stalemate would therefore continue.¹⁶⁹

The expansion of neutral merchant navies

In reality, the only neutral country which had both the economic and political power to challenge the British position was the United States. Although the US government was still adhering to a largely isolationistic foreign policy in 1914, the Foreign Office feared that a breakdown in Anglo-American relations could have disastrous consequences for the British war effort, both by way of imperilling British access to American markets, and by undermining British diplomatic efforts elsewhere. The experiences of the Boer War only twelve years previously, when Britain had found itself diplomatically isolated partly as a result of trying to blockade shipments to the Boers through neutral Portuguese Mozambique, made for caution. Asquith and Grey, fully aware of the possibly dire consequences of blatantly violating of international law, therefore treated the American authorities with a certain amount of care.¹⁷⁰

Following the Royal Navy's initial sweep of the high seas upon the declaration of war, some 350 large German merchant vessels had sought shelter in US ports. A number of German ship owners were eager to sell these vessels, both to recoup losses, and to stop incurring harbour charges and fees in the neutral ports. The reflagging of ships belonging to a nation at war was prohibited both under the Declaration of London, and under British and US domestic legislation. Yet as early as 8th August, Grey began waiving British rights on this issue, refraining from protesting the transfer of a number of such German vessels to new neutral owners in Chile, Spain and Sweden. On 11th August the Foreign Office also learnt that negotiations were

¹⁶⁸ Not to be confused with the pre-war Desert Committee, which was also officially known as the CID subcommittee on Trading With the Enemy.

¹⁶⁹ Lambert, 2012: 229-231

¹⁷⁰ Coogan, 1981: 170-171

Hankey, 1961: 355

Hull, 2014: 144

underway between German shippers and American diplomats to reflag more than a million GRT worth of shipping. To this end the Wilson administration was also pushing a bill through congress to repeal US legislation prohibiting such transfers.¹⁷¹

When the American scheme and the earlier transfers of German vessels to neutral flags became known to the cabinet, it set off a serious row. Runciman and Churchill complained strongly that Foreign Office acquiescence in these cases was undermining the British blockade effort. Yet although Grey was eventually driven to deliver a protest to Ambassador Hines Page, the foreign secretary refused to press the issue. From Washington, British chargé d'affaires Colville Barclay reported that the Wilson administration appeared set on pushing the policy through no matter the British stance.¹⁷²

On August 21st Grey, on his own initiative, took further steps to mollify the US government over economic warfare by telling Ambassador Walter Hines Page that American merchants whose cargoes were intercepted by the British navy would be allowed to sell these cargoes in Britain, thus avoiding financial loss. This assurance that US exports would not be liable for confiscation effectively removed all risk from American exporters wishing to trade on neutral Europe, in the process destroying what deterrence might have been built up from the ongoing interception of grain steamers trading on Dutch ports. The French government protested strongly to Grey about his refusal to pressure the US government on blockade issues. There were now rumblings from within the Foreign Office itself too. Eyre Crowe, himself not a supporter of unrestricted economic warfare, complained directly to the foreign secretary about the unfortunate failure to stand up to the Americans.¹⁷³ His complaints had little effect. By the time Grey began recognising the scale and consequences of the transfers, he decided it was too late to intervene.¹⁷⁴

Perhaps even more surprising than Grey's refusal to prevent the reflagging of German ships, the Board of Trade did much the same thing with British steamers. Upon the outbreak of war, a number of British shipping firms were owned by American companies. Following the Wilson administration's relaxation of reflagging laws, many of these firms began the process of transferring their ships to the American flag as well as purchasing further British merchantmen. As the responsible ministry, the BoT had the power to block such transfers from the British flag,

¹⁷¹ Lambert, 2012: 240

US Department of Commerce; *Annual Report of the Commissioner of Navigation to the Secretary of Commerce for the Fiscal Year Ended June 30, 1915*; United States Government Printing Office, 1915: 12-14

¹⁷² Lambert, 2012: 240-247, 249

¹⁷³ Shortly after the outbreak of war, Eyre Crowe (then Assistant Under Secretary of State at the Foreign Office and head of the FO Western Department) had been made head of the newly created FO War Department, and was widely believed to be in line to become Permanent Under Secretary, and professional head of the ministry. Lambert suggests that Crowe's falling out with Grey over US policy may in part explain the foreign secretary's decision to extend Arthur Nicholson's tenure as PUS and instead, in October 1914, relegate Crowe to chairing the less prestigious Contraband Department. (Kaarsted, 1979: 22; Lambert, 2011: 249)

¹⁷⁴ Coogan, 1981: 170

Lambert, 2012: 237, 254

yet they approved all requests. By the end of September, the number of British merchant ships so reflagged had reached 51. The Admiralty protested strongly against the practice, pointing out how it rendered one of the chief British weapons, ownership of a large part of the world's merchant tonnage, moot, yet to little avail. Transfers continued, even after the cabinet in December proclaimed the practice illegal. A total of 210 merchant steamers were transferred out of the British registry in this way in 1914. The BoT, somewhat inexplicably, continued allowing the transfers well into 1915.¹⁷⁵

President Wilson's attempts to get Congress to authorise public funds for the purchase of foreign merchantmen would eventually stall in the face of domestic political opposition, but that did not prevent private American companies from acquiring German vessels, just as they were acquiring British vessels. In June 1914 just over 200 merchantmen over 3000 GRT were flying the American flag, and of these only 15 were engaged in transatlantic trade. By June 1915 the total number of ships reflagged to the American registry stood at 148. Of these, 90 were of the 3000 GRT or above variety, bringing the US total of such large cargo ships to 305. All of these "new" ships were free to sail on neutral Europe. Grey's and the BoT's acquiescence thus increased the number of large US merchantmen plying the transatlantic routes almost tenfold.¹⁷⁶

Targeting European demand

Having failed to prevent the neutral reflagging of German merchantmen¹⁷⁷ the Admiralty sought find new ways by which American exporters could be deterred from shipping their goods to neutral Europe. To this end, the Admiralty-dominated Restriction of Enemy Supplies Committee on 9th September proposed instigating a program of harassment against neutral shipping. Ships plying the transatlantic routes should be escorted to British harbour for inspection. This, together with the associated legal hearings, would seek to inflict as great a delay as possible, in turn driving up shipping costs. Special attention would be paid to ships carrying supplies of strategic importance, such as oil and fuel. These proposals were once again in line with what the Admiralty had proposed at the Desart deliberations before the war. Somewhat surprisingly, the Foreign Office agreed, arguing that the deterrent would outweigh the consequences to foreign relations. From mid-September therefore, the British navy began intercepting tankers sailing between the United States and Europe.¹⁷⁸

¹⁷⁵ Lambert, 2012: 250-251

US Department of Commerce; *Annual Report of the Commissioner of Navigation to the Secretary of Commerce for the Fiscal Year Ended June 30, 1915*; United States Government Printing Office, 1915: 14

¹⁷⁶ Lambert, 2012: 239, 247-250

US Department of Commerce; *Annual Report of the Commissioner of Navigation to the Secretary of Commerce for the Fiscal Year Ended June 30, 1915*; United States Government Printing Office, 1915: 7-10, 12

¹⁷⁷ And British merchantmen, but this would not become known to the Admiralty for another few weeks.

¹⁷⁸ Coogan, 1981: 166-167

By early September cabinet debate on the possible extension of contraband lists to cover raw materials had come to a head. This was partly driven by proponents of economic warfare within the government itself, and partly by French pressure for the British to increase the economic pressure on Germany. Although concerns were raised over the legality of expanding the contraband lists so soon after adopting the modified Declaration of London, Grey pushed for the inclusion of petroleum, rubber, copper, iron and more. On 21st September the British government therefore publicly proclaimed the broadest list of contraband it had ever devised. The Board of Trade would push through another revision ten days later, removing some of the new items from the lists again. The number of neutral tankers and cargo ships seized by the Royal Navy en route to European ports nevertheless began to grow.¹⁷⁹

The British contraband lists remained a controversial subject for a number of reasons. Over the weeks and months following the outbreak of war French and Imperial representatives requested that certain commodities be left off lists of regulated goods. Authorities in Paris were reluctant to limit traditional French exports such as silk and wine. British colonial authorities and dominion governments were worried about the consequences of restricting trade in a range of important primary products, Canadian nickel, Egyptian cotton, Australian copper and Indian jute among them.¹⁸⁰ In revising the contraband lists the Foreign Office had also avoided adding cotton, as this was known to be a particularly sensitive issue in American domestic politics and thus prone to cause diplomatic difficulties. By doing this and by adopting the modified Declaration of London, Grey appears to have believed that good relations with the US had been secured for the time being. It therefore came as a surprise to the foreign secretary when he on 28th September learnt through Cecil Spring Rice, the British ambassador in Washington, that the US government was preparing to issue a strongly worded demarche protesting the British modifications to the DoL announced on 20th August. The British decision to presume ultimate German military destination for food shipments from the United States to the northern neutrals especially rankled with the Wilson administration.¹⁸¹

To avoid a public diplomatic spat, which could potentially be damaging to both sides, Grey accepted an offer from Wilson of private negotiations between American and British officials in order to find a solution to the problem. Spring Rice too urged making some form of concession to the US government. The Foreign Office's own head lawyer, Cecil Hurst, pointed out the apparent hypocrisy in the American indignation over British modifications to the Declaration of London, when the US administration itself had disregarded the declaration's provisions prohibiting the reflagging of merchant vessels. In any case, the Declaration of London remained unratified by

Lambert, 2012: 250, 254-256

¹⁷⁹ Lambert, 2012: 255-256

¹⁸⁰ Lambert, 2012: 341-342, 348

¹⁸¹ Lambert, 2012: 256

most of its signatories, Britain included, and was therefore not binding. US Secretary of State William Jennings Bryan was undoubtedly correct however when he argued that the British policy of presuming military destination for German imports through neutrals was an unprecedented extension of continuous voyage. Moreover, the FO itself had begun to doubt the original justification for this modification to the DoL. Shortly after the publication on 20th August of the new British doctrine, the Foreign Office had begun receiving reports from various sources indicating that the German government had in fact not instituted centralised control over food supplies, thus making the British legal position indefensible.¹⁸² Grey was therefore more receptive to the American concerns than what might otherwise have been the case.¹⁸³

On September 30th Grey and Runciman promised the US and Dutch governments that Britain would stop seizing transatlantic food shipments consigned to the Netherlands. These promises, made without consulting cabinet, caused outrage at the Admiralty and a number of other departments. Churchill, Lloyd George and McKenna all argued that the blockade on food shipments must be maintained. When the Wilson administration subsequently made Grey's promise public, it caused great embarrassment to the Foreign Office. Meanwhile the consequences of the earlier failures to prevent Germany from accessing foreign markets slowly began to be recognised in London. On 29th September, the Restriction of Enemy Supplies Committee reported that American companies were preparing unusually large shipments of various goods to be sent to the northern neutrals, and that in the preceding week four times more copper had reached the Netherlands by ship than Dutch industry would normally consume in a year.¹⁸⁴

In a renewed effort to find a solution acceptable to all parties the Foreign Office proposed that the basis for the British blockade of trade on neutral Europe be reworked. Grey suggested that instead of presuming ultimate enemy destination for contraband en route to the northern neutrals, the British government would allow American shipments consigned to named merchants. Contraband consigned to order or to neutral nations in general would still be liable for confiscation.¹⁸⁵ To compensate for the increased flow of overseas goods to Europe, the British government would seek to reach agreements with neutral governments and importers on limiting their exports to Germany. If such agreements could not be reached, Britain reserved the right to once more apply the continuous voyage doctrine to all contraband shipments. Grey

¹⁸² The German government did not nationalise the food supply system until the summer of 1916. (Offer, 1989: 28)

¹⁸³ Hull, 2014: 171-172

Lambert, 2012: 256-259

¹⁸⁴ Lambert, 2012: 259-260

¹⁸⁵ Consigning a cargo "to order" was a relatively new phenomenon in 1914. It had been brought about as a consequence of the revolution in communication and financial systems around the turn of the century. An overseas exporter would send a cargo ship to Europe without specifying an ultimate destination. Upon arrival in European waters the captain of said ship would telegraph his owners for instructions, and these would – based on the current prices of the goods in question – direct the ship to unload in the port where the greatest profits could be had. (Lambert, 2012: 271)

communicated his plan to the Wilson administration. In order to sweeten the offer, Spring Rice also assured the American State Department that the British would refrain from intercepting politically sensitive American cotton shipments. After lengthy discussions, US authorities finally signalled its assent to these proposals, reserving the right to make protests whenever Britain infringed on US rights under customary international law. On 29th October the British government published a new order-in-council, making Grey's proposals official policy.¹⁸⁶

Improvising a blockade

By late 1914 the British government had come to abandon most vestiges of the Admiralty's economic warfare plans in favour of a more traditional, although distant, blockade. Under the new system, adopted following the publication of the 29th October order-in-council, the effort to prevent the rerouting of German trade through the northern neutrals relied on the promulgation of contraband lists and the application of continuous voyage doctrine to these. The order-in-council also encompassed Grey's new proposals to get the northern neutrals to limit their re-export of goods to Germany. This represented a dramatic shift in British economic warfare strategy. In the words of Nicholas Lambert: "British policy [would now] target European demand rather than US supply".¹⁸⁷ The new British strategy thus involved two distinct means by which German trade should be reduced: traditional blockade and voluntary neutral rationing of imports. Both of these would present a completely new set of challenges for which the British authorities would have to improvise solutions.¹⁸⁸

The return to a traditional blockade, relying as it did on controlling shipments against predetermined contraband lists, involved having to keep track of individual cargoes. This contrasted starkly with the system envisaged in the 1912 Desart report, which instead had focused on the control of merchant ships. Indeed, both the Admiralty and the Desart enquiry had rejected keeping tabs on individual shipments as unworkable. Although there were thousands of merchant vessels plying the transatlantic trade lanes, the war room system provided the Admiralty with the means to track these. Cargoes, on the other hand, numbered in the millions, and no equivalent system existed to cover these. Add to that the problems associated with establishing ownership and ultimate destination of individual cargoes, information which would be required in order to invoke the doctrine of continuous voyage, and the difficulties involved appeared close to insurmountable.¹⁸⁹

¹⁸⁶ Coogan, 1981: 181-194

Lambert, 2012: 262-269

¹⁸⁷ Lambert, 2012: 267

¹⁸⁸ Lambert, 2012: 270-272

¹⁸⁹ Kennedy, 2007: 700-702

Lambert, 2012: 270-272

One important reason for why Grey and the Foreign Office had nevertheless thought such a system to be workable was the assumption that although the theoretical number of cargoes was high, the number of actual shipments which needed to be tracked would be low. This in turn was based on the assumption that only Rotterdam and other Dutch ports had the size, infrastructure and spare capacity to respond to German demand. Shipments of non-contraband goods, as well as shipments to other northern neutrals could therefore safely be ignored. The belief in the unique importance of the Dutch ports had been integral to the Desart deliberations, and so it was not unreasonable that it should form the basis for FO planning. It therefore came as a very unpleasant surprise to the British government when news began reaching London over the course of the autumn that the quantity of goods being transhipped to Germany through Scandinavia was increasing dramatically.¹⁹⁰

The first indications of trade shifting northwards came from the British navy, which from late September onwards began reporting a sharp rise in the number of merchant ships passing through its patrol routes in the North Sea en route to Norwegian ports. On 4th October the RESC added weight to the navy reports by noting that German authorities appeared to be actively engaged in increasing the transshipment of contraband through Scandinavia. In late November the trade section at the Admiralty reported that close to fifty large shipments of American grain had reached Scandinavia during the last weeks of October, well in excess of normal import levels. The same month Spring Rice also forwarded American trade statistics suggesting a threefold increase in US exports to Denmark against 1913 levels.¹⁹¹

Already before the publication of the new order-in-council on 29th October it should therefore have been obvious to Grey and his cabinet colleagues that the new blockade plan relied on false assumptions. Rotterdam may have been the largest and most important of the neutral European ports, but an effective Entente blockade would have to cover the northern neutrals in their entirety.¹⁹²

The first step aimed at improving British control over Scandinavian trade came on 2nd November, when the cabinet officially declared the North Sea in its entirety to be an "area of war". Shortly thereafter minefields began to be laid by both German and British forces, and ships bound to or from Scandinavian ports were advised by London to abandon any northern route around the British Isles, and instead utilise the English Channel in order to be guided across the North Sea by the British navy. Any civilian vessel crossing the Atlantic to and from Scandinavia would now have to pass through extensive stretches of British home waters, thus subjecting themselves to British inspection and sailing directions.¹⁹³

¹⁹⁰ Lambert, 2012: 272-273

¹⁹¹ Lambert, 2012: 273-274

¹⁹² Salmon, 1997: 132

¹⁹³ Berg, 1995: 189-190

A distant blockade, such as that being envisaged by the British government in the autumn of 1914, could nevertheless not be conducted by naval forces alone. First line enforcement, the physical prevention of contraband cargoes reaching neutral destination, would be conducted at sea, but the vast quantities of goods to be identified and tracked would require a large degree of centralised control. The effectiveness of the blockade therefore depended upon the effectiveness of the administrative machinery supporting it, and by late 1914 that effectiveness was severely lacking.¹⁹⁴

The British civil service machinery running the blockade, both at the Admiralty and the Foreign Office, quickly found itself struggling to cope with the wealth of data required to decide whether a cargo was destined for the Central Powers or not. In February 1915 the British ambassador in Washington, Cecil Spring Rice, complained to his superiors at the Foreign Office that collecting, collating and transmitting the wealth of trade data which blockade authorities in London were requesting was beyond what his staff could accomplish. If the Foreign Office wanted information rapidly, reports would have to be limited to only the most important categories of contraband.¹⁹⁵

Nor was the transatlantic telegraph system dimensioned to cope with the amount of traffic required to cover all seaborne trade destined for Europe from North-America. From late 1914 onwards, British blockade officials in the US and Canada were therefore forced to rely on transmitting many files to London by fast mail steamer every few days. News of suspect cargoes thus arrived in London shortly before the cargoes themselves reached European waters. This left a very limited window in which information on the nature of the cargo, its sender, recipient, and carrier had to be drawn together and a decision made on whether or not it was liable for seizure and confiscation. Because sufficient information was often not available in time, naval patrols therefore often directed intercepted steamers to British port, where they could be thoroughly inspected and more time allowed for a decision to be made on contraband. Yet this in turn made for diplomatic and economic friction, something which both the Foreign Office and Board of Trade remained keen to avoid.¹⁹⁶

All the while information on shipments was flowing into London, indications were multiplying that the neutrals on either side of the Atlantic were not keen to comply with the new British system. In October the US State Department ordered that the manifests of all ships sailing from American ports be kept confidential for 30 days after sailing, thus effectively preventing

Hankey, 1961: 357

Riste, 2004: 92-93

Salmon, 1997: 132

¹⁹⁴ Lambert, 2012: 376-377

¹⁹⁵ Kennedy, 2007: 703-705

¹⁹⁶ Kennedy, 2007: 702-704

Lambert, 2012: 376-377

Riste, 1965: 49

the British blockade authorities from getting hold of the data before said shipments arrived in Europe. In the same month, the Danish, Swedish and Norwegian governments, in a rare show of Scandinavian unity, jointly announced that their public trade figures would not be published for the duration of the conflict. The Dutch government followed suit the month after by classifying some of its trade data. The end result was that despite being swamped by information, much of the trade data that was actually needed never made it to the FO or the Admiralty at all.¹⁹⁷

As if the abovementioned issues were not bad enough, the problems of data handling were also exacerbated by the organisational chaos created by the inter-departmental rivalries and political disagreements which continued to plague British ministries. The Admiralty controlled some of the most effective British intelligence networks. Yet the abandonment of pre-war economic warfare plans had placed much of the responsibility for formulating and directing blockade policy back into the hands of the Foreign Office. Like the Admiralty, the FO presided over a large information gathering and intelligence operation, run chiefly through its network of embassy and consular officials. Many members of the Foreign Office hierarchy were also reluctant to take advice from other government agencies and departments on what they believed to be foreign policy issues. Grey, supported by Prime Minister Asquith, also believed that there were limits to how far the blockade could be allowed to inconvenience neutral trade. Over the course of late 1914 and early 1915 the FO therefore routinely ignored calls from other departments for a stricter enforcement of the blockade. The Admiralty was especially vehement that too many cargoes were allowed to reach Germany through the northern neutrals because of the lax application of blockade policy by the administration on land. Only 16 out of the 341 merchant vessels brought in to Shetland and the Orkneys for inspection between New Year and the end of March 1915 were actually detained once their cargoes had been examined by British blockade authorities. Likewise, of the 340 merchant vessels intercepted by British cruiser patrols over the two and a half months from the beginning of March, only six were detained following inspection.¹⁹⁸

By early 1915 it was thus becoming increasingly clear to the British cabinet that the new order-in-council system was not making the blockade quite so watertight as had been hoped. The suspicion that a large proportion of the goods now flowing to the northern neutrals was being carried by British merchant shipping was especially galling. On 13th January, at the behest of Asquith, the Committee of Imperial Defence produced a report on the current status of economic warfare. This identified two main issues hampering blockade efforts. The first was that of coordinating intelligence gathering and evaluation, the challenges of which were becoming

¹⁹⁷ Kennedy, 2007: 703-704

Lambert, 2012: 274, 278

¹⁹⁸ Lambert, 2012: 345-346, 393

Osborne, 2004: 84-86, 91-92

increasingly clear in the wake of the imposition of the new blockade system in October. In the CID's view the best way to rectify deficiencies in this field would be to establish a powerful centralising body, properly staffed and headed by a cabinet minister, tasked with coordinating all the disparate British intelligence gathering operations.¹⁹⁹

The second issue identified as reducing the efficiency of blockade efforts was the failure of the British licensing system to properly scrutinise export applications. Chronically understaffed, the inter-governmental committee tasked with evaluating applications from British merchants to ship goods to neutrals had been operating on the assumption that exporters were themselves scrutinising their trading partners so as to ensure that their goods would not be re-exported to the enemy. In practice this was far from the case, and the committee's rubber-stamping of applications was therefore rendering the system counterproductive, in that it lent an air of official approval to what effectively amounted to a giant hole in the blockade. Eyre Crowe, who in November 1914 had become head of the Foreign Office's new Contraband Department, backed up the CID's findings by noting that "we in the United Kingdom are freely giving licences to export to practically all neutral countries".²⁰⁰ Asquith's response to these criticisms was, somewhat predictably, to establish yet another government body. The new War Trade Department (WTD) would operate under the aegis of the Treasury and should centralise intelligence assessment, as well as evaluate applications for export licenses.²⁰¹ The WTB was nevertheless not granted executive powers, as Asquith was loath to allow it to impinge on the prerogatives of other ministries and departments, given the cabinet infighting that was likely to follow.²⁰²

A number of cabinet ministers were nevertheless not satisfied with merely centralising intelligence operations. These therefore also sought other means by which the blockade could be tightened. Asquith and Grey both worried that interfering with neutral shipping might yet land Britain in hot waters with the US government, but in short order the German government itself provided the necessary cover. On 4th February Berlin responded to the British cabinet declaring the North Sea an area of war by announcing that it would henceforth regard all British waters as a war zone. All vessels, neutral or otherwise, encountered by German forces within this zone would run the risk of attack. Although the practical consequences of this declaration were relatively limited, it provided the British cabinet with a perfect pretext for extending its definition of belligerent rights yet further.²⁰³

¹⁹⁹ Lambert, 2012: 345-346, 355-356

²⁰⁰ Eyre Crowe, quoted in Lambert, 2012: 348

²⁰¹ For an overview of the workings and gradual expansion of the War Trade Department, see Kennedy, 2007

²⁰² Dehne, 2016: 336-337

Kennedy, 2007: 705-707

Lambert, 2012: 346-349, 384

²⁰³ Hankey, 1961: 352

Two days after the publication of the German declaration of unrestricted submarine warfare Churchill proposed that Britain respond by declaring all cargoes with a presumed German destination to be liable for confiscation. Such a system would do away with contraband lists in their entirety by treating all commodities as absolute contraband. Asquith and Grey remained reluctant to take such a drastic step, but after protracted debate the proposal was taken up. On 11th March the cabinet promulgated the new basis for British blockade policy in the form of yet another order-in-council. The British government would henceforth reserve the right to prevent all trade to and from Germany, no matter the nature of the commodity being traded.²⁰⁴

Coming as it did on the heels of the reorganisation of the British exports licencing system, the order-in-council of 11th March had a disastrous effect on the new War Trade Department, which at that point had been operational for less than a month. The expansion of contraband lists to cover all commodities meant that the number of export licence applications made every day came close to doubling almost overnight. Because the surge in license applications proved greater than anticipated, the fledgling WTD was quickly swamped. To cope with the rapidly growing backlog, the head of the War Trade Department made the decision rubber stamp all new applications. WTD staff was also transferred from intelligence coordination to export licencing duties, further exacerbating the data problems plaguing the British blockade efforts. The result of these decisions was a substantial increase in exports to Europe, the exact opposite of what the proponents of economic warfare had wanted.²⁰⁵

It did not take long for the situation at the War Trade Department to come to the attention of the cabinet, and over the course of March and April 1915 the head of the WTD, Alfred Emmott, was roundly criticised for his failure to limit exports to the northern neutrals. For his part Emmott argued that any other course of action would have led to a complete breakdown of the licencing system, and that he had had no directions from Asquith or the cabinet to act otherwise. The last point was undoubtedly correct. The cabinet remained divided over how to proceed. Churchill, McKenna and other proponents of economic warfare had managed to get the new order-in-council adopted, but Runciman at the Board of Trade and Grey at the Foreign Office remained reluctant if not outright opposed to adopt further sweeping anti-trade measures. Asquith himself sat on the fence, not wanting to embroil himself in yet more cabinet controversy. Unable to agree on policy, the War Trade Department was left to try to navigate the diverging directives issued by the Admiralty, the Board of Trade and the Foreign Office. Nor did it help that

Lambert, 2012: 361

Osborne, 2004: 87

²⁰⁴ Hull, 2014: 185-186

Lambert, 2012: 362-363, 367, 369-370

Osborne, 2004: 87-88

²⁰⁵ Lambert, 2012: 384-385

the FO itself was divided over policy, with Grey tending to favour caution while Eyre Crowe and the Contraband Department urged stricter enforcement.²⁰⁶

The export licencing backlog controversy was nevertheless a relatively small piece of a greater issue. The War Trade Department had not been tasked with preventing all trade to the northern neutrals, but rather prevent the transshipment of German trade through these. Exports to the northern neutrals should therefore satisfy these countries domestic requirements. Yet restricting their imports to such levels would be next to impossible all the while there was no certainty as to what those requirements were. This information could possibly be collated through the careful marshalling of British commercial intelligence resources, but the current chaos both at the WTD and cabinet made this difficult. In any case, the cabinet soon found itself distracted by other pressing issues. In May 1915 news reports began suggesting that British forces in Belgium and France were being hampered by a lack of munitions. The perceived failure of the government and to adequately support its soldiers at the front kicked up a serious furore, which together with the collapse of the much vaunted Dardanelles offensive, seriously threatened Asquith's position. On 26th May Asquith was forced to reform the government, establishing a coalition with the conservative party.²⁰⁷

With Asquith staying on as prime minister, centralised coordination of blockade policy remained absent. All the while the order-in-council of 11th March offered harder language on the blockade, Grey, who retained his job at the Foreign Office, was also actively pushing for a less stringent interpretation of its provisions. Again the foreign secretary's concern over neutral opinion was the cause. In June an FO proposal to allow the free trade in foodstuffs to resume, on the grounds that Germany appeared fully able to sustain itself in spite of the blockade and that the ban was generating antagonism in the United States, was rejected by a majority of the cabinet. The War Trade Department and FO's policy of treating export applications and detained merchant ships with a significant degree of leniency nevertheless severely undermined efforts to reduce neutral imports.²⁰⁸

Over the course of the spring and early summer of 1915 Grey and his subordinates at the Foreign Office was therefore looking at ways in which the blockade could be made more effective without impinging on neutral rights. Active control over British domestic produce, the most important of which was coal, appeared a promising avenue for achieving results. All coal exports from Britain had been subject to licensing since April 1915. The initiative for this had, somewhat ironically, come from the Board of Trade, which was concerned about the ability of British industry to source sufficient coal from domestic sources. British coal production had

²⁰⁶ Lambert, 2012: 385-390

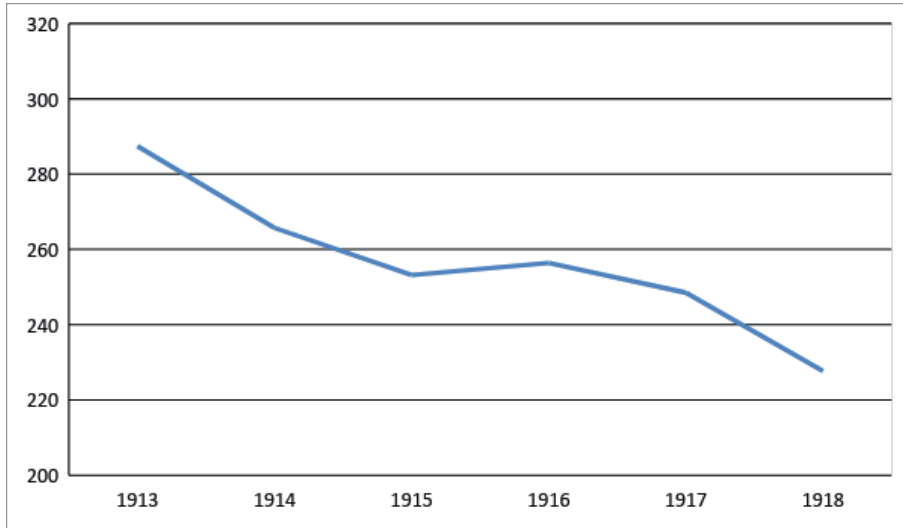
²⁰⁷ Lambert, 2012: 413

Strachan, 2001: 1005

²⁰⁸ Osborne, 2004: 90-91

been declining ever since the outbreak of war, as a consequence of large numbers of miners leaving their occupations in order to join the armed forces.

Figure 3.1: UK coal output, 1913-1918 (million tons, per annum)



Source: Mitchell, Brian R.; *British Historical Statistics*; Cambridge University press, 1988: Fuel and Energy 3, Part B

Due to the importance which the Board of Trade attached to the matter, the licencing of coal exports was not devolved to the War Trade Department, but instead retained as the prerogative of the newly created BoT Coal Committee. As this meant that any attempt by the Foreign Office to use coal as a means to pressure neutral governments and merchants would be subject to the approval of the Board of Trade, this the stage for a lengthy turf war between the Coal Committee and the FO's Contraband Department. Attempts by Crowe and other Foreign Office officials at getting the Board of Trade to recognise that the FO should retain the final word in the granting or denial of export licences for coal were nevertheless futile. Board of Trade officials believed the Foreign Office unqualified to judge the necessity of maintaining British trade flows on its own, and the Foreign Office lacked the power to compel Board of Trade acquiescence. From June 1915 onwards Crowe and the Contraband Department were therefore forced to abandon their attempts at using coal to put direct pressure on Scandinavian governments, at least temporarily.²⁰⁹

While the Board of Trade and the Foreign Office were wrangling over coal export licencing, the Admiralty was using the summer to prepare a coal scheme of its own. Instead of utilising

²⁰⁹ Lambert, 2012: 401-405
Osborne, 2004: 103-105

coal as a bargaining counter with neutral governments, the Admiralty plans called for the active use of bunker controls to deny fuel to neutral merchant shipping suspected of trading with the enemy. This was a throwback to pre-war economic warfare plans, and the Coal Committee was deeply sceptical. Unfazed, the Admiralty nevertheless went ahead, utilising its knowledge of the movements of merchantmen provided by the War Room system and naval intelligence networks to implement a rudimentary system from June onwards. Crowe and the Contraband Department embraced the initiative, and set out to create a more comprehensive regulatory scheme, which finally went into operation in October. From the autumn of 1915 onwards, owners of neutral ships en route to Scandinavia were required to sign guarantees to the effect that their cargoes did not have enemy destination. If they were later found to have broken this guarantee, they would be blacklisted and denied further access to British bunker.²¹⁰

The voluntary blockade

The failure put an end to German transshipment of goods through the northern neutrals in 1914 and 1915 was not one of planning, but of implementation. Enforcement of British blockade regulations was shared between a large number of ministries and other government bodies, all of which would have to act in conjunction with the others for the system to yield results. These bodies nevertheless held diverging views on the how blockade efforts could best be directed. With Asquith unwilling to delegate executive authority on blockade matters to any single government body, it was almost inevitable that the effectiveness of economic warfare would suffer. The tough language enshrined in the order-in-council of 11th March notwithstanding, forced rationing of the Scandinavian neutrals was for all intents and purposes off the table. British strategy therefore reverted to the concept of reducing European demand through voluntary rationing.

The first British diplomatic overtures to Scandinavia on the topic of blockade had taken place as early as 4th August, when the Foreign Office ordered its representatives in Norway, Belgium and the Netherlands to communicate to said governments offering British assistance in resisting any German pressure for these to break with neutrality. The British note went so far as to offer an alliance should Germany threaten the use of force.²¹¹ The origins of this somewhat dramatic initiative was an Admiralty memorandum forwarded to Grey by Churchill on 3rd August, suggesting that bringing the North Sea neutrals into the war would simplify blockade work immensely by removing the problem of rerouting German trade through these countries

²¹⁰ Lambert, 2012: 407-408

Osborne, 2004: 103-104

Salmon, 1997: 136

²¹¹ Lambert, 2012: 206

altogether. The proposals were debated by ministers the same day, but no conclusion reached. Bringing these countries into the conflict on the British side would nevertheless avoid the necessity of interfering with their trade, a topic which, as discussed previously, was anathema to many of those cabinet members who had only endorsed Britain joining the conflict in order to uphold neutral rights. Under pressure, Grey therefore agreed to make the requested overtures. Barely two hours after having had the diplomatic note delivered, the foreign secretary then ordered it withdrawn again. Lambert has suggested that the reason for Grey's sudden volte-face was that, unlike Churchill and a number of other cabinet members, he was not at all keen on widening participation in the conflict. In any case, the foreign secretary jumped on the opportunity created by the publication of a joint Norwegian-Swedish neutrality declaration on 8th August to kill the proposal altogether, deciding that any chance Britain might have had of recruiting Norway to the Entente was now moot.²¹²

Following the abandonment of this "grand coalition" proposal, it would take until the adoption of Grey's voluntary rationing proposals, encompassed in the order-in-council of 29th October, for the transshipment of goods to Germany to again become a topic for serious diplomatic discussion between Britain and the Scandinavian countries.

Norway and the defence of public neutrality

Norwegian Prime Minister Gunnar Knudsen restricted himself to a measured response to the initial British blockade efforts. The government publicly declared Norway's desire to maintain its neutrality, and took steps to mandate the adoption of a new war insurance scheme for the merchant fleet, ensuring shipping would continue to operate despite the lingering financial crisis and the threat from submarines and mines. The re-export of a range of imports of key importance to the Norwegian economy, chiefly grain and coal, was prohibited. Aside from classifying Norwegian trade data, Foreign Minister Nils Ihlen responded to the cordoning off of the North Sea in the early autumn of 1914 by issuing formal protests, but not much more.²¹³

By the end of autumn 1914 there appeared little if any serious need for decisive action on the part of the Norwegian government. British interference with Norwegian trade remained largely ineffective, and once the initial war scare and the worst effects of the July financial crisis had subsided, imports from overseas continued unabashed. Having ascertained that transatlantic imports were not under serious threat, the government in Kristiania could therefore satisfy itself with responding to British and Entente initiatives as they were made. Once the Foreign Office decided to pursue its policy of voluntary rationing from October 1914

²¹² Lambert, 2012: 205-210

Riste, 1965: 36-37

²¹³ Berg, 1995: 185-186

onwards, Knudsen and Ihlen sought to deflect overtures for a government agreement. The FO had originally proposed to Ihlen that Norway set up a public import/export agency to liaise with the British blockade authorities, but this was promptly rejected. The British minister in Christiania, Mansfeldt Cardonnel de Findlay, responded by demanding the Norwegian government outlaw all exports of home produce to Germany. As per pre-war policy, the Knudsen government preferred to be as limit as far as possible any official Norwegian involvement with British blockade efforts. Findlay's demands were therefore once again rebuffed. Against the background of blockade policy chaos in London, the Foreign Office was thus left with the option of negotiating directly with private Norwegian enterprise. This did not particularly upset the FO. If the end result was that individual companies or associations ended their exports to Germany, it was unimportant whether or not the Norwegian government was directly involved in the process. These efforts were more wide-ranging than simple prohibition on the re-export of imports. The FO would also seek to prevent Norwegian exports to Germany of domestic produce, especially of such goods as were important to the German war industry. The Norwegian government's refusal to be drawn into outright participation in the British blockade therefore set the stage for a more direct Anglo-German confrontation in the private sphere, and the domestic Norwegian market became a cutthroat, if somewhat less than deadly, battleground.²¹⁴

Knudsen's defence of public neutrality meant that British and German agents would deal with Norwegian businessmen, while the Kristiania government as far as possible refrained from intervention. These arrangements suited the Knudsen government well. If Norway could maintain good relations with British authorities, including tolerating British blockade efforts in the private sphere, without compromising domestic economic prosperity or public political neutrality, then so much the better. Its official non-involvement in the blockade notwithstanding, the maintenance of communications across the North Sea remained a key priority for the government in Kristiania. Whenever these were threatened, steps must be taken to counter the danger. In addition to the merchant fleet insurance scheme introduced in the autumn of 1914, Norwegian vessels and crews were active throughout the war in maintaining and repairing North Sea telegraph cables between Norway and Britain, the severing of which was one of the goals of a concerted campaign by the German Navy between May 1915 and April 1917. Nor were Norwegian officials above cooperating with the British authorities on a sub-cabinet level. At one point in 1915, the director of the Norwegian state telegraph authority asked British government representatives to refrain from announcing publicly that the Norwegians had just repaired one of the cut cables, in the hope that the Germans would not attack it again.²¹⁵

²¹⁴ Riste, 2004: 94-95

²¹⁵ Winkler, 2009: 858-859

British dealings with Norwegian private firms over the autumn of 1914 and spring of 1915 were not without difficulties, but by the summer of 1915 the Entente had gained control over the output of two of the most important Norwegian industries: whale-oil producing DeNoFa and the nitrate production at Norsk Hydro. The output of both had uses in war related industries. Glycerine was a valuable by-product of whale oil production, while nitre, which had been used chiefly in the production of artificial fertilizers before the war, was also a key ingredient in explosives. It was calculated after the war that upwards of 30% of all nitre used in French munitions factories during the war originated with Norsk Hydro. In the wake of the May 1915 shell crisis the British also succeeded in greatly limiting German access to Norwegian produced nickel, which had important applications in the production of armaments and armour.²¹⁶

In addition to the agreements with individual firms, the British blockade authorities also succeeded in reaching a number of accommodations with Norwegian business associations, some of which had been formed specifically in order to negotiate with the British. Under these “branch agreements”, associations undertook to guarantee that British imports would not be re-exported to the Central Powers, and instead used only to meet domestic demand. The first of these was signed in late August, with more following over the course of late 1915 and early 1916.²¹⁷

The branch agreements nevertheless gave official British sanction for uninterrupted Norwegian imports of overseas goods. Even if the Norwegian associations were successful in preventing the re-export of these goods, there was often little to prevent overseas imports replacing Norwegian produced goods on the domestic market, thus allowing Norwegian products to be exported to Germany without the risk of domestic shortages. There were therefore significant limits to how effective the branch agreements could be in preventing Norwegian exports to the Central Powers. Supplying German demand remained a lucrative and enticing prospect, both to British and Norwegian merchants. Although the branch agreements and British intervention in the Norwegian domestic market did go some way towards limiting Norwegian exports to Germany, the hole in the blockade was thus by no means closed by the end of 1915. Yet the branch agreements allowed the Knudsen government to keep the British blockade at arm’s length, and the British blockade authorities obliged in turn by applying only mild pressure.

²¹⁶ Berg, 1995: 194-196

FO 382/288; Folder No. 2535, No. 25, Findlay to FO; 7th January, 1915

FO 382/288; Folder No. 8113, No. 75, Findlay to FO; 21st January, 1915

FO 382/288; Folder No. 30998, 74/H.E.N/11 (A.6), Army Council to FO (attached War Office memoranda and copy of contract between Norsk Hydro and Allied representatives); 15th March, 1915

Lambert, 2012: 275-278

Riste, 2004: 94-95

Strøm, 2012: 51-53

²¹⁷ Berg, 1995: 194-197

For an overview of Anglo-Norwegian trade negotiations between 1915 and 1917, see Berg, 1995 and Riste, 1965.

The foreign policy stance adopted by the Knudsen government on the outbreak of war was thus very much in line with Norwegian pre-war priorities: the need to maintain economic prosperity and a strict definition of neutrality as a public, rather than private, undertaking. The conduct of Norwegian foreign policy along these lines in 1914 and 1915 was made all the easier by the British failure to flex economic and military muscle in the North Sea. Price rises notwithstanding, Norway suffered few if any serious supply shortages during the first years of conflict. As long as the domestic economic situation did not deteriorate, the Knudsen government could therefore restrict itself to avoid outright conflict with any of the warring parties. Neither Knudsen nor Ihlen were keen on upsetting these arrangements by way of overt cooperation with British blockade authorities. Germany remained a major trading partner, and any foreign policy entanglements that could be construed as unneutral might well invite some form of retaliation from German authorities.

The initial consequence of the British blockade authorities' failure to exercise any significant control over either the Norwegian merchant fleet or domestic importers was a rapid and sustained increase in the quantity of commodities reaching Norway from the west. While imports to Norway from Germany fell by almost a third between 1913 and 1915, imports from the United Kingdom grew by 50%. Imports from the United States quadrupled over the same period. This rapid and spectacular shift in the pattern of imports was mirrored by an equally dramatic shift in exports. The sale of goods and services to Germany grew by almost 150%, with the country overtaking Britain to become the largest market for Norwegian exports.

Exports to Britain grew by a similarly impressive, although not relatively less dramatic 64%. The latter point is probably best explained by the importance of shipping services to the Norwegian external economy, and the dramatic increase in freight rates following the outbreak of war. The price of ferrying a cargo of wheat between the United States and the United Kingdom was eight times higher in 1916 than it had been in 1914. Altogether, the earnings generated by the Norwegian merchant fleet quintupled between 1914 and 1916, and led to an economic boom in wartime Norway.²¹⁸

²¹⁸ Sandvik, 2018: 166

Figure 3.2: Norwegian exports by value, 1913-1915 (per annum, million NOK 1913 prices)

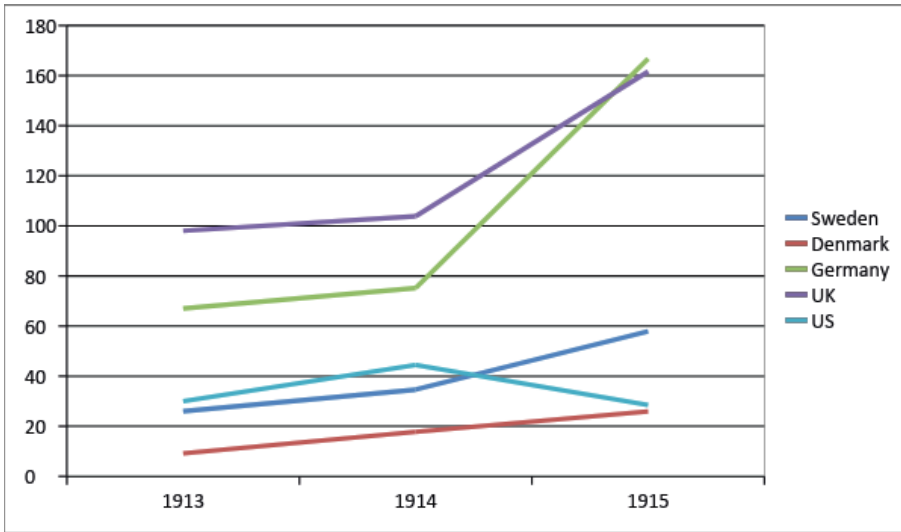
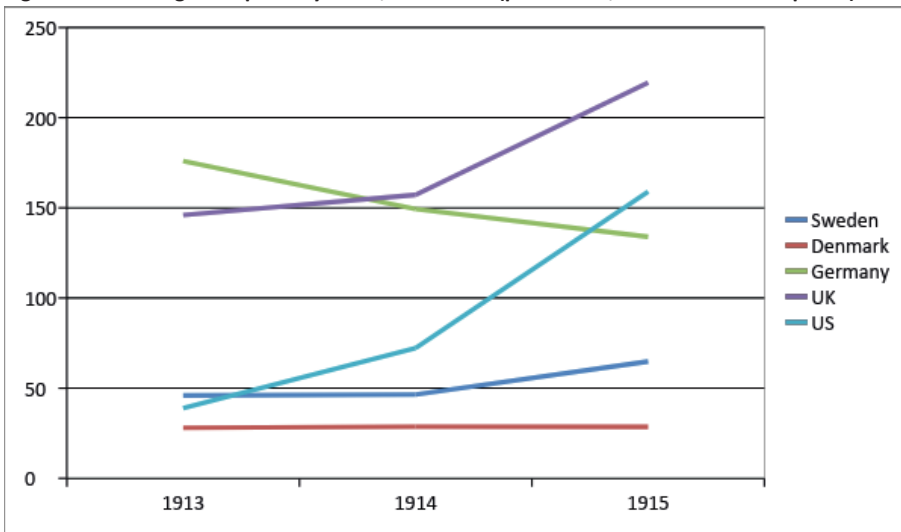


Figure 3.3: Norwegian imports by value, 1913-1915 (per annum, million NOK 1913 prices)



Sources (Figures 3.2 and 3.3): Mitchell, 2003: Table E2
 CPI deflator: Bank of Norway; Consumer Price Indices 1516-2015

A Danish balancing act

Initial Danish attention following the outbreak of war was directed southwards rather than westwards, and with good reason. Denmark not only shared a land border with Germany, but also controlled the main entrances to the Baltic. On 5th August 1914 the government of Carl Theodor Zahle felt pressured to accept a German demand that the Danish navy mine the Belts. Following this initial concession, Foreign Minister Erik Scavenius moved quickly to ensure continued Danish neutrality by balancing the interests of Germany and of Britain. In late August he managed to gain acceptance in Berlin of the view that continued Danish overseas trade was in Germany's best interest, as any reduction in imports would directly affect Denmark's ability to export goods to Germany itself. Since Danish ability to import was dependent upon British cooperation, the German stance therefore meant an implicit acceptance in Berlin of continued Danish negotiations with and exports to Britain, without which Anglo-Danish relations were certain to break down.²¹⁹

The British Foreign Office likewise expressed sympathy with the Danish need to compromise with Germany in order to maintain its neutrality, but was not about to accept unlimited Danish exports without a fight. The abortive implementation of British pre-war economic warfare plans nevertheless meant that the quantity of overseas goods reaching Denmark grew rapidly over the course of late summer and early autumn, as German import trade shifted to transshipment through Scandinavian ports.²²⁰

When the British government announced in October 1914 that contraband policy would be tightened, Scavenius acceded to a Foreign Office demand that the Danish government undertook to embargo the re-export of all contraband commodities imported through the British blockade cordon. A British request that the same restrictions be implemented on imports of conditional contraband was refused. The contraband embargo nevertheless failed to stem the rapidly growing transit trade through Danish ports. This rapidly became clear to the British blockade authorities from intelligence from both sides of the Atlantic, as well as reports from the British blockading vessels patrolling the entrances to the North Sea. When confronted with accusations that it was failing to enforce its own embargo regulations, the Danish government did not deny the fact, but argued that the scale and complexity of tracking all cargoes made enforcement impossible in practice. The British blockade authorities' own information and intelligence problems made it all too easy to sympathise with the Danish government on this score. The Foreign Office also recognised the diplomatic problems facing Copenhagen on the diplomatic front, being exposed to the threat of German aggression. The seemingly lacklustre

²¹⁹ Lidegaard, 2003: 57-58

²²⁰ Lambert, 2012: 275-276

efforts on the part of the Zahle government to maintain the contraband embargo was nevertheless difficult to swallow for British economic warfare proponents.²²¹

Faced with mounting reports of overseas supplies flooding into Germany via Denmark, Crowe on 27th November 1914 proposed that Grey designate Denmark a “base of enemy supplies”. This would enable the British blockade authorities to regard all conditional contraband commodities en route to Denmark as consigned to enemy destination, thus making them liable for confiscation by the Royal Navy. Even though pressure was thus mounting both from the cabinet and from within his own Foreign Office for Grey to take action, the British foreign secretary remained reluctant to accede to Crowe’s requests. Grey instead argued that the Danish government should be given another chance to adopt some form of voluntary rationing scheme. In this Grey also enjoyed the support of the British minister in Copenhagen, Henry Lowther, who argued that British interference with Danish imports would cut Britain off from the Danish market, as well as expose Scavenius to yet more German pressure.²²²

What Grey desired was primarily the creation of a centralised Danish business body, operating under British supervision to oversee all Danish foreign trade. This was nevertheless unacceptable to Scavenius, who felt that such a body would facilitate unprecedented British penetration of Danish economic life, in turn risking damage to Denmark’s relations with Germany. The Danish foreign minister therefore delayed responding to the British demands until Berlin could be made to recognise Denmark’s need to reach some form of compromise with the British blockade authorities. Again Scavenius’ core argument was the same as it had been in August. Continued Anglo-Danish trade was in Germany’s interest, as Denmark would otherwise be unable to maintain its exports of domestic produce southward.²²³

The prospect of being declared a “base of enemy supplies” was nevertheless deeply troublesome for the Danish government. On 9th December 1914 the head of the foreign ministry commercial section, Martin Julius Clan, therefore departed Copenhagen for London, in order to seek some form of accommodation with the British government. This was all the excuse Grey needed to deflect intra-government pressure for a more severe policy on Denmark. In late December he announced his rejection of the “base of enemy supplies” proposal, to the great frustration of both the Admiralty and his own Contraband Department.²²⁴

²²¹ Cohn, 1928: 9

Lambert, 2012: 276

Osborne, 2004: 77

²²² Kaarsted, 1979: 99-100

Lambert, 2012: 277

²²³ Lidegaard, 2003: 57-58

Salmon, 1997: 131-132

Sjøqvist, 1973: 146

²²⁴ Kaarsted, 1979: 100-101

Lambert, 2012: 277-278

Sjøqvist, 1973: 141-142

The Clan agreement, signed in London on 9th January 1915, was in some respects a rehash of the earlier Danish embargo undertakings. Imported contraband must not be re-exported to Germany. In return the British blockade authorities would not seek to interfere with exports of Danish produce to Germany. The British government also reserved the right to stop and inspect Danish vessels for goods ultimately intended for Germany. Crowe argued that Clan should also be pressured to agree to the creation of a government-sanctioned Danish business organisation to oversee and provide data on imports, but was rebuffed by Grey, who knew from Lowther's reports that such an undertaking would be anathema to Scavenius. Grey also feared that an Anglo-Danish rupture at this point would prejudice Britain's relations with other neutrals, and make reaching blockade agreements with Norway and Sweden that much harder.²²⁵

Despite the signing of the Clan agreement, fears nevertheless persisted among the Danish business community that the British blockade might lead to shortages of certain industrial raw materials in Denmark. In an attempt to set up some kind of formal guarantee framework covering imports of such commodities, the Danish Industrial Council business association²²⁶ therefore decided to send its own representative, Alexander Foss, to London. Scavenius endorsed the initiative. When Foss arrived in London, he was faced with British demands for extensive information on Industrial Council firms, as well as the nature and quantities of Danish exports to Germany. Believing he had little option but to accede to these demands, Foss signed an agreement with the British on 18th February.²²⁷

Even though Crowe might have been less inclined than Grey to consider the wider diplomatic ramifications of a harsh British economic warfare policy, he was undoubtedly correct in regarding the Clan agreement as ineffective as regarded British blockade objectives. Like the earlier embargo accommodation, it did not contain any new provisions for Entente oversight or strengthened export control. It did not take long for the Foreign Office to learn that contraband goods continued to reach Germany from Denmark. The expansion of British contraband lists under the order-in-council of 11th March, was in many ways a response to the failures of the Foss agreement and other early voluntary rationing initiatives. British blockade efforts were nevertheless as handicapped by their own shortcomings as by any failures on part of the Danish government. The War Trade Department licensing breakdown and the ongoing intelligence coordination problems, as well as the cabinet's increasing preoccupation with the fallout from the shell crisis and the collapse of the initial Gallipoli offensive, precluded any major new initiatives being made towards Denmark over the course of the spring and early summer.²²⁸

²²⁵ Kaarsted, 1979: 101-104

Salmon, 1997: 132

Sjøqvist, 1973: 146-147

²²⁶ In Danish: *Industriraadet*

²²⁷ Cohn, 1928: 29-30, 48

²²⁸ Kaarsted, 1979: 104-106

The February Industrial Council agreement was limited in scope, only covering certain raw materials considered vital to the continued operation of Danish domestic industry. Over the course of the spring of 1915 it nevertheless became obvious that the Industrial Council's control over its members was insufficient to uphold the terms of the agreement. To Alexander Foss's great frustration, a number of firms simply ignored the export restrictions, and continued supplying the German market with contraband commodities. By expanding the definition of contraband, the 11th March order-in-council also countered a number of the British concessions made in the January negotiations with Clan in London. These events therefore rendered both the Clan and Foss agreements largely inoperable. This in turn prompted the Danish government to take steps to improve its control over Danish foreign trade.²²⁹

Recognising that his ministry lacked much of the economic clout required for this task, Scavenius had as early as January 1915 encouraged Danish business associations to engage more directly with the problem. This initiative had presaged the Foss negotiations in London in February. If this agreement could form a blueprint for future arrangements with the warring powers, Scavenius might be able to deflect pressure from the Foreign Office for direct British oversight of the import and embargo system. It would also abrogate the need to for the Danish government to formally recognise the British 11th March order-in-council, which would likely provoke German accusations that Denmark was not defending its neutrality. On 7th June the Danish minister in London, Henrik Castenskiold, let the Foreign Office know that the Danish government would be unable to provide the oversight demanded by British authorities, and that these should instead seek to reach accommodations with the Danish business community.²³⁰

Over the course of the summer of 1915 Alexander Foss had spent time in Berlin as head of a Danish Industrial Council delegation, negotiating with the Imperial government for a system whereby Danish trade with the Central Powers could be formalised through association oversight. By late August, Foss had reached an agreement with the German authorities whereby the Industrial Council took on the responsibility of supervising exports to Germany. This also left the Industrial Council much better placed to enforce the restrictions laid out in its British agreement. The British blockade authorities were nevertheless still intercepting Danish imports, the 11th March order-in-council having expanded contraband definition far beyond anything envisaged when the Clan agreement had been signed. In July 1915 another Danish business association, the Merchant's Society,²³¹ decided to send a new mission to London in the hopes of

Sjøqvist, 1973: 147-150

²²⁹ Cohn, 1928: 29, 48

Munch in Friis et al., 1943: 53

²³⁰ Cohn, 1928: 29, 48

Munch in Friis et al., 1943: 53

Sjøqvist, 1973: 151

²³¹ In Danish: *Grosserer Sietetet*. Occasionally also referred to in Anglo-American sources as the "Merchants' Guild".

ending British interference with overseas imports for its members. The Merchant's Guild representative, Holger Federspiel, was well received in London by the Foreign Office, which regarded the results of the negotiations with Foss as disappointing, and believed that Federspiel would be more tractable to British demands. As a result the Merchant's Guild effectively replaced the Industrial Council as the Foreign Office's sparring partner in Anglo-Danish trade negotiations in the summer of 1915.²³²

British blockade officials now demanded that Danish import restrictions should cover all commodities, and that exports to all European countries except the Entente should be restricted. Federspiel accepted this, and went even further, conceding the principle that Danish agricultural exports to Britain should be retained at pre-war levels. Since agricultural export flows had been shifting in favour of Germany ever since the outbreak of war in the summer of 1914, a return to pre-war levels would mean a corresponding decrease in Danish exports to the Central Powers. Such an obvious subordination of Danish trade policy to the British blockade remained unacceptable to Scavenius, and on 18 October he refused to sanction the proposed agreement and recalled Federspiel from London.²³³

On 1st November Alexander Foss and C. Clausen replaced Federspiel as the Danish chief negotiators in Britain, this time at the heads of a joint Merchant's Guild and Industrial Council mission. Foss argued that Danish industrial exports to Germany were relatively limited when compared to exports to Entente nations such as Russia. Import restrictions on industrial raw materials would thus adversely affect the Entente to an equal or even greater degree than Germany. Foss and Clausen also made the case that due to the sensitive nature of German-Danish relations, any mention of agricultural exports should be kept out of the agreement. He gained partial British acceptance for these views, and on 19th November a new Anglo-Danish trade agreement was signed. With the exception of contraband, the British would allow Denmark to import a range of industrial raw materials, including those used in the Danish export industries. To avoid the appearance that Danish industry operated under direct British supervision, compliance would again be guaranteed by the Industrial Council and Merchant's Guild. More importantly from the British point of view, detailed data on Danish imports and exports would be provided to the British government in London. In return for leniency in keeping the question of agricultural exports out of the agreement, British officials were also made to understand that it would be possible to increase Danish exports to Britain somewhat, thus reducing the quantities available for export to Germany.²³⁴

²³² Cohn, 1928: 46-47

²³³ Kaarsted, 1979: 106

Lidegaard, 2003: 75

Salmon, 1997: 134

²³⁴ Cohn, 1928: 49-50

Kaarsted, 1979: 106-107

Figure 3.4: Danish imports by value, 1913-1915 (per annum, million DKK 1913 prices)

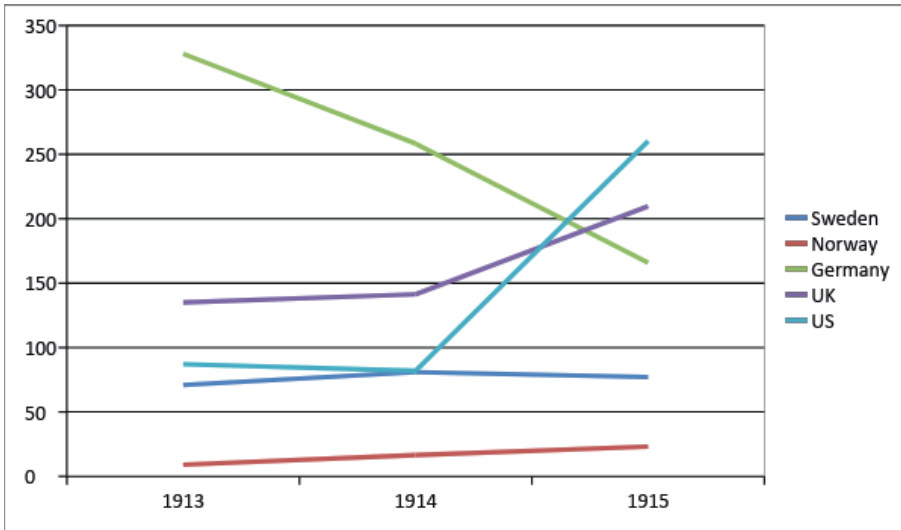
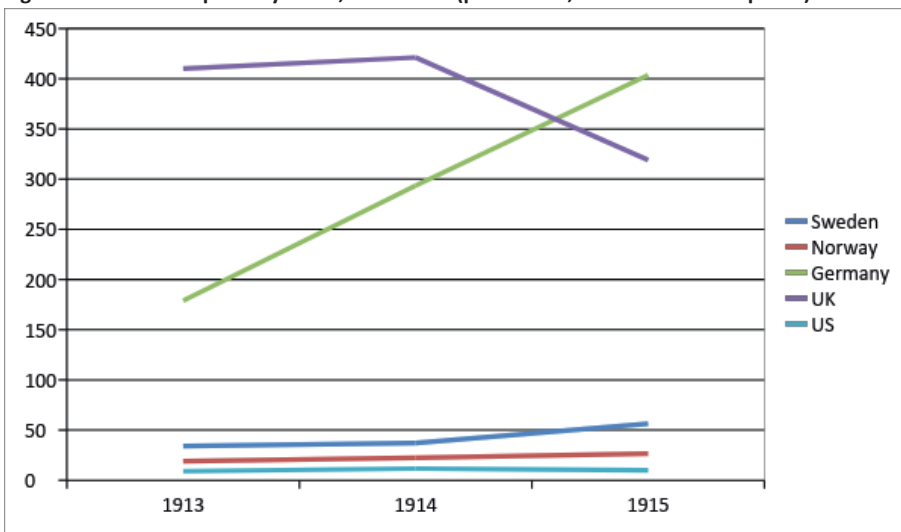


Figure 3.5: Danish exports by value, 1913-1915 (per annum, million DKK 1913 prices)



Sources (Figures 3.4 and 3.5): Mitchell, 2003: Table E2
 CPI deflator: Statistics Denmark; CPI: Pris8

The failure of British blockade efforts, together with the Danish government's reluctance to interfere with external trade, had many of the same consequences for the Danish economy as for the Norwegian. Altogether exports to Germany grew by 225% between 1913 and 1915, making

Germany the largest foreign market for Danish produce. The shift in the sale of Danish domestic agricultural produce from Britain to Germany accounted for a significant share of this. Exports of live cattle, traditionally sold almost exclusively to Germany, grew from an already high level of 187 000 animals in 1914 to 222 000 animals in 1915. Meanwhile, commodities which had traditionally been sold largely to the UK, such as butter, eggs and bacon increasingly found buyers on the continent, as the prices which German buyers were willing to pay reached new heights.²³⁵

²³⁵ Offer, 1989: 26

Table 3.1: Danish agricultural exports to the UK and Germany, 1914-1915

	1914	1915
Butter (tons)		
to the UK	84 129	63 611
to Germany	4 662	26 181
Bacon (tons)		
to the UK	141 855	101 422
to Germany	336	9 077
Ham, pork, etc. (tons)		
to Germany	3 740	24 763
Eggs (100 score)		
to the UK	216 715	143 188
to Germany	10 228	96 309
Horses (animals)		
to Germany	95 338	257
Cattle (animals)		
to Germany	187 438	222 106
Milk (tons)		
to Germany	1 045	481

Source: UK Department of Overseas Trade; *Report on the Post-War Economic and Industrial Situation of Denmark*; 1920 (quoted in Kaarsted, 1979: 117)

The shift in export flows towards Germany also had consequences for Danish import flows. In order to maintain, and in some cases increase, domestic agricultural production, Danish farmers increasingly began sourcing grain and fodder from the United States. These commodities were necessary inputs for the animal production which made up almost all of Danish agricultural exports by value. By the end of 1915 the United States had become the main supplier of Danish imports, the value of Danish purchases in America having more than tripled between 1913 and 1915. Imports from Britain of coal and industrial raw materials were likewise growing, so that

by 1915 the influx of goods to Denmark from the US and the UK together stood at close to three times the value of Danish imports from Germany.²³⁶

Hammar skjöld challenging the control of Swedish trade

In Sweden, Hammar skjöld's government was originally intended to act in a caretaker capacity, until new elections could be held in the autumn of 1914. The outbreak of war in August meant that this party political *burgfrieden* received an open ended extension past its original mandate, as neither the conservative nor liberal parties wished to renew domestic conflict.

At the outbreak of war in August 1914, Sweden's position vis-à-vis the great powers was in many ways stronger than that of her Scandinavian neighbours. Sweden not only appeared largely self-reliant when it came to vital imports, with the exception of coal. It also traditionally sourced a larger proportion of its imports from continental Europe, making it relatively less vulnerable to a North Sea blockade. Like his colleagues in Denmark and Norway, Hammar skjöld therefore placed only limited restrictions on Swedish foreign trade during the first year of the war. As German demand for goods of all types surged, and as the maintenance and expansion of trade with Germany was comparatively easier than with Britain, this hands-off policy resulted in a gradual shift of Swedish trade flows. The shift was substantial, not least because of the difficulties Britain had in maintaining coal exports to Sweden at the pre-war level.²³⁷ Swedish importers were therefore increasingly coming to source their coal from Germany. Where Germany had provided only about 7% of Sweden's coal imports in 1914, the proportion had risen to nearly 50% a year later. In return, Swedish produce was increasingly finding its way to Germany. Swedish agricultural exports were similarly affected.²³⁸

Initial Foreign Office efforts at instigating voluntary rationing of neutral imports in the wake of the October 1914 order-in-council had led to a joint Anglo-French proposal to Sweden for a general trade agreement. Under this proposal, the Swedish government would undertake to place export embargoes on a number of imported commodities, against a British promise not to interfere further with Swedish trade in such goods. This overture was rejected out of hand by Hammar skjöld. In his view, Sweden could not be party to a formal agreement restricting its trade, as this would compromise its neutrality under international law. The Foreign Office instead agreed to an alternative arrangement, by which the Entente would issue a memorandum setting out its views on Swedish trade. The Swedish government would then announce that it saw these proposals as facilitating improved trade relations with the west, after which the

²³⁶ See Figure 3.4

²³⁷ See Figure 3.1 and associated discussion on British coal exports.

²³⁸ Gihl, 1951: 184-185

Koblik, 1972: 21

arrangements set out in the memorandum should come into effect. The subsequent British note stated that Sweden must embargo the re-export contraband commodities from the west, including such manufactured products made from these commodities which could benefit the German war effort. On 8th December Swedish government announced its acceptance of the memorandum.²³⁹

The power of this Anglo-Swedish arrangement to restrict Swedish exports was very weak. It offered next to nothing in the way of oversight or enforcement mechanisms. Nor did it provide any clear definition of which manufactures or warlike stores should be covered by a Swedish embargo. As a consequence, the arrangement had very little effect on Swedish-German trade. This gradually became clear to the Foreign Office Contraband Department, and in early 1915 set off a serious row within the FO itself. The British Minister in Stockholm, Esme Howard, maintained that the quantities of contraband being transhipped to Germany were relatively minor, and that what failures existed could largely be explained by lax export licensing by the War Trade Department. In late March, Howard's persistent defence of Swedish embargo efforts earned him a rebuke from Crowe, who pointed out that reports from Sweden showed that the re-export of goods was too large and too overt to absolve the Hammarskjöld government of blame.²⁴⁰

The Foreign Office in turn came in for severe criticism from other parts of the British government. The Restriction of Enemy Supplies Committee voiced strong disapproval of the shortcomings of the Anglo-Swedish December arrangement, including the near impossibility of ascertaining the end recipient of goods entering Sweden. The Admiralty was likewise fully cognisant of the failings of the Anglo-Swedish agreement, both through its knowledge of the large number of cargoes passing through the North Sea bound for Swedish ports, and through the efforts of its own intelligence networks in Sweden. These were led and coordinated by the British naval attaché in Scandinavia, Montagu Consett. Consett, who after the war authored a book about his wartime experiences, was deeply critical of the Hammarskjöld government's failure to introduce an effective embargo on contraband imports, and of the Foreign Office's handling of the situation. In Consett's view (which he shared with Crowe of the FO Contraband Department), the British blockade authorities should take a much more forceful line vis-à-vis Hammarskjöld, restricting the passage of overseas goods to Sweden. This was not acceptable to Foreign Secretary Grey who, even though he too recognised that the current embargo system

²³⁹ Gihl, 1951: 77-79

²⁴⁰ Gihl, 1951:79, 81

Lambert, 2012: 391-392

Osborne, 2004: 72

Salmon, 1997: 132

was not working properly, remained vary of the consequences of upsetting Anglo-Swedish relations.²⁴¹

On the whole, Grey probably felt he had good reasons for his reluctance to push for greater concessions from Hammarskjöld. Foreign Office officials thought that if forced to join the war, the Swedish government would probably do so on the side of Germany. The danger of this happening was not considered great, but could not be discounted completely. The Russian government was also worried about this possibility, and repeatedly requested that the Foreign Office not do anything to provoke Stockholm. Even more worrying from a British point of view was Sweden's geographical position astride the only practicable route by which goods could flow route between Russia and the west. With German naval forces preventing Allied merchantmen from entering the Baltic, and Turkish control of the Straits of Bosphorus preventing western merchantmen from reaching Russian ports on the Black Sea, the overland route through Sweden represented the sole practicable way by which overseas supplies could reach Russia. As with the possibility of Sweden joining the war, the Russian government time and again told the Foreign Office that it regarded this trade route to be vital to the overall Russian war effort. Even though British blockade authorities repeatedly requested that the Russian government supply statistical data to prove this, Saint Petersburg was either unwilling or unable to do so. That there was no firm statistical data available on the transshipment traffic was especially galling, as both the FO and the Admiralty suspected that large quantities of goods nominally destined for Russia was being diverted to Germany while in transit through Sweden. Grey nevertheless felt he had no choice but to accept Russian assertions on this point. Although also unable to provide data to back up their claims, the Board of Trade likewise maintained that British industries were dependent upon imports of certain Swedish products. As things stood, Crowe was forced to concede that the lack of good trade data limited what pressure could safely be placed on the Swedish government.²⁴²

Hammarskjöld himself was fully aware of the importance which the Allies attached to the continued transshipment of goods to Russia through Sweden, and this quickly became a powerful weapon in the Stockholm government's fight to limit British interference with Swedish trade. Although Hammarskjöld was fully seized with maintaining neutrality in the face of the onslaught engulfing the continent – he rebuffed a half-hearted German diplomatic initiative to have Sweden join the Central Powers in 1915 – the Swedish prime minister sought to practice a form of neutrality whereby he would resist any attempts by the warring powers to impose restrictions on Swedish foreign policy and economic freedom. This in itself was not surprising.

²⁴¹ Consett, 1923

Lambert, 2012: 382-383, 392-397

²⁴² CAB1/22; *Memorandum in regard to the present position of the blockade*; 1st January, 1917

Gihl, 1951: 167-168

Lambert, 2012: 207, 315, 398-399

Hammarskjöld, with his pre-war background as a professor of international law, regarded British efforts at modifying the provisions of the Declaration of London and customary international maritime law as an unjustifiable extension of belligerent rights. Over the course of 1914 and 1915 Hammarskjöld therefore favoured a form of active neutrality, whereby Sweden would manoeuvre within the confines of international law, as Hammarskjöld himself interpreted it, to protect its self-interest. Where his Danish and Norwegian colleagues restricted themselves to protesting Entente efforts to hinder the rerouting of German trade through Scandinavia, Hammarskjöld actively retaliated by restricting British-Russian trade through Sweden. From May 1915 onwards, transshipment of western supplies to Russia would only be permitted against the Entente allowing Sweden to import an equivalent quantity of goods from the west. These imports must be freely re-exportable to Germany or Scandinavian countries, without any fear of Entente interference or retaliation.²⁴³

Nor was the British blockade cordon in the North Sea the only factor limiting Swedish trade with the west. Since early 1915, German naval units had been harassing Swedish vessels bound for the North Sea. German surface ships had routinely been bringing up Swedish merchantmen for inspection, and several Swedish vessels had fallen victims to U-boats and mines. Hammarskjöld therefore opened negotiations with the Berlin government to ensure free passage for Swedish merchantmen sailing to or from the North Sea. In March 1915 an agreement was reached whereby Germany would permit Swedish lumber exports through the Kattegat against Swedish deliveries to Germany of horses and agricultural produce. In early May Hammarskjöld himself went to Berlin in order to lend strength to further Swedish efforts, and the next month yet another German-Swedish agreement was reached. Germany undertook not to interfere with Swedish ships carrying imports from the west, against guarantees that these goods would not be re-exported. The effect of this last agreement was to make the Entente transit trade with Russia even more difficult. Nor did Hammarskjöld's failure to visit London after his trip to Berlin do anything to assuage the British blockade authorities' scepticism of the Swedish prime minister's commitment to neutrality.²⁴⁴

The Foreign Office reacted to Hammarskjöld's restrictions on the Russian transit trade by sending a negotiating commission to Stockholm in July 1915, in the hope of reaching an accommodation with the Swedish government. Like with Denmark, the FO desired the replacement of the ineffective December 1914 arrangement with a new centralised guarantee system whereby private associations were sanctioned by the Swedish government to ensure that imports of restricted goods from the west were not re-exported to the Central Powers.

²⁴³ Gihl, 1951: 124

Koblik, 1972: 11, 22-23

Olsson, 2006: 293

Rystad in Rystad, Böhme & Carlgren, 1995: 53

²⁴⁴ Gihl, 1951: 85, 126-127

Hammarskjöld refused to contemplate this, instead reiterating his views on the connection between Swedish imports and the Russian transit trade question. The Swedish government would only grant licenses for transshipment of goods eastwards as long as the Entente would allow Swedish traders to import an equal amount of western goods on which no limitations on their use or re-export could be contemplated. This was unacceptable to the British negotiators, who were nevertheless in a weak position. Ineffective British blockade measures meant that Swedish importers were still having comparatively few difficulties in bringing in imports from overseas. As long as this remained the case, a British coal embargo was the only serious means by which the Foreign Office could put pressure on the Swedish government. Whether this would be sufficient to force Hammarskjöld to reconsider his stance was questionable, given the apparent ability of Germany to increase its deliveries of coal to Sweden. In any case, the Board of Trade Coal Committee refused to sanction any such embargo, and since the Foreign Office lacked the power to compel the Board of Trade to cooperate, the issue became moot. As differences between the British and Swedish positions proved insurmountable, negotiations quickly bogged down, eventually collapsing completely in October 1915. In lieu of an agreement with the Entente on Swedish imports, Hammarskjöld therefore maintained the transit-import exchange system in place since May. He also forbade Swedish businesses to enter into association agreements with the Entente along the lines of those set up between Britain and Danish and Norwegian firms.²⁴⁵

²⁴⁵ Gihl, 1951: 149-159
Osborne, 2004: 98-99

Figure 3.6: Swedish imports by value, 1913-1915 (per annum, million SEK 1913 prices)

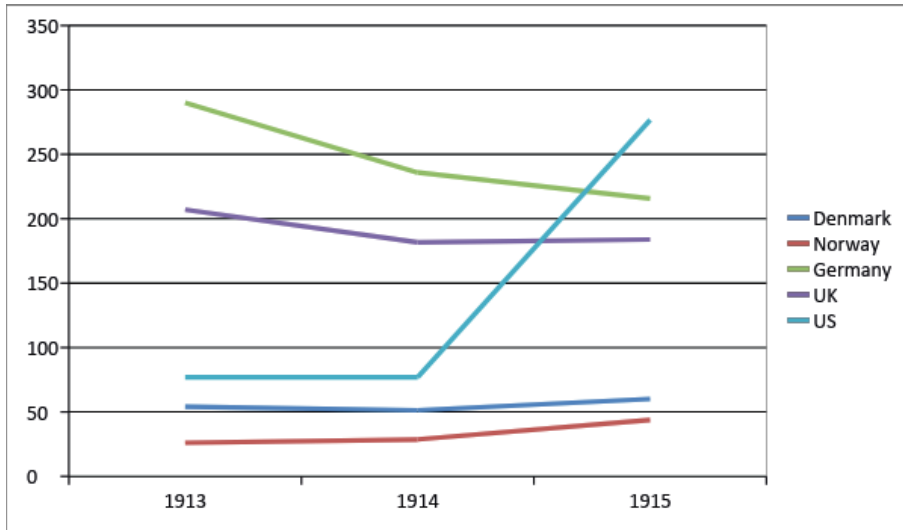
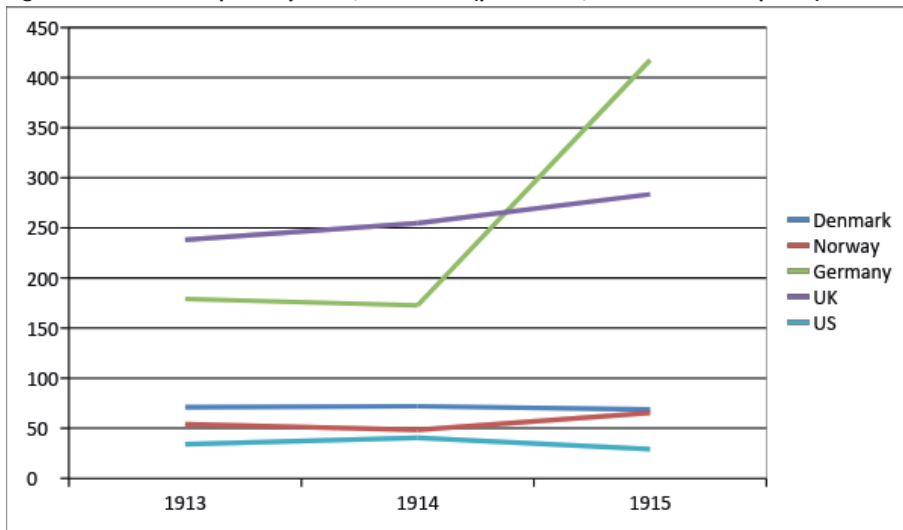


Figure 3.7: Swedish exports by value, 1913-1915 (per annum, million SEK 1913 prices)



Sources (Figures 3.6 and 3.7): Mitchell, 2003: Table E2
 CPI deflator: Sweden: Edvinsson et al., 2010: Volume I, Chapter 8

Although the Hammarskjöld government adopted a very different strategy vis-à-vis the British blockade authorities than those followed by its Norwegian and Danish counterparts, a similar shift in import and export flows took place in Sweden as in her Scandinavian neighbours. Over the course of 1914 and 1915 the value of Swedish imports from the United States grew by over

360%, mirroring a 240% increase in exports to Germany over the same period. Exports of certain domestic primary products such as pork and beef, although insignificant compared to Danish levels, more than doubled between 1913 and 1915. Exports of such industrial goods as Germany was in especially short supply grew even more spectacularly. Sweden exported 290 tons of woollen cloth and 306 tons of cotton cloth in 1913, but 1 366 tons and 1 151 tons of the same in 1915. Having taken 22% of Swedish exports by value in 1913, Germany accounted for 37% in 1915.²⁴⁶

Nor did the domestic Swedish market have any serious problems with securing imports from overseas. Despite the breakdown of Anglo-Swedish trade and blockade talks over the course of the spring and summer of 1915, the level of both imports and exports of traditional commodities remained relatively stable through to the end of the year. This in turn suggests that the rapid growth in imports from the United States, instead of fuelling domestic manufacture, were indeed resulting in the immediate transshipment of at least a portion of these excess commodities to the continent. By the end of 1915 Sweden had thus become a major transshipment hub for German imports from overseas.

Peaceful and prosperous

Whatever else Britain was in August 1914, it was not ready to implement an effective blockade of Germany. This was in spite of the fact that achieving just such a thing had been the goal of a dedicated cadre of government officials, politicians and naval officers for close on a decade. The initial collapse of economic warfare efforts in the late summer or autumn, depending on whether one interprets the abandonment of the Admiralty's strict contraband policy in August or the adoption of the distant blockade enshrined in the October order-in-council as the cut-off point, left the British blockade authorities floundering. A new economic warfare strategy, as well as the machinery by which to implement it, had to be improvised. These efforts were in turn severely hampered by the Asquith cabinet's failure to impose anything but a very limited degree of centralised policy coordination. All the major ministries and departments involved acted in the firm belief that they alone held a true appreciation of the challenges and ramifications of specific policies.

The Board of Trade and the Treasury were deeply worried about the state of the British economy in the wake of the August 1914 financial crisis, and were loath to accede to any blockade measures which might damage economic recovery, and with it Britain's ability to pay for the war. The blockade and economic warfare staff at the Admiralty were increasingly frustrated by the work of the naval blockading squadrons in the North Sea and English Channel

²⁴⁶ SOS: Statistisk årsbok 1920: Tabell 112, Tabell 116

being undermined by blockade authorities ashore. Naval intelligence networks were also among the British government's best sources of data on German trade in and through Scandinavia. The Admiralty was therefore well aware that the blockade was failing to cut Germany off from international markets through late 1914 and early 1915, and as a consequence pushed for the expansion of contraband lists and tightening the enforcement of these. The Foreign Office likewise possessed capable intelligence networks on both sides of the Atlantic, and although FO officials were not quite as quick as the Admiralty to conclude that the blockade was ineffective, they too gradually came to realise that the situation over late 1914 and early 1915 was not developing to Britain's advantage. Nor did it help matters that the Foreign Office was deeply split on strategy, with senior officials in the FO Contraband Department growing much less worried about the potential diplomatic fallout from stricter blockade enforcement than Foreign Secretary Grey was.

In practice, this meant that the British government was pulling in very different directions on blockade enforcement. By early 1915 Royal Navy patrols at the northern and western entrances to the North Sea were stopping upwards of one hundred merchant ships each month, directing them to British port for inspection. Once in harbour, these ships were nevertheless subject to the authority of the Board of Trade and the Foreign Office. As these were very reluctant to condemn cargoes as contraband on anything but the strongest evidence, most vessels were released again without charge. Matters were made yet worse by the failure of various ministries and departments to protect the advantages the British already possessed. The en masse reflagging of British and German merchant steamers to neutral ownership vastly improved the ability of neutral shippers to increase transatlantic trade flows to neutral Scandinavia.

The activities of German merchants in neutral markets likewise created a demand for Scandinavian goods and services. Some of this demand could be met by Scandinavian production, and such domestic industries as were well placed to cater to German demand prospered. Norwegian and to a lesser extent Swedish mineral producers were able to expand their production significantly, as rising prices meant that deposits which had not been viable before the war could now be profitably exploited. Norwegian output of iron ore grew by 31% between 1913 and 1915,²⁴⁷ while exports of refined nickel increased 28% over the same period. The shift in exports of domestic Scandinavian production from western to German buyers also accounted for a significant share of the increased Scandinavian exports to Germany. Norwegian exports of pyrites to Britain decreased from 138 000 to 75 000 tons between 1913 and 1915,

²⁴⁷ See Figure 2.1.

while exports of the same to Germany grew from 41 000 to 210 000 tons over the same period.²⁴⁸

If anything, the increase in direct exports to Germany shown in official Scandinavian statistics must be considered a lower bound. A share of exports from Scandinavia to Germany was routinely rerouted through other neutral countries. Some of this is explained by way of infrastructure. The share of German peacetime trade passing through Dutch ports suggests that unloading a cargo of industrial raw materials in Rotterdam would in many cases have made for easier access to the German industrial heartland than going by way of German ports. Transshipment of goods through other neutral ports or markets nevertheless also served to make life more difficult for British blockade authorities, as well as avoiding such limited embargoes as might be in place in Scandinavia. The scale of this routing of exports through neutral markets was significant. Norwegian pyrite exports to Sweden, Denmark and the Netherlands rose from 150 000 tons in 1913 to 181 000 tons in 1915. While exports of Norwegian calcium carbide to Germany and Britain remained relatively stable between 1914 and 1915, at 20 000 and 16 000 tons respectively, exports to the Netherlands increased almost tenfold from 1 400 tons to 12 000 tons. Although German import data from these years is notoriously unreliable, the lucrative nature of trading with the Central Powers makes it probable that at least a significant share of Norwegian exports to these other neutral countries would ultimately end up in Germany.²⁴⁹

Quite aside from increased Scandinavian domestic production and the shift in domestic exports, the transshipment of German trade through Scandinavia represented a potentially egregious hole in the Entente blockade. Some of the transshipment trade took the form of direct imports into Scandinavia, facilitating domestic production or releasing domestic produce for export. Swedish, Norwegian and Danish export industries were largely able to maintain or even increase their imports of raw materials over the course of 1914 and into 1915. A growing share of these was also being sourced from the west, replacing continental imports. In 1915 the US and the UK provided around half of Scandinavian imports by value, up from less than a third in 1913. Scandinavian export industries were therefore becoming increasingly reliant on western sources of supply, just as more and more of their production was being sold to Germany.

²⁴⁸ NOS VI 018: Norges Handel 1913: Tabel 3a

NOS VI 097: Norges Handel 1915: Tabel 3

²⁴⁹ CAB1/22; *Memorandum in regard to the present position of the blockade*; 1st January, 1917

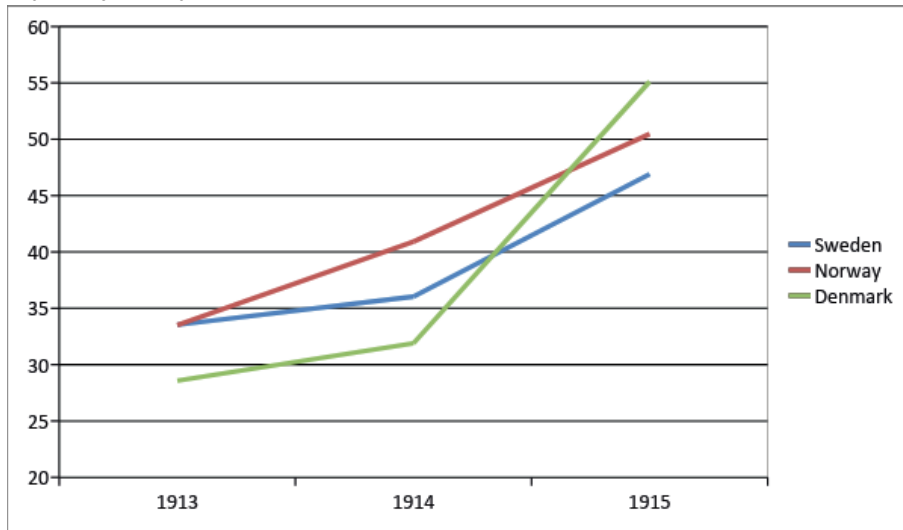
NOS VI 018: Norges Handel 1913: Tabel 11a

NOS VI 070: Norges Handel 1914: Tabel 11a

NOS VI 097: Norges Handel 1915: Tabel 11

Sandvik, 2018: 166

Figure 3.8: Scandinavian imports from US and UK, 1913-1915 (percentage share of aggregate imports by value, per annum)



Source: Mitchell, 2003: Table E2

Quite aside from direct transshipment of German imports, British and American goods were thus helping maintain Scandinavian trade with the Central Powers, and doing so at a rapidly increasing rate through the first year of the war. This was in part due to the increased capacity of neutral shippers to carry transatlantic trade, and the failure to prevent British shippers from responding to increased neutral demand. The reluctance of the Board of Trade and Treasury to impose restrictions on British exporters' trade on neutral Europe likewise hurt blockade efforts. It did not take long for these problems to be recognised by British proponents of aggressive economic warfare. For instance, in late 1914 the Admiralty Trade Division complained bitterly that British metal was being exported to Denmark for use in the Danish canning industry, producing tinned meat for use in German army rations. The scale of German transshipment is nevertheless difficult to measure with any degree of accuracy. Direct transshipment, i.e. goods which entered Scandinavian territory only by way of transit, was not always recorded, and so does not necessarily show up in official Scandinavian statistics. A number of specific cases that came to the attention of British blockade authorities in 1914 and 1915 nevertheless suggest that this type of direct rerouting of German imports was not negligible. In the most spectacular of these, the Swedish steamer *Kim* and three other Scandinavian vessels were stopped by British blockading patrols en route to Danish ports over the course of late 1914. Upon inspection the ships were found to carry large consignments of processed American meat and lard packed in tins conforming to German army standards. One of the American owners of these shipments was also known by British intelligence to hold a supply contract with the German armed forces. The

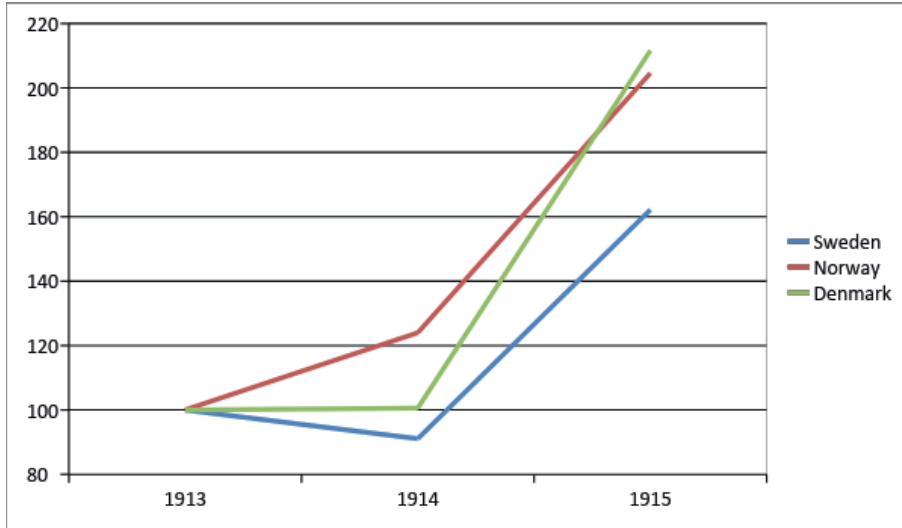
size of the shipments also exceeded pre-war Danish imports of such goods more than twentyfold. Firm evidence that the shipments were indeed destined for the German army was nevertheless lacking.²⁵⁰

The *Kim* case was brought to a British prize court in the summer of 1915, and the circumstantial evidence suggesting that the shipments were indeed contraband rather than lawful neutral imports was eventually found to be sufficient for conviction. The uncertainty surrounding the outcome of the *Kim* case, as well as the storm of protests it set off from the American government, nevertheless indicates that less clear cut cases would not pass muster in prize courts, or were otherwise able to slip through the net. That nearly all merchant ships stopped by British blockading patrols in late 1914 and early 1915 while en route to Scandinavian ports were released again without charge also lends weight to this interpretation. Although the British naval cordon at the entrances to the North Sea represented an unwelcome harassment for shippers trading on neutral Scandinavia, and contributed to general price rises within Scandinavia, it utterly failed to dissuade shippers from increasing the flow of overseas goods to Denmark, Norway and Sweden. The sheer growth in the amount of imports into Scandinavia from the west was also dramatic. The value of goods imported into Sweden from the United Kingdom and the United States in 1915, including goods originating elsewhere which transited through those countries, stood a full 60% above pre-war levels. Equivalent numbers for Denmark and Norway were just as spectacular, the value of imports from the west having doubled over the same period.²⁵¹

²⁵⁰ Lambert, 2012: 276-277, 386-387, 442-443

²⁵¹ See Figure 3.9

Lambert, 2012: 386-387

Figure 3.9: Value of Scandinavian imports from the US and UK, 1913-1915 (per annum, 1913=100)

Source: Mitchell, 2003: Table E2

Note: CPI deflators; Denmark: Statistics Denmark; *CPI: Pris8*

Norway: Bank of Norway; Consumer Price Indices 1516-2015

Sweden: Edvinsson et al., 2010: Volume I, Chapter 8

The chaotic implementation of economic warfare and the lack of effective Entente pressure also allowed the respective Scandinavian governments significant leeway in choosing whether or not to cooperate with British blockade authorities. Norway was probably the Scandinavian country most susceptible to British pressure on the outbreak of war in August 1914, but when that pressure failed to materialise the Knudsen government had little if any incentive to deviate from pre-war policies. The Norwegian merchant fleet, which should in theory have been heavily exposed to such British marine trade control measures as contained in the Admiralty's pre-war plans, was left free to maintain transatlantic sailings. Aside from the delays caused by Royal Navy mandatory sailing routes and inspections, the rapid increase in freight rates following the outbreak of conflict meant that Norwegian shippers were earning bigger profits than at any point before the war. The Norwegian domestic market similarly suffered few if any shortages, while price rises were in part offset by the increased earnings of the merchant fleet and a range of export industries. Well into 1915 Knudsen and Foreign Minister Ihlen could therefore content themselves with maintaining overt public neutrality, eschewing the adoption of broad regulation of exports or any government mandated guarantee scheme. As long as there were no serious problems in sourcing necessary imports from overseas, private businesses could safely be left to deal with the Entente blockade authorities on their own. At a time when trade and foreign policy were becoming inextricably entwined, Knudsen and Ihlen were therefore effectively privatising the conduct of Norwegian foreign policy.

The Danish foreign policy situation on the outbreak of war in the late summer of 1914 was in many ways more complex than that of Norway. Zahle and Scavenius felt unable to resist accommodating German security requirements, and acceded to the mining of the Belts in early August. The failure of British blockade efforts to place any kind of effective pressure on the Danish government nevertheless allowed Scavenius to avoid any serious confrontations with either the Central Powers or the Entente well into 1915. Aside from such export restrictions as were necessary to protect Danish domestic consumption, Danish businesses engaged in international trade remained largely unregulated. This was fully in line with pre-war Danish economic liberalism, and facilitated the shift in Danish trade whereby exports increasingly went to Germany, while transatlantic trade accounted for a growing share of imports. Although this shift was an unintended consequence of the hands-off policies of the Danish government in the first six months of the war, it nevertheless placed Scavenius in a difficult position when the Foreign Office began pushing for guarantee agreements with Danish business associations in the late spring and early summer of 1915. Meeting British demands for Danish exports to be divided between the Entente and the Central Powers along pre-war percentages would entail placing severe restrictions on German economic activity in Denmark. This in turn risked imperilling Danish-German relations. When Holger Federspiel, the Danish Merchant Society negotiator in London, acceded to the Foreign Office's wishes on this point, Scavenius was therefore forced to intervene and disallow the arrangement.

Over the course of the summer of 1915, the Foreign Office had also been putting pressure on the Industrial Council and the Merchant's Guild to impose an embargo on the export of industrial goods to Sweden, on the grounds that many of these goods were being transhipped on to Germany. The desire to restrict direct trade between two neutral countries in this way in 1915 must be understood in connection with the concurrent breakdown of the Anglo-Swedish trade and blockade negotiations. Crowe eventually withdrew this demand when talks with Foss and Clausen restarted in November, because Danish industrialists were unwilling to agree to measures cutting them off from access to the Swedish market. It is nevertheless possible to see in it the nucleus of what was later to become a core aspect of British and American economic warfare thinking. An effective rationing system must seek to control not only trade between Scandinavia and the Central Powers, but also between the Scandinavian neutrals themselves, lest they be able to alleviate each other's shortages, releasing domestic goods for export to Germany.²⁵²

The benefits of privatising foreign policy along the lines adopted by the Norwegian government were also obvious to the Danish government. If Danish private enterprise could reach accommodations with British blockade authorities, the Danish government might be able

²⁵² Kaarsted, 1979

to avoid compromising its neutrality by way of acceding to British economic warfare measures. Such private-public agreements must nevertheless not be allowed to imperil relations with Germany. That is not to say that Scavenius was more amenable to German pressure than to British. Rather, Danish foreign and economic policy must tightrope the requirements of the warring powers. Allowing the Danish business community to negotiate agreements with the Entente therefore had to be tempered by way of government oversight. This made for much closer coordination between the Danish government and business community over the course of 1915 than was the case in Norway.

The Swedish Hammarskjöld government took a very different approach to the early western blockade efforts than did its Scandinavian neighbours. Where the Norwegian and Danish Governments sought to deflect the ineffectual British pressure, Hammarskjöld responded with a much greater degree of confrontation, including outright retaliation. Steven Koblik, who is highly critical of Hammarskjöld's policies in his 1972 book on Swedish blockade negotiations, called these early-war policies "clearly pro-German".²⁵³ In a strictly economical sense this is undoubtedly correct. Even though it is extremely difficult to measure how large (or small) a share of its pre-war import trade Germany was able to reroute through Sweden in 1914 and 1915, continued Swedish efforts to resist the imposition of British blockade measures together with the maintenance and expansion of Swedish-German trade relations were of significant benefit to the German war economy. Nor did neutrality entail a requirement to isolate itself from international affairs. In a pre-collective security world it could hardly be said that Sweden had a duty to punish Germany for transgressions which did not directly impinge on Swedish rights, however these rights were defined. Hammarskjöld nevertheless appears to have been much more ready to overlook German interference with Swedish trade, than British efforts at the same.

Hammarskjöld appears to have understood neutrality as a legal rather than economic undertaking. This tendency towards divorcing economic and foreign policy was supported by the conservative bent of the pre-war Swedish political institutional framework, whereby international trade had been seen as the preserve of private business rather than public policy. Hammarskjöld, in his capacity as a technocrat caretaker premier, was nevertheless somewhat divorced from other aspects of the Swedish political-institutional landscape. This was especially true of his tendency to interpret foreign relations in terms of principal legal issues. British efforts at undermining neutral rights, as Hammarskjöld understood these to be, therefore rankled hard with the Swedish prime minister. This brought him at odds not only with the British, but also with his own foreign minister, Knut Wallenberg, who took a much more practical approach to Swedish foreign relations. Hammarskjöld was nevertheless able to

²⁵³ Koblik, 1972: 11

overrule many of Wallenberg's "deal-making" aspirations, increasingly taking direct charge of the day to day conduct of Swedish foreign policy.

Hammar skjöld's deep dislike of what he saw as Britain's callous disregard for international law meant that his response to the Foreign Office's efforts at instituting voluntary rationing or a Swedish guarantee system became increasingly confrontational. The Anglo-Swedish embargo arrangement of December 1914 was exceedingly vague, and was only acceptable to the Hammar skjöld because it did not limit his foreign policy options in any meaningful way. The Swedish government's refusal to contemplate more sweeping restrictions on external trade was also facilitated by the inherent weakness of the British negotiating position vis-à-vis Sweden in the spring and summer of 1915. Over the course of the summer and autumn the British blockade authorities were nevertheless becoming more and more aware of just how badly the Swedish blockade system worked. This, combined with the Foreign Office's increasing frustration with Hammar skjöld's continued refusal to compromise, meant that the stage was set for continued confrontation into 1916. By late 1915 whatever chance Hammar skjöld had had of negotiating a "favourable" trade agreement with the Entente was therefore rapidly slipping away.

The shift in Scandinavian foreign trade patterns through 1914 and 1915 was not so much the result of conscious neutrality policy, as enabled by market forces and the liberal economic policies pursued in all three Scandinavian countries over the course of the first year and a half of the conflict. In this sense, it is possible to speak of a shared "Scandinavian experience" of the 1914 and 1915 war economy. This is true even though the Norwegian, Danish and Swedish governments' respective interpretations of neutrality and national interest, and the policies pursued in the maintenance of these, differed notably between the three.

Although the British government believed itself to have the power to bring German overseas trade to a standstill at the outbreak of war, it lacked the will to implement such policies in earnest. It is beyond the scope of this thesis to speculate whether Prime Minister Asquith reasons for failing to endorse and implement the Admiralty/Desart economic warfare plans were justified, or what the consequence of their implementation would have been. Suffice it to say that the shift in Scandinavian trade patterns was facilitated by the utter failure of the British government's efforts to control trade through the North Sea basin in 1914 and 1915. As this failure became increasingly apparent to British blockade authorities over the course of 1915, pressure grew on the cabinet to tighten policies and impose some semblance of executive control over economic warfare efforts. Asquith nevertheless resisted this pressure for as long as possible, seeking instead to reconcile the diverging priorities of various ministers and ministries by way of outsourcing the running of the blockade to a growing number of committees, sub-

committees, departments and other governmental bodies, none of which had the power to compel coordination between them all.

With the benefit of hindsight it is possible to argue that the Scandinavian governments probably stood a much better chance at negotiating favourable trade agreements with the Entente in 1914 and 1915 than they would at any point later in the war. To say that they should therefore have been able to do so is nevertheless to disregard the constraints inherent in the Scandinavian political-economical institutional frameworks. The Norwegian political establishment had firmly embedded economic prosperity and trade in foreign policy considerations before the war. In the Walt dichotomy, the Norwegian government should therefore be the most likely to bandwagon with the British government since its perception of economic vulnerability to British pressure was the greatest. That the Knudsen government was able to avoid the implementation of stringent Entente trade control measures therefore speaks volumes of the relative absence of effective British pressure. Germany remained an important economic partner, and Norwegian neutrality policy rested on the principle of avoiding getting entangled in great power politics. As such, Norwegian free trade economic policy and the consequent shift in trade patterns over the course of the first year and a half of the war was not founded on a firm belief in economic liberalism, but rather on a view of neutrality as a public, rather than private, matter. Deflection of British blockade overtures was therefore a natural policy choice, all the while the domestic supply situation was not seriously threatened.

While Norwegian political institutions facilitated the fusion of trade and foreign policy, the same cannot be said of the Swedish framework, where foreign policy making remained largely divorced from economic considerations. With the possible exception of Foreign Minister Wallenberg, who increasingly came to be side-lined by Hammarskjöld, the Swedish government and civil service appear to have lacked the same capacity to assess the economic impact of foreign policy decisions. When coupled with the traditionally pro-German and anti-Russian nature of the Swedish political establishment, it is not surprising that the Hammarskjöld government understood opposition to British blockade measures, whether these measures were effective or not, to be fully compatible with Swedish neutrality. In practical terms this assessment was correct. With no serious domestic supply problems, limited domestic opposition and no desire on part of the Entente to bring Sweden into the war, Hammarskjöld was left free to resist or retaliate against British policy initiatives more or less at will. In other words, Hammarskjöld was negotiating from a position of relative strength, in a way which neither his Norwegian nor Danish colleagues were able to. The Hammarskjöld government's policies in this regard nevertheless resulted in the gradual alienation of British blockade authorities. This would have potentially grave consequences for the Swedish economy, should the North Sea blockade ever be made effective.

The Norwegian government thus tended towards a bandwagoning approach to British blockade efforts, while the Swedish government chose a greater degree of balancing. Zahle and Scavenius' Danish foreign policy is much more difficult to explain purely in terms of Walt and Knorr's thinking on economic vulnerability and economic pressure. Scavenius' overriding foreign policy objective was to retain Danish sovereignty in the face of German pressure. This in turn necessitated avoiding placing the Danish state in a position where German authorities might feel the need to curtail Danish independence. Concurrently, Denmark could not be made economically dependent on trade with Germany, lest the state be reduced to some form of satellite status. The realisation that this would necessitate some form of accommodation of British blockade efforts was nevertheless slow to take hold. Like the Knudsen government in Norway, the Zahle government was initially reluctant to place restrictions on Danish foreign trade in such agricultural goods as were important to Germany. The consequent shift in Danish trade patterns whereby exports increasingly went to Germany, while imports were sourced from the west, placed Scavenius in a difficult position once British blockade authorities began arguing that Danish neutrality should entail the division of exports along pre-war lines.

Danish historiography has tended to emphasise Danish-German relations as the determining factor in Danish foreign policy deliberations. In a Great War context of this nevertheless feels overly simplistic. In economic matters, Scavenius felt unable to succumb to pressure from either party in the conflict unless left with no other choice. In the Danish case, more than for the two other Scandinavian states, it takes three to tango. The British government recognised Danish vulnerability vis-à-vis Germany. Officials in London were nevertheless gradually coming to realise that Denmark, due to its large agricultural surplus, represented a more serious blockade problem than Norway, and that Denmark lacked Sweden's means of putting pressure on Britain. As a consequence, criticism of the Foreign Office's relatively lenient treatment of Danish trade intensified over the course of 1915.

The lack of effective British economic or diplomatic pressure over the course of 1914 and 1915 thus meant that the respective Scandinavian governments were left to pursue policies which were broadly consistent with pre-war thinking on neutrality. The gradual shift in Scandinavian external trade patterns over the same period nevertheless increased Scandinavian economic vulnerability vis-à-vis the Entente at a time when the British were finally on the verge of implementing effective blockade measures.

Chapter IV: Caught in the middle

1915-1917

Introduction

Chapter IV details British attempts at reforming the Entente economic warfare machinery between early 1915 and the spring of 1917, including the creation of a new Ministry of Blockade in February 1916. This centralised British blockade policy coordination in a single government body, vesting executive control over economic warfare in a new cabinet level position: the Minister of Blockade. Various false starts notwithstanding, this reformed blockade machinery was gradually able to put concerted economic pressure on the Scandinavian governments, forcing these to address the question of wartime trade flows head on. The distinct economic-political frameworks of the three Scandinavian states meant that neutral decision makers nevertheless assessed and responded to the growing external pressure in very different ways.

Building on the various semi-private agreements made between British authorities and Norwegian business interests over the course of 1915, the Norwegian government felt forced to negotiate directly with the new Ministry of Blockade. Despite instances of serious friction, these negotiations over the course of 1916 and early 1917 resulted in significant Norwegian concessions on exports and tonnage against continued access to certain western imports.

Unlike their Norwegian counterparts the Danish government had much more success in deflecting British pressure. Shortages and price-rises gradually began to plague the Danish domestic economy as the vulnerabilities caused by shifting trade patterns became apparent and effective British pressure began to bear. By early 1917 these shortages were nevertheless still far from critical, and the Danish Foreign Ministry remained unwilling to accede to British demands for fear of upsetting its long-term relations with Berlin.

Danish authorities were also able to elicit a certain amount of sympathy and understanding in London. This was something which the Swedish government spectacularly failed to do, as the authorities in Stockholm instead chose to maintain a more confrontational approach vis-à-vis the Western Allies. As shortages of food and industrial raw materials began to bite, this strategy became increasingly untenable, culminating in a full blown domestic political crisis in Sweden in early 1917, the aftermath of which would continue to plague Anglo-Swedish relations for some time to come.

Reforming the system

The events of spring and summer of 1915 had been less than satisfactory from the point of view of British economic warfare authorities. The War Trade Department licensing system had collapsed shortly after its instigation in March, and was still not functioning properly by early autumn. The Board of Trade continued to resist the imposition of severe restrictions on several British exports to Scandinavia, especially of coal. Foreign Secretary Grey and a number of senior officials at the Foreign Office also remained deeply worried about the effect of a strict blockade on neutral opinion, and were therefore reluctant to sanction confiscation of neutral goods without solid evidence of these being ultimately destined for Germany. Finally, the British intelligence and blockade apparatus was struggling to cope with collecting and processing the vast amounts of data which the Foreign Office's neutral rationing policies required. Nor did it help matters that Prime Minister Asquith and the cabinet as a whole had thus far refused to delegate the power to coordinate British blockade efforts to any single sub-cabinet body. As a consequence, various ministries, departments and committees engaged in blockade and trade work were working without centralised direction, and as often as not at cross purposes.

Political and public dissatisfaction with the ineffective conduct of the blockade had contributed to the general dissatisfaction which eventually led to the replacement of the British Liberal cabinet with a new coalition government, still under Asquith's leadership, in the late spring of 1915. The immediate practical consequences for the blockade had nevertheless been few. Most senior ministers concerned with blockade work remained in their posts, and the chaos characterising much of British blockade efforts was allowed to continue. Over the course of the summer and autumn of 1915, criticism of the conduct of the blockade therefore again began to intensify. A particularly acrimonious debate took place in Parliament in the wake of a speech by Asquith on blockade and naval policy on 2nd November. The debate, and especially the government's failure to respond equivocally to criticism, in turn led to concerted attacks on government policy in the public press. The pressure on Asquith increased yet further when, in December, news of the 19th November Anglo-Danish blockade agreement was leaked to newspapers. The agreement was criticised as far too lenient, and seen as representative of the government's unwillingness to "get tough" on the Scandinavian neutrals. The press also picked up on intra-governmental disagreements over blockade policy, especially the acrimonious relationship between the Foreign Office and the Admiralty. Over the course of New Year and January 1916, national newspapers published a series of articles alleging that the Foreign Office interference was preventing the British navy from putting an end to the large scale transshipment of German trade through Scandinavia.²⁵⁴

²⁵⁴ Dehne, 2016: 339-340
Lambert, 2012: 481-489

By the middle of January 1916 Asquith was being put under severe pressure to reform blockade policy not only from Parliament and the press, but also from within his own government. In meetings on 13th, 20th, and 27th January, the War Trade Advisory Committee (WTAC), which had been set up in September 1915 to replace the somewhat ineffective Restrictions of Enemy Supplies Committee as the government's intra-departmental economic warfare policy coordination body, had discussed the recent press attacks on the conduct of the blockade. Over the course of the meetings the Foreign Office intelligence gathering and coordination efforts especially came in for concerted criticism from representatives of the Ministry of Munitions, Admiralty and (somewhat ironically) the Board of Trade.²⁵⁵

Recognition that something needed to give was also growing inside the Foreign Office itself. On 12th January 1916, Lord Robert Cecil told Edward Grey that unless the British blockade machinery be comprehensively overhauled, it would be impossible to deflect the storm of criticism now being directed against the government. In Cecil's view, some form of unification of command would be needed to coordinate the actions and policies of all the various blockade agencies and departments. This was far from a new idea, but the severity of the pressure now being placed on the Foreign Office made the issue ripe for reassessment. It was also notable that the recommendation should come from Cecil. Cecil was the son of a former prime minister, and had served as a Conservative MP since 1906. In May 1915 he had been appointed parliamentary under-secretary of state for foreign affairs in Asquith's new coalition government, making him one of Grey's senior subordinates. As part of his duties Cecil had also become the Foreign Office's chief spokesperson in Parliament. He was therefore intimately familiar with both the criticism now being levelled against government policy, and the government's failure to respond satisfactorily. Cecil's views therefore carried a lot of weight with Grey, and the foreign secretary promptly raised the issue of blockade reform in cabinet.²⁵⁶

Although the cabinet thus reopened its discussion on blockade reform on 18th January Asquith nevertheless wavered for several weeks before taking a decision. On 15th February an exasperated Grey wrote the prime minister that criticism of his ministry had now grown to such levels that he could "no longer be responsible for the relations with neutral countries".²⁵⁷ On the very next day Asquith finally made a formal proposal that the conduct of economic warfare be concentrated under the aegis of a new ministry, which would have the executive power to

Osborne, 2004: 111

²⁵⁵ Kennedy, 2007: 710-711

Lambert, 2012: 464-465, 490-95

²⁵⁶ Dehne, 2016: 337-338

Lambert, 2012: 463-464, 489

Osborne, 2004: 116-117

Salmon, 1997: 135

²⁵⁷ Grey to Asquith, 15th February 1916, quoted in Lambert, 2012: 495

compel policy coordination. The cabinet accepted Asquith's proposal, and on 23rd February Lord Robert Cecil was given the responsibility of heading up the new Ministry of Blockade (MoB).²⁵⁸

The decision to set up an entirely new ministry was something of a political defeat for Grey, who had fought to defend his voluntary rationing scheme for as long as possible. It was nevertheless clear that the Ministry of Blockade would retain close ties with the Foreign Office. Although now a senior minister with a seat in cabinet in his own right, Cecil would remain under-secretary for foreign affairs. The core administrative staff of the MoB would also be set up through the transfer of the Foreign Office Contraband Department, which would continue to operate out of its old rooms in the FO buildings in Whitehall. The head of the Contraband Department, Eyre Crowe, became the new ministry's professional head as permanent under-secretary of blockade. In addition to the Contraband Department, the War Trade Department, the Coal Committee and various other bodies and personnel concerned with blockade work were also transferred from the Admiralty, Treasury, Board of Trade and other ministries. The new Ministry of Blockade therefore commanded considerable staff and administrative clout from the outset.²⁵⁹

Cecil had been working on reforming the British blockade apparatus for some time when he was made Minister for Blockade in February. In late 1915 he had helped create a blacklist system for international trade which improved on the slightly ad-hoc Admiralty scheme then in operation. Any company or individual, regardless of nationality, found or suspected to be involved in trading with the Central Powers would now be placed on what became known as the Statutory Lists, and consequently blocked from all access to global British-controlled infrastructure or financial services. The accompanying legislation made it a crime for British subjects to do business with firms or individuals found on these lists. This immediately placed a powerful weapon in the hands of the blockade authorities, and would allow the British government much greater scope for enforcing agreements with neutral companies and associations.²⁶⁰

The new blacklists would be administered by a new Foreign Trade Department, established at the Foreign Office in late December 1915 and promptly transferred to the new Ministry of Blockade in February. Shortly after its creation, the Ministry of Blockade was therefore able to compile and publish the first edition of the new Statutory Lists. In March this was followed by the creation of a new type of shipping certificate known as a Navicert. These would guarantee unhindered passage through the British blockade belt, and could be obtained

²⁵⁸ Lambert, 2012: 494-495

²⁵⁹ CAB 24/8: Statement with regard to the blockade, Imperial Conference 1917

Dehne, 2016: 341-342

Osborne, 2004: 120-121

Riste, 1965: 95

²⁶⁰ Dehne, 2016: 337-340

by merchant shippers by agreeing to have their cargoes screened by Entente inspectors before shipment to Europe. This in turn avoided the risk of delays and possible confiscation.²⁶¹

These measures were made yet more effective by the unified policy direction which Cecil was finally able to bring to British blockade efforts. On 25th February, only two days after his own appointment as minister of blockade, he published a memorandum which effectively abandoned the earlier voluntary rationing policies which had guided the Foreign Office in its efforts to negotiate blockade agreements with the Scandinavian neutrals through much of the early stages of the war. The British government would no longer limit itself to such restrictions as neutral governments would accept, but instead seek to limit Scandinavian imports to such levels as the British considered “fair”. In other words, rationing would now be forced rather than voluntary. Cecil was not yet prepared to begin seizing all neutral shipments carrying goods in excess of quotas unilaterally established by the Ministry of Blockade, but he gave official sanction to the reintroduction of one of the chief trade control measures mooted by the pre-war Desart committee: The British navy would again be authorised to employ covert harassment and delaying tactics against neutral trade sailing outside the Navicert system, driving up the costs of avoiding compliance with the British blockade authorities as far as possible.²⁶²

After a year and a half of war, the British government was thus finally making serious progress towards translating its influence over international trade into a viable weapon of war. It would take time to establish how the northern neutrals would be rationed, and to set up the framework of agreements and machinery by which this would take place. By early spring 1916 the British blockade authorities nevertheless for the first time had both the will to control neutral trade, and the means by which this forced rationing could be achieved.

Reversing the growing stream of goods from the Scandinavian neutrals to Germany would not be a simple task. In October 1915 the British ambassador in Washington, Cecil Spring-Rice, had reported that the total value of shipments leaving New York for Germany had fallen from 90.7 million dollars between August 1913 and September 1914 to 5.8 million dollars between August 1914 and September 1915, but that exports to the Scandinavian countries for the same period had grown from 20 to 104 million dollars. Some of this increase could be accounted for by US trade replacing Scandinavian imports from Russia and the continent, but the scale of the shift also strongly suggested that the German transshipment trade in Scandinavia was still going strong. On 10th February 1916 Admiral Jellicoe, building on his criticism of the government’s blockade work the year before, reported that in spite of the North Sea blockade cordon and the signing of the new Anglo-Danish trade agreement in November, the number of merchant steamers crossing the Atlantic bound for Danish port was higher in 1916 than it had been in

²⁶¹ Dehne, 2016: 344

Fayle, 1920-24: Vol. II: 301

²⁶² Osborne, 2004: 122-124

1915. The Ministry of Blockade's belief in the need for tightening of the blockade was also buffeted by intelligence reports that appeared to show that shortages of food and industrial raw materials would impact the German war effort in the year to come. Those shortages had to be exacerbated as far as possible. Over the course of the first half of 1916 the Ministry of Blockade repeatedly expanded its contraband lists to cover a range of additional goods and luxuries such as tobacco, coffee and tea.²⁶³

At the same time, developments over the course of 1915 and early 1916 had served to muddle the legal basis upon which economic warfare was based. The question of legality of economic warfare had been the source of much of the official criticism directed at the British government by neutrals during the war. Maintaining some degree of legal cover for British blockade operations had also been one of the mainstays of Foreign Office economic warfare policy, and had been the cause of much debate within the cabinet itself. By the spring of 1916 Cecil had nevertheless concluded that official adherence to the Declaration of London, even in the modified form adopted in the summer of 1915, had become more trouble than it was worth. Despite opposition from Grey, Cecil managed to push his view through cabinet. On 7th July 1916 the government published an order-in-council officially renouncing the Declaration of London as British policy.²⁶⁴

By the beginning of summer 1916 intelligence reports appeared to show that the blockade was indeed beginning to have an impact on the German economy.²⁶⁵ Ministry of Blockade data likewise suggested that Scandinavian imports from the west, which had been growing year on end ever since the outbreak of war, were flatlining or even being rolled back. The Navicerts, Statutory Lists and other improved blockade measures were having the desired effect. Admiralty figures showed that of the 651 merchant vessels known to have passed through the northern entrances to the North Sea between 23rd March and 30th June 1916, 287 were intercepted and brought up by naval patrols, while 330 called at British ports for voluntarily inspection or Navicerting. This left only 34 ships which managed to slip through the net. In lieu of firm rationing agreements, many of the stopped ships nevertheless continued to be released.²⁶⁶

The blockade of the Scandinavian neutrals was thus gradually becoming more effective, but was still far from complete by the summer of 1916. The slow and unspectacular nature of this process also meant that the criticism of the governments blockade efforts, which had characterised both the public and intra-governmental discourse through the latter half of 1915

²⁶³ Kramer in Winter et al., 2014: 469

Lloyd-Jones et al., 2016: 85

Osborne, 2004: 124-127, 129-132, 141

²⁶⁴ Hull, 2014: 191-192

Osborne, 2004: 127-132

²⁶⁵ By the end of 1916 the German government had been forced to impose rationing of all main types of foodstuffs, thus creating the nationalised food supply system which McKenna had discussed back in 1914. (Offer, 1989: 28)

²⁶⁶ Osborne, 2004: 139-141

persisted, albeit in somewhat reduced form. Admiral Jellicoe continued to harangue the new Ministry of Blockade for apparently perpetuating many of the failures of the Foreign Office led economic warfare. The failure to impose unilateral British quotas on Scandinavian imports was especially galling to both the British naval commander and many of the more hawkish Members of Parliament.²⁶⁷

Even if much of the criticism which continued to be levelled at the government ignored many of the gain which had been made in improving the effectiveness of the blockade, some of it also hit close to home. To Jellicoe and outside observers, the cabinet's and the Ministry of Blockade's continued efforts to maintain at least a modicum of cordial relations with the neutrals, apparently to the detriment of the blockade, was a cause of deep frustration. Ships and cargoes seized by British blockade authorities remained ultimately subject to British prize courts. These courts operated fully independent of the government, and when the Ministry of Blockade failed to produce sufficient evidence to show that shipments were indeed destined for the Central Powers, judges had no hesitation in ordering the ship and cargo released. Even when the courts ruled in favour of the Ministry of Blockade, the government would pay neutral shippers compensation. Owners of neutral vessels and cargoes which were lost to enemy submarines or mines while en route to British port for inspection were likewise offered compensation. In abrogating the Declaration of London, the Ministry of Blockade was also careful to make it clear that it was only abandoning an unratified agreement, and thus returning to relying on earlier and well established international legislation such as the Hague Conventions (which guaranteed civilian mariners safety from physical harm) and the 1856 Treaty of Paris.²⁶⁸

Considerations of international law notwithstanding, Anglo-American relations also continued to trouble the Foreign Office. On 18th July 1916 the Ministry of Blockade for the first time published an extended blacklist. This list included 87 American firms suspected of trading with the Central Powers, and which were therefore subject to British sanctions. It caused outrage in Washington, and led President Wilson to threaten retaliation by way of placing limits on Entente economic activity in the United States should the British government persist with its interference with neutral trade. By mid-1916, British reliance on the American market for munitions and supplies, as well as for the loans by which these purchases were paid for, was such that the threat had to be taken seriously. On 6th November the Board of Trade reported to the cabinet that the United States had become an "absolutely irreplaceable source of supply"²⁶⁹ for the British economy and the Entente war effort as a whole. The Treasury likewise reported that funds raised on the American financial markets now covered around 40% of all British

²⁶⁷ Osborne, 2004: 139-143

²⁶⁸ Hull, 2014: 179-181

²⁶⁹ BoT statement to interdepartmental committee on British reliance on the United States, quoted in Burk, 1985: 80

spending. The Ministry of Blockade did not withdraw the blacklist, but there were nevertheless clear limits to how far British economic warfare policy could be allowed to upset relations with the United States, even if the government wanted to adopt more extreme measures.²⁷⁰

Despite concerns over neutral relations and international law, Cecil nevertheless continued to seek to tighten the blockade as far as possible within the confines of responsible policy over the course of 1916. As efforts to crack down on direct German transshipment trade began to bear fruit, this meant that attention could be turned to the other great blockade bugbear: Scandinavian domestic exports. Not only were German traders rerouting their imports through Scandinavia, they were also increasingly buying up Scandinavian domestic produce. This shift in Scandinavian trade, of which the British government had long been aware, was driven by the high prices which the Germans were willing to offer. These were prices with which the British government was loath to compete. Much of the shift was nevertheless also enabled by the ability of the Scandinavian economies to replace domestic shortfalls caused by the sale of goods to Germany by way of western imports. It would therefore be necessary to restrict Scandinavian imports, as far as possible, to such quantities as were required for domestic consumption before domestic exports to the Central Powers had been accounted for. In short, the Scandinavian economies must be placed in a position where shortfalls in imports from the west must result in a reduction in exports to Germany. It would also be necessary to seek arrangements whereby adequate guarantees were given that Scandinavian imports from the west would not be used to avoid the Entente blockade by way of direct or indirect transshipment through other economies. Western export to Norway must not only not release Norwegian produce for export to Germany, but also prevent the release of such exports to Sweden as might release Swedish produce for export to Germany. British blockade arrangements with the Scandinavian countries must therefore seek not only to control trade between Scandinavia and the west and between Scandinavia and Germany, but also between the neutral countries themselves.²⁷¹

By the end of 1916, efforts towards achieving these goals had been underway for some time at the Ministry of Blockade. Scandinavian overseas imports were being reduced, and certain blockade agreements had been reached with neutral counterparts. Results had nevertheless been limited. Blockade was a slow acting weapon, and even though the effectiveness of British economic warfare had improved materially over the course of the year, the lack of public successes nevertheless contributed to the general perception of the Asquith

²⁷⁰ Burk, 1985: 80-81

Osborne, 2004: 134-136

Soutou in Winter et al., 2014: 503-504

²⁷¹ Kramer in Winter et al., 2014: 469-470

Osborne, 2004: 132-133

Salmon, 1997: 136

government's conduct of the war as lethargic. Coming on the heels of the sustained criticism which had dogged the government through 1916 and much of 1915, the apparent failure of the blockade was therefore a contributory factor in Asquith's ousting a few weeks before Christmas 1916.²⁷²

When David Lloyd George replaced Asquith as premier in charge of a national coalition government on 6th December 1916, economic warfare policy nevertheless continued in much the same track as before. This should not come as a surprise. Lloyd George had been a cabinet member since before the outbreak of war in 1914, first as chancellor in Asquith's Liberal government, then as minister of munitions in the subsequent Liberal-Conservative coalition government, and then finally as Secretary of State for war, replacing Kitchener which had died in the summer of 1916. He was therefore intimately familiar with the struggle to centralise control over the blockade, and the great progress which had been made towards this goal since late 1915. Far from undermining or breaking up the still relatively young Ministry of Blockade, Lloyd George's new cabinet therefore offered its full support to Cecil, urging the minister of blockade, if anything, to be even more forceful in controlling neutral trade. Lloyd George also replaced a number of the senior cabinet ministers most concerned with the blockade. Most notably, Grey resigned from the Foreign Office in favour of the conservative leader Arthur Balfour.²⁷³

The return of the U-boat

The Entente was not alone in taking stock of its conduct of economic warfare towards the end of 1916, but where the British government decided to intensify existing efforts, the German government landed on a radical reassessment. By this time the burden on the Central Powers in the form of casualties, food shortages and drain on resources and morale, had reached such a level that many members of both the German military and political high command had come to believe that the country could not survive another year of conflict. Should the war of attrition continue on its present track, the Central Powers, faced with an enemy with access to greater economic resources, were bound to lose. If Germany was to stand any chance of victory therefore, the war had to be ended sooner, rather than later. To many German strategists the only way by which this could be achieved would be to dramatically increase the rate of attrition suffered by the Western Allies. The weapon with which to achieve this increased attrition was the submarine. The reintroduction of unrestricted U-boat warfare would come to have severe

²⁷² Becker in Winter et al., 2014: 25

²⁷³ Becker in Winter et al., 2014: 25

Osborne, 2004: 147, 153-154

consequences for the Scandinavian states, both in terms of tonnage lost, and the relationship between the neutrals and the Entente.²⁷⁴

Following a successful run in early 1915, American protests had caused Germany to restrict, but not abandon, its first large scale U-boat campaign. The risks of reinstating unrestricted operations were obvious: it was likely to bring the United States into the conflict on the Entente side. Yet if inaction was guaranteed to lose Germany the war, this appeared a risk worth taking. The German navy's capacity for inflicting a crippling blow against Entente commerce would also be much greater in 1917 than it had been back in 1915. The number of U-boats available for operations in the North Sea and North Atlantic had increased significantly since then. Yet restricted operations, where submarines had to approach merchantmen on the surface, signalling their intent and allowing crews time to board lifeboats, meant the merchant tonnage sent to the bottom of the sea averaged only 132 000 tons per month for the first half of 1916, rising somewhat towards the end of the year. If freed from its shackles, the German naval high command, the Admiralstab, promised to increase this to more than 600 000 tons of merchant tonnage sunk per month. Coupled with these promises was the prospect of a poor North American grain harvest, reports of which began to reach Europe in the late summer of 1916. A poor American harvest meant that a greater proportion of Entente wheat imports would have to be sourced from yet further away, such as India and Australia, thus reducing the efficiency of Allied shipping. German naval authorities also argued that the return of unrestricted U-boat warfare to British waters would scare a large proportion of neutral tonnage operating in the Atlantic away from sailing on Britain. Neutral merchantmen would instead be transferred elsewhere or laid up in port, thus putting further pressure on the Allied logistics.²⁷⁵

The Admiralstab's assertion that U-boat warfare would create the conditions for a favourable peace in 1917 was viewed with scepticism by several of the civilian members and departments of the German government. Chancellor Bethmann Hollweg argued that the navy's belief in Britain's inability to cope with supply shortages rested more on wishful thinking than on any realistic assessment of Entente capabilities. British domestic food production had increased dramatically since 1914, and grain imports amounted to a relatively small part of total requirements. Furthermore, the inevitable entry of the United States into the war on the Allied side would serve to bolster the Entente's resolve to continue the fight, allowing western morale to better cope with any logistics challenges which might be caused by a return to unrestricted U-boat warfare. Showing a remarkable understanding of the state of German trade, in August 1916 Vice-Chancellor Karl Helfferich also pointed out how Germany's own overseas imports, which

²⁷⁴ Offer, 1989: 357-359

²⁷⁵ Fayle, 1920-24: Vol. III: 465

Offer, 1989: 357-359

Salmon, 2004: 133

had been substantial up until then, would suffer if the United States entered the war and U-boat attacks scared neutral shipping away from the North-Atlantic trade routes.²⁷⁶ Reduced transatlantic imports for the Scandinavian nations would inevitably result in reduced Scandinavian exports to Germany. The United States, freed from the shackles of neutrality, was also likely to make increased economic exertions on behalf of the Entente cause, which carried the risk even of improving the British supply situation.²⁷⁷

Nevertheless, faced with the prospect of an otherwise inevitable defeat, the Kaiser, against the advice of both Bethmann Hollweg and Helfferich, took the decision to unleash unrestricted U-boat warfare on the Entente beginning 1st February 1917. Free to pursue their targets at abandon, German U-boats and their crews rose to the challenge, initially exceeding the expectations of even the Admiralstab. Over the course of six months beginning on 1st February 1917, Allied and neutral merchant tonnage lost to submarines, mines and war-related causes rose dramatically. Losses averaged 642 000 tons per month, peaking at 881 000 tons in April, against a monthly average in 1916 of just 193 000 tons. Yet thereafter losses declined as Entente countermeasures began to take effect, averaging 402 000 tons per month between July and December 1917. In 1918 they dropped yet further to a monthly average of 264 000 tons for the year up until October, the last full month of the war.²⁷⁸

Despite losses incurred from the U-boats, the British grain supply was never seriously threatened. Not even at the peak of losses in the spring of 1917. Yet the tonnage losses did cause serious alarm in British government circles. In April 1917 a full quarter of all merchant ships which left British ports failed to return, and even though grain shipments were kept up, they could only be maintained by forgoing deliveries of munitions and other supplies. Combined with the failure of simultaneous French and British offensives on the western front, and subsequent mutinies in the French army, the U-boat campaign caused great anxiety in Britain over the conduct of the war. Yet, the increase in U-boat activity utterly failed to deter neutral ships from sailing in the danger zone around the British Isles, and as Helfferich had suggested, the danger to Britain was fleeting. The declaration of unrestricted U-boat warfare on 1st February had the predicted consequences for US-German relations. On 3rd February the United States severed

²⁷⁶ Bundesarchiv; Verfassunggebende Deutsche Nationalversammlung; Beilagen zu der Stenographischen Berichten über die öffentlichen Verhandlungen des Untersuchungsausschusses; 2. Unterausschuss; Aktenstücke zur Friedensaktion Wilsons 1916/17 (Berlin 1920)

²⁷⁷ Offer, 1989: 360-361, 365

Olson, 1963: 82-83

Salmon, 2004: 142

²⁷⁸ Fayle, 1920-24: Vol. III: 465

Offer, 1989: 360-361, 365

Olson, 1963: 82-83

Salmon, 2004: 142

diplomatic relations with Berlin, and on 6th April the American Congress declared war on Germany.²⁷⁹

The Ministry of Blockade reacted to the German return to unrestricted U-boat warfare by tightening blockade regulations. By late 1916 neutral tonnage carried one third of all British imports, and the British cabinet had for several months been worried about the possibility that such vessels would be withdrawn from Entente trade lanes due to German U-boat activity in the war zone surrounding the United Kingdom.²⁸⁰ Now the new German policy provided the perfect pretext by which this could be prevented. Within a few days of the German declaration, the British government announced a raft of new measures aimed at tightening the blockade and counteracting German pressure on neutral trade. From 10th February onwards, neutral vessels would only be allowed to ship coal to the country in which the ship was registered. In other words, if the Scandinavian governments desired British coal, they would have to maintain sailings on Britain. In order to ensure that neutral shipping kept carrying British imports, the Ministry of Blockade also announced that neutral vessels arriving at British port in ballast or otherwise not carrying a cargo of approved goods would have to make a voyage to France under Entente charter before being allowed to load cargoes for export to a neutral country. Finally, in order in order to ensure that neutral shippers did not reduce the tonnage trading on the Entente, the MoB announced that no neutral merchant ship presently in British port would be allowed to leave unless replaced by an equal amount of incoming tonnage. The cabinet also authorised a new order-in-council, published on 16th February, which announced that all merchant vessels en route to port in a neutral country bordering enemy territory would be considered to be carrying enemy cargo, and thus be liable for seizure and confiscation, lest the ship stop at British port for inspection.²⁸¹

The prohibition on neutral ships leaving British port without being replaced by incoming vessels was a severe breach of neutral rights, and was clearly recognised by the Ministry of

²⁷⁹ CAB 24/2; *Merchant Shipping: Memorandum by the President of the Board of Trade*; 26th October, 1916

Fayle, 1920-24: Vol. III: 465

Offer, 1989: 366-367

Olson, 1963: 63

Salmon, 2004: 141

²⁸⁰ CAB 24/2; *Merchant Shipping: Memorandum by the President of the Board of Trade*; 26th October, 1916

²⁸¹ Berg, 1995: 223

CAB 23/1; War Cabinet 57, Minute 7; 8th February, 1917

Cohn, 1928: 97

FRUS: 1917, Supp. 1; File No. 763.72112/3268, The Ambassador in Great Britain (Page) to the Secretary of State; 2nd

January, 1917

Haugen, 1978: 34

Osborne, 2004: 155

Riste, 1965: 174-175

Blockade as such. It was nevertheless seen by the British government as a justifiable temporary measure to counter the impact of the equally illegal German submarine campaign.²⁸²

Norway and unintentional brinkmanship

Through the introduction of the Statutory Lists and Navicerts, and the centralising of commercial intelligence gathering and policy formulation under the aegis of the Ministry of Blockade in early 1916, the British government was finally ready to seriously challenge the Norwegian government's policy of non-involvement in blockade affairs. The first issue that would be the focus of renewed force of British pressure was the Norwegian fisheries. Over the course of late 1914 and early 1915 German buyers had cornered the Norwegian market in fish products, creating an increasingly intolerable situation for British blockade authorities. Not only were the Germans able to import large amounts of food, but much of the Norwegian fishing fleet was reliant on imports of fuel and equipment imported from Britain. Yet the sheer size and decentralized nature of the Norwegian fishing fleet meant that London would not be able to negotiate a branch agreement similar to those that were being used to deal with other Norwegian industries. In 1915 the Foreign Office had therefore threatened to halt all exports to Norway of fuel and equipment to the fishing fleet unless the Knudsen government agreed to negotiate on behalf of the industry as a whole. The Norwegian government replied with the suggestion that the British government could itself purchase the fish by outbidding the Germans. In late 1915 the British agreed to this as a temporary measure, and allocated a substantial sum for the purchasing of Norwegian fish for 1916. As a result the British government secured 70-80% of the total Norwegian catch in the spring of 1916, but at a very high cost, as an Anglo-German price war raged in Norwegian ports.²⁸³

The artificially high prices, combined with the fact that the British themselves had no actual need of the fish, most of which was left to rot in storage in Norway, led to renewed demands from London for a Norwegian fish export agreement. The Ministry of Blockade threatened retaliation by restricting Norwegian imports, should the Norwegian government refuse to limit fish exports to Germany. In April 1916 overtures from the Knudsen government, seeking to have the British prolong their purchases along the same lines as before, were rebuffed. Ministry of Blockade officials let Norwegian negotiators know that the British government would only contemplate continued purchases if prices were capped at acceptable levels, and the Norwegian government would publicly acknowledge that an Anglo-Norwegian fisheries purchasing system was in operation. The latter provision was especially hard to

²⁸² CAB 23/1; War Cabinet 57, Minute 8; 8th February, 1917

²⁸³ Berg, 1995: 197-198, 202, 207

Riste, 1965: 97-98

swallow for the Norwegian government, which feared that such an undertaking might undermine public neutrality. The British threat to end purchases while cutting off supplies was nevertheless severe. The fisheries were of major importance to the domestic economy, sustaining settlements all along the Norwegian coast. The radical decline or collapse of the industry would have dire consequences. There were likewise few, if any, alternatives to dealing with the warring powers. Southern European markets, which before the war had taken a significant portion of Norwegian fish exports, had dried up largely due to price increases and shipping difficulties.²⁸⁴

Confronted with these difficulties, the Norwegian government chose to stall the negotiations in the hope of reaching a more favourable settlement later in the year. In this Knudsen and Ihlen completely misjudged the direction in which British blockade policy was developing. When negotiations reopened in July 1916, the Ministry of Blockade was no longer interested in prolonging the earlier scheme. Instead, the British negotiators demanded that it be afforded the option to purchase all parts of the Norwegian catch not required for domestic consumption at capped prices, and that an effective fisheries association be created to oversee the arrangement. Faced with unrelenting British pressure and desirous to avoid full scale confrontation, the Norwegian government was eventually forced to commit to a more permanent settlement. An Anglo-Norwegian fisheries agreement was signed on 5 August 1916, and stipulated that exports to Germany would be limited to 15% of the total catch, once domestic consumption had been deducted. Great Britain would also have first call on the remaining catch at capped prices, effectively preventing exports to neutral parties.²⁸⁵

The conclusion of the fisheries agreement, the first wartime trade agreement signed by the Norwegian government, marked the beginning of the end for the early war “privatisation” of Norwegian foreign policy. Olav Riste was highly critical of the Knudsen government’s handling of the negotiations in his seminal 1965 work on Norwegian wartime foreign policy, arguing that Ihlen failed to explore alternative (i.e. German) sources of fuel and equipment for the fishing fleet, which in turn would have strengthened his hand in the negotiations with the Ministry of Blockade. Riste’s assessment has influenced much of the Norwegian historiography, and is undoubtedly correct in its essentials. Ihlen certainly negotiated with the British government from a position of weakness. Yet Ihlen’s failure must be understood in a wider context. Following the centralisation of the British economic warfare administration under the aegis of the new Ministry of Blockade, Entente policymakers for the first time began treating individual Norwegian exports as part of a bigger picture. Under Cecil’s direction, the MoB was both willing

²⁸⁴ Berg, 1995: 199

Riste, 1965: 98-101

²⁸⁵ Berg, 1995: 200

Riste, 1965: 101-103

and able to force Norwegian compliance with Entente blockade policy through the broad use of retaliatory measures. Norwegian ability to source supplies for the fishing fleet from Germany or elsewhere might possibly have resulted in the final agreement being less severe, but it is also likely that any Norwegian refusal to reach an agreement would have been met with British retaliation against other sectors of the Norwegian economy. The fisheries and the subsequent copper agreements were the last of the “sectoral agreements”, covering individual Norwegian business sectors or a single class of commodity, but they also represented the first of a broader type of blockade agreements, whereby the Allied economic warfare authorities sought to control Norwegian external trade in a more comprehensive sense. Agreements with the Entente could be negotiated, but they could no longer be avoided outright. Nor could negotiations be insulated, so as not to impact the Norwegian economy or neutrality policies more broadly.

That the MoB was prepared to carry out its policy of putting severe economic pressure on neutrals in order to achieve its goals would become clear in no uncertain terms later in the year, in the wake of the signing of an Anglo-Norwegian copper agreement. Negotiations for an agreement restricting the exports of Norwegian copper ore and copper pyrites to Germany had been taking place since April 1916, parallel to those on the fisheries. The issue was of key importance to the Ministry of Blockade. Not only was copper in itself an important component in armaments production, but a significant portion of the Norwegian pyrite also contained sulphur. Sulphur was a key ingredient in explosives, and by 1916 Norway was Germany’s sole remaining supplier. The British authorities therefore rebuffed Norwegian requests for a branch agreement, and instead demanded that the Norwegian government prohibit all exports of copper ore and pyrites to the Central Powers, unless compensated by the imports from Germany of an equal amount of refined copper. In return, the British government would be prepared to guarantee Norwegian imports of 8 000 tons of refined copper per annum.²⁸⁶

The carrot was sizeable. Although Norway produced copper ore, there was limited capacity in the country for refining the ore into useful product, and since overseas imports had been blocked by the British since the beginning of the negotiations a severe shortage of the metal was developing in the country.²⁸⁷ A further British promise to allow the immediate one-time import of 3000 tons of copper to relieve the domestic shortage sealed the deal. The copper agreement was formalised through the mutual exchange of notes between the British and Norwegian governments in late August 1916.²⁸⁸

²⁸⁶ Berg, 1995: 202-203

Lillerovde, 2012: 4

²⁸⁷ Riste and Berg both make the claim that there was no copper refining capacity in Norway whatsoever. This is strictly wrong. A nickel refinery in Kristiansand had the required ability, and did indeed refine copper under Norwegian government contract from 1917 onwards. However, this does not change the fact that a severe copper shortage developed in Norway in 1916. (Strøm, 2012: 64)

²⁸⁸ Salmon, 1997: 136

The Ministry of Blockade was initially very pleased with the final outcome of the negotiations. Yet serious disagreements soon arose over the interpretation of the agreement. Some of the Norwegian sulphuric pyrite had such a low copper content that it in peace time trade was not usually regarded as cuprous at all. The Norwegian government did not believe these covered by the agreed export prohibition, and the sale of such pyrites to Germany continued unabated over the course of the autumn. For their part, British authorities were very clear that in their view, pyrites containing even trace amounts of copper were covered by the agreement. The cessation of sulphur exports to Germany had been a key British objective in negotiating the accord, and any attempt by the Norwegian government to continue these was seen by the MoB as outright fraud. Following repeated Norwegian failures to put an end to exports in October and November, the Ministry of Blockade finally responded by instigating a complete coal embargo on Norway.

The British coal embargo, effective from 23rd December 1916, prompted renewed efforts by the Norwegian government to find a compromise solution. Ihlen assured his British counterparts that irregularities in the enforcement of the fisheries agreement, which the Ministry of Blockade had also complained about, would be cracked down on. However, he did not immediately offer any substantial concessions on the pyrite issue. The fear of German retaliation, as well as resentment over what was seen as British attempts to interfere with Norwegian neutral rights, remained extant. Yet Cecil and the MoB refused to budge. By the second week of February Ihlen had been forced into a complete climbdown. Norway would ban the export of all pyrites to Germany, while heading off German protests with various other trade and financial concessions. On 17th February 1917, the British government lifted the coal embargo.²⁸⁹

The resolution of the pyrite-coal controversy in mid-February must also be understood in the context of Germany's return to unrestricted U-boat warfare from 1st February. Mounting losses of Norwegian lives and ships to U-boats – in March 1917 some 20% of all merchant vessels sunk worldwide were Norwegian – prompted the Knudsen government to look into ways through which the safety of ships could be better ensured. At the same time, British officials had long worried that neutral governments might seek to prevent their merchant vessels from sailing on the United Kingdom. In order to secure Norwegian tonnage for the Allies, the Ministry of Blockade therefore in February 1917 asked Knudsen to consider allowing Norwegian ships to be reflagged to the Entente. This in turn would have allowed the vessels to be armed, providing a measure of defence against submarines. Knudsen rejected the proposal, arguing that the transfer of Norwegian merchant vessels to one party would be in breach of Norway's obligations as a neutral. Negotiations on an Anglo-Norwegian tonnage settlement nevertheless continued,

²⁸⁹ Riste, 1965: 162-166

Quoting Knudsen himself, Karl Erik Haug has also argued that the lifting of the British coal embargo on 17th February only came about as a consequence of the Norwegian decision to allow shipping negotiations to proceed. Had there been no movement on the tonnage question, the embargo might have been retained in place.²⁹⁰

By early spring, Norwegian and British representatives had come up with a scheme by which Allied and Norwegian tonnage would be exchanged. British merchant ships would take over the North Sea traffic almost in its entirety, while unarmed Norwegian vessels were to be taken over by British authorities and put to use on routes through less dangerous waters. Britain would thus maintain the export of coal to Norway for the duration against a guarantee that Norwegian tonnage would be continue to sail in Entente service. Since British authorities were nominally requisitioning the Norwegian ships, the government in Kristiania could not be accused of breaking Norwegian neutrality. This arrangement therefore proved acceptable both to Knudsen and to the Ministry of Blockade. A confidential Anglo-Norwegian tonnage agreement to this effect was signed in April and gradually implemented over the course of summer 1917.²⁹¹

Denmark and the struggle for provisions

It did not take long for the Anglo-Danish trade agreement of November 1915 to come in for serious criticism in Britain. Members of Parliament, as well as proponents of a stricter blockade policy within the government itself, argued that the agreement was not only overly generous in terms of Danish imports quotas, but also that it gave Britain insufficient control over how those imports were disposed of on the Danish domestic market. Blockade officials at the Foreign Office, many of whom were transferred to the new Ministry of Blockade in February 1916, nevertheless remained vary of putting too much pressure on the Danish government. Danish agricultural exports to Britain, although not nearly as large as British authorities could have wished for, were still valuable. Cecil and his permanent secretary, Eyre Crowe, were also convinced that there were indeed limits to how far the Danish government could go in terms of concessions to Britain without risking German retaliation in one form or another.²⁹²

From the point of view of the Ministry of Blockade, some form of compromise solution to the Danish quandary must be found. Over the course of much of the first half of 1916 Danish representatives in London spent time discussing the nature of Anglo-American trade with their British counterparts. Even though these were often high-level meetings, with Cecil chairing

²⁹⁰ Haug, 1994: 97-99

²⁹¹ Berg, 1995: 223-226

FO382/1755: No. 226214, *The Norwegian Tonnage and Coal Agreement*; 30th November, 1917

Riste, 1965: 174-176

Salmon, 2004: 143-144

²⁹² Kaarsted, 1979: 108

Lambert, 2012: 475, 484

discussions on behalf of the British government, they did nevertheless not take the form of official trade negotiations. In the early summer of 1916 War Trade Board officials accepted a promise from Scavenius that Denmark would attempt to increase agricultural exports to Britain over the course of the coming year. In return British economic warfare authorities would refrain from placing further restrictions on Danish external trade, at least for the time being. Cecil's decision to go along with this compromise effectively meant that the Anglo-Danish status quo would be maintained for the foreseeable future. North Sea trade would continue in much the same way as before through to the beginning of 1917. Although not written down, the Anglo-Danish compromise was a significant victory for the Danish government's foreign policy, yet it was also a victory which could only be sustained as long as Danish vessels retained access to British ports. By early 1917 this access was under threat.²⁹³

Since the outbreak of the war, Scavenius had argued the necessity of maintaining economic relations with both Britain and Germany. In Denmark, this wartime fusion of trade and foreign policy had come to be known as "levnedsmiddeloverenskomsten" (lit. "the provisions arrangement"), whereby Denmark undertook to share its agricultural exports between the Central Powers and the Entente, against access to continental and overseas imports. Both the German and British governments had at times criticised the practical conduct of this arrangement, especially as to how Danish agricultural exports should be divided between the two, and which types and what quantities of foreign goods Denmark should have the right to import. Before 1917 neither had nevertheless sought to question the policy itself. The re-introduction of unrestricted U-boat warfare, and its objective of preventing all Scandinavian trade on Britain, therefore represented a severe threat to what Scavenius saw as one of the key pillars of Danish neutrality policy. Should the German navy succeed in putting an end to trade between Scandinavia and Britain, Denmark would be unable to fulfil its export obligations to the Ministry of Blockade.²⁹⁴

The German announcement of unrestricted U-boat warfare had immediate consequences for Danish trade. From 1st February 1917 Danish ship-owners refused to let their merchantmen attempt the North Sea crossing for fear of losing crews and vessels, and sailings on Britain rapidly ground to a halt. Compounding Scavenius' troubles, German traders were also more than eager to take Danish produce originally destined for Britain. Should the disruption of trade between Denmark and Britain prove lengthy, Germany might therefore gain increased access to Danish commodities. This would exacerbate the already difficult situation caused by the shift in Danish external trade flows in 1914 and 1915, further eroding the Danish negotiating position vis-à-vis the Entente. Nor did it take long for the new British minister in Copenhagen, Ralph

²⁹³ Lidegaard, 2003: 112

²⁹⁴ Sjøqvist, 1973: 219-221

Paget, to voice his government's displeasure with the reluctance of Danish shippers to brave the passage. To Scavenius there therefore appeared only one option. Trade with Britain had to be resumed. Germany could not be allowed to benefit from any difficulties in delivering Danish produce across the North Sea.²⁹⁵

The introduction of unrestricted U-boat warfare was nevertheless not the only shift in German war strategy impacting Denmark in early 1917. Fears had long been growing among the higher echelons of the German army and navy – the Oberste Heeresleitung (OHL) and the Admiralstab, respectively – over the possibility of Entente intervention in Scandinavia. If the British navy was able to secure port facilities in southern Norway, possibly at Stavanger or Kristiansand, it might be possible for them to support a landing in Denmark or on the north coast of Germany itself. The rumours circulating in Germany of impending British intervention in Norway, with or without the cooperation of the Norwegian government, were not new. They had been a recurring topic in communications between the German foreign ministry, the Auswärtiges Amt (AA), and the German legations in Scandinavia since at least the summer of 1915. In late August 1916, the OHL produced the first of what would be several war plans to counter a possible Entente landing in Scandinavia, and in November the German army completed the construction of an initial line of fortifications along the Danish border. The following January OHL transferred three German cavalry regiments to the border region in northern Slesvig.²⁹⁶

Over the course of February and March 1917, the Admiralstab, the Oberste Heeresleitung and the Auswärtiges Amt held a series of discussions on Scandinavian policy. Both the Admiralstab and the OHL remained wary of British plans. The navy argued that Germany should prepare an ultimatum to Denmark, designed to force the country into the war on the side of the Central Powers. This ultimatum should be delivered by the German minister in Copenhagen, Brockdorff-Rantzau, to the Danish government in case Britain sought to seize Danish territory or establish a base for the Royal Navy in southern Norway. Moreover, the Admiralstab argued that German intervention should not be made dependent on the Entente making the first move. Confirmation that British plans for offensive operations in Scandinavia were due to be implemented should be enough to justify German pre-emptive action.²⁹⁷

The Auswärtiges Amt and Chancellor Bethmann Hollweg, both of whose power to influence German war strategy had been weakened by their defeat over submarine policy a few

²⁹⁵ Kaarsted, 1979: 118-119

Lidegaard, 2003: 88

²⁹⁶ Haug, 1994: 124-126

Lidegaard, 2003: 92-93

Sjøqvist, 1973: 237-238

²⁹⁷ Lidegaard, 2003: 93-94

Sjøqvist, 1973: 238-239

months previously, favoured adopting a more careful approach towards the Scandinavian governments. The Auswärtiges Amt argued that Scavenius' promise that Denmark would never join the Entente in a war against Germany, and his assurances that the Danish armed forces would resist any breach of Danish neutrality by British or other Entente forces, should be taken at face value. The Auswärtiges Amt and Brockdorff-Rantzau also pointed out that not only would German unilateral intervention in Scandinavia be a severe breach of international law. German naval intelligence in Scandinavia was also unreliable. It was therefore highly inadvisable to leave the decision of if and when to intervene to the navy alone. Premature action, taken on the basis of faulty intelligence, could well lead to Denmark throwing its lot in with the Entente. Unprovoked German offensive action would at best be a propaganda coup for the Western Allies, severely damaging the Central Powers' relations with the remaining European neutrals.²⁹⁸

Scavenius not only knew of these German intra-governmental discussions, but was personally involved in them. German diplomatic cables between Berlin and the Legation in Copenhagen show that Brockdorff-Rantzau conferred with the Danish Foreign Minister on German policy, and that the Scavenius in return sought to provide the Auswärtiges Amt with the means to allay the fears of the German military leadership. To this end Scavenius not only argued that British offensive operations in Scandinavia were unlikely in the extreme. He also provided the Admiralstab with access to classified Danish naval intelligence reports, and turned a blind eye towards the expansion of German intelligence operations in Copenhagen.²⁹⁹

Over the course of the first week of February Scavenius also held talks with Brockdorff-Rantzau on the possibility of maintaining German acceptance of the provisions arrangement in one form or another. Scavenius proposed that the German navy grant safe conduct for a number of Danish ships delivering agricultural produce to Britain, as well as for some 150 Danish vessels returning from the Americas with fodder and supplies for Danish agriculture and industry. In return Denmark would offer to export an extra 10 000 horses to the Central Powers, as well as grant Germany a new credit agreement in order to support its purchases in Denmark.³⁰⁰

Brockdorff-Rantzau, like his superiors at the Auswärtiges Amt, had opposed the resumption of unrestricted submarine warfare, and wanted to retain access to international markets through Denmark. He therefore suggested to Scavenius that it might be possible to grant safe conduct for 2-3 Danish vessels per week to sail on Aberdeen with Danish agricultural produce. This agreement would run for an initial three week period. Because this proposal went counter to Germany's new policy of cutting Britain off from all overseas trade, Brockdorff-Rantzau felt it stood the best chance of being accepted if put directly to German government

²⁹⁸ Lidegaard, 2003: 93-94

Sjøqvist, 1973: 238-240

²⁹⁹ Lidegaard, 2003: 94

Sjøqvist, 1973: 240

³⁰⁰ Sjøqvist, 1973: 222

officials in Berlin by Danish representatives. Scavenius therefore dispatched Knud Styhr from the Foreign Ministry, H. N. Andersen of the Danish East India Company, and the director of one of the largest Danish shipping firms, Det Forenede Dampskibsselskab (DFDS),³⁰¹ Captain Christian Cold, to Berlin. The Danish delegates were also accompanied on the trip by the German commercial attaché in Copenhagen, who had been sent by Brockdorff-Rantzau in order to lend additional support to the Danish line.³⁰²

Styhr, Andersen and Cold put the Danish proposals to German government representatives in Berlin in a series of meetings on 12th and 13th February. According to Andersen, Chancellor Bethmann Hollweg and the Auswärtiges Amt officials were suitably impressed with the direness of the Danish situation.³⁰³ The Admiralstab was much less appreciative of the plan, but were unable to prevent the government accepting the Aberdeen sailing proposal. Its three week duration, however, meant that this could be nothing but a temporary solution to the problem.³⁰⁴

The German acceptance of the Aberdeen proposal was a significant victory for the Auswärtiges Amt in its struggle to contain the Admiralstab's more aggressive designs on Scandinavia. It also meant that the Imperial Navy had formally acknowledged that exemptions from its blockade of British ports could be made. In formulating this plan Scavenius had nevertheless overstretched himself. Parallel to the Styhr delegation's negotiations in Berlin the Danish foreign minister had proposed to Paget that in return for German acceptance of the Aberdeen sailings, the Ministry of Blockade should waive the requirement that Danish ships engaged in transatlantic trade call at a British port for inspection before being allowed past the Entente blockade patrols at the entrances to the North Sea. This would allow most Danish ships to avoid the U-boat danger zone around the British Isles, while still allowing limited agricultural exports to Britain. The Ministry of Blockade was not particularly keen on the notion that the German naval authorities be allowed to dictate whether or not neutral ships be allowed to enter British waters. British authorities were nevertheless willing to consider allowing certain Danish shipping companies to have their ships inspected in the Americas, rather than at the entrances to the North Sea as per standard blockade procedure. When news of the Aberdeen proposal and the consequent hole in the recently announced submarine blockade of the British Isles broke in the press, the German government nevertheless felt forced to withdraw its support for the plan.³⁰⁵

³⁰¹ Occasionally referred to as "The United Steamship Company"

³⁰² Sjøqvist, 1973: 222-223

³⁰³ Over the course of the war H. N. Andersen got a reputation in London for a tendency to exaggerate his own successes and downplay his failures. His reports on the friendly attitude of the AA should probably therefore be taken with a pinch of salt.

³⁰⁴ Sjøqvist, 1973: 223

³⁰⁵ CAB 23/1; War Cabinet 57, Minute 7; 8th February, 1917

The consequence of the British scepticism and the eventual German abandonment of the plan was a stalemate, and Danish produce destined for export to Britain remained bottled up in Danish ports. Following the failure of the Aberdeen plan, Scavenius therefore sought to convince Danish ship owners to reroute their now stalled sailings to Bergen. At Bergen these ship could join British-organised convoys across the North Sea. These were sailing regularly between Bergen and the UK, and were considered relatively safe. When the Danish government agreed to underwrite the insurance of Danish vessels engaged in North Sea trade, a number of ship-owners were finally convinced to make the attempt. On 18th March the first three Danish vessels left Bergen for Britain. Three more followed a few days later. When all six arrived safely in British ports, the overriding fear of the German U-boat menace was significantly diminished. Danish sailings westwards therefore resumed in full.³⁰⁶

The Danish government's efforts at resuming trade with the west were not popular with the German naval authorities. On 22nd May, two months after Danish sailings on the Bergen route began, Scavenius was presented with a German ultimatum. Denmark would have to forgo all trade with Britain between 1st June and 1st August, while at the same time maintaining exports to the Central Powers. Again Scavenius flatly refused. The Danish government could no more accede to a blockade of Britain than it could of Germany. If the German government pressured Denmark into ceasing trade with the west, they would also have to forgo their own imports from Denmark.³⁰⁷

Scavenius also let the Auswärtiges Amt know that he would resign if the German government would not retract the ultimatum. For this policy he won the backing of the Zahle cabinet, which only a few days previously had been expanded to include representatives of all major parties in the Danish parliament. On 7th June Brockdorff-Rantzau let Scavenius know that German authorities had decided to withdraw its demands. This granted the Danish government some temporary reprieve from the immediate danger of German aggression. The German naval and general staffs nevertheless continued to discuss military action against Danish territory through the summer of 1917, the essence of which von Brockdorff-Rantzau kept Scavenius informed of. Scavenius therefore remained under considerable pressure. This severely limited his options when it came to responding to British and Allied demands.³⁰⁸

Cohn, 1928: 96-97

Munch in Friis, Linvald & Mackeprang, 1943: 64

Osborne, 2004: 155

Rasmussen, 1965: 129-130

Sjøqvist, 1973: 224

³⁰⁶ Lidegaard, 2003: 88-90

Osborne, 2004: 157

Salmon, 1997: 142

³⁰⁷ Lidegaard, 2003: 91

³⁰⁸ Lidegaard, 2003: 90-92

Sjøqvist, 1973: 237-240

Nor were German authorities alone in deciding that the status quo of Danish external economic relations was unsatisfactory. By the spring of 1917 the Ministry of Blockade was also determined to seek further concessions from Scavenius. Criticism of the November 1915 accord had continued to grow in Britain. The unofficial agriculture export agreement of the summer of 1916 notwithstanding, Anglo-Danish consultations on trade had also continued through much of late 1916 and early 1917. In June 1917 H. N. Andersen once again attended a conference at the Ministry of Blockade offices in London. There he was met with British demands for tonnage concessions, akin to those which MoB officials had recently secured from the Norwegian government. In return for deliveries to Denmark of 60 000 tons of coal per month, the Danish government would now be required to make 200 000 tons worth of merchant vessels available for chartering to the Allies. Should Allied demands not be accepted, coal deliveries would be terminated.³⁰⁹

The collapse of coal deliveries from Britain would be potentially catastrophic for Denmark. Not only would the Danish domestic economy suffer, but it would also undermine Anglo-Danish trade relations overall. Just as the cross-North Sea trade in agricultural produce must continue, so must coal shipments. Faced with this ultimatum Scavenius must therefore have felt that he had little choice but to acquiesce. Andersen managed to secure some British concessions in the form of increasing coal deliveries to 100 000 tons per month, and the removal of the requirement that Danish ships trading between Britain and Denmark need make duty journeys for the British authorities. The overall agreement must nevertheless be concluded. On 20th June Andersen therefore signed the Anglo-Danish coal and tonnage agreement on behalf of the Danish government.³¹⁰

The coal and tonnage agreement represented an important milestone in the relationship between the Danish government and British economic warfare authorities. Scavenius had been forced to accept British demands for extensive concessions, in return for which Denmark gained little except the promise that trade between the two countries would be allowed to continue. As such, the agreement was evidence that the Danish negotiating position was deteriorating. Neither Kaarsted, who wrote briefly about the tonnage negotiations in his 1979 book on Anglo-Danish wartime relations, nor Sjøqvist, who wrote extensively on Danish-German relations in his 1973 biography of Scavenius, mention any consultations between the Danish foreign minister and Brockdorff-Rantzau on the British tonnage agreement question. Given the extent and nature of Scavenius' discussions with the German minister on other issues, it nevertheless seems implausible that Scavenius should not have informed his German counterparts about the British

³⁰⁹ Kaarsted, 1979: 119

³¹⁰ Kaarsted, 1979: 119

demands. In any case, the Anglo-Danish tonnage agreement appears to have been met with relatively little controversy, both at home and abroad.

Swedish vulnerability and Hammarskjöld's fall

The reform of the British blockade machinery in late 1915 and early 1916 significantly enhanced the ability of the entente to control Swedish trade with the west. Prime Minister Hammarskjöld nevertheless remained as steadfast in his opposition to the British blockade as ever. The Swedish government continued to control the transit trade between Russia and the Western Allies, and continued to use this power to extract compensation from the British in the form of continued imports. In a speech to the Riksdag in January 1916 Hammarskjöld reiterated his belief that compromising Swedish neutrality through the acceptance of Entente trade regulation could not guarantee the Swedish economy anything but temporary respite. The implication was that if the British government was prepared to break the rules of international law as Hammarskjöld interpreted them, it could not be relied upon to uphold its obligations under a negotiated agreement either.³¹¹

In January Hammarskjöld took yet another step aimed at pressuring the British government into affording Sweden concessions on trade with the west. On 18th January the Swedish government announced that exports of wood pulp would be embargoed unless licensed by the government. Since the majority of Swedish pulp exports went to Britain, the Swedish prime minister hoped that licenses could be used to barter for compensations in the form of British export licenses on goods for Swedish industries. In this Hammarskjöld spectacularly misread the mood in London, where the government responded by placing a prohibition on Swedish pulp imports. The British blockade authorities estimated that the Swedish pulp industry was just as, if not even more, dependent on access to the British market than British industries were dependent on Swedish pulp. Both sides refused to budge, and as a consequence Swedish pulp exports to Britain came to a halt almost overnight.³¹²

Two months later, on 10th March, the Hammarskjöld government took one further step towards formalising public control over Swedish trade when it introduced legislation making it illegal for Swedish firms to cooperate with, offer intelligence to, or otherwise make agreements with foreign powers without permission from the Swedish government. The Swedish War Trade Law, which was eventually passed by the Riksdag on 17th April, effectively undercut what was left of British efforts at establishing blockade agreements with individual Swedish companies or associations. The Ministry of Blockade was nevertheless keen to avoid a head on confrontation with the Swedish government in the spring of 1916. The Russian government continued to plead

³¹¹ Gihl, 1951: 174-175

³¹² Gihl, 1951: 176-177

that Britain not do anything that could hazard the continued transit trade of western goods through Swedish territory. The British minister of munitions, David Lloyd George, also noted that Britain benefitted significantly from access to such Swedish goods as iron ore and ball bearings. To top it off the British minister in Stockholm, Esme Howard, reported that Swedish importers still appeared able to source coal from Germany, thus undermining one of the chief means by which the British government could put pressure on Sweden. The status quo that had characterised Anglo-Swedish economic relations since the collapse of the 1915 trade negotiations therefore looked set to continue for the foreseeable future.³¹³

The Ministry of Blockade's response to the introduction of the new Swedish trade law was therefore somewhat muted, but no less stern for that. On 6th July Howard delivered a note to Foreign Minister Knut Wallenberg, outlining the British government's views on Anglo-Swedish trade. It made it clear that in return for allowing Swedish trade through the North Sea blockade cordon, the MoB expected the Swedish government to agree to the establishment of import quotas for certain important classes of contraband goods, and that these would only be used to meet Swedish domestic requirements. The Swedish government must also prohibit the export of these classes of goods, whether imported or produced domestically. Finally, the British blockade authorities would reserve the right to deny import licenses to blacklisted firms.³¹⁴

The note of 6th July mentioned only a limited range of goods. With it, the Ministry of Blockade had nevertheless finally set out its new vision of how it intended to induct the Scandinavian neutrals into the blockade of Germany. Scandinavian importers must undertake to prevent the re-export of overseas commodities in any shape or form, including goods produced from- or with the help of such commodities. Neutrals must also guarantee that imports would not release domestically produced equivalents for export. This last point was directed squarely at the new Swedish War Trade Law. The Ministry of Blockade noted that the Swedish government, by effectively nationalising trade negotiations between British authorities and Swedish importers, would also have to undertake to give the same guarantees as the British authorities had demanded of private firms. If the Swedish government sought to facilitate the import into the country of goods from the west without also guaranteeing that such imports would not result in exports to the Central Powers, the British government would have to consider it a breach of neutrality, as the Swedish government would actively be facilitating the direct or indirect transshipment of western goods to Germany.³¹⁵

³¹³ Gihl, 1851: 178-179

Koblik, 1972: 24

MUN 4/2172; No. 662, Howard to Grey; 4th May, 1916

MUN 4/2172; No. 670, Howard to Grey; 6th May, 1916

³¹⁴ Gihl, 1851: 185-18

³¹⁵ Gihl, 1951: 185-187

The British note did not constitute a proposal for an Anglo-Swedish trade agreement. Rather it was designed to make the Swedish government aware of the lines along which the Ministry of Blockade would be prepared to negotiate. As such Hammarskjöld restricted himself to a noncommittal response, noting that much of the content was incompatible with Swedish policy. The Swedish prime minister's actions were nevertheless about to frustrate British authorities yet further. The Danish entrances to the Baltic had been mined and closed at the beginning of the war in 1914, but the Swedish Kogrund passage through the Sound had remained open.³¹⁶ Through late 1915 and early 1916 a number of British merchant ships, which had been trapped in neutral Baltic ports since the outbreak of war, managed to escape out into the North Sea via this route. The ability of these vessels to do so despite the best efforts by the German navy to keep them bottled up, was causing irritation in Berlin. In the summer of 1916, the head of the German Admiralstab demanded that steps be taken to close the Swedish part of the Sound to Entente traffic. If the Swedish government would not do so, the German government threatened to renounce German-Swedish lumber and import agreements made in the spring and summer of 1915. On 28th July the Hammarskjöld government announced the immediate mining and closure of the Kogrund passage to non-neutral traffic. As German ships could still easily enter or exit the Baltic through the Kiel Canal, the only effect was to prevent Entente access. The Swedish announcement therefore provoked fury in Entente circles, and was roundly condemned by the British government.³¹⁷

The strain placed on the Swedish navy by the requirement to maintain permanent neutrality patrols in the Kogrund passage, as well as the fear that attempts by the German navy to intercept Entente vessels in Swedish waters would threaten lead to a diplomatic crisis, may have been a contributory factor in the Swedish government's decision to close the sea lane. The final decision to do so was nevertheless made as a direct consequence of German pressure, and strongly favoured the Central Powers. The mining of the passage brought Anglo-Swedish relations to a new low, not because the Kogrund passage in itself was particularly important, but because the Swedish government's actions appeared to confirm the British government's suspicions of Hammarskjöld's pro-German leanings. The mining and its acrimonious aftermath were to prove a poisoned chalice in future trade negotiations. Thorsten Gihl termed the ready accession to German demands "the most peculiar decision"³¹⁸ made by the Hammarskjöld government during the entire war.³¹⁹

³¹⁶ The strait between the Danish Islands and the Swedish mainland is known variously as *Øresund* in Danish and Norwegian, *Öresund* in Swedish, and *Oresund* or *the Sound* in English.

³¹⁷ Gihl, 1951: 156, 211-216

Koblik, 1972: 24

Salmon, 1997: 139-140

³¹⁸ Lit. "den mest egendomliga åtgärd", own translation. (Gihl, 1951: 215)

³¹⁹ Salmon, 1997: 139-140

Altogether, the practical result of Hammarskjöld's efforts to minimise overt foreign interference in the Swedish economy was a form of neutrality which strongly favoured the Central Powers. As British economic warfare authorities began to assert themselves and the blockade tightened from 1916 onwards, Sweden was left progressively more isolated. Following the introduction of functioning Navicerts and Statutory Lists, trade with the west began declining rapidly. By the end of the year Swedish industries reliant on imports of raw materials were feeling the pinch. The heavily export oriented pulp industry was similarly hard hit by the mutual Anglo-Swedish pulp embargo. As the war progressed, Sweden also became more exposed to the western blockade than it had been in 1914. Before the war, Sweden had imported around one third of its grain. Most of this had come from Russia and Germany, but as these nations increasingly required their produce for domestic consumption after 1914, Swedish importers had been forced to source more and more of their agricultural imports from the Americas and beyond. By 1916, the United States provided Sweden with 28% of her imports, as against only 10% before the war. 1916 also saw Swedish farmers hit with what would turn out to be the first of a series of crop failures, greatly increasing the need for imports of foodstuffs. This meant that Sweden was becoming more exposed to the western blockade, just as the British were starting to find ways to make the North Sea blockade truly bite. By the summer of 1916 the Swedish supply situation was still far from critical, but it was equally obvious to domestic observers that the economic situation was deteriorating rather than improving. This was also unlikely to change in the foreseeable future, lest some form of trade understanding be reached with the British government.³²⁰

The formation of the Hammarskjöld government and the coming of war in 1914 had served to put a lid on the burgeoning domestic political conflict over parliamentarism. Domestic price rises and the deteriorating supply situation, coupled with Hammarskjöld's autocratic leadership style and refusal to consult with parliamentary leaders on foreign policy questions, began reigniting the struggle. Liberal and Social Democratic party leaders found the apparent imbalance between Hammarskjöld's confrontational stance on Britain, and his perceived subservience to Germany on trade issues and the Kogrund passage, especially galling. Over the course of the summer of 1916, the centre-left parties launched a series of scathing attacks on Hammarskjöld in the Riksdag over his failure to negotiate a trade agreement with Britain. Even more worrying for Hammarskjöld, the attacks from the left were also increasingly being supported by some of the more centrist conservatives who were deeply disappointed with the prime minister's continuing refusal to discuss policy with parliamentary leaders.³²¹

³²⁰ Gihl, 1951: 178

Koblik, 1972: 24-25

³²¹ Koblik, 1972: 25-26, 28

As Sweden was not yet a parliamentary democracy, Hammarskjöld was not legally obliged to consult with the parliamentary parties on policy issues. The prime minister had come to power as a non-party technocrat, and unlike most other senior Swedish statesmen of the time he had not sat in the Riksdag himself. His appointment in 1914 had nevertheless been in a caretaker capacity, and the open ended extension of his mandate had more than anything else been a matter of expediency in a difficult political situation. Hammarskjöld's continued failure to shore up support from the traditional political parties for his policies was therefore gradually beginning to smart amongst many within the political establishment. By the spring of 1916, after close to two full years of war, Hammarskjöld had yet to consult the Secret Committee, a special 12-man strong foreign policy committee of the Riksdag. That this committee in 1916 consisted of some of the more illustrious parliamentary statesmen of their generation, including a number of former prime ministers, made Hammarskjöld's intransigence even harder to bear for many of its members.³²²

The growing economic and parliamentary crisis also served to reignite the latent conflict intra-governmental conflict between Hammarskjöld and his foreign minister, Knut Wallenberg. Wallenberg's more pro-Entente views and support for reopening general Anglo-Swedish trade negotiations made him a natural rallying point for many of those who opposed Hammarskjöld's economic policies. By late September 1916 Hammarskjöld's position among his political supporters had eroded to such an extent that even the conservative dominated Handelskommission – a board made up of senior politicians, officials and businessmen, tasked with administering the War Trade Law and advising the government on trade matters – had come to recommend that the government reach some form of accommodation with the Entente. On 28th September the cabinet finally agreed to seek renewed negotiations, Hammarskjöld himself being the only minister opposed.³²³

Despite of the cross-party agreement on the reopening of negotiations, it took time to agree on a platform for negotiations and to put together a negotiating team. Hammarskjöld, who remained convinced that agreement with Britain was both unobtainable and undesirable, also sought to undermine the negotiations before they had even started. He secured a place on the negotiating team for Claes Gustaf Westman, who was not only under-secretary of state at the foreign ministry, but also a close friend of the prime minister and a man who shared Hammarskjöld's conviction of the futility of renewed negotiations. The prime minister issued the delegates with a set of instructions stating that the Swedish government could not be party to an agreement injurious to Swedish neutrality or facilitating undue foreign influence in Swedish politics. Nor would Sweden accept the British blacklist in any shape or form, or agree to

³²² Koblik, 1972: 26

³²³ Gihl, 1951: 232-233

Koblik, 1972: 28

compensate Britain for goods imported from the Americas. The delegates were also forbidden from discussing political questions such as the mining of the Kogrund channel.³²⁴

In early October Knut Wallenberg made the contents of the instructions known to the British government. The British minister in Stockholm, Esme Howard, promptly made it clear that the Entente was not prepared to accept any part of the abovementioned conditions. The prohibition on discussing “political questions” in particular made the task of the Swedish negotiators almost impossible. The mining of Kogrund had incensed the British government, who saw it as a clear breach of Swedish neutrality. The topic was certain to come up, and any Swedish refusal to discuss the matter could do nothing but aggravate the situation. Likewise, denying the Swedish negotiators the ability to play on British fears of increased Swedish cooperation with the Central Powers – economic or otherwise – severely weakened the Swedish negotiating position. In late October, Knut Wallenberg explained to King Gustav how any negotiations bound to Hammarskjöld’s instructions were doomed to fail, but to no avail. When the Swedish delegation finally left for London in early November, the instructions still stood.³²⁵

On 7th November the four-man strong Swedish delegation, led by Supreme Court Justice Johannes Hellner, sat down in London for their first conference with Lord Robert Cecil and other representatives from the Ministry of Blockade. Both Hellner and one of his colleagues on the negotiating team, Marcus Wallenberg, were convinced that Sweden must reach an accommodation with the Entente. Wallenberg was the half-brother of the Swedish foreign minister, and had become an outspoken critic of Hammarskjöld. Both and Hellner and Wallenberg held liberal sympathies and were well connected within the Swedish political and business world, and they arrived in London hoping that the British government would be equally eager to reach an agreement. They were understandably reluctant to adhere to Hammarskjöld’s instructions. Hellner therefore presented Cecil with a deliberately vague list of Swedish supply requirements and trade proposals.

The response from the Ministry of Blockade, presented at a meeting on 17th November, came as a rude awakener to Hellner and Wallenberg. Against allowing Sweden to import rationed goods from the west, Cecil made it clear that the Entente would demand formal Swedish recognition of the blacklist system, as well as acceptance of restrictions on the export from Sweden of a long list of articles. The MoB was in no mood to compromise on these issues. Cecil had not demanded an end to iron ore exports to Germany, nor raised the thorny issue of

³²⁴ Gihl, 1951: 123-124, 232-233

Koblik, 1972: 29-31

³²⁵ Gihl, 1951: 233-236

Salmon, 1997: 139-140

what was to happen to Swedish merchant tonnage. Koblik speculates, with some justification, that Cecil may even have felt that he had been generous towards the Swedish negotiators.³²⁶

Over the course of the next month, negotiations in London continued. Hellner offered Swedish acceptance of rationed imports, as well as facilitating the transshipment of Entente supplies to Russia. Yet to no avail. Not even the fall of the Asquith government in early September had any meaningful impact. Cecil remained minister of blockade, and the British determination to push their demands appeared, if anything, to have strengthened. By mid-December Hellner and Wallenberg had reached a sombre appreciation of the weakness of the Swedish position. There appeared little to no chance of reaching any kind of agreement with the Ministry of Blockade within the confines of Hammarskjöld's instructions. If Sweden was to be allowed to import supplies from the west, it must be prepared to make meaningful concessions on the blacklist and exports to Germany. Hellner and Westman therefore decided to return home in order to confer with Hammarskjöld in Stockholm, leaving Marcus Wallenberg to hold the fort in London.³²⁷

Hellner's return to Stockholm in mid-December 1916 did little to change the Swedish government's stance on the negotiations. Westman, who was effectively Hammarskjöld's personal representative on the delegation, disagreed vehemently with Hellner and Wallenberg on how to interpret the events of the previous month. Hellner and Wallenberg believed the Swedish position to be growing weaker by the day, and that the elevation of Lloyd George to the premiership had only strengthened the British resolve to push for significant Swedish concessions. Westman's take on the situation was the complete opposite. He interpreted the fall of the Asquith government as a sign of growing British weakness, and that if prepared to wait them out, Sweden would eventually receive far more lenient proposals. Hellner had hoped to convince Hammarskjöld to at least grant the delegates some room to manoeuvre on the issue of Entente transshipments to Russia, but Westman's views won the day. The prime minister refused to be moved by Hellner's pleas for a more flexible approach to the ongoing negotiations.³²⁸

Hammarskjöld's strategy was a risky one. Crop failures and the strengthened Entente blockade meant that the Swedish supply situation continued to deteriorate into 1917. The food supply was still well above starvation levels, but shortages of a number of goods were beginning to be felt. In October 1916 the first ration cards for sugar were issued, and in January bread followed. These shortages gave ammunition to the opposition liberals and social democrats, who

³²⁶ Gihl, 1951: 239-240

Koblik, 1972: 32-33

³²⁷ Gihl, 1951: 240-242

Koblik, 1972: 32-35

³²⁸ Koblik, 1972: 34-35

continued their attacks on Hammarskjöld over his perceived mishandling of the British negotiations and failure to consult with the Riksdag on foreign policy issues.³²⁹

Koblik has shown that Westman's belief that the British government was anxious to reach an agreement, and that Hammarskjöld could force the Ministry of Blockade to compromise by refusing to engage in real negotiations, were both pure fallacies. Cecil and the MoB had no intention of being lenient with Hammarskjöld, nor were they in any hurry to reach an agreement. Time appeared to be working in favour of the British position. The British minister in Stockholm, Esmé Howard, kept his superiors in London informed of the growing confidence of the Swedish opposition, and continued British pressure appeared to offer the prospect of changing the conduct of Swedish neutrality policy. The blockade was also appeared to be successfully undermining Sweden's capacity to export certain classes of produce to Germany. On 22nd January Lloyd George's new cabinet formally decided that the war was likely to last for at least another two years, and that all government departments should plan accordingly. In taking such a long term view, it underscored the importance of the blockade and the gradual undermining of the German economy. The MoB was therefore more determined than ever to restrict the Central Powers access to imports, including those received from or through Sweden.³³⁰

Throughout the negotiations in November and December, both the Ministry of Blockade and the Swedish delegation had refrained from articulating concrete proposals, limiting themselves to sounding each other out on the general lines along which an agreement might be reached. When Hellner returned to London in early January, Cecil and the MoB were ready to begin negotiations in earnest. During the discussions in the weeks following, it remained clear to Hellner and Wallenberg that the British were unlikely to grant Sweden many concessions. Still, when the British negotiators presented their final draft proposals on 2nd February, the contents came as a rude shock to the Swedish negotiators. The MoB was not prepared to allow Sweden large imports of foodstuffs unless Sweden agreed to prohibit agricultural exports to Germany. Nor were the British prepared to guarantee the Swedish coal supply if Germany cut off supplies in order to retaliate against Sweden entering into agreement with the Entente. Sweden would also have to allow the continued Entente transit traffic to Russia. Finally Cecil upped the ante by stating that the British proposals were no longer up for discussion. The Swedish government would have to accept or reject them as they stood.³³¹

If late 1916 and early 1917 brought foreign relations crises to Denmark and Norway, it brought domestic crisis to Sweden. From 16th February the Riksdag began debating the British

³²⁹ Koblik, 1972: 25, 37

³³⁰ Koblik, 1972: 38

³³¹ Gihl, 1951: 248-251

Koblik, 1972: 36, 39-40

trade proposals. Attacks on Hammarskjöld over his handling of both the economic crisis and foreign policy in general were led by Nils Edén and Hjalmar Branting, leaders of the liberal and social democratic parties respectively. Even though the two parties together held a majority in the Riksdag, the government's lack of accountability to parliament meant that they could not formally force Hammarskjöld's resignation. Government intransigence was nevertheless entrenching cooperation between the liberals and social democrats on economic and foreign policy. Branting especially was becoming determined to find a way to force Hammarskjöld either to align with the wishes of the Riksdag or resign outright.³³²

Hammarskjöld was supported by the conservative party leadership during the debates. Yet conservative parliamentarians were neither fully united in their support of the prime minister, nor strong enough to block opposition initiatives, should the centre-left opposition parties decide to act in coordination with each other. This was now finally happening. On 3rd March, the liberals and social democrats forced, and subsequently won, an important vote in the Riksdag on a defence spending bill which had temporarily become a proxy for opposition attacks on government economic policy. The centre-left victory signalled that the Riksdag majority was no longer prepared to quietly go along with Hammarskjöld's policy decisions without a public fight.³³³

The very next day, 4th March 1917, Hammarskjöld made the decision to resign his position. The news surprised and dismayed both the king and senior conservative politicians. The prime minister was nevertheless determined to go through with his actions. What Hammarskjöld really desired was not the fall of his government, but rather a solution to the Gordian knot which threatened to paralyse both the cabinet and Swedish politics in general. In resigning, Hammarskjöld was looking to force the issue, rally conservative and centrist support around himself, and then rebuild his government. Knut Wallenberg must be removed from his position as foreign minister, and the leftist elements of the Riksdag should be isolated and prevented from wielding influence.³³⁴

Hammarskjöld's resignation was not immediately accepted by King Gustav, and the prime minister would therefore remain in office until a solution to the current crisis could be found. Riksdag and Secret Committee debates on the Anglo-Swedish draft proposals continued unabated over the course of the following week, while conservative leaders attempted to convince Hammarskjöld to reconsider his resignation. Even though Cecil had explicitly told the Swedish delegates that proposals must now be accepted or rejected in full, Hellner and Marcus Wallenberg joined Foreign Minister Knut Wallenberg in an attempt to establish a set of counterproposals which both the Riksdag and the government would feel able to support.

³³² Koblik, 1972: 43

³³³ Koblik, 1972: 50

³³⁴ Koblik, 1972: 50-51

Towards the end of the second week of March 1917 it nevertheless became increasingly clear that this would prove an impossible task. While Hellner and Marcus Wallenberg produced a draft which they thought British authorities might find acceptable, Hammarskjöld and most of his cabinet colleagues and conservative Allies rallied around their own draft, which in practical terms amounted to a complete rejection of the Ministry of Blockade proposals of early February.³³⁵

Branting and Edén recognised that the Ministry of Blockade would reject Hammarskjöld's counterproposals out of hand. They were therefore unable to support the government draft. Furthermore, the liberals and the social democrats also wanted to prevent Hammarskjöld from continuing to conduct foreign policy without consulting with the Riksdag. Here the views of the prime minister and of his conservative allies in the Riksdag also diverged. Hammarskjöld wanted to proceed with or without Riksdag support. Senior conservative members of the Secret Committee, led by party leaders Carl Swartz and Arvid Lindman, rejected this approach. The growing power of the opposition must be checked or handled, one way or another, and the most promising way by which to do this was to secure some form of cross-party compromise on the draft counterproposal question. By the final week of March it had nevertheless become clear that such compromise remained out of reach. Hammarskjöld had lost his gamble. On 25th March 1917 King Gustav asked Swartz to take up the reins of government. Four days later, on 29th Swartz officially replaced Hammarskjöld as prime minister at the head of a conservative cabinet.³³⁶

Neutrality challenged

The gradual implementation of effective trade control and intelligence measures from late 1915 onwards, culminating in the centralisation of blockade administration under the aegis of the new Ministry of Blockade in February 1916, went a long way towards rectifying the deficiencies which had plagued British economic warfare efforts up until that point. The introduction of Navicerts and the formalisation of the Statutory List system improved Entente control over transatlantic trade, and contributed strongly to stabilising the gradual shift in trade patterns which had characterised the Scandinavian external economies through the first two years of the war. The Navicert system's offer of an uninterrupted transatlantic passage, free from the almost certain delays imposed by Entente naval patrols and blockade inspections, not to mention the danger of confiscation and prolonged delays by way of prize court proceedings, provided neutral shippers and importers with a sizeable carrot, encouraging compliance with the British authorities. The Statutory Lists, which quickly became a focus of dread and hatred among many

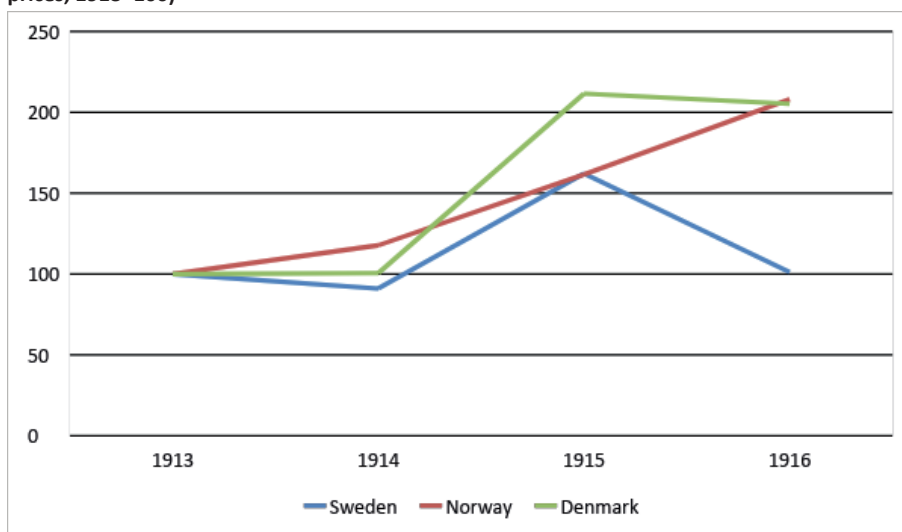
³³⁵ Koblík, 1972: 52-55

³³⁶ Koblík, 1972: 61-63

Salmon, 1997: 122

neutral merchants, similarly provided the British blockade authorities with a sizeable stick with which to encourage neutral cooperation. Ships, firms or individuals which were found to have engaged in or facilitated trade with enemy agents would not be denied access to British controlled economic and financial infrastructure, including communications, banking services and access to port and bunkering facilities. It proved an effective deterrent. By late 1916 overall Scandinavian imports from or through the United States or Britain, which had been growing year on end since the outbreak of war, were flatlining or declining.

Figure 4.1: Scandinavian imports from the US and UK, 1913-1916 (by value, per annum, 1913 prices, 1913=100)



Source: Mitchell, 2003: Table E2

Note: CPI deflators; Denmark: Statistics Denmark; CPI: *Pris8*

Norway: Bank of Norway; Consumer Price Indices 1516-2015: WPI

Sweden: Edvinsson et al., 2010: Volume I, Chapter 8

These findings hold good for Scandinavia as a whole, but also obscure significant differences between the Scandinavian countries themselves. Where Danish imports stabilised, Norway was largely able to continue increasing its trade with the west, while Swedish imports declined almost to pre-war levels. These differences are largely explained by way of the different trade and blockade policies followed by the respective Scandinavian governments. The Knudsen government in Kristiania had been happy to allow British blockade authorities to penetrate the Norwegian economy by way of direct agreements with private firms and business associations. Once the British blockade authorities began placing effective pressure on Scandinavian importers from late 1915 onwards, the Norwegian government could no longer afford to adhere

to its preferred policy of public neutrality, and was forced to take a more active role in negotiations. The subsequent agreements on fish and copper exports, both of which went into effect in August 1916, were direct government-to-government arrangements which facilitated British imports to Norway in return for restrictions on Norwegian exports to the Central Powers.

Neither Prime Minister Knudsen nor Foreign Minister Ihlen took these agreements lightly. They represented an unwelcome encroachment on Norwegian economic life as well as political neutrality. The overarching Norwegian political-economic institutional framework nevertheless made it difficult to resist reaching some form of accommodation with British authorities. Trade with the west must not be cut off, the Norwegian merchant fleet must be able to continue operating, and a modicum of cordial relations with Britain must be maintained. When these priorities were threatened, as they were from the latter half of 1916 onwards, then the final pillar of Norwegian national security – maintenance of public neutrality and non-involvement in great power affairs – came under pressure.

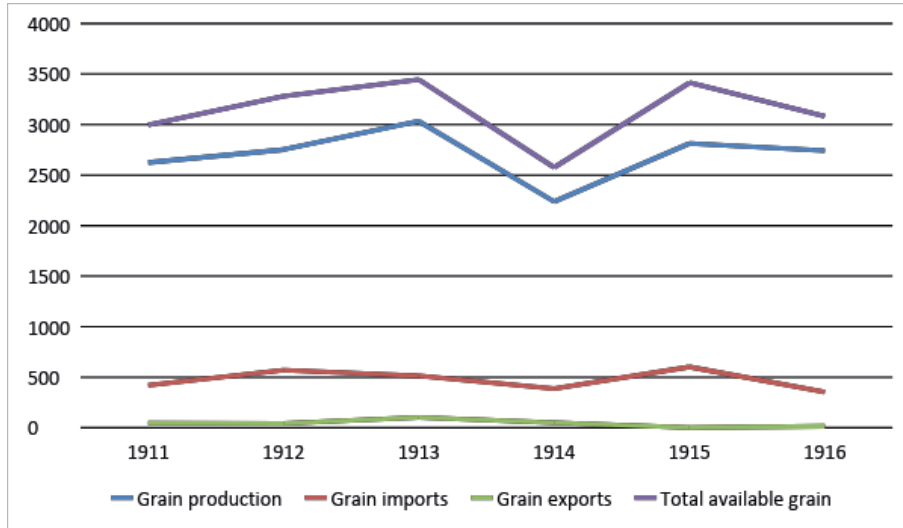
Roald Berg termed Knudsen and Ihlen's support for the August 1916 Anglo-Norwegian copper agreement an "apparent acceptance of the unavoidable".³³⁷ "Apparent" because, as would become clear over the course of summer, there were significant discrepancies in the respective Norwegian and British understandings of the conditions of the agreement. Whether a simple misunderstanding or a deliberate attempt by Ihlen and Knudsen to avoid adhering to the treaty, the ensuing crisis came at the worst possible time for the Norwegian government. The Norwegian interpretation of the agreement might or might not have been reasonable, but the newly appointed Lloyd George government was in no mood to brook what it understood to be Norwegian attempts to avoid adhering to the spirit of the agreement. Ihlen could no doubt have made a greater effort at securing agreements on the fisheries and copper which were less open to interpretation, and which did not compromise Norwegian neutrality in quite so obvious a way, but the strength of the retaliatory measures adopted by the British government in December 1916 showed clearly that not reaching an agreement was an even more unpalatable option.

The British coal embargo between December 1916 and February 1917 notwithstanding, the various Anglo-Norwegian trade and blockade agreements meant that Norwegian importers continued to be able to source goods from the west, including replacing many such commodities as had been imported from Russia or continental Europe before the war with American produce. By the end of 1916, Norwegian imports from the west stood a full 179% above pre-war levels. This number nevertheless obscures the British blockade authorities' ability to engineer shortages in Norway of a range of strategic products and raw materials more or less at will. Such Norwegian firms and associations as did not have blockade agreements with the British

³³⁷ "Tilsynelatende var det en uforbeholden norsk aksept av det uunngåelige." (Berg, 1995: 203)

government, often because they were engaged in trade with the Central Powers, were also increasingly prone to suffer from supply shortages as the British increased their control over trade in the North Sea basin.

Figure 4.2: Swedish domestic grain supply, 1911-1916 (1000 tons)



Sources: SOS: Statistisk årsbok 1920: Tabell 78, 112; Statistisk årsbok 1922: Tabell 77, 113; Statistisk årsbok 1923: Tabell 76

Where the Norwegian government opted for a largely cooperative stance vis-à-vis British economic warfare efforts, the Swedish Hammarskjöld government persisted in its efforts to resist the imposition of British trade control. The subsequent impasse, where Hammarskjöld refused to contemplate negotiations and the Ministry of Blockade remained unwilling to grant further concessions, worked in Britain's favour. As the MoB's grip over trade entering and exiting the North Sea from the west grew stronger, Swedish supply shortages grew in both frequency and severity. On paper the situation was not so bad. Before the war Sweden had been largely self-sufficient in foodstuffs, and the amount of grain available for domestic consumption through much of 1916 remained roughly in line with the pre-war period.³³⁸ The domestic food supply situation was nevertheless exacerbated by growing demand. Imports of oilcake had fallen to 40% of pre-war levels, increasingly requiring the use of domestic crops for animal fodder. Meanwhile, exports of foodstuffs, mainly to Germany, had been maintained at high levels. Pork

³³⁸ The failure of the Swedish 1916 harvest is a recurring theme in the historiography on wartime Sweden (see Koblik, 1972: 25), but yield data from Statistics Sweden does not bear this out. The deteriorating food supply situation in Sweden in 1916 was caused by increasing domestic demand and the growing difficulties in importing foreign foodstuffs, not by a failed harvest. The supply shortages experienced in 1916 did nevertheless leave the Swedish economy exposed when the harvest really did fail in 1917. For grain harvest and agricultural yield data, see SOS: *Statistisk årsbok 1920*: Tabell 78 & 80

and beef exports peaked in 1915, but were still sitting well above 1913 levels in 1916. Fish exports were similarly 30% higher than they had been in 1913. Shortages of a range of industrial raw materials were also beginning to make themselves felt.³³⁹

Even if we interpret the April 1916 War Trade Law as an attempt to husband Swedish domestic resources in the face of an oncoming supply crisis, Koblik is probably correct in his assessment of Hammarskjöld's efforts as too little, too late.³⁴⁰ The supply shortage was very much a predicted crisis, and Hammarskjöld's reluctance to contemplate Anglo-Swedish trade negotiations or other policies aimed at averting or even reducing its severity was a source of deep frustration not only amongst the liberal and social democratic opposition, but also with many conservatives. When Hammarskjöld finally succumbed to pressure, and authorised the reopening of negotiations with the Ministry of Blockade in the autumn of 1916, he did his level best to sabotage these in the belief that any agreement with Britain would be to Sweden's detriment. The failure of the negotiations, coupled with growing domestic discontent with the Swedish economic situation, would lead to a political crisis which culminated with the fall of the Hammarskjöld government in the spring of 1917.

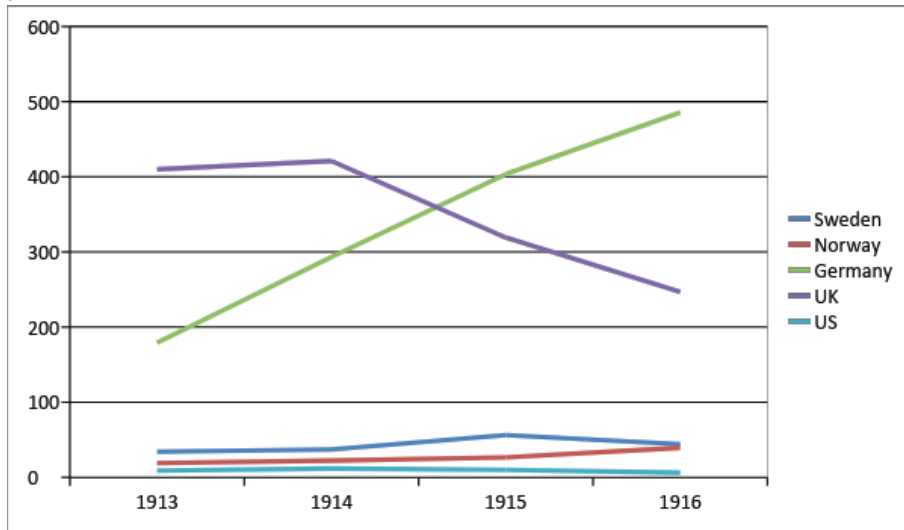
Danish foreign an economic policy between late 1915 and early 1917 followed something of a middle path between Norwegian accommodation and Swedish resistance. Foreign Minister Scavenius and Prime Minister Zahle were continuing the tightroping act between Britain and Germany which they believed best suited to preserve Danish independence and neutrality. Ironically, the same geographical peculiarities which exposed Denmark to German and British pressure also provided the means by which this pressure could be deflected. Salmon is probably correct when he writes that "It was fortunate for the Danes that in 1916 both Britain and Germany feared enemy action against Denmark."³⁴¹ Even though British parliamentary and public dissatisfaction with what was perceived to be Foreign Office leniency with Denmark on blockade and trade had been an important contributing factor in the establishment of the Ministry of Blockade in early 1916, Danish weakness vis-à-vis Germany made Cecil loath to place severe pressure on Scavenius for greater Danish concessions. In return for this leniency, Scavenius was able to arrange for a minor increase in Danish agricultural exports to Britain over the course of late 1916. The lack of an overall agreement nevertheless did little to limit Danish exports of domestic agricultural produce to Germany.

³³⁹ SOS: *Statistisk årsbok 1922*: Tabell 113

³⁴⁰ Koblik, 1972: 24

³⁴¹ Salmon, 1997: 136

Figure 4.3: Danish goods exports by destination, 1913-1916 (per annum, by value, million DKK 1913 prices)



Source: Mitchell, 2003: Table E2

Note: CPI deflator; Denmark: Statistics Denmark; CPI: *Pris8*

Britain's growing control over transatlantic trade meant that Cecil enjoyed much greater success in limiting German transshipment trade through Scandinavia. Danish exports to Germany were higher in 1916 than they had been in previous years, but by late 1916 the combined effects of the increasingly effective Navicert and Statutory List systems, as well as agreements with Danish industrial associations, meant that the Ministry of Blockade was finally beginning to turn this trend around. In 1965 Olav Riste confidently asserted that "after 1915 the transit trade to Germany by way of Norway, if not completely stopped, was wholly insignificant".³⁴² Lacking good data on transshipment trade, it is difficult to measure the veracity of this claim. Whether accurate or not, by the end of 1916 the introduction of effective trade control measures under the aegis of the Ministry of Blockade had nevertheless gone a long way towards preventing direct German transshipments through any and all of the Scandinavian countries.

With the exception of the Norwegian fisheries and pyrite agreements, the Ministry of Blockade had had much less success in limiting the export of domestic Scandinavian produce to the Central Powers. Over the course of 1916 restricting Scandinavian trade with the west became a key British strategy for reducing the capacity of the neutral economies to replace domestic production with overseas imports, requiring that the Scandinavian governments instead retain exportable produce to meet domestic demand. This strategy was nevertheless a slow acting weapon, as it took time for shortages to manifest themselves. In certain cases

³⁴² Riste, 1965: 93-94

Germany was also able to meet Scandinavian demand, replacing British or western sources of supply. Danish and Swedish imports of coal in 1916 still totalled 89% and 82% of 1913 levels respectively, in no small part due to increased trade with Germany.³⁴³

Altogether, 1916 was thus a year of change for Scandinavian interaction with British economic warfare efforts. The British government was able to tighten its control over Scandinavian trade with the west. Koblik argued that the failure of the German navy to achieve a clear cut victory at the Battle of Jutland in May/June 1916 enabled the British authorities to adopt more aggressive blockade policies vis-à-vis the Scandinavian governments.³⁴⁴ Patrick Salmon is probably closer to the mark when he noted that although the battle strengthened the hand of those within the British blockade apparatus who wanted to push for even greater control of neutral trade. Jutland nevertheless only reinforced an ongoing process.³⁴⁵ The strengthening of the British blockade, as well as the increasing willingness of the British cabinet and blockade authorities to attempt to impose restrictions on all aspects of Scandinavian external trade was very much the result of a gradual shift which had begun in 1915 and which would continue into 1917 and beyond.

³⁴³ DSD; DS: *Statistisk Aarvog 1916*: Tabel 65

DSD; DS: *Statistisk Aarvog 1919*: Tabel 63

SOS: *Statistisk årsbok 1920*: Tabell 113

³⁴⁴ Koblik, 1972: 22-24

³⁴⁵ Salmon, 1997: 135-136

Part II

Chapter V: Enter America

April – November 1917

Introduction

Chapter V, the opening section of the primary source-based part of the thesis, examines the immediate consequences of the United States' entry into the war in April 1917, as well as the Scandinavian response to these events. Contradicting much of the established historiography, American participation in the conflict did not signal a sudden and dramatic shift in the position of the Scandinavian neutrals. Norwegian, Swedish and Danish political and economic exposure to Western Allied pressure had been growing steadily since the end of 1915 at the latest, and by April 1917 the increasingly vulnerable position of the Scandinavian countries was recognised across much of their respective domestic political landscapes. That this realisation did not presage either a general capitulation to Allied demands or the rapid negotiation of comprehensive trade agreements between the Scandinavian and Western Allied powers,³⁴⁶ was due in large part to the general lack of readiness on the part of the American administration to immediately embrace British economic warfare policies and methods. By the time the American congress declared war on Germany in April 1917, active US participation in the conflict had already been on the cards for several months. Through this period, the Wilson administration had nevertheless taken precious few steps towards establishing the organisations and machinery which would be required to facilitate American involvement. Even though the Danish, Norwegian and Swedish governments all made overtures to the American government in the spring and early summer of 1917 in the hope of formalising economic relations and securing continued access to transatlantic imports, negotiations remained in limbo for much of the remainder of the year. It would take until December 1917 for the Wilson administration to finally create a government body capable of administrating US economic warfare policy and conducting trade negotiations with the neutrals, and for the Ministry of Blockade and the new American War Trade Board to begin to properly coordinate their respective blockade efforts.

Although frustrated by the sluggishness with which the American government initially approached economic warfare questions, the Ministry of Blockade was nevertheless willing to

³⁴⁶ The use of the terms "Allies" and "Western Allies" in this thesis is intentional. In order to avoid association with what American authorities saw as past excesses on the part of the Entente powers, the Wilson administration refused to join the Anglo-French-Italian alliance outright. The United States would officially fight alongside the Western European powers as an "associated power". The collapse of Imperial Russia towards the end of 1917 also meant that this eastern Entente partner became increasingly marginalized in Alliance policy and strategy deliberations. Thus "the Western Allies" is used to refer to the Western Entente powers and the United States in unison.

let further trade negotiations with the Scandinavian governments be put on hold. Norwegian concessions on shipping and exports of domestic produce to Germany made in 1916 and early 1917 meant that the British blockade authorities had already achieved most of their goals when it came to incorporating the Norwegian economy into the western war effort. In the case of Sweden, economic pressure had contributed materially to fuelling the ongoing domestic political crisis, and the Ministry of Blockade recognised that British authorities would probably stand a much better chance of getting a favourable agreement with a weakened Swedish government. British authorities therefore appeared to have everything to gain from maintaining economic pressure, allowing the problems facing the ruling Swedish conservatives to keep piling up. Finally, the Ministry of Blockade concluded that Denmark's geographical-political situation, and the consequent inability of the Danish government to impose tight restrictions on trade with Germany, meant that there was little to be gained from further negotiations with Copenhagen. Much better therefore to allow the Allied blockade to exacerbate Danish domestic supply shortages, in turn forcing the Danish government to retain domestic produce for home consumption, reducing the amount of surplus goods otherwise exportable to the Central Powers. In short, the American authorities were thus unable, and the British authorities unwilling, to reach comprehensive trade agreements with the Scandinavian governments through much of 1917. Negotiations between the Western Allies and their Danish, Norwegian and Swedish counterparts therefore stalled.

The Balfour Mission and the beginnings of US economic warfare policy

The United States entry into the conflict in the middle of spring 1917 sent a strong signal to the Scandinavian countries and their respective governments that Entente policy on neutral trade would change. This change would nevertheless be far from instantaneous. The prospect of the United States joining the Entente had been on the cards from the beginning of the U-boat campaign in February, but when the Wilson administration finally declared war on Germany on 6th April, American readiness for war remained woeful. Although Secretary of State Robert Lansing had mooted, and President Wilson embraced, the idea of issuing contraband lists regulating US exports as early as mid-April, no steps of any consequence had been taken to limit US-Scandinavian trade by the time a British coordinating mission headed by Foreign Secretary Balfour arrived in Washington DC on 22nd April.³⁴⁷

³⁴⁷ Burk, 1985: 100-103

FRUS: Lansing Papers II; Document 10; Lansing to Wilson; 19th April, 1917

FRUS: Lansing Papers II; Document 11; Wilson to Lansing; 20th April, 1917

Salmon, 2004: 143

Balfour was only the public and political face of what was in large part a technical mission, dispatched by the British government as part of its efforts to integrate American military and economic might into the Allied warfighting machinery. As such, the Balfour Mission consisted of individual delegations from various relevant branches of the British armed forces, ministries and departments. The economic warfare delegation was headed by Lord Eustace Percy on behalf of the Ministry of Blockade. Percy had previously served on the staff of the British embassy in Washington DC, and enjoyed a reputation in London as an expert on Anglo-US relations. For his return to Washington, his MoB brief was twofold: The British Government wanted to ensure the creation of American legislation and machinery regulating US exports to the European neutrals. British economic warfare authorities also desired the Wilson administration to cooperate with the MoB in using what amounted to a virtual Anglo-American monopoly over global coal and bunker resources to control and direct neutral shipping in favour of the Entente.³⁴⁸

In a series of conferences between the British economic warfare delegation and their American counterparts, beginning on 4th May, Lansing in principle accepted a British suggestion that the United States should appoint a permanent representative to the War Trade Intelligence Department at the Ministry of Blockade in London, so as to be kept directly informed about policy and developments there. Yet on 8th May Frank Polk, the Counselor of the State Department, warned the British representatives that it would be impossible for the United States to accede to every British suggestion. The United States' stance in defence of neutrality and neutral rights between 1914 and 1917 could not be so easily reversed. On 17th May the State Department provided the British officials with a memorandum in which it set out its vision for American blockade policy. Although the Wilson administration could not agree to be party to an outright blockade of the northern neutrals, it would seek to control US exports. The Americans were also unwilling to pressure the neutrals to use their merchant fleets in the submarine danger zones, but would agree to require neutrals to ship their own trade with the Entente. Finally the US government would not accept the British blacklist, or the issue of nationality as a basis upon which to determine a merchant's access to bunker. The adoption of the blacklist would be far too controversial with the American public. The US government would instead seek to evaluate each application for bunker and export permits on their own merits. Such US export permits would also have to replace the British Navicert system in allowing merchantmen through the Entente naval cordon in the Atlantic and North Sea. Furthermore the United States would agree to appoint representatives to the various British and Allied blockade committees,

³⁴⁸ Burk, 1985: 107-109
Haugen, 1978: 37-38
Lambert, 2012: 421

against assurances that no agreements with neutrals would be made without US approval, essentially giving the American representatives a veto on blockade measures.³⁴⁹

Despite this dampener, negotiations between the two sides proceeded rapidly. Balfour accepted that the US government's stance on neutral rights meant it would have to establish systems of its own for regulating and enforcing blockade matters, rather than joining the British apparatus outright. The British blockade delegation nevertheless found the American reservations to be more theoretical than practical. As long as US policy on exports and bunker control was strict, and the American negotiators had made every impression that this would be so, the British had no serious objections to the United States replacing the existing machinery with its own. What was much more worrying to Balfour and his colleagues on the British mission was the apparent lack of coherent direction in American preparations for war. Certain high-ranking officials, most notably the newly appointed US Food Administrator, Herbert Hoover, and Lansing's deputy, Frank Polk, appeared very much in favour of rapidly implementing strict blockade and export control measures. Others, like Secretary of State Lansing and President Wilson himself, were much less willing to commit to adopting established Entente Allied economic warfare policies. As a consequence, much of the United States government's early efforts at giving effective aid to its co-belligerents was characterised by confusion and passivity. What was needed was for the United States to have the time necessary to set up its own blockade machinery. When the Balfour Mission left the United States on 25th May, leaving Percy behind to support the creation of the American machinery, the future of Scandinavian transatlantic trade therefore rested to a large extent in US hands.³⁵⁰

The American government took the first significant step towards joining the blockade on 12th June, when Congress passed the Espionage Act, in turn granting the President the legal clout required to control the flow of US exports. Wilson signed the new act into law three days later, and on 22nd June used his new powers to establish the Exports Council, consisting of the Secretaries of State, Commerce and Agriculture, as well as Hoover, the Food Administrator. This council was tasked with formulating and advising the President on US blockade policy. On 9th July, Wilson finally moved to stop the transshipment of American goods to Germany through Scandinavia by proclaiming the first American export embargo list.³⁵¹

The first embargo list, prohibiting the export of armaments, fuel, fertilisers, iron, steel and certain foodstuffs, except against government license, was limited in scope. It had also been a

³⁴⁹ Burk, 1985: 107-109

FRUS: Lansing Papers II; Document 16; Lansing to Wilson; 5th May, 1917

FRUS: Lansing Papers II; Document 17; Wilson to Lansing; 7th May, 1917

Haugen, 1978: 39-44, 49, 52-54

³⁵⁰ Burk, 1985: 108-110

Haugen, 1978: 49, 52-55

³⁵¹ Bailey, 1942: 69-70

FRUS: 1917, Supp. 2, Part II; Executive order 2645; 22nd June, 1917

long time coming. Three whole months had passed since Lansing had first suggested to Wilson that the US should impose some form of export restrictions. Some of the delay no doubt stemmed from the slow passage of the extensive Espionage Act, much of which dealt with controversial issues such as press censorship, through Congress. Before its passage, President Wilson lacked the power to restrict US trade with the neutrals. Yet the delay itself was characteristic of the way in which the Wilson administration had handled and continued to handle American preparation for war, even after the US had formally joined the conflict. It was a lack of urgency which would come to exasperate the British blockade authorities through to the end of 1917. By 27th June Percy, who had remained in Washington in order to help coordinate British and American blockade efforts, complained to Hoover that progress was so slow he was uncertain whether his continued presence in the United States was worth his time. Similarly, the British and French ambassadors delivered notes to the State Department on 27th and 29th June respectively, underlining the urgent need to halt exports to the northern neutrals.³⁵²

The 9th July embargo announcement had been accompanied by a public declaration by President Wilson that the United States did not desire in any way to starve neutral countries, nor unduly hamper their economic life. According to the proclamation, the US was acting only to ensure that such exportable surpluses as it was able to send the European neutrals should not under any circumstances aid the supply situation of the Central Powers. The initial embargo proclamation of 9th July drew some of the sting from the British and French complaints, but by no means all. On 12th July the MoB let the American ambassador in London know that the list, although a step in the right direction, was still unsatisfactory, as it did not cover a range of important commodities, such as rubber, non-ferrous metals and ores, chemicals, and animals. Only a complete embargo of all exports to the European neutrals would do. The initial proclamation nevertheless had an immediate effect on US export trade. Following the embargo coming into operation on 15th July, significant numbers of neutral vessels were held back in North American ports as the US refused to offer export licenses for their cargoes.³⁵³

On 24th July Herbert Hoover, on behalf of the now month old Export Council, delivered identical memorandums to each of the three Scandinavian legations in Washington, setting out the basis for American blockade policy in broad terms. The memorandum repeated Wilson's statement of two weeks previously that the American authorities had no wish to hinder the economic activity of the Scandinavian countries beyond what was necessary to ensure that US produce was not used to alleviate German supply shortages. Nor could the United States be expected to make up any shortages which might be result from neutral inefficiency in the use of

³⁵² Bailey, 1942: 69-70, 79-81

³⁵³ Bailey, 1942: 71-73

FRUS: 1917, Supp. 2, Part II; Page to Secretary of State; 12th July, 1917
Haugen, 1978: 66

scarce American supplies. The Scandinavians would therefore be expected to ensure as great a degree of self-sufficiency as possible, as well as the sourcing of imports from elsewhere, before making demands upon the United States or her Allies. The memorandum bluntly stated that "...the American people cannot be expected to part with food supplies other than in such minimum amount as will make up the deficiency in the food values arising after the most intensive endeavours ...".³⁵⁴ Nor should the Scandinavians expect the United States to alleviate any shortages created by the export of domestic produce to Germany. Furthermore, changes in consumption and production brought about by the war meant that the US would not accept pre-war figures on imports as a basis from which to derive Scandinavian import requirements. The United States would instead expect the Scandinavian governments to provide detailed data and statistics on domestic consumption, stocks and supply of any commodities it wished to import, which in turn would form the basis for general trade negotiations. Despite its reluctance to adopt Navicerts, blacklists and other Entente blockade tools outright, the Wilson administration had thus for all practical intents and purposes bought into the British policy of neutral rationing.³⁵⁵

This did not mean that the United States was necessarily bound to pursue this policy with the degree of vigour which the Ministry of Blockade was hoping for. Through the summer and autumn of 1917 divisions persisted within the Wilson administration over the issue of how best to tackle neutral trade. That American commodities should not be re-exported to the Central Powers was uncontroversial, but whether, and to what extent, the US government should attempt to interfere with the sale of Scandinavian domestic produce to Germany remained an unresolved question. So too did the problem of how best to proceed with the establishment of neutral import quotas. Should the United States await trade agreement proposals from the neutrals, or issue blockade demands and ration plans of its own making? Did the American government even have the required information at hand to calculate neutral supply requirements?³⁵⁶

Wilson and several of his closest advisors were also unhappy with the possibility that the implementation of American economic warfare policies might give the impression, either at home or amongst the neutrals themselves, that the United States was acting unilaterally in order to close what loopholes might have been left in the Entente embargo of the northern neutrals. If the US government was to tighten the blockade, it must happen in full conjunction with its European Allies. In late July 1917 Polk, on Wilson's orders, therefore met with the British

³⁵⁴ RG 182-11-38; ANAI: Memorandum on US blockade policy; 24th July, 1917 (Danish copy of memo also in FRUS: 1917, Supp. 2, Part II; *The Exports Council to the Danish legation: Memorandum* ; 24th July, 1917: 908-910)

³⁵⁵ RG 182-11-38; ANAI: Memorandum on US blockade policy; 24th July, 1917

³⁵⁶ Burk, 1985: 108-109

Haugen, 1978: 50-53

ambassador in Washington to request that the Ministry of Blockade clarify, among other things, exactly how complete an embargo it wanted the United States to implement, and explain whether London would implement similar measures regarding British exports. When Ambassador Spring Rice relayed these questions to London they prompted an understandable amount of frustration at the MoB. British blockade authorities had been attempting to integrate the American government in Allied economic warfare efforts for months. Now it appeared as if Balfour's and Percy's efforts had made little impression on the American administration at all. In Thomas Bailey's somewhat charitable view the "American representatives were keenly aware of the embarrassments involved in reconciling their new role with that of former champions of neutral rights", but they also "revealed a strong determination to pursue both a righteous and an independent course ... expressing a willingness to join with the Allies in restrictive measures of which [the United States] disapproved, provided it did not have to assume responsibility for them".³⁵⁷ Haugen and Burke have been far less inclined to interpret American policy decisions in such positive light, noting that Wilson and senior members of his administration long struggled to coordinate economic warfare efforts, often pulling in opposite directions as they sought to adopt such blockade policies as remained compatible with the administration's earlier defence of neutrality. Polk noted on 31st July 1917 that the president was "not prepared to go as far as the [Exports] Council recommends".³⁵⁸ As a consequence of the relative chaos characterising the upper echelons of the American policy machinery many of the officials engaged in economic warfare work through the summer and autumn of 1917 therefore found themselves leaderless and confused. There also remained lingering suspicions among many American officials of British motives for wanting the United States to implement what on the surface appeared to be an even harsher embargo regime than London had itself so far set up, in part because of concerns over the appearance of buying into controversial British policies such as the blacklists, and in part because of fears that the British wanted the Americans to do the blockade dirty work while they themselves maintained lucrative exports to the neutrals of coal and other licensed commodities under various existing trade and branch agreements.³⁵⁹

Their frustration over the perceived sluggishness of the Wilson administration notwithstanding, British economic warfare authorities remained keen to help hasten the establishment of an effective American blockade. In early August the Ministry of Blockade provided the State Department with copies of the various British agreements with Norway, and on 11th August the British ambassador made it clear to the Americans that that the UK

³⁵⁷ Bailey, 1942: 63

³⁵⁸ Polk to McCormick; 31st July, 1917; quoted in Koblik, 1972: 85

³⁵⁹ Burk, 1985: 109-110

Haugen, 1978: 77-78, 87

Keene, 2014: 515-516

Tillman, 1961: 7-8, 13-14, 17, 21

government was prepared to break any or all of its current agreements with the northern neutrals in the pursuit of an acceptable Anglo-American blockade policy. This left the Wilson administration with virtually a free hand to negotiate on behalf of the Entente.³⁶⁰

Armed with the new information provided by the Ministry of Blockade, Wilson finally responded to the repeated French and British requests to strengthen the embargo. On 21st August the US president moved to set up a dedicated American blockade administration, establishing a new Exports Administrative Board (EAB) and tasking it with carrying out economic warfare policy as formulated by the president and the Exports Council. Six days later, on the 27th, the Wilson administration upped the ante yet further by issuing a second embargo proclamation, greatly expanding the list of embargoed goods to cover more or less all US exports to the northern neutrals. The president once again repeated the statement that the goal of this policy was “...not export prohibition, but merely export control”.³⁶¹ The effect of the new proclamation was nevertheless the institution of an almost complete American blockade of the northern neutrals. On 30th August, the day the new embargo rules came into effect, the Exports Administrative Board took the formal decision to withhold all export licences from Scandinavia and the Netherlands until further notice.³⁶²

The creation of the Exports Administrative Board was a significant step towards creating a unified body to administer the implementation of American economic warfare policies. It nevertheless remained a very different beast from its British counterpart, the Ministry of Blockade. The board itself was made up of representatives from the US Treasury, Commerce, Agriculture and State departments as well as the office of the new Food Administrator. Yet despite the, or perhaps because of, its broad purview it quickly became apparent that the EAB's initial secretariat and administrative staff remained completely insufficient to deal with the plethora of issues facing the new organisation. Well into October the Exports Administrative Board and the Exports Council were still finding their ways as organisations, all the while buckling under the weight of the massive task of having to replace the British Statutory List and Navicert systems with a brand new American licensing scheme. On 12th October, Wilson therefore once again moved to reform the fledgling US blockade administration by replacing the Exports Administrative Board with a new War Trade Board (WTB). Despite being a sub-cabinet body run by a board similar to that of the EAB, its size and administrative clout far superseded that of its predecessor. Although the WTB officially remained tasked only with carrying out

³⁶⁰ Bailey, 1942: 87-88

³⁶¹ FRUS: 1917, Supp. 2, Part II; *The Secretary of State to the Diplomatic Representatives in Certain Countries*; 27th August, 1917

³⁶² Bailey, 1942: 88-90

FRUS: 1917, Supp. 2, Part II; *The Secretary of State to the Diplomatic Representatives in Certain Countries*; 27th August, 1917
FRUS: 1917, Supp. 2, Part II; *Proclamation No. 1391, August 27, 1917, Further Restricting Exports*; 27th August, 1917: 933-937

policy as formulated by the President and State Department, the lines between implementing and formulating policy were often blurred. Under the leadership of Vance McCormick, the War Trade Board would go a long way towards becoming an American equivalent of the British Ministry of Blockade. In October 1917, the coordination and administrative tasks facing the new body were still nevertheless daunting. The War Trade Board would be fully engaged with implementing new embargo and licencing systems, as well as collating and analysing data on the supply requirements and external trade of the northern neutral countries in preparation for establishing tailored blockade policies on each. On top of that, American economic warfare officials at both the WTB and the State Department would also attempt to handle overtures from Swedish, Norwegian and Danish government representatives.³⁶³

Sweden and the Swartz interregnum

Unlike the Hammarskjöld cabinet which it replaced, Carl Swartz' incoming government was purely partisan. Although the distinction was often far from clear cut, in general terms Swartz as prime minister represented the moderate wing of the conservative movement, and relied on his foreign minister, the elder statesman Arvid Lindman, to keep the powerful right wing elements of the party in line. In something of a reversal of the Hammarskjöld-Wallenberg relationship, Foreign Minister Lindman was therefore often in a position to impose his views on the prime minister and dominate government policy on such important issues as the economy and foreign relations.³⁶⁴

Both Swartz and Lindman were well aware that they had come to power on the back of a burgeoning domestic economic crisis, and that imports from the west were key to solving said crisis. On 30th March 1917, less than a day after the new cabinet had taken up the reins of government, Lindman therefore approached Esme Howard in order to sound out the British minister as to the possibility of reopening negotiations for a comprehensive Anglo-Swedish blockade agreement. Howard responded that it might well be possible to reach an accommodation on imports, but that the Swedish government must be willing to negotiate on all aspects of Anglo-Swedish trade, including the reopening of the Kogrund passage. Lindman readily agreed. Already the next day he forwarded Howard a note outlining a number of changes which the Swedish government desired to incorporate into the British February proposals.³⁶⁵

In London Cecil and his colleagues at the Ministry of Blockade reacted with exasperation to Lindman's overtures. Hammarskjöld's replacement by what was seen as yet another pro-

³⁶³ Bailey, 1942: 88-93, 114-115

³⁶⁴ Gihl, 1951: 273-274, 278

Koblik, 1972: 65

³⁶⁵ Gihl, 1951: 280

Koblik, 1972: 65-67

German government was not welcomed by the British. Nor did the new proposals appear to indicate any serious change in policy on the part of the Swedes, despite the Swedish foreign minister's apparent enthusiasm. Cecil's demand that the February proposals be accepted as they stood had not been taken to heart by either Lindman or Swartz. The MoB was also reinforced in its belief that sticking to its guns was the correct strategy by way of Howard's reports from Stockholm, underlining the deepening domestic economic crisis. For all intents and purposes, it seemed to authorities in London that the Swedish negotiating position was growing progressively weaker. All the British would therefore have to do was wait Stockholm out. On 3rd April Crowe let Howard know that the Ministry of Blockade had decided to stay firm, and that the British government still considered full Swedish acceptance of the February proposals to be the only basis upon which a general agreement could be reached.³⁶⁶

The Ministry of Blockade's assessment of the new Swedish government and the domestic political-economic situation in Sweden was correct in all essentials. Neither Swartz nor Lindman were showing any particular interest in adopting foreign policies radically different from those that had been pursued by Hammarskjöld. The Swedish government desired an accommodation with the Entente, but remained unwilling to accept the conditions demanded by the British. Restrictions on trade with Germany, a key British objective, would not be contemplated.³⁶⁷

Despite these differences, negotiations between Howard and Lindman for a more limited exchange agreement continued to progress slowly over the course of April. The British government desired the return of such Entente merchant vessels as had been bottled up in the Baltic since the mining of the Kogrund passage. Lindman was willing to allow these ships through against the release of such grain cargoes which had already been purchased by Swedish importers, but been detained in western ports by British blockade authorities. Shipping shortages caused by losses to German U-boats made the MoB willing to compromise on this relatively minor issue, and on 8th May an agreement to the effect that 90 000 tons of Entente merchant vessels would be allowed to leave the Baltic against 90 000 tons worth of cereals be allowed to pass through the North Sea blockade cordon en route to Swedish ports.³⁶⁸

The tonnage exchange agreement was notable in that the Swartz government showed itself willing to discuss the Kogrund question, and that Entente vessels could be allowed to exit the Baltic.³⁶⁹ Lindman had nevertheless only been willing to sign the agreement after he had managed to get the German government's blessing for doing so, including an undertaking by Berlin not to sink the returning Swedish grain carriers. The nature of the exchange itself also followed much the same path as had characterised Anglo-Swedish trade relations ever since

³⁶⁶ Koblik, 1972: 66-67

³⁶⁷ Koblik, 1972: 66

³⁶⁸ Koblik, 1972: 67

³⁶⁹ Gihl argues that by the time he resigned, Hammarskjöld was also beginning to reconsider his earlier refusal to discuss the Kogrund question. (Gihl, 1951: 287)

Hammar skjöld adopted one-off exchanges of transit rights and Swedish exports in return for imports of individual cargoes through the British blockade cordon. Koblik is probably correct in his assessment of the 8th May agreement as the last gasp of the Hammar skjöldian exchange system policy, rather than heralding a new era in Anglo-Swedish relations.³⁷⁰

The release of grain shipments for import into Sweden, although very welcome, did not represent a permanent solution to the overall Swedish supply problems. 90 000 tons worth of grain represented less than one fifth of annual pre-war imports, and corresponded to roughly 3% of total Swedish production in 1916. It therefore did little to assuage the growing domestic supply crisis.³⁷¹ Domestic food supplies were still sufficient to avoid the risk of outright starvation. The crisis was instead characterised by popular dissatisfaction with the dramatic rise in the cost of living and the accompanying privations forced onto the Swedish middle- and working classes. Frustration had also long been growing with the Hammar skjöld government's apparent inability to reverse or even stabilise the negative market trends. Between July 1916 and April 1917 the price of potatoes, a staple food across much of Swedish society, tripled. On 24th April the Swartz government capped the price at one sixth of market value, but when this was not accompanied by rationing or government mandated purchasing, the cap only served to drive potatoes off the open market, exacerbating the problems further.³⁷²

During the two final weeks of April large scale protests and demonstrations were held across Sweden, several of which descended into rioting and looting. On the 27th the social democrat Hjalmar Branting, leader of the largest parliamentary opposition party, addressed protesters outside the Riksdag building in Stockholm, linking the food shortages to the wider issue of political reform. This in turn set alarm bells ringing in conservative circles. The upcoming May Day demonstrations in Stockholm promised to be the largest political manifestation of the crisis yet, and against a background of widespread political unrest Swartz worried that it might lead to a general breakdown of law and order in the capital. The revolution which had broken out in Russia in February provided another unpleasant reminder of the possible consequences of such a breakdown.³⁷³

Both the conservatives and the opposition recognised that solving the supply crisis was an immediate priority. The Anglo-Swedish Kogrund exchange agreement, announced at the beginning of the second week of May, was therefore cautiously welcomed by much of the opposition. That was nevertheless the limit of cross-party agreement on the issue. Lindman and Swartz still hoped to be able to stave off shortages without having to compromise such fundamental conservative policy issues as maintaining unfettered economic relations with

³⁷⁰ Gihl, 1951: 281-283

Koblik, 1972: 72-73

³⁷¹ See Figure 4.2

³⁷² Koblik, 1972: 67-68

³⁷³ Koblik, 1972: 68-70

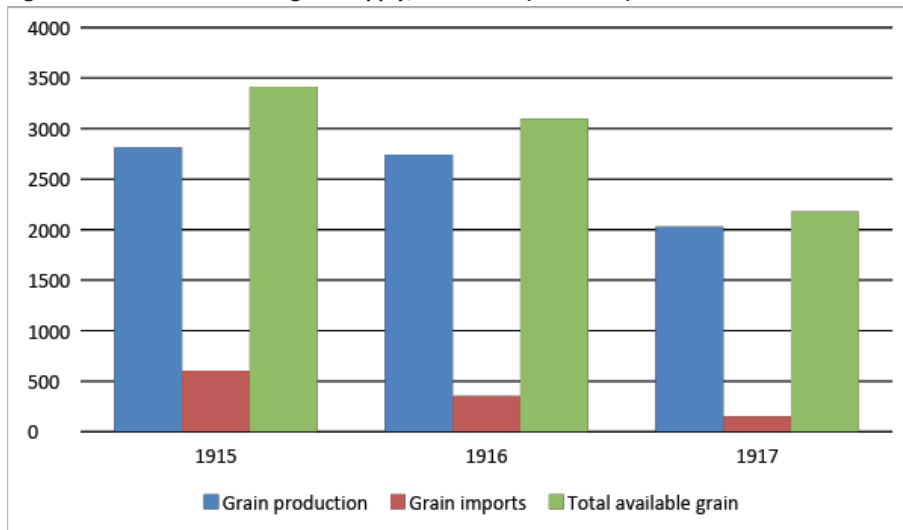
Germany or preserving the current political system. Even though Swartz personally was open for discussing limited electoral reform, including extending the franchise to women, he did not enjoy the backing of many within his party. On 30th May Lindman implied that he would resign should the prime minister attempt to push for a compromise with the opposition over electoral reform. Without Lindman, Swartz knew he was likely to lose the confidence of much of the parliamentary conservative party. Should conservative unity be maintained, the government would therefore have to attempt to reach some form of trade understanding with the Western Allies without giving ground on wider domestic or foreign policy issues.³⁷⁴

This was a forlorn hope. As noted earlier, the crisis engulfing Swedish politics over the course of late April and early May only reaffirmed the Ministry of Blockade in its belief that its policies were having the desired effect. Moreover, US entry into the war meant that Allied control over transatlantic trade appeared set to grow yet further. In light of these developments, the Ministry of Blockade's decision in February not to require the Swedish government to restrict iron ore exports, not to abandon transit restrictions, nor to demand tonnage concessions now looked overly generous to Cecil and the British cabinet. Cooperation with the American authorities on economic warfare matters, the details of which it was hoped would be hammered out during the ongoing Balfour mission negotiations, appeared to offer the opportunity to pressure Sweden into much greater concessions. On 19th May Cecil and Crowe therefore agreed that the February draft proposals should no longer serve as basis for negotiations with the Swedish authorities. This new MoB stance should nevertheless not be made public, so as avoid inviting a popular backlash against Britain in Sweden. Limited trade with Sweden would continue to be conducted by way of one off exchanges until the US and Entente authorities could reach agreement on the terms of and means on which a general agreement with Sweden should be secured.³⁷⁵

³⁷⁴ Koblik, 1972: 72, 87-88

³⁷⁵ Koblik, 1972: 72-73

Figure 5.1: Swedish domestic grain supply, 1915-1917 (1000 tons)



Sources: SOS: Statistisk årsbok 1920: Tabell 78, 112; Statistisk årsbok 1922: Tabell 77, 113; Statistisk årsbok 1923: Tabell 76

All the while the British negotiating stance was hardening, the Swedish domestic supply situation continued to deteriorate. As shown in Figure 5.1, the Swedish domestic grain supply in 1916 stood a full 10% below 1915 levels. By early 1917 there were shortages of cereals and other foodstuffs, which were about to be exacerbated yet further by a poor spring harvest.³⁷⁶ There were also significant shortfalls of such industrial raw materials as could only be brought in from the west. Some grain, coal and raw materials were nevertheless still allowed through the North Sea blockade by way of one off exchanges of transit rights, iron and engineering products. Germany also remained able to supply Sweden with substantial amounts of coal, although imports remained below peace time levels. The supply shortages, although severe, were thus far from critical. The United States' entry into the war was nevertheless a significant cause for concern for Lindman, since it might herald a further tightening of the western blockade. Discussions with Howard in Stockholm had not led to the desired breakthrough. Still unaware that the Ministry of Blockade was on the verge of adopting a wait-and-see strategy regarding Sweden, Lindman therefore decided on 2nd May to dispatch a negotiating commission to Washington in the hope that the American government might be amenable to some sort of understanding over the continuation of trade. This despite the United States, having been at war for almost a month, not yet having announced any change in economic policy vis-à-vis the Scandinavian neutrals nor having taken any steps towards restricting external trade. The Swedish foreign minister's decision should therefore probably be seen as a sign of the growing

³⁷⁶ RG 182-11-50, Sweden: "Sweden's requirements of grain for bread 1917/18"; Undated memorandum from Swedish delegates to US government, 1917

urgency which was beginning to characterise Swedish efforts to reopen general trade negotiations with the Western Allies. The Swartz government was thus coming round to recognising the necessity of reaching a blockade agreement, just as the prospects of reaching such an agreement within the foreseeable future were fast disappearing.³⁷⁷

The two-man Swedish negotiating commission, consisting of a former Swedish minister to Washington, Herman Lagercrantz, and his assistant, A. H. Nordvall, reached New York on 18th May. Already before their arrival, the American minister in Stockholm, Ira Nelson Morris, had warned the State Department that the issues likely to come up during the prospective Swedish-American negotiations were complex. In a series of telegrams he noted that although official Swedish export statistics had been classified since 1914, the British legation had calculated that exports of domestic produce to Germany had increased dramatically since the outbreak of war. Morris also pointed out that since Swedish animal husbandry remained completely dependent on imported fodder, Swedish meat exports to Germany were effectively transshipments of western animal feed. Swedish dependence on German commodities, chiefly coal, nevertheless meant that some Swedish-German trade must probably be allowed to continue. Should Germany refuse to supply Sweden with coal the resulting collapse of the Swedish railway system would also impact the transit of western goods to Russia. Even if possible, it might therefore be undesirable to attempt to force the Swedish government to cut off iron ore and wood pulp exports to Germany.³⁷⁸

Morris' recommendations were largely in line with those of Howard, his British colleague, who had supplied the US legation with most of its data on Swedish-German trade. They did nevertheless not correspond fully with the strategy which the more sanguine British blockade authorities in Washington were urging the Wilson administration to adopt. Percy, as the senior Ministry of Blockade representative in the United States, instead sought to put pressure on the Wilson administration to push for a cessation of Swedish iron ore exports to Germany, as well as forcing the Swedish government to abandon restriction on transit trade on Russia and to allow the use of Swedish merchant tonnage in Allied trade.³⁷⁹

The Lagercrantz delegation was the first dedicated Scandinavian trade mission to arrive in Washington following the United States' entry into the war. Given the relative lack of preparation for war on the part of the American government in the spring and early summer of

³⁷⁷ Bailey, 1942: 141-142

Gihl, 1951: 290

Koblik, 1972: 74

RG 182-11-50, Sweden: No. 340, Morris to SecState; 8th May, 1917

³⁷⁸ RG 182-11-50, Sweden: No. 340, Morris to SecState; 8th May, 1917

RG 182-11-50, Sweden: Unnumbered, Morris to State Department; 10th May, 1917

RG 182-11-50, Sweden: Unnumbered, Morris to State Department; 28th June, 1917

³⁷⁹ RG 182-11-50, Sweden: Memorandum: "Sweden's exports of iron ore"; 13th July, 1917

RG 182-11-50, Sweden: "Extracts of references to Sweden, from the British Embassy notes of May 19 (?), June 6th, 14th, July 1st, 8th, 16th, to the State Dept. Mr. Hoover and Mr. White"; Undated, 1917

1917, including the lack of legislation allowing the US administration to regulate external commerce, there was nevertheless little Lagercrantz could do beyond presenting his credentials. Before the American government could negotiate in earnest with the Swedish delegates, it needed time to establish its own policy. Not until July did serious discussions begin between Lagercrantz and the new US Food Administrator, Herbert Hoover. The Swedish delegation was also constrained by the limited scope of its powers. Following in Hammarskjöld's footsteps, Lindman had restricted Lagercrantz to more of an exploratory mission, tasking the delegates with sounding out the American authorities as to what demands the Swedish government might be faced with should it seek to negotiate a general agreement in the future. Lagercrantz was nevertheless asked to impress upon the US government the absolute necessity of Sweden being allowed to import a range of commodities identified by the governmental Handelskommission as critical to maintaining Swedish economic prosperity. Of these cereal supplies were by far the most important, but such products as cotton, fodder, copper, lubricants, coal and fuels should also be requested.³⁸⁰

In a series of discussions over the course of August 1917, Lagercrantz and Hoover was able to reach a compromise on the release of a number of grain cargoes which had been purchased in the United States by Swedish importers, but which had yet to be shipped to Sweden when the initial American embargo was imposed in July. The US Food Administration under Hoover agreed that shipments totalling just short of 7 000 000 kilos³⁸¹ of rye would be allowed to proceed to Sweden, against which all Swedish owned wheat in the United States was to be made available for purchase by the US Commission for Relief in Belgium. The rye and wheat accord, formally signed on 27th August, caused much consternation at the Ministry of Blockade, which held up the agreement until pressured into compliance by the Wilson administration in late September. The 7 000 000 kilos worth of rye eventually released for export to Sweden nevertheless amounted to less than 2% of domestic Swedish production of rye for 1917, and thus did little to relieve the cereal shortages in Sweden.³⁸²

The successful conclusion of the Hoover-Lagercrantz agreement was to be a one off. Lagercrantz returned home at the end of August, being replaced as the official Swedish trade delegate in Washington by the iron ore magnate Hjalmar Lundbohm. Like Lagercrantz before him, Lundbohm would find his discussions with his American counterparts largely fruitless. Over the course of much of the autumn of 1917 the Exports Council, Exports Administrative Board and War Trade Board all came to adopt a more cautious attitude regarding Swedish

³⁸⁰ Gihl, 1951: 290

Koblik, 1972:86

³⁸¹ 271 272 bushels; see Koblik, 1972: 86

³⁸² Koblik, 1972: 86

RG 182-11-50, Sweden: 118, Auchinloss to Hoover; 23rd August, 1917
SCB; SOS: *Statistisk årsbok 1919*: Tabell 78

negotiations, all the while they sought to sort tackle the administrative and coordination challenges facing them in Washington. Progress in the trade negotiations between Sweden and the Western Allies would therefore have to wait until the end of the year.³⁸³

The signing of Hoover's rye-wheat agreement and Lagercrantz' replacement by Lundbohm also coincided with the run-up to the Swedish elections in September 1917. The summer election campaign had quickly become centred around questions of supplies and foreign trade. Lindman, who in Koblik's estimation had belatedly come to recognise that the negotiating position of the Western Allies had become so strong as to preclude a trade agreement even along the lines rejected by Hammarskjöld in February, made several overtures to the Ministry of Blockade in the hope of securing some form of limited agreement which might serve to deflect some of the criticism now being levelled at the conservative government by the opposition parties. These overtures were largely rejected by the British authorities, who were not prepared to settle for much less than a general agreement regulating all Swedish external trade. Parallel to these efforts, Lindman also sought to get the Secret Committee of the Riksdag to issue a statement blaming the Western Allies, rather than the Swedish authorities, for the lack of access to overseas supplies. Lindman's proposal was nevertheless effectively undermined by the liberal and social democratic parties, who were not keen to endorse anything which publicly absolved the Swartz government of responsibility for the ongoing shortages. The watered down statement which was eventually released lacked much of the punch which Lindman had been hoping for.³⁸⁴

The liberal and social democratic opposition in Sweden in the summer of 1917 found themselves in a somewhat complex situation. The leadership of both parties endorsed the view that trade negotiations with the west were a necessity, should the domestic supply situation be salvaged. They were nevertheless wary of throwing themselves at the mercy of the British and American blockade authorities, lest this undermine Swedish neutrality just as much as Hammarskjöld's legalistic approach to foreign relations had done. At the same time, senior liberals and social democrats knew full well that the supply shortages were so obvious that there was little chance that Swartz or Lindman would be able to deflect attention away from them. There was therefore little need for Edén or Branting to campaign actively on the supply issue. So long as the opposition parties were able to avoid any suggestion that their policies were likely to compromise Swedish neutrality, they would be left free to focus their campaign efforts on another important issue: constitutional reform.³⁸⁵

The introduction of electoral and parliamentary reform, expanding the franchise to women and making the government answerable to the Riksdag rather than the king, had been

³⁸³ Gihl, 1951: 295-296

³⁸⁴ Koblik, 1972: 88-90

³⁸⁵ Koblik, 1972: 89-94

high on the liberal and social democratic parties before the outbreak of war. The supply shortage issue alone would probably suffice to ensure that the opposition parties would retain, and probably enlarge, their majority in the Riksdag. Without constitutional reform it nevertheless remained an open question whether this would suffice to bring down the Swartz-Lindman government. The opposition parties must therefore put themselves in a position where they could argue convincingly that they had a mandate to push for the introduction of parliamentary government. Both the liberals and the social democrats therefore campaigned extensively on this issue over the course of the late summer of 1917.³⁸⁶

The Luxburg crisis and the fall of the Swartz government

For practical reasons the Swedish general election in the early autumn of 1917 was staggered across a period of almost three weeks, starting with rural regions before moving to more densely populated urban areas. When voting first opened on 1st September the supply and constitutional questions still dominated the campaign. These were nevertheless about to be eclipsed by news from an unexpected quarter.³⁸⁷

British authorities, which were in control of much of the global telegraph network, had cut Germany's direct transatlantic cable access shortly after war had broken out in August 1914. The Auswärtiges Amt had therefore been forced to reroute its telegrams to overseas diplomatic postings via neutral channels. Among these was the Swedish-American roundabout, whereby the Swedish Foreign Ministry allowed German diplomatic telegrams to be sent to Stockholm via Swedish legations in the Americas, before being handed to the German minister to Sweden for forwarding to Berlin. This German use of Swedish diplomatic traffic had become known to the British authorities at a relatively early stage, and the Foreign Office had made a stern protest to the Swedish government in April 1915. Although Hammarskjöld's foreign minister, Knut Wallenberg, promised to put an end to the practice regarding Swedish diplomatic traffic to and from Washington, both he and his conservative successor, Arvid Lindman, nevertheless allowed the Auswärtiges Amt to continue to forward messages to and from Latin America. By the end of the war Swedish diplomatic telegrams had carried more than 1650 pieces of German diplomatic correspondence in this manner.³⁸⁸

These German messages were relayed in encrypted form. Swedish legation and Foreign Ministry staff thus had no idea of the content of the cables they were forwarding. The same could

³⁸⁶ Koblik, 1972: 92-93

³⁸⁷ Koblik, 1917: 109

³⁸⁸ Boghardt, 2012: 91, 214-215

Gihl, 1951: 301

Koblik, 1972: 95-96, 99-100

Lloyd-Jones et al., 2016: 82-83

not be said for the Western Allies. Over the course of 1915 and 1916 codebreakers at the Admiralty in London had gone a long way towards decrypting not only the various codes used by the *Auswärtiges Amt*, but also those used by the Swedes themselves. From late 1916 onwards intelligence officials in London read decoded transcripts of much of the German diplomatic traffic being relayed through Stockholm as a matter of routine. When British naval codebreakers in the spring and summer of 1917 got their hands on a number of despatches sent to Berlin via Sweden by the German minister in Buenos Aires, Karl von Luxburg, it therefore quickly became obvious to Admiralty intelligence officials that the contents were potentially explosive. Among other things, Luxburg was recommending that the German navy sink Argentinian merchant vessels “without a trace”. The head of the German legation also described the Argentinian foreign minister in deeply unflattering terms.³⁸⁹

On 30th August 1917 the Director of Naval Intelligence (DNI) at the Admiralty, Admiral William Reginald “Blinker” Hall, forwarded copies of the transcripts to the US State Department for publication in Washington. The American authorities obliged, and on 8th September 1917 the contents of the German cables were released to the US press.³⁹⁰ Although Hall’s two main aims were to influence the Argentinian government and to nudge American authorities towards a more forceful prosecution of economic warfare, the timing of the press release, as well as letters to the DNI from the senior British intelligence officer in Washington, William Wiseman, indicate that the possibility of impacting the Swedish elections was also considered. In that regard, the publication of the Luxburg telegrams had the desired effect. The public reveal that the Hammar skjöld and Swartz governments had allowed German authorities to forward more or less nefarious messages by way of Swedish diplomatic networks dropped as a bombshell in Stockholm, just as the Riksdag parties were in the final stages of their respective election campaigns. Although the liberal and social democratic parties had looked set to win the elections even before the release, the fallout from the Luxburg reveal undercut the conservatives’ own claim to be committed to the pursuit of impartial neutrality. Foreign Minister Lindman publicly asserted his ignorance of the practice, but nevertheless privately offered his resignation to Prime Minister Swartz, who in turn refused to accept it lest it cause the government further damage.³⁹¹ Instead the Swartz government released a communique, drafted with the help of both Westman

³⁸⁹ Boghardt, 2012: 214-215

Dehne, 2014: 153-156

³⁹⁰ Koblik, 1972: 97-98, 100

³⁹¹ Roger Vansittart, a senior British Foreign Office official, claimed to have told Lindman about the Swedish-German telegram transit route way back in 1915, when the FO first protested against the practice. Swedish Foreign Ministry officials had likewise informed Lindman of the continued existence of the route after he became foreign minister. Koblik has argued that if Lindman was unaware of anything, it was the extent of the practice. See Koblik, 1972: 119-120

and Hammarskjöld, arguing that Sweden had acted within its rights, and that no formal protest had been received from any of the warring powers.³⁹²

The Swartz-Hammarskjöld statement did little to assuage the domestic opposition, much less the Western Allies. Containing no admittance of guilt, the communique only provoked further condemnation of the sitting government, both from Swedish opposition outlets and from the western press. Unlike Gihl, who wrote in the belief that the British government had been aware of the Swedish-German telegram traffic for several years, Koblik and Boghardt have both shown that on this particular point the British economic warfare machinery was not quite so monolithic as it might have appeared to outsiders. Although Hall had likely conferred with Balfour before forwarding the Luxburg telegrams to the United States, few if anyone in the lower echelons of the Foreign Office or the Ministry of Blockade had been warned of what was to come.³⁹³ It is uncertain whether the FO was even aware that the Swedish route for German diplomatic traffic from Latin-America remained open. When the news broke on the 8th and 9th of September, most British economic warfare officials were therefore as surprised as the Swedes themselves were. The FO reacted with alarm at initial speculation in the American press that the Wilson administration might break off diplomatic relations with Sweden, and thus fatally undermine any prospect of negotiating a blockade agreement within the foreseeable future. These fears nevertheless proved unfounded, as it rapidly became clear that no such action was being contemplated in Washington. Balfour and his subordinates at the FO, although far from pleased with the actions of the Swartz government, therefore decided to have Howard deliver a series of strongly worded protests to the Swartz government, but nothing more serious than that. Lest it blunder into damaging the chances of the opposition parties in the ongoing elections, the British government restricted itself to a wait-and-see approach.³⁹⁴

The Swedish liberal and social democratic parties were also divided over the issue of how best to handle to sudden crisis. The liberal leadership feared that the fallout from the revelation might damage Sweden's chances of securing an acceptable trade agreement with the western powers no matter whether the conservative government should fall or not. Branting and the

³⁹² Boghardt, 2012

Koblik, 1972: 97-98, 100-106, 109-110, 113, 121

Salmon, 1997: 145

³⁹³ Hall, as Director of Naval Intelligence, had a pronounced tendency to act independently and repeatedly ignored chains of command when these did not suit his purposes. He was secretive about his work, only sharing such intelligence with his superiors or other government departments as and when he found it opportune to do so. Instead of being part of a concerted Ministry of Blockade strategy on Sweden, the release of the Luxburg telegrams came about as a result of Hall's initiative. In contrast, the MoB had been urging caution in the Western Allies' dealings with the Swedish government in early September, lest the appearance that they were trying to unduly interfere with the ongoing elections damage the chances of an opposition victory. For a more comprehensive discussion on Hall and British code-breaking activities in 1916 and 1917, see Boghardt, 2012.

³⁹⁴ Boghardt, 2012

Gihl, 1951: 301-302

Koblik, 1972: 107-109, 111-119, 123-124

social democrats were much more sanguine, hoping to use the issue to force the Swartz government into a humiliating climbdown. Over the course of the second week of September it was therefore the social democratic press who led much of the charge against Swartz. Following the publication of the government's uncompromising communique the liberals nevertheless gradually came around to the social democrats' view, adopting once more a united front in opposition to the conservative government.³⁹⁵

From 12th September 1917 onwards, the domestic position of the Swartz government deteriorated rapidly. Over the course of the summer and early autumn the conservatives had based much of their argument on the assertion that only they could guarantee that impartial neutrality would be maintained, and that this would require Swartz to retain the prime ministership even should they lose the elections. The Luxburg affair, together with the bungled handling of the initial government communique, had made this position untenable. The Swartz government's failure to alleviate the domestic supply situation further exacerbated the problem. On 15th September Lindman, who still wanted to resign his position, told Esme Howard in confidence that he believed that the government would fall. Five days later, following the conclusion of voting, it also became clear that the conservatives had lost the elections badly, further strengthening the position of the opposition parties in the Riksdag.³⁹⁶

The electoral drubbing notwithstanding, since the Swedish political system did not require the government to reflect the composition of the Riksdag, there was no certainty as to what would happen next. Over the course of the week following the end of the elections on 20th September fierce infighting took place within the conservative leadership over the question whether the party should attempt to retain power. Many of the more moderate conservatives felt that a Liberal or non-party government would be acceptable. Even a Liberal-Social Democratic coalition might be tolerated, as long as it did not include Branting, whose outspoken pro-Entente views were thought incompatible with the maintenance of neutrality. On the 27th, liberal and social democratic representatives, led by Edén and Branting, nevertheless met and agreed to maintain a common front. The two opposition parties would seek to form a coalition under a liberal prime minister. This decision effectively dashed whatever hopes the conservatives had of negotiating the establishment of a centrist or technocrat government. It would nevertheless take time for the liberal and social democratic leaders to hammer out a comprehensive governmental program. Both Branting and Edén knew full well that retaining public support, and thus the ability to secure important policy aims such as electoral and constitutional reform, would require the incoming liberal-social democratic government to improve the Swedish supply situation within the not too distant future. In late September and

³⁹⁵ Koblik, 1917: 114-115, 121, 125-126

³⁹⁶ Koblik, 1917: 131-134

early October Branting therefore sought to confer with Howard on whether the British authorities were more or less likely to approve of Swedish government in which Branting himself held a senior cabinet appointment. Howard replied officially that the British negotiating stance would be the same either way. Unofficially the British minister nevertheless intimated that a trade agreement between Sweden and the Western Allies would be within reach.³⁹⁷

As had also occasionally been the case in the past, Howard's views on this matter did not fully align with those of his superiors in London. Despite their desire to see a liberal-social democratic victory in the Swedish elections, Eyre Crowe and several of his colleagues at the Foreign Office and the Ministry of Blockade were far from convinced that the establishment of a left wing government in Stockholm would be the most advantageous outcome from an economic warfare point of view. A much weakened conservative or centrist cabinet, dependent on securing supplies from the west in order to correct any domestic impression that Swedish neutrality was favouring the Central Powers, might well be more pliable negotiation-wise. Despite their doubts on this matter Crowe and his colleagues nevertheless stuck to their overall policy of limiting their interference in Swedish domestic affairs to a minimum, lest the British economic warfare authorities inadvertently end up making matters worse for themselves. The Swedish political establishment must be left to settle the matter on its own.³⁹⁸

Having staked and subsequently lost their claim to power on the issue of neutrality, the conservative position was crumbling rapidly. Swartz tendered his formal resignation on 2nd October, staying on in a caretaker capacity thereafter. On 19th October, having settled a number of other outstanding issues, including reaching agreement on ministerial power sharing with his social democratic allies, Nils Edén could finally take up the prime ministership. Branting would become minister of finance. In a sign of the importance attached to reaching a supply agreement with the western powers, the post of foreign minister went to a man with personal first-hand experience of Anglo-Swedish trade negotiations, Johannes Hellner.³⁹⁹

Norway and the establishment of the Nansen commission

Where the Hammarskjöld and Swartz governments had succeeded in limiting direct British influence in the Swedish domestic economy, the Knudsen government in Norway had chosen a very different approach. The April 1917 Anglo-Norwegian tonnage agreement had combined with the introduction of the Navicert system to bring a significant part of the Norwegian

³⁹⁷ Gihl, 1951: 305-306

Koblik, 1917: 136-137, 139-142

³⁹⁸ Koblik, 1917: 140-141

³⁹⁹ Gihl, 1951: 306

Koblik, 1917: 147-149

Salmon, 1997: 145

merchant fleet under British control. Together with the Statutory Lists and the branch agreements these measures went a long way towards giving the British authorities direct control over much of the Norwegian import trade, as well as limiting Norwegian capacity to export domestic produce to the Central Powers. The ability of the Ministry of Blockade to coordinate British blockade efforts, combined with increasing willingness at the Foreign Office to ignore American protests over British policy, was thus gradually allowing the British government to increase its degree of control over transatlantic trade. US entry into the war in April 1917 would make this control more or less complete. Even in the case of such an exposed economy as that of Norway, it would nevertheless take time to turn this potential into practical policy.

Figure 5.2: Norwegian rye whole grain imports from main trading partners, 1913-1917 (per annum, 1000 kilos)

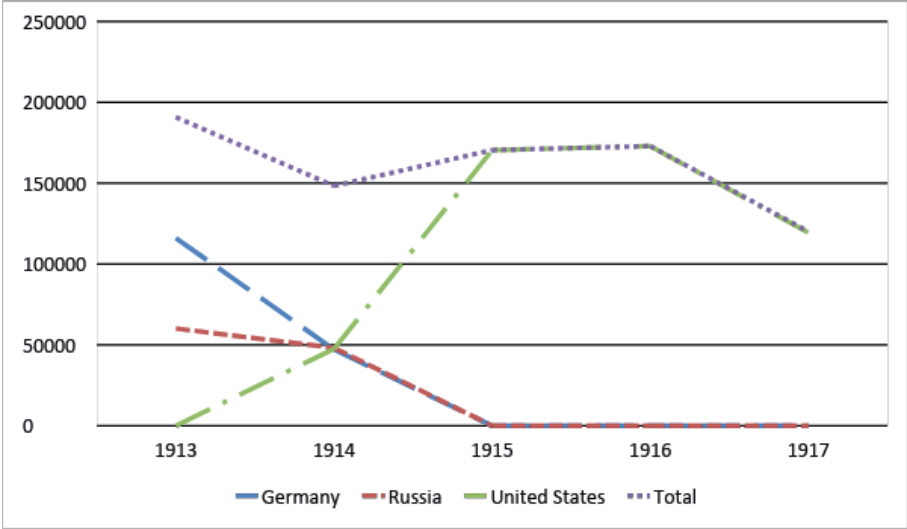
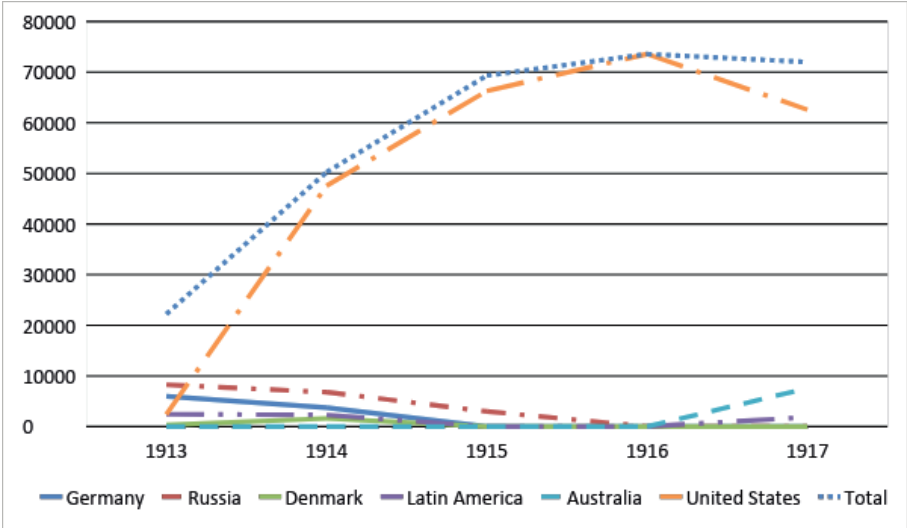


Figure 5.3: Norwegian wheat whole grain imports from main trading partners, 1913-1917 (per annum, 1000 kilos)



Sources (Figures 5.1 and 5.2): SSB; NOS VI 018: *Norges Handel 1913*, NOS VI 070: *Norges Handel 1914*, NOS VI 097: *Norges Handel 1915*, NOS VI 130: *Norges Handel 1916*, NOS VI 154: *Norges Handel 1917*: Tabel 10 (all)

Note: Imports of ground wheat or flour made up a significant portion of total wheat imports through the war. The data for whole grain wheat imports are nevertheless broadly representative of trends and proportional origin of wheat imports overall. The same is true for most other types of cereal imports between 1914 and 1919. See the abovementioned sources.

As with Sweden, US control over cereal supplies was to be a deciding factor in Norwegian-American relations. The war had made Norwegian access to Eastern European grain markets increasingly difficult, and the United States had therefore in relatively short order become the metaphorical breadbasket of the Norwegian economy, providing the country with the vast majority of its imported cereals by 1916. Given the Norwegian domestic economy's dependency on imported foodstuffs, the prospect of reduced access to American goods was therefore a significant source of anxiety within Norwegian political circles well before the initial US export embargo was declared in July 1917. Expressions of this anxiety could on occasion be remarkably prescient. On 7th April the Norwegian Minister in Washington, Helmer Bryn, telegraphed Ihlen, recommending that the Knudsen government prohibit all exports of food, lest the Wilson administration use Norwegian exports as an excuse for restricting grain shipments to Norway.⁴⁰⁰

Much like their Danish counterparts, Knudsen and Ihlen were loath to take such a dramatic step for foreign policy reasons. Fish remained a major export, and although the Anglo-Norwegian fisheries agreement of 1916 limited shipments to Germany to 15% of the total catch, the scale of the Norwegian fisheries meant that these shipments still amounted to well over seventy million kilos worth of fresh, salted or dried fish, in addition to several million tons worth of tinned produce. German demand for Norwegian fish remained high, and sales were regulated under a German-Norwegian trade agreement signed in late 1916. By unilaterally renouncing this agreement, the Knudsen government must necessarily cause severe damage to the relationship between Kristiania and Berlin. This Ihlen was keen to avoid, hence his demand that the concurrent Anglo-Norwegian tonnage negotiations, at that point in their final stages, be kept secret.⁴⁰¹

The Norwegian foreign minister's reluctance to jeopardise relations with Berlin further than had already been done probably stemmed from a range of factors. Findlay, the British minister in Kristiania, reported to the Foreign Office that Ihlen feared that Germany might retaliate against unilateral Norwegian actions by, for instance, using Zeppelins to bomb factories or other sites in Norway. Likewise, the severe losses incurred by the Norwegian merchant fleet as a consequence of the ongoing U-boat campaign, as well as from an earlier round of submarine attacks in the Arctic in the autumn of 1916, also clearly demonstrated to the Norwegian government just how willing German authorities were to use force in order to achieve their aims. There were also recent signs that this willingness was certainly not abating, possibly growing even stronger. On 22nd March 1917 the German government had announced the creation of a second unrestricted U-boat "sperrgebiet" zone in the Barents Sea, designed to block the trade route between the Russian Arctic ports and the west. Although outside territorial

⁴⁰⁰ Haugen, 1978: 31-32

⁴⁰¹ Haugen, 1978: 32, 35-36

SSB; NOS VI 154: *Norges Handel 1917*: Tabel 11

waters, the zone nevertheless also covered traditional Norwegian fishing grounds, and several Norwegian fishing vessels were lost over the course of the following months.⁴⁰²

When reports of Ihlen's fear of German aggression began reaching the Foreign Office in London, they prompted a series of inter-departmental discussions on whether or not it would be in the interest of the Western Allies to bring Norway into the war as a belligerent. These discussions ultimately came to naught, but beyond deciding to offer Norway the opportunity to purchase a limited number of British anti-air guns and munitions the British authorities could do little to convince the Knudsen government that a conflict with Germany could thus potentially have very damaging consequences for Norway. Nor were the Norwegian government's worries limited to fears of German use of force. There were also other good reasons for limiting the risk of a break between Berlin and Kristiania as much as possible. For all its shortages and supply problems, by the end of 1916 Germany was still the third largest source of imports for the Norwegian economy by value, providing a range of machinery, manufactured goods, and industrial raw materials.⁴⁰³ The German market also remained an important outlet for Norwegian domestic produce, taking not only fish products, but also a range of minerals and metals.⁴⁰⁴

⁴⁰² Haug, 1994: 105-106

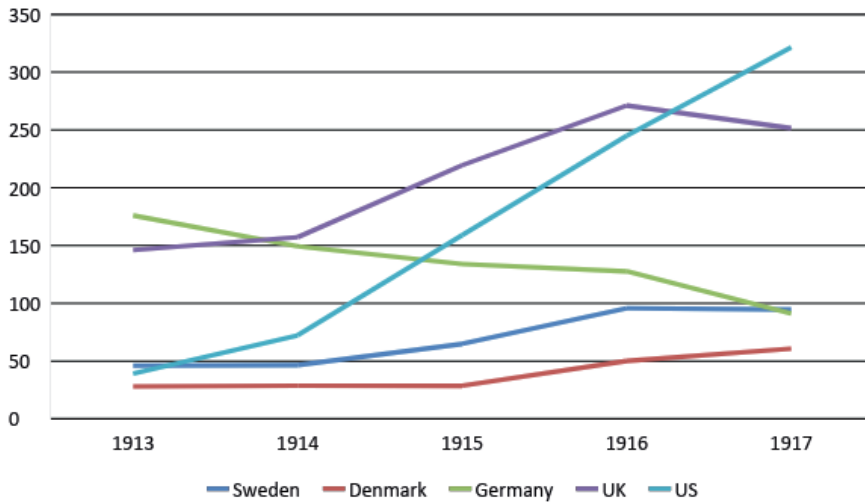
⁴⁰³ See Figure 5.3

⁴⁰⁴ FO 371/3353; Folder No. 5902, Vogt to Balfour; 9th January, 1918

Haug, 1994: 59-61, 105-112

Riste, 1965: 180-181

SSB; NOS VI 130: *Norges Handel 1916*, NOS VI 154: *Norges Handel 1917*: Tabel 10, Tabel 11 (all)

Figure 5.4: Norwegian imports by value, 1913-1917 (per annum, million NOK 1913 prices)

Source: Mitchell, 2003: Table E2

CPI deflator: Bank of Norway; Consumer Price Indices 1516-2015

For the abovementioned reasons, adopting Bryn's policy recommendations regarding Norwegian-American relations as they stood was therefore out of the question. The Norwegian foreign minister was nevertheless not content to wait for Washington to take the initiative. Over the course of April 1917 Ihlen repeatedly urged Bryn to remind the Wilson Administration that Norwegian economic relations with Germany were already regulated by way of the Anglo-Norwegian branch agreements, and that the Norwegian government hoped that the United States would not take steps to cut Norway off from vital food imports from the west. Bryn handed a memorandum along these lines to the State Department on 23rd April. Norwegian negotiators, engaged in finalizing the Anglo-Norwegian tonnage agreement, also attempted to include a paragraph whereby the British government pledged support for Norwegian efforts to have the American authorities uphold existing Anglo-Norwegian branch agreement import quotas. These efforts nevertheless came to naught as the British economic warfare authorities, who very much in favour of the American government using its control over supplies to extract further concessions from the northern neutrals, blocked the proposal.⁴⁰⁵

Over the course of late April and early May 1917 Knudsen and Ihlen became increasingly worried about the prospect of an American embargo on exports to Norway. As a consequence of this, the Kristiania government decided to send an official trade delegation to Washington with a view to negotiate some form of American-Norwegian accord, securing Norwegian access to overseas grain and supplies for the foreseeable future. Knudsen initially asked former prime

⁴⁰⁵ Haugen, 1978: 32-35

minister Gregers Gram to head up the delegation.⁴⁰⁶ The seventy year old Gram nevertheless excused himself on the grounds of old age. On the recommendation of, among others, the French minister in Kristiania, Knudsen therefore instead offered the post to Fridtjof Nansen.⁴⁰⁷

At first glance Nansen would appear an obvious candidate for the chairmanship of the proposed delegation. He had made his name as a polar explorer and natural scientist in the late 19th century, before becoming minister to the United Kingdom upon Norway's independence in 1905. Although he only held the position for a couple of years before leaving the foreign service, he had maintained a high public profile. By 1917 he was the closest thing Norway had to a global superstar, and had significant experience with diplomatic affairs to boot. His relationship with both Ihlen and Knudsen was nevertheless far from frictionless. Ever since the outbreak of war in 1914 Nansen had been vocal in his criticism of the government's apparent reluctance to adopt a more proactive stance on Norwegian supply and foreign policy questions. As late as February 1917 he had called on Knudsen, whose liberal *Venstre* party continued to command a parliamentary majority, to allow the formation of a national coalition government for the duration of the conflict. The circumstances surrounding Nansen's appointment were therefore not particularly auspicious. Nor did his time as the leader of what came to be known as "the Nansen commission" get off to a good start.⁴⁰⁸

Nansen accepted Knudsen's offer on the condition that he be afforded the same rank and privileges as the existing Norwegian head of legation in Washington, Helmer Bryn. This would enable him to contact heads of state and government without having to seek Bryn's help or permission. Although this was granted, once appointed Nansen also sought to have Knudsen and Ihlen finalise the composition of the delegation in short order, so that it would have time to prepare properly for the upcoming negotiations with its American counterparts. This appears to have taken more time than Nansen wanted. Only on 7th June was Bryn informed that a trade delegation had been appointed, and it would take until the 22nd for the government to publicly confirm that Nansen and his fellow delegates would indeed go to Washington with the authority to negotiate the issuance of American licenses for the export of foodstuffs and other commodities to Norway. Nansen's authority was nevertheless far from absolute. The commission was required to keep both Bryn and Ihlen informed of any and all developments, and would not have the right to close any agreement without prior confirmation from the Foreign Ministry in Kristiania. Four days later, on 26th June Bryn formally informed the State Department that a Norwegian trade delegation had been appointed, and that it would depart for

⁴⁰⁶ Prior to the dissolution of the Swedish-Norwegian monarchical union in 1905, the Norwegian government was headed jointly by two prime ministers. One of these led the Norwegian government in Oslo, whereas the other was the senior Norwegian representative to the monarch and the Swedish government in Stockholm.

⁴⁰⁷ Haugen, 1978: 57, 61-62

⁴⁰⁸ Haugen, 1978: 60-61

the United States in early July in order to negotiate continued Norwegian access to American markets. Nansen found these delays annoying, if not worse.⁴⁰⁹

Nor did the month between the commission being formally announced and Nansen's arrival in Washington pass without controversy. On 28th June Bryn, in a memorandum to Lansing, the American Secretary of State, expressed his hope that the US government refrain from deciding whether to establish restrictions on trade with Norway until the new delegation had had a chance to present its case. In early July Knudsen nevertheless sent a private letter to President Wilson, intimating that he hoped the services of the delegates would not be needed, since it was "unthinkable" that the United States government would refuse Norwegian importers permission to purchase cereals there. Although there is little to no evidence that this letter undermined Nansen's position in the eyes of the American authorities, it was hardly a ringing endorsement of Nansen and his allotted task. Even more alarmingly, the working relationship between Nansen and his superiors in the government came perilously close to breaking down already before the delegation's departure from Kristiania. On 5th July Nansen learnt that Knudsen had appointed a new member, Amund Utne, to the delegation. That this had happened just a few days before the commission's planned departure for the United States was bad enough. That it had happened without Knudsen having told, much less sought to consult with, the head of the delegation was intolerable to Nansen. Nansen therefore sent the prime minister a letter to the effect that the new member was not required, as well as requesting that Knudsen refrain from changing the commission's composition without Nansen's prior agreement. When Utne's appointment was nevertheless made official the next day, Nansen tendered his resignation, writing to Knudsen that the lack of cooperation between the government and the delegations was undermining the chances of conducting successful negotiations with the Americans. The immediate crisis was averted on 9th July, when Knudsen offered his apologies for the unfortunate incident and explained that Nansen's letter had not reached him in time to withdraw the announcement of Utne's appointment. Although Nansen grudgingly agreed to remain as chairman, Knudsen's missive did little if anything to address the mutual lack confidence already plaguing relations between the government and the commission. That coordination between the government and the delegation should be so poor already before the delegates had left Norway remained a source of worry for Nansen. On 13th July, the delegations' composition having finally been settled, the trade mission nevertheless departed for the United States.⁴¹⁰

⁴⁰⁹ Berg, 1995: 230

Haugen, 1978: 58

RG 182-11-38; Norway Memos Jan 16 to July 17: *Aide-Memoire* from Norwegian Legation to Lansing ; 28th June, 1917

⁴¹⁰ Berg, 1995: 230

Haugen, 1978: 59

RG 182-11-38; Norway Memos Jan 16 to July 17: *Aide-Memoire* from Norwegian Legation to Lansing ; 28th June, 1917

Despite the less than ideal circumstances surrounding the trade delegation's appointment, Nansen sought to set about his allotted tasks as quickly as possible following his arrival in New York on 25th July. In an early exchange with Herbert Hoover, the newly appointed US Food Administrator, the Norwegian delegation requested that the United States release some 50 000 tons of American grain for shipment to Norway. This grain had been purchased by Norwegian merchants prior to the imposition of the US embargo, but had yet to be shipped to Europe because of the American government's failure to grant export licenses. As a consequence, these cargoes were deteriorating in storage in various US ports. Despite Nansen's entreaties that Norway was dependent upon US goodwill for its survival, Hoover was not particularly keen to accede to the request without modification. Norwegian stocks were thought sufficient to stave off any immediate danger of domestic starvation, and granting any export licenses for cereals to neutrals would run counter to Wilson's statement on giving the Allies priority claim on US resources. On 20th August, Hoover and Nansen nevertheless managed to reach a compromise along the same lines as that between Hoover and the Swedish delegate Lagercrantz. Norway would be allowed to import a portion of the grain, but would in turn release the remainder for use in Belgian relief, reducing the need for US exports there.⁴¹¹

The relatively rapid conclusion of the August grain compromise would nevertheless prove to be something of a one-off. Despite Nansen's personal desire to negotiate a sweeping trade agreement as quickly as possible, weeks would pass before any notable progress could be made. The members of the Norwegian delegation had sought to acquire as much information about Norwegian trade and supply requirements as possible before departure, so as to be as prepared as could be for the upcoming negotiations with their American counterparts over the size of Norwegian import quotas. This nevertheless left the stumbling block of what the Western Allies would get in return for granting such import quotas. Nansen had been far less successful in getting either Knudsen or Ihlen to provide the delegation with any firm statement as to what restrictions on Norwegian-German trade could be offered in this regard. Nor was Ihlen keen to endorse any effort on Nansen's part to formulate sweeping trade proposals beyond requesting that the Americans allow the imports allowed under the existing branch agreements to go forward.⁴¹²

This approach was symptomatic of the way in which Ihlen and Knudsen were handling relations between Norway and the Western Allies in the summer and autumn of 1917. The

Riste, 1965: 198-199

⁴¹¹ Bailey, 1942: 108-110

Berg, 1995: 230

Haugen, 1978: 82

Riste, 1965: 199

RG 182-11-38; Norway Memos Jan 16 to July 17: *Aide-Memoire* from Norwegian Legation to Lansing ; 28th June, 1917

RG 182-11-38; Norway Memos Jan 16 to July 17: Percy to Polk; 17th July, 1917

⁴¹² Haugen, 1978: 83-84

continuing operation of the Anglo-Norwegian tonnage agreement meant that Norwegian coal supplies remained secure for the time being. The stoppage of grain imports, beyond the relatively minor concession secured by Nansen in August, was more worrying. Norwegian stocks nevertheless remained sufficient to avoid severe shortages in the immediate future. Much to Nansen's chagrin, the Kristiania government therefore preferred to delay formulating comprehensive proposals in the hope of securing further concessions and, if possible, to avoid compromising Norwegian neutrality in the eyes of Berlin. Knudsen especially was also encouraged by way of a host of reports the government had been receiving over the course of the spring and summer regarding the US administration's apparent sympathy for Norway's plight. As early as April Albert Schmedeman, the United States' minister in Kristiania, had let Ihlen know that Norway would retain access to American supplies in the wake of the US declaration of war against Germany. In late June and early July, shortly after having established the Exports Council, the American president himself also made it clear to members of his cabinet that he thought Norway deserving of a degree of leniency in trade matters. Bryn was quick to relay the president's views to the government in Kristiania, telegraphing on 13th July that Wilson was "of the opinion that Norway, because of her efforts to maintain a correct posture among all of the neutrals, should be treated with special attention when the embargo is implemented."⁴¹³ It was this report from Bryn, more than anything else, that had prompted Knudsen's abovementioned personal letter to the president regarding the possible lack of need for a dedicated Norwegian trade mission.⁴¹⁴

Knudsen nevertheless tended to regard the upcoming trade negotiations through somewhat rose-tinted glasses. Wilson's statements notwithstanding, there were also indications over the course of the summer of 1917 that US policy might not end up being quite as lenient as the Norwegian prime minister was hoping. News of the American president's views on Norwegian trade caused a great deal of consternation amongst British representatives in Washington, prompting Percy to remind the State Department on 17th July that the Ministry of Blockade recommended that no American export licenses should be granted to Norway until the Knudsen government agreed to put an end to all Norwegian exports to Germany. On the 18th Wilson let Polk know that although he still felt that Norway should be treated liberally, he agreed that it would be necessary to examine all shipments of American goods to the northern neutrals carefully.⁴¹⁵

The most powerful expression of the American government's intention of imposing restrictions on trade between the United States and Norway in the summer of 1917 was

⁴¹³ Bryn to UDN, quoted in Haugen, 1978: 63

⁴¹⁴ Haugen, 1978: 35, 61-65

Riste, 1965: 193-194, 197-198

⁴¹⁵ Riste, 1965: 193-194

nevertheless Hoover's Export Council memorandum on American trade policy regarding neutral Scandinavia. As discussed previously, this memorandum made it clear that the Exports Council was expecting the Scandinavian states to conserve and harness their own domestic supplies as far as possible before making demands on American commodities, and that any services rendered to the neutrals in the form of supplies must be compensated by way of return concessions in other fields. Bryn, having received the memorandum on 24th July, delivered it to Nansen upon the latter's arrival in New York on the 25th. Yet Nansen did not immediately forward its contents to Kristiania. Instead he limited himself to sending a telegram to Ihlen on 30th August, recommending that the government take steps to introduce rationing. The government in Kristiania dismissed Nansen's proposal out of hand, Ihlen arguing that the difficult and varied Norwegian topography made setting up a functioning rationing scheme impractical. For his part, Knudsen was reluctant to take on wide reaching and expensive government commitments which might turn out not to be required. In spite of the introduction of the general American export embargo in the middle of July, the Norwegian prime and foreign ministers were thus continuing to hope that US blockade policy on Norway would prove lenient. As it was, they much preferred to wait for the authorities in Washington to show their hand before committing themselves.⁴¹⁶

Ironically, this was broadly the same approach as that adopted by the Americans themselves. Engaged as they were in ongoing policy discussions with their British counterparts, and lacking any comprehensive proposals from the Norwegian delegates, the Exports Council was minded to do little beyond letting the effects of the embargo take hold. American officials were also concerned with avoiding the public appearance that the Washington government was to blame for any shortages that might be suffered by the neutrals. Ostensibly the United States was happy to supply Norway's "fair requirements", provided Norway made an effort to prove what those requirements might be. Yet there was also another important reason for the failure of the US government to make specific proposals or otherwise push for serious negotiations: an American blockade and negotiating machinery simply did not yet exist. Very little effort had gone towards creating such machinery prior to the passage of the Espionage Act in July. Even after the legislation was in place, and the embargo declared, it would take months before an administrative body with sufficient size and clout to coordinate American blockade efforts could become fully operational.⁴¹⁷

⁴¹⁶ Bailey, 1942: 110-114

Berg, 1995: 230-232, 234

FRUS: 1917, Supp. 2, Part II; *The Exports Council to the Danish legation: Memorandum* ("The same, *mutatis mutandis*, on the same date, to the Netherland, Norwegian, and Swedish Legations"); 24th July, 1917: 908-910

Haugen, 1978: 58-59, 83, 98-99

⁴¹⁷ Bailey, 1942: 87-88

Despite the apparent lethargy of the US economic warfare authorities in the late summer and early autumn of 1917, it gradually became clear to Nansen and other Norwegian representatives in Washington that the American government was taking steps to tighten its blockade policies. As discussed above, Wilson moved to expand the administrative apparatus coordinating American economic warfare efforts by establishing the Exports Administrative Board in late August. The new head of the EAB, Vance Criswell McCormick, quickly let Nansen know that the US embargo was no short term measure. The Exports Council intended to continue to withhold export licenses for all restricted commodities destined for Norway, including bunker coal for ships trading on Norwegian ports, until a general trade agreement had been negotiated. The expansion of the American embargo lists on 27th August, and the EAB's formal decision on the 30th to issue a general prohibition the issuance of export licenses to the northern neutrals upped the ante yet further. By early September 1917 trade between Norway and the United States, with the sole exception of the limited grain shipments covered by Nansen and Hoover's agreement of 20th August, had thus ground to an almost complete standstill.⁴¹⁸

Having let its American counterparts know that the British government was prepared to cancel its existing trade agreements with the Scandinavian neutrals, the Ministry of Blockade was also taking steps to tighten the embargo of Norway. Over the course of September British diplomatic representatives in Asia were ordered to attempt to convince local governments to prevent Scandinavian neutrals from purchasing rice or other cereals there. Not that this had much of an impact. Norwegian shippers, bereft of access to British and American fuel supplies, were already finding it very difficult to carry such long-distance cargoes to neutral Europe. The British minister in Kristiania and Ministry of Blockade officials in London also voiced their disappointment with Hoover's decision to allow the abovementioned grain compromise cargoes to go forward from the United States. For all the US administration's statements to the contrary, British economic warfare authorities still felt that certain practical aspects of American blockade policy remained less than ideal. Over the course of September Percy sought to stiffen the resolve of his American colleagues in Washington by letting them know that in the view of the Ministry of Blockade, the Norwegian government was deliberately dragging out the negotiations in order to put off making further concessions to the Western Allies, and that only firm American blockade policies were likely to force Ihlen to commit to meaningful negotiations.⁴¹⁹

The Ministry of Blockade's assessment of Knudsen's negotiating stance was very accurate indeed. By September 1917 Nansen had become caught squarely between the wait-and-see policies adopted by both the Washington and Kristiania governments. Ihlen continued to refuse

⁴¹⁸ Bailey, 1942: 88-90

FRUS: 1917, Supp. 2, Part II; *The Secretary of State to the Diplomatic Representatives in Certain Countries*; 27th August, 1917
FRUS: 1917, Supp. 2, Part II; *Proclamation No. 1391, August 27, 1917, Further Restricting Exports*; 27th August, 1917: 933-937

⁴¹⁹ Haugen, 1978: 84-86, 94-95

to provide Nansen with any firm commitments regarding Norwegian-German trade. This in turn made it impossible for the Nansen commission to formulate any comprehensive trade proposals along the lines desired by the Americans. Over the course of September Ihlen also telegraphed Nansen repeatedly, requesting that the Norwegian delegation attempt to get the American authorities to accept the Anglo-Norwegian branch agreements as a basis for continued economic relations. The gulf between the Norwegian foreign minister and McCormick's Exports Administrative Board appeared to be widening week on end. Nor was the US administration all that easy to deal with, as it had yet to formulate a comprehensive economic warfare policy. Nansen himself was nevertheless very much aware that the views on exports to Norway held by senior officials within the fledgling American blockade administration in the early autumn of 1917 diverged somewhat from those still held by Wilson. On 17th September, and again on the 28th, Nansen met with American officials. On both occasions he was told that Norwegian exports to Germany must come to an end. He therefore once again felt the need to warn Ihlen that the net was tightening, and that the government in Kristiania must make efforts to husband domestic resources in order to show that American concerns over the squandering of supplies were being taken seriously. Hamstrung as he was by Ihlen's failure to authorise concrete proposals on reductions in Norwegian-German trade, Nansen could do little except to urge the government in Kristiania to abandon all attempts at perpetuating the branch agreements.⁴²⁰

On 20th September Nansen had telegraphed the Foreign Ministry in Kristiania, advocating a cautious approach to the American negotiations and urging that Ihlen "be careful to [...] ask for only the absolute amounts needed, and not the quantity desired. The slightest impression of making larger than necessary demands will probably damage the negotiations."⁴²¹ Nansen wrote this knowing that Hoover had outlined exactly this requirement in his Exports Council memorandum of 24th July. As noted above, although Nansen had relayed much of the essence of the memorandum piecemeal, the document itself had not reached Kristiania, and Ihlen remained unaware of its existence. Bryn, who had had the memorandum in his possession for only one day before passing it on to Nansen, had written to the Foreign Ministry in Kristiania that Hoover's overtures gave only a brief outline of US policy intentions vis-à-vis the northern neutrals. Nansen, as noted above, had limited himself to making piecemeal requests of Ihlen instead of forwarding the memorandum in full. It was therefore only after Secretary of State Lansing made a reference to the memorandum in a statement to the American press on 17th October, in an effort to head off criticism of the ongoing negotiating stalemate, that the political establishment in Kristiania became aware of the existence of the document.⁴²²

⁴²⁰ Haugen, 1978: 84, 87, 89, 102-103

⁴²¹ Nansen to Ihlen, 20th September, 1917, quoted in Haugen, 1978: 83

⁴²² Haugen, 1978: 98-100

As the progress of the talks in Washington slowed to a crawl over the course of the autumn of 1917, the attention of the Kristiania government was also increasingly diverted by way of domestic political struggles. By October supply shortages and price rises were eliciting public demonstrations on a regular basis. Gunnar Knudsen's attempts at formulating national policy without involving the parliamentary opposition had also increasingly come in for criticism both in the Storting and in the press. The government, commanding a parliamentary majority, had so far been able to ignore or deflect much of this criticism, yet that did not mean that the opposition parties were powerless to influence policy. The ongoing stalemate in Washington, coupled with the increasingly worrying domestic supply situation, set the stage for a renewed attempt by the opposition to push for concessions from Knudsen.⁴²³

In this climate of heightened domestic political tension, the news that the Hoover memorandum had been provided to Norwegian representatives in July, yet still not elicited a formal response almost three months later, came as something of a bombshell. Beginning in late October, the parliamentary opposition launched a series of public attacks on Ihlen for what was purported to be his lethargic and amateurish handling of foreign policy. On 3rd November Nansen, who had also come under fire for not forwarding the memorandum in its entirety, defended himself by stating to the press that all its salient points regarding American-Norwegian trade had been contained in his earlier telegrams to the Foreign Ministry in Kristiania. He also wrote to Ihlen that developments over the course of the late summer and early autumn meant that the memorandum had lost much of its relevancy. Ihlen, for his part, argued publicly that miscommunication over the memorandum had not delayed the ongoing negotiations.⁴²⁴

As it was, when the Storting finally convened to debate the government's supply and trade policy on 10th November, neither Ihlen nor Nansen saw any reason to accept any culpability for the nation's growing supply difficulties. Over the course of the second and third week of November it also became increasingly clear that the opposition lacked the power to force Ihlen's resignation, much less the establishment of a broad, national coalition. By the time the debate came to a close towards the end of the month, opposition attacks on government foreign policy had largely been abandoned. The only casualty had been Knudsen's minister of supply, who had been quietly let go as a means of deflecting criticism of the failure to implement a national rationing scheme. In the strictest sense, both Nansen and Ihlen were probably correct. As Haugen has shown, Nansen had urged the Kristiania government to introduce large scale rationing in Norway, as well as put an end to all exports from Norway to Germany, in accordance with the wishes of the Exports Council. Ihlen's reluctance to contemplate export restrictions is

⁴²³ Berg, 1995: 234-235

Haugen, 1978: 103, 109

Riste, 1965: 170

Sandvik, 2018: 173

⁴²⁴ Haugen, 1978: 101-103, 106-107

largely explained by his desire to avoid a complete rupture in Norwegian-German relations. Whether having the Hoover memorandum at hand would have effected a greater appreciation of the strength of American economic warfare officials' commitment to blockading Norway, and whether such an appreciation would have altered the foreign minister's view of the Washington negotiations in August or September, must remain an open question.⁴²⁵

Haugen's argument that the memorandum crisis, which consumed Norwegian politics in October and November, had little to no practical impact on the course of the Norwegian-American negotiations is therefore a compelling one. By the beginning of autumn 1917 both Ihlen himself and US blockade officials had decided to adopt a waiting game for reasons which had little to do with each other's policy stances. Even if Knudsen and Ihlen had adopted a more flexible approach regarding Norwegian export restrictions, it is far from obvious that this would have led to the early signing of a Norwegian-American trade accord. As mentioned above, all through the summer and autumn of 1917 the American blockade administration, such as it was, remained largely incapable of formulating and pursuing comprehensive economic warfare policies. The Exports Council and the Exports Administrative Board, which in turn would be replaced by the new War Trade Board on 12th October, were working to establish a functioning American economic warfare administration while at the same time struggling to coordinate policy with their British counterparts. Ihlen remained worried about Norwegian-German relations, just as he had been back in the spring and early summer of 1917, and was hopeful of preserving the status quo for as long as possible. As things stood, the only person who was seriously unhappy with the lack of progress in Washington was therefore Nansen himself.⁴²⁶

Over the course of September and October 1917 Nansen had grown increasingly frustrated with Ihlen's refusal to provide specific instructions on export restrictions. On 18th October, the day after Lansing made the contents of the Hoover memorandum public, Nansen telegraphed the Foreign Ministry in Kristiania to let Ihlen know that unless instructions were forthcoming the Norwegian delegation "would be forced to negotiate further without knowing the respective importance of the various articles involved".⁴²⁷ Later that same day, having decided not to wait for a reply from Kristiania, Nansen for the first time forwarded a tentative proposal to his American counterparts in the new War Trade Board. Against guaranteed access to quotas of American supplies Nansen offered to restrict Norwegian fish exports to Germany to a total of 40 000 tons per annum.⁴²⁸

⁴²⁵ Berg, 1995: 234-235

Haugen, 1978: 108-110, 114-117

⁴²⁶ Bailey, 1942: 88-93, 114-115

Berg, 1995: 234

Haugen, 1978: 116-117, 130

⁴²⁷ Nansen to Ihlen, 18th October, 1917; quoted in Haugen, 1978: 100

⁴²⁸ Haugen, 1978: 100-101

Ihlen learnt of Nansen's offer to the War Trade Board through a telegram from Minister Bryn a few days later, and immediately wrote to Nansen that any consideration of further restrictions on Norwegian-German trade must wait until the government had had time to properly study the Hoover memorandum. The Norwegian foreign minister was also growing more and more annoyed with Nansen's tendency to act independently. On 3rd November, as Ihlen was being assailed in the press and the Storting on the Hoover memorandum issue, he drafted a letter recalling Nansen from Washington. The missive was never sent, but that it should have been written in the first place clearly reveals the serious level of mistrust and frustration which had developed between Ihlen and his leading trade representative in Washington.⁴²⁹

All the while Ihlen was weathering the political storm over the Hoover memorandum and attempting to handle Nansen in Washington, he was also seeking to put Norwegian-German relations on a more stable footing. In this Ihlen, like Scavenius in Copenhagen, found an ally in the *Auswärtiges Amt*. Having discussed Norwegian-German trade with Ihlen on numerous occasions through September and October 1917, the newly appointed head of the German legation in Kristiania, Paul von Hintze, consistently argued in favour of granting special concessions to the Norwegian government in his communications with his superiors in Berlin, lest Germany be cut off from access to the Norwegian domestic market entirely. In return the German minister also continued to pressure Ihlen for a firm commitment to continue exports southwards. Over the course of the first half of November both Knudsen and Ihlen met repeatedly with von Hintze and other representatives of the Central Powers in Kristiania, eventually settling on a guaranteed minimum export quota of Norwegian fish to Germany of 48 000 tons per annum.⁴³⁰

By this stage the combined Anglo-American embargo was leading to growing supply shortages in Norway. Although outright hunger was still some ways off, the fallout from the Hoover memorandum scandal and growing public dissatisfaction with price rises was piling pressure on the Knudsen government to find a more permanent solution to the nation's economic problems. Against the backdrop of the ongoing domestic political crisis and the Norwegian-German talks Ihlen therefore in the middle of November 1917 finally gave Nansen the go ahead to provide the American War Trade Board with a concrete set of proposals. The Norwegian trade delegation in Washington was authorised to ask the US government to renew the issuing of export licenses for Norway, against which the Knudsen government would ban all exports to Germany with the exception of 48 000 tons of fish per annum along with significant

⁴²⁹ Haugen, 1978: 101, 107-108

⁴³⁰ Haug, 1994: 141-145

Haugen, 1978: 130

Riste, 1965: 206

quantities of minerals, including the renewal of copper and pyrite exports which had originally been banned under the Anglo-Norwegian copper agreement. On 16th November 1917, close on four months after his arrival in the United States, Nansen was therefore at long last able to hand Ihlen's first set of trade proposals to the vice chairman of the WTB, Thomas Jones.⁴³¹

Copenhagen tightrope the blockade

Already before the initial US embargo was declared, the prospect of reduced access to American goods caused a great deal of anxiety within the Danish Foreign Ministry. On 26th June Constantin Brun, the Danish Minister in Washington, handed the State Department a lengthy memorandum, setting out Scavenius' official position. The overture made it clear that in the view of the Danish government, Denmark's dependence on German imports and exports, as well as vulnerability to German economic and political pressure in both the present and the future, precluded any unilateral stoppage of trade with Germany. Brun also let the State Department know that continued Danish exports to the Central Powers was the only reason why the German navy had allowed Danish ships to continue trading with Britain, thus allowing the Western Allies continued access to important Danish commodities. Finally he argued that Danish exports to Germany only made up an insignificant part of total German consumption, and that any move by the Wilson administration towards restricting Danish trade would go against the policies on neutral rights espoused by the United States' government while itself neutral.⁴³²

Brun's memorandum relied on somewhat creative presentation of facts, something that the State Department quickly became aware of. Scavenius had indeed negotiated with the German authorities for the safe passage of a limited number of Danish merchant ships trading on Britain, but these negotiations had not been particularly fruitful. By late spring 1917 it was obvious to most observers that even neutral ships that were not covered by German guarantees had not been deterred from sailing to British ports. Nor were US restrictions on exports of American produce strictly at odds with its earlier defence of neutral rights, most of which had centred on British attempts at interfering with intra-neutral trade. The neutral American government had not at any point argued that belligerent nations lacked the right to regulate their own exports.⁴³³

On 9th July, and again on the 16th, Brun and his commercial attaché, Johannes Bøggild, responded to the US embargo declaration with a series of protests against the refusal by

⁴³¹ Bailey, 1942: 119

Berg, 1995: 234-235, 243

Haugen, 1978: 131-132

RG 182-11-38; ANAI: Nansen to Jones; 16th November, 1917

⁴³² RG 182-11-16, Denmark: *Memorandum from Danish Minister*; 26th June, 1917

⁴³³ Bailey, 1942: 74-77

Salmon, 2004: 142

American authorities to grant export licenses for fodder shipments to Denmark. This refusal, Bøggild told his American counterparts, had induced nothing short of panic among Danish farmers, who were now slaughtering their herds to cope with the expected reduction in supplies. In response, Hoover requested that Bøggild provide Danish government data on imports, exports and consumption, so that the Exports Council could itself determine the fair import requirements of Denmark. A week later Bøggild provided Hoover with some of the requested data on Danish fodder imports, while renewing his complaints that the embargo was having dire consequences in Denmark, stating that Danish fodder stocks would be exhausted by 1st September.⁴³⁴

The Danish claims provoked scorn among senior American negotiators. Alonzo Taylor, the Department of Agriculture representative on the War Trade Board, noted that Danish imports of fodder from the United States for 1914-16 stood at more than 200% of the pre-war average. This was patently unfair. As traditional import markets had become cut off due to the war Danish imports, like those of her Scandinavian neighbours, had to be sourced from new markets. Among these the United States was the most important by far. Although Danish imports of American fodder had therefore increased spectacularly between 1913 and 1916, as shown in Figure 5.5, overall fodder imports had declined by almost 25%. Taylor's response, based as it was upon a lack of understanding of the domestic Danish fodder situation, was nevertheless typical of the problems plaguing the fledgling American blockade administration in the summer of 1917. Just as the British had found earlier in the war, it would take time to collect and collate the information necessary to tailor economic warfare policy to each of the neutrals. Nor did the efforts of Scavenius and the Danish representatives in Washington help matters. The tendency of Danish diplomatic memoranda and notes to exaggerate economic problems in Denmark while at the same time failing to provide the American authorities with the trade data requested by Washington frustrated officials at the Exports Administrative Board. In this regard Hoover's Export Council memorandum of 24th July served as a rebuttal to many of Bryn and Bøggild's complaints. The Wilson administration would not allow US feedstuffs or other produce to be used, directly or indirectly, to alleviate German supply shortages. On the same day Hoover officially refused Bøggild's requests for fodder licenses, telling the Danish commercial attaché that US shortages did not allow the release of such cargoes at the present time.⁴³⁵

⁴³⁴ RG 182-11-16, Denmark: Bøggild to Pratt; 9th July, 1917

RG 182-11-16, Denmark: Bøggild to Hoover; 16th July, 1917

RG 182-11-16, Denmark: Notes on meeting between Hoover and Bøggild; 16th July, 1917

RG 182-11-16, Denmark: Bøggild to Hoover; 23rd July, 1917

⁴³⁵ RG 182-11-17, DNI: Memorandum on US blockade policy; 24th July, 1917

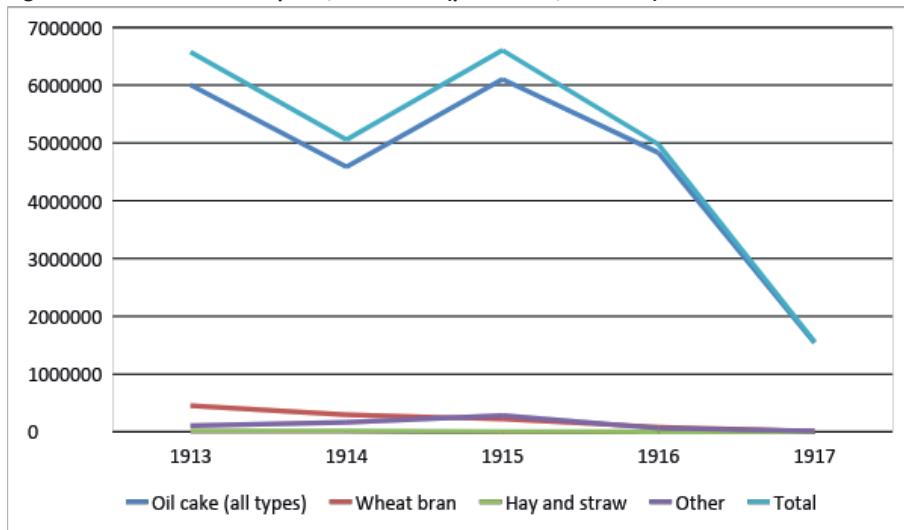
(also in FRUS: 1917, Supp. 2, Part II; *The Exports Council to the Danish legation: Memorandum* ; 24th July, 1917)

RG 182-11-16, Denmark: Hoover to Bøggild; 24th July, 1917

RG 182-11-16, Denmark: Taylor report on Danish fodder imports; 24th July, 1917

RG 182-11-16, Denmark: Hoover to Bøggild; 25th July, 1917

Figure 5.5: Danish fodder imports, 1913-1917 (per annum, 100 kilos)



Sources: DSD; DS: Statistisk Aarbog 1917: Tabel 64; Statistisk Aarbog 1918: Tabel 66; Statistisk Aarbog 1920: Tabel 64

Over the course of the week following reception of the Hoover memorandum, Bøggild continued to protest the US embargo on fodder exports, complaining that the data requested by the Exports Council would take months to compile, while fodder stocks in Denmark remained critically low. At the urging of Hoover, the Danish legation eventually provided data on current Danish purchases in the Americas, but not the consumption data requested by the Americans. By the end of July Bøggild changed tack, explaining to Taylor that fodder exports were not a matter of nutritional need for Denmark, but rather a matter of commerce and free enterprise. On 9th August, Minister Brun flat out refused to provide the Exports Council with any further statistics or data beyond what had already been furnished, arguing that these were Danish commercial secrets, and that the US government had no right to demand such information. On 4th August, the British government added to the US pressure on Denmark, by refusing a Danish request to import fodder, oils and fatty foodstuffs, pointing out that Denmark was already exporting such commodities or the products thereof to Germany in significant quantities.⁴³⁶

As discussed above, by the late summer 1917 American efforts at setting up an effective blockade administration were also gradually beginning to take effect. On 23rd August Vance

⁴³⁶ RG 182-11-16, Denmark: Hoover to Bøggild; 24th July, 1917

RG 182-11-16, Denmark: Taylor report on Danish fodder imports; 24th July, 1917

RG 182-11-16, Denmark: Hoover to Bøggild; 25th July, 1917

RG 182-11-16, Denmark: Bøggild to Hoover; 26th July, 1917

RG 182-11-16, Denmark: Memorandum of conversation between Bøggild, Boeg, Taylor and White; 27th July, 1917

RG 182-11-16, Denmark: Bøggild to Hoover; 27th July, 1917

RG 182-11-16, Denmark: *Interview with C. Brun, Danish Minister*; 9th August, 1917

RG 182-11-17, Negotiations...: MoB to Danish Trade Office; 4th August, 1917

McCormick, the head of the new Exports Administrative Board, warned Minister Brun of what was to come, telling the Danish representative that the Exports Council's intention was to withhold all further export licenses for goods destined for Denmark, including bunker coal for ships trading on Danish ports. McCormick emphasised once again that the American embargo would remain in place until such a time as Denmark would enter into a general trade agreement with the United States, and that negotiating such an agreement would only be possible after Denmark had provided the American economic warfare authorities with the requested commercial data. Four days later, on the 27th, the second US embargo proclamation came into effect, expanding the embargo to cover all transshipments to Denmark, including those that were not mentioned in the July embargo declaration. On 30th August, the day the new embargo rules came into effect, the McCormick and the EAB took the formal decision to withhold all export licences from Scandinavia and the Netherlands until further notice.⁴³⁷

The initial Danish reply to the intensified embargo came in the form of a memorandum, delivered by to the State Department on 5th September. In it the Danish government argued that the United States was applying a double standard in its demands, seeing how the US had championed neutral rights before it joined the conflict, and how Denmark had undertaken no commercial action or attachment incompatible with either international law or neutrality. Danish merchant tonnage was already sailing in both US and British trade, aiding the Entente cause. Furthermore, an embargo on fodder would not only unfairly hurt Danish agriculture, but also have a negative impact on Danish agricultural exports to the Entente. Yet the Danish memorandum ended on an upbeat note, pointing out that the Danish government was keen on reaching a quick trade agreement with the Western Allies. As the Export Council memorandum of 24th July had only contained general American demands, rather than concrete proposals, the Danish government would eagerly await such proposals as a basis from which to negotiate a fair agreement.⁴³⁸

The US request for Danish commercial data, and the Danish request for US trade proposals, left the blockade situation at an impasse. In early August the Ministry of Blockade had provided the State Department with copies of all British agreements with Denmark, but the Exports Council still felt itself severely hamstrung by its lack of accurate commercial data on the neutrals. Requests for more information on Danish consumption and production to the US legation in Copenhagen yielded some results, but the picture was still patchy. The Exports Council and the recently established Exports Administrative Board were also still finding their way as organisations, as well as buckling under the weight of having to handle all applications for export licenses from non-European neutrals.

⁴³⁷ Bailey, 1942: 88-90

FRUS: 1917, Supp. 2, Part II; *The Secretary of State to the Diplomatic Representatives in Certain Countries*; 27th August, 1917

⁴³⁸ RG 182-11-17, DNI: Danish memorandum requesting trade proposals; 5th September, 1917

As part of its efforts to bolster the US resolve to maintain or increase the pressure on Denmark yet further, the Ministry of Blockade towards the end of September offered its views on the forthcoming US-Danish negotiations in the form of a memorandum produced by Allan Graham, commercial adviser at the British Legation in Copenhagen. In Graham and the MoB's view, the goal of Entente policy should be to reduce the total level of Danish exports to Germany as far as possible. To this end, it would not be enough to secure a reduction in direct exports to Germany. The MoB also feared that increased exports to other neutrals, such as Norway and Sweden, might lead to increased exports from these to the Central Powers. Danish export control would thus have to apply equally to both neutrals and Germany. Only Danish exports to the Entente should be accepted without restrictions.⁴³⁹

Graham noted that effecting these export restrictions would be easier said than done. Denmark had historically produced significant agricultural surpluses, which made up over 80% of Danish pre-war exports. These surpluses and their export had continued through the first war years. By 1917, a small amount went to other neutrals, chiefly Norway, while the remainder was shared between the Entente and the Central Powers. The Central Powers were also paying prices with which the Western Allies, especially the British, by 1917 were unwilling to or could not afford to compete. It therefore appeared impracticable to attempt to buy out the Germans, and in light of Scavenius' reluctance to reduce exports to Germany it was questionable whether such an approach was even feasible.⁴⁴⁰ Due to the submarine campaign, and the increasing need to ship American men and materiel to Europe, the Entente was also short of merchant tonnage, a shortage which was predicted to worsen over the course of 1917 and into 1918. The Western Allies could therefore ill afford to take on more commitments in shipping.⁴⁴¹

Altogether, Graham did not believe it in any way likely that the Danish government would voluntarily allow exports to Germany to end. Denmark was reliant on Germany for imports of various mineral oils, fuel and machinery which could not be easily replaced by Entente goods. More importantly, the Ministry of Blockade also believed Scavenius to be sincere in his professed fear of German retaliation in the event of a complete cessation of trade. In the view of the British Admiralty, German naval and air forces might be able to put an end both Danish overseas exports and imports by force. This would cut the Danish domestic market off from all transatlantic trade, inevitably making Denmark even more economically dependent upon Germany. There was also the possibility, although this was believed to be remote, that Germany might invade and occupy all or a part of Denmark. The British cabinet had no confidence whatsoever in the ability of the Danish armed forces to resist such an invasion. Nor were British

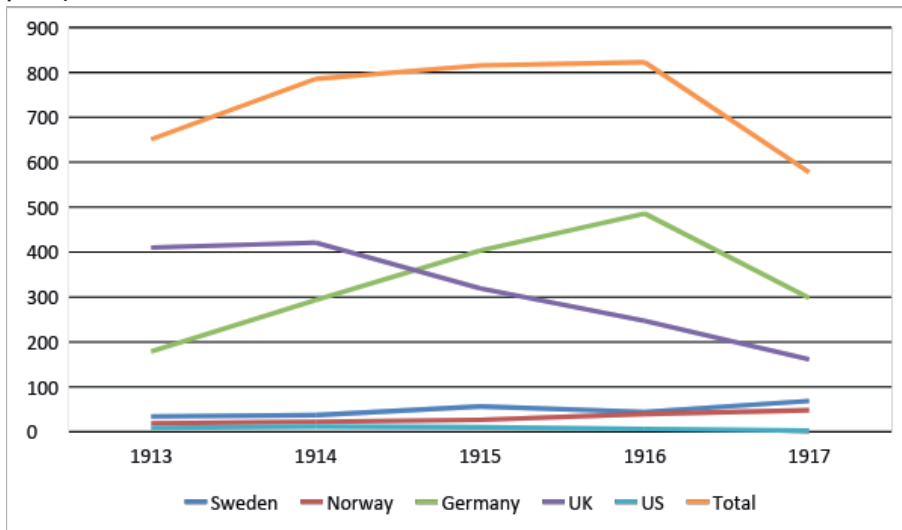
⁴³⁹ RG 182-11-17, DNI: Graham memorandum; September, 1917

⁴⁴⁰ RG 182-11-17, DNI: Graham memorandum; September, 1917
Salmon: 6, 9

⁴⁴¹ RG 182-11-17, DNI: Graham memorandum; September, 1917
Salmon: 6, 9

naval and army authorities prepared to risk men and materiel to support Denmark against direct German aggression, even if the necessary forces and supplies for such a venture could be found. German occupation of Denmark, the practical burden of which on German forces was believed would be light, was also likely to place all Danish domestic resources at the immediate mercy of the German authorities. The Western Allies should therefore avoid placing Denmark in a position which would provoke a German attack. To Graham and the MoB, there thus appeared to be limits to how far Entente thumbscrews could be applied to Denmark. Attempting to force the Danish government to cut off all trade with Germany in favour of the Western Allies might well be counterproductive. The Entente goal should instead be to reduce the size of the Danish exportable agricultural surplus. If this could be achieved, then the scale of Danish exports to Germany would decline, and ideally be brought to a complete halt, while at the same time reducing the risk of provoking German aggression.⁴⁴²

Figure 5.6: Danish exports to main trading partners, 1913-1917 (per annum, million DKK, 1913 prices)



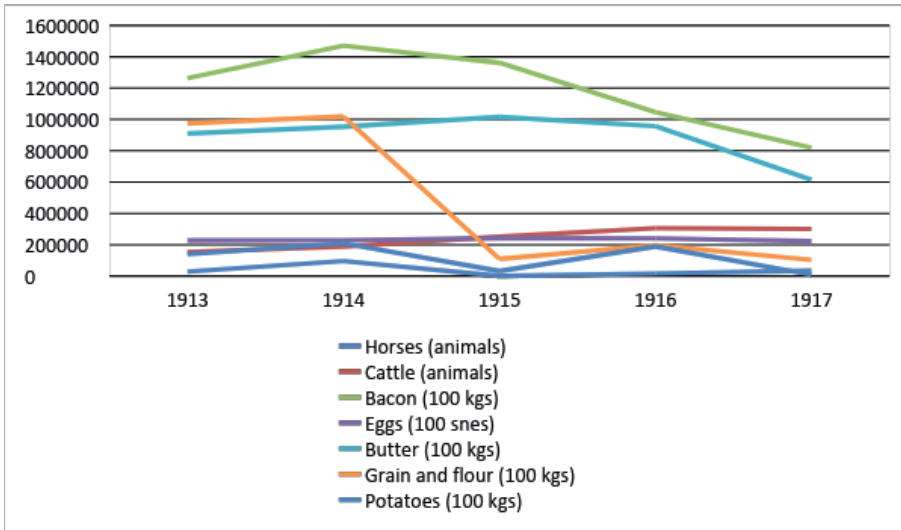
Source: Mitchell, 2003: Table E2

Note: CPI deflator; Statistics Denmark; *CPI: Pris8*

⁴⁴² RG 182-11-17, DNI: Graham memorandum; September, 1917

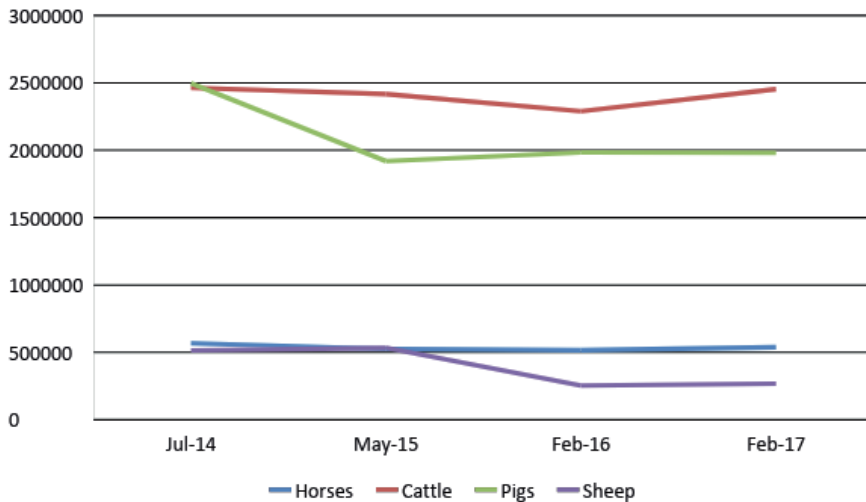
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Figure 5.7: Danish goods exports, 1913-1917 (key commodities, total quantities, per annum)



Sources: DSD; DS: Statistisk Aarbog 1913: Tabel 59; Statistisk Aarbog 1916: Tabel 65; Statistisk Aarbog 1917: Tabel 64; Statistisk Aarbog 1918: Tabel 66; Statistisk Aarbog 1919: Tabel 63

Figure 5.8: Animal husbandry in Denmark, Jul 1914 – Feb 1917 (by species, total number of animals)



Source: DSD; DS: Statistisk Aarbog 1920: Tabel 49

Figures 5.6, 5.7 and 5.8 illustrate why Graham and his superiors at the Foreign Office and the Ministry of Blockade thought that much could be accomplished by way of putting pressure on the Danish agricultural sector. Germany took close to 60% of all Danish exports by value in 1916, up

from just short of 25% before the war. Almost all of this was agricultural produce, the most important of which was cattle exported “on the hoof”⁴⁴³ across the southern border. Over the same period Danish grain exports had fallen by almost 80% in absolute terms. This husbanding of domestic cereals, combined with continued (although declining) fodder and fertiliser imports, had enabled Danish farmers to maintain cattle and swine herds at fairly stable levels through to 1917 despite persistent large scale exports of animals. If the Western Allies could reduce the amount of feedstuffs available to the Danish agricultural sector, both by preventing further grain and fodder imports from the west and by reducing the sector’s ability to produce domestic fodder by way of restricting access to imported fertilisers, the possible consequences from an economic warfare point of view were enticing. Such a policy should hopefully necessitate a redirection of some, or all, of the remaining Danish grain surplus towards home consumption. More importantly, it would force a reduction of Danish livestock herds.⁴⁴⁴

The Ministry of Blockade was aware that the imposition of an embargo on fodder and fertiliser would run the risk of causing a temporary increase in Danish agricultural exports to Germany, as farmers would sell off stock for slaughter in order to effect the required herd reduction. The Graham memorandum envisaged little demand for this surplus meat in Denmark, most of which would therefore undoubtedly be exported to the Central Powers. The consequence of attempting to achieve a long term decrease in agricultural exports could thus be a short term increase in the same. In order to counter the worst excesses of such an increase the memorandum recommended that the Entente negotiate with the Danish government for a cap on Danish cattle exports, against allowing limited imports to Denmark of certain overseas goods. Graham was thus suggesting a tightroping act. In order to effect as complete a reduction of Danish exports to the Central Powers as possible, it would be necessary to apply heavy economic pressure on Denmark. At the same time this pressure should not become so heavy as to force the Danish government to increase trade with Germany, nor to invite Germany to unilaterally seize Danish resources.⁴⁴⁵

As seen from Bøggild’s discussions with American officials in July and August 1917, many senior American officials involved in formulating economic warfare policy were already sympathetic to the British desire to restrict Danish access to overseas food and fodder supplies. Based largely on Taylor’s analysis of the Danish agricultural situation, the Exports Council believed that Danish domestic production was more than sufficient to feed the Danish population. Foodstuffs, fodder and fertilisers were also all already covered by Wilson’s embargo declarations made over the course of the summer. Since Brun and his superiors in Copenhagen remained unwilling or unable to produce data to show that imports of such commodities were

⁴⁴³ Exported as live animals, either by train or by road.

⁴⁴⁴ RG 182-11-17, DNI: Graham memorandum; September, 1917

⁴⁴⁵ RG 182-11-17, DNI: Graham memorandum; September, 1917

actually needed to meet domestic requirements, there appeared no reason not to allow the embargo to remain in force for the foreseeable future. As early as July Hoover had also told Percy, the senior Ministry of Blockade representative in Washington, that he agreed with the British that the Danish should not be allowed to import any commodities from other parts of the Americas which they were not allowed to source from the United States themselves. At least from September 1917 onwards, British and American economic warfare authorities began rejecting applications for bunker and other necessary facilities for any neutral vessels seeking to export embargoed commodities from Latin America. Although there appears to have been no formal American government endorsement of the policy proposed in the Graham memorandum, by the early autumn of 1917 it had nevertheless been implemented in practice.⁴⁴⁶

Disagreements over what concessions the Western Allies should demand from Copenhagen in return for access to quota imports of goods required for domestic consumption nevertheless continued to be a bone of contention between the Ministry of Blockade and the Exports Council over the course of the summer and autumn of 1917. Initially the American officials argued in favour of requiring an even division of Danish agricultural exports between the Entente and the Central Powers. The MoB felt that this proposal did not go far enough, as it would still allow for very substantial Danish exports to Germany. Instead, the Ministry of Blockade eventually brought the Americans round to the British view that as long as the Danes wanted access to Western Allied resources and markets, they ought not to be allowed to sell a greater proportion of their agricultural surplus to Germany than they had before the war. A return to pre-war percentages should therefore be the Allied negotiating position regarding Danish agricultural exports.⁴⁴⁷

As shown in figure 5.6, the German share of total Danish exports had risen markedly between the outbreak of conflict in 1914 and the end of 1916, while the British share had decreased over the same period. A return to pre-war percentages would therefore entail a significant reduction in Danish exports to the Central Powers. Scavenius, who was already struggling to appease the German government and the OHL, was not willing to contemplate such a reduction. As a consequence, the negotiations in Washington made very little headway over the late summer and early autumn. In order to increase the pressure on Denmark, as well as allow the American government a freer hand in the negotiations, the British in October 1917 cancelled most of the existing association agreements. Most of these agreements had been in hiatus ever since the imposition of the American embargo in July 1917, since the goods they covered could no longer be shipped across the Atlantic. The British move therefore had only

⁴⁴⁶ RG 182-11-176, Denmark: Percy to Hoover; 23rd August, 1917

RG 182-11-176, Denmark: Percy to McCormick; 23rd August, 1917

⁴⁴⁷ RG 182-11-17, DNI: Brun to US Govt; 27th September, 1917

RG 182-11-17, DNI: Percy to Jones; 19th November, 1917

RG 182-11-17, DNI: British Embassy memorandum for Polk; 19th November, 1917

negligible effect on the overall Danish supply situation. With the Danish government unwilling to grant unilateral concessions and the British and American authorities still unable to decide on a firm set of proposals, negotiations between the Western Allies and Denmark remained at something of an impasse. Further progress would have to wait until the Ministry of Blockade and its US counterparts could settle more of their outstanding disagreements over economic warfare strategy. This would only happen towards the very end of 1917.⁴⁴⁸

Scandinavia embargoed

By late 1916 increasingly effective Allied trade control measures, as well as growing willingness on part of the British cabinet to tighten the blockade in spite of neutral protests, meant that German transshipment trade through Scandinavia had been reduced to negligible levels. Having achieved this objective, Lord Robert Cecil and the Ministry of Blockade's goal for 1917 would therefore be to erode German access to Scandinavian domestic produce. In this the British were less than entirely successful. The governments of all the neutral Scandinavian states remained wary of further entangling themselves in western economic warfare efforts.

The evolution of Norwegian external trade patterns through the war years illustrates the chief challenge facing Western Allied economic warfare authorities in 1917. Norwegian exports represented the only significant success story for the Ministry of Blockade's efforts at negotiating restrictions on Scandinavian trade with Germany in late 1916 and early 1917. With the benefit of hindsight this should come as no surprise. The Norwegian government had, voluntarily or otherwise, gone much further than either of her Scandinavian neighbours in accommodating British blockade efforts between 1915 and the summer of 1917. It had nevertheless taken a two-month long coal embargo to secure Norwegian compliance with the British interpretation of blockade agreements. Cecil had been forced to use one of the most powerful weapons in the MoB's arsenal to make even Norway – the Scandinavian country most dependent on western supplies, and thus most exposed to western pressure – accede to British demands. The Allied negotiating position might well be growing stronger, but by the summer of 1917 it was still far from strong enough to force full neutral compliance with Allied blockade efforts.

Although serious, domestic Norwegian supply shortages on the eve of the introduction of the American embargo were far from critical. Through the various blockade and sectoral agreements negotiated over the course of 1915 and 1916, a number of Norwegian industries retained access to significant quantities of raw materials required for domestic consumption.

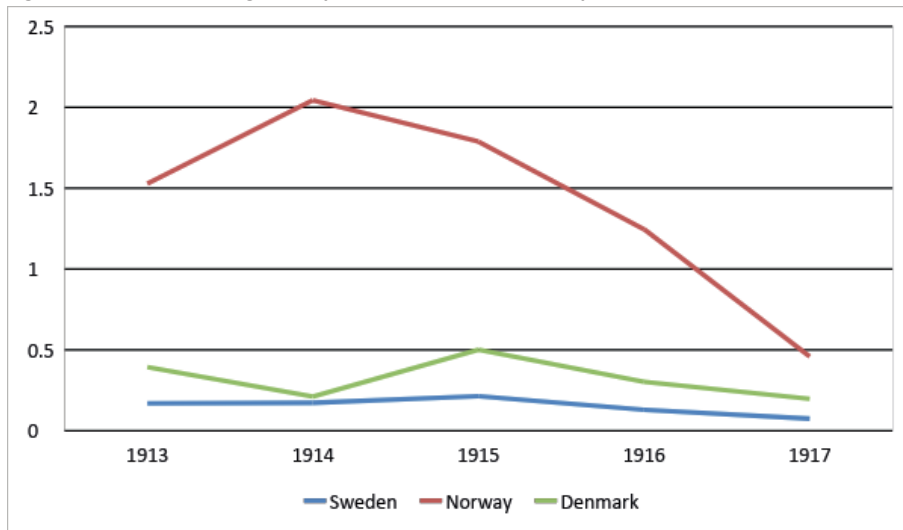
⁴⁴⁸ RG 182-11-17, DNI: Brun to US Govt; 27th September, 1917

RG 182-11-17, DNI: Percy to Jones; 19th November, 1917

RG 182-11-17, DNI: British Embassy memorandum for Polk; 19th November, 1917

Severe domestic price rises notwithstanding, dire shortfalls were limited to such industrial raw materials as were required by industries which had not signed blockade agreements with the British. Under the terms of the Anglo-Norwegian tonnage agreement, which was implemented over the course of late spring and early summer 1917, the British government also undertook to guarantee continued Norwegian imports of limited quantities of British coal.

Figure 5.9: Scandinavian grain imports as share of domestic production, 1913-1917⁴⁴⁹



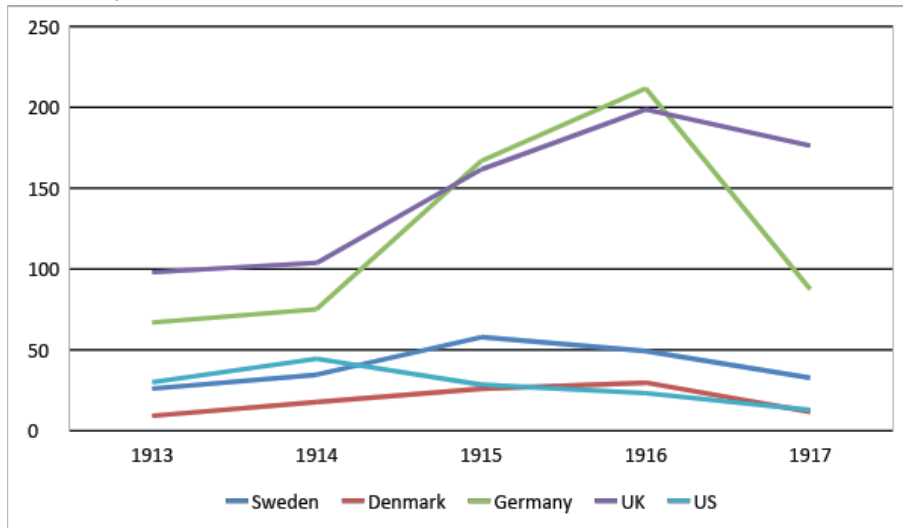
Sources: DSD; DS: Statistisk Aarbog 1913: Tabel 59; Statistisk Aarbog 1916: Tabel 46, 65; Statistisk Aarbog 1917: Tabel 47, 64; Statistisk Aarbog 1918: Tabel 66; Statistisk Aarbog 1919: Tabel 63; Statistisk Aarbog 1920: Tabel 47
 SSB; NOS VI 018: Norges handel 1913: Tabel 2; NOS: Statistisk Aarbok 1914: Tabel 26; Statistisk Aarbok 1917: Tabel 28; Statistisk Aarbok 1920: Tabel 30
 SCB; SOS: *Statistisk årsbok 1920*: Tabell 78, 112; *Statistisk årsbok 1922*: Tabell 77, 113

The combined effect of British trade control measures and the imposition of an American blockade nevertheless hit the Norwegian economy hard. Although the downturn in imports, as

⁴⁴⁹ The graph shows imports in absolute quantities as a share of domestic production. A value above 1 indicates that a country is importing more than it is producing. Swedish production includes grain, seeds, peas & beans, while imports cover all types of grain and bran, including rice. Danish production includes grain, seeds, peas & pulse, while imports includes flour of the same. Norwegian production includes grain, seeds, peas & beans, while imports cover all grains and legumes. Data used in the chart for all three countries does not include potatoes or root vegetables. These were important domestic food crops, but were not imported or exported to any large degree. All production figures are for gross production, and does not account for exports. As Denmark was the only significant Scandinavian exporter of grain during these years, exporting 95 000 tons of grain (or just in excess of 10% of imports of the same) in 1913, this should not skew the overall picture significantly. Note also that import figures do not cover oil cake or other common non-grain forms of animal fodder. The inclusion of oil cake in the 1913 figures would raise Swedish import values by almost 31%, the Danish values by almost 69% and the Norwegian values by just over 6%. This would result in import-to-production ratios for 1913 of 0,22 for Sweden, 0,66 for Denmark and 1,62 for Norway. Including all forms of animal fodder in the calculations would thus increase the estimated dependency of all three countries on crop imports, but not change their relative position to each other, nor Norway's status as the only net importer of grain and legume crops.

shown in Figure 5.9, appears relatively less pronounced for Norway than for Sweden and Denmark, significant price hikes in excess of overall inflation on a number of key imported goods obscures the real effect on external trade. The value of Norwegian imports from the United States and Britain fell by only 7% between 1916 and 1917. In purely quantitative terms however, the total amount of goods imported to Norway from all sources fell from an all-time high of 5 754 274 tons in 1916 to 3 309 417 tons in 1917, a drop of over 40%.⁴⁵⁰ Grain supplies, one of the most important imports sourced from the United States, illustrates the situation clearly. In 1917 total Norwegian imports of grain dipped below total domestic production for the first time since the 19th century.⁴⁵¹ In other words, the majority of grain consumed in Norway in 1917 was grown inside the country. This was in part due to efforts at increasing domestic production, which grew by almost 70% between 1914 and 1917, but also because of the collapse in imports, which in 1917 totalled only 37% of 1914 levels.⁴⁵² The food shortages which had so plagued the Swedish economy since late 1916 were thus threatening to become a Norwegian phenomenon too.

Figure 5.10: Norwegian goods exports to main trading partners, 1913-1917 (per annum, million NOK, 1913 prices)



Source: Mitchell, 2003: Table E2

Note: CPI deflator; Bank of Norway; *Consumer Price Indices 1516-2015*

⁴⁵⁰ NOS VI 176: *Norges Handel 1918*: Anhang A

⁴⁵¹ See Figures 5.2 and 5.9

⁴⁵² NOS: *Statistisk Aarbok 1915*: Tabel 26

NOS: *Statistisk Aarbok 1917*: Tabel 27

By late 1917 domestic shortages and British government control over Norwegian external trade were also such that Norwegian exports, not only to Germany, but also to the rest of Scandinavia, were significantly reduced. Restrictions on foreign importers' access to the Norwegian domestic market by way of various blockade and sectoral agreements with British blockade authorities meant that German demand, which had been the driving force behind much of the industrial expansion which had characterised the Norwegian domestic economy between 1914 and 1916, was collapsing. Having peaked at 1.4 million tons in 1915, total Norwegian metal and mineral production of all types, the majority of which was exported to Germany, fell to 765 000 tons in 1917.⁴⁵³ Fish exports were likewise heavily restricted by way of the Anglo-Norwegian fisheries agreement, in place since the summer of 1916.⁴⁵⁴ As seen in Figure 5.10, between 1916 and 1917 the value of Norwegian exports to Germany, having grown year on end between 1913 and 1916, fell by almost 60%. The value of goods flows to Sweden and Denmark decreased by 34% and 57% respectively. Such export-oriented industries as were not subject to blockade agreements or were not producing commodities of strategic importance to the war effort also suffered by way of high freight rates, expensive inputs and falling demand. Sales of cellulose and wood pulp, a key Norwegian export before the war, fell from 733 000 tons in 1915 to 403 000 tons in 1917. In return such industries as were producing war related commodities for the Western Allies continued to experience boom conditions. Nitrate exports, much of which went to French explosives manufacturers, grew by 250% over the same period.⁴⁵⁵

Where the Norwegian government of the day sought a degree of accommodation with their British counterparts, authorities in Stockholm continued to pursue a very different strategy through late 1916 and early 1917. Despite presiding over a burgeoning supply shortage and a rapidly escalating domestic political crisis, Hjalmar Hammarskjöld steadfastly refused to accede to British demands for greater control over Swedish external trade. The Swedish prime minister persisted in his belief that Asquith's replacement by Lloyd George as head of government in London showed that the British resolve was wavering and that the Ministry of Blockade would eventually be forced to reach an arrangement more in line with Swedish priorities. Following Hammarskjöld's fall from power in late March 1917, the incoming Swartz government at first continued to pursue a "Hammarskjöldian" strategy, refusing to accept British demands for significant restrictions on Swedish exports to the Central Powers. The Kogrund exchange arrangement of early May represented the only notable achievement of Anglo-Swedish diplomacy over the spring of 1917, and even that was of limited practical value to either side.

⁴⁵³ See Figure 2.1

⁴⁵⁴ Sandvik, 2018: 134-139

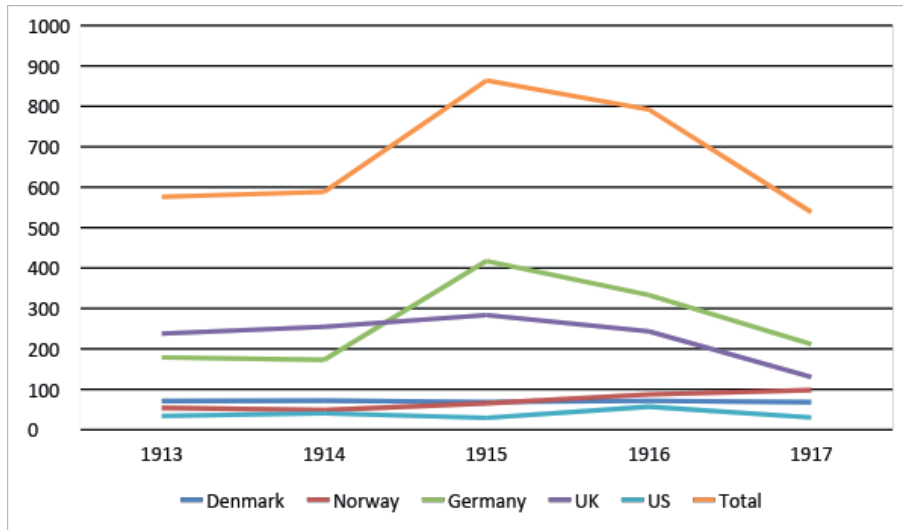
⁴⁵⁵ NOS VI 097: *Norges Handel 1915*: Tabel 11

NOS VI 154: *Norges handel 1917*: Tabel 11

Through the winter and spring of 1917 both the Swedish government and the British economic warfare authorities perceived themselves to be able to negotiate from a position of power. From early summer it was becoming increasingly apparent to Swartz and Lindman that their earlier assessment had been wrong. Instead of growing stronger, the Swedish negotiating position was deteriorating. By the time the increasingly severe domestic economic-political crisis had forced Swartz and Lindman to reconsider their initial refusal to contemplate accepting the British demands, the prospect of American assistance in prosecuting economic warfare had nevertheless led Cecil to conclude that the conditions stipulated at the beginning of 1917 were now too lenient to serve as basis for a general Anglo-Swedish agreement. Swartz and Lindman would therefore be left out to dry until such time effective US pressure could be brought to bear. The British blockade authorities were thus moving the goalposts, just as the Swedish government was beginning to recognise the necessity of making significant concessions.

Recognising that prospects of negotiating a favourable trade agreement with the Western Allies were growing worse day on end, Lindman dispatched a Swedish delegation to Washington in mid-May in order to sound out the US government as to the conditions under which American supplies could still be secured. As it turned out, a general lack of preparation for joining the conflict meant that the Wilson administration was in no position to respond to these initial overtures. It would take until the late summer for serious discussions between the Swedish representatives and the American economic warfare authorities to begin. From the Swedish point of view, the outcome of even these late talks was disappointing. The Swartz-Lindman government had staked much of its claim to political legitimacy on the maintenance of strict neutrality and the successful pursuit of foreign policy objectives. The deteriorating supply situation, a failure to convince the electorate that the government would be in a position to successfully alleviate domestic shortages within the foreseeable future, and the political fallout from the Luxburg affair all combined to ensure that the Swartz-Lindman government lost the September elections, eventually being forced to leave office the following month.

Figure 5.11: Swedish goods exports to main trading partners, 1913-1917 (per annum, million SEK, 1913 prices)



Source: Mitchell, 2003: Table E2

Note: CPI deflator; Edvinsson et al., 2010: Volume I, Chapter 8

As a consequence of having no sectoral or overall supply agreements with the Western Allies beyond such one-off exchanges as could be negotiated with the Ministry of Blockade on an irregular basis, Swedish export trade continued the decline which had begun in 1915/16. As shown in Figure 5.11, the total value of Swedish exports to Britain, US, Germany and Scandinavia fell by 32% between 1916 and 1917. By the end of 1917 this collapse in exports had erased the large gains of 1914/15, so that for the first time since the conflict had broken out total annual exports by value stood below peace time levels. The overall Swedish situation was nevertheless not that much different from the Norwegian one, with industries producing mainly for the civilian export market taking a much greater hit than those many producing war-related or otherwise strategic commodities. The domestic iron industry remained relatively buoyant, with the quantity of iron ore exported actually growing by about 5% between 1916 and 1917. Meanwhile traditionally important sales of lumber, wood pulp and paper declined by 45%, 29% and 32% respectively over the same period. Domestic food shortages also meant that agricultural exports, never very large, dwindled away almost completely. Butter exports, although never very large, fell from 13 000 tons in 1916 to only 1.4 tons in 1917. Fish exports were similarly reduced, falling by almost 70% over the same period.⁴⁵⁶

If Swedish attempts in the summer and early autumn of 1917 at securing a supply agreement with the Ministry of Blockade were miserable failures, British efforts to reduce Danish exports to Germany by way of blockade agreements with the Zahle government in

⁴⁵⁶ Note that all figures in this paragraph denote absolute quantities rather than value unless otherwise noted. SOS: *Statistisk årsbok 1920*: Tabell 112

Copenhagen in 1917 were of equally questionable value. The Anglo-Danish tonnage agreement of 20th June secured a significant number of Danish merchant vessels for the Entente, but did nothing to restrict German access to Danish markets. In return for allowing said vessels to sail in Allied service Denmark would be allowed to continue to import coal from the west – a commodity which British officials believed the country could in any case get from Germany. In the view of the agreement’s proponents in London, allowing the Anglo-Danish coal trade to continue would serve to reduce Danish dependency on the German economy, thus weakening Berlin’s ability to put pressure on Copenhagen. Cecil and his subordinates at the Ministry of Blockade recognised that Berlin’s hold on the Danish government remained strong, and that Scavenius’ fear of German aggression was probably well founded. Like in the case of Sweden, the Ministry of Blockade nevertheless saw the tonnage for coal agreement as a temporary arrangement, to be allowed to run until more concerted Allied pressure could secure more favourable conditions.

This approach was far from uncomplicated as it might at first appear. Although the Ministry of Blockade believed that American economic and political pressure on the Scandinavian neutrals ought to be increased as much as possible, it nevertheless remained a distinct possibility that even this would not suffice to secure the kind of concessions on Danish agricultural exports which British blockade authorities were hoping for. From the late summer of 1917 onwards, the MoB therefore sought to convince their American counterparts that the Western Allies should instead seek to reduce Denmark’s exportable agricultural surplus through preventing Danish farmers from sourcing key inputs, chiefly fodder and fertiliser, from the west.

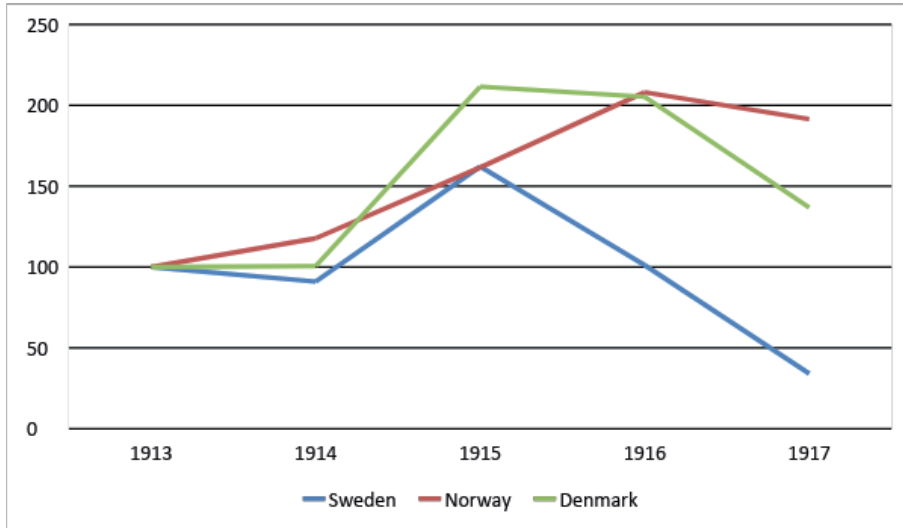
The thinking behind the Graham memorandum, which made this proposed strategy explicit, was not new. Interpreting industrial inputs as German transit trade by proxy had been a key tenet behind British demands for Norwegian concessions on fisheries and Swedish restrictions on meat exports in 1915 and 1916. Although the Exports Council and the Exports Administrative Board had from an early stage bought into the joint principles of neutral rationing and that Scandinavian export industries should not be allowed to use raw materials sourced from the west to produce for the German market, the Wilson administration was not willing to go so far as to stop negotiating in good faith. If the Danish government acceded to “fair” American demands, then it had the right to continue trading with the west. What would constitute such “fair” demands was a more difficult question to settle. The practical consequence of the differences between the Ministry of Blockade and the American authorities on blockade questions nevertheless differed little from the strategy set out in the Graham memorandum. Wrangling over Danish domestic requirements, the division of Denmark’s exportable agricultural surplus, and questions about the employment of the remainder of the Danish merchant fleet, meant that negotiations between Danish and American officials over the course

of summer and autumn 1917 made little headway. As a result, the Danish agricultural sector was increasingly starved of fodder and fertiliser imports from the west. Although it would take some time for the growing fodder shortages to reduce the Danish agricultural output to such levels as Anglo-American blockade authorities were hoping for, the extent to which agriculture dominated Danish exports meant that even a relatively small reduction of the agricultural surplus would make a noticeable dent in external trade statistics. Since most Danish agricultural exports went southwards, trade with the Central Powers also took a larger hit than those with other trading partners. Figure 5.6 shows that while overall exports to Britain, US, Germany and Scandinavia fell by almost 30% between 1916 and 1917, exports to Germany fell by almost 40% over the same period.

A qualified success

With the exception of such industries as were producing for the Western Allies themselves, Scandinavian access to western markets had already become severely restricted by the summer of 1917. The gradual imposition of an American trade embargo from July onwards sealed the net tight. The establishment of this embargo did nevertheless not result in a radical shift in Scandinavian external trade patterns so much as strengthen the tendencies already in place by late 1916. In short order American commodities and, from a Scandinavian standpoint almost worse, access to American bunker, which to some extent had mitigated Scandinavian merchant vessels' reliance on British facilities, became unobtainable. This in turn severely exacerbated the supply shortages already plaguing those countries. The combined effects of excessive dependency on American supplies, built up between 1914 and 1917 as a consequence of access to traditional European markets becoming increasingly difficult, and the indiscriminate nature of US restrictions also meant that for the first time the Norwegian and Danish economies felt the full force of the Allied blockade. Up until then, as a result of Hammar skjöld's policy of non-cooperation, this had been limited to Sweden. The effect of the introduction of more restrictive American trade policies is clearly illustrated by Figure 5.9, showing how Danish and Norwegian import figures turned markedly downwards in 1917, while the already existing Swedish import decline continued unabated.

Figure 5.12: Scandinavian imports from the US and UK, 1913-1917 (by value, per annum, 1913 prices, 1913=100)



Source: Mitchell, 2003: Table E2

Note: CPI deflators; Denmark: Statistics Denmark; *CPI: Pris8*

Norway: Bank of Norway; Consumer Price Indices 1516-2015: WPI

Sweden: Edvinsson et al., 2010: Volume I, Chapter 8

The impact of the introduction of the American trade embargo in the summer of 1917 was thus keenly felt across neutral Scandinavia. The same growth in freight rates which was making shipping such a lucrative business for many neutral ship-owners was also contributing to making even such commodities and products as could still be imported increasingly expensive on the domestic markets. This held true both for consumer goods and industrial raw materials. By way of such price rises and import restrictions, British and American blockade efforts were increasingly able to reduce Scandinavian capacity for export.

For Cecil and his Ministry of Blockade then, 1917 could be seen as a qualified success. Trade control measures implemented over the preceding two years were bearing fruit, not only by restricting German transit trade through neutral territories, but also by reducing Scandinavian capacity to produce goods for export to the Central Powers. The imposition of a near-total American trade embargo on the neutral European countries meant that Scandinavian markets were for the first time feeling the full force of Allied economic warfare. It also served to draw a line under the policies pursued by the respective Scandinavian governments during the preceding years. Norwegian cooperation, Swedish intransigence and Danish balancing

notwithstanding, by the end of 1917 the war was leading to severe shortages and economic downturns in all three countries.

That the Ministry of Blockade and, to a lesser extent, its American counterparts were able to achieve this despite a general lack of cooperation from the respective governments of the three Scandinavian states strongly suggests that the power of these to resist Western Allied pressure, and to protect their own external trade flows, was fast eroding. It's nevertheless important to note this is only part of the picture. The Scandinavian governments may have found it increasingly difficult to influence Allied blockade policy, but powerless they were not. As noted above British economic warfare authorities had been forced to roll out the largest guns at their disposal to get even the government of Norway, the Scandinavian country most exposed to western pressure, to make serious concessions on blockade issues. The Ministry of Blockade had been largely powerless to prevent the continued large scale export of, among other things, Danish cattle and Swedish iron ore to Germany.

This failure was not merely down to Scandinavian refusal to go along with Allied blockade policies. As Lambert has shown was the case in 1914 and 1915, Western Allied authorities in many cases continued to be their own worst enemies. Having struggled through the first year and a half of war before managing to establish a government body with sufficient clout and power to coordinate its blockade efforts, the British government hoped to be able to help the Americans avoid having to go through similar stages of protracted inter-governmental wrangling. In this the Ministry of Blockade and the Foreign Office were less than successful. Three full months passed between the United States declared war on Germany in April, and the first restrictions on American trade with neutral Europe being introduced in July. Furthermore, neither a comprehensive American policy on blockade, nor the machinery with which it could be enforced, were fully in place when the embargo went into effect.

Key members of the budding US blockade administration were initially loath to pick up on British strategy, instead wishing to streamline American-Scandinavian trade regulations in order to provide a "fairer" alternative to the British patchwork of agreements and blockade measures. This strategy was laid out in the Hoover-memorandum of July 1917, and included asking the Scandinavian governments to provide accurate data on domestic consumption and the use of imported commodities. Based upon this data each of the Scandinavian neutral countries would be allocated supply quotas which in turn would suffice to meet domestic needs, but not provide sustenance for such Scandinavian export industries as were trading with Germany. It did not take long for the flaws in this plan to become apparent. Scandinavian government were far from keen on giving Anglo-American blockade authorities unfettered access to public trade data, lest this be used as a weapon against them. This should not have come as a surprise to the Americans, as the Wilson administration had earlier in the war itself

introduced measures to restrict foreign access to US trade data for this very reason. The expectation that it would be a relatively simple matter to separate the supply requirements of Scandinavian domestic consumers from those of Scandinavian export industries was also quickly proved moot. Finally, President Wilson's reported support for more lenient treatment of Norwegian requests also flew in the face of his blockade administrators' desire to treat trade with each of the Scandinavian neutrals equally.

As a consequence of the abovementioned problems, American economic warfare authorities, such as they were, were increasingly coming around to the realisation that it would be necessary to tailor blockade policy to each of the Scandinavian states in question. Given the lack of administrative clout which plagued said economic warfare authorities for much of 1917, they were in no position to implement such tailoring, nor respond effectively to the early Scandinavian negotiating initiatives. Various limited exchanges or one-off arrangements could be made. It would nevertheless take until the establishment of the War Trade Board in October, and the effective coordination of Anglo-American economic warfare policy following inter-Allied conferences towards the very end of 1917, for there to be any real chance of a comprehensive understanding being reached between the Western Allies and the respective Scandinavian governments. The imposition of the American trade embargo in July thus left the question of reopening Scandinavian trade with the west, already restricted by way of British blockade efforts, hanging in the air for the better part of half a year.

Chapter VI: Upping the ante

November 1917 – March 1918

Introduction

Chapter VI details the conduct of trade negotiations between the Western Allies and the Scandinavian governments in the immediate aftermath of the inter-Allied conferences on economic warfare in London and Paris in late 1917. Although the Western Allies did not create a joint economic warfare command in the wake of these conferences, the conferences served to establish channels for information sharing between the various American and British bodies involved in blockade work. This in turn ensured a much greater degree of Allied policy coordination. The renewed vigour with which the Western Allies were able to pursue economic warfare meant that, for the first time since the United States entered the war, the ongoing trade negotiations between the neutral and Allied powers appeared to have a realistic chance of reaching fruition.

Building on its assessment of the state of Allied blockade efforts in each of the three Scandinavian states in 1917, the Ministry of Blockade was happy to allow the War Trade Board to take charge of the Norwegian and Danish negotiations. The Norwegian government had already given up most of what the British government desired in the way of economic concessions. There was also a chance, albeit small, that further British led sanction might simply provoke intransigence from the Norwegian government. Applying pressure to secure the final round of desired restrictions on Norwegian-German trade would therefore best be left to the Americans.

The Ministry of Blockade was equally pessimistic about the prospects of success resulting from further British pressure on Denmark, although for completely different reasons. Just as they had argued earlier in 1917, the British authorities believed that the Allies stood little chance of securing Danish political-economic concessions all the while the Danish government feared that these would provoke direct German retaliation. Seeing as Copenhagen maintained overt neutrality, negotiations with the Danish government could not be broken off in good faith. The best option might nevertheless be to allow economic shortages to continue to reduce the Danish exportable surplus, until such a time as the Danish government felt able to accept allied conditions for an overall agreement. Because the American authorities were better placed to enhance the economic pressure already placed on Denmark beyond what the British were already doing, responsibility for conducting negotiations might therefore safely be transferred to Washington.

Sweden was a different case altogether. The crisis which had engulfed Swedish domestic politics since the early spring of 1917 had finally been resolved, with the liberal-social

democratic opposition coming to power in the wake of elections in the autumn. At the end of 1917 the Ministry of Blockade therefore believed that it stood a better chance of finally securing notable Swedish concessions through direct negotiations than it had at any point earlier in the war. London would therefore retain responsibility for conducting negotiations between the Western Allies and Sweden.

The War Trade Board broadly agreed with the British assessment of the current situation, and after protracted discussions with the Ministry of Blockade came to agree to the division of responsibility along these lines. Both the Ministry of Blockade and the War Trade Board would in any case be represented in all negotiations via their liaison representatives. From the spring of 1918 onwards, Allied coordination broadened by way of the establishment of permanent inter-Allied committees, for the first time bringing Italian and French representatives into a formal structure within which economic warfare efforts in Scandinavia could be discussed. In most cases these inter-Allied bodies had limited impact on the day-to-day conduct of the negotiations, but their establishment nevertheless meant that representatives not previously involved in deliberations could voice proposals or otherwise have their say.

The evolution of joint blockade machinery

Ever since the Balfour Mission's departure from Washington in late May 1917, the Ministry of Blockade had been pressing for greater coordination between the Allies on economic warfare. Balfour and British accepted that the American government would need time to set up its own blockade machinery. As noted in Chapter V, the Ministry of Blockade was nevertheless unhappy with the pace of progress on these issues. This was especially true since, as a consequence of having joined the war, the Entente powers could no longer make broad policy decisions without taking the views of the United States government into account. The implementation of the American embargo in July notwithstanding, British complaints over American officials dragging their feet were increasing over the course of autumn 1917. Sir William Wiseman, a senior British intelligence officer and a key British government liaison in Washington succinctly summed up the view of many of his colleagues when he wrote to Colonel House, one of Wilson's chief advisers, on 26th September, noting that "I believe the greatest asset Germany has to-day is the 3.000 miles that separates London from Washington".⁴⁵⁷ In a later missive to Balfour's private secretary, written at the turn of the year, Wiseman would also go on to complain that "all questions of supplies other than mere routine become matters for diplomatic negotiation".⁴⁵⁸ In this particular case the British intelligence officer was referring specifically to Allied purchases

⁴⁵⁷ Wiseman to House; 26th September, 1917, quoted in Tillmann, 1961: 22

⁴⁵⁸ Wiseman to Drummond, draft telegram quoted in Burk, 1985: 5.

in the United States, but it was representative of the frustration felt by many British officials tasked with coordinating with the American government.⁴⁵⁹

The anxiousness thus felt by British officials was not without cause. By September the Wilson administration had yet to appoint permanent delegates to those British or Entente bodies on which the Balfour Mission had urged American representation. Haugen has speculated that the failure to do so was down to Wilson's personal scepticism of British and French policy goals, as well as the president's fear that American delegates so appointed would not accurately represent Wilson's own idealist foreign policy objectives.⁴⁶⁰ This squares well with Tillman's assertion that Wilson was worried about undue British influence over American policy, complaining as late as December 1917 that there were "too many Englishmen in this country and in Washington now".⁴⁶¹ Reluctance to delegate authority or relinquish control over policy was nevertheless not reserved to the American side. When Wilson's treasury secretary in the summer of 1917 began pushing for the creation of an Inter-Allied Council to coordinate Allied financial and purchasing activities in the United States, the British Treasury, Admiralty and Ministry of Shipping all attempted to resist the imposition of yet more centralised control. This reaction was eerily reminiscent of the difficulties the Asquith government had experienced in establishing centralised control over British blockade policy between 1914 and 1916. Lloyd George's War Cabinet nevertheless overruled many of these objections, authorising the gradual establishment of inter-Allied economic bodies in the United States over the course of autumn and winter 1917.⁴⁶²

Wilson's scepticism notwithstanding, by late autumn 1917 the British government push for greater Allied cooperation was beginning to bear fruit. Under pressure from his chief adviser, Colonel House, Wilson in October accepted an invitation from the British and French governments to send a substantial American delegation to Europe for coordination purposes.⁴⁶³ The aptly named "American Mission to Great Britain and France" departed Washington for Europe on 28th October. In addition to House himself the mission consisted of high-level representatives from the US Army, Navy, Treasury, Shipping Board, Food Administrator and War Industries Board. Vance McCormick and Alonzo Taylor represented the War Trade Board.⁴⁶⁴

Over the course of November and early December, the various sub-delegations of the US mission held a series of meetings with their Allied counterparts in London and Paris. McCormick

⁴⁵⁹ Koblik, 1972: 83-86, 153-155

⁴⁶⁰ Haugen, 1978: 119

⁴⁶¹ Haugen, 1978: 119-120

Tillman, 1961: 21-22

⁴⁶² Burk, 1985: 137-138, 148-150

⁴⁶³ FRUS: 1917, Supp. 2, Part I; No. 763.72/13431c, Lansing to Hines Page; 26th October, 1917: 334-335

Haugen, 1978: 119-121

⁴⁶⁴ FRUS: 1917, Supp. 2, Part I; File No.763.72/13416, *Report of the Special Representative of the United States Government (House)*; 15th December, 1917: 334-335

and Taylor both attended a number of conferences with British, French and Italian blockade officials at the Ministry of Blockade offices in Whitehall. Cecil, who chaired most of these meetings personally, impressed upon McCormick the British government's desire to secure agreements between the Western Allies and the Scandinavian neutrals as quickly as possible. A speedy conclusion to the ongoing negotiations was desirable in large part because the ongoing Allied embargo was hurting Allied economic interests in said neutrals. Any prolongation of the embargo beyond what was absolutely necessary to reach an agreement could also only serve to worsen relations between the neutrals and the Allies.⁴⁶⁵

The Anglo-American delegates also spent some time discussing Allied tonnage control. Even though U-boats were no longer causing quite the same degree of havoc as had been the case over the summer of 1917, the pressure on Western Allied shipping resources remained very real. In a conference at 10 Downing Street on 20th November between the British war cabinet and the heads of the American sub-delegations, US shipping representative Bainbridge Colby pointed out that Washington currently disposed of a total of 850 000 tons of American and chartered neutral merchant shipping that could be used for reinforcing and supplying the American army in Europe. This quantity he estimated would serve to maintain a force of 220 000 soldiers in France, far short of the projected million men that the British and French authorities were hoping could be put into the field. Colby noted that between November and March US yards were expected to launch 754 000 tons dead weight of new merchant shipping. Once American shipbuilding got up to speed in the latter half of 1918, total Allied tonnage launched per month was estimated to be in the region of 475 000 gross tons. Continued losses to U-boats and mines would nevertheless dent the absolute tonnage gains, if not eliminate them completely. All Allied merchant shipping which could be diverted from civilian trade was already fully utilised. Any increase in the direct American contribution to the European war effort was therefore contingent on either the long-term and uncertain prospect of more tonnage being constructed, or on further shipping being sourced elsewhere.⁴⁶⁶

Concurrent with the visit of the American delegation to Europe, there were also events underfoot which were compounding the already severe shipping shortage. The near collapse of the Italian army in the face of an Austro-German offensive at Caporetto in October and November precipitated the urgent transfer of French and British forces to Italy. The shattered Italian forces would also have to be rebuilt, requiring increased imports of equipment supplies. The outbreak of the October revolution in Russia in early November also added to the chaos in Allied dispositions, while the withdrawal of Russian forces from the war effort might free up

⁴⁶⁵ FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416, *Report of the Representative of the War Trade Board (McCormick)*; undated: 400-402

⁴⁶⁶ FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416 (Annex 2), *Procès-verbal of a Conference of the British War Cabinet and Heads of Government Departments with Certain Members of the Mission from the United States of America*; 20th November, 1917: 366-368, 378-379

German forces for transfer to the west.⁴⁶⁷ Either event would necessitate increasing the scale of US commitment in Europe.⁴⁶⁸

In order to meet the growing demand for shipping the US Shipping Board argued in favour of requisitioning neutral tonnage. Against the 850 000 tons of Allied and neutral shipping currently chartered or otherwise having been made available for the use of the American armed forces, Colby estimated that there was 750 000 tons worth of neutral merchant vessels laid up in the United States or being held back by US authorities for embargo purposes. 400 000 of these tons were Dutch shipping laid up in New York alone, but there were also several Scandinavian merchantmen sitting idle in American ports. The Shipping Board was also concerned that many of the neutral vessels already chartered to sail in US service were operating on short term contracts or were otherwise at risk of being withdrawn from Allied trades on short notice.⁴⁶⁹

Although the Ministry of Blockade was alive to the shipping shortages, Cecil was not keen on the unilateral requisitioning of neutral tonnage, pointing out that the use of such ships were an important part of the ongoing blockade negotiations with the northern neutrals. The Dutch vessels that were sitting idle could well be rapidly requisitioned, but a blanket takeover of neutral shipping would have grave consequences for Allied-neutral relations, undermining the possibility of securing concessions from these neutrals on blockade and trade issues. The benefit of securing neutral tonnage therefore lay more in speed than in scale, and the value of rapid tonnage gains must be measured against the long term impact of a less complete blockade. Securing neutral tonnage should be a priority, but not at any price.⁴⁷⁰

For his part, McCormick was in agreement with Cecil on the need to consider tonnage requirements in the context of the broader blockade. The Allied shipping situation was serious in the short- to mid-term, but even 750 000 tons worth of neutral shipping was a relatively small amount in comparison to what would be required to support the envisaged large-scale deployment of US troops in Europe in 1918. If pressuring the northern neutrals for tonnage concessions, even to the detriment of all other objectives, would not solve Allied shipping problems, it might be better to adopt a more flexible negotiating strategy. McCormick's power base was nevertheless not equivalent to that of Cecil. Where the British minister had a seat in the cabinet and retained formal power to determine and coordinate British blockade policy, the War Trade Board's remit only covered carrying out such policy decisions as were made by the

⁴⁶⁷ Note that the "October Revolution", while taking place in November 1917, is so named because Russia used the old Julian calendar, which in 1917 was xxx days behind the Gregorian calendar commonly used throughout the rest of the western world.

⁴⁶⁸ Mick in Winter, 2014 (I): 145-152: 159

⁴⁶⁹ FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416 (Annex 2) *Procès-verbal of a Conference of the British War Cabinet and Heads of Government Departments with Certain Members of the Mission from the United States of America*; 20th November, 1917: 378-382

⁴⁷⁰ FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416 (Annex 2) *Procès-verbal of a Conference of the British War Cabinet and Heads of Government Departments with Certain Members of the Mission from the United States of America*; 20th November, 1917: 380-381, 384

State Department and President Wilson. The line between policy and administrative decisions was nevertheless blurry, and senior WTB officials wielded considerable power. Leadership was vested in the eponymous board itself, and although McCormick was its chairman, he did not have the power to overrule or direct his fellow board members. US strategy on shipping was therefore far from settled, even though McCormick himself may have had his doubts over the wisdom of pushing the issue to the detriment of other blockade objectives.⁴⁷¹

The uncertainty over shipping notwithstanding, over the course of the conferences in London the War Trade Board and the Ministry of Blockade representatives managed to settle a number of issues which had dogged hampered Anglo-American coordination up until then. The British authorities furnished the American delegates with information on a number of existing agreements and policy decisions, while Cecil and McCormick ironed out the details of what they hoped would be the final Allied quota proposals to Norway and Denmark. Percy would remain the leading British blockade representative in Washington, while the WTB would eventually appoint the US Food Administrator's representative in London, Lewis P. Sheldon, to act as War Trade Board liaison to the British government. Both sides also agreed that although ongoing consultations over blockade policy should continue, the American government would be ultimately responsible for finalising the Danish and Norwegian agreements, and that all aspects of these negotiations should therefore take place in Washington. The Swedish negotiations would remain the preserve of the Ministry of Blockade, with any future negotiations taking place in London.⁴⁷²

The decision to assign responsibility for the upcoming round of Scandinavian negotiations to either Washington or London reflected the British and American authorities' assessment of the optimal strategy to be followed vis-à-vis each of the three countries. In the Norwegian case, assigning responsibility to Washington was simply a reflection of the current Anglo-Norwegian impasse. The controversy over the pyrites and fisheries agreements, together with Ihlen's failure to accommodate British requests, had undermined any hopes which the Ministry of Blockade might have had of negotiating a favourable trade agreement with the Norwegian foreign minister. American pressure stood a much better chance of securing the desired concessions. The Danish situation was similar, although there the explanation for the failure to reach a general agreement was not thought to lie with Scavenius himself. The Ministry of Blockade

⁴⁷¹ FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416 (Annex 2) *Procès-verbal of a Conference of the British War Cabinet and Heads of Government Departments with Certain Members of the Mission from the United States of America*; 20th November, 1917: 382-383

FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416, *Report of the Representative of the War Trade Board (McCormick)*; undated: 400-402

⁴⁷² FRUS: 1917, Supp. 2, Part I; File No. 763.72/13416, *Report of the Representative of the War Trade Board (McCormick)*; undated: 400-402

RG 182-11-51; Swedish Negotiations, Volume I (SNI): Unnumbered, Crawford to Polk; Undated (handwritten comment: "read Nov 30 1917")

RG 182-11-51; SNI: 430, Lansing to Amlegation Stockholm; 3rd December, 1917

recognised that the Danish geographical-political situation made it difficult for the British government to extract concessions beyond those already granted through the agreements signed in 1916 and 1917. Whether American pressure would be more conducive to secure a general agreement was also far from certain. Since the British authorities had exhausted many of their options vis-à-vis Denmark, the WTB would nevertheless be better placed to make the attempt.

The Swedish situation differed markedly from that of the two other Scandinavian countries. The fall of Hammarskjöld, followed by the replacement of his conservative successor Swartz with a new centre-left government under Edén only a few weeks before the start of the Anglo-American blockade conference, meant that the Swedish government was now perceived as more favourably inclined towards accommodating Allied demands than at any point previously in the war. Hellner, Edén's new foreign minister, had also intimated that he was keen to reopen negotiations with the British. Far from having exhausted its options, the Ministry of Blockade therefore thought there would be a very real chance of closing a general agreement with Sweden, the negotiations for which were now set to take place in London. Due to the collapse of the Russian war effort and the consequent lack of need to continue transshipments of Allied supplies to Russia from the west, a Swedish agreement was nevertheless no longer as urgent as it had been earlier in the war. If need be, the Allies could afford to give the general embargo more time to work.⁴⁷³

By the time the American mission left Europe for the United States in mid-December 1917 the War Trade Board and the Ministry of Blockade had gone far in mapping out the way forwards, setting out a division of responsibilities and establishing channels of communication. Over the course of the spring and summer of 1918 cooperation on administering the blockade would lead to the establishment of permanent inter-Allied blockade committees, both in London and in the neutral capitals, where local Allied representatives met in order to discuss issues as they arose. In making such progress the economic warfare representatives had been more successful than some of the other American sub-delegations. House would write in his final report to Wilson that "The lack of coordination and decision is the predominant characteristic of all these conferences."⁴⁷⁴ As it was, the challenges facing Cecil, McCormick and their respective organisations were still substantial. The War Trade Board was little more than two weeks old when McCormick and Taylor sailed for London, and even though it had its origins in the Exports Administrative Board, the WTB could hardly be said to have deep roots. It had been created by drawing together men from disparate backgrounds. Some were government officials, seconded

⁴⁷³ RG 182-11-51; SNI: Unnumbered, Crawford to Polk; November, 1917 (note: read 30th Nov)
Koblik, 1972: 171-174, 177-178

Koblik, 1972: 170

⁴⁷⁴ FRUS: 1917, Supp. 2, Part I; File No.763.72/13416, *Report of the Special Representative of the United States Government (House)*; 15th December, 1917: 353

from other departments and ministries. Others had backgrounds in academia or the private sector. All of these brought with them administrative and organisational experiences of their own, and it would take time to establish routines and systems for collecting information and determining policy in a timely manner, especially since the American government insisted that US bodies take over many of the regulatory and screening functions which had previously been carried out in London.

The Ministry of Blockade, having been established way back in 1916, had had more time to establish what Phillip Dehne termed the “routinization of business and paperwork”⁴⁷⁵ than its American counterpart. The core of the MoB was built around the existing Foreign Office Contraband Department, and so had the benefit of an experienced central administrative unit. In Cecil and Crowe the ministry also had political and professional heads with substantial experience of government work. Like the War Trade Board, the Ministry of Blockade nevertheless drew together a conglomerate of departments and organisations which had originally belonged to the Foreign Office, Admiralty, Home Office, Board of Trade, Treasury and other sub-cabinet bodies. The pure administrative burden of not only running these departments, but also coordinating their work was significant. The senior leadership of the ministry kept in close touch with day to day negotiations, as evidenced by their frequent handwritten comments on official memoranda and telegrams.⁴⁷⁶ Castenskiold, the Danish Minister in London, would himself comment on how overworked Cecil and Crowe appeared to be, and that they rarely had time for anything but brief meetings with him or other representatives.⁴⁷⁷ When Cecil resigned from his MoB position in the summer of 1918, The Times likewise noted that the burden of working full time as Minister of Blockade, while also remaining Under-Secretary of Foreign Affairs, had become too much.⁴⁷⁸

The more established nature of the Ministry of Blockade, together with Cecil’s political and administrative clout, might well have secured its continued influence in economic warfare matters even in the face of growing American involvement. Dehne’s assertion that “despite the US entry into the war, it was the British Minister of Blockade and his assistants who had clearly grasped the reins of newly powerful intergovernmental committees [and it] was no coincidence that [these committees] usually met in London, rather than Paris or Washington”⁴⁷⁹ is not wrong, but nor does it reflect the respect and leeway which MoB officials were prepared to offer their colleagues in the War Trade Board. American blockade authorities would eventually buy into much of the British thinking on economic warfare, but to therefore view them as the extended arm of the Ministry of Blockade would be a mistake. Although McCormick and Cecil

⁴⁷⁵ Dehne, 2016: 342

⁴⁷⁶ Dehne, 2016: 342-343, 345-350

⁴⁷⁷ UMA 6-39, HaFo: 213, Castenskiold to UM; 29th April, 1918

⁴⁷⁸ Dehne, 2016: 345

⁴⁷⁹ Dehne, 2016: 344-345

appears to have developed a remarkable liking and rapport for each other, the WTB was fully capable of taking its decisions independently of the MoB, and would come to do so on a number of occasions.

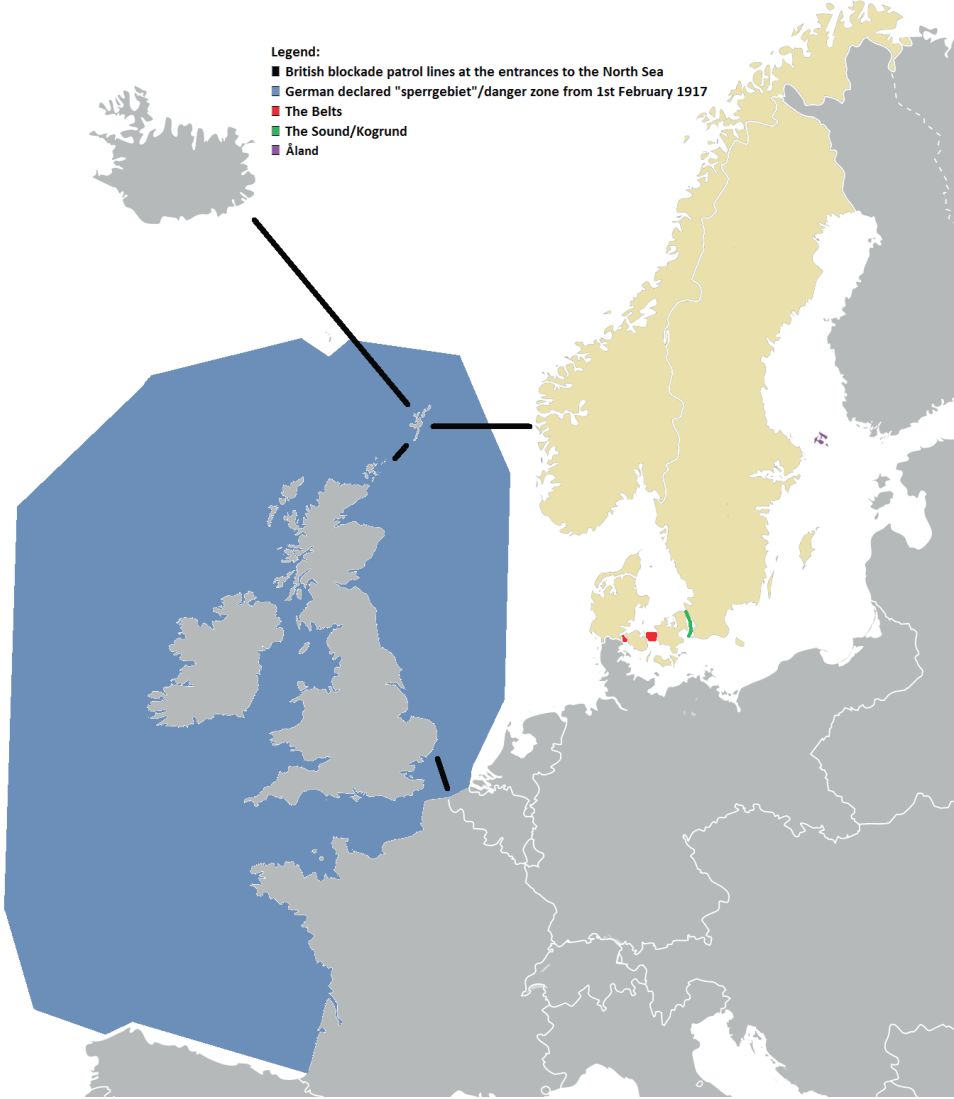
Over the course of the negotiations with the Scandinavian neutrals from late 1917 onwards the American and British blockade machineries continued to evolve in tandem, influenced by and influencing each other. By November 1917 Percy and his team of experts and advisors were already working closely with the War Trade Board in Washington. The appointment of Sheldon and an American shipping representative in London, in addition to occasional visits by senior WTB officials to Britain, ensured that this communication channel was now a two-way street. In February 1918 the British government also appointed Rufus Isaacs, the Earl of Reading, to take over as British Ambassador in Washington. Isaacs would replace Spring-Rice, who was widely seen as ineffective and whose interpersonal relationship with Wilson had broken down. The appointment of Lord Reading, who had already worked as High Commissioner at the British War Mission in the US, almost overnight improved the frequency and accuracy of reports to the Foreign Office and Ministry of Blockade from the United States. In short, the establishment, in late 1917 and early 1918, of clearly defined channels of communication between the two Western Allied blockade policymaking centres in Washington and London eventually did much to improve the effectiveness of their joint economic warfare efforts. There would be friction, but the cooperation between the MoB and WTB ensured that this would be less of a problem on blockade issues than in many other fields of wartime Anglo-American cooperation.

Another important outcome of the inter-Allied conferences was the beginning of work that would eventually lead to the establishment of permanent inter-Allied blockade bodies. The first of these was the Allied Blockade Council (ABC), headquartered in London, which became operational sometime in the early spring of 1918. It consisted of representatives of the French, Italian, British and American economic warfare authorities, and had no executive powers whatsoever. As such it was only an advisory body, but it became an important forum for economic warfare policy coordination between the Allies. Over the course of the late spring and summer of 1918 Allied trade negotiators in Washington and London increasingly began referring questions on blockade policy and strategy to the committee for clarification. The creation of the ABC was followed in the late spring of 1918 by the establishment of a number of Inter-Allied Trade Committees (IATC). On paper these were technical bodies, with a central committee responsible for coordinating and examining export applications from neutral merchants seeking to purchase commodities in Allied countries. As negotiations between the Western Allies and the European neutrals progressed, there followed the establishment of local IATCs in the various neutral capitals. These consisted of the ranking representatives of the Allied

powers in said capital, or their appointed representatives, and were responsible for overseeing neutral compliance with various import application and guarantee systems, as these were established by way of agreements between Allied and neutral governments. Since these local IATCs consisted of ministers or other senior Allied representatives, they nevertheless also came to play an important role in policy coordination, and appear not only to have facilitated the sharing of news and knowledge between the legations themselves, but also become a platform through which said legations could involve themselves in ongoing trade negotiations.⁴⁸⁰

⁴⁸⁰ Venzon, 2013: 586

Map 6.1: The North Sea region, 1917



Sources: Own work⁴⁸¹

⁴⁸¹ Based upon Wikimedia Commons: *Blank map of Europe showing national borders as they stood in 1914* by Alphonse Licence: Creative Commons Attribution-Share Alike 3.0

Christmas cargoes

Although officials at both the War Trade Board and the Ministry of Blockade were working hard to improve Allied policy coordination, there was still a long way to go by late 1917. Among the more unambiguous examples of this was the unfortunate “Christmas cargoes” plan, whereby the Scandinavian governments were supposed to be allowed to import a limited quantity of luxuries or, from a blockade point of view, relatively unimportant commodities in time for the upcoming end-of-year holidays.

The original idea for these Christmas cargoes appear to have originated with Herbert Hoover, the US Food Administrator, who at some point in late November or early December 1917 suggested that the United States offer the Scandinavian neutrals limited export licenses as a symbol of Allied good will, and a sign of what the Norwegian, Danish and Swedish governments could expect to receive once negotiations for general trade and blockade agreements had been completed. The cargoes would also serve the added benefit of combating German propaganda efforts, and generally serve as a public relations boost for the Western Allies within the Scandinavian countries themselves. Hoover’s proposals were in short order endorsed by President Wilson and Secretary Lansing, and the War Trade Board was authorised to inform the Scandinavian representatives in Washington that an offer along these lines would be made to their respective governments.⁴⁸²

Neither Hoover, nor any other American economic warfare official, appears to have told their British counterparts of the plan long before the Scandinavian neutrals themselves were informed in the second week of December. When they finally did learn of the plan, Ministry of Blockade officials reacted with some dismay. From the British point of view, an important part of the justification for imposing a complete Allied embargo on Scandinavia was to force the Danish, Norwegian and Swedish government to accept Allied terms on blockade restrictions. Any lessening of the embargo would only serve to make the upcoming negotiations that much more difficult for the Western Allies. Since the Wilson administration had already made an official overture to the Scandinavian legations in Washington on 14th December, the MoB nevertheless felt that attempting to block the American proposal would involve an unacceptable loss of face vis-à-vis the Scandinavian governments. Although they made their displeasure known to their War Trade Board counterparts, the British economic warfare authorities therefore reluctantly decided to go along with the American plan, giving the go-ahead on 24th December.⁴⁸³

⁴⁸² Haugen, 1978: 140-141

RG 182-11-51; SNI: Chadbourne to McCormick; 5th December

⁴⁸³ FRUS: 1917, Supp. 2, Part II; File No. 600.119/3069, The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk); 26th December, 1917

FRUS: 1917, Supp. 2, Part II; File No. 656.119/126, The Acting Secretary of State to the Ambassador in Great Britain (Page); 12th January, 1918

Although the proposals were often referred to as “Christmas gifts” amongst Allied officials, the “gift” offer came with strict conditions. The Scandinavians would only be offered export licenses. The commodities themselves would still have to be purchased and shipped by the neutrals themselves. In return for allowing Scandinavian shipping through the North Sea blockade cordon, the British and American economic warfare authorities would also require compensation in the form of additional Scandinavian vessels being chartered for temporary use in Allied service. The Norwegian, Danish and Swedish governments would thus not be offered a gift, so much as being allowed to engage in a one-off exchange with the Allies. Nor were the commodities on offer going to be fixed by the War Trade Board itself by way of a *fait accompli*. Instead, the Scandinavian governments were invited to submit their own applications as to the quantity of the cargoes they desired, before these applications in turn would be considered by the War Trade Board and Ministry of Blockade, and amended as required. The final quantities released would also be made to count against the respective Danish, Swedish and Norwegian import quotas for these commodities, once said quotas had been fixed by way of trade agreements with the Allies.⁴⁸⁴

Despite the conditions attached, all three Scandinavian governments reacted with cautious optimism. On 22nd December 1917 Brun, the Danish minister in Washington, officially accepted the War Trade Board’s invitation, and submitted an application for cargoes of kerosene and coffee to be released for shipment to Copenhagen. The Swedish and Norwegian legations submitted similar applications for kerosene and coffee, although in the Norwegian case the applications were somewhat delayed, not being made before late January or early February. Putting the scheme into operation nevertheless proved far from easy, as various difficulties with chartering conditions and guarantees against improper use of said imports kept delaying implementation. Some shipments were released over the course of January and February 1918, but by early April a number of cargoes were still languishing in American ports. These delays caused a great deal of frustration in Scandinavia, and Hoover’s original goal – the securing of neutral tonnage for Allied use and the garnering of goodwill towards the Western Allies within the Scandinavian countries themselves – largely came to naught.⁴⁸⁵

FRUS: 1918, Supp. 1, Part II; File No. 659.119/184, The Shipping Board Representative on the War Trade Board (Munson) to the Counselor for the Department of State (Polk); 16th January, 1918

⁴⁸⁴ FRUS: 1917, Supp. 2, Part II; File No. 659.119/151, The Danish Minister (Brun) to the Secretary of State, attached The Acting Chairman of the War Trade Board (Munson) to the Danish Minister (Brun) (14th December, 1917); 22nd December, 1917

FRUS: 1917, Supp. 2, Part II; File No. 600.119/3069, The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk); 26th December, 1917
Haugen, 1978: 140-141
Koblik, 1972: 177

⁴⁸⁵ FO 382/2066; No. 1353, Reading to MoB; 31st March, 1918

FRUS: 1917, Supp. 2, Part II; File No. 659.119/151, The Danish Minister (Brun) to the Secretary of State, attached The Acting Chairman of the War Trade Board (Munson) to the Danish Minister (Brun) (14th December, 1917); 22nd December, 1917

Reducing the Danish agricultural surplus

By the autumn of 1917 there were still significant hurdles to be overcome by the Allies in their efforts to extend their blockade to Denmark. As with Norway and Sweden, the Exports Administrative Board and, from October, the War Trade Board was struggling to cope with the large number of export applications while also having to compile commercial data for the ongoing negotiations. On 12th October the steady expansion of the EAB and its administrative machinery culminated with it being formally restructured and renamed into a new War Trade Board. The WTB would nominally be under the control of the State Department in all policy matters, and the Exports Council would continue to advise the President on blockade and trade issues. In practice, however, the WTB would come to act in both a policy and administrative capacity. By October therefore, the American economic warfare machinery had established sufficient clout to be able to liaise with their Allied counterparts much more effectively. In November Anglo-US coordination efforts culminated with a conference in London between MoB officials and a WTB delegation led by McCormick. There the Americans accepted the overarching British goal of negotiating limits on Danish exports to Germany, but insisted that Denmark must be allowed to continue to export some of the cattle surplus. The British, realising that this was probably unavoidable in any case, acquiesced.⁴⁸⁶

As a direct consequence of the ongoing Anglo-American discussions on blockade strategy, the War Trade Board in late November 1917 issued the Danish negotiators a new proposal for a comprehensive agreement. The American draft stipulated that Denmark would limit its cattle exports to Germany to 6000 head per week, fish exports to 2100 tons per month, horses to 2500 head per month, and limit all other agricultural exports to pre-war percentages. In return Denmark would be allowed to import various raw materials for home consumption, in quotas calculated by the WTB to meet Danish domestic requirements. These included limited quantities of saltpetre – an important component in the production of fertilisers – but no animal fodder. In return for these import quotas, the Danish government would also have to undertake to charter 300 000 tons of Danish merchant shipping to the United States, on top of the 200 000 tons already under charter to the British government. Of the vessels to be chartered to the US, 100 000 tons would be used for the Belgian relief programme, and 100 000 tons would be used

FRUS: 1917, Supp. 2, Part II; File No. 658.119/147, The Secretary of State to the Ambassador in Great Britain (Page); 4th January, 1918

SA: 54-58; Stortingsmøte, 17.00; 26th April, 1918

⁴⁸⁶ Bailey, 1942: 91-93

RG 182-11-17, DNI: McCormick to Lansing, I; 17th November, 1917

RG 182-11-17, DNI: McCormick to Lansing II; 17th November, 1917

RG 182-11-17, DNI: Jones to Brun; 27th November, 1917

to ply the war zone, as defined by German U-boat warfare. The remaining 100 000 tons would be used on safe trade routes in the Allied cause.⁴⁸⁷

Having finally received a comprehensive statement of American intentions, it took the Danish Foreign Ministry a month to come up with a response. The Danish counter proposal, delivered to the US Legation in Copenhagen on 24th December, refused to countenance the proposed export limits on agricultural produce. The Danish government accepted the principle that imports from the US should not be re-exported to the Central Powers, but a return to pre-war export divisions of agricultural produce was out of the question. Restrictions on cattle exports could be countenanced, but only at a minimum cap of 8000 head per week, with the right of exporters to be four weeks in advance of schedule at any time, so as to provide a level of flexibility to the scheme. Scavenius also requested increased import quotas for many of the raw materials on the US list, including saltpetre. Any officially sanctioned use of Danish shipping in the danger zone was also out of the question, as the German government would interpret it as a clear breach of Danish neutrality should the Danish government underwrite such an undertaking.⁴⁸⁸

The American Legation in Copenhagen took some offence at the Danish rejection of what they had believed to be a fairly generous offer encompassed in the War Trade Board's proposals of late November. Charge d'Affaires Ulysses Grant-Smith, who had replaced Maurice Egan as the leading American diplomat in Denmark following that latter's resignation on grounds of ill health on 16th December, interpreted Scavenius' proposals as a deliberate snub. Grant-Smith even suggested that the Danish reply had been drawn up under German oversight.⁴⁸⁹ He also speculated that the Danes might be making impossible demands in order to drag out the negotiations in expectance of an early peace following recent German military successes. On New Year's Eve Grant-Smith pointedly told Julius Clan, still the head of the Danish Foreign Ministry' Commercial Department, that the United States' government shared the British goal of implementing a complete and total blockade of the Central Powers, and that the Danish government should be under no illusions as to otherwise. The sole reason for why the War Trade Board had not insisted on stricter terms in November than it actually had was because Washington understood that Denmark's geographical position put her in a more vulnerable position vis-à-vis Germany than other neutrals. In short, Grant-Smith argued that the American

⁴⁸⁷ RG 182-11-17, DNI: Jones to Brun; 27th November, 1917

⁴⁸⁸ RG 182-11-17, DNI: Hines Page to Lansing, I; 25th December, 1917

RG 182-11-17, DNI: Hines Page to Lansing, II; 25th December, 1917

UMA 6-38, Danmark-U.S.A. Handelsforhold og Forhandling (HaFo); Scavenius to Grant-Smith; 24th December, 1917

⁴⁸⁹ A successor to Egan as US Minister in Copenhagen was not formally appointed before June 1919, when Norman Hapgood briefly took up the post. Grant-Smith was therefore left in charge of the American Legation for the remainder of the war.

government was being magnanimous with Denmark, and that the Danish authorities should not push their luck.⁴⁹⁰

War Trade Board officials in Washington did not take quite so dim a view of the Danish counterproposals as did Grant-Smith in Copenhagen. There were few problems with allowing larger Danish imports of industrial raw materials as long as these did not result in increased exports. When it came to agricultural produce, most of Scavenius' suggestions were nevertheless found unacceptable. The division of agricultural exports along pre-war patterns and the sale of 6000 head of cattle per week to Germany was the absolute maximum of what could be contemplated. On the other hand the WTB believed that it might be acceptable to add saltpetre to the list of allowable imports, although for tonnage purposes this should be sourced from Norway rather than the Americas. These views were discussed with the British Ambassador in Washington at a meeting in mid-January 1918. The Ministry of Blockade, initially prepared to give way in the question of returning to pre-war division of exports so as to give the Americans leeway in the coming negotiations, was to its surprise met with demands of retrenchment. The War Trade Board, perhaps swayed by the opinion of the Copenhagen Legation, no longer saw much reason to allow the Danes to export certain categories of agricultural produce, such as horses and eggs, to Germany at all. The British for their part were sceptical of allowing even limited amounts of fertilisers to go to Denmark, as this would undermine the policy of cutting off sources of fodder for the Danish cattle industry. The War Trade Board was nevertheless only prepared to agree to the proviso that Danish imports of Norwegian nitrates for fertilisers should only be allowed so long as this did not lead to reduced amounts of Norwegian nitrates going to the Entente.⁴⁹¹

The Ministry of Blockade also suggested to the War Trade Board that, as negotiations with the Swedish government were proceeding much more favourably than with the Danes, it might be in the Western Allies best interest to allow the Danish negotiations to be put on hold. News of successful agreements with the other Scandinavian nations might well put extra pressure on the Danish government. Or worse, any kind of leniency with Denmark on part of the Western Allies in the immediate future might provoke the Norwegian and Swedish governments into demanding similar concessions. In any case, the British believed that Scavenius would be unlikely to sign off on any agreement favourable to the Entente before the Danish elections scheduled for February. These elections were unlikely to produce major changes, but the MoB

⁴⁹⁰ RG 182-11-17; DNI: Copenhagen Legation to WTB; 29th December, 1917
RG 182-11-17; DNI: Page to WTB; 4th January, 1918

⁴⁹¹ FO 382/1886; Folder 789, MoB discussion on Danish proposals; 2nd January, 1918
FO 382/1886; No. 184; Spring Rice to FO; 13th January, 1918
RG 182-11-17; DNI: WTB to Sheldon; 8th January, 1918

nevertheless hoped that they might result in a somewhat more pro-Allied complexion to the Danish government.⁴⁹²

The formal US response to the Danish proposals came in the form of a note to Minister Brun on 17th January. The War Trade Board again made it clear to the Danish delegation that as a combatant power the United States could not accept what it deemed to be excess exports of Danish goods to Germany. Although the WTB would graciously accede to Danish demands for increased raw material imports, it beseeched the Danish authorities to source these to as large an extent as possible from the rest of Scandinavia, in order to alleviate the shortage of tonnage experienced by the Entente. The War Trade Board had also begun to suspect that Scavenius was deliberately dragging out the negotiations so as to allow Danish exporters to exhaust their stocks before agreeing to cap trade with Germany. In order to prevent this, the WTB decided to include a provision that any export restrictions would be calculated from 16th January 1918, no matter when the agreement was actually signed. On the 28th, McCormick therefore handed Brun a note to this effect.⁴⁹³

In addition to handing over the new American proposals, Brun and McCormick also discussed the general state of the negotiations. McCormick expressed his belief that both the Danish and American proposals being discussed should be made public, in order to avoid what he felt was unfair press speculation that the WTB was treating the neutrals with unnecessary harshness. Brun strongly advised against such a course of action, but promised to raise the matter with the government in Copenhagen.⁴⁹⁴ Public conception of war policy and conduct, both within the neutrals and within the Entente and Allied countries themselves, was a topic of considerable interest to all the Allied blockade bodies through the war. The American negotiators nevertheless appear to have felt the pressure to justify their policies publicly much more keenly than did their British colleagues. This is perhaps not very surprising. Having been the most powerful neutral state in the world for much of the war, the United States entered the conflict carrying a significant amount of diplomatic baggage. Although the Wilson administration's condemnation of and opposition to the Allied blockade of Germany and interference with neutral trade between 1914 and 1917 had overall been much less harsh than British officials had initially feared, it still had lingering effects on the manner in which the War Trade Board handled negotiations. On 5th February 1918, Brun nevertheless confirmed that

⁴⁹² FO 382/1886; Folder 789, MoB discussion on Danish proposals; 2nd January, 1918

FO 382/1886; No. 758, FO to Barclay; 7th January, 1918

⁴⁹³ FO 382/1886; WTB to Brun; 12th January, 1918

FO 382/1886; Paget to FO; 14th February, 1918

RG 182-11-17; DNI: McCormick to Brun; 28th January, 1918

RG 182-11-17; DNI: Brun to McCormick; 5th February, 1918

⁴⁹⁴ RG 182-11-17; DNI: Brun to McCormick; 5th February, 1918

Scavenius' opinion of McCormick's suggestion conformed to his own. The Danish government would not consent to the proposals being made public, either fully or in part.⁴⁹⁵

The new WTB proposals were due to be discussed by the Danish cabinet on 28th January 1918. However, McCormick's new demand that quotas be calculated from the 16th did not reach Copenhagen until the 30th, delaying Scavenius' response. The official Danish reply to the new proposals was therefore only delivered to the US legation in Copenhagen on 13th February. The reply was coached in terms of compromise, but in essence offered few important concessions. Denmark would reluctantly accept to limit its exports to 6000 head of cattle per week, and likewise 2500 head of horses per month, but these limitations should only hold for six months and could only be made binding from the moment a Danish-American agreement actually went into effect. Not under any circumstances could the Danish government accept that exports be calculated retroactively. Nor was a pre-war percentage division of other agricultural exports between the Entente and the Central Powers acceptable. Denmark could undertake to restrict the export of bacon, cheese, and other fats to the Central Powers to 700 tons per week, but only if the War Trade Board was to give immediate permission for Denmark to import saltpetre from Chile. Furthermore, the Danish government would have to reserve 400 000 tons of Danish merchant shipping in order to carry its own imports. As such there would only be in excess of 300 000 tons of motor shipping left to be chartered to the Entente, 200 000 of which would go to Britain and the remainder to the US. Scavenius also felt unable to guarantee that any or all of these vessels be allowed to sail in the danger zone other than for Belgian relief. Nor could the charters for said ships be allowed to run for more than six months before renegotiation. In return for any chartering beyond such ships as were already sailing under the Anglo-Danish coal and tonnage agreement, the Allies would also have to guarantee bunker facilities for Danish ships trading on Denmark.⁴⁹⁶

The tonnage question was a thorny issue for the Danish government. Given Scavenius' intimate familiarity with German sensitivities on the issue of neutral trade on Britain, it is no wonder that he was unwilling to have the Danish government publicly guarantee that Danish merchant ships would sail in Allied service within the German-declared exclusion zone around the British Isles. To make his proposals more palpable to the Allies, Scavenius therefore had two private representatives of Danish ship owners, Cold and H.N. Andersen, privately assure the War Trade Board that they were prepared to allow sufficient numbers of Danish ships to be chartered to sail in the danger zone, even without a public government guarantee. That

⁴⁹⁵ Salmon, 2004: 144-145

⁴⁹⁶ FO 382/1886; Paget to FO; 14th February, 1918

FO 382/1886; Copy of note from Scavenius to Grant-Smith?; 15th February, 1918

FO 382/1886; Paget to FO; 18th February, 1918

FO 382/1886; *Danish Note to the United States of February 15th*, Memo on economic and blockade questions; 19th February, 1918

Scavenius would sanction the private chartering of ships to sail in the danger zone also suggests that the overriding consideration governing Danish policy on this issue was not, as Sjøqvist has suggested, that Danish losses to submarines would be severe.⁴⁹⁷ The risk to Danish sailors and tonnage operating inside the danger zone around the British Isles was certainly troublesome, but not to the point where it precluded acceptance of said risks. Rather, Scavenius' reluctance to accede to Allied shipping demands appears to have rested on his deep seated belief that Denmark could not afford to provoke or otherwise alienate Germany by publicly challenging German blockade policy.⁴⁹⁸

The new Danish proposal to restrict exports of bacon and fats to Germany to 700 tons per week was unacceptable to the Ministry of Blockade. The British thought this would be so large a quota as to offer no practical limitations, nor leave any such produce for export to the Entente. Nor could any agreement which included provisions for Danish fertiliser imports be limited to six months, as the effect of said fertilisers on Danish agricultural production would be felt only after the end of the agreement. Any agreement, both for Danish export restrictions and for shipping charters, would have to run for at least a year, preferably for the duration of hostilities. The MoB was also sceptical of whether Andersen had the necessary influence over other Danish ship owners to satisfactorily guarantee them chartering their vessels for use in the danger zone.⁴⁹⁹

Grant-Smith in Copenhagen agreed with the British criticism of the Danish proposals. Not satisfied with the Danish response to the American demands, and preoccupied with the ongoing Norwegian talks, the War Trade Board therefore did little to further the Danish negotiations. A little over a week after the Danish counter proposals had been handed to Grant-Smith in Copenhagen on 13th February 1918, Brun sent a letter to the WTB requesting a meeting to discuss the views of the American government. On the 28th, still having had no word from his US counterparts, Brun himself went to the WTB offices and demanded a meeting.⁵⁰⁰ He was met by Alonzo Taylor of the Department of Agriculture and Thomas Chadbourne from State, both of whom had been seconded to the WTB and been made responsible for conducting the Danish negotiations. Making their displeasure with Danish policy felt to the Danish Minister, they let Brun know that none of the Danish proposed changes to the original American proposals were of any interest to the United States government. Chadbourne and Taylor explained that shipping

⁴⁹⁷ Sjøqvist, 1973: 262

⁴⁹⁸ FO 382/1886; Folder 31362: *Danish Note to the United States of February 15th*, Memo on economic and blockade questions; 19th February, 1918

⁴⁹⁹ FO 382/1886; Folder 31362: *Danish Note to the United States of February 15th*, Memo on economic and blockade questions; 19th February, 1918

FO 382/1886; Reading to FO; 26th February, 1918

FO 382/1886; Brooke to Cecil; 26th February, 1918

⁵⁰⁰ British, American and Danish sources disagree whether this meeting took place on 28th February or 1st March. Overall, the distinction makes little practical difference.

was the only thing that the Danes could offer the Entente as compensation for access to American goods, and that no significant limitations beyond those already accepted by the War Trade Board could be attached to its use. Any agreement on the matter must allow for the use of Danish vessels in the danger zone, and shipping charters to run for the duration of the war. Until such a time as the Danish government saw fit to accede to American and British demands in this regard, there would be no point in continuing the discussion on the remainder of the agreement. Brun immediately attempted to suggest that it might be possible to extend the chartering period somewhat, provided the WTB could drop the demand for sailings in the danger zone. This too was rejected out of hand by Chadbourne.⁵⁰¹

The War Trade Board's complete and outright rejection of the Danish proposals placed the negotiations at something of an impasse. This surprised Brun, who believed that Copenhagen had gone a long way towards meeting American demands, and it was only with the greatest difficulty that he managed to get Taylor and Chadbourne to discuss any other aspects of the proposals beyond shipping at all. Nor did what little they were willing to say on other matters please Brun any further. The WTB would not countenance any limitation of the agreement to cover only such goods as passed through US jurisdiction. The agreement quotas must cover all Danish imports and exports from all sources and without exception.⁵⁰²

This final point was again fully in line with the policies proposed the American Copenhagen Legation. On 27th January 1918 Grant-Smith telegraphed the War Trade Board that Danish import restrictions ought to be made to cover all sources of goods. This to prevent Danish industry from compensating for the dearth of transatlantic goods by increasing imports from other European neutrals or Germany itself. The American Chargé also suggested that the WTB adopt the monitoring system established between the Ministry of Blockade and the Danish associations, as it appeared to be operating to the satisfaction of the Entente authorities. The War Trade Board was thus well on its way to adopting yet another key element of the thinking which had guided British blockade policy since 1915. For Allied control over neutral trade to be effective, it must cover not only transaction between the neutrals and the warring powers, but also trade between the neutrals themselves.⁵⁰³

His 28th February 1918 meeting with Taylor and Chadbourne left Brun with the distinct impression that the likelihood of any agreement being reached in the foreseeable future was slim. He therefore advised Scavenius by telegram that even should the Danish government

⁵⁰¹ Bailey, 1942: 183

FRUS: 1918, Supp. 1, Part II; *The Secretary of State to the Chargé in Denmark (Grant-Smith)*; 1st March, 1918

UMA 6-39, Danmark-U.S.A. Handelsforhold og Forhandlinger (HaFo): Brun to UM; 2nd March, 1918

UMA 6-44, Kmhr. Clans arkiv (KCA): Historisk Oversigt over Forhandlingene med U.S.A. i 1918 (HO): 4

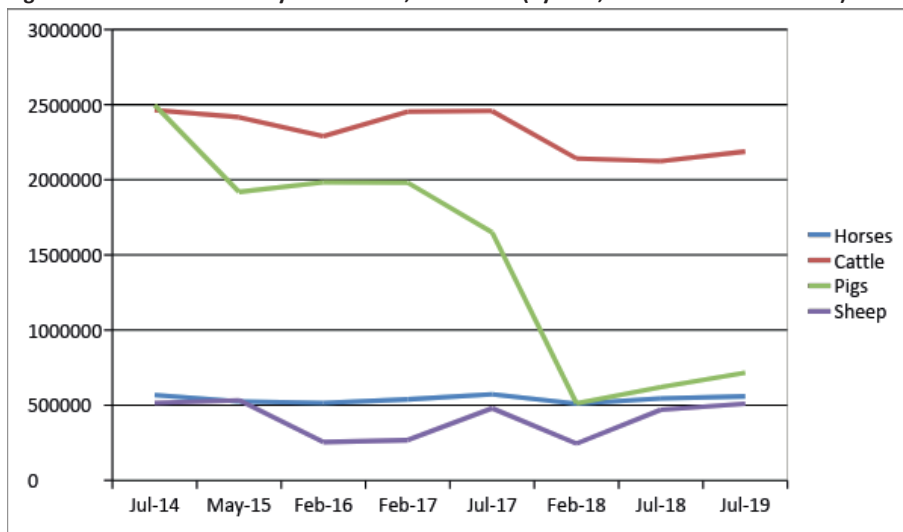
⁵⁰² UMA 6-39, HaFo: 115, Brun to UM; 2nd March, 1918

⁵⁰³ RG 182-11-17; DNI: Brun to McCormick; 26th January, 1918

RG 182-11-17; DNI: Grant-Smith to WTB; 27th January, 1918

accede to all US demands on shipping, he thought the War Trade Board likely to make unacceptable demands on other issues. In Brun's view, the American intransigence could be traced to irritation over recent increases in cattle and horse exports to Germany, necessitated both by German diplomatic pressure and the need to reduce Danish holdings in face of the western fodder embargo. Brun nevertheless advocated that shipping concessions be made, since even a slim chance of reaching an agreement on imports was preferable to no chance at all.⁵⁰⁴

Figure 6.1: Animal husbandry in Denmark, 1914-1919 (by race, total number of animals)



Source: DSD; DS: Statistisk Aarbog 1920: Tabel 49

On the surface, Brun's assessment of Danish cattle exports was largely correct. By the beginning of spring 1918 the reduction in Danish agricultural holdings, as necessitated by the Allied fertiliser and fodder embargo was in full swing. Oil cakes, one of the most important sources of imported cattle fodder, had been rationed since late July 1917. By February there was still limited quantities left in storage, but the price of these had risen so that many farmers were nevertheless struggling to maintain their cattle holdings at earlier levels. Between July 1917 and February 1918 cattle holdings nationwide fell by only 12%. Contemporary dairy production figures show the effect of the fodder shortage much more clearly. Between 1916 and 1918 milk production per cow, which had remained relatively stable through the first years of the war, fell

⁵⁰⁴ UMA 6-39, HaFo: 115, Brun to UM; 2nd March, 1918

by almost 30%.⁵⁰⁵ This suggests that even though farmers were attempting to maintain the size of their herds as far as possible, this could only be achieved by way of starving the cattle itself.⁵⁰⁶

Whereas farmers sought to maintain cattle herds, the severe fodder shortages meant that swine herds were being slaughtered en masse. Over the year between February 1917 and February 1918, the total number of pigs in Denmark fell by almost 75%. The Danish government sought to slow the rate of reduction both by way of rationing fodder, but also through the imposition of minimum slaughter weights. Swine farmers were also increasingly subsidised by the Danish department of agriculture, so as to guarantee Danish consumers access to pork at affordable prices. When the subsidy was first introduced in August 1917 it stood at 0.325 DKK per kilo pork sold on the domestic market. By the end of March 1918 it had increased to 0.90 DKK per kilo.⁵⁰⁷

Part of the explanation for the rapid reduction in swine holdings relative to cattle may be found in the high prices which cattle continued to command on the German market. The income from cattle exports southwards therefore made cattle farmers better placed to cope with the high fodder prices, at least for as long as stores lasted. The ease with which swine herds could be replaced, relative to cattle could also help explain the difference. A milk cow would take years to mature, while pigs could be bred in the space of a few seasons. There is nothing in the communications between the Danish Foreign Ministry and its representatives in Washington to suggest that Scavenius or other elements of the Danish government made a conscious decision to prioritise the maintenance of cattle above swine for reasons of trade policy. The practical consequence was nevertheless just that. Danish farmers were able to maintain cattle exports to Germany through the early spring of 1918. The level of export between late 1917 and early 1918 may even have been above that of previous years, as cattle farmers sought to reduce their herds to more sustainable levels.

A slight increase in Danish cattle exports southwards, regardless of whether these were of reduced quality, was fully in line with Allied predictions as espoused in the Graham memorandum of the previous December. The War Trade Board knew full well that the Allied fodder and fertiliser embargo was likely to lead to a temporary increase in Danish exports southwards, as Danish farmers adjusted to the new supply situation. It is therefore unlikely that Taylor and Chadbourne were surprised by the continuing sale of Danish animalia to Germany. This is not to say that the American negotiators did not desire a general trade and blockade agreement with Denmark. There were good moral and political reasons why such a solution would be preferable. The Allied authorities were nevertheless painfully aware that Scavenius would be unwilling to agree voluntarily to such concessions and restrictions as would be

⁵⁰⁵ DSD; DS: *Statistisk Aarbog 1920*: Tabel 52

⁵⁰⁶ Cohn, 1928: 128-133

⁵⁰⁷ Cohn, 1928: 131

acceptable to them. Nor could the Allies force the Danish government to accept conditions, lest they also run the risk of provoking some equally undesirable German response. Until a way could be found by which Scavenius could be made to accept Allied demands, the Allied authorities must therefore restrict themselves to attempt to reach their objectives by other means.

It is also important to note that the Allied authorities felt that they were negotiating from a position of strength, and that they, at least to a degree, held the moral high-ground. From the point of view of the War Trade Board, the Danish government were negotiating for access to American and Entente resources in the form of direct exports or access to such bunker and infrastructure which was required to secure imports from elsewhere. These Allied resources were not free. On the contrary they were fully needed by the Allies themselves, in order for them to prosecute a global war. That this war was costing the Allies hundreds of thousands of lives and almost limitless expenditure only strengthened their desire to have the neutral states pay a "fair" price for access to these resources. Nor did the Allied authorities believe themselves to be unfairly stifling neutral consumption or economic activity. Even the American blockade authorities, which went into the war carrying much more baggage regarding the maintenance of neutral rights than their British counterparts, were actively engaged in monitoring the economic situation within the Scandinavian countries. Brun's entreaties to the contrary notwithstanding, the War Trade Board knew full well that although the downturn in the Danish economy was very real, domestic civilian society as a whole was under no serious threat of starvation or other critical shortages. The embargo on Denmark could therefore safely be allowed to continue.

Establishing a Swedish *modus vivendi*

Over the course of the first week of December 1917, following confirmation from Washington that the Wilson administration had no objections to negotiations with the Swedish government being conducted in London, McCormick and Taylor met with their colleagues from the Ministry of Blockade in order to hammer out an Allied negotiating strategy on Sweden. Both the American and British delegates agreed that tonnage was the most important issue. A considerable number of Swedish merchantmen must be secured for the Allied cause in order to relieve the increasingly severe shipping shortage. Tonnage aside, Swedish exports to Germany should also be reduced as far as possible, and preferably prohibited outright. This latter point represented something of a stumbling block. The most important domestic Swedish commodity currently being exported to Germany was iron ore. British economic warfare authorities considered it unlikely in the extreme that even the new Edén government would agree to put a complete end to such exports. Cecil and his colleagues at the MoB therefore believed that the only realistic

means by which the Allies could hope to prevent Germany from accessing Swedish iron ore was if the Allies would agree to purchase the ore themselves. This was something which Britain alone could not afford. British finances were already stretched almost to breaking point, and any further outlays on the scale required to purchase Swedish iron ore production in its entirety was out of the question.⁵⁰⁸ The matter therefore depended upon American willingness to step up, and this willingness was not forthcoming. US steel producers had no use for the Swedish iron, and, to the great exasperation of the MoB, the Wilson administration objected to the purchase of such ore for blockade purposes alone.⁵⁰⁹

On 8th December Cecil and McCormick reached a compromise agreement. Allied negotiators were to demand that the Swedish government share its iron ore exports between the belligerent parties on a strict fifty-fifty basis. No other Swedish exports to Germany, especially of foodstuffs, leather or hardening agents, should be allowed. In return, Sweden was to be allocated import quotas for such commodities as were required for domestic consumption. The size of these quotas would be tied directly to the amount of tonnage which the Swedish government would release for use in Allied service. Finally the Swedish government should be required to underwrite a sizeable loan to the Allies, as well as allow free transit of shipments to Russia. Since the Russian war effort was collapsing in the face of domestic turmoil and revolution, this last point was nevertheless rapidly fading in importance. Any deviation from the abovementioned negotiating points, including any possible changes to the import quotas which would be offered to the Swedish government, would have to be cleared not only by the Ministry of Blockade, but also by the War Trade Board. The forthcoming negotiations might well take place in London, but they were intended to represent an Allied, instead of just a British, effort.⁵¹⁰

For its part, the Edén government was seized with the urgent need to secure western supplies. Since his appointment as Edén's foreign minister on 19th October, Johannes Hellner had been working to convince the British government to allow trade negotiations to be reopened. In this Hellner had the support of Howard, the British minister in Stockholm, whose frequent despatches to the Foreign Office and the Ministry of Blockade argued that it should not now be too difficult to negotiate an acceptable general agreement with the Swedish government. Howard also believed that reaching such an agreement in the near future would be in Britain's best interest. Without supplies from the west, the British minister though Edén's government

⁵⁰⁸ For a discussion on the precarious state of British government finances in 1917 and 1918, see Burke, 1985.

⁵⁰⁹ Koblik, 1972: 171-174, 177-178

RG 182-11-51; SNI: No. 23d, McCormick to SecState; 30th November, 1917

RG 182-11-51; SNI: No. 7956, Page to SecState; 13th December, 1917

RG 182-11-51; SNI: No. 6061, State Department to Amembassy London; 19th December, 1917

⁵¹⁰ Koblik, 1972: 171-174, 177-178

RG 182-11-51; SNI: No. 16, WTB to McCormick; 3rd December, 1917

RG 182-11-51; SNI: No. 7940, Page to SecState; 12th December, 1917

likely to fall, which would in turn lead to the return to power of a much more pro-German conservative government.⁵¹¹

Cecil himself was far from as sanguine as the British minister in Stockholm. Although the Minister of Blockade knew very well that Edén's government wanted an agreement with the west, he was also aware of just how difficult it would be for the Swedes to swallow some of the camels which would be required of them. Allied requirements, as hammered out with McCormick, were stricter than those contained in the rejected British ultimatum of February 1917. That is not to say that MoB officials were not hopeful that an accommodation could be reached, just that they recognised that the negotiations, as they had been on previous occasions, were likely to be difficult.⁵¹²

On 9th November Howard let the Swedish authorities know that the British government had agreed to reopen negotiations in London. The Ministry of Blockade also urged the Swedish government to appoint and dispatch its delegates quickly, so that initial meeting could be held while McCormick and Taylor were still in Europe. This was an optimistic request. As key members of the still fledgling US economic warfare machinery, the two American delegates were likely well aware of just how much their presence was required in Washington. Both McCormick and Taylor would insist on departing for the United States by the second week of December.⁵¹³ Since it would take some time for the Swedish government to prepare a negotiating platform and appoint a delegation, this would be too early for them to participate in any direct discussions with their Swedish counterparts.⁵¹⁴

Like Cecil, Hellner recognised that the Swedish negotiating position had deteriorated significantly since the round of talks under Hammarskjöld in early 1917. As a consequence, even greater Swedish concessions would be required in order to secure an agreement this time around. These concessions must nevertheless not be so onerous that they could not be defended in the Riksdag or in the press. On 19th November the Swedish foreign minister finally telegraphed Count Herman Wrangel, the head of the Swedish legation in London, letting him know that the Edén government would be willing to place certain restrictions on exports of iron ore and other domestic produce to Germany, as well as allow Allied shipping authorities to

⁵¹¹ Koblik, 1972: 169-170

⁵¹² FO 382/1758; Folder 216244, *Swedish Tonnage*, handwritten comments by Crowe and Cecil; 12th November, 1917

⁵¹³ It is interesting to note that the War Trade Board in Washington, as well as Ambassador Hines Page in London, saw things differently, joining with Cecil to urge that at least one of the two senior American representatives remain in London. As it were, neither McCormick nor Taylor chose to heed these requests. For the time being the WTB would therefore be represented in London through embassy staff or by way of more junior American officials.

RG 182-11-51; SNI: No. 6011, Lansing to Amembassy London; 11th December, 1917

RG 182-11-51; SNI: No. 7921, Taylor to Polk; 11th December, 1917

RG 182-11-51; SNI: Unnumbered, Gunther to Polk; 12th December, 1917

RG 182-11-51; SNI: No. 7940, Page to SecState; 12th December, 1917

⁵¹⁴ Koblik, 1972: 170

FO 382/1758; No. 274, Howard to Balfour; 21st November, 1917

RG 182-11-51; SNI: No. 28, McCormick to WTB; 1st December, 1917

charter an amount of Swedish tonnage. In return for such concessions Hellner would require the establishment of acceptable import quotas, as well as a change in British policy on Swedish telegram traffic, and the willingness of Allied authorities to give up the black list.⁵¹⁵ As Koblik notes, with the exception of the black list question, the willingness to discuss these issues effectively meant that Anglo-Swedish trade talks for the first time would be able to focus on negotiations of quantities rather than principles. The number of issues upon which compromise was required would make for difficult discussions, but it was nevertheless a much more auspicious starting point than had been the case on previous occasions.⁵¹⁶

As for the composition of the Swedish negotiating delegation, Hellner appointed Marcus Wallenberg to lead it. This was a foregone conclusion. Both men trusted each other, and Wallenberg had been a key supporter of the new liberal-social-democratic coalition and the foreign policy direction it represented. As a consequence of his participation in the previous round of Anglo-Swedish talks, Wallenberg was also intimately familiar not only with Swedish requirements, but also the nature and modus operandi of his British counterparts. Wallenberg's relationship with Cecil was particularly cordial. Hellner was also willing to allow Wallenberg to appoint the subordinate members of the delegation. These would be men who enjoyed Hellner's and Wallenberg's trust. Hellner had similarly had Westman, Hammarskjöld's key supporter within the Swedish foreign ministry, transferred to a position where he could not influence the negotiations. There would be no repeat of the internal strife which had so plagued the Hellner-Wallenberg delegation at the beginning of the year.⁵¹⁷

Already before the Wallenberg delegation arrived in London in December 1917, Hellner had raised the question of whether it might not be possible to establish an early modus vivendi with his British counterparts. Since negotiations for a general agreement were likely to be a protracted affair, the Swedish foreign minister argued that it might be beneficial if some of the most urgent and less controversial requirements of both sides could be met by way of such a temporary accord. On 14th November Hellner therefore requested that Howard ask the Ministry of Blockade to consider allowing Sweden to 35 000 tons of maize and 7 000 tons of oil cake from the United States against the chartering of a limited number of Swedish merchant vessels to the Allies.⁵¹⁸

Parallel to these developments the pressure on Cecil to rapidly secure Swedish tonnage for Allied service kept growing. On 9th November the Neutral Tonnage Conference (NTC), a new inter-departmental committee tasked with the coordination of policy and allocation of neutral shipping in Allied service, recommended that the Foreign Office authorise the requisitioning of

⁵¹⁵ The British had for some time been preventing Swedish telegram traffic from using British cables or infrastructure, making communication between the government in Stockholm and its legations in other countries very difficult.

⁵¹⁶ Koblik, 1972: 178-179

⁵¹⁷ Koblik, 1972: 175-179

⁵¹⁸ FO 382/1758; No. 3196, Howard to FO; 14th November, 1917

some or all of the 120 Swedish merchant vessels then lying idle in British ports. These vessels were prevented from departing these ports either because blockade regulations meant that there were no cargoes available which could profitably be carried to Sweden, or because their owners did not have the tonnage available with which to replace them in Allied harbours.⁵¹⁹ Requiring these to sail in Allied service would profitably employ this otherwise unused resource. Since requisitioning would involve these ships being chartered to Allied governments, accruing payment according to official freight rates, the NTC predicted that Swedish ship owners were likely to welcome such a policy.⁵²⁰

A month later, on 13th December, the British Ministry of Shipping (MoS) again broached the subject of requisitioning. The MoS pointed out that the collapse of the Italian front in the face of Austro-German offensives, and the consequent urgent need to increase Allied supply shipments to Italy, meant that pressure on Allied shipping resources was now more severe than ever. Increasing the number of Allied vessels sailing on Italian ports would inevitably mean reducing the already dangerously low number of ships plying French and British routes. The MoS therefore noted that “the only source from which an appreciable amount of additional tonnage ... can be obtained is that of the Swedish vessels now lying idle in the United Kingdom”. Mindful of the rapidly approaching reopening of Anglo-Swedish trade negotiations, the Shipping Controller, Sir Joseph Macklay,⁵²¹ nevertheless did not “desire to suggest that any wholesale requisitioning should take place”. Instead Macklay argued that “if a few vessels were requisitioned this act would probably make the conclusion of an agreement whereby the remainder of the vessels were secured ... much easier”.⁵²²

Where the Ministry of Shipping had gotten the idea that requisitioning was likely to improve the prospect of reaching a successful agreement with the Swedish delegates is an open question. Cecil was not amused, replying that although he was fully aware of the severity of the current Allied shipping crisis, he did not wish to risk the outcome of the negotiations by way of requisitioning unless no other options were available. Instead Cecil pointed out that the prospect of securing Swedish tonnage by way of a rapidly negotiated *modus vivendi*, as desired by the Edén government, offered the chance to obtain the vessels in question without the use of force.⁵²³

⁵¹⁹ The British government maintained the requirement, introduced in the wake of Germany's resumption of unrestricted U-boat warfare in February 1917, that departing neutral merchantmen be replaced by an equal amount of incoming tonnage. See chapter IV.

⁵²⁰ Fayle, 1924: Volume III: 220

FO 382/1758; Minute No. 311, Neutral Tonnage Conference minute; 9th November, 1917

⁵²¹ “Shipping Controller” was the official title of the head of the Ministry of Shipping, effectively making Sir Joseph British minister of shipping.

⁵²² FO 382/1758; 236536, Ministry of Shipping to MoB; 13th December, 1917

⁵²³ FO 382/1758; Unnumbered, MoB to Ministry of Shipping; 22nd December, 1917

The Ministry of Shipping was nevertheless not alone in pushing for securing neutral shipping by way of forced chartering. A few days earlier, on 9th December, the War Trade Board had let the British ambassador in Washington, Spring Rice, know that the American government considered itself committed to the requisitioning of Dutch and Swedish tonnage, as discussed at the recent blockade conferences in London and Paris. Spring Rice forwarded these views to the Ministry of Blockade. The British ambassador nevertheless did this without explaining that it had been part of a broader discussion between the British embassy and the American officials on policy coordination. The message therefore left Cecil and his colleagues at the MoB nonplussed. Far from having agreed to requisition Swedish tonnage, the Ministry of Blockade had been rebuffing American advances for such at the inter-Allied conferences. Cecil therefore telegraphed Spring Rice to this effect. In response the British ambassador explained that the WTB remained fully committed to negotiate with the Swedish government, and that both they and the US Shipping Board would only contemplate requisitioning as a last resort.⁵²⁴

Cecil's actions as regards the Ministry of Shipping and the War Trade Board appear to have put a temporary lid on matters. To the MoB, the shipping authorities' overtures must nevertheless have revealed a startling lack of appreciation of the complexities of Sweden's relationship with the western powers. It mattered little whether or not Swedish shipping magnates would appreciate having their vessels requisitioned and placed under Allied charter. Requisitioning tonnage by way of force would make it all the more difficult to negotiate a general settlement with the new Swedish government. The Edén government needed to show that it, as opposed to the conservative opposition, could reach an equitable accommodation with the west, allowing supplies through the North Sea blockade cordon against limited concessions. Without such a negotiated settlement it would be impossible for the Stockholm government to justify reducing exports to Germany, which in turn would undermine the very purpose of Allied blockade efforts. This complex relationship between blockade and shipping needs, combined with the brief but annoying misunderstanding over WTB policy, would have made it all the more problematic, in the eyes of the Ministry of Blockade, that McCormick and Taylor had failed to appoint a senior War Trade Board representative which could partake in negotiations in London. For the time being there was nevertheless little which Cecil or his subordinates could do about this.

Having crossed the North Sea, Marcus Wallenberg arrived in London on 12th December 1917 together with the remaining members of his delegation. With neither side interested in prolonging the negotiations any more than necessary, the first plenary meeting between the

⁵²⁴ FO 382/1758; No. 3790, Spring Rice to MoB; 9th December, 1917
FO 382/1758; No. 5377, MoB to Spring Rice; 14th December, 1917
FO 382/1758; No. 3902, Spring Rice to MoB; 18th December, 1917

Swedish representatives and their western counterparts took place the very next day.⁵²⁵ As a sign of the new inter-Allied nature of the negotiations the British delegates were joined by American embassy officials, as well as Italian and French representatives. The apparent international character of the Allied delegation should nevertheless not be overstated, especially as the American representation was by way of fairly junior personnel. As agreed at the recently concluded inter-Allied conferences, British delegates would carry out the brunt of the talks on behalf of the Western Allies.

Having welcomed the parties to the negotiating table, Cecil opened the first meeting by requesting that the Swedish delegates submit their proposals in writing so that these could be considered by the Allied representatives. When these proposals were produced the next day, Ministry of Blockade officials found these to consist of broad generalisations rather than hard figures. This was disappointing to the Allied negotiators, but more understandable from the Swedish delegation's perspective. Wallenberg likely had no desire to repeat the experience of the previous round of negotiations, when he and Hellner had been shocked to discover by just how much British demands differed from what the Hammarskjöld government was willing to concede. Taking the Swedish memorandum as a point of departure, Wallenberg and Cecil therefore agreed to appoint separate sub-committees on import quotas, tonnage and iron ore, which would look into each field in detail. These sub-committees would then report back to the plenary committee on points of agreement or on any outstanding issues. A separate sub-committee was also appointed to tackle the *modus vivendi* question.⁵²⁶

Although Swedish proposals had been presented in the form of a somewhat vague memorandum, Ministry of Blockade officials had good reason to be optimistic. Even before the first official meeting between the delegates Wallenberg had sat down informally with Cecil, and had confirmed that the Swedish negotiating stance was indeed what Hellner had told Wrangel in mid-November. The Edén government would be willing to reduce ore shipments to Germany and make shipping concessions to the Allies in return for access to western commodities. Of such commodities coal and petroleum were the most urgently required supplies. Given the dramatic shift in Swedish trade policy which had taken place since Wallenberg was last in London, the negotiations this time ought therefore to evolve around numbers rather than principles.⁵²⁷

⁵²⁵ It should be noted that as the accredited Swedish minister in London, Count Herman Wrangel formally headed the Swedish delegation. Wrangel's participation in the negotiations nevertheless appears to have been largely superficial. Marcus Wallenberg, as Foreign Minister Hellner's personal representative, led the Swedish efforts in all but name.

⁵²⁶ Koblík, 1972: 179-180

RG 182-11-51; SNI: No. 7952, Page to SecState; 13th December, 1917

RG 182-11-51; SNI: No. 7977, Page to SecState; 14th December, 1917

RG 182-11-51; SNI: Unnumbered, *MEMORANDUM – Swedish Negotiations in London*; 4th January, 1918

⁵²⁷ RG 182-11-51; SNI: No. 7952, Page to SecState; 13th December, 1917

This was even more the case when it came to the *modus vivendi*. Unlike the general agreement, Swedish proposals on this preliminary agreement were much more specific. In the first instance Swedish requirements included the release of two large steamers together with their cargoes of 11 000 tons of maize, all of which had been laid up in Las Palmas since February 1917 due to lack of British permission to cross the North Sea blockade lines.⁵²⁸ The Swedes also desired the release of a steamer loaded with a cargo of 3 600 tons of phosphate rock, currently detained in an American port, as well as licence to import a further 25 000 tons of phosphate rock, 25 000 tons of illuminating oil and 6 750 tons of fuel oil from the United States.⁵²⁹ Furthermore, Wallenberg requested import permits and shipping facilities, including bunkering and visitation outside the danger zone, for 23 000 tons of maize and 7 000 tons of oil cake already purchased by Swedish importers and currently sitting in storage in Buenos Aires. Permission to import 72 000 bags of coffee was also desired. Finally, the Swedish government requested that the Ministry of Blockade grant permission to release a range of Swedish-owned cargoes, most or all of which were currently detained in Norway, Sweden and Switzerland under Allied agreements with those countries prohibiting the export of such goods.⁵³⁰

These were almost word for word the same proposals that Hellner had made to Howard in November, and they thus contained no surprises for the MoB. The Allied negotiators were nevertheless unwilling to discuss specific import quotas under the *modus vivendi* until agreement had been reached on the conditions under which the Allies would receive Swedish tonnage in return. Over the week following the first plenary meeting on 13th December 1917, the Wallenberg delegation and its Allied counterparts rapidly agreed that such Swedish tonnage as was presently laid up in Allied ports in Europe could be chartered to the Western Allies for three months' employment in the danger zone. Swedish vessels in American waters could be chartered for four months' employment in trades outside the danger zone. The Swedish government would also freely allow Swedish ship-owners to charter their ships for use by the Belgian Relief Committee, as well as refrain from imposing any further conditions on such Swedish vessels as were already trading in Allied service. Once a general agreement was signed, the Swedish negotiators were also to agree that any Swedish vessel not required to carry Swedish trade could freely be chartered for use by the Allies on a voyage by voyage basis, so long as the Allies

⁵²⁸ It should be noted that since their cargoes had deteriorated severely over the months of detainment (the FO considered the maize "worthless" in its present condition), releasing these two steamers, the *Jemtland* and the *Österland*, was probably more related to a desire to free up the ships themselves for renewed employment, rather than obtaining the maize.

FO 382/1758; Folder No. 208127, *Brostrom's Steamers*, Minutes by Tyler and MoB; 31st October, 1917

FO 382/1758; No. 3120, Howard to FO; 2nd November, 1917

⁵²⁹ Phosphate rock was a key ingredient in fertiliser production, and the quantity stated was estimated by the Swedish government to amount to approximately three month's requirements for Swedish domestic agriculture.

⁵³⁰ FO 382/1758; No. 3288, Howard to FO; 24th November, 1917

RG 182-11-51; SNI: No. 8014, Page to SecState; 20th December, 1917

undertook to guarantee that vessels so employed would be accorded facilities and permissions enabling them to return to Swedish port upon completion of the charter.⁵³¹

These were important concessions on the part of the Swedish negotiators. The principle that Swedish ship-owners would be free to negotiate with Allied shipping authorities without interference by the Swedish government stood in stark contrast to the provisions put in place by the Hammarskjöld government, restricting interactions between Swedish private citizens and Allied governments. In all of the above cases, regardless of under *modus vivendi* or general agreement, use of Swedish tonnage nevertheless depended upon individual ship owners' willingness to make their vessels available to the Allies. The Swedish government lacked the power to compel Swedish shippers to accept foreign charters, and the Edén government indicated that the maintenance of Swedish neutrality precluded the introduction of legislation enabling this. The leading Swedish shipping representative on the Wallenberg delegation, Gunnar Carlsson, was consequently unable to provide concrete tonnage figures. Carlsson, himself a major ship owner, therefore had to forward British and American chartering offers to shipping associations in Sweden, and then wait for these to ascertain just what tonnage could be made available at the offered rates. For their part, Ministry of Blockade officials felt that it was important that Swedish ship-owners not be afforded better terms than those offered to Norwegian shippers, presumably so as not to place difficulties in the way of the American-Norwegian negotiations currently underway in Washington. This in turn meant that the speed of negotiations slowed right down, as Carlsson sought to bargain with ship-owners in Stockholm and Gothenburg.⁵³²

Nor was Carlsson the only delegate forced to confer with external authorities. While McCormick and Taylor had hammered out a broad negotiating program with the Ministry of Blockade over the course of the inter-Allied conferences in November and early December, neither had left any instructions regarding the establishment of a Swedish *modus vivendi*. Ambassador Hines Page, nominally responsible for American representation in the negotiating sessions in lieu of direct War Trade Board representation, therefore remained without power to commit the United States government to any of the undertakings that were being discussed. As a consequence, he was forced to report on every stage of said discussions back to the WTB in Washington, before awaiting authorisation to proceed to the next stage. Nor was the War Trade Board, still an organisation in its infancy, especially forthcoming with instructions. The board

⁵³¹ FO 382/1758; No. 3288, Howard to FO; 24th November, 1917

RG 182-11-51; SNI: No. 8014, Page to SecState; 20th December, 1917

⁵³² FO 382/1758; Folder No. 216244, *Neutral Tonnage Conference: Minute No. 311 (Nov 9th 1917)*; 12th November, 1917

FO 382/1758; Folder No. 242008, *Swedish Tonnage Negotiations: Modus Vivendi*, Minutes; 22nd December, 1917

FO 382/1758; Folder No. 242008, Knatchbull-Hugessen to Carlsson; 22nd December, 1917

FO 382/1758; No. 3310, FO to Howard; 24th December, 1917

Koblik, 1972: 170

had been without two of its most powerful members, Taylor the chairman himself, McCormick, for well over a month. This in turn had hamstrung operations in Washington to a considerable extent.⁵³³

By late December the delays caused by these cumbersome arrangements had become seriously embarrassing Page. It must therefore have come as a great relief to the American ambassador when McCormick, on 29th December, finally authorised Lewis P. Sheldon, the United States Food Administrator's delegate in London, to act as the official War Trade Board representative in Britain. Even though this relieved Page of some of the responsibility of following the negotiations on a day-to-day basis, it nevertheless did little to solve the fundamental problem hampering American participation in the negotiations. Sheldon, like Page before him, was left without broad instructions or the power to commit the US government.⁵³⁴

By the end of 1917 the delays caused by way of the slow shipping negotiations and the cumbersome American arrangements were frustrating both Wallenberg and the Allies. From the Swedish delegation's point of view a failure to secure agricultural supplies was likely to have severe consequences for Swedish farmers, impacting crop yields for 1918, as well as necessitating the sale of excess cattle to Germany, which in turn would make negotiating export restrictions with the Western Allies even more difficult. For their part, Allied negotiators were also alive to the need to support the Edén government in its struggle to fend off the more pro-German opposition. The Swedish Riksdag would reconvene after Christmas recess on 15th January, and it was considered expedient to find some way of enabling Hellner and Edén to show that real progress was being made in London before then. Reaching agreement on the *Modus vivendi* would do the trick.⁵³⁵

It took until the beginning of January 1918 for the Swedish shipping delegates to finally get back to the tonnage negotiations with concrete figures on the amount of Swedish tonnage which could be made available to the Allies. Although the overall shipping proposals discussed between the negotiating parties in late December had included Swedish shipping in both Swedish as well as Allied ports, Carlsson had nevertheless limited his enquiries among Swedish ship-owners to ships currently laid up in Allied harbour. As a consequence, Carlsson was only able to offer just short of 50 000 tons worth of shipping to offset Wallenberg's desired import concessions. Since this was less than half the amount of tonnage the Ministry of Blockade had been hoping to secure from the *modus vivendi*, Carlsson was told in no uncertain terms that his

⁵³³ RG 182-11-51; SNI: No. 8043, Page to SecState; 22nd December, 1917

⁵³⁴ Koblik, 1972: 167, 181-183

RG 182-11-51; SNI: No. 8043, Page to SecState; 22nd December, 1917

RG 182-11-51; SNI: No. 8112, Sheldon to WTB; 31st December, 1917

RG 182-11-51; SNI: No. 8135, Page to SecState; 3rd January, 1918

⁵³⁵ RG 182-11-51; SNI: No. 1252, Amlegation Stockholm to SecState; 31st December, 1917

RG 182-11-51; SNI: No. 8112, Sheldon to WTB; 31st December, 1917

proposal was completely unacceptable. The Swedish shipping delegate was therefore again forced to contact the Swedish shipping associations in order to negotiate the release of further vessels.⁵³⁶

Finally, on 10th January, Carlsson was able to get back to the MoB with a renewed offer. He could still only confirm the chartering of 60 000 tons worth of shipping, but expressed confidence that he would be able to bring the total up to the desired 100 000 tons in the coming days. These were welcome news to the Allied delegates, and appeared to represent something of a breakthrough in the negotiations. The western tonnage shortage was as severe as it had ever been. On 18th December Cecil reported to the cabinet that the Italian prime minister had stated that if more aid was not forthcoming in the immediate future, revolution might break out in Italy. The Allied authorities were also becoming increasingly concerned with the prospect of a large German offensive on the western front the coming spring, using forces freed up by the Russian collapse on the eastern front. In order to counter the German build-up in the west it was therefore absolutely necessary to ferry American forces, munitions and supplies to France at an increased rate. For his part, Hugh Knatchbull-Hugessen, one of the Ministry of Blockade delegates, therefore reported to Eyre Crowe, who headed the British delegation on the *modus vivendi* sub-committee, that if it was possible to get 100 000 tons of Swedish shipping at once by way of the *modus vivendi*, the Allies should accept all of Wallenberg's import quota proposals without delay.⁵³⁷

Although both Crowe and Cecil appear to have agreed with Knatchbull-Hugessen's assessment, the American government was not quite so forthcoming.⁵³⁸ On 4th January Sheldon had finally received the negotiating instructions from the War Trade Board for which he and

⁵³⁶ FO 382/2065; Folder No. 4141, *COAL & TONNAGE: Swedish Tonnage Negotiations*, Minutes by Knatchbull-Hugessen; 8th January, 1918

⁵³⁷ FO 382/2065; Folder No. 5732, *COAL & TONNAGE: Swedish Tonnage Negotiations*, Minutes by Knatchbull-Hugessen; 10th January, 1918

FO 382/2065; Folder No. 5732, *COAL & TONNAGE: Swedish Tonnage Negotiations*, Carlsson to Knatchbull-Hugessen; 10th January, 1918

FO 382/2065; Folder No. 5732, *COAL & TONNAGE: Swedish Tonnage Negotiations*, Knatchbull-Hugessen to Carlsson; 11th January, 1918

Koblik, 1972: 183-184

Mick in Winter, 2014 (I): 134-135

RG 182-11-51; SNI: No. 8242, Sheldon to WTB; 11th January, 1918

⁵³⁸ Steven Koblik argues that the War Trade Board in Washington prolonged the *modus vivendi* negotiations by demanding that Swedish iron ore exports be made part of said preliminary agreement. (Koblik, 1972: 187) This is not strictly accurate. Although the WTB were inclined to take a stricter line than their British colleagues on iron ore, I have been unable to find any evidence in the MoB or WTB archives of Washington holding up *modus vivendi* negotiations over this issue. During the early stages of the negotiations there was some uncertainty between the Allies over whether the *modus vivendi* should also include some settlement on iron ore and financing, and the War Trade Board file referenced by Koblik could possibly be seen to conflate discussion on these issues with the narrower tonnage *modus vivendi*. Disagreement between the Allies and the Swedish delegates over iron ore were nevertheless from an early stage confined to the general agreement. From mid-January onwards the Allied authorities agreed between themselves not to attempt to force the Swedish government to make concessions on the iron ore issue until after the *modus vivendi* had been signed, since such pressure might in the final instance include threatening to end all exports of western commodities to Sweden, thus precluding the successful conclusion of an early tonnage *modus vivendi*. See section on Swedish general agreement negotiations below.

Hines Page had been asking. The WTB advised that, temporary agreement or not, the proposed rationing quotas, which McCormick and Taylor had discussed with Cecil and other Ministry of Blockade representatives in London, should form the basis for any accommodation. When it came to phosphate fertilisers and mineral oils the Swedish *modus vivendi* proposals were limited to three month's consumption, the release of these commodities was therefore relatively unproblematic. Coffee could likewise be made available in the desired amounts, so long as it was sourced from France and therefore not significantly reduce the amount of tonnage available to the Allies for transatlantic trade. The proposed maize imports were far more problematic, since the WTB estimated these to be in excess of Swedish requirements. The American government was therefore reluctant to agree to the amounts proposed by Wallenberg. The release of Swedish-owned cargoes detained in other neutral European countries under Allied blockade agreements was equally unpalatable, since it was feared that a number of these might indirectly facilitate increased Swedish exports to the Central Powers. Having registered its protest, the War Trade Board nevertheless agreed to leave decision on this last point to Sheldon and the British negotiators.⁵³⁹

Having finally received his instructions, Sheldon met with Crowe and the other British delegates on the *modus vivendi* sub-committee in order to discuss the progress of the *modus vivendi* shipping negotiations as well as the War Trade Board's views on quotas with. The MoB agreed to reduce the proposed maize quota as excessive, but felt that the remaining proposals should be left largely untouched, lest the rapid conclusion of the *modus vivendi* fall through. Over the course of the second week of January these new Allied proposals were put to the Swedish delegates who responded cautiously, but positively. Wallenberg agreed to propose to Hellner and Edén that the Swedish release a minimum of 100 000 tons of Swedish shipping, to be chartered to the Allies for three months under the tonnage proposals agreed by Carlsson. In return Wallenberg again required the release of the two Swedish steamers at Las Palmas together with their cargoes totalling 11 000 tons of maize, as well as license the export to Sweden of 15 000 tons of maize and 5 000 tons of oil cake from South America. Additionally the Allies must release Swedish cargoes of cork, cocoa and dried fruit presently detained in other neutral European countries, and allow imports into Sweden of 25 000 tons of phosphate rock, 5 000 tons of fuel oil, 15 000 tons of illuminating oil and 47 000 bags of coffee.⁵⁴⁰

Although not quite in line with the American demands, these quantities represented a significant reduction from the original Swedish proposals, and Wallenberg told Crowe and Sheldon that these were the absolute minimum quotas which he felt he could put before the

⁵³⁹ RG 182-11-51; SNI: No. 6165, WTB to Sheldon; 4th January, 1918

RG 182-11-51; SNI: No. 8242, Sheldon to WTB; 11th January, 1918

⁵⁴⁰ FO 382/2065; No. 237, FO to Spring Rice; 11th January, 1918

FO 382/2065; Folder No. 8204, *COAL & TONNAGE: Swedish "modus vivendi"*, Minutes; 14th January, 1918

RG 182-11-51; SNI: No. 8242, Sheldon to WTB; 11th January, 1918

government in Stockholm. The War Trade Board nevertheless remained unhappy, reminding the Ministry of Blockade that, the shipping crisis notwithstanding, allowing Sweden to import significant quantities of goods before the conclusion of a general agreement was contrary to policy approved at the inter-Allied conferences in late 1917. Granting such concessions to the Swedish government might also make negotiations with the other northern neutrals more difficult as the Allies could be seen to discriminate in favour of Sweden. The WTB therefore pushed for further reductions in the proposed Swedish *modus vivendi* import licenses. In this they also had the support of the French government, which sometime before 15th January indicated that it would like to see the mineral oil quota slashed from three months' to one month's requirements, and oil cake licences to be refused altogether. The French blockade authorities also indicated that if the Allies must make concessions to the Swedish government, they would much prefer to see these be made on food rather than fertiliser and industrial raw materials.⁵⁴¹

Although American economic warfare officials in Washington no doubt agreed with much of the French sentiment, they nevertheless decided not to push the issue. On 16th January the WTB informed Sheldon that if Allied negotiators in London, having been made aware of the views of the American government, still felt it necessary to make the proposed concessions in order to land the tonnage *modus vivendi*, Sheldon was authorised to sign the agreement on the United States' behalf.⁵⁴²

The War Trade Board's decision to abide by the decisions of the Allied delegates in London set the stage for the final round of *modus vivendi* negotiations. Delays over Carlsson's shipping proposals, as well as the inter-Allied wrangling over Swedish import quotas, caused the 15th January deadline to slip by in silence. The ongoing shipping crisis must nevertheless have lent a degree of urgency to the discussions at hand. As a consequence, the Allied negotiators set out to whittle down Wallenberg's resistance to further reductions in import quotas, but were determined not to imperil the *modus vivendi* or delay it more than absolutely necessary. It was nevertheless not until the end of the month that Wallenberg, having presented the final set of proposals to Hellner, was authorised to seal the agreement. Under the *modus vivendi* the Swedish government agreed to the tonnage accord negotiated by Carlsson, providing at least 100 000 tons worth of Swedish merchant vessels to sail in the danger zone on charter to the Allies. In return the Allied powers agreed to provide bunker facilities and free passage through the North Sea blockade cordon to the two Swedish merchant vessels stuck at Las Palmas to proceed to Swedish port with their 11 000 ton cargo of maize. The Allies would also allow

⁵⁴¹ FO 382/2065; Folder No. 8204, *COAL & TONNAGE: Swedish "modus vivendi"*, Minutes; 14th January, 1918
RG 182-11-51; SNI: No. 6274, WTB to Sheldon; 16th January, 1918

RG 182-11-51; SNI: No. 494, WTB to Amlegation Stockholm; 22nd January, 1918

⁵⁴² RG 182-11-51; SNI: No. 6274, WTB to Sheldon; 16th January, 1918

Sweden to import an additional 15 000 tons of maize, 3 000 tons of oil cake, 47 000 bags of coffee, 25 000 tons of phosphate rock, 10 000 tons of illuminating oil and 5 000 tons of fuel oil. Finally the Allies agreed to release Swedish cargoes of dried fruit and cocoa held in Norway, and 4 000 cubic meters of cork held in Switzerland, on the condition that neither import would be used to facilitate the export of other commodities to Germany. The final *modus vivendi* agreement was signed in London on 29th January by Wallenberg and Count Wrangel. All that was left was for the Edén government in Stockholm to formally endorse the accord.⁵⁴³

This was nevertheless not to happen immediately. Almost as soon as the agreement had been signed, the operation of the *modus vivendi* was imperilled by the introduction of new American bunker regulations. These regulations, authorised by the War Trade Board on 19th January and coming into force two days later, required that any neutral merchant vessel departing US port conform to any and all directions and requirements made by American authorities, including undertaking to return to US port after the completion of its journey. Not only would these regulations subject Swedish shippers to such requirements as effectively amounted to an American version of the British Statutory List system, whereby ships and their owners were prevented from dealing with German merchants in any form or shape whatsoever. They also meant that such ships as were sent out from Sweden to collect quota cargoes for import from the west, would be required to return to an Entente or American port after said cargo had been delivered in Sweden, lest the owner of said ship be blacklisted by Allied shipping authorities.⁵⁴⁴

These requirements were far more onerous than those encompassed in the *modus vivendi* agreement itself, and even though the regulations had been promulgated in Washington in late January, news of them did not reach Europe until the beginning of February, after the delegates in London had signed the temporary tonnage accord. When news reached the Swedish representatives in London that the War Trade Board intended to hold Swedish ships operating under the *modus vivendi* to the new bunker regulations, they therefore quite understandably balked at the prospect. The tonnage part of the *modus vivendi* was already fairly unpopular in Sweden. As noted above, Carlsson had already struggled to make available the required amount of tonnage under the conditions demanded by the Ministry of Blockade. Both Wallenberg and Hellner therefore understood perfectly well that any additional requirements placed upon the Swedish ship owners trading under the *modus vivendi* were likely to kill the agreement altogether. Nor did it help matters that the Allied delegates in London, including both Lord

⁵⁴³ FO 382/2065; No. 250, Howard to MoB; 29th January, 1918
RG 182-11-51; SNI: No. 8430, Page to WTB; 29th January, 1918

⁵⁴⁴ FRUS: 1918, Supp. 1, Part II; *General Rules Number 1, Governing Granting Licenses for Bunker Fuel, Port, Sea and Ship's Stores and Supplies, Issued by the War Trade Board*; 19th January, 1918

Robert Cecil himself and Sheldon, the WTB representative, only learnt⁵⁴⁵ of the new American bunker regulations at the same time as the Swedes did.⁵⁴⁶

One week after the *modus vivendi* agreement had been signed, on 6th February, Wallenberg told Knatchbull-Hugessen that any attempt by the American authorities at enforcing the new regulations would place the Swedish government in an impossible position. Since no reference to the American bunker regulations had been made during the negotiations for the *modus vivendi*, Wallenberg therefore argued that only those requirements contained within the agreement itself should be made to apply to Swedish vessels trading under said agreement. Knatchbull-Hugessen and other MoB officials agreed with Wallenberg's interpretation, and immediately requested that Sheldon ask his superiors in Washington for a formal undertaking to this effect. The authorities in Washington nevertheless appeared reluctant to give such assurances. On 11th February Lord Reading, the British Ambassador in Washington, telegraphed home that the only concession he had been able to extract from the WTB was a promise that the new bunker regulations would be enforced "leniently" with regard to *modus vivendi* vessels.⁵⁴⁷

This was war from sufficient to calm the waters. On 12th February Morris reported from Stockholm that "criticism everywhere ... is very severe". Under pressure from Hellner and other members of the Swedish government, the American minister urgently requested that the board clarify its stance on the applicability of its new bunker regulations on Swedish vessels. Three days later Sheldon repeated his request that the WTB make a public statement that the new bunkering regulation would not be made to apply to *modus vivendi* vessels. If this was not done, Sheldon warned that the Swedish government had stated that it would not consider itself bound by the terms of the accord, and that the agreement would consequently collapse. Both the Ministry of Blockade and the French economic warfare authorities made their own pleas to the WTB along the same lines.⁵⁴⁸

Given the urgent need to secure the Swedish *modus vivendi* ships for the Western Allies, and the lack of clear response from the War Trade Board, Cecil himself decided to lend weight to the pressure being piled on the Americans. British chartering authorities were already reporting

⁵⁴⁵ The War Trade Board had in fact consulted British shipping officials in Washington before promulgation, but these appear to have let the new American bunker regulations go through on the nod without either raising objections or notifying the MoB in London. (FO 382/2065; No. 654, Reading to MoB; 18th February, 1918)

⁵⁴⁶ FO 382/2065; ; No. 561, Reading to MoB; 11th February, 1918

RG 182-11-51; SNI: No. 8678, Page to SecState; 15th February, 1918

⁵⁴⁷ FO 382/2065; Folder No. 24533, Knatchbull-Hugessen to Sheldon; 6th February, 1918

FO 382/2065; ; Folder No. 24533, Sheldon to Knatchbull-Hugessen ; 8th February, 1918

FO 382/2065; ; No. 561, Reading to MoB; 11th February, 1918

⁵⁴⁸ FO 382/2065; Folder No. 28554, Memorandum, Wallenberg to Leverton-Harris; 13th February, 1918

FO 382/2065; Folder No. 28554, Knatchbull-Hugessen to Sheldon; 14th February, 1918

FO 382/2065; No. 867, MoB to Reading; 15th February, 1918

RG 182-11-51; SNI: No. 1486, Morris to WTB; 12th February, 1918

RG 182-11-51; SNI: No. 8678, Page to SecState; 15th February, 1918

RG 182-11-51; SNI: No. 1532, Morris to WTB; 19th February, 1918

that a number of Swedish vessels which had been placed at the disposal of the Allies following the signing of the temporary shipping accord were now in the process of being withdrawn by the Swedish authorities. On 16th February Cecil therefore asked Lord Reading to point out to his US counterparts that McCormick and the War Trade Board had themselves agreed to give the Ministry of Blockade responsibility for conducting the Swedish negotiations, and that it did therefore “not seem unreasonable for [the MoB] to ask for this concession”.⁵⁴⁹ Later the same day the WTB finally relented, asking Morris and Sheldon to let the Stockholm government and the Swedish delegates in London know that the American government would not seek to hold vessels sailing under the *modus vivendi* agreement to the new bunker regulations. Sorting out the details surrounding the implementation of regulations and setting up a system for securing the compliance of Swedish firms with the restrictions on use and sale of quota goods nevertheless took some more days. It was therefore not until 26th February that the Edén government was able to signal its formal adherence to the *modus vivendi*, and until 2nd March for news of the conclusion of the agreement to be released to the Swedish public.⁵⁵⁰

The Åland and iron ore questions

All the while the sub-committees on import quotas, tonnage and iron ore, as well as the *modus vivendi* committee itself, worked towards sealing the preliminary shipping accord, the delegates on the iron ore sub-committee came to focus on what to the Western Allies would be one of the key objectives of the general agreement: limiting the amount of Swedish ore available to German purchasers.

As explained above, well before the negotiations themselves began, the Ministry of Blockade had reached the conclusion that since the US government was unwilling to purchase any excess Swedish iron the Allied blockade authorities would not be in a position to demand a complete cessation of Swedish ore exports to the continent. During a November meeting in London, Cecil had convinced McCormick that a division of Swedish ore exports between Germany and the Allies on a fifty-fifty basis was the best settlement which the western powers could hope to negotiate successfully. On 3rd December Thomas Chadbourne, the vice chairman of

⁵⁴⁹ FO 382/2065; No. 887, Cecil to Reading; 16th February, 1918

⁵⁵⁰ FO 382/2065; Folder No. 29449, Minute by Knatchbull-Hugessen; 15th February, 1918

FO 382/2065; No. 887, Cecil to Reading; 16th February, 1918

FO 382/2065; No. 654, Reading to MoB; 18th February, 1918

FO 382/2065; Folder No. 31851, Knatchbull-Hugessen to Royden; 21st February, 1918

FO 382/2065; No. 491, Howard to MoB; 21st February, 1918

FO 382/2065; Folder No. 33652, Balfour to Wrangel; 25th February, 1918

FO 382/2065; Folder No. 33652, No. 79, Wrangel to Balfour; 26th February, 1918

FO 382/2065; No. 578, Howard to MoB; 2nd March, 1918

RG 182-11-51; SNI: No. 110, WTB to Morris (copy to Sheldon); 16th February, 1918

RG 182-11-51; SNI: No. 581, WTB to Amlegation Stockholm; 6th March, 1918

the WTB telegraphed McCormick to let him know that this negotiating stance had been endorsed by the War Trade Board as a whole. For his part, Wallenberg, in his meeting with Cecil on 12th December, had confirmed that the Swedish government would be willing to discuss restrictions on Swedish ore exports, so long as the Allies refrained from demanding a complete cessation of sales to Germany.⁵⁵¹

On 19th December the Allied delegates on the iron ore subcommittee presented their Swedish counterparts with a proposal that future iron exports be split evenly between the Central Powers and the west. Based on the previous year's figures, this would mean an effective reduction in Swedish ore exports to Germany of just over 2 000 000 tons. For his part, Wallenberg offered reducing Swedish exports by 1 000 000 tons. The head of the Swedish delegation was keenly aware of the difficult position which the Edén government in Stockholm found itself in. Wallenberg's trade negotiations in London were taking place parallel to Swedish-German trade discussions in Berlin. In and of themselves these were nothing new. Trade between Germany and Sweden, especially the important exchange of Swedish ore and paper for German coal, had been regulated via bilateral arrangements for much of the war. The majority of these took the form of two-month agreements, and so were the subject of more or less continuous negotiations. Over the course of Hammarskjöld's tenure as Swedish prime minister, the German government had been able to use these agreements to bind Swedish trade policy closely to its own. As a consequence, the Swedish foreign minister had to square the results of any iron ore agreement made by Wallenberg in London with the German authorities, lest these attempt to retaliate against Sweden some other way.⁵⁵²

On 7th January Hellner let Wallenberg know that he thought the German authorities would accept reduced access to Swedish iron ore to the tune of 1 500 000 tons. Sometime later he corrected this to an export quota of 3 350 000 tons, an effective reduction of 1 150 000 tons from the previous year. For their part, the Ministry of Blockade negotiators initially indicated that they were prepared to accept a 1 500 000 ton reduction. The War Trade Board in Washington was less happy with this proposal, and let the delegates know that they were inclined to insist on Sweden sharing its ore exports evenly between the belligerent blocks, which in practical terms would entail a reduction in exports to Germany of 2 500 000 tons.⁵⁵³

American reluctance to make concessions on the iron ore issue was far from academic. On 4th January the WTB had let Sheldon know that in their opinion, the requirement that Swedish exports of low phosphorous iron ore be shared evenly between the belligerents should be made retroactive so as to cover the duration of the war as a whole. In Short, Sweden should be

⁵⁵¹ RG 182-11-51; SNI: No. 16, WTB to McCormick; 3rd December, 1917

RG 182-11-51; SNI: No. 7952, Page to SecState; 13th December, 1917

⁵⁵² Koblik, 1972: 188

⁵⁵³ Koblik, 1972: 188, 195-196

required not to export any further such ores to the Central Powers until a quantity of iron ore equal to what had already been exported to Germany had been sold to the Allies. Given the scale of iron exports from Sweden to Germany up until that point, this would mean that for all practical intents and purposes, Sweden would be prevented from exporting any more such ores to the Central Powers for the foreseeable future. This outcome would be completely unacceptable to Edén and Hellner, and so preclude any general agreement between Sweden and the Western Allies being made. It was also curious from a negotiation point of view, since the American government had rejected the earlier MoB proposal that it fund large scale purchases of Swedish ore.⁵⁵⁴

On 18th January Hellner himself told the British and American ministers in Stockholm, Esme Howard and Ira Morris, that the German government had threatened to cut off all exports of coal to Sweden, should the Swedish government reduce iron exports below what had been accepted by Berlin. He also noted that unless the Allies would agree to such a quota, he feared that Germany might begin to seize Swedish vessels transiting the Kattegat, and added that since Swedish iron ore presently accounted for only 10-15% of German requirements the impact on the war of any severe restriction of Swedish exports was likely to be minimal. Howard replied by urging the Swedish foreign minister to retaliate by letting the German minister know that if Germany cut off coal supplies, Sweden would cut off iron ore exports entirely. Hellner rejected this out of hand. Breaking off economic relations with Germany would do little to improve the Swedish supply situation. He instead insisted that the current set of iron ore proposals were unworkable, and urged the Western Allies to agree to allow Sweden to export a minimum of 3 750 000 tons of ore, the offer of which the Swedish government could then take to Berlin.⁵⁵⁵

Morris, in his dispatch to the State Department in Washington, noted his belief that Hellner's reluctance to go along with the iron ore proposals then being discussed in London was in all likelihood down to German intimidation, rather than any nefarious attempt at reaching an improved trade agreement with the Germany on the part of the Swedish government. Morris and Howard, together with their French and Italian colleagues in Stockholm, nevertheless recommended that the Allied negotiators in London stick to the original proposal that future Swedish ore exports be shared fifty-fifty between the belligerent camps. Should the Swedish government reject this, the ministers proposed that the Allied negotiators in London should hint that this might lead to the end of all trade between Sweden and the west, including the proposed Christmas shipments, the barring of Swedish shipping from utilising Allied bunker or other facilities, and, in the final instance, requisitioning of all Swedish merchant tonnage currently in western waters. Morris was nevertheless careful to point out that these intimations should not

⁵⁵⁴ RG 182-11-51; SNI: No. 6165, WTB to Sheldon; 4th January, 1918

⁵⁵⁵ RG 182-11-51; SNI: No. 1336, Morris to State Department; 19th January, 1918

be made in the form of outright threats, and that the Allied governments would be well advised to consider the connotations of a complete breakdown in relations between Sweden and the Western Allies. Should such a break occur, the western powers would lose access to Swedish products and forgo the use of such Swedish tonnage as was currently in Swedish or neutral waters. Most or all of these products and this tonnage would undoubtedly also be made available to the Central Powers and/or Russia, and Sweden would be made economically dependent upon these for the duration of the war if not longer. Finally, the collapse of negotiations between Sweden and the Western Allies might also negatively affect the ongoing negotiations with the other Scandinavian neutrals.⁵⁵⁶

In his telegrams to Washington, Morris explained that that he believed that both Hellner and Marcus Wallenberg privately thought that a fifty-fifty division of the exportable Swedish iron ore surplus between the Central Powers and the Western Allies would be “fair”. Whether either of the two Swedes believed such a division to be achievable is another matter entirely however. Not only was Hellner having to square any iron ore settlement with the German authorities in Berlin, Edén’s liberal-social democratic government had also been coming in for growing public and parliamentary criticism over its handling of another foreign policy issue entirely.⁵⁵⁷

Unlike its two other Scandinavian neighbours, the collapse of Imperial Russia over the course of the autumn and winter of 1917 had immediate and severe consequences for Sweden’s economic and security policies. Not only did the outbreak of revolution and Russia’s withdrawal from the Entente mean that the transit issue, which had had given Swedish officials a very strong negotiating card in the past, was no longer of much substance. It had also reopened the thorny issue of Sweden’s security interests in the Baltic.

The Åland Islands, located roughly mid-way between the Swedish and Finnish mainland coasts in the central Baltic, had been part of the Imperial Russian Grand Duchy of Finland ever since the Napoleonic period. Much to the satisfaction of the Swedish political establishment, who felt that having Russian forces stationed just off the Stockholm archipelago was far too close for comfort, the islands had nevertheless been demilitarized by international treaty in 1856 following the end of the Crimean War in the middle of the nineteenth century. The Russian authorities had rapidly refortified the islands in early 1915, but they had remained a backwater through much of the conflict. The partial collapse of central Russian authority and Finnish steps towards declaring independence was to change this. Not only was there cross-party agreement in Stockholm of the need to avoid the permanent remilitarisation of the islands by a foreign power. There was also the added complication of the islands’ population, a large number of

⁵⁵⁶ RG 182-11-51; SNI: No. 1336, Morris to State Department; 19th January, 1918

RG 182-11-51; SNI: No. 1338, Morris to State Department; 19th January, 1918

⁵⁵⁷ RG 182-11-51; SNI: No. 1360, Morris to State Department; 24th January, 1918

whom were ethnic Swedes and strongly in favour of reuniting the territory with Sweden proper. By the beginning of 1918 the apparent plight of the Åland islanders combined with nationalist sentiment to build strong support amongst Swedish conservatives for a policy of Swedish intervention in the islands. The conservative parties, once again, had the strong support of King Gustav.⁵⁵⁸

The ruling liberal-social democratic coalition government, which officially recognised Finland's independence on 4th January, was far from as sanguine as the opposition on the issue of intervention. Hellner, who in principle favoured reuniting the islands with the Swedish crown, was worried that any action by the Swedish government in violation of the 1856 agreement on the status of the islands, guaranteed by the British and French government, might imperil the ongoing trade negotiations in London. He was therefore reluctant to endorse unilateral Swedish action on the issue. Several of the more left leaning members of the government were also loath to adopt any policy which might undermine Sweden's relationship with, and the strength of, the Finnish socialist movement.⁵⁵⁹

Nor was Sweden, Russia and the Western Allies the only states to take an interest in the Finnish territory. In late 1917 the imperial government in Berlin, without the knowledge of the Edén government, had made a private offer to the Swedish king that Swedish forces should be allowed to occupy the islands following the imminent withdrawal of the Russian garrison. By early 1918 the mood amongst authorities in Berlin had nevertheless perceptibly changed. The German government was increasingly coming to favour military intervention in the islands, both in order to strengthen German control over the Baltic proper, and as a way to support the conservative faction in the burgeoning Finnish internal political power struggle.⁵⁶⁰

In late December Hellner had sent diplomatic notes to the German, Austro-Hungarian and Turkish governments, requesting that Swedish interests in the Åland question be respected in the ongoing peace negotiations between Russia and the Central Powers. On paper this request was fairly innocent, yet it was sufficient to prompt a reaction by Allied representatives in Washington. In the middle of January 1918 Cecil authorised Howard in Stockholm to remind Hellner that even though the British government remained sympathetic to Swedish interests in the Baltic, Sweden was not a signatory to the 1856 Åland agreement and therefore had no rights under said accord. From the British point of view, any challenge to the status of Åland made without the understanding and agreement of Britain and France would be in breach of

⁵⁵⁸ Gihl, 1951: 341-343

Koblik, 1972: 193

Salmon, 1997: 162-163

⁵⁵⁹ Gihl, 1951: 355

Koblik, 1972: 193-194

Salmon, 1997: 162-164

⁵⁶⁰ Salmon, 1997: 162-163

international law. This line of argument may have rung somewhat hollow in Stockholm, given the British government's own occasional creative interpretation of international law, made in the course of implementing the blockade. It must nevertheless have underscored for Hellner the potential impact upon Anglo-Swedish relations, should Sweden take unilateral action on the Åland issue.⁵⁶¹

By the time the Finnish internal political conflict descended into full scale civil war in late January 1918, the Swedish government still remained deeply split on policy on Finland in general, and the Åland islands specifically. Not even Branting or the social democratic ministers, who were already struggling to contain the more radical elements of their own party, favoured outright support for the communist "red" faction.⁵⁶² Any attempt by Edén to intervene directly in favour of the conservative "white" government faction was nevertheless unpalatable to these ministers, and therefore likely to lead to the collapse of the liberal-social democratic coalition, and possibly set off large scale domestic disturbances within Sweden proper. Yet the conservative press and political opposition were pushing more and more forcefully for just such action. Edén had survived the initial debates following the reopening of the Riksdag in mid-January, but the Swedish prime minister needed some kind of foreign policy victory in order to stave off further criticism. The liberal-social democratic coalition had come to power largely on a promise to achieve such foreign policy aims as the conservatives had been unable to. Unfortunately for Hellner, it was becoming increasingly apparent that the *modus vivendi* would not suffice in this regard.⁵⁶³

When Hellner presented the *modus vivendi* proposals to the Riksdag opposition in January, the tonnage accord, as negotiated by Carlsson and Wallenberg, had come in for severe criticism. The conservatives accused the government of giving away too much for too little gain. Swedish tonnage concessions were especially unpopular. In this sense, the three months that had passed since Swartz had handed over the reins of government to Edén had done little to change the conservative party's appraisal of the strength of the Swedish negotiating position vis-à-vis the Western Allies. Cecil felt, with some justification, that the Allies had already offered Wallenberg more than they strictly had to. In criticising the *modus vivendi* proposals, the

⁵⁶¹ FO 371/3352; No. 50, Howard to FO; 7th January, 1918

FO 371/3352; Folder No. 4219, Minute and handwritten comments ; 8th January, 1918

FO 371/3352; Folder No. 6718 (No. 7), Howard to FO (telegram and copy of Swedish *Note Verbale* to Central Powers); 13th January, 1918

FO 371/3352; No. 112, FO to Howard; 19th January, 1918

Gihl, 1951: 351-352

Salmon, 1997: 163

⁵⁶² Note that Branting, who had been appointed minister of finance when Edén put together his cabinet in October 1917, resigned his ministerial brief for personal reasons in early January 1918. He nevertheless remained leader of the social democratic party, and therefore continued to be intimately involved with the work of Edén's liberal-social democratic coalition government even after his resignation.

⁵⁶³ Gihl, 1951: 353, 357

Koblik, 1972: 194

Swedish conservatives were therefore questioning the wisdom in continuing any kind of negotiations with the west whatsoever. Swedish conservative policy in this regard was also fully in line with German objectives. On 30th January the American minister in Copenhagen, Grant Smith, reported home that the authorities in Berlin were bringing pressure to bear on the Danish, Swedish and Dutch governments with a view to preventing these from allowing any further chartering of merchant tonnage to the Allies.⁵⁶⁴

This was the backdrop against which Edén finally agreed to authorise Swedish action on the Åland islands. On 8th February 1918 a deputation of Ålanders had visited Hellner at the Foreign Ministry, complaining that the breakdown in discipline amongst the Russian troops stationed on the islands meant that the civilian population no longer felt safe. Over the course of the following days exaggerated rumours of attacks on civilians grew in the Swedish press, and on the 13th the Swedish government authorised two naval vessels to depart for the islands with a view to maintaining law and order and to protect any civilians who might be under threat of violence. Over the following weeks Swedish representatives negotiated the evacuation of both Russian forces as well as small units of white and red Finnish troops which had arrived on the islands, and from 23rd February the Swedish naval forces already in Åland were supplemented by way of units from the Swedish army.⁵⁶⁵

Swedish control over Åland was nevertheless to be a brief affair. Following the breakdown in the ongoing Brest-Litovsk peace negotiations and subsequent reopening of hostilities between Berlin and the new Russian Bolshevik authorities on 18th February, the German government decided to intervene in the Finnish civil war in support of the “whites”. On 21st February Berlin therefore let their Swedish counterparts know that German troops would be landing on the Åland islands in short order, as a preliminary to landing German forces in mainland Finland. Beyond issuing cursory protests, Edén and Hellner were in no position to resist the German actions. Swedish military units would remain on the islands until late April, but the presence of German forces acting in accordance with the wishes of the Finnish government had for all practical intents and purposes dashed any hope of a smooth annexation. The German intervention also represented yet another severe blow to the domestic standing of the Edén government. To Stockholm it now appeared clearer than ever before that the Åland

⁵⁶⁴ FO 382/2065; No. 587, Howard to MoB; 3rd March, 1918
RG 182-11-51; SNI: Unnumbered, Morris to State Department; 30th January, 1918
RG 182-11-51; SNI: 1875, Grant Smith to State Department; 30th January, 1918

⁵⁶⁵ FO 371/3352; No. 180, Howard to FO; 23rd January, 1918
FO 371/3352; No. 248, Howard to FO; 29th January, 1918
FO 371/3352; No. 312, Howard to FO; 4th February, 1918
FO 371/3352; No. 423, Howard to FO; 13th February, 1918
FO 371/3352; No. 469, Howard to FO; 19th February, 1918
FO 371/3352; No. 487, Howard to FO; 20th February, 1918
FO 371/3352; No. 516, Howard to FO; 23rd February, 1918
FO 371/3352; No. 531, Howard to FO; 26th February, 1918
Gihl, 1951: 366-370

question, as well as Baltic security issues in a wider sense, could only be settled by way of negotiation with Berlin. Hellner met with the French minister in Stockholm on 2nd March and told him that the arrival of German troops meant that the Swedish government would now only seek to complete the evacuation of the remaining Russian soldiers from the islands before withdrawing their own forces. This would allow Edén to claim that the humanitarian aims of its Åland expedition had been attained, and thus enable the Swedish government to make a face saving retreat. Keeping Swedish military units on Åland beyond what was necessary to achieve this would only expose Sweden to further German pressure.⁵⁶⁶

The Edén government's "humanitarian intervention" in Åland in late February was far from a cynical ploy to deflect criticism from the conservative opposition. It was driven first and foremost by a genuine desire on the part of Edén and his cabinet colleagues to safeguard both Swedish security interests as well as the population of the islands. The chaotic setting in which the Swedish intervention took place is nevertheless symptomatic of the many challenges, both external and domestic, with which Hellner had to cope in early 1918. The need to handle ongoing foreign policy issues, and tackle an assertive opposition, as well as coordinate Swedish relations with neutrals, the Central Powers and the Western Allies alike, inevitably impinged on the Swedish foreign minister's ability to support Wallenberg's negotiating efforts in London. Hellner also intimated to Morris, the American minister, that the Swedish government interpreted the German intervention in late February as a signal that the German government would not confine itself to take a passive role in Baltic and Swedish affairs in general. Any concessions on trade or security issues made by Sweden to the Allies were likely to invite an active German response.⁵⁶⁷

It must nevertheless be noted that even though Germany's intervention in Åland hurt the domestic position of the Edén government, it also indirectly strengthened Wallenberg's hand in London. Throughout February and early March Howard had kept his superiors in the Foreign Office and the Ministry of Blockade fully appraised of events in Stockholm. In Howard's opinion, German policy on Åland was designed to maximise pressure on the Swedish authorities, making it difficult for Hellner to make trade concessions to the Allies, and ultimately eroding domestic support for the Edén government in the hope of having it replaced with a pro-German conservative ministry. In this sense, the British minister's missives only served to strengthen the Ministry of Blockade's already favourable view of the Swedish authorities.⁵⁶⁸

⁵⁶⁶ FO 371/3352; No. 573, Howard to FO; 2nd March, 1918

FO 371/3352; No. 582, Howard to FO; 3rd March, 1918

FO 371/3352; No. 583, Howard to FO; 3rd March, 1918

Gihl, 1951: 370-371

Salmon, 1997: 164-165

⁵⁶⁷ RG 182-11-51; SNI: 1625, Grant Smith to State Department; 5th March, 1918

⁵⁶⁸ FO 371/3352; No. 582, Howard to FO; 3rd March, 1918

As a consequence of the sympathy with which the Allied negotiators in London viewed the Edén government's predicament, Wallenberg had already before the Åland crisis reached its climax in mid-February succeeded in getting the Ministry of Blockade to agree include in the proposed general agreement quotas allowing Sweden to import 255 000 tons of grain for human consumption before 1st October 1918, as well as 300 000 tons of fodder, maize and oil cake by August 1919. This was far beyond Taylor and the WTB's estimates of Swedish import requirements, and well in excess of the quantities discussed between the Allied representatives at the inter-Allied conferences in London and Paris in late 1917. The scale and importance of these concessions should nevertheless not be overestimated. Koblik made a point of arguing that the new quotas showed how far the British were willing to go to accommodate Wallenberg in early 1918, but appears to have failed to consider certain caveats. Firstly, the food and fodder import quotas came with the provision that the export of domestic Swedish agricultural produce be prohibited outright. There would thus be little to no serious risk that larger Swedish import quotas would improve German access to such products. Secondly, the proposed agreement gave the Edén government the right, but not necessarily the ability, to import such quantities. The Swedish authorities would still be required to furnish the vessels and the capital required to purchase and carry said commodities themselves. Although Swedish shipping engaged in carrying quota cargoes to Sweden would be allowed access to Allied bunker and facilities, vessels so engaged would not be allowed to come out of the pool of Swedish tonnage allocated to the Allies under any agreement.⁵⁶⁹

Such stipulations were not unique to Sweden. They had been the mainstay of Allied rationing policy vis-à-vis all the northern neutrals ever since the American government first began implementing economic warfare policies in the summer of 1917. The neutrals would have to share what resources were available in international markets with the Western Allies, and in case of shortages the Allies were not prepared to guarantee neutral access to supplies while they make do with whatever was left. The British willingness to accept Wallenberg's proposals for increased import quotas nevertheless caused some consternation in Washington. On 2nd March the War Trade Board let Sheldon and the Ministry of Blockade know that they feared that the large amount of commodities which Sweden would be allowed to import meant that the Swedish shipping negotiators might want to reserve more tonnage for their own use than would otherwise be the case. The WTB therefore suggested that the Swedish grain rations be reduced to 100 000 tons, an amount which the American blockade authorities considered sufficient to

FO 371/3352; No. 96, Howard to FO (telegram, Swedish Blue Book on Åland negotiations, summary and assessment of Swedish publication); 15th March, 1918

⁵⁶⁹ Koblik, 1972: 192, 195

RG 182-11-51; SNI: Report by Dr. A. E. Taylor, "The Food Production and Consumption of Sweden", undated (late 1917)

RG 182-11-51; SNI: 8638, Page to WTB; 13th February, 1918

feed the Swedish population until October, and that no fertilisers should be allowed to go forward until October at the earliest.⁵⁷⁰

Although Ministry of Blockade officials appreciated the War Trade Board's desire to reduce quotas rather than forgo Swedish tonnage, they did not concur with the basis upon which the Americans had drawn their conclusions. McCormick and Cecil had agreed during the inter-Allied conferences in late 1917 to set 500 000 tons worth of merchant shipping as their target figure to be secured in the upcoming Swedish negotiations. So long as British coal exports to Sweden were kept below 150 000 tons per month, MoB shipping officials calculated that even with the increased grain quota the amount of Swedish tonnage available for chartering to the Western Allies would not drop below this figure.⁵⁷¹

Shipping nevertheless remained both a pressing issue and a bone of contention between the Allied and Swedish negotiators in London. Sometime in late February the Neutral Tonnage Conference had once again raised the suggestion of securing neutral shipping by way of requisitioning, ostensibly because the negotiations with the northern neutrals were dragging out in time.⁵⁷² As before, the Ministry of Blockade did not wholly agree with the NTC's assessment. Although the Dutch negotiations were indeed at something of a standstill and had been for some time, the same could not be said of the Swedish talks. The Western Allies were themselves responsible for some of the delays in implementing the *modus vivendi*, but these issues had now been resolved and the promised 100 000 tons worth of Swedish vessels were quickly being brought into Allied service. Given the relative speed with which the negotiations with the Wallenberg delegation were progressing, it would be difficult to justify requisitioning of further Swedish tonnage at this stage. Eyre Crowe, in charge of the British delegation, nevertheless agreed on 18th March that Wallenberg should be warned that the Allies were expecting the negotiations for a general agreement to be concluded within a reasonable amount of time.⁵⁷³

When it came to the War Trade Board's grain quota proposals, neither Crowe nor his senior subordinates at the Ministry of Blockade negotiating staff felt that the British could go back on the offer already made to Wallenberg. Howard's and Morris' reports from Stockholm, to the MoB and the WTB respectively, indicated very clearly that the ongoing Åland crisis had further weakened the position of the Edén government, that domestic opposition to any further Swedish shipping concessions remained strong, and that it was widely believed in conservative circles that the German victory against Russia meant that grain supplies would once more become available from the east. This in turn meant that the conservative opposition was

⁵⁷⁰ FO 382/2065; No. 155, WTB to Sheldon; 2nd March, 1918

⁵⁷¹ FO 382/2065; Folder No. 41216, Minute by D. P. H. Hall; 7th March, 1918

⁵⁷² It was this same NTC proposal that had sparked the rumours which so worried Scavenius and the Danish government in the spring of 1918. See the account of the Danish negotiations in this chapter.

⁵⁷³ FO 382/2065; Folder No. 44420, No. 1012, Fisher to MoB; 8th March, 1918

FO 382/2065; Folder No. 44420, Minutes by Knatchbull-Hugessen and Leslie, comments by Crowe; 18th March, 1918

reluctant to endorse any further Swedish concessions to the Allies on trade issues. To counter the pressure from the domestic opposition, the Edén government thus needed a foreign policy victory in its negotiations with the Western Allies, and could therefore ill afford to accept any further reduction in food rations. The American proposals were therefore quietly shelved, with the MoB telling WTB through the British ambassador in Washington that the present stage of the negotiations made it impossible to substantially alter the proposed Swedish quotas. Wallenberg had gotten his way.⁵⁷⁴

The iron ore issue proved more troublesome. Already on 31st January 1918 the heads of the Allied legations in Stockholm, including Morris, the American minister, had strongly urged the War Trade Board to drop its proposal of 4th January that Swedish iron ore exports should be evenly split retroactively between the Allies and the Central Powers, thus effectively precluding any further Swedish ore exports to Germany. The Allied ministers argued that such a demand could not help but be “flatly rejected” by Hellner, and thus imperil further negotiations between Sweden and the West as a whole. Cecil and his MoB subordinates were likewise very much opposed to the WTB’s proposals, as pushing these would scupper any chance of a successful conclusion of a general agreement. The Allied negotiators in London were nevertheless hopeful of securing some sort of Swedish concession on the iron ore issue, especially since they had given Wallenberg such a generous offer on the grain and fodder quotas.⁵⁷⁵

Wallenberg himself was well acquainted with the importance the Western Allies attached to reducing the sale of Swedish iron ore shipments to Germany. Even if it had not been clear from earlier negotiation rounds on the issue, he would have been made aware of the Allied stance by way of his regular talks with Cecil and other senior British officials. Caught between the severity of the original War Trade Board ore proposals, the generosity shown by the Allied negotiators by way of increased food quotas, and the need to secure a supply agreement for the Edén government, Wallenberg on 16th February 1918 therefore agreed to a Ministry of Blockade draft proposal containing reduced Swedish import quotas on a range of non-food commodities. More importantly, the proposal capped Swedish ore sales to the Central Powers at 3 000 000 tons per annum. This amounted to an effective reduction in exports to Germany of 2 000 000 tons against 1917 levels, which was less than desired by American officials, but still several

⁵⁷⁴ FO 382/2065; Folder No. 44420, No. 1012, Fisher to MoB; 8th March, 1918

FO 382/2065; No. 713, Howard to MoB; 14th March, 1918

FO 382/2065; Folder No. 44420, Minutes by Knatchbull-Hugessen and Leslie, comments by Crowe; 18th March, 1918

FO 382/2065; No. 1777, MoB to Reading; 26th March, 1918

FO 382/2066; No. 773, Howard to MoB; 20th March, 1918

RG 182-11-51; SNI: 1682, Morris to WTB; 15th February, 1918

RG 182-11-51; Swedish Negotiations II (SNII): 9298, Page to WTB; 1st April, 1918

⁵⁷⁵ RG 182-11-51; SNI: 1422, Morris to WTB; 31st January, 1918

hundred thousand tons more than Hellner had thought the German authorities would agree to.⁵⁷⁶

Wallenberg had his reasons for agreeing to try to get his government to accept the new British draft agreement. In Koblik's estimate, the Swedish lead negotiator probably understood better than most of his compatriots just how committed the Western Allies were to getting a favourable agreement, and that short of Germany winning the war, next to nothing would induce the Allied negotiators to grant further concessions of any substance. This stance was certainly in line with Cecil's thoughts on the concurrent Danish negotiations, where he in late March argued that should the military position of the Allies deteriorate, it would be better to prolong economic warfare rather than accept a watered down agreement. The British and Americans could afford to give ground on import quotas of goods which in any case would not be used to improve Germany's supply situation. On key issues like shipping and, to a lesser extent, iron ore, the Allied stance was much less compromising. Wallenberg dragging out the negotiations in the hope that the Allies might crack would therefore be a futile exercise, serving only to invite further tightening of the already tight western blockade, and possibly the requisitioning of Swedish tonnage abroad. Securing a rapid conclusion to the negotiations would nevertheless be a difficult task for the Swedish government. Clearly, getting Berlin to acquiesce to reduced shipments of Swedish ore would be a hard sell. Nor did it help that the London draft proposals were made at precisely the time when Swedish-German relations were being strained by way of the Åland crisis.⁵⁷⁷

Having received the draft proposals for a general agreement from Wallenberg in late February, Hellner first sought the views of the Handelskommission. The quasi-public body, although reformed towards the end of 1917, was still dominated by conservative-leaning members. These recognised that a supply agreement with the western powers was in Sweden's best interest, since a range of important commodities covered by the proposed agreement could not possibly be sourced elsewhere. They were also well aware that a failure to procure supplies would have dire implications for many Swedish industries' ability to meet domestic demand, as well as possibly damaging many Swedish firms' ability to regain their positions in export markets in the immediate post-war era. Many of the members of the Handelskommission were nevertheless deeply unhappy with the scale of Wallenberg's concessions vis-à-vis those debated in 1916 and 1917, especially since these ran the risk of rupturing economic relations with Germany and the countries under her influence. In its 21st March report on the draft proposals,

⁵⁷⁶ Koblik, 1972: 195-196

RG 182-11-51; SNI: No. 804, Sheldon to WTB (attached *HEADS OF AGREEMENT BETWEEN THE SWEDISH GOVERNMENT AND THE ALLIED GOVERNMENTS*); 22nd February, 1918

⁵⁷⁷ FO 382/1886; Folder 56027, Minute by Forbes-Adam on Reading telegram and Danish policy (comments by Leslie, Crowe and Cecil); 29th-30th March, 1918

Koblik, 1972: 196

the Handelskommission therefore reiterated what Hellner already knew: A general trade agreement with the Western Allies must also involve reaching some form of understanding with Berlin. Both belligerent blocks remained important trading partners. Sacrificing relations with one side in favour of the other would be tantamount to a repeat of the trade policies of the Hammarskjöld government, even if the balance should tip the other way. In short, economic, security, and neutrality considerations all mandated parallel talks in London and Berlin.⁵⁷⁸

Norway between Allied and German demands

Parallel to Ihlen formulating the Norwegian proposals In November 1917, both the Ministry of Blockade and the War Trade Board were becoming increasingly worried about the lack of progress in the Norwegian negotiations. Cecil and Percy both nevertheless let the WTB know that they felt that Ihlen's proposals were far from acceptable. At the inter-Allied conference in London in late November the McCormick and Taylor agreed to an MoB draft proposal that Norwegian exports to Germany should be limited to a maximum of 40 000 tons of fish per annum.⁵⁷⁹ All other exports to the Central Powers would have to be prevented. The Ministry of Blockade was especially vehement that copper and pyrite exports must remain banned. Some delay was caused by disagreements with the British over the division of chartering rights for Norwegian merchant tonnage between the Allies.⁵⁸⁰

In addition to setting out a blueprint for a Norwegian trade agreement, McCormick and Cecil had also decided that Allied negotiations with Norwegian authorities should to be conducted in Kristiania. Among the three Scandinavian states, Norway was perceived as the most vulnerable to Allied pressure. The Norwegian negotiations therefore ought to be the easiest to complete. Ever since the fisheries and pyrite controversies in late 1916 MoB officials had also seen Ihlen as an untrustworthy negotiating partner, and the transfer of negotiations to Norway might prevent the Norwegian foreign minister from monopolising communications between Allied negotiators and Norwegian authorities. On 8th November Secretary of State Lansing endorsed the plans for conducting the remaining supply and export negotiations

⁵⁷⁸ Bergendal, 1926: 263

FO 382/2066; No. 819, Howard to MoB; 24th March, 1918

Koblik, 1972: 196-197, 199-200

⁵⁷⁹ Norwegian fish exports to Germany for 1916 totalled 181.000 tons.

RG 182-11-38; Norway Memos Jan 16 to July 17: No. 435, Schmedeman to Secretary of State; 23rd July, 1917

⁵⁸⁰ FRUS: 1917, Supp. 2, Part II; File No. 657.119/121, *The Ambassador in Great Britain (Page) to the Secretary of State*; 11th November, 1917

Haugen, 1978: 122-123, 126-127

RG 182-11-38; ANA: Percy to Jones; 17th November, 1917

RG 182-11-38; ANA: No. 10, Jones to McCormick; 17th November, 1917

RG 182-11-38; ANA: No. 7768, McCormick to WTB; 22nd November, 1917

through the Allied ministers in Norway. Meanwhile, tonnage negotiations between Allied and Norwegian authorities would have to be conducted in Washington.⁵⁸¹

When he learnt of the proposals being discussed in London, President Wilson nevertheless decided to intervene. In Wilson's view, American respect for neutral rights meant that US authorities could not be party to the demand that Norway put an end to all or nearly all exports of domestic produce to Germany. On 15th November 1917 the president therefore asked that McCormick, who was still in London, be told that American policy on neutral trade would not be altered. Norway must be allowed to continue to export domestic produce to Germany, while still receiving quota imports from the United States.⁵⁸²

Both McCormick and Cecil reacted to the news of Wilson's intervention with a great deal of dismay. On the 17th and again on the 19th McCormick wrote back to his colleagues at the War Trade Board in Washington, protesting the decision and asking them to request that the president reconsider his stance. On 20th November Thomas Jones, the acting chairman of the WTB, telegraphed McCormick that although Wilson had clarified that he was not opposed to the Allies demanding that Norway limit its exports to Germany, the president insisted that demands for a complete cessation of trade in domestic produce could not be contemplated. This also appears to have scuppered McCormick and Cecil's plans for transferring the negotiations to Norway. Complex discussions on export quotas would not be left to Allied diplomatic officers in Kristiania. Negotiations would thus continue with the Norwegian delegates in Washington. Wilson's decision that the WTB should still require that Norway limit its exports to the Central Powers nevertheless meant that the initial Allied demands would not differ much from those initially discussed by Taylor and McCormick in London. On 27th November Jones finally handed Nansen a set of proposals along the lines agreed in London, although with a few additions. The United States would accept Norwegian fish exports to Germany to the tune of 48 000 tons per annum, but no other goods or minerals other than compensation copper for German copper products would be allowed.⁵⁸³

The new Allied proposals marked the beginning of a protracted tug of war between Norwegian and American negotiators. In a counter proposal, delivered to the War Trade Board by Nansen on 7th December, Ihlen repeated the need to maintain limited exports of certain

⁵⁸¹ FRUS: 1917, Supp. 2, Part II; File No. 657.119/129b, *The Secretary of State to the Ambassador in Great Britain (Page)*; 8th November, 1917

FRUS: 1917, Supp. 2, Part II; File No. 763.72/7638, *The Ambassador in Great Britain (Page) to the Secretary of State*; 9th November, 1917

⁵⁸² RG 182-11-38; ANAI: Unnumbered, Jones to McCormick; 15th November, 1917

⁵⁸³ Haugen, 1978: 131, 133

RG 182-11-38; ANAI: No. 590, *Note on the proceedings at the first meeting at the Foreign Office with the United States Blockade Representatives...*; 9th November, 1917

RG 182-11-38; ANAI: No. 7721, McCormick to WTB; 17nd November, 1917

RG 182-11-38; ANAI: No. 10, McCormick to Jones; 19th November, 1917

RG 182-11-38; ANAI: Jones to Nansen; 27th November, 1917

minerals to Germany. Norway would also reserve the right to maintain exports of any class of goods not specifically covered by the agreement. This last was a major break with US and British thinking, which sought to limit Norwegian exports to Germany to quotas of very few classes of goods, preferably fish only. Once again the Ministry of Blockade protested against making any further concessions, and Ihlen's proposals were rejected out of hand by the WTB on 20th December.⁵⁸⁴

On New Year's Eve Ihlen ordered Nansen to request that the Americans agree to a temporary *modus operandi* in order to allow Norway to import grain and fertilisers against restricting fish exports to Germany to 4000 kilos per month. Nansen refused, on the grounds that such a proposal would once again be rejected by the War Trade Board. The uncompromising stance adopted by the War Trade Board was also supported by Albert Schmedeman, the American Minister in Norway. He felt that Ihlen's protestations that US embargo policy was inviting German retaliation against Norwegian interests were disingenuous, and instead argued that public opinion in Kristiania was turning increasingly in favour of the Western Allies. Schmedeman, with the support of his British colleague, Findlay, instead argued that the deteriorating supply situation would make eventual Norwegian acceptance of American demands inevitable over the course of the coming spring, if not before. There therefore appeared no reason to grant any serious concessions beyond those already given. The War Trade Board agreed, and in early January instructed Schmedeman to rebuff recent advances from Ihlen on the possibility of a temporary agreement or compromise on mineral exports.⁵⁸⁵

Haugen is much more charitable in his estimation of Ihlen's outlook, arguing that losses to German submarines over the course of 1916 and 1917, especially of merchant and fishing vessels plying waters just off the Norwegian coast, had indeed hammered home to the Norwegian foreign minister the necessity of avoiding a breakdown in relations with Germany. A targeted U-boat campaign against civilian vessels inside Norwegian territorial waters could be swift, violent, and very damaging indeed. The Anglo-Norwegian copper and fisheries agreement controversies, and the subsequent British coal embargo, had also led Ihlen to realise the importance of ensuring that by both parties shared a mutual understanding of the meaning of every last detail of any formal accord. Before any such agreement could be signed, every paragraph would therefore have to be cleared by Ihlen in Kristiania. Allowing Nansen to act

⁵⁸⁴ Haugen, 1978: 139

RG 182-11-38; ANAI: Nansen to Jones; 7th December, 1917

RG 182-11-38; ANAI: Percy to Jones; 11th December, 1917

RG 182-11-38; ANAI: WTB to Nansen; 19th December, 1917

⁵⁸⁵ Berg, 1995: 237

Haugen, 1978: 136

RG 182-11-38; ANAI: No. 440, Schmedeman to WTB; 30th December, 1917

RG 182-11-38; ANAI: No. 202, WTB to Schmedeman; 5th January, 1918

RG 182-11-38; ANAI: No. 446, Schmedeman to WTB; 12th January, 1918

RG 182-11-38; ANAI: No. 6319, WTB to Sheldon; 22nd January, 1918

independently would not do. Thus, between October and December 1917, Ihlen felt he had no choice but to seek to square Western Allied demands with those of the Central Powers, while at the same time keeping his representatives in Washington on a tight leash. In short, the Norwegian foreign minister was coming to embrace the same foreign relations strategy as was already followed by Scavenius in Denmark.⁵⁸⁶

Parallel to his row with Nansen over the Hoover memorandum, and his efforts to get the War Trade Board to agree to accept Norwegian mineral exports to Germany, Ihlen was therefore attempting to secure some form of formal trade accord with the Central Powers. Ihlen's initial proposal, presented to Admiral von Hintze, the German Minister in Kristiania, on 7th January, echoed the WTB proposal of 20th December. Norway would provide Germany with 48 000 tons of fish per annum and nothing more. Already the next day von Hintze made a counter proposal requesting Norwegian exports of increased quantities of fish and minerals, as well as financial support. Knudsen and Ihlen found it difficult to resist the demands, believing as they did that some concession must be made, lest they provoke some form of German retaliation. On 21st January Ihlen, with the blessing of the Storting, assured the German negotiators that he would work to ensure that any agreement made with the Americans would allow Norwegian exports of at least limited quantities of minerals in addition to the 48 000 tons of fish.⁵⁸⁷

Caught between American and German demands, the lack of overseas imports were by early 1918 beginning to cause serious shortages in Norway. Rationing of foodstuffs was finally introduced on 1st January. On the 17th Prime Minister Knudsen met with Schmedeman and intimated that continued refusal on the part of the United States to allow even limited exports to Germany of certain minerals, chiefly calcium carbide, would cause the government great embarrassment, to the extent that it would preclude any further negotiations. In accordance with his instructions from the WTB, Schmedeman rebuffed the prime minister. The American minister instead telegraphed home that the supply situation in Norway was becoming increasingly critical, and recommended that, with the possible exception of calcium carbide, any concessions from the War Trade Department would only serve to allow the Knudsen government to drag out negotiations further.⁵⁸⁸

On 2nd February Nansen delivered Ihlen's latest set of counterproposals to his War Trade Board counterparts. In addition to fish products, the right to export minerals to Germany remained extant to the tune of 15 000 tons of calcium carbide, 12 000 tons of calcium nitrate, 4

⁵⁸⁶ Haugen, 1978: 129-131

⁵⁸⁷ Berg, 1995: 237-238

RG 182-11-38; ANAI: No. 480, Schmedeman to WTB; 18th January, 1918

⁵⁸⁸ Berg, 1995: 237

RG 182-11-38; ANAI: No. 478, Schmedeman to WTB; 18th January, 1918

RG 182-11-38; ANAI: No. 480, Schmedeman to WTB; 18th January, 1918

RG 182-11-40; ANAI: Nansen to McCormick; 7th February, 1918

000 tons of ferrosilicon and 30 tons of molybdenum per annum.⁵⁸⁹ The proposals also included a new provision to allow exports of 40 000 tons of pyrites in 1918 and 60 000 tons per annum thereafter, as well as quantities of numerous other minerals and goods, including iron ore, zinc and aluminium, which would be offered for sale to both the Allies and Germany. Ihlen argued that retaining exports to Germany at this level was the absolute minimum compatible with the maintenance of Norwegian neutrality.⁵⁹⁰

The War Trade Board had published the then latest set of American trade proposals on 1st February, ostensibly in order to combat unfounded speculation in the press that the US government was seeking to pressure Knudsen and Ihlen into accepting the establishment of an American naval base on the Norwegian coast. In response to this move Ihlen told Findlay, the British minister in Kristiania, that he intended to publish the details of his counterproposals in the press, along with a statement declaring the Norwegian government's commitment to continued neutrality. Findlay at once protested this move, arguing that the publication of the fresh Norwegian counterproposals might preclude the free discussion of these in Washington, and consequently deadlock the negotiations. Ihlen reluctantly agreed to postpone publication until the 5th, thus allowing the Western Allies three days to scrutinise the proposals beforehand.⁵⁹¹

The immediate response amongst Allied economic warfare authorities to Ihlen's new proposals were mixed. Findlay, and officials at the British embassy in Washington both argued that the any mineral exports were unacceptable, and that the proposals should be rejected out of hand, followed by an Allied ultimatum to Knudsen and Ihlen that the proposals of 20th December be accepted in full lest negotiations be broken off and the embargo continue in full force. War Trade Board officials, especially Beaver White and Thomas Chadbourne, who at this time were the ones responsible for conducting the day to day negotiations with Nansen, were not quite so staunchly opposed to the proposals. Nansen appears to have convinced them that Ihlen's new proposal had the support not only of himself and the government, but also a broad majority in the Storting, and that the complete rejection of all mineral exports would cause this parliamentary support to melt away, thus precluding the possibility of reaching an agreement. Thus a compromise must be found. On 6th February the War Trade Board therefore asked

⁵⁸⁹ Norwegian exports of these minerals to Germany in 1917 totalled 24 387 tons of calcium carbide, 16 279 tons of calcium nitrate, 13 579 tons of ferrosilicon and 133 tons of molybdenum.

RG 182-11-40; ANAI: Nansen to Chadbourne; 16th February, 1918

⁵⁹⁰ RG 182-11-40; ANAI: Nansen to McCormick; 2nd February, 1918

RG 182-11-40; ANAI: No. 225, WTB to Amlegation Kristiania; 5th February, 1918

⁵⁹¹ Haugen, 1978: 175-176

RG 182-11-40; ANAI: No. 505, Schmedeman to WTB; 5th February, 1918

Sheldon to raise the possibility of somewhat increased export quotas of the requested minerals with the Ministry of Blockade.⁵⁹²

After intense discussions between Nansen, Chadbourne and White, the official American response to the new proposals came on 9th February. Nansen was told that some concessions to the prohibition on mineral exports might be allowed after all. The quantities stipulated in the 2nd February proposal were nevertheless too high. The Western Allies were now prepared to allow some mineral exports to Germany, but these would have to be capped at 8 000 tons of calcium carbide, 8 000 tons of calcium nitrate, 1 000 tons of ferrosilicon, 40 000 tons of iron ore, 1 000 tons of zinc and 40 tons of aluminium. No pyrites or any other exports beyond 48 000 tons of fish would be allowed to go forward. At the time of delivery Nansen was also told that this would be the War Trade Board's final word on the matter, and that if the American proposals were not accepted in full negotiations would be broken off and the embargo continue in full force.⁵⁹³

Despite the American ultimatum, Ihlen and Nansen must have found the War trade Board's decision to allow at least limited exports of minerals hopeful. Discussions therefore continued, both in Washington and in Kristiania, over the exact quantities Norway would be allowed to export. At this stage the French Minister in Kristiania, Abel Chevalley, on his own initiative suggested to Ihlen that it might be possible to increase the allowable export quotas for calcium carbide and ferrosilicon to 10 000 and 2 000 tons respectively. This possibility of improving the proposed agreement, even slightly, sufficiently encouraged the Norwegian foreign minister to open up a two-front diplomatic offensive. If the WTB could be made to incorporate Chevalley's compromise quotas, and the German government could be made to accept said quantities, and in return offer safe passage to neutral vessels trading on Norwegian ports, much would be gained. On 14th February Ihlen therefore instructed Nansen to propose that the War Trade Board allow that the quotas, while he himself held a series of meetings with the German and Austro-Hungarian ministers in Kristiania. After discussing the matter extensively with Chadbourne, Nansen cabled Ihlen that it might be possible to incorporate the increased quotas, but that this was the absolute maximum that could be contemplated. Ihlen reluctantly agreed, and authorised Nansen to allow the incorporation of this change into the draft then being discussed in Washington.⁵⁹⁴

⁵⁹² Haugen, 1978: 177-179

RG 182-11-40; ANAII: No. 19155, Amlegation Copenhagen to WTB; 6th February, 1918

RG 182-11-40; ANAII: No. 6472, WTB to Sheldon; 6th February, 1918

⁵⁹³ RG 182-11-40; ANAII: Nansen to McCormick; 2nd February, 1918

RG 182-11-40; ANAII: WTB to Nansen; 9th February, 1918

RG 182-11-40; ANAII: WTB to Sheldon; 9th February, 1918

⁵⁹⁴ Haugen, 1978: 181-184, 187-188

RG 182-11-40; ANAII: Italian Ambassador in Washington to McCormick; 7th February, 1918

RG 182-11-40; ANAII: Nansen to Chadbourne; 14th February, 1918

RG 182-11-40; ANAII: No. 527, Schmedeman to WTB; 14th February, 1918

RG 182-11-40; ANAII: Nansen to McCormick; 16th February, 1918

Despite British, French and Italian misgivings, the War Trade Board eventually authorised that a revised draft proposal encompassing these changes, with the further provision that Norway would be allowed to continue exports to Germany of a range of less important goods in quantities not exceeding those exported in 1917, should be delivered to the Norwegian government. The Ministry of Blockade was nevertheless insistent that the new proposal be made as watertight and as beneficial to the Western Allies as possible. Care should be taken in order to ensure that the import quotas offered by the agreement cover imports from all sources, and that export quotas likewise be made to count for exports, not only to the Central Powers, but to all neutrals. There must be no possibility that the agreement allow Norwegian goods to be sold to Sweden and Denmark in order that equivalent products from these countries be released for export to Germany. The new War Trade Board draft, containing all these provisions, was discussed at a meeting between American, British, French and Italian officials in Washington on 7th March, and the finished proposals were presented to Nansen on the 13th.⁵⁹⁵

The culmination of pressure

With the benefit of hindsight it is possible to argue that the negotiations which began at the very end of 1917 between Anglo-American blockade authorities and the neutral Scandinavian governments were the culmination of three years' worth of Western Allied economic warfare efforts. In the autumn of 1914 and well into 1915 the Allied blockade had been largely ineffective, and the Scandinavian neutrals had few if any incentives to negotiate. From late 1915 onwards, British authorities were gradually able to rectify the shortcomings of the North Sea blockade, reducing neutral access to western imports and upping the pressure on the Scandinavian governments. Yet although the Ministry of Blockade was eventually able to put an end to the transshipment of transatlantic cargoes to Germany via Scandinavia, it remained unable to prevent German importers from accessing the Scandinavian home markets. It was only the entry of the United States into the conflict on the side of the Western Allies, and the introduction of an American trade embargo in the summer of 1917, which finally made the Danish, Swedish and Norwegian governments willing to enter into negotiations for blockade agreements along

⁵⁹⁵ Haugen, 1978: 192-199

RG 182-11-40; ANAII: Hudson to White; 12th February, 1918

RG 182-11-40; ANAII: No. 8634, Hines Page to Lansing; 12th February, 1918

RG 182-11-40; ANAII: No. 8685, Hines Page to Lansing; 16th February, 1918

RG 182-11-40; ANAII: Haut-commissariat de la République Française aux États-Unis to McCormick; 18th February, 1918

RG 182-11-40; ANAII: Italian Ambassador in Washington to McCormick; 20th February, 1918

RG 182-11-40; ANAII: No. 8814, Hines Page to Lansing; 26th February, 1918

RG 182-11-40; ANAII: No. 6751, WTB to Sheldon; 2nd March, 1918

RG 182-11-40; ANAII: No. 8868, Hines Page to Lansing; 2nd March, 1918

RG 182-11-40; ANAII: No. 8935, Hines Page to Lansing; 7th March, 1918

RG 182-11-40; ANAII: Percy to White, including copy of FO to Percy (15th March, 1918); 16th March, 1918

the lines desired by Allied economic warfare authorities. Ironically, despite Scandinavian willingness, Anglo-American economic warfare authorities themselves were not in a position to embark on such negotiations before reaching agreement on common negotiating strategies in late November and early December 1917.

When, at the end of 1917, War Trade Board representatives sat down with Danish and Norwegian envoys, and Ministry of Blockade officials opened discussions with a new Swedish delegation, it was therefore the first time during the war that serious negotiations for comprehensive agreements regulating economic relations between the respective neutral countries and their western counterparts were underway. That did not, however, mean that the negotiations would be problem free. Despite having agreed a joint program for extending the Allied blockade of the Central Powers to Scandinavian home markets, friction between British and American authorities would continue to dog Allied efforts.

Allied negotiators pushed for agreements based on the respective Scandinavian countries being allowed import quotas in order to meet domestic requirements. In return the Scandinavians should be required to restrict exports and offer concessions to the Western Allies on tonnage and similar issues. From an early stage the War Trade Board officials nevertheless adopted a much more gung-ho attitude vis-à-vis the Norwegian and Danish governments, than their Ministry of Blockade colleagues did in their dealings with the Swedes. According to the line of thought which appears to have been prevalent among senior WTB officials, the Scandinavian governments should be made to accept the Allied "system" as was. Import quotas should be calculated on the basis of domestic requirements, and were thus not to be a matter of serious discussion, beyond determining what said domestic requirements were. Negotiations were therefore limited to what the Allies should receive in return for granting these quotas.

This American strategy was more theoretical than practical, but it may have led War Trade Board negotiators to underestimate the complexity of the task ahead. During the inter-Allied conferences in London and Paris in November and December 1917, McCormick himself was noticeably forthright about his belief that the Western Allies would be able to close agreements with the Scandinavian governments in short order. President Wilson's small intervention in favour of Norway notwithstanding, the negotiations themselves, once they got underway, proved that the Scandinavian governments were not prepared to accept Allied demands without a fight.

War Trade Board officials in Washington were also frustrated with the British handling of the Swedish negotiations. This frustration was justified to a degree. Under Cecil's personal direction, British negotiators were willing to reach compromises with Wallenberg on a range of important issues. The MoB was willing to do so largely because they recognised that the fluid domestic political situation in Sweden, combined with the unlikelihood of the Allies being able to

force Stockholm to sever all economic ties with Germany, mandated a more flexible approach to the negotiations. This in turn meant abandoning or modifying some of the joint Anglo-American blockade objectives agreed to at the inter-Allied conferences of late 1917. Anglo-American friction over the MoB's handling of the Swedish negotiations was further exacerbated by inter-Allied communication issues. Again, the British were in part to blame for failing to adequately explain their reasoning to their American counterparts. The War Trade Board and its nominal superiors at the State Department and the White House must nevertheless also share in the responsibility, by way of their deep-seated reluctance to head British requests for the appointment of senior American delegates to blockade bodies in Europe. McCormick and Taylor's abrupt return to the United States without first appointing a permanent blockade representative in London seriously impaired the American economic warfare administration's ability to contribute to the early stages of the Swedish negotiations.

The Ministry of Blockade's decision to adopt a more flexible approach to the Swedish negotiations than the British wanted the Americans themselves to follow in their dealings with the Danes and Norwegians also grated with the War Trade Board on a different level. All through the late winter and early spring of 1918, American officials continued worry that the Ministry of Blockade was using the American embargo as a stick in order to get the Scandinavians to accept trade conditions more favourable to the British themselves. In other words, that the British government wanted the Americans to take the blame amongst Scandinavians for the economic hardship caused by the Allied blockade, while the MoB reaped the benefits in the form of improved trade and blockade agreements. This is not to say that the War Trade Board really wanted to be lenient with the Scandinavians, but had been pressured by the British into adopting more strenuous demands. McCormick, Taylor and their senior colleagues at the WTB consistently argued in favour of taking a tough line vis-à-vis the Scandinavians, the goal being to allow sufficient imports into Scandinavia to avoid starvation an unnecessary privation, but otherwise secure as large concessions as possible. The British approach was, at least to begin with, slightly more subtle.

The Ministry of Blockade decision to push for a tough approach on Norway must be understood against the background of the Anglo-Norwegian negotiations in 1916 and 1917. A number of senior British officials appears to have felt that compromising with the Knudsen government had gone about as far as it could, and that only further economic and political pressure would yield the desired results. At the same time there appeared to be little or no danger of the Norwegian government seeking closer ties with Germany. Thus pressure could go ahead.

In the Danish case sustainable exports to the Central Powers were already about as large as they could be, and there was little to no likelihood of Scavenius voluntarily agreeing to impose

further restrictions on trade with Germany. At least not on the scale desired by the Western Allies. To the British there therefore appeared little to lose, and everything to be gained, from upping the pressure on Denmark. Sweden was the only country where the Ministry of Blockade assessed the political and economic situation at the end of 1917 as conducive to closing a favourable agreement within a relatively short space of time. It was also the only Scandinavian country where the British believed a brute force approach risked doing more harm than good.

For their part the Zahle government in Copenhagen, the Knudsen government in Kristiania and the Edén government in Stockholm all wanted trade agreements with the Allies. None of them wanted to close such agreements at any cost, however. The evolution of Western Allied thinking on blockade strategy over the course of 1917, culminating in the meeting of minds between Cecil and McCormick at the inter-Allied conferences towards the end of the year, had effectively moved the goalposts. Allied demands to all three Scandinavian countries at the beginning of 1918, both in terms of export restrictions and tonnage concessions, would be much more strenuous than they had been when serious trade negotiations between the Western Allies and the Scandinavian neutrals were last underway in early 1917.

As it was, all three Scandinavian governments had red lines beyond which they were not willing to cross, largely so as to not compromise their relationship with Germany. Overt neutrality remained a cornerstone of domestic politics in Denmark, Norway and Sweden. This was in part due to fear of German retaliation, should the neutral governments impose too onerous restrictions on German economic activity in their domestic markets. By early 1918 the Central Powers were far from beaten, and it was not at all obvious to contemporary observers that the war would come to an end before the year was out. Russia had just been knocked out of the conflict, and German forces were rapidly being transferred westwards in preparation for a large spring offensive in France. The U-boat campaign in the Atlantic and North Seas, although dented by way of Allied countermeasures, likewise remained in full swing. Scandinavian worries over German relations were nevertheless not limited to short-term security concerns. Germany remained an important trading partner for all three Scandinavian countries, and also appeared likely to continue to be an important power in Baltic and North Sea affairs once the war had come to an end. Should Scandinavian-German relationships suffer severe damage as a result of blockade concessions to the Western Allies, consequences in the future might be dire.

Between December 1917 and April 1918 negotiation breakthroughs between the Western Allies and the respective Scandinavian governments continued to prove frustratingly elusive. The Danish negotiations in Washington, where Scavenius continued to insist on conducting personal oversight from Copenhagen, were more or less at a standstill as neither side were willing to compromise on the key issues of cattle exports and food and fodder import quotas. The Norwegian negotiations were also progressing very slowly, in large part because of Ihlen's

continued refusal to provide the Norwegian delegation in Washington with proposals, or allow Nansen to formulate his own. The Anglo-Swedish modus vivendi agreement of late January was thus the only significant success Allied economic warfare authorities could notch up over the course of the first quarter of 1918. Even this was a qualified success, due to the delays in implementation caused by Anglo-American disagreements over interpretation of blockade regulations, and the limited nature of the concessions contained in the modus vivendi itself.

The slow pace of negotiations and the continual Anglo-American friction does nevertheless not detract from the very real impact which Western Allied economic warfare efforts were having on Scandinavian external trade. Over the course of late 1917 and early 1918, commodity shortages of all kinds were becoming ever more dire across Scandinavia. Domestic supply problems continued, with a few notable exceptions, to further reduce Scandinavian capacity for export. By March 1918 it was becoming increasingly clear that something had to give. This, in turn, would provide fresh impetus to the ongoing negotiations in Washington and London, and lead to a number of breakthroughs over the course of late spring.

Chapter VII: Compromise, breakthrough and failure

March – June 1918

Introduction

This chapter examines the conduct of negotiations between the Danish, Swedish and Norwegian governments and their Western Allied counterparts over the course of the spring of 1918. The response of Scandinavian policymakers to the reopening of meaningful trade negotiations at the end of 1917 largely matched Ministry of Blockade predictions. The Norwegian government, initially seeking to avoid placing further restrictions on its foreign trade, reluctantly acceded to most allied demands over the course of March and April 1918. Ihlen remained reluctant to agree to the imposition of even stricter Allied control measures than were already in place, but had few opportunities to counter Allied pressure. A compromise plan presented by the French minister in Kristiania eventually helped break the final deadlock, and a general Norwegian-American trade agreement was finally signed in Washington on 30th April.

Swedish negotiations followed much the same general pattern as the Norwegian ones. The new Swedish government had signed a *modus vivendi* agreement with the British on 29th January, giving the Western Allies access to much needed Swedish merchant tonnage in return for food supplies. Negotiations for a wide-reaching general agreement were more protracted, as authorities in Stockholm became entangled in security issues in the Baltic in the wake of the Russian collapse and Germany's intervention in the Finnish Civil War. The Swedish government nevertheless avoided committing any major faux-pas, and an accord formalising economic relations between Sweden and the Allies was finally signed in London on 30th May.

The negotiations between the Western Allies and the Danish government remained far more sluggish than the Swedish or Norwegian equivalents, not least because Allied authorities recognised that Danish and Allied red lines were mutually exclusive. Unlike its Scandinavian counterparts, the Danish government did indeed feel unable to accept most of the Western Allied demands for restrictions on Danish-German trade. At the same time, a significant portion of the Danish merchant fleet was already sailing in western service, removing one of the more pressing issues from the point of view of the Allies. Although Anglo-American economic warfare authorities seriously considered breaking off negotiations altogether, they eventually decided that they retained an interest in keeping discussions going, lest the unpredictable fallout from a breakdown in relations injure the Allied cause. Unless something should happen to move Scavenius out of his present negotiating position, an agreement nevertheless remained unlikely. Towards the end of spring 1918 Danish negotiations in Washington therefore deadlocked.

Abandoning the Danish negotiations?

Shortly after his impromptu meeting with Brun on 28th February, Chadbourne telegraphed news of the United States' rejection of the Danish proposals to the American legation in Copenhagen. On 2nd March Grant-Smith let Scavenius know that in the War Trade Board's view no negotiations on issues other than tonnage should be undertaken until such time as the Danish government saw fit to accede to American shipping demands. Upon hearing of the American rejection Scavenius responded by asking Grant-Smith whether the WTB's focus on shipping issues should be taken to mean that the remainder of the Danish proposals had been found acceptable. The American Chargé replied in the negative, but let Scavenius know that agreement on other issues should not be too difficult to reach should the chartering and shipping demands be met. Grant-Smith also told Scavenius that the American Legation had been instructed by the WTB to study what essential raw materials would be required by Danish industries for domestic consumption, in preparation of these being made available for export from the United States. On 6th March the MoB made united front with the WTB, when Cecil let Castenskiold, the Danish minister in London, know that the Danish refusal to make sailing vessels part of the agreement and allow shipping to sail in the danger zone, together with the proposed six month limit to freight charters, were real stumbling blocks. Once shipping was dealt with, there should not be too much difficulty in reaching agreement on any other issue.⁵⁹⁶

In reality, by the beginning of March 1918 both the Ministry of Blockade and the War Trade Board were becoming seriously concerned that it might not be possible to reach such a compromise blockade agreement with Denmark as would be acceptable to both sides. Neutral contribution to alleviating the Allied shipping shortage was a thorny issue, and Taylor and Chadbourne had rebuffed Brun largely in order to gain more time for looking into the tonnage question. Over the preceding weeks American shipping experts and the Ministry of Blockade shipping representative in Washington had reached the conclusion that the Danish shipping proposals of mid-February would have little to no impact on overall Entente access to Danish vessels. Somewhere in the excess of 140 000 tons of Danish shipping were already sailing in the danger zone under the terms of the June 1917 Anglo-Danish tonnage agreement. The MoB estimated that another 50 000 tons were engaged in trading between Italy and the United States. The number of Danish vessels already sailing to the direct or indirect benefit of the Western Allies in American waters, the Pacific or Indian Oceans was therefore so large as to nullify any gains from the proposed mass chartering of Danish shipping to the Entente. The French naval

⁵⁹⁶ FO 382/1886; Unnumbered internal MoB memo by Forbes Adam on state of US-Danish negotiations, handwritten comments by Crowe and Cecil; 4th March, 1918
 RG 182-11-17; Danish Negotiations vol. II (DNII): No. 761, Chadbourne to Amlegation Copenhagen; 1st March, 1918
 RG 182-11-17; DNII: No. 2010, Grant-Smith to WTB; 3rd March, 1918
 UMA 6-39, HaFo: 113, Castenskiold to UM; 6th March, 1918

attaché in Copenhagen likewise estimated that the net shipping gain for the Allies from the proposed agreement would be only 18 000 tons – a minuscule amount in the grand scheme of things. The only thing that would be gained was a somewhat greater degree of control over the use of Danish vessels, but this was a marginal improvement at best. The continued inability of Danish agriculture and industry to source supplies from the west was reducing neutral capacity for exporting to the Central Powers, especially if Norway and Sweden continued to be in part reliant on Danish products. It was therefore hoped at the Ministry of Blockade that in as little as six months' time the flow of Danish animals and foodstuffs to Germany might have slowed to a trickle.⁵⁹⁷

On balance the MoB nevertheless felt that an agreement with Denmark would be desirable, if not absolutely necessary. British officials were also surprised by the American threat to hold up all further negotiations over the tonnage issue. Crowe argued that it was possible to place too much emphasis on the shipping question. The continued embargo of a neutral country which had shown a willingness to negotiate was politically difficult, both domestically and with regards to relations with the two other Scandinavian states. It was also unfortunate that the embargo was hurting British merchants and firms, while allowing unfettered German access to the Danish market. It might nevertheless be hard to intimate this to the WTB without also giving the impression that the British government wanted an agreement to be reached at all costs. Cecil concurred, but felt that the British government must present a united front with the Americans, hence his telling Castenskiold on 6th March that the Danish government must reach an agreement with the War Trade Board over shipping. On 7th March the MoB telegraphed the British embassy in Washington their views, and asked Ambassador Lord Reading to explain these to the WTB.⁵⁹⁸

On March 4th Ralph Paget, the British minister in Copenhagen, met with H. N. Andersen. The Danish director had recently reiterated the offer from mid-February of private Danish shipping companies secretly providing the required tonnage for use in the danger zone, so as to leave the Danish government out of any formal agreement. Andersen had also requested that the British and American governments refrain temporarily from pressuring the Danish government into making concessions, as this might strain Danish-German relations past breaking point. Should this happen, Andersen told the British minister that Germany would likely retaliate

⁵⁹⁷ FO 382/1886; No. 866, Lord Reading to MoB; 2nd March, 1918

FO 382/1886; Unnumbered internal MoB memo by Forbes Adam on state of US-Danish negotiations, handwritten comments by Crowe and Cecil; 4th March, 1918

RG 182-11-17; DNII: No. 1996, Amlegation Copenhagen to WTB; 26th February, 1918

UMA 6-39, HaFo: 108, Scavenius to Brun; 8th March, 1918

⁵⁹⁸ FO 382/1886; Folder 39783, Minute by Forbes Adam on state of US-Danish negotiations, handwritten comments by Crowe and Cecil; 4th March, 1918

FO 382/1886; No. 1305 (Draft telegram) Crowe to Lord Reading; 7th March, 1918

FO 382/1886; Forbes Adam to Sheldon; 11th March, 1918

against Denmark, possibly seizing one of the Danish islands in the Belts. This in turn would grant the German military direct control of the entrances to the Baltic. Paget was under the distinct impression that Andersen was acting in conjunction with Scavenius, and that the Danish government would therefore welcome a further delay in the ongoing trade negotiations until such a time as Danish-German relations had become more settled. The British minister likewise told his superiors in London that although Scavenius himself did not take quite as dim a view of the German situation as Andersen, the Danish foreign minister had nevertheless reiterated to him that although reaching agreement with the War Trade Board on the length of charters should not prove problematic, further danger zone concessions were out of the question. According to Scavenius, this was impossible partly with reference to fear of German reprisals and partly due to the Danish government being unwilling to make such concessions as were being resisted by the Swedish and Dutch governments in their ongoing negotiations with the western powers. In view of Paget's report, and as there appeared to be little prospect of any material benefit to the WTB deriving from reaching an agreement with the Danish government, Grant-Smith advised Washington that the US government might well afford to leave it to the Danes themselves to make the next move.⁵⁹⁹

The curt refusal of the War Trade Board to discuss any other aspects of the proposed Danish agreement before the Danish government accepted the American shipping demands must have exasperated Scavenius. The Danish foreign minister nevertheless remained reluctant to allow more Danish tonnage to be chartered for use inside the danger zone. Viggo Sjøqvist has argued that Scavenius' reluctance to compromise on this issue is explained by the fear in Danish circles that merchant vessels so exposed would suffer tremendous losses at the hands of German U-boats, which in turn would cripple the merchant fleet, rendering it insufficient to meet Danish peacetime import and export requirements.⁶⁰⁰ Merchant ship losses to U-boats had halved since the dramatic peak in the spring and early summer of 1917, largely due to the introduction of Entente convoying and improved anti-submarine measures, but Scavenius would not have had access to statistics showing this conclusively. He would nevertheless have been aware that Danish losses in late 1917 and early 1918, even among the ships already sailing in the danger zone under the Anglo-Danish tonnage agreement had been relatively light. Altogether, total Danish shipping losses in 1918 would come in at 36 vessels, against a 1917 total of 142.⁶⁰¹ German displeasure at the prospect of yet more Danish ships being provided to the Western Allies in support of the Entente war effort in Europe probably weighed heavier on Scavenius. German naval authorities were especially vocal in their condemnation of the scheme, but on this

⁵⁹⁹ FO 382/1886; No. 607, Paget to MoB; 4th March, 1918
FO 382/1886; No. 638, Paget to MoB; 6th March, 1918
RG 182-11-17; DNII: No. 2017, Grant-Smith to WTB; 6th March, 1918

⁶⁰⁰ Sjøqvist, 1973: 262

⁶⁰¹ Cohn, 1928: 112

matter Scavenius had an important ally in the German Minister in Copenhagen. Just like in 1917, Brockdorff-Rantzau was staunchly opposed to the aggressive plans of the Admiralstab, and instead set on maintaining good Danish-German relations. To this end he pointedly noted to his superiors in the Auswärtiges Amt that the navy was itself partly responsible for the severity of US demands on Denmark, the U-boat campaign having precipitated a western shipping shortage. German aggression shortly before the Danish parliamentary elections, scheduled for late April, might also have an unfortunate effect on the future composition of the Danish government. Sjøqvist notes that Brockdorff-Rantzau left for Berlin in late March in order to discuss his views with the authorities there, and that shortly thereafter the German pressure on Denmark relented significantly.⁶⁰²

The German minister's visit to Berlin in March might well have helped the Danish cause, but it did not have the profound effect on German authorities argued by Sjøqvist. The threatening tone in German overtures may have grown less harsh, but calls from Berlin for Danish shipping concessions did not abate. H. N. Andersen's talk of a "crisis" in Danish-German relations notwithstanding, Scavenius was also more likely to take a macro perspective on foreign relations. Continued Danish independence must not come to be seen as a liability in Berlin, as this would jeopardize Danish interests, possibly into the post war period. Danish foreign policy must therefore seek to balance the demands of Germany against those of the western powers. For this reason, Scavenius recognised the need to conduct parallel negotiations in both Berlin and Washington, all the while coordinating both from Copenhagen.⁶⁰³

The Danish foreign minister nevertheless felt a degree of frustration over the demands placed on Denmark by the warring powers. In his own short account of the negotiations, published long after the war was over, Scavenius would write that the British and American refusal to accommodate Danish wishes had been based on emotion rather than a sound political assessment of the consequences, as the inability of neutrals to source their imports from the west could not fail to expose these to much greater economic pressure from Germany than would otherwise have been possible. In this the Danish foreign minister failed to recognise that Allied economic warfare planners were operating on the same long timescale as he himself was. Scavenius felt he must accept short term deprivations resulting from his failure to cooperate with Allied blockade efforts, so as to avoid a breakdown in Danish-German relations or the decimation of the Danish merchant fleet, either of which could have long term consequences for Danish security and economic development. Allied economic warfare planners likewise accepted that a short term increase in Danish exports to Germany was a price worth paying in order to

⁶⁰² Sjøqvist, 1973: 263

⁶⁰³ Lidegaard, 2003:108

reduce Danish capacity for export in the long term. Allied planners were working on the assumption that the war would not be over in 1918, and their policies reflected that.⁶⁰⁴

Scavenius' room for manoeuvre in his dealings with Washington was also limited by German demands for both Danish goods and tonnage concessions. The export of Danish agricultural produce southwards against imports from Germany was regulated by way of formal agreements, stipulating the quantities to be exchanged and the prices and payment thereof. These agreements were valid for four months at a time, the first of which ran between August and December 1917. As shortages within the Central Powers made them progressively less able to meet Danish demand for supplies, especially coal and fuel, German purchases of Danish produce increasingly came to be covered by Danish bank credits and transfers of gold. The four month agreement ending in December was renegotiated three times, running first from December to March, then again to August, and finally to November.⁶⁰⁵

When it came to tonnage, German demands would be even harder to square with Allied aims. Pressure from Berlin to impose limits on Danish shipping sailing in entente trades was a persistent feature of Danish-German relations through much of the spring and summer of 1918. Sometime in the latter half of April a Danish shipping delegation attended conferences in Berlin with a view to negotiate safe passage for Danish ships trading between Denmark and the west. The German naval authorities proposed an exchange system, whereby free passage westwards would only be granted to such Danish merchantmen as were guaranteed to return directly to Denmark without performing duty voyages or other forms of service for the Allies. Shipping not covered by such guarantees would be sunk out of hand if and when encountered by German forces. The German government also demanded that any general agreement between Denmark and the United States must reserve 400 000 tons of shipping for exclusive Danish use. Ostensibly this would serve to reduce the shipping pool available to the Allies. Grant-Smith, gathering what intelligence he could on Danish-German relations, also speculated that as the German merchant fleet itself had been severely depleted, Berlin was interested in preserving as much neutral tonnage as possible in order for it to be used to carry German trade once the war was over.⁶⁰⁶

Having failed to convince the American negotiators with economic arguments, Scavenius appears to have sought to strike a more moralistic note in his next overtures. On 8th March he telegraphed Brun in Washington, asking him to reiterate to the War Trade Board that he felt that the Danish government had gone very far indeed towards meeting American demands, and that

⁶⁰⁴ Scavenius, 1959: 79-80

⁶⁰⁵ Scavenius, 1959: 84-85

Strachan, 2001: 942, 945

⁶⁰⁶ Cohn, 1928: 110

Lidegaard, 2003:108

RG 182-11-17; DNII; No. 2149, Grant-Smith to WTB; 11th April, 1918

RG 182-11-17; DNII; No. 2211, Grant-Smith to WTB; 29th April, 1918

RG 182-11-17; DNII; Tardieu to Polk; 1st May, 1918

any further concessions on sailings inside the danger zone were out of the question. The Danish government did not wish to compromise its neutrality in the manner demanded by the Allies. By doing so Scavenius would undermine the position of neighbouring neutrals, all the while the Swedish and Dutch governments were continuing to resist the imposition of similar conditions in their respective negotiations with the US government. Scavenius also accused the WTB unfairly holding up the negotiations over such issues as the Danish government found itself unable to compromise on, despite repeated Danish concessions on other issues. Scavenius entreated the War Trade Board to look at the Danish proposals again, and recognise that “the Danish Government ... have made all possible concessions”.⁶⁰⁷ He also noted that he was certain that the charter length issue could be solved to the satisfaction of the American negotiators. Having thus thrown in a carrot, the Danish foreign minister also attempted to provide a stick: A failure to reach a rapid supply accord with the United States would leave Denmark all the more exposed in the upcoming negotiations for a renewal of the Danish-German trade agreement made the previous December, which would otherwise expire on 1st April, rendering Denmark unable to avoid increasing its exports to the Central Powers even further.⁶⁰⁸

Five days after Scavenius telegraphed his views to Brun, the Danish minister forwarded these to the WTB. Brun noted that the inability to make concessions on the danger zone issue was a result of Denmark’s geographical location and the need to preserve Danish shipping capacity for peacetime needs.⁶⁰⁹ He also added that Denmark was now in especially desperate need of saltpetre for fertilisers, as the 20 000 tons Denmark had been able to source from Norway amounted to less than half of Danish minimum requirements. Since the United States and the Western Allies were preventing Denmark from importing the remainder from Chile, the Danish government must therefore attempt to obtain this from Germany, against which the German government was certain to demand “very heavy compensation”.⁶¹⁰ The failure to obtain saltpetre from the west would thus make it impossible to meet the American requests for reduced Danish exports to the Central Powers. Forgoing additional saltpetre imports altogether could not be contemplated, as these were absolutely necessary for the maintenance of Danish grain production. This grain would in turn feed the Danish populace and “maintain the stock of domestic animals necessary for our economical existence.”⁶¹¹

⁶⁰⁷ UMA 6-39, HaFo: Scavenius to Brun (English translation of 108, to be forwarded to Secretary Lansing); 8th March, 1918

⁶⁰⁸ RG 182-11-17; DNII: Brun to McCormick; 13th March, 1918

RG 182-11-17; DNII: Brun to Lansing; 13th March, 1918

UMA 6-39, HaFo: 108, Scavenius to Brun; 8th March, 1918

UMA 6-39, HaFo: Scavenius to Brun (English translation of 108, to be forwarded to Secretary Lansing); 8th March, 1918

⁶⁰⁹ RG 182-11-17; DNII: Brun to Lansing; 13th March, 1918

⁶¹⁰ RG 182-11-17; DNII: Brun to McCormick; 13th March, 1918

⁶¹¹ RG 182-11-17; DNII: Brun to McCormick; 13th March, 1918

Brun's reference to Denmark's "geographical situation"⁶¹² was an obvious reference to the threat of German aggression, a consideration which Allied economic warfare officials had themselves earlier acknowledged carried some weight. The argument that Denmark needed to retain merchant vessels for peacetime use made less of an impression. This was in part because, as Brockdorff-Rantzau himself acknowledged, the submarine menace was of German rather than American or Entente making, and in part because the Allies were themselves in heavy need of tonnage. Finally, the saltpetre argument carried very little weight indeed, since the reduction in Danish agricultural production was the main goal of the western fodder and fertiliser embargo in the first place. The fact that the embargo was producing the desired results would not have swayed the WTB negotiators, who were fully aware that even without imports Danish agriculture was more than capable of meeting the food requirements of the domestic population. Danish agricultural exports to Germany could not be prevented completely through a fodder and fertiliser embargo alone. They could only be much reduced.

All the while Scavenius and the War Trade Board were at loggerheads over shipping and other issues, British and American officials were exploring alternatives to reaching an overarching agreement with the Danish authorities. Even though they were not absolutely dependent on Danish produce, continued deliveries of certain goods would simplify the British supply situation considerably.⁶¹³ On 16th March Percy at the Ministry of Blockade delegation in Washington let McCormick know that the Danish government had agreed to deliver 5500 casks of butter to Britain, in return for the right to import a limited amount of cotton into Denmark. The MoB therefore asked whether the American authorities had any objection to releasing 50 tons of cotton thread for export, and whether such small scale one-off exchanges might serve as a pattern for future dealings with the Danish government since negotiations for a general agreement were dragging out in time. Four days later McCormick's assistant, a young John Foster Dulles, replied that the War Trade Board was prepared to approve Percy's request, and was also ready to sign off on another upcoming deal on chartering a Danish merchant ship against license to exports a limited amount of grass seeds.⁶¹⁴

⁶¹² RG 182-11-17; DNII: Brun to Lansing; 13th March, 1918

⁶¹³ The only Danish product which the Western Allies were not willing to forgo was cryolite, which was used in aluminium production and procured from mining operations on the western coast of Greenland. Cryolite required refining before the product could be used in industrial processes, and although some Greenland cryolite could be processed at a plant in the United States, the total output of this plant did not suffice to satisfy Allied demand. The Western Allies were therefore dependent upon shipments of Greenland Cryolite reaching Copenhagen for processing there before being sold to Allied authorities. Although Denmark also exported a certain quantity of cryolite to Germany, the Ministry of Blockade correctly assessed that the Danish government would not attempt to cut the Allies off from this source of supply. The mineral therefore played little to no part in the negotiations between Denmark and the Western Allies during the war. Under the final American-Danish general trade agreement, signed on 18th September 1918, cryolite was the only imported material which Denmark was allowed to export to Germany. (See RG 182-11-17; Unnumbered; FO to WTB; 4th September, 1918)

⁶¹⁴ RG 182-11-17; DNII; Percy to McCormick; 16th March, 1918

RG 182-11-17; DNII; Dulles to Percy; 20th March, 1918

While the British and American authorities were thus preparing for a future without a general agreement with the Danish government, Scavenius was gradually beginning to reconsider his opposition to shipping concessions. The immediate reason for this turnaround was the increasingly worrying reports reaching the Danish foreign ministry from the Netherlands. Parallel to their negotiations with the three Scandinavian governments, the WTB and MoB had also been engaged in talks with the Dutch government on a possible shipping agreement. Unlike the Danish government however, the Dutch had elected to lay up a large part of their merchant fleet in port instead of allowing the ships to be overtly chartered by the Western Allies. Because of the continued Dutch refusal to contemplate a formal chartering agreement, rumours were growing ever more insistent that the War Trade Board was preparing to requisition all Dutch vessels in American and Allied ports, forcing them into Allied trades. The fear that the Western Allies might take this step with respect to Danish vessels as well, forcing these to sail in the danger zone, was slowly taking hold in Danish circles. On 8th March Castenskiold had telegraphed home from London that the Dutch minister there had informed him that the British government was now making explicit threats to seize Dutch shipping unless the Dutch government acceded to Allied demands. A week later, on 15th March, Castenskiold met with Cecil and asked him to comment on the rumours that Danish vessels might be subject to requisitioning. Cecil replied that the United States was responsible for the Danish negotiations, but that he privately believed that the Allied response to continued Danish refusal to allow vessels to sail in the danger zone would be the same as in the Dutch case. He further noted that if ships should be requisitioned, losses incurred in the danger zone would be replaced by the Allies after the end of the conflict. Cecil also noted that refusal by the Dutch government to sanction Allied requisitioning would not prevent Dutch shippers from receiving remuneration nor the Netherlands being denied necessary supplies.⁶¹⁵

Castenskiold's report on his conversation with Cecil prompted Scavenius to make a renewed plea to the American and British governments that they recognise the circumstances precluding the Danish government agreeing to further shipping concessions. On 16th March the Danish foreign minister telegraphed Brun and Castenskiold, asking them to point out to the State Department and Ministry of Blockade that unlike the Dutch, the Danish government had already allowed many of its shippers to continue to sail in Allied charters, as well as encouraged these to maintain sailings on western ports in the face of German submarine warfare. Furthermore, any overt western ultimatum to the Danish government would only make it even more difficult to avoid German retaliation, as publicity would make it impossible for the government in Berlin to ignore even such Danish concessions to the western powers as it might otherwise have been prepared to acquiesce to. Finally Scavenius reiterated his offer to allow Andersen and Cold to

⁶¹⁵ UMA 6-39, HaFo: 120, Castenskiold to UM; 8th March, 1918

privately supply sufficient tonnage to operate in the danger zone so as to meet the WTB's demands on this issue, so long as these agreements could be made in strict secrecy.⁶¹⁶ Even though Scavenius had first mooted the possibility of making private arrangements for the use of additional Danish shipping in the danger zone in mid-February, his telegrams of 16th March represented the most detailed form this offer had taken yet, including making Danish government support for the scheme explicit. That same afternoon H. N. Andersen met with Grant-Smith at the American Legation and repeated the same offer, reiterating the need for absolute secrecy lest the German government should feel the need to retaliate in one form or another. Two days later, in a meeting with Grant-Smith and other Allied representatives in Copenhagen, Scavenius himself once again insisted on absolute confidentiality on the shipping question.⁶¹⁷

Brun reported home that the more explicit private chartering offer had notably lightened the mood of Chadbourne at the WTB, when the Danish minister presented the contents of Scavenius' telegram to him on 19th March, implying that this presaged a solution to the tonnage issues that had held up the negotiations for the past months. In his 1942 book, Bailey went even further, terming Scavenius' renewed danger zone proposal nothing short of a Danish capitulation.⁶¹⁸ This is much too simplistic an interpretation of the nature and effect of the Danish offer. Scavenius' making Danish government backing for the private chartering offer explicit was a concession, but not one that would herald the imminent conclusion of an agreement. The Ministry of Blockade and the War Trade Board had both been aware of the possibility of privately chartering Danish vessels ever since the possibility had first been mooted a month previously. Both departments had likewise come to realise that the proposed arrangement, danger zone or not, would only add a relatively small amount of additional tonnage to the Allied shipping pool. For their part, Crowe and Cecil agreed that the British stance on the current state of the Danish proposals must remain the same as it had been since early March: An agreement was not absolutely necessary, but negotiations should be allowed to continue. Responding to the Danish overtures must be left to the War Trade Board, and no further action should be taken by the British government for the time being. Cecil therefore told the American ambassador in London that the Ministry of Blockade would be prepared to accept a tonnage agreement along the lines proposed by Scavenius, provided the American government had no objections and the WTB could settle the any outstanding issues on import and export quotas with the Danes. Brun himself remained similarly cautious, warning Copenhagen that

⁶¹⁶ UMA 6-39, HaFo: 117, Scavenius to Castenskiold; 16th March, 1918

UMA 6-39, HaFo: 118, Scavenius to Brun; 16th March, 1918

⁶¹⁷ RG 182-11-17; DNII; No. 2050, Grant-Smith to WTB; 17th March, 1918

RG 182-11-17; DNII; No. 2058, Grant-Smith to WTB; 18th March, 1918

UMA 6-39, HaFo: 142, Brun to UM; 19th March, 1918

⁶¹⁸ Bailey, 1942: 184

despite an agreement on shipping now appearing to be within reach, the War Trade Board and the Danish negotiators remained far apart on other issues.⁶¹⁹

Brun's sober assessment of the future of Denmark's negotiations with the Western Allies was completely justified. As noted earlier, both the Ministry of Blockade and the War Trade Board were increasingly coming to the conclusion that the Allies stood to gain very little from an agreement acceptable to the Danish government. Cecil had nevertheless decided to urge the WTB to refrain from breaking off negotiations altogether, for fear of political repercussions and increased difficulties in negotiating agreements with the Norwegian and Swedish governments, as well as potentially hurting economic relations with Denmark yet further. On 7th March Crowe had therefore telegraphed Lord Reading in Washington, asking him to explain the MoB's position on these issues to the War Trade Board. On 21st March, in the wake of Scavenius' shipping concessions, Cecil reiterated these points to Lewis Sheldon, the WTB representative in London, who promptly forwarded these to Washington.⁶²⁰ These events in turn prompted Lord Reading to telegraph the Ministry of Blockade with an urgent query: Had London misunderstood the War Trade Board's attitude on Denmark? Since there appeared to be very little to be gained from concluding a general agreement with the Danish government, the WTB believed it might well be wiser to allow the negotiations to drag out. This would allow the Allies to maintain the overall embargo, while deals could be made on a case by case basis with a view towards maintaining trade links between Denmark and the west. It would also allow limited Danish imports of such commodities as would not imperil the overall goal of reducing Danish exports to Germany. Lord Reading suggested that Denmark was unlikely to grant major concessions on the issue of agricultural exports to the Central Powers for fear of provoking German retaliation. The best weapon available to the Allies by which to counter Germany's power over Denmark would be the Allied hold on Danish tonnage. Berlin should be made to understand that any interference with Danish exports to the west, including efforts to prevent a fair division of Danish agricultural exports between the Western Allies and the Central Powers, would be met with British and American requisitioning of Danish vessels for use in the danger zone. The British Ambassador in Washington was thus proposing turning the rationale behind Allied tonnage policy on its head. Instead of the Danish government conceding the use of her merchant fleet in Allied service in return for access to overseas imports, ships to be used for importing goods to Denmark from the west should be treated "as a thing to be obtained from us by Denmark in return for concessions to us".⁶²¹ In Lord Reading's view, allowing Germany to retain the option of preventing Danish

⁶¹⁹ FO 382/1886; Folder 48670, "Memorandum on Tonnage question"; 16th March, 1918
FO 382/1886; Unnumbered handwritten notes by Crowe and Cecil; 29th March, 1918
RG 182-11-17; DNII; No. 9183, Page to WTB; 22nd March, 1918
UMA 6-39, HaFo: 142, Brun to UM; 19th March, 1918

⁶²⁰ FO 382/1886; Folder 53113, Sheldon to Cecil; 21st March, 1918

⁶²¹ FO 382/1886; No. 1285, Reading to MoB; 26th March, 1918

exports to the Western Allies by way of U-boat attacks, while the Western Allies negotiated a general agreement precluding them exercising the option to requisition Danish shipping, might well become a source of “acute regret”, since it risked severely weakening the negotiating position of the Western Allies.⁶²²

When Reading’s telegram arrived in London on the 28th, it served its purpose in clarifying the War Trade Board’s rationale on not pushing for a general Danish agreement. So long as the negotiations were not broken off unilaterally, Cecil and Crowe had no objections to letting the present talks lapse. Such a policy would be fully in line with that mooted the week before, when the Ministry of Blockade had asked whether McCormick would contemplate occasional one-off exchanges with Denmark as a substitute for a general agreement. This would also leave the option of requisitioning Danish tonnage, should circumstances require it, open for the future. It would, however, be necessary to put the proposed change in Allied policy to the Danish government, especially since Cecil had been very open about his desire for a general agreement in communication with Castenskiold over the previous months. The possibility of future requisitioning need not be mentioned, since there was no pressing need to take such a step at the present, but the rest of Allied policy switch should be coached in terms of allowing the Danish government to retain its freedom vis-à-vis Berlin. The Allies would refrain from attempting to pressure the Danish government into making such concessions as could invite German retaliation. Danish acquiescence would also avoid the embarrassing accusation that the Western Allies were holding neutral governments hostage over blockade policy, since the blame for the Danish inability to reach a general trade agreement could be placed on Berlin rather than Washington or London.⁶²³

There were also external reasons for why placing the general negotiations on hiatus would be preferable. Following the outbreak of revolution in Russia in late 1917 and the subsequent collapse of the Russian war effort, the German high command had been able to redeploy significant numbers of troops to the west. Most of the American forces that had been preparing to reinforce the French, British and Commonwealth armies in France were still not ready for action, and so the Allies had few additional units by which to counter the German build-up. On 21st March the heavily reinforced German armies on the western front began launching large scale attacks on Allied positions, making large territorial gains in the days that followed while Allied commanders struggled to prevent a general breakthrough. By the 30th the situation at the front in northern France was fluid and uncertain, and Cecil noted that it would be preferable to avoid communicating with the Danish authorities until the German spring offensive had been contained. Should the military situation deteriorate yet further, then the Allied negotiating

⁶²² FO 382/1886; No. 1285, Reading to MoB; 26th March, 1918

⁶²³ FO 382/1886; Folder 56027, Minute by Forbes-Adam on Reading telegram and Danish policy (comments by Leslie, Crowe and Cecil); 29th-30th March, 1918

position vis-à-vis Denmark would be weakened. Should this happen it would probably be preferable not to negotiate a general agreement with Denmark at all. Alternatively, should the Allied position in France improve, the future Anglo-American negotiating position would be similarly strengthened. If so, it would pay to wait for western strength to become apparent before resuming talks. Cecil therefore telegraphed Reading on 2nd April, asking him to let the War Trade Board know that the Ministry of Blockade would prefer that the official Allied response to Scavenius' proposals be put on hold until the situation in France had settled down.⁶²⁴ If the American negotiators should be unable to give some form of response, then an explanation of the Allied negotiating position along the lines proposed by Reading should be made to the Danes. It should be emphasised that the British and American governments sympathised with the Danish situation, and they did not desire to compound the difficulties already placed upon the Danish government by the German threat. Similarly, the Western Allies could not be expected to agree to any concessions on Danish tonnage or division of Danish agricultural produce which Germany could render worthless at will. Upon receipt, Reading immediately forwarded Cecil's telegram to the WTB.⁶²⁵

Thus armed with the blessings of the Ministry of Blockade, Chadbourne met with Brun on 4th April in order to acquaint him with the new proposals. Having apologised to the Danish minister for the delay in responding to Scavenius' overtures, Chadbourne proceeded to lay out the War Trade Board's views, including its worries over Germany's power to void any practical arrangement and the American desire not to place Denmark in the same difficult tonnage position as the Netherlands.⁶²⁶ Explaining that the War Trade Board considered itself "honour bound to continue negotiations for a general agreement if the Danish Government so desired",⁶²⁷ the American representative suggested that negotiations for a general agreement nevertheless be put on hold in favour of arranging for the shipment of vital supplies to Denmark, while otherwise maintaining the status quo. Unless the Danish government had grave objections to exploring such a solution, the War Trade Board would produce concrete proposals for exchanges to be put to the Danish government in a week's time. After having been assured by Chadbourne that the number of Danish vessels required to sail in the danger zone would not be increased beyond what was already the case, Brun responded favourably to the overall plan, even

⁶²⁴ The German spring offensive would continue until gradually petering out over the course of early summer. Any danger of Allied collapse and a serious German breakthrough had nevertheless largely passed by late April. (See Mick in Winter, 2014 (I): 145-152)

⁶²⁵ FO 382/1886; Folder 56027, Minute by Forbes-Adam on Reading telegram and Danish policy (comments by Leslie, Crowe and Cecil); 29th-30th March, 1918

FO 382/1886; No. 1874, MoB to Reading; 2nd April, 1918

RG 182-11-17; DNII; Paraphrase of MoB to Reading; 2nd April, 1918

⁶²⁶ On 20th March British and American authorities made good on their demands, seizing 650 000 tons of Dutch merchant shipping then sitting idle in Entente and US ports, placing these in Allied service for the duration of the conflict. (Bailey, 1942: 211-214)

⁶²⁷ FO 382/1886; No. 1874, Reading to MoB; 10th April, 1918

confiding in Chadbourne that he had long favoured a similar solution himself. In his subsequent dispatch to the Danish Foreign Ministry, he noted that the American government finally appeared to recognise the concessions which the Danish government had already made to the Allied cause, as well as appreciate the difficulties facing the Denmark. Shortly thereafter Castenskiold reported that Cecil had just detailed to him the main Allied objections to the Danish quota proposals from February, noting that the differences between the Allied and Danish positions was so great as to preclude a rapid general agreement, and that it might be better to revert to a system of one-off exchanges for the time being.⁶²⁸

Despite the Danish ministers in Washington and London both arguing that the Anglo-American proposals ought to be explored further, Scavenius nevertheless decided to respond with a great deal of caution. On 9th April the foreign minister telegraphed Brun that he appreciated the American concern for Denmark's exposed position vis-à-vis Germany, but that he would be unable to assess the value of the new proposals until such time as these took on more concrete form. Scavenius knew, possibly by way of Brockdorff-Rantzau, that German naval authorities believed that the continued employment of the entire Danish merchant fleet in Allied trades was the least favourable outcome to Germany. The German government was therefore unlikely to take steps to prevent the operation of an agreement whereby a substantial number of Danish vessels were released from Allied control in order to carry imports to Denmark. The lack of an overall agreement would likewise leave Denmark without any guarantee that the Allied governments would not at some future point in time force more Danish vessels to sail in the danger zone, which in turn would make the Danish negotiating position all that much weaker.⁶²⁹

As early as 19th March Under Secretary of State Frank Polk had in fact assured Brun verbally that the United States government was not planning to requisition Danish shipping. On 12th April the State Department provided the Danish legation with a written statement to the same effect, noting that requisitioning was not contemplated at the present time. Brun was told that Dutch ships had been seized by the Allies purely by way of military necessity. The implication being that this requirement did not exist in the Danish case, as long as Danish vessels were not laid up in port, but continued to operate in Allied trades.⁶³⁰ This statement was, as seen above, accurate in as much as both the Ministry of Blockade and the War Trade Board were keen to avoid unilaterally seizing Danish shipping. The careful wording of the American note of 12th April nevertheless reflected their reluctance to rule out such action in the future. As it were, the

⁶²⁸ FO 382/1886; Folder 64515, Cecil reporting on meeting with Castenskiold; 9th April, 1918

UMA 6-39, HaFo: 184, Brun to UM; 6th April, 1918

UMA 6-39, HaFo: 178, Castenskiold to UM; 9th April, 1918

⁶²⁹ UMA 6-39, HaFo: 157 & 158, Scavenius to Brun; 9th April, 1918

UMA 6-39, HaFo: 145, Scavenius to Castenskiold; 10th April, 1918

⁶³⁰ UMA 6-39, HaFo: 142, Brun to UM; 19th March, 1918

UMA 6-39, HaFo: 190, Brun to UM; 12th April, 1918

note provided little in the way of reassurance from the Danish point of view, something immediately appreciated by Scavenius.⁶³¹

The Danish foreign minister was also becoming increasingly frustrated with what he suspected were deliberate American attempts at dragging out the negotiations, in spite of Danish concessions. On 11th April Scavenius' complaints prompted Grant-Smith to point out to the Danish foreign minister that such an impression was faulty, and that the cordial tone which had recently characterised the talks between Brun and the War Trade Board negotiators in Washington should not be interpreted to signify that Danish quota proposals were acceptable to the American government. In other words, negotiations were protracted not for nefarious reasons, but because the American and Danish negotiating positions were far apart. In his report to the WTB the US chargé blamed the frustration currently felt in Danish circles on tension surrounding the upcoming elections, scheduled for 22nd April, and the more or less permanent pressure applied on Denmark by the German government.⁶³²

Scavenius nevertheless had reason to be dissatisfied. Having heard nothing from the War Trade Board, despite Chadbourne's assurances that concrete American proposals would be handed over, he had on 13th April ordered Brun to raise the issue again. Brun consequently requested a meeting with the WTB, only to be told that Chadbourne was leaving Washington on the 17th, and that a conference could therefore not take place before his return on the 22nd. The Danish minister received this piece of news with some consternation, and phoned the War Trade Board secretariat demanding an urgent meeting. Early on the morning of 17th April Brun was therefore received by Chadbourne, and proceeded to lay out Scavenius' concerns over relying on one-off exchanges. Chadbourne responded by noting that the British government also remained in favour of a general agreement, and that he and Taylor would not insist on abandoning negotiations aimed at reaching such. If the Danish government so desired, general talks could be resumed as soon as he returned on the 22nd. Having thus been assured that the War Trade Board had no interest in or intention of delaying reaching an agreement with the Danish government, Brun therefore agreed to another meeting on that date. On April 20th the Ministry of Blockade informed Castenskiold that the British government had been made to understand that the Danish government did not wish to forgo the possibility of a general agreement, and that negotiations for such would therefore continue in Washington.⁶³³

Having received the report on the meeting with Chadbourne, Scavenius reiterated to Brun that the Danish government did not absolutely demand a general agreement. Any solution must however have the blessings of both the American and British authorities, while the Danish

⁶³¹ RG 182-11-17; DNII; No. 7243, Lansing to Amembassy London; 12th April, 1918

⁶³² RG 182-11-17; DNII; No. 2149, Grant-Smith to WTB; 11th April, 1918

⁶³³ UMA 6-39, HaFo: 162, Scavenius to Brun; 13th April, 1918

UMA 6-39, HaFo: 201, Brun to UM; 19th April, 1918

UMA 6-39, HaFo: 204, Castenskiold to UM; 20th April, 1918

government must also have satisfactory guarantees that it could dispose of a substantial amount of tonnage as it saw fit. The Danish foreign minister noted to Brun that any failure on the part of western blockade authorities to respect such guarantees could have a grave impact on Danish-German relations, and that a satisfactory solution to this issue must therefore be insisted on.⁶³⁴ This was no idle fear. Already on 11th April Scavenius had intimated to Grant-Smith that Berlin was threatening to sink any vessel departing Denmark for the west without a guarantee for its direct return, and that the Danish government therefore desired mutual guarantees from the Central Powers and the Western Allies that tonnage allocated to Denmark under any future agreement must be offered freedom from interference, including requisitioning and duty voyages as well as submarine attack. Whether or not Scavenius really believed that the German navy would go so far as to attempt to sink any Danish vessel sailing westwards without being covered by adequate guarantees for its return is a moot point.⁶³⁵ Disregarding the express wishes of the German government on an issue which might be seen to compromise Danish neutrality could fatally undermine Danish-German relations. This in turn would go against Scavenius' firm belief that Danish independence depended on maintaining cordial relations both with Germany and the west. On 29th April Scavenius therefore once again raised the topic of Allied shipping demands with Grant-Smith, telling the American chargé that Berlin was blaming the government in Copenhagen for not withholding a greater amount of tonnage for Danish use.⁶³⁶

Brun presented Scavenius' concerns on shipping to Chadbourne when they met again on 22nd April. Chadbourne responded by reiterating that he would not oppose restarting negotiations for a general agreement, but that he remained convinced that an informal understanding would serve both sides better. Brun agreed that this corresponded to his personal view of the matter, and that he did not doubt that the American government would honour the terms of such an understanding as if it was a formal accord. On his own initiative, Brun then asked whether or not it would be possible for the WTB to release some small amount of shipping and supplies at once as a goodwill gesture to Denmark, so as to prove the worth and feasibility of such an exchange system. Chadbourne agreed that this might well be doable, and Brun promised to let the WTB know what supplies the Danish government found desirable to include in such shipment as soon as possible. On telegraphing the news to Scavenius, Brun advised that the Danish government limit this initial list to only cover relatively uncontroversial supplies and only small quantities thereof.⁶³⁷

⁶³⁴ RG 182-11-17; DNII; No. 2149, Grant-Smith to WTB; 11th April, 1918

UMA 6-39, HaFo: 172, Scavenius to Brun; 20th April, 1918

⁶³⁵ Reports from the French minister in Copenhagen suggested that the Danish shipping delegates in Berlin certainly believed the threat to be real. (RG 182-11-17; DNII; Tardieu to Polk; 1st May, 1918)

⁶³⁶ RG 182-11-17; DNII; No. 2211, Grant-Smith to WTB; 29th April, 1918

⁶³⁷ UMA 6-39, HaFo: 209, Brun to UM; 24th April, 1918

Chadbourne, somewhat understandably, interpreted Brun's proposal to mean that the Danish government was now once again favourably disposed towards setting up an exchange system. This news was received favourably at the Ministry of Blockade, as it might signal a willingness on the part of Copenhagen to reduce agricultural exports to Germany. Paget in Copenhagen was therefore asked whether he had had any indication of what Scavenius was intending to offer by way of compensation for western supplies.⁶³⁸

Paget's reply, which reached London on 2nd May, disabused the Ministry of Blockade of any notion that a general softening of the Danish stance was in the offing. Scavenius had told the British minister that the Danish Foreign Ministry had not authorised any statement to the effect that the Danish government now favoured a compensation system over a general agreement, and that such a system could only be contemplated if it served to hasten a general solution to Danish supply difficulties. The shipping issue was of such a delicate nature as to require some firm understanding between Denmark and the Western Allies, formal or otherwise. It could under no circumstance be left to negotiation on a case by case basis. When it came to compensation for western supplies, Scavenius commented that he could not see how the Allied powers could demand any more in return for the requested quotas than the shipping Denmark had already allowed to sail in Allied trades. A further reduction in exports to Germany was "entirely out of the question", as the allowable export quotas proposed by the WTB had been used as basis for the ongoing Danish-German trade talks. Should Danish negotiators in Berlin be forced to retract their proposals, Scavenius feared the German armed forces would respond by preventing all sailings to and from Denmark. Paget therefore doubted whether any compensation scheme was likely to succeed, and noted that Scavenius was also likely under pressure from farming interests which were unlikely to agree to any reduction in Danish exports to Germany all the while fodder or fertiliser was not forthcoming from the west.⁶³⁹

Unsurprisingly, Scavenius also responded with little if any enthusiasm to Brun's own report of the meeting with Chadbourne. The Danish foreign minister noted that a single shipload of supplies would have such a small overall impact on the Danish economic situation that he completely failed to see how it could serve to convince anyone of the feasibility of relying on an exchange system. He would nevertheless forward a list of desired goods. More to the point, the War Trade Board must guarantee that the Danish government be allowed to retain control of 400 000 tons of merchant shipping, to dispose of without interference until the end of the war. Scavenius reiterated that the Danish government had already made a significant concession in allowing the Danish merchant fleet to operate in Allied trades, instead of, like the Dutch government, requiring any part of it to be laid up until such a time as a general agreement could

⁶³⁸ FO 382/1886; No. 1830, Reading to MoB; 26th April, 1918

FO 382/1886; No. 2531, MoB to Paget; 29th April, 1918

⁶³⁹ FO 382/1886; No. 1918, Paget to MoB; 1st May, 1918

be signed.⁶⁴⁰ On 29th April Grant-Smith let the War Trade Board know that as a consequence of German demands, he suspected that the Danish government was now preparing to do just that. Unless the Danish government was allowed exclusive use of a substantial portion of the Danish merchant fleet, said shipping would be laid up in port. On 10th May the American chargé again warned the WTB of the danger of Danish ships being laid up, advising it to make certain that as many Danish ships as possible be docked in or underway to Allied ports at the moment requisitioning should be announced.⁶⁴¹

Even though he complained bitterly that the Allies were treating the Danish government with even less consideration than was being afforded the Dutch, it is unlikely that Scavenius was actually prepared to take such a momentous step.⁶⁴² Assurances from the US State Department notwithstanding, the laying up of Danish tonnage was likely to lead to rapid requisitioning of such Danish vessels as Allied blockade authorities could get their hands on. It was nevertheless obvious that the tonnage issue was becoming increasingly contentious, and that Scavenius was finding it difficult to square German and western demands. Unless a solution could be found, either a general agreement or an informal exchange system would be out of reach. In late April Scavenius received the final German proposals for a safe conduct system for Danish ships, and therefore resolved to send a shipping delegation to Washington so as to put extra pressure on the War Trade Board. Due to the delicate nature of the work ahead, the delegation would have to be led by someone with intimate knowledge of the German shipping demands, as well as a thorough understanding of the thinking behind Danish foreign policy. Scavenius therefore once again decided to entrust the task to Martin Julius Clan, under-secretary of state and head of the commercial section of the Danish Foreign Ministry. Clan would be accompanied by Axel O. Andersen and Karl Reinhard from the Danish Special Shipping Committee.⁶⁴³ Given that any negotiations for a general agreement could not be limited to shipping alone, but would also have to cover import quotas, Scavenius also felt it necessary to invite directors Foss of the Industrial Council and Clausen of the Merchants' Society. Neither Foss nor Clausen nevertheless felt in a position to leave Denmark on short notice, nor remain abroad for an extended period of time. They therefore instead agreed to appoint Director Harald Nielsen of the Erhvervenes Fellesudvalg business association as their joint representative on the delegation. Foss and Clausen also urged Scavenius to avoid any unnecessary delays, and therefore give Clan the authority to conclude an agreement without having to wait for consultation with Copenhagen.

⁶⁴⁰ UMA 6-39, HaFo: 181, Scavenius to Brun; 30th April, 1918

⁶⁴¹ RG 182-11-17; DNII; No. 2211, Grant-Smith to WTB; 29th April, 1918
RG 182-11-17; DNII; No. 2259, Grant-Smith to WTB; 10th May, 1918

⁶⁴² UMA 6-39, HaFo: 181, Scavenius to Brun; 30th April, 1918

⁶⁴³ The Special Shipping Committee (Fragtnævnen) was a semi-official body established by the Danish government in 1916. It consisted of representatives from some of the largest Danish shipping companies, and was intended to represent Danish shipping businesses in the same way that the Industrial Council (Industrirådet) and Merchants' Society (Grosserer Societetet) represented Danish importers. (See Hornby, 1988: 44)

True to form, and in accordance with the need to coordinate the American and German negotiations, Scavenius felt unable to contemplate delegating such responsibility. He therefore politely refused the request. Finally, Høhne of the United Steamship Company⁶⁴⁴ was appointed the delegation's secretary.⁶⁴⁵

All the while Scavenius was organising the new delegation, Brun was beginning to abandon his earlier desire to forgo a general agreement. On 2nd May he met with Frank Munson, the US Shipping Board representative on the War Trade Board, in order to discuss American bunker regulations. Munson told Brun in confidence that he personally believed that informal agreements would not work out, and that even though the other members of the War Trade Board had supported Chadbourne's proposals when these had first been discussed, several of the other members were now once again beginning to favour a formal agreement. Telegraphing Scavenius, Brun noted that if Munson's comments were indeed representative of the majority view on the War Trade Board, it was doubtful whether informal exchange agreements could be relied upon to meet Danish needs. Brun therefore asked whether Scavenius wanted to push forward with the idea, including the proposed early shipment of a cargo of goods, or if the Danish legations should notify the WTB that informal arrangements were now no longer to be considered.⁶⁴⁶

On 9th May Scavenius finally notified Brun of the existence of the Clan delegation, apologising and explaining that he had been unable to inform the Danish legation until the makeup of the mission had been formally settled. Regarding Brun's meeting with Munson, the Danish foreign minister only added a short list of supplies which could be considered for inclusion in any early shipment, and reiterated that so long as the Danish government was allowed to freely dispose of 400 000 tons of merchant tonnage without interference it mattered little whether this was secured by way of a general agreement or an informal understanding. Because of the importance and delicacy of this last issue, the Danish shipping and trade representatives on the delegation should confer directly with their US counterparts. Careful not to give the impression that Brun was being replaced or supplanted, Scavenius stated that Clan's role would be to confer with Danish minister on the priorities and thinking behind Danish government's foreign policy. He nevertheless also noted that Grant-Smith had been told that

⁶⁴⁴ *Det Forenede Dampskibs-Selskab – DFDS*

⁶⁴⁵ RG 182-11-17; DNII; Brun to McCormick; 11th May, 1918

UMA 6-39, HaFo: Foss and Clausen to UM; 4th May, 1918

UMA 6-39, HaFo: Scavenius to Foss and Clausen; 4th May, 1918

UMA 6-39, HaFo: Invitation to meeting on Clan delegation; 7th May, 1918

UMA 6-39, HaFo: 193, Scavenius to Brun; 9th May, 1918

UMA 6-39, HaFo: Foss and Clausen to UM; 10th May, 1918

⁶⁴⁶ UMA 6-39, HaFo: 230, Brun to UM; 4th May, 1918

Clan was also available to partake in diplomatic consultations, should the WTB or State Department so desired.⁶⁴⁷

Clan, Andersen, Reinhard, Nielsen and Høhne departed Copenhagen on 11th May, sailing for New York via Norway on the steamer *Hellig Olav*. The next day Brun telegraphed Scavenius, welcoming the appointment of the new trade delegation. The Danish minister noted that the responsibility of carrying out trade negotiations in addition to the ordinary duties of the legation had been severely taxing, and that relief in this regard would be of great help. Brun also registered his personal satisfaction with the choice of Clan as a man eminently suited for the difficult tasks facing the Danish delegation.⁶⁴⁸

Maintaining Swedish neutrality

Having come to realise, over the course of the late winter and early spring of 1918, that securing external supplies while maintaining Swedish neutrality would require some form of tacit understanding with both the warring blocks, Swedish foreign minister Hellner embarked on an intense bout of shuttle diplomacy between his Western Allied and Central Power contacts. Squaring Allied demands with German requirements would be far from easy. In London, Wallenberg himself recognised the daunting scale of the task facing the Swedish government, and on 15th March asked Hellner to give him advance notice should the authorities in Berlin prove unwilling to compromise, thus granting the Swedish delegation in Britain time to prepare a dignified retreat. Wallenberg wanted to avoid the prospect of a humiliating repeat of the collapse of the previous round of negotiations in early 1917, were the Hammarskjöld government had failed to respond to the final British proposals altogether. For his part, Hellner repeatedly sought to get the Allies to soften their demands, presumably so that these would be easier to sell to the German government. Some of these requests were altogether unrealistic, such as when Hellner asked that the Allies limit themselves to chartering 200 000 tons of Swedish shipping, or that the Allies refrain from imposing conditions on Swedish exports to Germany other than iron ore. In Koblik's view, requests such as these showed that the Hellner was "not bearing up well to the strain of events".⁶⁴⁹ This would be somewhat understandable, given the circumstances. The Swedish foreign minister was also coming to appreciate, as his Danish colleague Scavenius was in Copenhagen, that the growing power of the military within the German government added a sharp undertone to any communications from Berlin. On 27th March Hellner told Morris, the American minister in Stockholm, that he had had reports of

⁶⁴⁷ UMA 6-39, HaFo: 193, Scavenius to Brun; 9th May, 1918

⁶⁴⁸ UMA 6-39, HaFo: 244, Brun to UM; 12th May, 1918

FO 382/1886; Castenskiöld to Balfour; 18th May, 1918

UMA 6-39, HaFo: United Steamship Company to UM; 12th May, 1918

⁶⁴⁹ Koblik, 1972: 197

increased German naval activity in the Kattegat, and that he feared that this was a prelude to attacks on merchant vessels trafficking between Sweden and the west.⁶⁵⁰

Whatever the mental state of the Swedish foreign minister in the spring of 1918, it does not appear to have noticeably impacted Hellner's ability to do his job. On 23rd March, two days after receiving the Handelskommission report on the draft proposals, he announced that a government delegation under Eric Birger Trolle, chairman of the Handelskommission and former foreign minister, would proceed to Berlin with a view to negotiating a comprehensive trade agreement with the German authorities. Howard was not optimistic about the Trolle delegation's prospects of success, recommending that the Ministry of Blockade again look at the possibility of requisitioning Swedish tonnage. He also argued that this would not damage the domestic position of the Edén government, since it would be seen as a victim of, rather than a willing accessory to, Allied policy. Here the views of the British minister in Stockholm nevertheless differed starkly from those of his superiors in London. Cecil, Crowe and their colleagues at the MoB remained hopeful that an agreement was within reach. They were also less than happy about the prospect of reopening the requisitioning question, since in their estimation the Allies stood to get nowhere as much tonnage through forced chartering as by way of a general agreement. This was also the stance of Morris, who, although he thought the negotiations might drag out in time, did not agree with his British counterpart's assertion that requisitioning would not damage the Swedish government. Morris' views were endorsed by the War Trade Board in Washington. With both the Ministry of Blockade and the War Trade Board thus opposed to upping the pressure on Hellner, the Swedish negotiators in Germany would be left to get on with their discussions.⁶⁵¹

In fact, the Trolle delegation's trip to Berlin was to be much more successful than either Howard or Morris had feared. Initially the Swedish representatives managed to get the German government to confirm that it would be impossible for Sweden to source grain deliveries from Central or Eastern Europe for the foreseeable future. Berlin was thus implicitly admitting that some form of supply agreement between Sweden and the Western Allies would be unavoidable.

⁶⁵⁰ Koblik, 1972: 197

RG 182-11-51; SNII: 1773, Morris to WTB; 27th March, 1918

⁶⁵¹ FO 382/2066; No. 835, Howard to MoB; 26th March, 1918

FO 382/2066; Folder No. 55318, Minute and comments by Hall, Knatchbull-Hugessen, Leslie and Crowe; 27th March, 1918

FO 382/2066; No. 876, Howard to MoB; 28th March, 1918

FO 382/2066; No. 886, Howard to MoB; 28th March, 1918

FO 382/2066; Folder No. 56792, Minute and comments by Knatchbull-Hugessen, Leslie, Crowe and Cecil; 30th March, 1918

FO 382/2066; Folder No. 62741, Sheldon to Leverton-Harris (attached copy of 293, WTB to Sheldon; 3rd April, 1918); 6th April, 1918

FO 382/2066; No. 665, MoB to Howard; 13th April, 1918

Gihl, 1951: 328-329

Koblik, 1972: 199

RG 182-11-51; SNII: 1787, Morris to WTB; 28th March, 1918

RG 182-11-51; SNII: 1802, Morris to WTB; 31st March, 1918

RG 182-11-51; SNII: 673, WTB to Morris; 3rd April, 1918

Concurrently with Trolle, Arvid Lindman also visited Germany and Austria-Hungary in March and April 1918. The former conservative foreign secretary was ostensibly on holiday, but Koblik argues that Lindman probably travelled in order to consult with his German contacts on the possibility of securing food supplies from the continent. In any case, his attempt at negotiating behind Hellner's back, as well as his lack of success in getting any kind of promise of supplies from the German authorities came in for considerable criticism in Sweden. Taken together, Lindman's failure and the German government's admission to Trolle thus contributed to strengthening the domestic position of the Edén government by undermining the conservatives' argument that further Swedish concessions to the Allies would be unnecessary. It's nevertheless important to note that as long as Hellner struggled to convert his policy efforts into practical results, i.e. increased access to supplies for Swedish domestic consumers, the survival of the Liberal-Social Democratic government would remain in doubt.⁶⁵²

Having held preliminary meetings in Berlin on the conditions under which the German government would be prepared to accept a general agreement between Sweden and the West, the Trolle delegation returned briefly to Stockholm on April 2nd in order to confer with Hellner and Edén, before once again departing for the continent. Shortly after the delegation's arrival in Stockholm Hjalmar Lundbohm, a Swedish diplomat, told Morris that although some of the demands which the German authorities had made would be difficult to square with Allied requirements, he was confident that an agreement could be reached before too long. On 5th and 6th April the American minister also had meetings with both Trolle himself, as well as with Hellner. Both men let Morris know that they believed the German government's objections to a general agreement between Sweden and the Western Allies rested chiefly on the fear of losing political prestige among other neutrals. In short, Germany did not need all the iron ore they proposed to import from Sweden, but was reluctant to accede to Allied restrictions since this might be interpreted as a sign of weakness on their part, which in turn might make imperil its relationships with states in Scandinavia and elsewhere. Josef Sachs, also a representative on the Trolle delegation, told much the same thing to Howard.⁶⁵³

Hellner also offered Howard to send Hjalmar Branting, the former finance minister, to London in order to acquaint the British government with the intricacies of the domestic political situation in Sweden. Howard thanked the Swedish foreign minister for the offer, but replied that in his estimation Wallenberg was already doing an adequate job in this regard. Although nothing

⁶⁵² FO 382/2066; No. 902, Howard to MoB; 2nd April, 1918
Gihl, 1951: 329

Koblik, 1972: 200-201

⁶⁵³ FO 382/2066; No. 902, Howard to MoB; 2nd April, 1918

FO 382/2066; No. 912, Howard to MoB; 3rd April, 1918

RG 182-11-51; SNII: 1824, Morris to WTB; 3rd April, 1918

RG 182-11-51; SNII: 1853, Morris to WTB; 6th April, 1918

RG 182-11-51; SNII: 1854, Morris to WTB; 6th April, 1918

came of Branting's proposed trip to Britain, Hellner was thus careful to keep the Allies informed of the general direction of the Swedish-German talks, probably so as not to give the impression that the Edén government was somehow attempting to somehow play the warring blocks off against one another or otherwise act with a degree of duplicity. Altogether, the Swedish foreign minister's efforts at seeking compromise solutions in good faith, as well as his willingness to keep both the Germans and the Western Allies in the loop as to the gist of Swedish policy efforts, appears to have contributed materially to the degree of leeway which Cecil and the British authorities were willing to grant the Swedish government in the ongoing negotiations for a general agreement. This ability to operate with a degree of leeway was to be important for Hellner and Marcus Wallenberg over the course of the following months.⁶⁵⁴

When Eric Trolle returned to Berlin following his brief meeting with Hellner in Stockholm on 2nd April, he did so with a brief to negotiate agreements with the German authorities on two separate issues. Firstly, the continued export of German coal to Sweden must be secured. Access to this coal was of vital importance to both to Swedish industries and domestic transportation, and since the authorities in Berlin had occasionally threatened to cut Sweden off from further fuel supplies lest the Swedish government accede to German demands, formalising Swedish-German relations on this issue was a key priority. Secondly, Trolle was tasked with securing German acceptance the chartering of Swedish tonnage to the Western Allies, and of restrictions on Swedish iron ore exports to the Central Powers.⁶⁵⁵

The iron ore question was a tough nut to crack. Just as they had been earlier in the war, the German authorities remained deeply reluctant to accept any large reduction in Swedish exports. German negotiators initially demanded that ore sales be maintained at a minimum of 4 000 000 tons per year. Over the course of the first two weeks of April the Trolle delegation subsequently managed to beat this down to 3 500 000 tons, provided the cap would not come into operation before July 1918. This was 500 000 tons more than what the Ministry of Blockade had demanded in January, and even 150 000 tons more than what Hellner had initially hoped Berlin would settle for. Capping Swedish iron ore exports at 3 500 000 tons would nevertheless entail an effective reduction of 1 500 000 tons per year, and the Swedish foreign minister was hopeful that Wallenberg would be able to sell this compromise in London.⁶⁵⁶

On the tonnage issue, Trolle and his German counterparts agreed that 400 000 tons worth of Swedish shipping would be allowed to sail in Allied service. This was 100 000 tons less than what the British and American economic warfare authorities had demanded. That the German authorities were willing to accept even this figure must probably be understood in light of the

⁶⁵⁴ FO 382/2066; No. 912, Howard to MoB; 3rd April, 1918

⁶⁵⁵ Gihl, 1951: 329

⁶⁵⁶ Gihl, 1951: 329

Koblik, 1972: 200

American and British government's requisitioning of Dutch tonnage on 20th March, which showed that the Allies were willing to secure neutral shipping for their own use, even against the wishes of the neutral government in question, should diplomatic avenues fail. 400 000 tons worth of merchant shipping represented roughly what the German authorities estimated the Allies would be able to secure by way of requisitioning such Swedish tonnage as was already present in Allied waters. The government in Berlin therefore took a pragmatic approach, seeking to ensure that their enemies would not get any more Swedish tonnage than what they could already secure by force. In addition to the tonnage and iron ore caps, the German authorities also demanded that Swedish firms be allowed to honour existing delivery contracts for pyrites, cellulose, wood pulp, ferro-alloys and ferro-silicon. Furthermore, the Swedish government had to accept a range of conditions designed to maintain Swedish-German trade following the conclusion of the war, including the stipulation that Germany would be allowed to import 6 000 000 tons worth of iron ore over the course of the first three years of peace, and that the Swedish government would not place tariffs or export limitations on wood, pulp, metals or ores before 1926. Against Swedish concessions on these issues, the German authorities agreed to maintain exports to Sweden to the tune of 150 000 tons of coal and coke per month for the duration of the war, provided the Swedish government would set up such credit arrangements in Stockholm as was necessary to facilitate ongoing Swedish-German trade.⁶⁵⁷

The Swedish-German trade agreement, covering the above points, was signed in Berlin by Trolle and his German counterparts on 16th April 1918. Koblik argued that the importance of the success of the Trolle delegation "is hard to overstate".⁶⁵⁸ There is some justification for this view. The German government's acceptance of the principle that the Swedish authorities must necessarily make economic concessions to the Western Allies in order to secure supplies was a victory for Edén, Hellner and their struggle to place Swedish neutrality on a more balanced footing. It was a sign of Berlin's acceptance that the Allied powers could not be entirely excluded from influence in the Baltic region. Given Hellner's insistence that Sweden must maintain diplomatic and economic relations with both warring blocks, the Swedish-German accord was also a prerequisite for the successful completion of Wallenberg's ongoing negotiations in London.⁶⁵⁹

The complex nature of Swedish-German relations, both over the Åland issue and on the question of restrictions on economic activity, had nevertheless delayed the negotiations between Sweden and the Western Allies to an extent where the Liberal-Social Democratic coalition government found itself in dire straits domestically. By the time the Swedish-German

⁶⁵⁷ Bailey, 1942: 212

Gihl, 1959: 329-332

RG 182-11-51; SNII: 1934, Morris to WTB; 24th April, 1918

⁶⁵⁸ Koblik, 1972: 201

⁶⁵⁹ Gihl, 1959: 332

agreement was signed in mid-April 1918, Edén had been prime minister for almost six full months. His government had come to power largely on the promise of reopening economic relations with the west, securing renewed imports of supplies for the Swedish domestic market. With the exception of the limited *modus vivendi* quotas, which in any case did not include vital grain supplies, this promise had not been realised. The stakes were therefore high when Hellner forwarded news of the Trolle agreement to Wallenberg, instructing the Swedish delegates in London to seek Allied acceptance of the conditions contained within. Neither the Swedish foreign minister, nor his government colleagues appear to have believed it would be possible to secure further concessions from Germany. The tonnage and iron ore figures would therefore have to be a take-it or leave-it offer. This issue would be the key to a successful outcome in the coming discussions in London. On 24th April, shortly after Trolle's return to Stockholm, Hjalmar Branting, leader of the Social Democratic party and former minister of finance, told Howard that if the present round of negotiations between Wallenberg and his western counterparts should fail and a trade agreement not be concluded, Hellner would undoubtedly resign. If this happened Branting believed it possible that a number of other ministers would follow the foreign minister, and that as a consequence the whole Liberal-Social Democratic government would fall. Erik Palmstierna, the Swedish minister of the navy,⁶⁶⁰ explained much the same to Morris.⁶⁶¹

As noted before, although the Western Allies were frustrated with the delays to the London negotiations, Ministry of Blockade officials were not unsympathetic to the plight of the Edén government. In late March Cecil had advised Howard that the Allies would refrain from upping the pressure on the Swedish authorities for the time being. In part this decision probably reflected Cecil's respect for what Hellner was trying to achieve in a difficult situation. It was nevertheless also a reflection of the political-military situation facing the Western Allies in the spring of 1918. On 21st March the German army had launched its expected offensive in France, and by the end of the month British and French units had been forced back on a wide front. Although the German forces had achieved stunning local successes, capturing large swathes of territory, they failed to decisively break the Allies. By mid-April the situation in the west nevertheless remained fluid and uncertain.⁶⁶²

At first glance the implications of the German spring offensive for the Swedish negotiations might appear similar to those for the concurrent Danish negotiations, where both the Ministry of Blockade and the War Trade Board agreed that an agreement negotiated from a position of Allied weakness would be worse than the undiminished continuation of western economic warfare efforts. There were nevertheless important differences. Unlike the *Zahle*

⁶⁶⁰ Swedish title: "Sjöminister". Translated in most of the British and American archival material as "Minister of Marine".

⁶⁶¹ RG 182-11-51; SNII: 1934, Morris to WTB; 24th April, 1918

RG 182-11-51; SNII: 1935, Morris to WTB; 24th April, 1918

⁶⁶² Mick in Winter, 2014 (I): 145-152

government in Copenhagen, which could be expected to remain in power for the foreseeable future, regardless of whether or not a general agreement was signed with the Danish negotiators in Washington, the failure to reach some form of accommodation with Sweden ran the risk of resulting in a much more pro-German conservative government taking power. If this should happen, long-term relations between Sweden and the Western Allies would probably suffer, Germany would retain unfettered access to the Swedish home market, and Allied authorities would again be forced to consider the unpalatable notion of requisitioning Swedish tonnage. Ministry of Blockade officials therefore no doubt felt they had good reason to be accommodating towards the Swedish government, even in a time of relative crisis such as prevailed in April 1918.

Questions over to the ability of Swedish importers to source grain from the west would come to dominate the relationship between Sweden and the Western Allies over much of April 1918. Having met on 24th April to discuss the impending political crisis, the Allied ministers in Sweden decided to jointly recommend to the Ministry of Blockade and the War Trade Board that if the Allied delegates in London should come to the conclusion that a general agreement is out of reach, a new *modus vivendi* should instead be negotiated, securing tonnage for the Allies against a Swedish grain import, so as to prevent the establishment of a pro-German cabinet in Stockholm. In this respect the Allied ministers were nevertheless late to the party. As early as the second week of April MoB officials in London had been debating whether it might be possible to work out a simple tonnage-for-grain accord with the Swedes, a discussion probably prompted by news of the impending Swedish-German Trolle agreement. A proposal from the Neutral Tonnage Conference, recommending allowing Sweden to import 40 000 tons worth of cereals immediately, against the Allies chartering 250 000 tons worth of new Swedish merchant shipping, had been put unofficially to Wallenberg by Cecil on 10th April. In practice this offer amounted to the Swedes turning over half the tonnage requested by the Allies in the then current general agreement proposals, while only receiving just in excess of one sixth of the promised grain. Wallenberg therefore rejected the proposal out of hand, noting that for 40 000 tons worth of grain, an amount only slightly in excess of half of the 67 000 tons Wallenberg himself considered constituted the immediate minimum Swedish needs, he would only contemplate extending the three month charters of the 100 000 tons of shipping already operating in Allied service under the existing *modus vivendi* arrangements. In order to avoid further embarrassments, Wallenberg instead asked Cecil to withdraw the new tonnage-for-grain proposals, and instead await the Swedish government's general agreement proposals, which the

Swedish delegation was expecting as soon as the Trolle delegation had concluded its work in Berlin.⁶⁶³

Although Marcus Wallenberg had requested that the Ministry of Blockade refrain from pushing for a second *modus vivendi* agreement before the general agreement had been firmly rejected, this did not mean that he was satisfied with the status quo. Shortly after his meeting with Cecil on 10th April, Wallenberg requested that the Allied blockade authorities allow merchant vessels totalling 50 000 tons deadweight to proceed from Swedish ports to the River Plate in South America, from where most of the proposed Swedish grain imports would have to be sourced. These ships would then be able to depart with their cargoes for Sweden as soon as the general agreement should be signed, thus avoiding unnecessary delays. The original initiative for this proposal probably came from Hellner, who on 6th April made a similar request to Howard. MoB officials were initially in favour of the plan, as it appeared to entail limited effort on part of the Allies. Sheldon and his counterparts at the Ministry of Blockade also thought the arrangement might improve the chances of the general agreement being ratified and implemented quickly by the Swedish government, since it would show the Swedes that grain supplies would be rapidly forthcoming upon the successful completion of the negotiations. The Ministry of Shipping nevertheless reminded the MoB that coal shortages in South America meant that additional vessels would be needed to ship the estimated 20 000 tons worth of bunker required for the Swedish ships' return journey there.⁶⁶⁴

For his part, Wallenberg argued that requiring the outbound Swedish vessels to first load cargoes of coal in North America ports defeated the entire purpose of the arrangement, since this could delay the ships' arrival in South America by almost a month, in which case the grain cargoes in question might not reach Scandinavian waters in time to meet Swedish requirements. Cecil was again sympathetic to Wallenberg's point of view, but that did not change the matter that the Allied shipping authorities would be unable to provide bunker for the return journey of the Swedish vessels without sacrificing other important trades. The British minister of blockade therefore suggested a compromise solution. Provided the American economic warfare authorities had no objections, the MoB would allow the Swedish vessels to proceed directly to

⁶⁶³ FO 382/2066; Folder No. 63203, NTC Minute No. 1153, "Swedish agreement"; 9th April, 1918
FO 382/2066; Folder No. 63203, Minute and comments by Knatchbull-Hugessen, Leslie and Cecil; 10th April, 1918
FO 382/2066; Folder No. 63203, NTC Minute No. 1183, "SWEDISH AGREEMENT"; 10th April, 1918
RG 182-11-51; SNII: 1935, Morris to WTb; 24th April, 1918

⁶⁶⁴ FO 382/2066; Folder No. 65254, Minute and comments by Knatchbull-Hugessen and Cecil (attached unsigned and unnumbered bunker estimate P.M., 17th April, 1918); 13th April, 1918
FRUS: 1918, Supp. 1, Part II; File No. 658.119/313, 9447, The Ambassador in Great Britain (Page) to the Secretary of State; 11th April, 1918: 1218-1219
Koblik, 1972: 203

the River Plate, as long as the Swedish government would detail additional Swedish vessels to take 20 000 tons worth of coal to South America.⁶⁶⁵

In fact the War Trade Board proved far less disposed than the Ministry of Blockade to grant Wallenberg's request for direct passage for Swedish vessels to South America. It took until 19th April, having been reminded by Cecil that the MoB was awaiting the views of the American authorities on the matter, for the WTB respond. When it did, the board informed Sheldon that it saw very little reason for the Swedish vessels to be allowed to proceed in ballast all the while Allied shipping was forced to follow strict cargo regimes to ensure the most efficient use of tonnage, and that the US government was only inclined to change its opinion should important political considerations mandate it. Lord Reading, the British ambassador in Washington, also reminded the Ministry of Blockade that the British authorities had themselves repeatedly pressed the United States Shipping Board to increase the number of coal shipments going to South America in support of Allied interests there, and that this made it very difficult to now insist upon the Swedes being allowed to forgo this requirement.⁶⁶⁶

The War Trade Board's stance forced the Ministry of Blockade to reconsider its position on the ballast question. Cecil was still in favour of approving the Swedish proposal in essence, but again proposed a compromise agreement. On 23rd April the British minister of blockade, in the company of Sheldon, told Wallenberg that the British estimated that the delay caused by requiring Swedish vessels to load coal in the United States would be 13 days, rather than the 24 which the Swedes themselves had calculated. The MoB was also prepared to allow half the Swedish vessels to proceed directly to the River Plate, as long as the other half would carry coal. The WTB nevertheless persisted in its stance, American officials telling Lord Reading that they regretted Cecil having made shipping concessions to Wallenberg in the first place, and that they did not understand exactly what political considerations the MoB felt mandated such a departure from the Allies' standard transport procedures.⁶⁶⁷

It is somewhat difficult to understand why the War Trade Board's complaints, communicated to the British ambassador in Washington on 25th April, should come at the time

⁶⁶⁵ FO 382/2066; Folder No. 65254, P.M., Wallenberg to MoB; 12th April, 1918

FO 382/2066; Folder No. 65254, Note, Cecil to Leverton-Harris; Undated (must be 12th or 13th April, 1918)

FO 382/2066; Folder No. 65254, Cecil to Sheldon; 13th April, 1918

FO 382/2066; Folder No. 65254, Cecil to Wallenberg; 13th April, 1918

FO 382/2066; No. 2182, MoB to Howard; 13th April, 1918

RG 182-11-51; SNII: 9447, Page to WTB; 11th April, 1918

⁶⁶⁶ FO 382/2066; No. 1674, Reading to MoB; 18th April, 1918

FRUS: 1918, Supp. 1, Part II; File No. 658.119/315, 7313, The Secretary of State to the Ambassador in Great Britain (Page); 16th April, 1918: 1221

RG 182-11-51; SNII: 9475, Page to WTB; 12th April, 1918

RG 182-11-51; SNII: 9558, Page to WTB; 18th April, 1918

⁶⁶⁷ FO 382/2066; No. 2434, MoB to Reading; 24th April, 1918

FO 382/2066; Folder No. 69262, Unnumbered, MoB to Wallenberg; 29th April, 1918

FO 382/2066; Folder No. 69262, Unnumbered, MoB to Sheldon; 29th April, 1918

FO 382/2066; Folder No. 69262, Unnumbered, MoB to Sheldon; 4th May, 1918

and in the form which they did.⁶⁶⁸ The American minister in Stockholm had on several occasions attempted to explain the difficult domestic political situation in Sweden to his superiors in Washington, and the MoB had also been forwarding Howard's despatches to the same effect. Only the day before, on the 24th, Morris had cabled his warning of the impending Swedish ministerial crisis to the State Department and the WTB, as well as relaying the Allied ministers' recommendation that a grain modus vivendi be set up should negotiations for a general agreement fail. Lewis Sheldon, the leading WTB representative in Britain, had also been personally involved in the negotiation with the Swedish delegation over the preceding months, regularly participating in meetings with both Wallenberg and British officials. It is true that, for their part, the British authorities had not been overly forthcoming with information, only sending the occasional progress report to Washington. That said, McCormick and Taylor had agreed that the Ministry of Blockade would be left in charge of the Swedish negotiations. Nor were the War Trade Board's own efforts at setting up good channels of communication between Washington and Europe particularly stellar, as evidenced by the ad-hoc arrangements by which Sheldon had become the main American economic warfare delegate in London. Although the Ministry of Blockade was certainly not above reproach, it would therefore seem unreasonable to lay the blame for the ongoing Anglo-American misunderstandings solely on the British.⁶⁶⁹

No matter the reason behind the British-American disconnect, Ministry of Blockade officials likely felt caught between American's reluctance and their own concessions to Wallenberg. Over the course of the final week of April Cecil made a renewed attempt at securing a compromise solution. The British minister of blockade explained to Wallenberg that the Allies could not consent to let Swedish ships travel in ballast so long as this meant sacrificing critical Allied tonnage in order to carry extra coal to South America. In any case, Cecil argued, capacity problems in River Plate ports meant that the Swedish vessels were unlikely to all be able to load at the same time. Delaying half the vessels was therefore unlikely to have much impact on the final arrival of cereals in Sweden. Cecil also reminded the WTB of the delicate political situation which the Edén government found itself in and of the necessity to render some form of Allied assistance to prevent its fall, and that concessions on this relatively minor issue would help in this regard. Despite these efforts it nevertheless it took until the second week of May to settle the River Plate ballast issue, after the War Trade Board agreed that the Swedish vessels in questions should be encouraged, but not required, to load cargoes at American ports on the outbound journey.⁶⁷⁰

⁶⁶⁸ FO 382/2066; No. 1802, Reading to MoB; 25th April, 1918

⁶⁶⁹ See above sections on the Trolle negotiations and the Swedish political situation.

⁶⁷⁰ FO 382/2066; No. 2506, MoB to Reading; 27th April, 1918

FO 382/2066; Folder No. 69262, Unnumbered, MoB to Wallenberg; 29th April, 1918

FRUS: 1918, Supp. 1, Part II; File No. 658.119/360, 10002, The Ambassador in Great Britain (Page) to the Secretary of State; 10th May, 1918: 1226-1227

Wallenberg across the finishing line

Formal negotiations on the general agreement, which had been more or less put on hold while the delegates awaited the results of the Swedish-German talks, got going again once news of the Trolle agreement reached the Swedish representatives in London. On 1st May Wallenberg met with John Maynard Keynes, representing the British Treasury, to discuss the matter of Allied credits in Sweden. The two men quickly agreed on the principle that, while grain, fodder and coal would be exchanged for tonnage concessions, the import quotas for the remaining commodities would be exchanged for loans by Swedish banks. If imports from the west were reduced below the levels stipulated by the agreement, Allied access to Swedish credits would be similarly reduced. While finance questions thus proved relatively easy to settle, the same could not be said of the remaining aspects of the general agreement. In this respect, the problems arising from the earlier Anglo-American misalignment on the ballast question was to be a harbinger of things to come.⁶⁷¹

When Carlsson, the Swedish shipping delegate, returned to London in early May 1918 following consultations with Hellner in Stockholm, he brought with him a fresh set of tonnage proposals based on the 400 000 ton limit which the Trolle delegation had negotiated in Berlin, to be split evenly between use inside and outside the danger zone. As mentioned above, this was 100 000 tons less than the minimum total demanded by the Allied delegates in their discussions with Wallenberg over the course of March and April. Although they had had advance notice of the Swedish-German agreement by way of reports from Howard and Morris in Stockholm, neither Sheldon nor the British delegates, now led by Frederick Leverton-Harris, Under Secretary of State for Blockade and one of Cecil's deputies, were particularly happy about this development. Even though there were several meetings between the Swedish and Allied delegates in London over the course of the first week in May, there was little common ground to be found between the two sides. On 8th May Sheldon telegraphed Morris to this effect, explaining that, in his opinion, "the conclusion of an agreement on the terms which have been proposed [by the Wallenberg delegation] could be justified only because of the advisability of keeping in power the present Government of Sweden and because the Allies urgently require tonnage."⁶⁷²

In addition to not relishing the prospect of delaying the agreement even further, officials at the Ministry of Blockade nevertheless appear to have felt that this was a weighty enough reason to push forward. Having indicated their acceptance of the lowering of the proposed tonnage agreement to 400 000 tons, the British negotiators were nevertheless keen to ensure that this limit be made as soft as possible. On 14th May the MoB denied a request by Carlsson that the

Koblik, 1972: 204

FO 382/2066; Folder No. 69262, Unnumbered, MoB to Sheldon; 29th April, 1918

⁶⁷¹ Koblik, 1972: 206

⁶⁷² RG 182-11-51; SNII: 9558, Page to WTB (attached copy of No. 39, Sheldon to Morris; 8th May, 1918); 18th April, 1918

tonnage limit be made to include such Swedish-registered vessels as had been requisitioned by the Allies earlier in the war, either because they were Allied-owned or because they had been condemned by Allied prize courts for acting in violation of blockade regulations. In the British view, these vessels were already rightfully sailing in Allied service and could therefore not be made part of an agreement meant to cover the voluntary chartering of neutral tonnage. To this the Swedish delegates responded by arguing that renouncing all rights on already requisitioned vessels *carte blanche* was out of the question. At least some of these ships, specifically 12 000 tons worth of Swedish tonnage secured by the French government, must be included in the 400 000 tons total. MoB officials countered that if these vessels be made to count towards the total, then they must at least be allowed to operate inside the danger zone, making the split 212 000 tons inside to 188 000 tons outside.⁶⁷³

For its part, the War Trade Board in Washington was becoming seriously worried about the possible consequences of allowing the Swedish government to retain control over a greater amount of merchant shipping than planned. One of the main reasons why the American authorities had somewhat reluctantly agreed to accept Wallenberg's enlarged import quota proposals in March 1918 on the basis of the Ministry of Blockade's assertion that the Swedish government was not expected to have sufficient vessels to carry the extra commodities in question. With the tonnage proposal figures cut by 20% this estimate no longer held good, which in turn would necessitate the reopening of the import quota question.⁶⁷⁴

On 8th May Sheldon had forwarded Carlsson's assertion that 400 000 tons was the maximum amount of tonnage which could be provided to the Allies, not only on the grounds of the cap introduced by the Swedish-German agreement, but also because the Edén government had significant problems in enticing Swedish ship owners to charter away even this amount. The problem was much the same as it had been when the *modus vivendi* agreement had been negotiated some months previously. The Swedish government lacked the legal power to compel the use of private vessels in foreign service against the wishes of their owners, and Edén was in any case entirely unwilling to introduce such legislation for fear of compromising Swedish neutrality. The chartering of private ships must happen on an individual basis. Carlsson therefore argued that, even without the existence of the cap negotiated by Trolle in Berlin, the

⁶⁷³ FO 382/2066; Folder No. 85275, Unnumbered, Carlsson to Knatchbull-Hugessen; 11th May, 1918

FO 382/2066; Folder No. 85275, Minute by Knatchbull-Hugessen; 13th May, 1918

FO 382/2066; Folder No. 85275, Unnumbered, Trade Division to Knatchbull-Hugessen; 14th May, 1918

FRUS: 1918, Supp. 1, Part II; File No. 658.119/382, 10191, The Chargé in Great Britain (Laughlin) to the Secretary of State; 22nd May, 1918: 1233-1237

RG 182-11-51; SNII: 9941, Page to WTB; 8th May, 1918

⁶⁷⁴ RG 182-11-51; SNII: 9942, Sheldon to Taylor; 8th May, 1918

Allies were highly unlikely to be able to secure more than 400 000 tons worth of shipping by ordinary means.⁶⁷⁵

Although Carlsson's assertion as to the unlikelihood of the Allies being able to charter more tonnage was assessed to be accurate by British shipping officials, it did little to allay the WTB's frustration with the general direction of the negotiations. On 17th May Alonzo Taylor, the Food Administrator's representative on the War Trade Board, summed up these frustrations in a long telegram to Sheldon. In his missive Taylor pointed out that the proposed Swedish import quotas were far in excess of what the WTB had calculated to be the minimum required for Swedish domestic consumption, and of what the Allies had settled on in their discussions at the inter-Allied conferences in late 1917. The large cereal quota was especially galling to Taylor, since this would have the practical effect of removing Sweden as a competitor of Germany for grain in the Danish and Eastern European markets, thus lessening the potential impact of the Allied blockade on the German domestic economy. Furthermore, allowing the minimum quotas to be increased to their present size had been justified only as a means by which to get the Swedish government to provide 500 000 tons worth of shipping to the Allies. If this amount was not forthcoming, the quotas should be reduced accordingly, and ideally be made contingent on the result of the 1918 harvest. Moreover, Taylor also had grave doubts as to the value of the Swedish iron ore proposals, noting that German ore reserves were such that a cap of 3 500 000 "amounts practically to no limitation upon Germany".⁶⁷⁶

Taylor's complaints no doubt caused some degree of consternation in London, and with good reason. The WTB food expert was effectively proposing a complete rewrite of central parts of the agreement at a late stage, which in turn would certainly delay the accord, if not torpedo it completely. On 22nd May, five days after having received Taylor's telegram, Sheldon wrote back, noting politely, but pointedly that the authorities in Washington had known of the increased grain quota ever since it had first been mooted in January. While it was true that the War Trade Board had complained about the size of the quota as early as January, it had nevertheless authorised the publication of these proposals in the Swedish press in April, as part of a pro-Allied PR-campaign. In early March the WTB in Washington had also instructed agreed to signal the United States' acceptance of the proposals, should Sheldon feel there were weighty political reasons to do so. Sheldon therefore felt it would be both difficult and embarrassing to try to roll back these proposals now.⁶⁷⁷

⁶⁷⁵ FRUS: 1918, Supp. 1, Part II; File No. 658.119/382, 10191, The Chargé in Great Britain (Laughlin) to the Secretary of State; 22nd May, 1918: 1233-1237

RG 182-11-51; SNII: 9942, Sheldon to Taylor; 8th May, 1918

⁶⁷⁶ FO 382/2067; Folder No. 91115, No. 813, Lodge to Fisher; 9th May, 1918

RG 182-11-51; SNII: 505, Taylor to Sheldon; 17th May, 1918

⁶⁷⁷ RG 182-11-51; SNII: 627, Sheldon to WTB; 22nd May, 1918

As to iron, Sheldon argued that the value of the proposed restrictions on ore exports was to be found in the details, rather than the overall picture. While Germany would be allowed to import sizeable quantities of ore, supplies of certain categories of valuable low-phosphorous ores would be reduced by half. Both the French economic warfare authorities and the Ministry of Blockade felt “very strongly”, in Sheldon’s words, that the reducing German access to such ores was “of the utmost importance”. The American delegate also noted that the British and French would “give way on any other point rather than this”. Sheldon therefore urged the WTB to withdraw its objections, and instead give its blessing to the proposals as they stood. The American representative’s telegram was further backed up by the MoB and the French government instructing their Ambassadors in Washington to make strong representations to the same effect to the War Trade Board.⁶⁷⁸

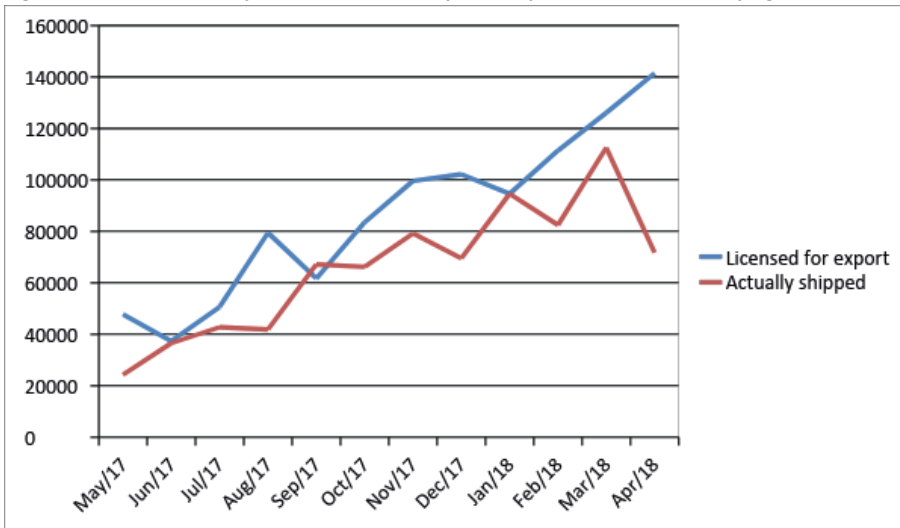
Just as the War Trade Board was about to voice its frustration with the general agreement proposals in mid-May, the Ministry of Blockade also had to deal with another unpleasant problem. In January 1918, when Hellner had warned Howard that Berlin was threatening to put an end to German coal exports to Sweden, the Ministry of Blockade had considered offering the Swedish government to increase the proposed Swedish import quota for of British coal from 150 000 tons to 250 000 tons per month, provided Edén would agree to halt Swedish iron ore exports to Germany completely. This proposal had been discussed with Wallenberg, and as a consequence the 250 000 tons figure had appeared in a number of early drafts for the general agreement. While this figure had been abandoned once it became clear that Hellner would not contemplate prohibiting Swedish iron ore exports to the Central Powers, it was not until 17th May that Knatchbull-Hugessen asked the inter-departmental Coal Exports Committee (CEC) to confirm whether a 150 000 tons quota was practicable. Getting this confirmation proved to be more problematic than the MoB had expected. British coal production had been declining through much of the war, in large part because substantial numbers of miners had left the industry in order to join the colours. At the same time the collapse of French coal production, as a consequence of many of the major coal fields in Northern France being either occupied by German forces or otherwise located in the war zone, combined with the need to supply Allied and neutrals alike, meant that demand for British coal was high. The Coal Exports Committee, having considered Knatchbull-Hugessen’s question, responded that it found it “inadvisable to undertake the obligation now proposed, if, as is assumed, a promise to licence will constitute a promise that the coal will be available” The CEC also noted that even though exports of coal from Britain to Sweden, in exchange for transit permissions or British purchases in Sweden, had grown substantially in the year since Hammarskjöld’s resignation, the quantity of coal actually

⁶⁷⁸ FRUS: 1918, Supp. 1, Part II; File No. 658.119/382, 10191, The Chargé in Great Britain (Laughlin) to the Secretary of State; 22nd May, 1918: 1233-1237

RG 182-11-51; SNII: 627, Sheldon to WTB; 22nd May, 1918

available for sale had rarely matched the quantity licenced for export. This was not exclusively a Swedish phenomenon. Similar problems were affecting British coal exports to Allies and neutrals alike. Nor had the amount licenced for export to Sweden at any point reached the 150 000 tons now contemplated.⁶⁷⁹

Figure 7.1: British coal exports to Sweden, May 1917-Apr 1918 (tons, monthly figures)



Source: FO 382/2066; Folder No. 85623, Coal Exports Committee memorandum on Anglo-Swedish coal trade; 24th May, 1918

The British difficulties in sourcing sufficient coal caused Ministry of Blockade negotiators to reject a suggestion from the Swedish delegates in London that the 250 000 tons figure be retained in the general agreement, in order to strengthen the Swedish negotiating position vis-à-vis Germany. Carlsson's assurances that Swedish importers would not have access to sufficient tonnage to ship this amount, and that it would be fully understood in Stockholm that these quantities of coal would not actually be made available, failed to sway his British counterparts, who were not keen on the possibility that the Allies be seen to renege on an aspect of the general agreement, even if this should secretly happen in collusion with the Swedish government. The furthest the MoB was willing to go was to insert a paragraph into the draft agreement to the

⁶⁷⁹ FO 382/2066; Folder No. 85623, Unnumbered, Knatchbull-Hugessen to Guiterman; 17th May, 1918
FO 382/2066; Folder No. 85623, Coal Exports Committee memorandum on Anglo-Swedish coal trade; Undated
Martin, 1981: 7-9, 75-76, 117-118, 129-130
Mitchell, 1988: Fuel and Energy 3, Part B: 247-249

effect that should an emergency arise, British authorities “would do [their] best to meet Swedish requirements”.⁶⁸⁰

Despite the uncertainty surrounding whether 150 000 tons of coal per month could actually be made available, the Ministry of Blockade decided to leave this figure in the draft agreement. The explanation for this is probably much the same as for the British reaction to Taylor’s concerns over the size the Swedish grain quota. Although they did not say so in so many words, MoB officials were likely concerned that any reopening of the coal question would significantly delay, or even imperil, the closing of the Swedish agreement. In order to avoid shortfalls, Knatchbull-Hugessen therefore liaised with the Coal Exports Committee in an effort to at least secure additional supplies of low-grade coal for shipment to Sweden, should the desired high-grade coal be unavailable. Given the ongoing output crisis in the domestic coal industry, it is nevertheless unsurprising that little came of this initiative. As long as they did not want to formally renegotiate the proposed export quota, Allied economic warfare authorities would have to settle for dealing with supply and licensing problems as and when they should arise.⁶⁸¹

All the while the delegates in London were working on the tonnage and quota questions, Hellner had also been engaged in finalising trade arrangements with Berlin. On 18th May the Swedish and German governments formally adhered to the Trolle agreement by way of an exchange of notes to that effect. In addition to the shipping and supply stipulations of the agreement, these arrangements also included the creation of a safe passage system for Swedish merchant vessels transiting the Kattegat and the North Sea. In return for Swedish concessions on the amount of tonnage provided to the Western Allies, the German naval authorities agreed to provide Swedish merchant vessels sailing in Swedish service outside the danger zone with “Geleitscheine” letters, granting safe conduct and protection from U-boat attacks. Safe conduct letters would also be provided to such merchant tonnage as was returning to Sweden from Allied ports with quota cargoes.⁶⁸²

With all these matters settled, the only remaining issue holding up the general agreement was the War Trade Board’s reluctance to sanction the proposals. By 23rd May, when Sheldon’s telegrams outlining the risks involved in reopening the tonnage and quota questions reached Washington, the WTB was nevertheless becoming resigned to accept the main points of the draft

⁶⁸⁰ FO 382/2066; Folder No. 85623, Unnumbered, Knatchbull-Hugessen to Kennedy; 13th May, 1918

⁶⁸¹ FO 382/2066; Folder No. 85623, Unnumbered, Knatchbull-Hugessen to Kennedy; 13th May, 1918

FO 382/2066; Folder No. 85623, Minute and comments by Knatchbull-Hugessen, Leslie, Crowe and others; 14th May, 1918
Martin, 1981: 117-118

⁶⁸² FO 382/2066; No. 1333, Howard to MoB; 15th May, 1918

FO 382/2067; Folder No. 88279, Unnumbered, Carlsson to Knatchbull-Hugessen; 16th May, 1918

FO 382/2067; Folder No. 88279, Unnumbered, Cecil to the Secretary of the Admiralty; 23rd May, 1918

Gihl, 1951: 332-333

agreement as it then stood.⁶⁸³ British and French pressure was also bearing fruit. Having been told by British embassy officials that American demands had caused Wallenberg to threaten to break off negotiations entirely, the War Trade Board finally caved on the 24th. Noting that the board thought it “better to close [the] agreement rather than to take the political risks” involved in insisting upon more favourable terms, Washington telegraphed Sheldon, authorising him to sign off on the general agreement.⁶⁸⁴

Despite this authorisation, the War Trade Board nevertheless decided to make a final attempt at improving the terms of the draft agreement. On 27th May WTB officials forwarded a range of smaller proposals through the British embassy in Washington. A number of these were attempts at closing what the Americans saw as loopholes in the agreement. Firstly, the War Trade Board suggested that the Swedish government be required to keep all available shipping in traffic, and not allow excess tonnage to be laid up. Any Swedish tonnage surplus to domestic requirements and not chartered to the Allies could thus be made available to sail in for Belgian relief or neutral service elsewhere, in turn improving the general worldwide supply situation and possibly releasing other neutral vessels for service with the Western Allies. Secondly, the WTB complained about the 500 ton minimum size limit of the Swedish vessels which were to be chartered by the Allies under the agreement. In the American government’s view vessels at or close to this limit would be so small as to be almost worthless on such long-haul routes as would be required outside the danger zone, as much of the available cargo space would have to be used to carry bunker. Thirdly, the American authorities decried the apparent lack of a strict timetable for the transfer of Swedish vessels to Allied shipping authorities. The WTB feared that Swedish ship owners might be tempted to have their vessels make a round trip to collect quota cargoes before allowing their vessels to be chartered away. If this should happen, German naval authorities might in turn seek to prevent these returning ships from leaving Swedish waters, since their cargoes would have materially improved the Swedish supply situation, while the ships themselves had not contributed to the Allied cause.⁶⁸⁵

Once again, the War Trade Board’s efforts revealed that the authorities in Washington were suffering from a lack of knowledge of the present state of the negotiations. Having received the American proposals, the Ministry of Blockade was able to point out that these had either been dealt with already, or that the WTB’s suggestions were based on false assumptions. Carlsson had already guaranteed to Sheldon and the British delegates that no Swedish tonnage

⁶⁸³ FRUS: 1918, Supp. 1, Part II; File No. 658.119/382, 10191, The Chargé in Great Britain (Laughlin) to the Secretary of State; 22nd May, 1918: 1233-1237

RG 182-11-51; SNII: 627, Sheldon to WTB; 22nd May, 1918

⁶⁸⁴ RG 182-11-51; SNII: 555, WTB to Sheldon; 24th May, 1918

FO 382/2067; Folder No. 94428, No. 2411 (2228?), Reading to MoB; 27th May, 1918

FO 382/2067; Folder No. 94428, No. 3208, MoB to Reading; 29th May, 1918

⁶⁸⁵ FO 382/2067; Folder No. 94428, No. 2411 (2228?), Reading to MoB; 27th May, 1918

RG 182-11-51; SNII: 579, WTB to Sheldon; 29th May, 1918

would be laid up, and that an undertaking to this effect would be made in an official note accompanying the general agreement. The 500 gross ton limit would only be valid for ships sailing inside the danger zone, where the British considered such smaller vessels perfectly acceptable. For shipping chartered for service outside the danger zone, a minimum size of 2300 tons deadweight would be applied. As for the lack of a timetable, the British rejected the implied American criticism out of hand. The Edén government had had problems inducing Swedish ship owners to provide even the 100 000 tons under the *modus vivendi* agreement, so some leeway should be left the Swedish shipping authorities in this regard. The draft proposals for the general agreement also contained provisions for restricting Swedish access to quota supplies, should tonnage not be forthcoming in a timely manner.⁶⁸⁶

Parallel to this wrangling taking place, the War Trade Board on 27th May also issued Sheldon with a new set of instructions. While Washington reaffirmed Sheldon's authority to close the agreement if he saw no chance of securing materially better terms, the board nevertheless urged him to press for a number of further changes to the draft proposals. The War Trade Board was especially unhappy about the concession made to Carlsson two weeks earlier regarding the 12 000 tons worth of Swedish shipping requisitioned by the French government. This effective reduction in Swedish shipping provided to the Allies under the agreement to 388 000 tons was important to the American authorities, not so much because of the relatively minor loss of tonnage, but because the idea that already requisitioned vessels could be made to count towards a set requirement for voluntary chartering set a potentially dangerous precedence for future negotiations with other neutrals. This final telegram did not reach Sheldon until after the agreement had been signed, however, and thus had no impact on the final stages of the negotiations.⁶⁸⁷

Having been armed with the authority to close the agreement on 24th May, Sheldon promptly let his British and Swedish counterparts know that the draft proposals could finally be finalised. On the afternoon of 29th May 1918 Wrangel, Wallenberg, and Carlsson put their names to the general agreement. Delegates Leverton-Harris, Charpentier, and Gianni signed on behalf of the British, French, and Italian governments respectively, while Sheldon confirmed the War Trade Board's accession by way of a memorandum of adherence. All that remained for the accord to go into operation was for the Swedish government to formally ratify the ⁶⁸⁸

⁶⁸⁶ FO 382/2067; Folder No. 94428, Comments by Knatchbull-Hugessen and Leslie; 28th May, 1918

FO 382/2067; No. 3298, MoB to Reading; 29th May, 1918

⁶⁸⁷ RG 182-11-51; SNII: 564, WTB to Sheldon; 27th May, 1918

RG 182-11-51; SNII: 579, WTB to Sheldon; 29th May, 1918

RG 182-11-51; Swedish Negotiation III (SNIII): 698, Sheldon to WTB; 31st May, 1918

⁶⁸⁸ FRUS: 1918, Supp. 1, Part II; Agreement of May 29, 1918, between the "Associated Governments" and Sweden, the United States Memorandum of Adherence, and Annexed Letters; 29th May, 1918: 1242-1273

Koblik, 1972: 211

RG 182-11-51; SNII: 675, Sheldon to WTB; 29th May, 1918

The accord itself took the form of a formal agreement with clauses covering shipping and supply quotas, as well as ten secret letters containing additional clauses or specifications on a range of matters. On 24th May Wallenberg and his fellow Swedish delegates in London telegraphed their superiors in Stockholm, recommending that the general agreement be accepted. Once he received word that the draft proposals were final, Hellner moved quickly to guide it through the Riksdag. Already on the 28th, the day before the agreement was actually signed, Edén asked the Secret Committee forgo lengthy hearings on the offered terms, and instead to accept the terms in full. Should this acceptance not be forthcoming, the Swedish prime minister threatened to resign. Edén and Hellner had thoroughly outmanoeuvred the government's detractors. Wallenberg had managed to get the Western Allies to accept the terms of the Swedish-German agreement, ensuring that economic relations could be maintained with both warring blocks. Meanwhile, Berlin's admission to Trolle that Sweden would be unable to source food supplies from Central or Eastern Europe meant that there was no longer any credible alternative to securing such from the west. Faced with Edén's ultimatum, the conservative members of the Secret Committee therefore had little choice but to agree to the government's terms.⁶⁸⁹

On 11th June, having finally received copies of the full agreement from London, the conservatives on the committee refused to vote in favour of ratification. As they had agreed to avoid delaying the proposal's submission to the national assembly, this nevertheless mattered little. The liberal-social democratic government held a majority in the Riksdag, and on the 14th Edén felt secure enough to formally ratify the terms of the general agreement. The next day the Swedish legations in London and Washington informed the American and British governments that the agreement could now be put into operation, and on the 18th Edén released a press statement to this effect. At the same time, Hellner requested that the Allied governments confirm that the form of Swedish ratification was acceptable, and that the agreement would now be formally adhered to by all parties. The British, French and Italian authorities all replied in the affirmative. Washington was taken somewhat by surprise by the Swedish request, having assumed that Sheldon's memorandum of adherence would suffice. It took until 26th June for the War Trade board to officially provide Hellner with the desired confirmation. Allied authorities, both in Washington and elsewhere, had nevertheless begun releasing ships and tonnage as soon as they learned of the Swedish ratification.⁶⁹⁰

⁶⁸⁹ FRUS: 1918, Supp. 1, Part II; Agreement of May 29, 1918, between the "Associated Governments" and Sweden, the United States Memorandum of Adherence, and Annexed Letters; 29th May, 1918: 1242-1273
Koblik, 1972: 211-212

RG 182-11-51; SNIII: Unnumbered, Sheldon to WTB; 7th June, 1918

⁶⁹⁰ FRUS: 1918, Supp. 1, Part II; File No. 658.119/454, 894, The Secretary of State to the Minister in Sweden (Morris); 26th June, 1918: 1280

Koblik, 1972: 211-212

The Nansen agreement

The War Trade Board draft proposals presented to the Norwegian delegation in Washington on 13th March 1918 were harsher than Nansen had hoped they would be. Even though the proposals incorporated Chevalley's enlarged calcium carbide and ferro-silicon export quotas, there were a number of added stipulations which the Norwegian delegates found hard to swallow. The Allies refused point blank to guarantee delivery of even minimum quantities of the goods encompassed by the Norwegian import quotas. Norwegian authorities would only be granted permission to purchase such goods as were available on the open market, and at such prices as could be obtained. The Norwegian government would also be required to provide Allied economic warfare authorities with complete data on all Norwegian imports, exports and stocks of important commodities held in Norway itself. Imports under the proposed agreement must also be divided evenly over the course of the year. A shortfall caused by a failure to secure supplies in one month could thus not be made good in the following month. Finally, the Norwegian government would be required to ensure that any shortfall in Norwegian exports to the Allies themselves would also result in an equivalent shortfall, artificial or otherwise, in exports to the central powers. Nor must the Norwegian government do anything to prevent or restrict exports to the Allied powers, or expropriate imports destined for industries producing under contract to the Western Allies.⁶⁹¹

These conditions were not only difficult to accept from a strict trade and supply point of view. Some, such as the requirement that Norway supply the American government with complete data on trade and domestic supplies, were also problematic from a sovereignty perspective. There were limits to how complete the Allied stranglehold over the Norwegian domestic economy could be allowed to become. When he received the new proposals from minister Schmedeman on 18th March, Ihlen therefore rejected them as unworkable, later characterizing the draft as "unacceptable in both form and content"⁶⁹² in a speech to the Storting on 10th April. Schmedeman reported home that the Norwegian foreign minister appeared anxious to reach an agreement as quickly as possible, possibly because he feared for his own position in cabinet should the negotiations collapse. Ihlen had nevertheless told Schmedeman privately that he considered the draft "rather hard".⁶⁹³

RG 182-11-51; SNIII: 10639, Laughlin to SecState; 14th June, 1918

RG 182-11-51; SNIII: Unnumbered, Ekengren to Lansing; 15th June, 1918

RG 182-11-51; SNIII: 2308, Amlegation Stockholm to SecState; 15th June, 1918

RG 182-11-51; SNIII: 10653, Laughlin to SecState; 17th June, 1918

RG 182-11-51; SNIII: Unnumbered, "TRANSLATION OF OFFICIAL STATEMENT MADE BY THE SWEDISH GOVERNMENT REGARDING SWEDISH AGREEMENT; PUBLISHED IN STOCKHOLM PRESS JUNE 18TH"; Undated

⁶⁹¹ Haugen, 1978: 201-203

⁶⁹² "Ved studium av utkastet fandt jeg at maatte være ganske enig med kommissionen i, at det baade i form og indhold var helt uantagelig..", own translation (SA: 1-34; Stortingsmøte, 10.00; 10th April, 1918)

⁶⁹³ Haugen, 1978: 202

RG 182-11-40; ANAII: No. 594, Schmedeman to WTB; 18th March, 1918

Schmedeman might well have been right in his assessment of Ihlen's precarious position. The Storting had, after all, forced Knudsen to accept the resignation of his minister of supply in November 1917. Whether Ihlen was motivated by such personal considerations must nevertheless remain an open question. That said, Haugen has criticized Ihlen for his outright rejection of the American proposals, noting how the Norwegian foreign minister "wanted to eat his cake and have it too" by requiring that the Allies guarantee deliveries of quota goods to Norway while refusing to countenance equivalent guarantees for deliveries of Norwegian products to the Allies. In Haugen's view Ihlen also failed to recognize the scale of the concessions made by the Allies, when they decided not to demand that Norway end exports to Germany of iron ore and other commodities which would certainly be used in armaments production. In this Haugen is undoubtedly correct. There was a degree of hypocrisy to Ihlen's stance. The same could nevertheless be said of the Western Allies, who were equally happy to demand that Norway guarantee deliveries of goods westwards, while not wanting to promise that return deliveries of quota goods would be forthcoming in the quantities stipulated by the agreement proposals.⁶⁹⁴

In any case, McCormick appears to have recognized that the new stipulations may have gone too far, and he acceded to a request by the Norwegian delegates for a thorough joint redrafting of the new proposals. On 19th March 1918 Nansen handed the War Trade Board his initial draft revision. A number of the offending conditions, especially those impacting Norwegian sovereignty, had been removed altogether. Nansen also sought to incorporate the concept of compensation goods, allowing Norwegian exports of certain minerals in excess of export quotas, in return for equivalent imports from Germany. The new Norwegian draft did not, however, seek to bind the Allies to guaranteed delivery of the Norwegian import quotas. Nansen instead made it clear to Ihlen that, in his opinion, the Allies were unlikely ever to agree to such a requirement, and that the only effect of the Norwegian government pushing for such conditions would therefore be to worsen the negotiation climate and further delay the conclusion of an agreement.⁶⁹⁵

Nansen's assessment on this point was entirely correct. The War Trade Board was not just unwilling to contemplate guaranteeing deliveries of commodities to Norway, all the while the European Allies themselves were faced with domestic supply shortages, but was also reluctant to agree to any further major revision of the Norwegian import and export quotas. Over the

RG 182-11-40; ANAII: No. 610, Schmedeman to WTB; 23rd March, 1918

RG 182-11-40; ANAII: No. 671, Schmedeman to WTB; 20th April, 1918

SA: 1-34; Stortingsmøte, 10.00; 10th April, 1918

⁶⁹⁴ Haugen, 1978: 206-207

⁶⁹⁵ Haugen, 1978: 201, 207-208

RG 182-11-40; ANAII: No. 279, WTB to Sheldon, attached memorandum on state of Norwegian negotiations and copy of draft proposals; 1st April, 1918

course of late March, Nansen and his American counterparts managed to hammer out compromise language on the sovereignty impinging paragraphs of the proposals. War Trade Board officials also decided to allow compensation exports from Norway to Germany of iron ore, zinc and copper, but only in quantities equivalent to or below the level of such exports in 1917. Since these quantities were small, this therefore represented no major change in the overall Norwegian export quotas. The War Trade Board also refused point blank to allow any leeway in the conditions regulating the use of imports within Norway itself. Imports could not be used to produce for or otherwise facilitate increased exports to other neutrals. Nor were Allied blockade authorities willing to forgo Norwegian economic data. The requirement that the Norwegian government furnish the Western Allies with complete trade statistics at regular intervals would therefore remain.⁶⁹⁶

When Ihlen received the revised draft proposals on 3rd April 1918, he was still not completely happy with the result. The compromise language on sovereignty, although far from perfect, was much better than it had been. So was the principle that at least some compensation exports could take place. Ihlen also appears to have accepted to Nansen's assertion that it would be impossible to change the War Trade Board's mind regarding guaranteed deliveries. In lieu of such a guarantee the Norwegian delegates had managed to persuade the War Trade Board to insert a new clause into the draft proposals stating that American authorities would only restrict the granting of export permissions for such commodities as were in short supply in the United States itself, would seek to provide Norwegian importers with supplies in such quantities as were available at any point in time, and would guarantee access to bunker and facilities for Norwegian ships carrying such imports. The provisions restricting Norwegian exports to other neutrals were nevertheless still difficult to accept. As they stood, the proposals would allow the Allies to have a veto on most forms of Norwegian participation in inter-Scandinavian trade. Furthermore, the strict provisions regarding the use of imports might prevent Norway from being able to sell even such quantities as were allowed under the present draft proposals.⁶⁹⁷

The War Trade Board had told Nansen that the provisions regarding the use of imports from the United States would be interpreted retroactively. In other words, even goods imported from the United States before America joined the war could not be re-exported or otherwise be used to facilitate exports to the Central Powers. The most problematic consequence of such an interpretation would be the impact on Norwegian fish exports. If the Norwegian fishing fleet could not make use of any supplies imported from the west over the past four years of war, be it

⁶⁹⁶ Haugen, 1978: 208-210

RG 182-11-40; ANAII: No. 279, WTB to Sheldon, attached memorandum on state of Norwegian negotiations and copy of draft proposals; 1st April, 1918

⁶⁹⁷ Haugen, 1978: 210-214

SA: 1-34; Stortingsmøte, 10.00; 10th April, 1918

RG 182-11-40; ANAII: No. 631, Schmedeman to WTB; 4th April, 1918

fuel, rope or other equipment, to catch or process seafood for export to Germany, then it might become impossible to provide Germany with even the 48 000 tons provided for by the Norwegian-American draft agreement. Finally, neither Ihlen nor Nansen were happy with the War Trade Board's insistence that the amount of fish which could be exported to Germany was to be calculated in terms of the weight of fresh fish, and that the proportions of different fish and seafood products relative to fresh fish exports could not exceed the relative proportions of such exports for 1917. This was important because a significant amount of Norwegian seafood exports were made in the form of tinned or dried fish. Dried fish and stockfish especially weighed a lot less than fresh fish, and any attempt at calculating dried fish according to the weight of fresh fish would dramatically reduce the amount which could be made available for export. All of these provisions thus threatened the maintenance of exports to Germany. Since Ihlen had told the German minister in Kristiania that certain quantities of fish and other goods would be available for purchase by the Central Powers, this in turn risked imperilling Norwegian-German relations. The same risk was attached to the provision requiring the Norwegian government to reduce exports to Germany in the case of exports to the Allied powers falling behind schedule.⁶⁹⁸

All the while Ihlen was insisting on further revisions to the draft proposals, the Ministry of Blockade was also caught in something of a quandary. Ministry officials in London, Cecil included, were not altogether happy with some of the War Trade Board's concessions to Nansen. Nor did they feel that, even with the new provisions which had been added to the Norwegian proposals in mid-March, Allied control over the disposal of Norwegian imports and exports was as tight as it ought to have been. Cecil was nevertheless unwilling to imperil the somewhat delicate relationship between the MoB and the War Trade Board in Washington. Nor did he want to delay the Norwegian negotiations any longer than absolutely necessary. He therefore chose to ignore repeated missives coming in from minister Findlay in Kristiania over the course of March and early April, suggesting how the draft proposals could be rewritten to extend Allied control. He also rebuffed proposals from the British Treasury and the Ministry of Food respectively that the Norwegian government be required to provide a loan as well as increased exports of foodstuffs to the Allied powers.⁶⁹⁹ Securing an agreement within the foreseeable future was more important than that it should be perfect.⁷⁰⁰

⁶⁹⁸ SA: 1-34; Stortingsmøte, 10.00; 10th April, 1918

RG 182-11-40; ANAII: Nansen to McCormick; 17th April, 1918

⁶⁹⁹ Ministry of Blockade officials were also reluctant to go along with a War Trade Board proposal that Norway be allowed to import certain supplies which would facilitate increased domestic grain production, regardless of whether a general agreement could be concluded. The WTB argued that Germany might soon be in a position to supply Norway with grain, and that a larger Norwegian grain crop would therefore reduce Norwegian vulnerability to German pressure. The WTB's belief was probably based on German territorial gains in the east following the collapse of the Russian war effort in late 1917 and early 1918. The assessment was nevertheless wrong. Germany would continue to suffer from domestic grain shortages through to the end of the war. In any case, the proposals became moot once the American-Norwegian general

Despite Cecil's decision not to push for even stricter import controls, the question of how quota imports were to be disposed of proved so divisive that negotiations in Washington stalled through much of April. Ihlen ideally wanted no restrictions attached to the use of quota imports at all. The War Trade Board wanted restrictions on re-export, regulations stipulating that only such associations and companies as designated by the Allies themselves should be allowed to import quota goods, as well as guarantees that the Norwegian government would not interfere with such control and disposal schemes as the Allies had already, or would in the future, conclude with Norwegian companies and business organisations. The last two points were especially difficult for Ihlen and Knudsen, since they for all practical intents and purposes would prevent the government from exercising any control or rationing of imported goods without the express permission of the War Trade Board. In a situation where acute supply shortages threatened domestic prosperity, this was simply not acceptable.⁷⁰¹

The War Trade Board's reason for insisting on the right to only allow imports through designated business associations, instead of through the Norwegian government, was that American and British officials both feared that the Norwegian government was not intending to honour the spirit of the agreement. More importantly, even if the Norwegian government did its utmost to follow up the conditions of the agreement, Knudsen and Ihlen were unlikely to openly accept provisions based on the controversial Allied blacklist systems since this would leave Knudsen open to the charge of compromising Norwegian neutrality. Business associations did not run the same risk. Over the course of April WTB officials toyed with a number of schemes which might reconcile the American and Norwegian positions in this regard. From Kristiania, Schmedeman proposed that the paragraphs be added to the draft proposals stating that the Allies would recognize the right of the Norwegian government to dispose of imports, while the Norwegian government in return guaranteed to respect the independence of Norwegian business associations in this regard. This proposal, essentially a suggestion that the War Trade Board promise to do what the Norwegian government asked for, provided the Norwegian government promised not to ask for anything, nevertheless failed to address Ihlen's issues. Given the increasingly troublesome domestic supply situation, the Norwegian government felt it needed to retain the power to requisition imports and organize rationing schemes.⁷⁰²

trade agreement was concluded in late April 1918. (See RG 182-11-40; ANAII: No. 325, WTB to Sheldon; 11th April, 1918 & RG 182-11-40; ANAII: Nansen to Beaver White; 13th April, 1918)

⁷⁰⁰ Haugen, 1978: 215-218

RG 182-11-40; ANAII: No. 325, WTB to Sheldon; 11th April, 1918

⁷⁰¹ SA: 1-34; Stortingsmøte, 10.00; 10th April, 1918

RG 182-11-40; ANAII: No. 641, Schmedeman to WTB; 11th April, 1918

RG 182-11-40; ANAII: No. 643, Schmedeman to WTB; 11th April, 1918

RG 182-11-40; ANAII: Nansen to McCormick; 12th April, 1918

⁷⁰² RG 182-11-40; ANAII: No. 641, Schmedeman to WTB; 11th April, 1918

RG 182-11-40; ANAII: No. 643, Schmedeman to WTB; 11th April, 1918

RG 182-11-40; ANAII: No. 9512, Page to WTB; 14th April, 1918

All the while the Nansen commission had been negotiating with the War trade Board, a delegation from the Norwegian shipping associations had also been in Washington in order to negotiate a separate chartering agreement with the US Shipping Board. Although Ihlen was kept informed of the progress of the negotiations, the delegation was nominally acting independently of the government in Kristiania. Since a large portion of the Norwegian merchant fleet was already sailing under charter to the Allies, the negotiations also appear to have been largely concerned with price and bunkering conditions. On 20th April the negotiations were successfully concluded, formally chartering 900 000 tons worth of Norwegian merchant vessels to the American government for the duration of the war.⁷⁰³

Negotiations in Washington continued, and by the end of the month the Norwegian delegates had managed to secure a number of relatively minor, but important concessions. On 27th April Ihlen received a telegram from Nansen informing him that Allied blockade authorities were now prepared to accept that restrictions on the use of imported supplies in the fishing industry would not be interpreted retroactively, as well as allow 15 000 tons of canned fish, together with 8 000 tons worth of dried fish and stockfish, to count towards the 48 000 ton fish export cap in their processed form. Finally, the War Trade Board would agree to the insertion into the draft proposals of a paragraph stating explicitly that the Allies would honour guarantees against re-export from the Norwegian government in the same manner as equivalent guarantees from Allied-approved business associations, as well as recognize the right of the Norwegian government to confer with Allied authorities on the disposal of quota imports. These paragraphs were vague, but did go some way towards addressing the sovereignty issue which so troubled Ihlen.⁷⁰⁴

This was nevertheless as far as the War Trade Board was prepared to go in the way of further concessions. Over the course of March and April American negotiators had been growing increasingly frustrated by the protracted negotiations. Having conceded the fisheries and fish export issues, War Trade Board officials felt they had offered the Norwegian delegates a very liberal draft agreement indeed. On 27th April Chadbourne therefore let Nansen know that the Norwegian government must accept the proposals as they now stood. If it did not do so, the US government would not consider itself bound by any concessions made up to that point, necessitating restarting the process of negotiating an accord from scratch. Nansen, who was uncertain if he had authority to close the negotiations without express permission from his superiors in Kristiania, telegraphed Ihlen for instructions. On 30th April, having heard nothing

⁷⁰³ Haugen, 1978: 220

SA: 54-58; Stortingsmøte, 17.00; 26th April, 1918

⁷⁰⁴ RG 182-11-40; ANAll: No. 407, WTB to Sheldon; 27th April, 1918

SA: 54-58; Stortingsmøte, 17.00; 26th April, 1918

SA: 32-34; Stortingsmøte (privat møte), 19.00; 1st May, 1918

from Ihlen and feeling he could delay the matter no longer, Fridtjof Nansen on his own accord signed the general agreement on behalf of the Norwegian government.⁷⁰⁵

Nansen's request for instructions had in fact only arrived in Kristiania on the morning of 1st May, and was immediately made the subject of intense discussion both within the cabinet itself and in the foreign affairs committee of the Storting. On the evening of the 1st, Ihlen announced to the Storting that the government had decided to authorize Nansen to close the agreement, provided Nansen could secure Allied recognition of Norway's right to expropriate and ration imports should the need arise. When news arrived the next day that Nansen had in fact already signed the agreement, Ihlen decided to go along with the fait accompli, retroactively confirming Nansen's decision.⁷⁰⁶

In short order the American-Norwegian trade agreement was endorsed by the French, Italian and British governments. Under the terms of the agreement, Norwegian import quotas and export controls would be administered by business associations as per the earlier branch agreements, or by the Norwegian government directly. An Inter-Allied Trade Commission, made up of representatives from the American, British, French and Italian governments, would be created in Kristiania in order to provide oversight and guarantee compliance with the system. Most of these steps were effected rapidly, and the War Trade Board began releasing goods for shipment to Norway from the second week of May.⁷⁰⁷

Two agreements, one stalemate

By the end of spring 1918, the American-Norwegian and Anglo-Swedish general trade agreements had both been concluded, establishing a framework for the reopening of trade between Scandinavia and the Western Allies. The Norwegian agreement especially had been a long time coming, nine full months having passed between the Nansen commission's arrival in Washington in late July 1917 and the signing of the final accord on 30th April 1918. Wallenberg's negotiations in London had not been quite as protracted, but were no less arduous for that.

⁷⁰⁵ RG 182-11-40; ANAII: Nansen to Chadbourne; 14th February, 1918

RG 182-11-40; ANAII: No. 12672, Tardieu to McCormick; 18th February, 1918

RG 182-11-40; ANAII: No. 212, McCormick to Schmedeman; 15th March, 1918

RG 182-11-40; ANAII: No. 407, WTB to Sheldon; 27th April, 1918

RG 182-11-40; ANAII: No. 790, Schmedeman to WTB; 30th April, 1918

RG 182-11-40; NNB3: No. 693, Schmedeman to WTB; 1st May, 1918

RG 182-11-40; ANAIII: Lansing to Lord Reading; 3rd May, 1918

⁷⁰⁶ RG 182-11-40; ANAIII: No. 693, Schmedeman to WTB; 1st May, 1918

SA: 32-34; Stortingsmøte (privat møte), 19.00; 1st May, 1918

⁷⁰⁷ RG 182-11-40; NNB3: *AGREEMENT executed April 30, 1918 between WAR TRADE BOARD and NORWEGIAN GOVERNMENT*; 30th April, 1918

RG 182-11-40; NNB3: No. 706, Dye to WTB, 6th May, 1918

RG 182-11-40; NNB3: No. 455, WTB to Sheldon; 10th May, 1918

RG 182-11-40; ANAIII: Balfour to Lord Reading; 14th May, 1918

Why did it take so long to secure these agreements? At first glance there was a considerable gap in nominal power between the negotiating parties at the beginning of 1918. After the summer of 1917 Anglo-American control over transatlantic trade was such that even limited Scandinavian access to western imports could only be secured by way of cooperation with Western Allied economic warfare authorities. As a consequence, the domestic supply situation in each of the three Scandinavian countries deteriorated steadily through the autumn and winter of 1917/1918. Supply shortages and unwillingness to include political opposition in policymaking sets stage for domestic political crisis in both Norway and Sweden in the autumn of 1917. It would be easy to conclude, from a superficial comparison of the relative strengths of the Scandinavian and Allied negotiating positions, that Danish, Swedish and Norwegian adoption of Allied trade control measures should be more or less inevitable. Haugen, in his work on the Nansen negotiations, certainly argued that the Western Allies had the power to get their way much earlier, if only they were prepared to push for it.⁷⁰⁸

Yet, despite the relative strength of the Allied position, all three Scandinavian had something which the Allied powers wanted, beyond the power to restrict exports to Germany. Access and control over Scandinavian merchant shipping was among the most important of these. A large number of Danish and Norwegian merchantmen were already sailing for the Allies under private charter, but Anglo-American economic warfare authorities worried that these charters might be revoked by the governments in Kristiania and Copenhagen, should relations between the Allies and the neutrals break down. Since losing access to this tonnage was not an option, the only response to such an event would have to be Allied requisitioning. Yet both the American and British governments were loath to do this, partly for reasons of public relations, and partly because they feared they would end up with less tonnage than they could acquire by way of voluntary chartering. Requisitioning would only be an option, if there were no alternatives. Given their reliance on trade with the west, neither the Knudsen government in Norway, nor the Zahle government in Copenhagen, were likely to put the Allies in such a position if they could help it.

The Swedish tonnage situation differed somewhat from that of Denmark and Norway, although in the eyes of Anglo-American economic warfare authorities, this made the issue even more clear cut. The Hammarskjöldian War Trade Law, in place since April 1916, meant that Swedish vessels were generally unavailable for chartering to the Allies. This in turn meant that only a limited number of them were located in Allied ports, or were otherwise within reach of Allied authorities should the need to requisition vessels arise. If the Allies wanted access to Swedish tonnage, and by early 1918 they very much did, then they would have to resort to negotiations.

⁷⁰⁸ Haugen, 1978: 203

Because British authorities had recognised the urgent need to secure neutral tonnage as early as 1916, the Ministry of Blockade had also negotiated certain tonnage agreements with the Danish and Norwegian governments in the first half of 1917. These had nevertheless come at a cost to the Allied position. In return for the chartering of a sizeable amount of neutral tonnage to sail in Allied service, Denmark and Norway were guaranteed access to significant monthly coal deliveries. These agreements thus took some of the most powerful bargaining chips from either side off the table, even before negotiations for general trade agreements had begun.

As important to Allied economic warfare authorities as neutral tonnage, if not more so, was the need to cut the Central Powers off from Scandinavian domestic markets. Given the inability of the Allied powers prevent such access by force, this could only be achieved through cooperation between Western Allied authorities and each of the three Scandinavian countries. To what extent this cooperation could be compelled by way of economic pressure remained an open question. By late 1917 both the Ministry of Blockade and the War Trade Board agreed that although all three Scandinavian countries were vulnerable to such pressure, none of them were as vulnerable as Allied authorities would have liked. Denmark was largely self-sufficient in foodstuffs, while a number of essential commodities could still be sourced from Germany. Sweden and Norway both required imports of foodstuffs, but the situation in neither country was critical, and both countries might be able to find alternatives to transatlantic trade.

Although the stated goal of both the War Trade Board and the Ministry of Blockade remained the complete blockade of the Central Powers, the strategies adopted at the inter-Allied conferences in late 1917 nevertheless called for negotiated settlements with Sweden and Norway. This in turn meant that at least some exports from these countries would have to be allowed to proceed to Germany. The total amount Scandinavian goods available to Germany should nevertheless be reduced as far as possible.

In the Danish case, things stood somewhat differently. Anglo-American planners assessed Scavenius' reluctance to risk compromising Danish-German relations as so strong as to likely preclude any compromise trade agreement acceptable to the Allies. Negotiations were to be conducted, but an effort would also be made to secure a reduction in Danish export to Germany by way of wearing down the Danish exportable surplus. The decision to accept the risk of a short term increase in Danish agricultural exports southwards in order to effect a larger reduction later on is also evidence of the timescale upon which Allied authorities were working on from late 1917 onwards. The war was expected to last until at least well into 1919, and economic warfare strategy could be formulated accordingly. The establishment of a long timescale would have implications for the negotiations between Allied authorities and all three Scandinavian governments, as it meant that the Ministry of Blockade and the War Trade Board would have

time to wait for economic pressure to build. This in turn helps explain Allied negotiators' reluctance to contemplate most Scandinavian trade proposals over the course of early 1918.

To say that all delays to the negotiations between Allied and Scandinavian authorities were down to Allied strategy would nevertheless be to go too far. Domestic issues within each Scandinavian country, or external events unrelated to Allied economic warfare efforts, also played their part. For instance, the Swedish government's delay in signing the *Modus Vivendi* stemmed much more from domestic political difficulties, as well as Swedish uncertainty over how best to tackle the Åland issue and other Baltic challenges, than any direct consequence of Anglo-American pressure. British authorities were also relatively more wary of internal influences on Scandinavian policymakers than American authorities appear to have been. Recognition that Scavenius would feel unable to compromise relations with Germany in order to secure an agreement with the Allies played a major part in the British decision to push for a strict embargo on Denmark. The Ministry of Blockade's decision to grant significant concessions to the Swedish Wallenberg delegation was likewise predicated on an appreciation of the perilous domestic position of the Edén government in Stockholm, and the uncertainty which would follow should the government fall. Whether or not Hellner or Edén would really have resigned without these British concessions is an open question, but Cecil and his colleagues in London had good reason to suspect he might. Hellner and Wallenberg had staked much of their political reputation in Sweden on the question of securing supplies from the west, and that achieving this did not, in opposition to what Hammarskjöld and the conservatives had argued in 1916 and 1917, risk compromising their country's neutrality. Lest a more pro-German government be returned to power, concessions therefore must be granted.

The Anglo-American decision in late 1917 to forgo the complete cessation of Scandinavian exports to Germany also came with another corollary. If Germany was to retain access to certain Scandinavian products, Allied economic warfare authorities would be forced to assess each type of Danish, Swedish and Norwegian in terms of cost/benefit. In other words, would Allied concessions to the respective Scandinavian governments be worth the benefit of denying certain types of goods to Germany. The most obvious consequence of this policy was the Anglo-American decision in April 1918 that although the war could not be won by insisting on severe restrictions on Swedish iron ore exports, it might be lost by the Allies not having access to Swedish tonnage. Pushing the iron ore issue would therefore be counterproductive. This decision in turn paved the way for the conclusion of the Anglo-Swedish agreement some weeks further down the line.

Allied negotiating efforts were also hampered by inter-Allied coordination issues. Somewhat ironically, having agreed in late 1917 to push for strict agreements with each of the three Scandinavian countries, the Ministry of Blockade and the War Trade Board found it all too

easy to criticise each other for being too lenient with their respective Scandinavian counterparts. Although American authorities made concessions to the Norwegian negotiators in Washington, and British authorities made concessions to the Swedish delegates in London, each did so with a view to securing favourable agreements.

Although Ministry of Blockade and War Trade Board officials often disagreed on the best way forward, there is little evidence for either Allied organisation trying to deceive the other outright. Earlier works on the respective negotiations have nevertheless suggested there might have been. In his 1972 book on Anglo-Swedish trade relations, Koblik heavily implied that the Ministry of Blockade was purposefully keeping the War Trade Board out of the loop, so as to make British proposals appear more reasonable in comparison with American strictness. This is difficult to square with the overall MoB approach to the London negotiations in the spring of 1918. Time and again British negotiators had decided to respond favourably to Wallenberg's requests, on enlarged quotas, on tonnage and on iron ore, always for the same reason: the desire to prop up the Edén government. Sheldon, the WTB representative in London, was nevertheless directly involved in these negotiations, and there is plentiful documentary evidence showing that British authorities were attempting to justify policy choices to their American counterparts.

Finally, Allied authorities also tended to underestimate the lengths to which Scandinavian policymakers were willing to go in order to protect at least nominal neutrality. During the inter-Allied conferences in late 1917, McCormick was wildly optimistic about the prospects of rapid agreements with Norway and Sweden, and possibly even with Denmark. When these expectations were not met, several War Trade Board officials appear to have reacted with a great deal of frustration, reverting to a with-us-or-against-us mentality. Olav Riste hit the mark spot on when he argued that the perception of the concept of neutrality changed over the course of the war, within Britain and the United States especially. Having been seen as "the pinnacle of righteousness", the neutral gradually came to be regarded as "a spineless profiteer, a mercenary soul reaping wealth from the distress of those engaged in fighting a just war for the defence of humanity".⁷⁰⁹ Riste was likewise probably correct when he noted that the Norwegian government's fear of German retaliation, should Norway accede to all Allied demands, was probably exaggerated. This desire not to imperil relations with Germany, lest German authorities decide to take the war to Scandinavia, was nevertheless very real, and it had a significant impact on Norwegian, Danish and Swedish policy. Consequently, the Norwegian and Swedish agreements were only signed once the Knudsen and Edén governments respectively had secured some form of German acquiescence to the concessions the Scandinavian governments were giving to the Western Allies. This in turn would only happen when Allied

⁷⁰⁹ Riste, 1965: 228

authorities agreed to let their Scandinavian counterparts retain something which could be offered to the Berlin government in return for said acquiescence.

Thus, both the Norwegian and Swedish agreements came about as a result of drawn out, multi-faceted processes. The negotiations between Allied economic warfare authorities on the one hand, and their Scandinavian counterparts on the other, were very real. Even though threats, ultimatums and strong language was certainly used by Allied negotiators, in neither the Swedish nor the Norwegian case did the discussions involve one side dictating terms to the other. Nor did the Danish failure to secure a general trade agreement stem from some form of fundamental disconnect between the Danish and Allied perception of the situation. Rather, Allied economic warfare authorities recognised that they would need to conduct a careful balancing act, achieving their blockade aims by indirect means, while avoiding a complete breakdown in relations with the government in Copenhagen. In the Danish case, time was working in favour of the Allies, and the status quo must therefore be maintained. This in turn meant that negotiations would have to be continued, despite the realisation of both the War Trade Board and the Ministry of Blockade that these were unlikely to succeed, at least in the short term.

Chapter VIII: The blockade to end all blockades

May 1918 – July 1919

Introduction

Chapter VIII covers the continuation of Danish-American negotiations in the wake of Allied agreements with Sweden and Norway. Over the course of the spring of 1918 discussions between the Danish government and the War Trade Board had gradually ground into a deadlock. Trade between Denmark and the west therefore remained largely in limbo until a new Danish negotiating delegation departed Copenhagen for Washington in May 1918. The renewed negotiations between the Danish delegation and the American authorities were nevertheless protracted, and although the Danish representatives eventually came to accept most Allied demands, the Copenhagen government would not formalise its adherence to a general agreement until the German government had signalled that it recognised that Denmark had no anti-German intentions in signing said accord. German acceptance was only given in the late summer of 1918, and a Danish-American general agreement was finally signed in September, less than two months before the armistice.

The eventual breakthrough in the Danish-American trade negotiation was also facilitated by joint Danish, Swedish and Norwegian efforts to increase the degree of economic cooperation between the three states. Over the course of the first years of the conflict these efforts were largely inconsequential, as the combination of lack of effective Allied blockade measures and the diverging political-economic priorities of the Scandinavian governments meant that there was little if any incentive for Copenhagen, Kristiania and Stockholm to compromise. High profile events such as the meeting of the three Scandinavian monarchs in December 1914 had little if any practical effect on policy or trade. By the time Allied economic pressure began to have a serious impact on the Scandinavian economies from 1917 onwards, the Danish, Swedish and Norwegian governments had already negotiated away much of the political and economic leeway which would be required to establish effective inter-Scandinavian cooperation. This was especially the case with Norway, where the Western Allies by early 1917 had secured almost complete control over fish and nitrate fertiliser exports: the two Norwegian commodities most desired by the Danish and Swedish governments. Growing Allied control over intra-Scandinavian trade through 1917 and 1918 eventually became a tool by which the War Trade Board and Ministry of Blockade could secure further Scandinavian concessions, as leave to conduct intra-Scandinavian exchanges became incorporated into the various general agreements signed over the course of 1918.

Finally, the chapter also details the establishment of local Inter-Allied Trade Committees in the Scandinavian capitals. These were tasked with overseeing adherence to the abovementioned agreements, as well as the subsequent gradual drawing down of Allied blockade efforts between the armistice in November 1918 and the final signing of the Versailles peace treaty between Germany and the Western Allies in the summer of 1919.

Clan in Washington

Martin Julius Clan and the remaining members of the new official Danish trade delegation arrived in Washington over the course of the last week of May 1918. The stage was thus set for a new round of negotiations with the War Trade Board. Foreign Minister Scavenius, and Clan himself, both had a fairly straightforward goal for the upcoming talks: Denmark must secure access to a range of overseas imports, without having to accept such onerous conditions as would be incompatible with the maintenance of state neutrality. For their part, Allied economic warfare authorities had two main objectives. Danish tonnage must be secured for use by the Western powers, and Danish agricultural exports to Germany must be stopped, or at least restricted as far as possible.⁷¹⁰

Between 31st May and the second week of June, Clan and Brun met with McCormick and Lansing, following which Danish and Allied negotiators held a series of preliminary meetings. It rapidly became clear that neither side thought any kind of unofficial understanding, such as had been mooted earlier in the year, would suffice to establish Danish trade relations with the Western Allies on a secure footing. The goal of the upcoming negotiations would therefore have to be a formal trade agreement. In a manner similar to how the Swedish negotiations in London had been conducted, Clan and McCormick soon agreed that tonnage questions should be discussed separately, and that the senior Shipping representative on the War Trade Board, Frank Munson, together with the two Danish shipping delegates, Andersen and Reinhardt, should form a tonnage sub-committee, liaising with their respective superiors as needed. Questions of a more technical, albeit time consuming nature, such as certification schemes and the more uncontroversial import quotas, should similarly be tackled by a sub-committee consisting of Nielsen from the Clan delegation, Boeg from the Danish Washington legation, and the WTB agriculture delegate, Alonzo Taylor. Taylor would also be joined by his War Trade Board colleague, Beaver White, in the later stages of the discussions. That left the more difficult questions on trade policy and export restrictions to be tackled by Clan and Brun, together with

⁷¹⁰ UMA 6-39, HaFo: 266, Brun to Scavenius; 28th May, 1918

Taylor and Thomas Chadbourne, who remained the American economic warfare authorities' point men on the Danish negotiations.⁷¹¹

All the while these preliminary meetings were underway, the Ministry of Foreign Affairs in Copenhagen was working to collate further trade data which would aid the Clan delegation in its work. On 4th June Alexander Foss, on behalf of the Industrial Council, provided Scavenius with a list of all Danish owned cargoes currently held in the United States. Two days later, on 6th June, the Ministry of Justice supplied a list of all such commodities as were still being exported to Germany. These were all duly forwarded to Washington, where the members of the Clan delegation on 13th June finally were able to present the War Trade Board representatives with a series of draft proposals for a future general trade agreement.⁷¹²

According to these fresh proposals Danish agricultural exports to the Central Powers for the next twelve months would be limited to 36 400 tons worth of bacon, butter, milk, eggs, cheese, waste fats and waste tallows. Any exportable surplus of bacon, butter and eggs beyond this would be made available for sale to British purchasers, provided these were willing to pay the same price as Danish farmers could obtain on the open market. Fish exports to the Central Powers would be limited to 25 000 tons, while horse exports would be capped at 30 000 animals. Scavenius noted to Clan that the cap on horse exports was essentially non-negotiable, since the German government had made it clear that it would only grant safe conduct to Danish merchant vessels sailing on British ports so long as German purchasers were able to continue to source horses on the Danish domestic market. Finally cattle exports were to be capped at 6 000 head per week. Due to seasonal and market variations the Danish government reserved the right, at any point in time and so long as the yearly total of 312 000 head was not exceeded, to be up to two months ahead of schedule in cattle exports. Over the following week, the Danish delegation also furnished the WTB with a series of memoranda detailing the various commodities and quantities thereof which they hoped to be allowed to import in return for these export restrictions.⁷¹³

⁷¹¹ UMA 6-39, HaFo: 270, Brun to Scavenius; 31stth May, 1918

UMA 6-39, HaFo: 281, Brun to Scavenius; 4th June, 1918

UMA 6-39, HaFo: 303, Brun to Scavenius; 13th June, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Reports I & II; 23rd October, 1918

⁷¹² RG 182-11-17; DNII; Brun to Taylor, Memorandum containing proposals for export restrictions; 13th June, 1918

UMA 6-39, HaFo: Foss to Scavenius, attached list of Danish owned cargoes held in the United States; 4th June, 1918

UMA 6-39, HaFo: Styhr to Schrøder; 5th June, 1918

UMA 6-39, HaFo: Styhr to Sonne; 5th June, 1918

UMA 6-39, HaFo: Ministry of Justice to Styhr; 6th June, 1918

UMA 6-39, HaFo: 303, Ministry of Agriculture to Styhr; 14th June, 1918

⁷¹³ RG 182-11-17; DNII; Brun to Taylor, Memorandum containing proposals for export restrictions; 13th June, 1918

RG 182-11-17; DNII; Brun to McCormick; 19th June, 1918

RG 182-11-17; DNII; WTB memorandum for Chadbourne on Danish quota requests; 20th June, 1918

RG 182-11-17; DNII; No. 926, WTB to Amlegation Copenhagen; 22nd June, 1918

UMA 6-39, HaFo: 248, Scavenius to Brun; 7th June, 1918

Both the Danish negotiators and their American counterparts knew that it was the last item on the exports list which would be the most difficult to settle. Although other commodities could not be ignored, cattle exports was by far and away the most important Danish contribution to the German wartime economy, and stopping or capping these had been one of the main goals of Allied economic warfare efforts in Scandinavia since well before the Graham memorandum had made that goal explicit. 6 000 head per week was far in excess of what the War Trade Board and the Ministry of Blockade wanted to accept, and in a last-minute set of instructions, cabled to Clan in Washington on 29th May, Scavenius noted that if absolutely necessary it might be possible to accept a cap of 5 000 head per week. The overall proposals, which Clan had cleared with Scavenius before leaving Copenhagen, nevertheless represented what the Danish foreign minister thought he could get his counterparts in Berlin to accept. Under no circumstances could export restrictions on the scale contained in the Norwegian-American Nansen agreement, which Scavenius had recently received a copy of from Kristiania, be contemplated.⁷¹⁴

Danish import requests were also difficult to square with Allied priorities. Over the course of the spring and early summer of 1918, American, British and French blockade officials reviewed proposed Danish import quotas on all classes of goods. Subsequent new Allied quota proposals, based in part on data collected by Allied officials in Copenhagen, and in part by statistics provided by the Danes themselves, were in most cases in line with the new proposals provided by the Clan delegation. There were nevertheless a handful of exceptions, the most important of which was agricultural inputs. As per the policy laid out in the Graham memorandum, British and American blockade authorities were seeking to prevent Danish farmers from accessing fodder and fertiliser supplies from abroad. The maintenance of agricultural exports to Germany notwithstanding, the relative wellbeing of the Danish agricultural sector remained important for the Danish economy overall. Access to imports of agricultural inputs was therefore one of the key things Scavenius wanted to secure by way of a general agreement. Danish delegates were therefore deeply frustrated when War Trade Board negotiators, backed up by their British and French counterparts, refused to consider Clan's request for sizeable import quotas of these classes of goods.⁷¹⁵

The final topic up for discussion in the Danish-American talks appeared a little less problematic, at least to begin with. By the summer of 1918, 600 000 tons worth of Danish shipping, or about three quarters of all available ocean-going Danish merchant tonnage, was employed in Allied service, either directly, by way of the Anglo-Danish coal and tonnage agreement, or indirectly through the private chartering of vessels to sail on routes outside the

⁷¹⁴ UMA 6-39, HaFo: 226, Scavenius to Brun; 29th May, 1918

⁷¹⁵ RG 182-11-17; DNII; No. 9010, Sheldon to WTB; 5th July, 1918

RG 182-11-17; DNII; Trade Department, British Embassy Washington to Beaver White; 8th July, 1918

RG 182-11-17; DNII; No. 25120, Haut Commissariat de la Republique Francaise to McCormick; 9th July, 1918

RG 182-11-17; DNII; Unnumbered, Draft of WTB to Sheldon; 20th July, 1918

official danger zone. A sizeable portion of these indirectly employed vessels was likely to be drawn back into sailing on Denmark once access to overseas markets were restored by way of a general agreement. British shipping officials especially were keen to ensure that the number of vessels thus withdrawn from Allied service was as small as possible. They also wanted to secure as large a number of Danish vessels as possible for use in the danger zone, although this was less important than maintaining as far as possible the overall number of vessels available for chartering to Allied shipping authorities. The official Danish position was that at least 400 000 tons worth of vessels would have to be reserved for carrying imports to Denmark, thus reducing the amount of shipping available for chartering by about 200 000 tons. British shipping officials were also worried that 400 000 tons would be in excess of what the Danes would actually need to carry the proposed import quotas, and that unless special stipulation was made for the use of excess shipping, the German government would force Scavenius to have these surplus vessels laid up. Andersen and Reinhardt, the shipping representatives on the Clan delegation, nevertheless privately intimated to their American counterparts that Danish ship-owner associations were prepared to limit their use of vessels in Danish service to 350 000 tons, thus leaving the balance, 450 000 tons, for use by the Allies. Since this statement was at odds with Scavenius' official line, Andersen and Reinhardt requested that the War Trade Board and Ministry of Blockade refrain from referring to these numbers when communicating with Danish government officials.⁷¹⁶

Having learnt from previous mistakes, the American economic warfare authorities and the Ministry of Blockade were now also much more closely aligned on policy issues. By the summer of 1918 both organisations had established fully fledged attaché functions with their respective counterparts in the United States and Britain. Sheldon and his staff, based at the American Embassy in London, kept closely in touch with Cecil at the MoB, while Percy and other British blockade and shipping representatives were regular attendees at conferences at the WTB offices in Washington. Following the establishment of a number of inter-Allied trade agencies and bodies over the course of early 1918, French - and to a lesser extent, Italian - authorities were also for the first time participating actively in discussions on negotiating strategy. There would be no repeat of the Swedish shipping agreement debacle, which had threatened to scupper the entire Anglo-Swedish trade agreement earlier in the year.

Finally, the appointment of the Clan delegation, and the subsequent submission of Scavenius' fresh trade agreement proposals in the early summer of 1918, also prompted a fresh round of high-level inter-Allied conferences in London and Paris. In mid-June Taylor, fresh from

⁷¹⁶ RG 182-11-17; DNII; No. 2456, Amlegation Copenhagen to WTB; 29th June, 1918

RG 182-11-17; DNII; No. 241, Laughlin to WTB; 10th July, 1918

RG 182-11-17; DNII; Unnumbered, Draft of WTB to Sheldon; 20th July, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report II; 23rd October, 1918

meetings with Clan and Brun in Washington, sailed for Europe in order to discuss the new Danish proposals with senior British and French officials. Over the course of the first two weeks of July, Taylor and Sheldon held a series of meetings with Cecil and the senior French economic warfare delegate in London, Sedoux. The British minister of blockade and the French delegate both argued that it would not be in the Western Allies' best interests to make any significant concessions to the Danes. This stance was fully in line with the conclusions reached at the inter-Allied conferences in late 1917. Fodder and fertiliser shortages appeared to be having the desired effect on Danish agricultural exports, and the general Western embargo on other supplies was effectively hampering trade in Danish industrial products. In practice, the Allies likewise stood to gain little from a formal agreement on Danish tonnage. Indeed, a formal accord might lead to the withdrawal of a number of Danish ships from Allied service. Nor did Cecil and Sedoux believe there to be any serious risk of Danish tonnage being laid up in case the negotiations should collapse. Thus, if the Danish government was serious about wanting an agreement with the Western Allies, it should be required to accept Allied demands as they then stood.⁷¹⁷

Since it would appear that no agreement would be better than any accord Scavenius was thought likely to endorse, Ministry of Blockade officials, Cecil included, went so far as to suggest that the War Trade Board might use Danish reluctance to go along with Allied tonnage and quota demands as a pretext to abandon further negotiations entirely. Taylor appears to have been sympathetic to the British and French view. On 8th July he nevertheless received something of a rebuke in the form of a telegram from Chadbourne in Washington. If Scavenius and the Clan delegation were to accept American tonnage proposals, as WTB negotiators in Washington thought they might come to do, the US government could not in good faith refuse further negotiations on the outstanding issues. Thus, Danish-American talks on shipping, import quotas and export restrictions would continue.⁷¹⁸

Taylor's departure for Europe, shortly after having received the new Danish proposals of 13th June, caught Clan and Brun unawares. Taylor had not told his Danish counterparts that he would be leaving Washington, and these only learnt of his absence several days after his departure. Worse still, from the Danish point of view, it turned out that Taylor had not kept his War Trade Board colleagues abreast of his and Clan's discussions on export restrictions. When Chadbourne and White, who were to take up the agriculture negotiations on Taylor's behalf, finally found time to meet with the Danish delegates on the 25th, negotiations had not only been

⁷¹⁷ RG 182-11-17; DNII; No. 916, Taylor to WTB; 29th June, 1918
 RG 182-11-17; DNII; No. 2456, Amlegation Copenhagen to WTB; 29th June, 1918
 RG 182-11-17; DNII; No. 957, WTB to Amlegation Copenhagen; 6th July, 1918
 RG 182-11-17; DNII; No. 318, Taylor to WTB; 15th July, 1918

⁷¹⁸ RG 182-11-17; DNII; No. 916, Taylor to WTB; 29th June, 1918
 RG 182-11-17; DNII; No. 798, WTB to Sheldon & Taylor; 8th July, 1918

left hanging for nearly two weeks, but Clan and Brun felt as if they had to start almost from scratch, going over the same questions as they had already covered with Taylor in order to bring the two new American representatives up to speed.⁷¹⁹

If the meeting on 25th June had been a disappointment to Clan and Brun, the discussions scheduled for the following day were to bring the negotiations close to collapse. Having received word of the strategy decisions being made at the ongoing inter-Allied conference in London, Chadbourne let the Danish representatives know that any flexibility in export schedules for cattle, horses or other agricultural products was out of the question. If the Danes were unable to export the full quota one month, the balance could not be carried over to the next. In practical terms this meant that horse exports to Germany would have to be curtailed yet further, something which Scavenius had expressly told Clan could not be contemplated. Clan and Brun therefore let Chadbourne understand that War Trade Board insistence on such restrictions would preclude the Danish government from authorising any agreement.⁷²⁰

Faced with the possibility that the negotiations might collapse, Chadbourne promised Clan to once again look at the fertiliser exports and the other issues with the French and British blockade authorities. In early July Chadbourne was then able to tell Clan that it might be possible to allow two weeks' worth of flexibility in all agricultural export quotas, except fish and horses. This did little to solve the problem. Fodder shortages meant that average monthly exports of cattle from Denmark to Germany were already below the proposed quota. This was one of the reasons why Scavenius had felt able to allow Clan to negotiate a reduction in said quota from 6 000 to 5 000 head per week. Since there was thus already some excess room for exports built into the cattle quota, there was therefore little need to insist on further flexibility. Further restrictions on fish exports were troublesome, but it was nevertheless the horse quota which was the key issue. A degree of flexibility must be retained. Clan therefore had no choice but to once again reject Chadbourne's proposals.⁷²¹

The situation was nevertheless about to grow even bleaker for the Danish negotiators. On 17th July White handed Nielsen a copy of the Allies' new import quota proposals, as endorsed at the recent inter-Allied conference in London. In addition to reducing proposed quotas of a range of industrial raw materials, all references to agricultural inputs had been removed altogether, and Denmark would thus not be allowed to import fertilisers in any form or shape whatsoever. This came as a complete surprise to the members of the Clan delegation, who had laboured under the impression that it was only the size of the fertiliser quota, and not its very existence,

⁷¹⁹ Clan to Scavenius; 29th June, 1918; quoted in: UMA 6-44, HaFo, 6.D.36: "Historisk Oversigt over Forhandlingerne med USA"; 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report II; 23rd October, 1918

⁷²⁰ RG 182-11-17; DNII; FO memorandum on state of Danish negotiations; 13th June, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report II; 23rd October, 1918

⁷²¹ UMA 6-44, HaFo, 6.D.36: "Historisk Oversigt over Forhandlingerne med USA"; 1918: 8-9

which would be up for discussion. Securing fertiliser imports for the Danish agricultural sector was one of the key reasons for why the Danish government wanted a trade agreement in the first place. Clan and Brun therefore at once protested that the total exclusion of agricultural inputs risked scuppering the entire agreement, telling their War Trade Board counterparts that 70 000 tons of saltpetre, 30 000 tons of sulphuric pyrites and 56 000 tons of phosphate rock represented the minimum quantities acceptable.⁷²²

By the middle of July 1918 Clan and Brun were becoming increasingly frustrated with snail's pace at which the negotiations were progressing. Attempts to get Allied negotiators in Washington to reconsider its stance on fertilisers imports, or fish and horse export quotas, had gotten nowhere. Negotiations on the remaining import quotas also tended to get bogged down in discussions on details. When Andersen and Reinhard, the shipping representatives on the Danish delegation, suggested that it might be worth asking H. N. Andersen, the extremely well connected director of the Danish East Asia Company, to go to London in an attempt to secure British support for a more lenient Allied stance, Clan therefore quickly endorsed the plan.⁷²³

According to Clan's report on the Washington negotiations, written in October 1918, Andersen and Reinhard got the idea of sending H.N. Andersen to London by way of an unofficial suggestion from Munson, the senior War Trade Board shipping representative. Whether Munson mentioned Andersen by name or not is not clear. He nevertheless appears to have let the Danish delegates understand that it was British opposition to the agreement which was the real reason for the repeated delays holding up the negotiations. Having cleared the idea with Scavenius, Clan therefore promptly approached Andersen about the possibility of going to London. For his part, Andersen appears to have jumped on the chance to play a part in the ongoing discussions. Already on 23rd July H.N. Andersen told Ulysses Grant-Smith, the American chargé in Copenhagen, that he was preparing to head to Washington via London in an effort to get the negotiations for a general agreement back on track. A week later the two met again, and when Grant-Smith let Andersen know that the chance that a general trade agreement might lead to the withdrawal of large quantities of Danish tonnage from international trade routes was causing considerable alarm in Allied circles, Andersen replied that he would do his utmost to keep Danish tonnage requirements to a minimum. In return emphasised that a failure to secure fertiliser imports would mean ruin for the Danish agricultural sector, and that the lack of an import quota for would prevent the Danish government from acceding to any agreement.⁷²⁴

⁷²² RG 182-11-17; DNII; FO memorandum on state of Danish negotiations; 13th June, 1918

RG 182-11-17; DNII; Trade Department, British Embassy Washington to Beaver White, attached ABC memorandum on proposed Danish import quotas; 8th July, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report II; 23rd October, 1918

UMA 6-44, HaFo, 6.D.36: "Historisk Oversigt over Forhandlingerne med USA"; 1918: 8-9

⁷²³ UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report I; 23rd October, 1918: 12-13

⁷²⁴ RG 182-11-17; DNII; No. 2560, Grant Smith to WTB; 23rd July, 1918

Ministry of Blockade were far from enthused by the prospect of receiving another Danish delegation in London. As far as the British government was concerned, trade negotiations between the Allies and Denmark were to be conducted by the War Trade Board in Washington. Holding parallel talks in the United Kingdom would only cause misunderstandings, as well as be yet another potential source of friction between the MoB and the WTB. In June 1918 Cecil himself therefore noted that the Danish government should be dissuaded from sending H. N. Andersen to Britain, as he would only be “a nuisance” there. The Ministry of Blockade nevertheless felt hard pressed to block the proposed visit, lest it cause the impression in Copenhagen that the British government were blocking further negotiations. Once Scavenius had decided to endorse Andersen’s visit, Cecil therefore had little choice but to receive the Danish delegate. Andersen consequently departed Copenhagen for London, arriving sometime in early August.⁷²⁵

Once in London, H.N. Andersen met with senior Ministry of Blockade and Foreign Office officials on several occasions over the course of August. Whenever Andersen attempted to raise the question of Danish trade with the Western Allies, he was nevertheless rebuffed. Andersen’s persistence, despite earlier assurances that Danish representatives in London were mainly interested in laying the ground work for post-war trade accords, irked the British authorities greatly. Accusations of running parallel trade negotiations with Danish representatives could be awkward for London, all the time inter-Allied strategy assigned responsibility for Denmark to the United States’ government. At a meeting on 27th August Foreign Secretary Balfour finally told the Danish director bluntly that this issue remained the preserve of the War Trade Board in Washington, and that all questions on this topic must therefore be directed to the American authorities.⁷²⁶

Breaking the deadlock

The members of the Clan delegation were not alone in their frustration over the lack of progress in Washington. Over the course of July Allied economic warfare authorities also continued debating how best to proceed in order to break the deadlock. By this stage British, French and American shipping authorities were all in agreement that the Western Allies stood to lose a significant amount of tonnage from any agreement with the Danish government, as authorities in Copenhagen were certain to withdraw a considerable number of Danish-owned vessels currently sailing under Allied charter, in order to ferry quota supplies to Denmark. The main

RG 182-11-17; DNII; No. 2564, Grant Smith to WTB; 30th July, 1918

⁷²⁵ Kaarsted, 1979: 121

RG 182-11-17; DNII; Paraphrase of two telegrams, FO to WTB; late August, 1918

⁷²⁶ RG 182-11-17; DNII; Paraphrase of two telegrams, FO to WTB; late August, 1918

upside to signing an agreement from an Allied shipping point of view, was that the vessels which remained under Allied charter would be better protected from withdrawal, thus creating a more predictable tonnage situation. Where the Allies vehemently disagreed with each other was on the question of what would happen should negotiations collapse. As Taylor had reported from London on 29th June, neither British nor French officials there considered it likely that the Danish government would lay up or otherwise withdraw any shipping from Allied trade routes, even if no agreement should be reached. Chadbourne and other War Trade Board officials in Washington were far from convinced. The withdrawal of a significant number of Danish merchantmen from international trade routes would severely exacerbate Allied shipping shortages, and must therefore inevitably lead to the requisitioning of said vessels. This in turn would be a severe PR disaster for the Western Allies in general, and the United States in particular. At least from Chadbourne's point of view, it was therefore imperative that the Allies exhaust all other options before allowing the negotiations to collapse. Ministry of Blockade officials countered that tonnage considerations must not be allowed to overshadow the necessity of keeping Danish exports to the Central Powers to a minimum. In this the MoB received support from both Grant Smith and the French minister in Copenhagen, who argued that the Allied embargo was having the desired effect on Danish trade with Germany, while the Danish population itself was only facing moderate shortages. No significant concessions on fertilisers or other import quotas should therefore be offered to the Clan delegation in Washington.⁷²⁷

The Ministry of Blockade's assertions that the present use of Danish tonnage was the best that could be achieved did not impress Frank Munson, the War Trade Board shipping expert. On 31st July he pointed out to McCormick that even though a general trade agreement would lead to the withdrawal of a certain amount of Danish tonnage from Allied service, said agreement would also allow the Western Allies to employ the remaining vessels much more efficiently, as it would allow the use of a further 200 000 tons worth of shipping within the danger zone. This in turn would alleviate some of the problems caused by the ongoing build-up of American forces in Europe, which was requiring increasing amounts of US supplies to be shipped to French ports. Nor were War Trade Board officials in Washington happy about British estimates of the amount of Danish shipping which the Allies could hope to secure by way of requisitioning. Instead of the 500 000 tons which London though might be made available, Munson and his colleagues believed 350 000 tons would be much more realistic. Given that the Western Allies stood to control between 400 000 and 500 000 tons by way of the proposed General Agreement and the already existing 1917 Anglo-Danish coal and tonnage agreement combined, the difference

⁷²⁷ RG 182-11-17; DNII; No. 916, Taylor to WTB; 29th June, 1918
 RG 182-11-17; DNII; No. 798, WTB to Sheldon & Taylor; 8th July, 1918
 RG 182-11-17, DNII; No. 1005, Taylor to WTB; 15th July, 1918

mattered a great deal. Under the War Trade Board's estimates, the Allies might actually be worse off, tonnage wise, should negotiations break down.⁷²⁸

Parallel to his greenlighting H. N. Andersen's mission to London, the Danish foreign minister himself also began taking steps to give Clan greater room for manoeuvre in Washington. Over the course of the latter half of July Zahle and Scavenius held a series of meetings with representatives from domestic business, industry and agricultural organisations in an attempt to gain their backing for reducing the acceptable import and export quotas. Although I have found no trace of such consultations in the Foreign Ministry archives, it is not unlikely that Scavenius also conferred privately with von Brockdorff-Rantzau, the German minister, as he had done in the past. Having secured the necessary backing, Scavenius was able to tell Clan on July 31st that he could agree to the War Trade Board's reduced quota proposals in return for a compromise on fertilisers.⁷²⁹

Scandinavian commodity exchange

On the face of it, Scandinavian policymakers cooperated extensively throughout the Great War. On 18th and 19th December 1914, just over four months after the initial outbreak of hostilities on the continent, the Danish, Swedish and Norwegian monarchs met in Malmö in Southern Sweden. Between 9th and 11th March 1916 the prime and foreign ministers of all three countries attended a series of conferences in Copenhagen. This was followed by a second ministerial conference in Kristiania on the 19th September of the same year. In terms of actual policy decisions, the outcome of these meetings was nevertheless meagre.⁷³⁰

This should not come as a surprise. Well into 1916 there were still few incentives for any of the three Scandinavian governments to cooperate on economic matters. Shortages and price rises notwithstanding, all three countries retained some degree of access to external markets. Their overall foreign relations priorities also still differed sufficiently to preclude extensive foreign policy cooperation. Lacking external pressure, domestic priorities still took precedence.

The Kristiania conference in late 1916 was followed by another meeting of the three countries' prime and foreign ministers between 9th and 11th of May 1917. By this time, the external pressure on the Scandinavian economies had begun to be felt in earnest. Hammarskjöld's fall from power also meant that the inter-Scandinavian dynamic had shifted

⁷²⁸ RG 182-11-17, DNII: Munson to McCormick; 31st July, 1918

RG 182-11-17, DNII: No. 827, Page to Lansing; 4th August, 1918

RG 182-11-17, DNII: "Draft agreement between the War Trade Board of U.S.A. and the Danish special shipping committee (Fragtnavn)"; Undated (early August), 1918

⁷²⁹ RG 182-11-17, DNII: No. 2571, Grant Smith to WTB; 1st August, 1918

RG 182-11-17, DNII: No. 2580, Grant Smith to WTB; 5th August, 1918

⁷³⁰ Lidgaard, 2003: 77-79

Sjøqvist, 1973: 196

slightly. The new Swartz government did not take quite such an uncompromising approach to foreign and trade policy as its predecessor. The Stockholm conference therefore featured the first serious discussions on the possibility of fostering a greater degree of inter-Scandinavian commodity exchange. Could increased trade between the three countries help countering some of the economic hardship brought about by the increasingly effective British blockade?

The importance of the Stockholm meeting should nevertheless not be overstated. In practical terms the outcome was still limited to a few Danish-Swedish trade agreements. The amount of goods covered by these agreements was relatively minor, and they were in no way sufficient to replace trade with external parties. The achievements of the Stockholm conference nevertheless set the stage for a second royal meeting later in the year.

Lack of incentives and willingness to compromise other national priorities had doomed pre-1918 efforts at setting up large scale Scandinavian commodity exchange schemes. By the time of the end of 1917, circumstances had nevertheless changed. Between 28th and 30th November 1917 the Norwegian, Swedish and Danish kings met in Kristiania. The meeting garnered much attention within contemporary Scandinavia, not least since it symbolised growing Swedish-Norwegian political rapprochement, marking the first time a Swedish monarch had visited Norway following the acrimonious breakup of the Swedish-Norwegian union in 1905. For the purposes of this thesis, the parallel conference of Scandinavian prime and foreign ministers is nevertheless more important. Both the Danish and the Swedish governments wanted to build on the successes of the spring conference. Edén, the new Swedish prime minister, had also spoken warmly in favour of increased Scandinavian commodity exchange upon taking power in October. The Swedish, Danish and Norwegian government representatives present therefore agreed that more permanent consultations on commodity exchange was desirable. Each country should appoint official trade delegation. These should then come together for fresh consultations as soon as possible.⁷³¹

The opening meeting of what was intended to be a series of conferences on the new inter-Scandinavian trade program was scheduled to be held in Kristiania in early January 1918. On 24th December Scavenius let Johannes Irgens, the Norwegian minister in Copenhagen, know that the Danish delegation for the upcoming conference would consist of the heads of the Merchants' Society and Industrial Council, C.C. Clausen and Aleksander Foss respectively, as well as parliamentarians Niels Frederiksen and Christian Sonne. For his part, Irgens informed the Danish Foreign Ministry that the Norwegian delegation was to be headed by the head of the government statistics department, Nicolai Rygg, who in turn would be assisted by Anders

⁷³¹ Gihl, 1959: 306

SA: Stortingsmelding nr. 8, 1920

Aarsæther, Axel Amundsen and Hans Olsen, all of whom were businessmen with a history of public service or close ties to the government.⁷³²

The Swedish government would be represented at the conference by Karl Axel Fryxell, Gustaf Henning Elmquist, E. Röing and August Nachmanson. The head of the delegation, Fryxell, was the chair of the Swedish Board of Trade, a quasi-governmental advisory body sorting under the Foreign Ministry, while Elmquist was a civil servant and former head of a government commission on food supplies.⁷³³ Nachmanson was a banker and close colleague of the Swedish chief negotiator in London, Marcus Wallenberg. The representatives were thus well connected with the new Swedish government and its associates, as thoroughly familiar with the difficult Swedish supply situation. The seniority of the Danish, Norwegian and Swedish delegations suggests that the Zahle, Edén and Knudsen governments all attached a degree of importance to the successful outcome of the proposed exchange program.⁷³⁴

The initial meeting between the Danish, Swedish and Norwegian delegations was chaired by Nicolai Rygg, and held behind closed doors in the Norwegian Storting on the morning of 4th January. All delegates quickly agreed that the upcoming deliberations should be regarded as confidential, and only discussed with members of the three Scandinavian cabinets. Although none of the sources consulted for this thesis offer any explanation for the desire for secrecy, it is likely that the ongoing trade negotiations between the Scandinavian governments and the Allied economic warfare authorities weighed heavily on the minds of the representatives. Just what and how much about the domestic political-economic situation in each of the three Scandinavian countries should be revealed to either the Western Allies or the Central Powers should be left to the discretion of the Danish, Swedish and Norwegian governments respectively. The delegations also agreed that it would be necessary to set up mechanisms to ensure stable and affordable commodity prices for such exchanges as might be arranged in the future.⁷³⁵

⁷³² UMA 6-34, 6.D.35a: Foss to Scavenius; 13th November, 1917

UMA 6-34, 6.D.35a: Irgens to Scavenius; 17th December, 1917

UMA 6-34, 6.D.35a: Scavenius to Irgens; 22nd December, 1917

UMA 6-34, 6.D.35a: Foss to Scavenius; 22nd December, 1917

UMA 6-34, 6.D.35a: Irgens to Scavenius; 24th December, 1917

SA: Stortingsmelding nr. 8, 1920

⁷³³ Lit. "Statens Livsmedelskommission"

⁷³⁴ Gihl, 1959: 299, 306

UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in 4th-6th January 1918; 10th January, 1918

UMA 6-35, 6.D.35b: Foss to Scavenius, protocol of the Scandinavian trade conference in Kristiania 4th-6th January 1918; 10th January, 1918

⁷³⁵ UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Kristiania 4th-6th January 1918; 10th January, 1918

UMA 6-35, 6.D.35b: Foss to Scavenius, protocol of the Scandinavian trade conference in Kristiania 4th-6th January 1918; 10th January, 1918

UMA 6-35, 6.D.35b: Foss to Scavenius, protocol of the Scandinavian trade conference in Kristiania 4th-6th January 1918, Attachment 7: "Principielle uttalelser"; 10th January, 1918

UMA 6-35, 6.D.35b: Foss to Scavenius; 11th January, 1918

Having gotten preliminary discussions out of the way, the delegations soon settled down for talks on the main issue: What commodities were the delegations hoping to secure from the two other countries, and what goods could they offer in exchange? On Foss and Clausen's wish list were a number of industrial raw materials. From the Danish point of view, the single most important item, however, was calcium nitrate fertilisers, of which the Norsk Hydro plant at Rjukan in Norway was a large producer. The Swedish delegates concurred. Industrial raw materials were desirable, but food, fodder and agricultural inputs were most important. Fertiliser supplies especially would help stave off a repeat of the poor harvests which had so exacerbated the domestic Swedish food shortages through most of 1917.⁷³⁶

For their part, Rygg and his Norwegian colleagues told their Scandinavian colleagues that the Norwegian food situation was deteriorating at an alarming rate, now that supplies from the United States were cut off by way of the American embargo. Unless the Nansen delegation in Washington should succeed in securing further supplies soon, the Norwegian government therefore wanted to import a minimum of 150 000 tons worth of grain from Denmark over the course of 1918. Foss responded that it would be very difficult to release such quantities of cereals without rapid deliveries of fertilisers. Rygg could only explain that the Norwegian exportable surplus of nitrates was expected to total 30 000 tons between January and April 1918, but that the disposal of this was controlled almost in its entirety by the French government by way of long-term delivery contracts with Norsk Hydro. The Norwegian delegates promised to make overtures to Paris in the hope that the French government would release Norsk Hydro from its obligations, at least temporarily. By the time the conference wrapped up on 6th January, Foss and Clausen were not particularly sanguine about the prospect of a quick solution to the problem, telling Scavenius that neither the Swedish, nor Danish governments should expect fertiliser deliveries from Norway for the foreseeable future. Foss also later commented that he found the Norwegian delegation badly prepared, and that Rygg had told him that the Knudsen government had done little in the way of collecting and collating necessary trade data before the appointment of the members of the Norwegian delegation in late December 1917. Despite these setbacks, the Kristiania meeting nevertheless ended with the mutual exchange of lists of the commodities which each country desired to receive from the others.⁷³⁷

⁷³⁶ UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Kristiania 4th-6th January 1918; 10th January, 1918

UMA 6-35, 6.D.35b: Foss to Scavenius, protocol of the Scandinavian trade conference in Kristiania 4th Jan 1918; 10th January, 1918: 3-6

⁷³⁷ SA: Stortingsmelding nr. 8 "Om det interskandinaviske varebytte m. v.", 1920: 4

UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Kristiania 4th-6th Jan 1918; 10th January, 1918

UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Stockholm 17th-20th January 1918; 24th January, 1918

Having spent the past eleven days studying said commodity lists and conferring with their government superiors, the three Scandinavian trade delegations met again on 17th January for a second conference, this time in Stockholm. Whereas the deliberations at the Kristiania conference had been rather broad, the delegations in Stockholm soon engaged in detailed discussions on each item on the lists. Foss and Fryxell reached preliminary agreements on the sale of Swedish logs, iron beams and clover seeds to Copenhagen. In return Sweden should continue to receive Danish agricultural produce in the form of butter, meat and eggs. No absolute quantities were established, but the Danish delegates agreed to work to ensure that the percentages of total exports of said goods going to Sweden should not be reduced below the present level.⁷³⁸

The most important question, whether Norwegian fertilisers could be made available for export, nevertheless remained unanswered. The Knudsen government was still not in a position to guarantee the release of surplus nitrates. For his part Rygg made an impassioned plea for grain imports from Sweden and Denmark, stating that the present recently introduced Norwegian domestic food rationing scheme was unsustainable without imports, and that unless some form of relief was forthcoming there was a real chance that shortages might lead to starvation. Both Fryxell and Foss expressed sympathy for the Norwegian quandary. They nevertheless pointed out that although emergency deliveries would of course be forthcoming should the situation deteriorate, the amount of cereals which could be made available was entirely dependent upon the success of future harvests. This success could only be guaranteed by way of access to fertilisers. The Norwegian government was therefore to a large extent masters of its own fate in this regard. Rygg nevertheless declared that Norway should hopefully be able to supply both Sweden and Denmark with quantities of fish, since British purchases, which so far had taken up most of the Norwegian exportable surplus, had largely come to an end as a consequence of the ongoing Allied embargo.⁷³⁹

The third conference between the Scandinavian trade delegations took place in Copenhagen between 27th February and 5th March 1918. In addition to continuing negotiations over the commodity lists and quantities up for exchange, the main topic for discussion was once again the Norwegian fertilisers for grain proposals. Foss was able to inform Rygg that the Danish government was hoping that between 100 000 and 200 000 tons of grain could be available for export in late 1918 and early 1919, provided the autumn harvest was successful. If the harvest

⁷³⁸ SA: Stortingsmelding nr. 8 "Om det interskandinaviske varebytte m. v.", 1920: 4-5

UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Stockholm 17th-20th January 1918; 24th January, 1918

UMA 6-35, 6.D.35c: Protocol of the Scandinavian trade conference in Stockholm 17th-20th January 1918; 24th January, 1918

⁷³⁹ UMA 6-35, 6.D.35b: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Stockholm 17th-20th January 1918; 24th January, 1918

UMA 6-35, 6.D.35c: Protocol of the Scandinavian trade conference in Stockholm 17th-20th January 1918; 24th January, 1918

failed, which would be a distinct possibility should no fertilisers be forthcoming, the available quantity of cereals would be reduced accordingly. In a worst case scenario no grain would be available for export via ordinary channels at all. When it came to emergency shipments, Foss and the Danish delegation, probably with assistance from Scavenius, let Rygg know that they had been able to arrange for deliveries of 10 000 tons worth of grain in March-April, followed by a further 10 000 tons in August-September. The Norwegian delegates nevertheless had serious problems getting the government in Kristiania to approve this emergency agreement. Rygg privately told Foss that it was only after the entire Norwegian delegation had threatened mass resignation that Rygg received permission to sign the agreement on behalf of the Knudsen government.⁷⁴⁰

Despite the lack of a breakthrough on the nitrate fertiliser question, the Copenhagen meeting ended on 5th March 1918 with all three delegations signing a joint statement, declaring that, as far as the economic and political situation would permit, each of the Scandinavian governments would work towards meeting the wishes of its Scandinavian partners. The Norwegian, Swedish and Danish governments would also commit to working towards ensuring that fair prices were demanded for all commodities, and that none of the countries would seek to enrich itself at the detriment of its neighbours. Any actual commodity trading would happen by way of traditional trade agreements.⁷⁴¹

As declarations went, the final statement was thus fairly non-committal. The power of the conferences lay much more in the exchange of trade information, and the facilitation of future bilateral trade agreements. Danish-Swedish trade, which had been growing steadily since the 1917 conferences, continued to enjoy a modest upswing over the course of the spring and summer of 1918. Trade between Norway and its Scandinavian neighbours meanwhile remained a very modest affair. Nor we fall into the trap of over estimating the impact of the inter-Scandinavian trade negotiations on overall trade policy coordination between the Danish, Swedish and Norwegian governments. As late as January 1918, Hellner was still asking the Danish minister in Stockholm whether Scavenius had managed to reach a general trade accommodation with the Western Allies. That the Swedish foreign minister even had to ask

⁷⁴⁰ SA: Stortingsmelding nr. 8 "Om det interskandinaviske varebytte m. v.", 1920: 5
UMA 6-35, 6.D.35: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Copenhagen 27th February - 5th March 1918; 8th March, 1918

UMA 6-35, 6.D.35: Protocol of the Scandinavian trade conference in Copenhagen 27th February - 5th March 1918, Attachment 2; 8th March, 1918

UMA 6-35, 6.D.35: Protocol of the Scandinavian trade conference in Copenhagen 27th February - 5th March 1918, Attachment 7; 8th March, 1918

⁷⁴¹ SA: Stortingsmelding nr. 8, 1920, Bilag B "Forslag til plan til fremme av vareutvekslingen mellem Danmark, Norge og Sverige."; 5th March, 1918

certainly suggests that there were obviously limits to policy coordination between the three countries.⁷⁴²

Why was the Knudsen government seemingly so wary of committing to any large scale Scandinavian commodity exchange programs? Rygg's complaints of a lack of departmental preparation for the upcoming conferences, as well as the rather spectacular threat of mass resignation over the emergency grain proposal, suggests that the relationship between the Norwegian delegation and its superiors in Kristiania was far from frictionless. Knudsen and Ihlen were also not entirely frank with their Scandinavian counterparts on occasion. For instance, when Fryxell and Foss inquired whether a portion of the Norwegian merchant fleet could be made available for carrying overseas supplies to Sweden and Denmark in the immediate post-war period, Rygg replied that although the Norwegian government wished to help, a large portion of the merchant fleet had been requisitioned by the Western Allies.⁷⁴³ Thus no promises could be made as to its availability.⁷⁴⁴

The work of the Scandinavian commodity exchange delegations can nevertheless not be divorced from the ongoing negotiations in Washington and London. A number of key raw materials, coal among them, could not be sourced from within Scandinavia itself. This alone meant that no amount of inter-Scandinavian trade could hope to replace the necessity of reaching some form of accommodation with the Allies. Nor were Scandinavian governments prepared to pay high prices for produce from their neighbours or accept inferior versions of such, if these commodities could be more practically sourced from elsewhere. Finally, blockade agreements entered into earlier in the war placed severe restrictions on inter-Scandinavian trade. Not only were such limited imports as were still coming in through the Allied embargo lines in the North Sea covered by guarantees against re-export, usually by way of branch agreements or the Anglo-Danish coal and tonnage agreement, but so were goods produced or otherwise freed up by the use of such imports. British negotiators in 1916 and 1917 had been vehement that such re-export prohibition go as far as possible in cover shipments of goods from one Scandinavian country to another. The sale of Norwegian herring to Sweden must, for example, not replace Swedish catches on the Swedish domestic market, thus allowing increased exports of Swedish fish to Germany. Any exemptions from such re-export prohibitions must be negotiated separately by the exporting country and the Western Allies. All the while the Scandinavian governments were engaged in difficult negotiations for general trade agreements,

⁷⁴² UMA 6-39: Danish legation Stockholm to Clan; 14th January, 1918

⁷⁴³ This was technically true, but Rygg failed to mention – either because he did not know or because he had orders from Ihlen not to divulge the existence of the Anglo-Norwegian tonnage agreement – that the Knudsen government had itself authorised the requisitioning, in return for which British shipping authorities agreed to take over much of the dangerous North Sea traffic.

⁷⁴⁴ SA: Stortingsmelding nr. 8 "Om det interskandinaviske varebytte m. v.", 1920: 7-8

UMA 6-35, 6.D.35c: Protocol of the Scandinavian trade conference in Stockholm 17th-20th January 1918; 24th January, 1918

prolonging discussions by reopening already established accords was not an attractive proposition. This issue had nevertheless decreased in importance, all the while a number of earlier agreements had been cancelled or otherwise ceased operating in the wake of the introduction of the Allied embargo in the summer of 1917. Stipulations in the general agreements then being negotiated in Washington and London would be a bigger problem in this regard.

When Rygg, Foss, Fryxell and their respective delegation colleagues first met in Kristiania in early January 1918, Scandinavian trade negotiations with War Trade Board and Ministry of Blockade representatives were still in a relatively early phase. Allied economic warfare authorities had just completed their discussions at the inter-Allied conferences in London and Paris, and there formulated their strategies for the upcoming spring. Yet even at this early stage, grain imports were not a topic of particular concern for the Swedish and Norwegian negotiators in London and Washington respectively. Both the War Trade Board and the Ministry of Blockade had indicated to Nansen and Wallenberg that although no quantities had yet to be fixed, substantial grain shipments would be made available for sale to Norway and Sweden following the signing of general agreements. American overtures in late 1917, including the Hoover memorandum, also indicated that the Allies were not looking to starve the Scandinavian countries. Allied commitment to Belgian relief, whereby emergency shipments of cereals were allowed to proceed to continental ports for use by the civilian population of occupied Belgium, also strongly suggested that should Scandinavian starvation be imminent, some relief would be forthcoming. The problem was therefore not how to avoid starvation, but how to prevent the overall supply situation from deteriorating further.

Thus, despite Rygg's pleas to the contrary, the situation in Norway was not quite so dire as to require immediate action. As long as negotiations with the War Trade Board did not drag out for too long, Ihlen could wait to see if Nansen would be successful in negotiating an acceptable accord in Washington. It did not help matters that the emergency grain shipments which Foss was able to arrange for the spring and summer of 1918 were very expensive.⁷⁴⁵ This reflected the increasing need for Danish farmers to use grain for animal fodder caused by the ongoing Allied fodder and fertiliser embargo. That the Knudsen government appears to have considered refusing the offer, even though Rygg had appealed to the Danish and Swedish representatives for cereal supplies, probably caused quite a bit of embarrassment amongst the Norwegian delegates to the inter-Scandinavian conference in Copenhagen. In the summer of 1918, the Rygg

⁷⁴⁵ The agreement set out a price of 55 øre per kilo for the spring delivery, while the autumn delivery would come in at 40 øre per kilo.

delegation was also instructed to cancel the delivery of the last 10 000 tons of Danish emergency grain.⁷⁴⁶

The same relative lack of urgency held true for Hellner in Stockholm. Rationing, increased Danish imports and the promise of an improved spring harvest meant that, although still severe, the food shortages which had so plagued the Swedish domestic economy in 1917 were not quite so dire as they had been. Telegrams from Wallenberg in London added to the sense of optimism. By the time the Scandinavian trade delegations met for their third conference in Copenhagen in late February 1918, the Swedish delegation in London had managed to secure Ministry of Blockade approval for Sweden to import some 255 000 tons worth of cereals before the end of 1918. It was thus better to wait for large scale shipments of American cereals, which would hopefully become available in the spring and summer of 1918, than to accept more costly short-term solutions.

Allied representatives in the three Scandinavian capitals all kept an eye on the negotiations. Although the deliberations of the delegations themselves were kept secret, together with the various memoranda and commodity lists produced, the delegates did issue press communiques. These were duly forwarded to London and Washington, together with whatever other information Allied representatives had been able to glean. This information was generally accurate, to the extent that Schmedeman, the American minister in Kristiania, was able to report to the War Trade Board on 7th January that the first conference had had “no practical results”.⁷⁴⁷

The emergency grain controversy notwithstanding, negotiations for a bilateral Danish-Norwegian cereals for fertilisers agreement continued over the course of spring 1918. The negotiations themselves were now conducted by representatives of the Norwegian director of supplies,⁷⁴⁸ the Danish agricultural associations and the Danish Ministry of the Interior. By early May the negotiators were discussing a draft proposal whereby the Danish government would undertake to provide Norway with access to purchase between 50 000 and 180 000 tons of grain, depending on the size of the Danish harvest. The grain in question was to be delivered in batches between the autumn of 1918 and the summer of 1919. In return, the Norwegian government would supply Denmark with a set amount of nitrate fertilisers. For their part, Danish agricultural associations argued that deliveries of 70 000 tons of nitrates ought to be demanded, while Ministry of the Interior representatives proposed deliveries of 50 000 tons in return for grain shipments of up to 100 000 tons. Should the Danish harvest allow for the sale of grain beyond this figure, the Norwegian government should provide 1 ton of nitrates for each

⁷⁴⁶ SA: Stortingsmelding nr. 8 “Om det interskandinaviske varebytte m. v.”, 1920: 9
UMA 6-35, 6.D.35: Foss to Scavenius, Danish delegation report on the Scandinavian trade conference in Copenhagen 27th February - 5th March 1918; 8th March, 1918

⁷⁴⁷ RG 182-11-17, DNI: No. 450, Schmedeman to WTB; 7th January, 1918

⁷⁴⁸ Lit. “Provianteringsdirektør”

ton of Danish grain, up to a maximum of 20 000 tons, thus making for a grand total of 70 000 tons of nitrate fertilisers.⁷⁴⁹

A Danish agreement

Even though both Scavenius and the War Trade Board had made significant concessions over the course of the late spring and summer of 1918, neither had side had succeeded in breaking the deadlock which by then was characterising the Clan negotiations in the United States. It was the Scandinavian exchange negotiation which would finally provide the kernel of a solution to the core problem hindering progress in Washington: how to allow Danish agriculture access to fertiliser imports while preventing the resulting surplus from being used to increase exports to Germany or rebuild depleted animal stocks.

A Danish-Norwegian grain-for-fertiliser exchange proposal had first been mooted by the Danish Foss delegation at the Kristiania conference in early January. French investors nevertheless owned a significant stake in Norsk Hydro, the main nitrate producing company in Norway, and as a consequence, the Entente had been able to secure almost monopoly access to the exportable surplus of Norwegian nitrates from late 1914 onwards. Although members of the Norwegian Rygg delegation had told their Danish counterparts that inquiries were being made with the French authorities as to the possibility of allowing a portion of the exportable surplus to be released for sale to Denmark, progress had been slow over the following months. Whether the Norwegian authorities got directly involved in these overtures from an early stage, or these remained at a company level is not apparent from the source material. Whatever the answer, it does not appear unreasonable to assume that Ihlen was loath to put pressure on Allied authorities for fear of upsetting the ongoing Nansen negotiations in Washington even further than was already the case. As it was, the nitrate status quo eventually received official Norwegian government sanction by way of the Norwegian-American trade agreement of April 1918, which provided for continued minimum deliveries of 112 000 tons of Norwegian nitrates to the Western Allies per annum.⁷⁵⁰

Whatever the reason, Danish-Norwegian exchange discussions would only make progress following the successful conclusion of the abovementioned American-Norwegian trade negotiations. By mid-May, representatives of the Danish Ministry of the Interior had drawn up comprehensive proposals for a possible exchange, and representatives of Norsk Hydro appear to have made a renewed appeal to the French government at this stage.

⁷⁴⁹ UMA 6-35, 6.D.35b: Agricultural associations (Det Staaende Landbrugsudvalg) to Ministry of the Interior; 8th May, 1918
UMA 6-35, 6.D.35b: "Udkast til Erklæring fra den danske Regjring til den norske Regering"; 16th May, 1918

⁷⁵⁰ RG 182-11-17; DNII; No. 25660, Haut Commissariat de la Republique Francaise to McCormick; 13th July, 1918

Nitrates remained a key ingredient in the production of explosives, and by 1918 a large portion of French ammunition production was sustained by way of supplies from Norway. Munitions authorities in Paris were therefore understandably reluctant to contemplate acceding to the Norwegian request. The French government nevertheless feared that it might be possible for the Norwegian government to force the issue, and let Norsk Hydro know that it might be possible to limit French demands to 6 000 tons per month, or 72 000 tons per annum.⁷⁵¹ French authorities must nevertheless also have explained to these Norwegian representatives that inter-Allied responsibility for handling Norwegian trade questions still rested with the War Trade Board in Washington. Even if a French-Norwegian accord could be reached, the Norwegians must therefore also secure alternate export permissions from the American authorities. On 15th June 1918 representatives of Norsk Hydro therefore approached the American legation in Kristiania with a request that the Western Allies agree to reduce their demands for Norwegian nitrates, in order to release 50 000 tons for delivery to Denmark and 30 000 tons to Sweden. At around the same time Danish government representatives approached French officials, requesting that the Allies release 70 000 tons worth of Norwegian nitrates for export to Denmark.⁷⁵²

At some point in the second week of July 1918 representatives of the French high commissioner in Washington met with McCormick in order to discuss the possibility of incorporating the Danish-Norwegian exchange proposals in the overall Danish-American general trade agreement proposals. The conversation soon turned to how best to ensure that any increase in Danish grain production resulting from renewed access to fertilisers would be disposed of to Allied satisfaction. A telegram from the French ambassador in London, to the effect that the current Danish-Norwegian exchange proposals involved the exchange of 50 000 tons of nitrates against 250 000 tons of grain, was taken as evidence that the Western Allies should insist on a minimum fertilisers for grain exchange ratio of 1-to-5. Where the French ambassador got these numbers from remains unclear, but it was a misunderstanding which would cause significant problems further down the line.⁷⁵³

Over the course of the following weeks, War Trade Board officials discussed the proposals with other Allied representatives. Towards the end of July 1918 Taylor, who was still attending inter-Allied conferences in London, raised the issue with senior Ministry of Blockade officials there. Having considered the matter, Taylor telegraphed McCormick on 31st July that the considered view of the British blockade leadership was that some form of compromise might be

⁷⁵¹ RG 182-11-17; DNII; No. 22861, Haut Commissariat de la Republique Francaise to McCormick; 13th June, 1918
RG 182-11-17; DNII; No. 25660, Haut Commissariat de la Republique Francaise to McCormick; 13th July, 1918

⁷⁵² RG 182-11-17; DNII; No. 22861, Haut Commissariat de la Republique Francaise to McCormick; 13th June, 1918
RG 182-11-17; DNII; No. 25660, Haut Commissariat de la Republique Francaise to McCormick; 13th July, 1918

RG 182-11-17; DNII; No. 29702, Haut Commissariat de la Republique Francaise to McCormick; 29th August, 1918

⁷⁵³ RG 182-11-17; DNII; No. 25660, Haut Commissariat de la Republique Francaise to McCormick; 13th July, 1918

possible, but that 50 000 tons worth of nitrates was far too high a figure. The Danes should be offered a quota of 15 000 tons, while the 1-to-5 minimum grain exchange ratio should be retained. Four days later Taylor himself added a suggestion that if the Danish negotiators could be persuaded to accept phosphate rock in lieu of nitrate fertilisers, Danish agricultural production would not increase before 1920 at the earliest, since Denmark lacked access to the sulphuric acid which would be required in order to turn the phosphate rock into usable fertilisers.⁷⁵⁴

War Trade Board officials appear to have rejected as unworkable both Taylor's phosphate rock suggestion, and the British proposal to limit shipments to 15 000, proceeding instead with the 50 000 tons of nitrates against grain delivered at a 1-to-5 ratio. When the members of the Clan delegation were finally presented with the War Trade Board's reworked fertilisers for grain proposals in early August 1918, they nevertheless reacted with dismay. After conferring with the Foreign Ministry in Copenhagen, the Danish delegates rejected outright the demand for such a high ratio, pointing out that the present Danish-Norwegian exchange proposals called for a ratio of between 1-to-2 and 1-to-4, depending on the size of the Danish harvest, while arguing that lest the Danish agricultural sector be allowed to import other types of fertilisers in addition to nitrates, even this ratio might be difficult to achieve. Clan also noted that since Denmark would be expected to begin deliveries to Norway already in 1918, while the fertilisers themselves would only have an impact on the Danish cereal yields from 1919 onwards, there were obvious limits to the amount of grain which could be made available in the early stages of any exchange. The 250 000 tons required by a 1-to-5 ratio was out of the question entirely.⁷⁵⁵

On 15th August the Danish delegates forwarded Scavenius' formal counterproposal to the War Trade Board. Again the exchange worked on a sliding scale, dependent upon the size of the Danish autumn harvest. In return for imports of 50 000 tons of Norwegian nitrates, Denmark would undertake to export 50 000 tons worth of grain to Norway in 1918 and early 1919, provided the Danish 1918 harvest yielded a minimum total of 1 800 000 tons worth of cereals. Should the total harvest prove larger than this, Denmark would undertake to export a progressively larger quantity of cereals, up to a maximum of 100 000 tons out of a harvest of 2 100 000 tons. Should the 1918 yield prove even larger than this, Norway would have the option of exchanging further nitrates for grain at a 1-to-1 ratio up to a maximum of 140 000 tons against a harvest of 2 300 000 tons. Clan also cautioned that since any such exchange agreement must necessarily involve the Danish government in requisitioning private grain stocks, it would have to be sanctioned by the Danish parliament. Such sanction could only be expected so long as

⁷⁵⁴ RG 182-11-17; DNII; No. 1136, Taylor to WTB; 31st July, 1918

RG 182-11-17; DNII; No. 1164, Page to WTB; 4th August, 1918

⁷⁵⁵ RG 182-11-17; DNII; Danish legation memorandum on agricultural import and export proposals; 20th August, 1918

Danish farmers were to receive fair compensation, in the form of acceptable prices on both the grain and the fertilisers in question.⁷⁵⁶

All the while Danish and Allied officials were contemplating how best to proceed with the grain for fertilisers proposals, the Clan delegation and its War Trade Board counterparts were continuing to build on the momentum established on the shipping and import quota questions in late July. Over the course of the first two weeks of August compromises on these issues came quick and fast. War Trade Board negotiators accepted in principle a new set of Danish agricultural export proposals, worked out in Copenhagen between Scavenius and representatives of the Danish agricultural associations. Under these new proposals, Danish cattle exports to Germany would be capped at 4 000 head per week. This new and lowered cap had been possible to implement because, as the Danish government and Allied authorities both knew, the diminished export capacity of the Danish agricultural sector meant that the quantities of cattle available for export southwards were now insufficient to reach even this low level. had been possible In return, the WTB reluctantly accepted Scavenius' demand that the cap on horse exports be set at no less than 2 500 head per week. Nielsen, the official representative of the Merchant's Guild and Industrial Council on the Clan delegation, also managed to hammer out agreements on the various import and export quotas for non-agricultural raw materials and industrial goods. On 20th August Brun was therefore able to tell McCormick that Nielsen had been formally authorised by Copenhagen to sign off on the various non-agricultural import and export quota proposals as they then stood.⁷⁵⁷

For their part, Andersen and Reinhardt, the Danish shipping representatives on the Clan delegation, appear to have been ready to accept Allied shipping conditions as early as the middle of July. Discussions nevertheless continued in order to hammer out the fine details of the agreement. By early August Frank Munson, the senior War Trade Board shipping official, had drawn up proposals calling for the chartering of 200 000 tons worth of Danish merchantmen to Britain, and 265 000 tons to the United States, leaving an estimated 350 000 tons for use by the Danes themselves. Should any of the latter vessels not be needed for use in Danish trade, they would be made available for use in Belgian relief or Swiss grain delivery service, thus releasing Allied tonnage currently used in these trades. Of the vessels which were to be chartered to the United States, one third would be allowed to sail within the danger zone. Vessels chartered to Britain would replace the 200 000 tons already trading under the Anglo-Danish coal and

⁷⁵⁶ RG 182-11-17; DNII; Danish legation memorandum on agricultural import and export proposals; 20th August, 1918
RG 182-11-17; DNII; No. 2703, Hurley to WTB; 30th August, 1918

⁷⁵⁷ UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report II; 23rd October, 1918
RG 182-11-17; DNII; Brun to McCormick; 20th August, 1918

tonnage agreement, and remain chartered under the same conditions as these. All charters would run for the duration of the war.⁷⁵⁸

In total Munson estimated that the proposed arrangements would allow for the use of 200 000 more tons of Danish shipping than was currently the case under existing British and private charters, telling his British counterparts on 10th August that this alone meant that the Allies ought to put the arrangements into operation as quickly as possible. Four days later, on 14th August 1918, Ministry of Blockade officials in London let Ambassador Hines Page know that they were ready to sign off on the shipping proposals. On the 19th Andersen and Reinhardt told Munson that, disregarding a few minor issues which could easily be cleared up, they too were ready to sign off on the proposals as they then stood.⁷⁵⁹

Despite the considerable progress which had been made over the course of the last two weeks, the negotiations received something of a shot across the bows when Chadbourne, who remained in charge of the War Trade Board's negotiating efforts, let the Danish delegates know that he would have to leave Washington for New York on 14th August. Fearful that Chadbourne's departure would once again lead to interruptions and further delays, Clan and his colleagues on the Danish delegation immediately decided to follow Chadbourne there.⁷⁶⁰

On 23rd August 1918 Chadbourne and his War Trade Board colleagues met with the Clan delegates in New York, while Chadbourne simultaneously attended a meeting with other Allied economic warfare representatives in a room next door. This parallel arrangement allowed Chadbourne to act as something of a go between, discussing Danish proposals with his Allied counterparts before discussing Allied proposals with Clan, and vice versa. Over the course of the meeting the Danish delegates and their American counterparts, finally managed to settle most of the outstanding details on agricultural exports, import quota sizes, and tonnage arrangements. The only major issue that still stood in the way of a general agreement was the fertilisers for grain problem. Having previously insisted on a 1-to-5 ratio, Chadbourne and his War Trade Board colleagues had some time in early August proposed a reduced 1-to-3 ratio, provided that Danish authorities would agree to deliver a minimum of 100 000 tons of grain to Norway in return. This was still well in excess of the 1-to-2 ratio which the Danish government wanted, and Clan's attempts to convince Chadbourne that the new proposals remained unacceptable notwithstanding, neither the War Trade Board nor the other Allied representatives would budge. The New York meeting therefore ended with Clan agreeing to take the new fertiliser

⁷⁵⁸ RG 182-11-17; DNII; Draft proposals for American-Danish shipping agreement; August, 1918

⁷⁵⁹ RG 182-11-17; DNII; No. 716, WTB to Amembassy London, 10th August, 1918

RG 182-11-17; DNII; Unnumbered, Hudson to Chadbourne, 13th August, 1918

RG 182-11-17; DNII; No. 1104, Page to WTB, 14th August, 1918

RG 182-11-17; DNII; Unnumbered, Andersen and Reinhardt to Munson, 19th August, 1918

⁷⁶⁰ UMA 6-44, HaFo: 473, Brun to Scavenius; 25th August, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report I; 23rd October, 1918: 13-14

proposals to Scavenius, and Chadbourne warning that delays might lead to the Allies deciding to reopen the remaining parts of the overall proposals.⁷⁶¹

As things stood, the Danish government must have felt he had little choice but to accept Allied conditions. Rejecting the 1-to-3 ratio ran the risk of scuppering all the breakthrough compromises which had been achieved over the course of July and August. On 30th August 1918 the Allies handed minister Brun a note containing their formal rejection of the Danish proposals of 15th August. The next day, on the 31st, Scavenius formally authorised Clan to accede Allied demands and settle the New York proposals.⁷⁶²

Despite this major concession on the part of Scavenius, negotiations dragged on for a little longer. One cause for delay was Anglo-American disagreements over the division of Danish sailing vessels under the proposed tonnage agreement, as well as Ministry of Blockade reluctance to go along with the War Trade Board's decision to accept Danish demands that Denmark not be required to export even larger quantities of eggs, milk and meat to Scandinavia and other neutrals than was already the case. Clan had made it clear to his American counterparts that such a demand risked scuppering the entire agreement, since any increase in sales other neutrals of such goods reduced the amount available for export to Germany below the quantities stipulated in existing Danish-German trade agreements. The American government also refused to consider British proposals for sharing the cost of continued purchases of Danish agricultural produce. On 7th September 1918 the Ministry of Blockade let the War Trade Board know that the British government had decided to drop its objections, lest they be accused of obstructionism. At the same time the MoB nevertheless noted that the British government could no longer afford to bear the cost of purchasing such Danish agricultural produce as the British themselves had no need for, and that American refusal to help the British blockade authorities financially might therefore result in these quantities being made available for export to Germany instead. For their part, the WTB responded that due to the depressed state of Danish agriculture, the quantities available for export were in any case likely to be well below the caps which would be put in place by the general agreement. The American government was also frustrated by the British claim that they had no use of the Danish produce, all the while Britain was importing significant quantities of agricultural produce from the United

⁷⁶¹ UMA 6-44, HaFo: 473, Brun to Scavenius; 25th August, 1918

UMA 6-44, HaFo: Unnumbered, Scavenius to Brun; 26th August, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report I; 23rd October, 1918: 10-11, 13-14

⁷⁶² RG 182-11-17; DNII; McCormick to Brun; 30th August, 1918

UMA 6-44, HaFo: 142, Scavenius to Krag; 28th August, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report I; 23rd October, 1918: 14

States. In any case, the MoB's decision to drop its objections meant that the issue would no longer impact the ongoing Danish trade negotiations ⁷⁶³

These last-minute Anglo-American controversies having been, if not settled, then at least removed from play, Andersen and Reinhardt met with Chadbourne and Munson, as well as the senior British shipping representative in Washington, Thomas Fisher, on 9th September. There the Allied and Danish delegates were finally able to close the overall shipping agreement proposals, including all the various chartering and bunker agreements between the Danish special shipping committee and the relevant British and American authorities. Shortly afterwards Andersen and Reinhardt telegraphed Copenhagen the final draft proposals with the recommendation that they be authorised to sign these as they stood.⁷⁶⁴

It still took some days for the final draft proposals to be set in stone. By the beginning of the third week of September, Clan nevertheless received authorisation to close the agreement. This was duly done in a small ceremony at Thomas Chadbourne's private home in New York on the evening of 18th September. The various Danish delegates signed separate shipping, import and export quota agreements on behalf of their respective parent organisations. Danish and American government adherence to the respective agreements were formalised by way of an exchange of letters from Brun and McCormick. The agreement came into operation, by mutual consent, fifteen days later, on 3rd October. A few weeks later, Clan and his fellow delegates departed the United States for Denmark. Although no doubt happy at the prospect of returning home after successfully completing their allotted task, their departure was nevertheless tinged with sadness. On 2nd October Harald Nielsen, the 34 year old director who had negotiated and signed the import and export quota agreements on behalf of Danish business associations, died in New York, a victim of the raging influenza epidemic.⁷⁶⁵

Winding down the blockade

⁷⁶³ RG 182-11-17; DNIII; Unnumbered, British embassy Washington to Beaver White, attached copy of FO to embassy on tonnage proposals; 5th September, 1918

RG 182-11-17; DNIII; Unnumbered, British embassy Washington to Beaver White, attached copy of FO to embassy on agricultural concessions; 4th September, 1918

RG 182-11-17; DNIII; Unnumbered, WTB to Hudson; 13th September, 1918

⁷⁶⁴ RG 182-11-17; DNIII; Unnumbered, Munson to Beaver White, attached various draft shipping agreements; 9th September, 1918

RG 182-11-17; DNIII; Unnumbered, Munson to Beaver White; 10th September, 1918

RG 182-11-17; DNIII; Unnumbered, Munson to McCormick; 18th September, 1918

⁷⁶⁵ RG 182-11-17; DNIII; Unnumbered, Munson to McCormick; 18th September, 1918

RG 182-11-17; DNIII; *SECRET – WAR TRADE BOARD OF AMERICA – DANISH AGREEMENTS*; 18th September, 1918

RG 182-11-17; DNIII; Unnumbered, McCormick to Brun; 18th September, 1918

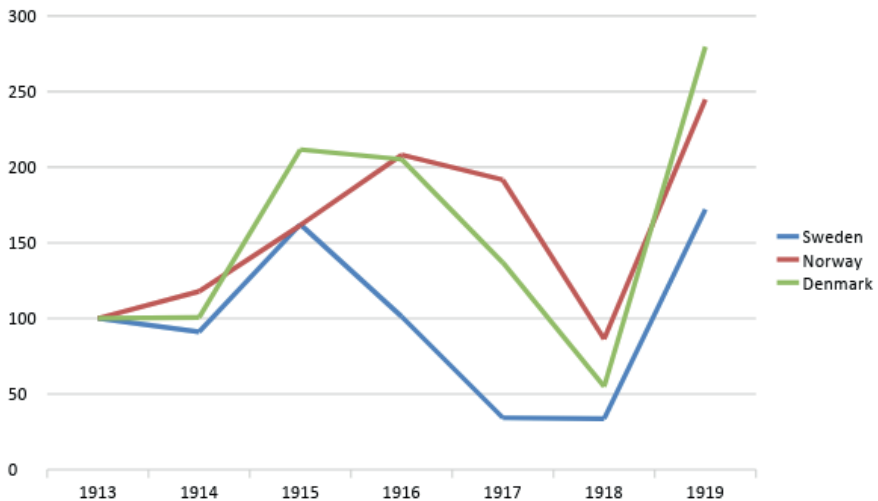
RG 182-11-17; DNIII; No. 1466, Lansing to Amembassy London; 19th September, 1918

RG 182-11-17; DNIII; Unnumbered, McCormick to Brun; 21st September, 1918

UMA 6-44, HaFo, KCA: Clan's final reports on the Danish-American negotiations, Report I; 23rd October, 1918: 15

The signing of the Danish-American general trade agreement on 18th September marked the final end of official trade negotiations between the Western Allies and the Scandinavian neutrals during the Great War. Over the course of the summer and autumn of 1918 local Inter-Allied trade Committees had been set up in each of the three Scandinavian capitals, and once the respective Danish, Norwegian and Swedish agreements were closed, these began administering quota applications and overseeing the various local public and private bodies tasked with distributing and organising such import and export schemes as stipulated by said agreements. The IATCs in Kristiania, Stockholm and Copenhagen, under the supervision of the central IATC in London, also began overseeing inter-Scandinavian trade in order to ensure compliance with provisions against re-export of most types of domestic and imported produce.⁷⁶⁶

Figure 8.1: Scandinavian imports from the US and UK, 1913-1919 (by value, per annum, 1913 prices, 1913=100)



Source: Mitchell, 2003: Table E2

Note: CPI deflators; Denmark: Statistics Denmark; *CPI: Pris8*

Norway: Bank of Norway; Consumer Price Indices 1516-2015: WPI

Sweden: Edvinsson et al., 2010: Volume I, Chapter 8

The release of many Scandinavian cargoes and vessels that had been withheld in Allied and neutral harbours due to lack of export permission, bunker or transit permission, nevertheless meant that Scandinavian domestic economies, starved of imports from the west since at least the summer of 1917, gradually began picking up lost ground. As shown in Figure 8.1, Scandinavian imports from the west rose sharply following the reopening of western markets, with the overall

⁷⁶⁶ RG 182-11-17; DNIII; No. 2490, Laughlin to WTB; 4th October, 1918

RG 182-11-17; DNIII; No. 2892, Amlegation Copenhagen to WTB; 9th October, 1918

value of imports in 1919 surpassing the previous record years 1915 and 1916 in all three Scandinavian countries.

Even though the Danish-American agreement was concluded less than two months before the signing of the armistice at Compiegne on 11th November 1918, the Western Allies remained on a war footing well into 1919. Supply shortages across Western Europe still had to be dealt with. Vast Allied armies still had to be fed, clothed and supplied. Last, but not least, a formal state of war between the Central Powers and the Western Allies would persist until formal peace treaties could be negotiated. Since the Allied trade agreements with Sweden, Denmark and Norway were to run for the duration of the war, they would therefore remain in operation, at least officially, through to the summer of 1919, when the final restrictions on neutral trade were finally lifted in the wake of the signing of the Treaty of Versailles.

Despite the general trade agreements remaining in force, from late 1918 onwards, Allied restrictions on the trade of all three Scandinavian countries were nevertheless gradually relaxed, with import quotas of a growing number of commodities being either increased or abolished altogether. In early 1919 responsibility for administrating Scandinavian embargo and import quota restrictions was transferred from the Ministry of Blockade and the War Trade Board to the Allied Blockade Council in London. This board, consisting of MoB and WTB representatives, as well as French and Italian delegates, progressively removed items from the embargo lists. By late February 1919, most of commodities on which the Allies still retained significant trade restrictions were either such goods as had direct military application, or, since tonnage was still at a premium, such commodities as the Scandinavian countries were producing themselves. Since Danish-Norwegian talks over grain and fertiliser prices broke down in late 1918, the Danish government was also in February 1919 permitted to import quota fertilisers from Chile through Allied purchasing agencies. In return, the Danish grain reserved for export to Norway under the original agreement was instead transferred to Allied authorities.⁷⁶⁷

By the end of April 1919, Allied authorities formally informed representatives of the Scandinavian governments that all restrictions on imports, except for finished munitions of war, had been lifted. Trade would still be regulated through various Allied purchasing and supply agencies, and Scandinavian importers seeking to purchase supplies in Allied countries would still have to apply for export permission from said countries, but these applications would no longer have to be made with reference to the quotas established by the general agreements. One month later, towards the end of May, Allied authorities suspended the various agreements with

⁷⁶⁷ RG 182-11-17; DNIV; No. 2332, Davis to WTB; 16th January, 1919

RG 182-11-17; DNIV; No. 2126, Polk to Sheldon; 23rd January, 1919

RG 182-11-17; DNIV; No. 2418, Davis to WTB; 30th January, 1919

RG 182-11-17; ANAV; No. 270, Dye to WTB, attached US govt press release on embargo relaxation; 1st February, 1919

RG 182-11-17; ANAV; No. 2306, WTB to Sheldon; 21st February, 1919

RG 182-11-17; DNIV; No. 2632, Davis to WTB; 27th February, 1919

branch and business associations across Scandinavia, instead relying simply on Scandinavian government guarantees that imported goods would not be re-exported.⁷⁶⁸

Import restriction relaxations notwithstanding, since Allied authorities wanted to maintain the economic pressure on Germany until a final peace agreement had been negotiated, restrictions on Scandinavian exports were largely maintained. Already on 15th November, four days after the cessation of hostilities, Scavenius made a formal request to the War Trade Board that restrictions on Danish agricultural exports to Germany be relaxed. This request was rebuffed, together with other Scandinavian proposals for permission to export a range of domestic commodities to Finland and Russia. Limited food exports from Scandinavia to Germany were first allowed from the middle of April 1919 onwards. Most restrictions would only be abolished on 12th July 1919, when the Allied economic warfare authorities formally lifted the blockade of Germany, and at the same time cancelled the general trade agreements with each of the three Scandinavian countries. Ironically, by this late stage the blockade appears to have been so far down the list of Allied priorities that the Allied Blockade Council forgot to provide at least the Norwegian governments with formal notification of the cancellation of the American-Norwegian general trade agreement. Only after Ihlen himself had inquired about the status of said agreement was such notification provided.⁷⁶⁹

Agreement and disunity

The American-Danish general trade agreement had been a long time coming. Unlike his Swedish and Norwegian counterparts, Erik Scavenius, the Danish foreign minister, had failed to conclude an accord with the Allies in the spring of 1918, largely because he felt that Allied demands were incompatible with Danish foreign policy interests. Despite the setbacks suffered over the course of the first half of the year, securing an agreement nevertheless remained high on the Danish government's list of priorities. Scavenius therefore decided to redouble his efforts, and in May 1918 the appointment of a new Danish trade delegation to the United States set the stage for renewed negotiations.

The negotiations in Washington over the course of summer 1918, between the Danish Clan delegation and representatives of the Allied economic warfare authorities, were a

⁷⁶⁸ RG 182-11-17; ANAV; No. 2306, Woolley to Bryn; 24th April, 1919

RG 182-11-17; ANAV; No. 1262, Schmedeman to SecState; 20th May, 1919

⁷⁶⁹ RG 182-11-17; DNIV; No. 1904, Grant-Smith to SecState, attached Scavenius' memorandum on possibility of relaxation of export restrictions; 15th November, 1918

RG 182-11-17; DNII; No. 958, Lansing to Grant Smith; 6th July, 1918

RG 182-11-17; DNII; No. 815, WTB to Sheldon; 9th July, 1918

RG 182-11-18; DNV; No. 72, Hapgood to SecState; 23rd July, 1919

RG 182-11-40; ANAV; Unnumbered, Curtis to Ihlen; 10th July, 1919

RG 182-11-40; ANAV; No. 1309, Curtis to SecState; 15th July, 1919

UMA 6-41, HaFo, 6.D.36: Phillips to Brun; 9th April, 1919

protracted affair. The fundamental differences between the two parties, which had made reaching an agreement in the spring of 1918 an impossibility, persisted. American and British officials wanted to see a dramatic reduction in Danish agricultural exports to Germany, while also retaining or expanding their own access to Danish tonnage. Since the Allies considered the Danish government unlikely to accept the former, while at the same time remaining capable of preventing the latter, Allied economic warfare plans called for threading a fine line. Danish capacity for export should be reduced indirectly by way of a fodder and fertilizer embargo, while overall relations must be maintained in order to minimise the risk of Scavenius taking action to prevent the Allies from chartering Danish tonnage.

Whether Scavenius was likely to take such action or not was a recurring topic for discussion between Ministry of Blockade and War Trade Board officials through much of 1918. Senior British officials argued that if Danish tonnage would remain available to the Allies even should the negotiations break down, then there was little reason to let official negotiations continue. That this view was ultimately rejected by Allied economic warfare authorities was partly down to public relations concerns. If Allied authorities were wary of requisitioning neutral tonnage for fear of provoking a public relations backlash, they were equally keen to avoid the impression that they were imposing baseless economic hardships on neutral societies. Neutral governments must be offered the chance to meet Allied blockade demands, in return for which they would receive rationed imports for domestic consumption. Even if Allied authorities considered the chance of reaching an agreement to be slim, the decision to abandon negotiations must be left to the neutral governments themselves. Should this happen, the Allies would be free to publish their latest offer to said neutral government, in order to show that it was the neutrals who had rejected to cooperate, and not the Allies themselves. In the Danish case, moral concerns also played a part in that War Trade Board officials concluded that after such protracted negotiations, American authorities had an obligation to allow the Danish government the chance to meet the demands put to them. Should the War Trade Board decide to break off talks with the Danish delegation, they would expose the American government to accusations that it had been negotiating in bad faith. Given the Wilson administration's public defence of neutral rights before it itself joined the war in the spring of 1917, such accusations had the potential to become very embarrassing indeed.

Overall, the position of the Danish government vis-à-vis its Allied counterparts in the early summer of 1918 remained much the same as it had been a year earlier. German authorities were unlikely to accept severe restrictions on Danish exports southwards, and since the maintenance of cordial relations between Copenhagen and Berlin was of the utmost importance, Allied demands in this area could not be contemplated. This remained true, even when it over the course of the summer became increasingly obvious that the Central Powers would not win

the war. Lidegaard, in his 2003 work on Danish wartime foreign relations, noted how the Zahle government considered it imperative to avoid the impression in Berlin that Denmark would attempt to exploit German weakness.⁷⁷⁰ Lidegaard's assertion that the conduct of Danish neutrality policy following the establishment of the US embargo in the summer of 1917 was essentially pro-German, is nevertheless difficult to sustain. Not only was Danish tonnage sailing in Allied service throughout this period, a number of vessels even being chartered for use within the danger zone under the government-sanctioned Anglo-Danish coal and tonnage agreement. Throughout the Danish-American negotiations in Washington, Scavenius also remained convinced that the reopening of large-scale Danish trade with the west was important. A failure to achieve this would not only lead to the further deterioration of the domestic Danish supply situation, but also ran the risk of undermining Danish sovereignty by making the country economically dependent upon Germany. By the summer of 1918 Scavenius was therefore prepared to make considerable concessions to the Allies, so long as these did not dangerously imperil relations with Berlin.

Even though Danish and Allied policy objectives in early 1918 were essentially mutually exclusive, a somewhat ironic consequence of the embargo itself was that it allowed Scavenius to manoeuvre himself out of the deadlock also helped move both sides out of their respective positions. Even though German authorities remained unwilling to contemplate accepting reductions in Danish exports to Germany by way of Danish government restrictions, by the late summer of 1918 the reduced export capacity of the Danish agricultural sector meant that the Danish government was able to argue that an agreement with the Allies would only maintain the status quo. Acceptance of Allied demands for caps on Danish agricultural exports would no longer have any practical impact on the scale of such exports, since the Allied embargo had already caused these to fall below the cap maximums. Over the course of late August 1918 Allied and Danish negotiators were thus finally able to settle this question to the satisfaction of both parties.

That solving this problem was not alone sufficient to secure the successful conclusion of an American-Danish general agreement was largely down to Allied inertia. The reduction of the Danish agricultural surplus by way of a fodder and fertilizer embargo, had been a cornerstone of Allied blockade policy since late 1917. By the late summer of 1918 the policy had achieved its objectives, albeit at the expected cost of a temporary increase in Danish exports to Germany in late 1917 and early 1918. From the point of view of the Ministry of Blockade and the War Trade Board, there was little reason to give up such a hard fought victory, even after Danish negotiators had indicated that caps on agricultural exports were acceptable. A solution to this

⁷⁷⁰ Lidegaard, 2003: 107

problem would only arrive in the form of intra-Scandinavian exchange arrangements which allowed for the disposal of Danish grain surpluses to the satisfaction of Allied authorities.

In this regard, the Danish-Norwegian grain for fertilisers arrangement represented both the peak achievement and failure of Scandinavian commodity exchange during the war. Since all three Scandinavian countries still had at least some degree of access to international markets until 1917, there had been little need to establish any formal exchange systems before this time. Nor was inter-Scandinavian exchange at any point during the war a realistic alternative to trade with other parts of the world, all the while a number of indispensable commodities could not be sourced from within Scandinavia itself. At the same time, the concessions which each Scandinavian government had made, or were in the process of making, to Allied economic warfare authorities by early 1918 meant that there were strict limits to what exchanges could be achieved without these first having to be cleared with said Allied authorities. When the Danish Clan delegation was discussing the potential for setting up a Danish-Norwegian grain for fertilisers agreement with their Allied counterparts in Washington, the War Trade Board was for all practical intents and purposes negotiating on behalf of the Norwegian government. By the late spring of 1918, intra-Scandinavian trade had thus effectively become an integral part of Scandinavian trade negotiations with the Western Allied powers.

That the Norwegian government should eventually reject the proposed exchange, even with such Danish concessions as the War Trade Board had secured, also illustrates another consequence of the restricted nature of Scandinavian economic independence at this late stage of the war. Once inter-Scandinavian exchange had become an integrated part of the Allied trade control measures, those same trade control measures once again allowed the Scandinavian countries limited access to international markets. It is possible that Allied economic warfare authorities might have sought to pressure the Knudsen government into accepting the agreement at a later stage, so as to release more Danish and Norwegian tonnage for use by the Allies themselves, but the chance of this was effectively precluded by the war coming to an end before this could happen. Thus, the most comprehensive form of intra-Scandinavian economic cooperation during the war was organized under the aegis of Allied economic warfare measures, and even when Allied authorities allowed exchanges Scandinavian governments might well chose to forgo them in favour of trade with other parties.

Chapter IX: Between the devil and the deep blue sea

Summary and conclusions

The early war expansion of Scandinavian trade

On the eve of the war in August 1914, there were a range of obvious similarities between the political economies of all three Scandinavian countries. Located on the periphery of industrialised Europe, Denmark, Norway and Sweden were all heavily invested in primary sector production, exporting resources and raw materials in response to demand from the central and western European core. Similarly, all three countries were dependent upon sourcing a range of industrial raw materials abroad in order to feed domestic import substituting industries producing for the expanding home market. Although the exact nature of the commodities imported and exported by each country differed between the three, prolonged disruption of international trade had the potential to severely impact the domestic economies of each of the Scandinavian states.

As small states in the European great power system, there was broad political recognition within each of the three countries that they had a vested interest in international arbitration and legislation, and, in the final instance, the preservation of national neutrality. There were nevertheless obvious differences between the interpretation of these concepts within contemporary Scandinavia. Bjørn and Due-Nielsen have shown how debates over the nature of Denmark's relationship with Germany came to dominate much of the Danish political discourse before the Great War. German intervention in Slesvig-Holsten in the latter half of the 19th century, culminating in the comprehensive defeat of the Danish army in 1864, underscored that the threat of aggression on Denmark's southern border could not be ignored. Elements within the Danish political establishment argued in favour of nullifying this threat by establishing some form of security cooperation with Germany. The Danish centre-left majority government under Theodor Zahle, which came to power in 1913, adopted a different approach. Zahle's foreign minister, Erik Scavenius, sought placate German interests by making it clear to Berlin that Denmark did not seek to challenge German economic or military interests in the Baltic and North Seas. This placation of German interests could nevertheless not be allowed to go so far as to make Denmark so politically and economically dependent upon Germany as to compromise Danish foreign policy independence. To Zahle, Scavenius and their political supporters, a breakdown in the relationship with either Britain or Germany thus had the potential to undo the foundations upon which Danish neutrality and prosperity was built. To this end, Scavenius combined the emphasis on cordial German relations with promoting and maintaining economic

and diplomatic links to Britain and other European powers. The outbreak of a European great power conflict would therefore mandate a careful balancing act on the part of the Danish government of the day.

Where the Danish government feared German aggression, the Norwegian political establishment worried about the need to maintain cordial relations with Britain. The Norwegian domestic economy was not only heavily dependent upon imports from across the North Sea, but the sale of shipping services made up about one third of Norwegian exports by value. British control over maritime trade lanes meant that the Norwegian economy could be hamstrung in short order, should Norway become embroiled in international conflict. Although no official alliance or security guarantee existed, Norwegian officials and politicians also tended to see London as an implicit guarantor of Norwegian independence in the wake of the acrimonious break-up of the Swedish-Norwegian monarchical union in 1905. Both security and economic considerations thus mandated state neutrality, but if conflict was unavoidable, a break with London appeared likely to have detrimental consequences beyond those of any of the other great powers. Germany and other European countries remained important trading partners, but the relationship with Britain therefore took primacy par excellence in Norwegian foreign policy considerations on the eve of war in 1914.

A desire for neutrality in the case of great power conflict also spanned the Swedish political spectrum in the decade before 1914. Commitment to neutrality was nevertheless not so strong as to preclude a number of important politicians from retaining power pretensions in the Baltic Sea region. Scepticism of Imperial Russian aspirations, and to a lesser degree, a sense of exposure to Russian power projection from Finland and Åland, remained a mainstay of Swedish security politics. Close relations with Germany had traditionally been seen as a way of containing this threat. Koblik and Gihl have also pointed out how Swedish-German cultural affinity remained strong, especially amongst the more conservative echelons of Swedish society. Although Sweden traded extensively with the west, exporting both primary produce and advanced engineering products to Britain while procuring a number of industrial raw materials in return, the Swedish economy also appeared relatively less dependent upon North Sea trade than either of her Scandinavian neighbours. Swedish agriculture was largely capable of supplying the minimum needs of the domestic market, while coal and a number of other key imports were traditionally sourced from Germany or elsewhere in Central Europe. Finally, a conflict over the expansion of suffrage and the introduction of parliamentary democracy paralysed Swedish domestic political life in the months prior to the outbreak of war. In August 1914 Sweden was therefore led by a nominally technocrat government, albeit one with strong conservative leanings. The outbreak of the European conflagration meant that this caretaker government would remain in power for the foreseeable future.

When war loomed in late July and early August 1914, British naval authorities sought to put elaborate plans for economic warfare into practice. These plans went well beyond traditional notions of a maritime blockade of enemy trade routes. They called for using British control over key aspects of global trade infrastructure, including financial clearing services, insurance and telegraphic networks, to temporarily crash international commodity exchange, forcing Germany and her Allies into bankruptcy and financial collapse in short order. These plans had nevertheless not been solidly anchored within Prime Minister Asquith's cabinet. A range of government departments and ministers rapidly began to protest that economic warfare efforts were causing as much harm to British interests as they were to German ones, not least because the British financial sector had itself been brought to its knees by way of a severe financial crisis in late July. The need to maintain government unity, already severely stressed by the fractious debate over whether to join the war in the first place, therefore took precedence over economic warfare strategy. By the end of September most pre-war plans had been either severely wing-clipped, if not aborted entirely.

Over the course of late 1914 and early 1915 the demand for western imports within Scandinavia itself grew rapidly. This development was partly driven by the need to replace such traditional European sources of supply as were drying up because of the war. Amongst the more important trade flows which were thus redirected were Norwegian grain supplies, which before the outbreak of conflict had been sourced in significant quantities from Europe, but which from late 1914 onwards increasingly came to be shipped in from the Americas. Danish farmers likewise began importing large amounts of fodder and fertilisers from transatlantic sources. All three countries, Sweden included, also came to source a larger portion of such industrial raw materials as were required by their domestic import-substituting industries from the west.

Growing Scandinavian demand for imports was also, at least in part, driven by increased German activity in Scandinavian domestic markets. Entente control over traditional Central Power external trade routes to the west, south and east meant that the northern European route represented the only reliable means by which German importers could access global markets. The rerouting of German imports through Scandinavia came in three distinct forms. A number of traditional imports were rerouted directly, in that goods were shipped from overseas sources to Scandinavian ports. There these were transferred to new cargo vessels or overland means of transport for the final leg of the journey to Germany. Since British naval forces were unable to prevent overland transport via Denmark, or provide a close blockade of German North Sea or Baltic ports, this rerouting largely succeeded in avoiding the ineffective Entente blockade cordon in place at the entrances to the North Sea. German importers also sought to purchase the output of a number of Scandinavian industries. Since many of these industries relied on raw material imports from overseas sources, the expansion of such industries in response to German demand

also represented a way in which German merchants were able to avoid the Entente blockade. Finally, domestic Scandinavian produce, especially of primary commodities such as metals and minerals, lumber, seafood and agricultural products, were also increasingly sought after by German purchasers. Given the willingness of German merchants to pay very high prices for many such products, these efforts resulted in a large scale rerouting of Scandinavian export flows towards Germany over the course of 1914 and 1915.

The rerouting of German import trade through northern neutral ports, combined with the abandonment of British pre-war economic warfare plans, meant that British blockade authorities were left to improvise new plans more or less from scratch. Moreover, future economic warfare efforts had to be based on inter-departmental compromise, something which was next to impossible to achieve given the fragile state of the Asquith cabinet. Despite Royal Navy efforts at establishing more or less traditional blockade lines across the entrances to the North Sea from the autumn of 1914 onwards, the lack of centralised coordination or clear policy direction from Prime Minister Asquith meant that British efforts to control North Sea trade remained largely ineffective through much of 1914 and 1915. Far from countering the rerouting of German import trade, not only were Scandinavian importers able to source increasing amounts of commodities from the west, but the expansion of trade across the North Sea was even partly carried out with the help of British traders seeking to profit from the growing demand for goods and services.

Although Scandinavian authorities protested the imposition of British blockade measures at the entrances to the North Sea in late 1914 and early 1915, there was little reason for either the Danish, Swedish or Norwegian governments to risk any serious rupture in diplomatic relations with the Entente. The Allied blockade was a blockade only in name, and despite the losses and inconvenience caused to the owners of such vessels and cargoes as were subjected to British Admiralty stop-and-search efforts as were at any time in operation, there is little evidence in either Scandinavian trade statistics or British government assessments for any serious disruption of Scandinavian external trade. At the very least, early British blockade efforts failed utterly in preventing the large scale shift of trade flows, whereby the Scandinavian economies increasingly sourced imports from the west, while sending their exports southwards.

This lack of external economic pressure by way of a functioning blockade also goes a long way towards explaining the lack of inter-Scandinavian policy coordination in late 1914 and early 1915. Danish, Norwegian and Swedish security and trade priorities were, if not mutually exclusive, then at least difficult to align with each other. Whether it might have been possible to overcome these difficulties, given sufficient incentives, remains an open question. The incentives did not exist. If neither domestic economic prosperity, nor state neutrality, was under threat, there was no obvious cause for reassessing national policy objectives or strategy. There was

little reason for any of the three Scandinavian governments to impose restrictions on external trade, all the while free trade policies appeared compatible with public neutrality. In short, if there was no reason for Scandinavian governments to compromise, no compromises would be made.

The limits of Allied control

Scandinavian trade statistics show just how large the expansion of trade flowing from western sources to Scandinavian ports in late 1914 and early 1915 was. It is beyond the scope of this thesis to attempt to establish exactly how much of this expansion was a consequence of Scandinavian home markets' need to replace traditional sources of supply, and how much was due to the direct or indirect rerouting of German imports. Nor have I attempted to quantify the rerouting of German imports via Scandinavia in absolute terms. Suffice to say that Lambert, Osborne and others have shown that British naval, intelligence and diplomatic officials themselves believed the quantities involved to be sizeable, and sought to formulate blockade policy accordingly. Lambert, Dehne and Morgan-Owen have also shown that the stunning ineffectiveness of most of said blockade policies through to the latter half of 1915 is largely explained by way of British government infighting. These findings also square well with what Scandinavian authors such as Riste, Berg, Koblik, Gihl and Kaarsted noted in their respective works about Scandinavian foreign relations during the war. Friction between Scandinavian governments and their Entente counterparts remained limited through to the latter half of 1915.

The failure to control the dramatic shift in trade flows in 1914 and early 1915 nevertheless held significant implications for what would happen once the British authorities gradually began to implement effective trade control measures, moulding the North Sea blockade into a viable weapon of economic warfare. The large-scale sourcing of Scandinavian imports from the west, enabled by the lack of external pressure to do otherwise, also made those economies increasingly vulnerable to such pressure, should it materialise. By the time the Asquith government established a Ministry of Blockade with the power to coordinate and control economic warfare efforts vis-a-vis the Scandinavian neutrals, the Danish, Norwegian and Swedish governments found themselves in an exposed position, both economically and diplomatically.

By the beginning of 1917 the efforts of the new Ministry of Blockade, including the establishment of effective blacklist and Navicert systems, had gone a long way towards putting an end to German direct and indirect transit trade through Scandinavia. Neutral ship owners which were unable to satisfy Ministry of Blockade officials as to the disposal and ultimate destination of such cargoes as they were attempting to ferry through the Allied blockade cordon

in the North Sea were effectively prevented from completing their journeys. These risked not only having their ships impounded and cargoes condemned, but also being denied further access to international trade infrastructure such as financial facilities and bunker networks. At the same time British economic warfare authorities had by 1917 only had limited success in restricting German access to domestic Scandinavian produce.

Despite the apparent similarities between the economic-political positions of each of the three Scandinavian governments in between late 1915 and early 1917, their respective responses to the growing Allied pressure differed significantly from each other. Once again, these responses were to a large extent influenced by the domestic institutional frameworks of each state. Faced with British threats to deny Norwegian importers access to overseas supplies, the Knudsen government in Kristiania initially sought to maintain the public neutrality which appeared to have served so well until this point. The Norwegian government itself did not want to become overtly involved in efforts to control trade flows, but were largely happy to allow British economic warfare authorities to negotiate trade and blockade agreements directly with Norwegian companies and business associations. Such arrangements would in turn provide the British government with a degree of control over the final disposal of Norwegian imports.

When it came to direct British intervention in the Norwegian markets, the Knudsen government encouraged Allied authorities to compete directly with German buyers. This was not a long term solution acceptable to the new Ministry of Blockade, as this approach benefited Norwegian businesses to the direct detriment of the British government, which stood to pay exorbitant sums for Norwegian goods. It did not help matters that the Entente powers had no use for many of these goods beyond denying them to the Central Powers. Nor was the fragmented Norwegian business landscape conducive to such centralised control measures as the British economic warfare authorities wanted to implement. It would take much of 1915 and 1916 for British authorities to eventually force the Norwegian authorities to abandon its policy of public neutrality and become directly involved in business diplomacy. Under the threat of embargo of important raw materials for domestic industries, the Knudsen government eventually signed agreements limiting the sale of Norwegian fish and copper pyrites to Germany in the late summer of 1916.

British blockade authorities had thus not only been able to negotiate a number of blockade agreements with Norwegian business associations, but also force the Knudsen government to abandon its efforts at separating public and private neutrality by way of signing agreements with the British restricting German access to fish and pyrites. British officials were also far from happy about the Knudsen government's reluctance to acquiesce to Entente demands. Worse still, unlike Scavenius, Knudsen's foreign minister, Nils Ihlen, had not succeeded in convincing the Ministry of Blockade that the Norwegian authorities were always negotiating in good faith.

Certain sections of the pyrite agreement were ambiguous, and disagreements over interpretation led British officials to suspect the Norwegian government of attempting to having its cake and eating it by maintaining exports to Germany in contravention of the agreement. In October 1916 Ministry of Blockade representatives issued Ihlen with a demand that the Norwegian government comply with the British interpretation of the pyrite agreement, and put an end to all pyrite exports to the Central Powers. Ihlen, reluctant to take a step which he knew would damage Norwegian-German relations, and felt was deeply unreasonable to boot, ignored the demand. By late December, Anglo-Norwegian relations reached rock bottom, when the MoB responded by embargoing all further coal shipments to Norway.

Although the Anglo-Norwegian crisis of confidence was nominally a result of the pyrite agreement controversy, it must also be understood in light of wider blockade developments. Ever since the establishment of the Ministry of Blockade in February 1916, British economic warfare authorities had been gaining in clout and confidence. At the same time, the same authorities were becoming increasingly frustrated with their apparent inability to force Scandinavian compliance with Allied policies. Economic relations with Sweden were already at a minimum, while it was difficult to find way by which effective pressure could be placed on the Danish government. Reaching agreements with the Norwegian government ought to have been a much less complex affair, and yet even here negotiations proved to be frustrating and difficult. Furthermore, the pyrite controversy coincided with Asquith's fall from power. Under the circumstances, the new Lloyd George cabinet was not inclined to take a soft view on apparent neutral intransigence. That the crisis should happen while negotiations for yet another, and possibly even more important, Anglo-Norwegian blockade accord was underway, likely made it even more imperative that Ihlen must be made to understand that defying British blockade efforts would carry consequences.

The accord in question was the Anglo-Norwegian tonnage agreement, by which the British government would undertake to carry Norwegian trade across the North Sea in return for the chartering of a large portion of the Norwegian merchant fleet to sail in Allied service. By the beginning of 1917 Allied shipping resources were stretched, not only by the need to supply Allied forces with supplies and munitions from overseas, but also because of wartime losses. As the new German U-boat campaign got underway in February, these losses also began increasing exponentially. Securing a significant portion of the large Norwegian merchant fleet represented a welcome way by which some of these losses could be offset. At the same time, the chartering of Norwegian tonnage to sail in safer waters outside the North Sea was an enticing prospect for Norwegian authorities, keen to limit losses of Norwegian lives and property as far as possible. The large scale chartering of Norwegian shipping to the Entente, just as the German navy was embarking on a campaign to sink or destroy as large an amount of Allied merchant tonnage as

possible, nevertheless risked wrecking Norwegian-German relations. Although not quite as vulnerable to German pressure as the Danish authorities, the Norwegian government nevertheless felt exposed, and reluctant to agree to what Ihlen and Knudsen both knew Berlin would interpret as an unneutral act. Given the circumstances, it is not unlikely that the British coal embargo played a role in convincing Knudsen and Ihlen of the need to go along with British shipping demands. A rupture with Germany might be dangerous, but a break with Britain would be disastrous. As it were, the Knudsen government eventually agreed to adopt not only the British interpretation of the pyrite agreement, but also the Allied shipping proposals. The coal embargo was lifted in February, and a secret tonnage agreement along the abovementioned lines was signed in April 1917.

The coal embargo and the Anglo-Norwegian tonnage agreement of early 1917 has come to take on something of a larger than life reputation within the Norwegian historiography of Great War trade and neutrality. In his seminal 1965 work on Norwegian wartime foreign policy Olav Riste referred to the agreement as the greatest secret of Norwegian wartime diplomacy. Yet from a British point of view, it was far from unique. In June 1917, only two months after the conclusion of the Anglo-Norwegian negotiations, while the German U-boat campaign remained in full swing, Ministry of Blockade officials negotiated a similar agreement with the Danish government. Again, the British government would charter 200 000 tons worth of Danish shipping to sail in Allied service, in return for which the British undertook to continue to deliver coal shipments to Denmark. The events of late 1916 and early 1917 had apparently brought the Norwegian government to the brink of failing one of its major foreign policy objectives, maintaining cordial relations with the British government. Yet Scavenius, unlike his Norwegian counterparts, managed to negotiate his version of the same agreement, not only without a diplomatic crisis with the British, but while also keeping the German authorities informed of the nature of the ongoing discussions.

The initial Danish government response to British diplomatic and economic pressure in late 1915 and early 1916 was similar to that of its Norwegian counterpart. British economic warfare authorities should seek to negotiate directly with Danish business interests. Where the Knudsen government in Kristiania was happy to promote this privatisation of foreign policy almost without limits, provided said policies did not severely imperil Norwegian domestic economic prosperity, there were nevertheless clear lines which Zahle and Scavenius felt the Danish government could not cross. Danish businesses might feel compelled to stop selling their products to German buyers, lest they lose access to imported inputs from the west. A dramatic decline in Danish-German trade as a consequence of such arrangements between the Ministry of Blockade and Danish business organisations in turn risked imperilling Danish-German relations to an unacceptable degree. Scavenius therefore kept a close eye on Danish business

representatives in London, going so far as to recall delegations which the Danish foreign minister felt gave away too much in negotiations with British economic warfare authorities.

Nor did it help matters that Zahle and Scavenius' policy of maintaining economic relations with both Britain and Germany had been severely undermined by the Danish government's own failure to impose control over trade flows at an earlier stage in the war. German penetration of the Danish agricultural market during the first year and a half of war had been extensive. Given Berlin's hostility to any attempt by the Danish government to walk back this expansion of exports southwards, it would be very difficult to accept British demands for even a return to a division of Danish exports along pre-war percentages.

British authorities were somewhat stumped when it came to how to tackle Scavenius' resistance to controlling Danish trade flows. Unlike his Swedish counterpart's antagonistic relationship with the British economic warfare authorities, Scavenius had a vested interest in maintaining cordial economic relations with the Allies. Walking back the expansion of agricultural exports to Germany remained difficult. The Zahle government therefore began looking at other ways by which British authorities could be convinced to allow Danish trade routes westwards to remain open. A number of semi-official Danish trade delegates therefore spent much of the summer of 1916 in London. These efforts culminated in an unofficial Danish undertaking to increase agricultural exports to Britain, in return for permission to import fodder supplies and industrial raw materials through the North Sea blockade. British importers were also able to purchase Danish agricultural produce at well below market rates, in order to ensure that Anglo-Danish trade did not decline further. When the introduction of German unrestricted U-boat warfare in February 1917 led Danish ship owners to refuse sailing across the North Sea, Scavenius also worked hard to secure safe passage concessions for Danish ships from the German government, as well as establishing alternative routes by which Danish vessels could more safely cross the North Sea. As a consequence, routine sailings between Denmark and Britain were re-established within weeks.

This played into a broader discussion within British government circles on how best to proceed with efforts to expand trade control measures across Scandinavia. Should the Scandinavian governments be forced to accept stringent restrictions, or should Allied authorities respect Scandinavian notions of neutrality? On the one hand, many British diplomatic and economic warfare officials were sympathetic to Scavenius' plight. The threat of German aggressions could not be ignored, and it was unlikely that the Danish government would voluntarily adopt policies which risked inviting such aggression. On the other hand, there were those, naval attaché Consett amongst them, who argued that if the Danes were unwilling to cooperate, British authorities should use all the means at their disposal to force compliance with Entente economic warfare measures.

For all practical intents and purposes, by the beginning of 1917 the hard liners had not yet won through with their arguments. Scavenius' efforts at appeasement appear to have gone a long way towards making Cecil and other senior officials at the Ministry of Blockade believe that the Danish government was acting in good faith. The main problem for British economic warfare authorities remained unchanged from 1915. They did not possess the means by which Denmark could be induced to voluntarily end agricultural exports to Germany. Neither Cecil nor British representatives in Copenhagen doubted that the Danish government's fear of German retaliation, should the Denmark break off economic relations with Berlin, was genuine and possibly even well founded. There was no guarantee that any amount of diplomatic or economic pressure could induce the Danish government to change its stance. Should the Entente attempt to provoke such a change, there was also a distinct possibility that German authorities would simply secure Danish resources by way of force. Scavenius had thus managed, at least for the time being, to turn Danish vulnerability to German pressure into a defence against British pressure.

Even if the British blockade leadership should be convinced that it would be prudent to tie the import of industrial raw materials inexorably to the question of agricultural exports, there were also still both economic and diplomatic constraints precluding pushing such an approach through to its logical conclusion. For all its exports to Germany, Denmark was still exporting significant amounts of commodities to Britain. Although the British economy could probably replace these with imports from elsewhere, the increased cost of having to source these cargoes from across the Atlantic made this an unattractive proposition. Members of the British Foreign Office were also very much aware that the Entente was fighting a public relations war amongst the neutrals. The most important of these by far was the United States. Although the British authorities could probably weather the criticism which would inevitably result from placing what would be interpreted as unwarranted pressure on the Danish government, there would likely be a price to pay in terms of the ease with which Britain could source supplies and financing from the American domestic market. In short, it would be much better if an alternative to outright embargo and economic pressure could be found. Through 1916 the Ministry of Warfare therefore continued to deal with Danish business associations as best as it could, while Danish agricultural exports to Germany continued largely unhindered.

The Swedish government's response to the increasing effectiveness of British blockade measures differed markedly from those of Denmark and Norway. The technocrat nature of the Swedish government and the lack of parliamentary government meant that Swedish foreign policy could largely be conducted independently of more traditional party-political compromises and influences. This placed Prime Minister Hammarskjöld in a very powerful position, and he was increasingly able to impose his personal views on his cabinet colleagues. When Ministry of

Blockade officials began negotiating with Swedish companies and associations in a manner similar to their approach elsewhere in Scandinavia, Hammarskjöld responded by introducing measures to limit British influence, culminating with the passage of legislation banning Swedish private businesses from negotiating with foreign powers in April 1916, and the mining and closing of the Kogrund passage, preventing British merchant vessels from entering or exiting the Baltic, in late July of the same year.

Koblik takes a very critical view of Hammarskjöld's trade and blockade policies, noting that these not only infuriated British economic warfare authorities, but also did little to prevent the Entente blockade from impacting the Swedish economy negatively. Unable to negotiate dispensations from the Allied blockade regime, Swedish importers were progressively less and less able to source imports from abroad. Import and export data clearly shows how the expansion of Swedish external trade, i.e. imports from Britain and the United States, exports to Germany, peaked well before the corresponding Danish and Norwegian figures. At the same time, Hammarskjöld's uncompromising attitude towards the British economic warfare authorities threw away some of the major negotiating advantages which he enjoyed over his Scandinavian counterparts. As has been noted above, the Swedish economy was relatively less dependent upon import from the west, and so was less exposed to British pressure. Sweden also sat astride the only practical supply route between Russia and the western Entente powers. Following the passage of the 1916 War Trade Law, using the leverage offered by the power to deny the Allies access to this Russia route, and the ability to produce certain engineering products which the Entente authorities could only replace with some difficulty, became the only means by which the Hammarskjöld government could secure any supplies from the west, negotiating exchanges on a series of one-off quid pro quo basis.

Koblik doesn't go far in exploring why Hammarskjöld adopted such confrontational policies. He was a member of the generally German-oriented Swedish upper class, but this does not suffice to explain his generally anti-British stance. Many of his social equals in Swedish politics did not advocate such an uncompromising approach. British authorities were certainly alone in trying to control Swedish imports to the extent which they did. German authorities were generally not in a position to try to influence Swedish import flows from third party sources, and in any case had little reason to do so, all the while German merchants managed to source supplies on the Swedish home market largely without restrictions. It is also likely that Hammarskjöld's background as a professor in international law, and former member of international arbitration panels, influenced his response to British blockade efforts. The British government's legal justification for its blockade policies was controversial, and Ministry of Blockade attempts to control or otherwise restrict trade between Sweden and third parties without the formal legal cover to do so must have been difficult to swallow for the Swedish

prime minister. Although Hammarskjöld's efforts to limit British influence in what he understood to be Swedish domestic affairs to a minimum may well have been in line with such established legal principles as were then in existence, the practical consequence of these were nevertheless to align Sweden more closely with Germany. As such, Hammarskjöld's legalistic approach to state neutrality was at odds with practical economic neutrality, i.e. the balancing of both sides' economic interests. With Sweden having become an economic warfare battleground, the failure to take such economic considerations into considerations would have severe ramifications for domestic Swedish prosperity.

When it came to formal restrictions, Hammarskjöld's confrontational policies meant that the domestic Swedish economy was more or less a no-go area for direct Allied trade control efforts. The Ministry of Blockade was therefore limited to influencing Swedish exporters by way of indirect means. By early 1917, shortages were beginning to plague Swedish domestic society in earnest, in large part because of the inability of Swedish companies to source inputs from the west. These in turn were reducing the industrial output available for export, including to Germany. Exports of domestically produced raw materials, especially iron ore, continued largely unabated. What was especially troubling, from a Swedish point of view, was nevertheless that domestic shortages were no longer only limited to such industrial raw materials as Sweden had traditionally imported from the west. Harvest failures meant that foodstuffs were also increasingly in short supply, with rationing of certain staples having to be introduced towards the end of 1916. Commodities which had traditionally been sourced from Germany and Central Europe were also increasingly difficult to procure, as German domestic production was declining. Coal shortages were yet nowhere near as serious as many other commodities, but Hammarskjöld's policies nevertheless meant that neither of these were shortfalls which could be easily replaced by way of imports from other sources.

Over the course of 1916 Hammarskjöld's unilateral tendencies, failure to consult with the traditional political parties on policy matters, and apparent inability to solve or even stabilise the growing domestic economic crisis, provoked the parliamentary centre-left opposition into an effort at asserting itself. By the end of the year domestic pressure upon the prime minister had grown to such a level that Hammarskjöld agreed to let a government trade delegation go to London in order to see whether some form of compromise agreement could be reached which would allow at least some degree of access to western markets to be established. Having been forced into endorsing the delegation, Hammarskjöld nevertheless did his level best to sabotage whatever chances may have existed for a successful outcome by insisting that Sweden would not accept restrictions on trade in domestically produced goods, and that discussions be limited to strictly economic matters, rather than questions of policy or neutrality. Given that the two main things which the Ministry of Blockade wanted to get out of a Swedish trade agreement, Allied

access to the Baltic and restrictions on the export of Swedish produce to Germany, were thus off the table, Hammarskjöld's conditions effectively doomed the negotiations before they had even begun. Despite this, the delegation nevertheless went to London in late 1916 and early 1917, and in a series of meetings with MoB officials, including Robert Cecil, the Swedish delegates were presented with a series of demands which were much harsher than what they had been prepared for. Having spent the better part of two and a half years trying to turn the blockade of Germany into a war winning weapon, the British authorities were no longer interested in half measures. As if this wasn't problematic enough, Asquith was replaced as British prime minister by Lloyd George, just as the discussions were nearing their end. Given that Asquith had been dogged by accusations of failing to prosecute the war to the fullest extent possible, the new cabinet was not inclined to offer any kind of compromise. Caught between the uncompromising attitudes of the Ministry of Blockade and their own prime minister, the Swedish delegates had to leave London in early 1917 without achieving anything except getting a more realistic appreciation for just how difficult it would be to reopen trade between Sweden and the west.

Between late 1915 and early 1917 the Scandinavian governments were forced onto the defensive when it came to their dealings with British economic warfare authorities. The nature of the defensive strategies which the Danish, Norwegian and Swedish governments adopted nevertheless differed significantly from each other. Scavenius' commitment to negotiations served Denmark well, all the while the British were interested in continuing those negotiations. The relative lack of progress towards imposing Allied trade control measures in Denmark nevertheless contributed to overall British frustration with the overall blockade. Hammarskjöld's initial policy of obstruction likewise infuriated British officials, who were nevertheless largely powerless to find a counter beyond cutting Sweden off from trade with the west. Given that amongst the three Scandinavian governments, the Swedish authorities were probably the ones best placed to negotiate with their British counterparts from a position of strength, Hammarskjöld's decision not to allow trade negotiations at all was counterproductive. Due to the effective, if undeclared, embargo on trade between Sweden and the west, the Swedish economic position began deteriorating earlier and more rapidly than the Danish and Norwegian ones.

Ministry of Blockade officials felt much more confident in their dealings with the Norwegian government than they did with its Danish counterpart. The collapse of Anglo-Norwegian negotiations and the subsequent imposition of a coal embargo towards the very end of 1916 must be understood in the context of wider blockade failure, as well as broader domestic criticism against the British government's apparent lack of forcefulness in its prosecution of the war. In this sense, the 1916/17 British coal embargo on Norway should be understood as something of setting an example. Although provoked by the pyrite controversy,

the embargo was also a sign of frustration with the lack of trade control progress in Norway specifically, and Scandinavia more generally. In this regard, the embargo was both a symbol of how far British economic warfare efforts had come since the lacklustre and ineffective measures put in place in late 1914, as well as a sign of just how far the Allies had yet to go in order to reach their goal of cutting Germany off from international markets. The embargo solved the immediate problem, in that Ihlen chose to adhere to the British interpretation of the pyrite agreement as well as allow the ongoing Anglo-Norwegian tonnage negotiations to progress. It nevertheless did little to solve the broader problem of how to induce the Scandinavian governments to restrict exports of domestic produce to Germany.

The different approaches chosen by the Scandinavian governments in their attempts to deal with British blockade efforts between late 1915 and the middle of 1917 also contribute to our understanding of the lack of inter-Scandinavian cooperation. National institutional frameworks meant that it was still difficult for the Norwegian, Danish and Swedish governments to consider the kind of compromises which would have to be made in order to align their trade and security policies sufficiently to present a semblance of a united front to British pressure. For Ihlen and Scavenius, rejecting negotiations with British authorities, on the grounds that the Allied blockade was an illegal intrusion into domestic economic affairs, was out of the question. Likewise, neither Hammarskjöld, nor his conservative successor, Swartz, was inclined to allow British blockade authorities to negotiate blockade agreements with Swedish businesses, much less allow the Swedish state to underwrite such agreements. The scope for Danish-Norwegian cooperation should have been much greater, at least on paper. Here too, however, Scavenius found it difficult to contemplate the type of concessions regarding exports to Germany which Ihlen was forced to accept by way of the 1916 fisheries and pyrite agreements. The most important hinder in the way of Danish-Norwegian cooperation was nevertheless that neither the Danish nor Norwegian governments could offer each other what the other really wanted to get out of trade agreements with Britain. Fodder, fertilisers and grain could all be sourced from the Americas into 1917, while both countries managed to secure coal supplies by way of their respective tonnage agreements with the British.

Blockade endgame

Although British economic warfare authorities scored some undoubted successes between early 1916 and the middle of 1917 in their efforts to integrate the Scandinavian economies in the Allied blockade of Germany, it is important to recognise just how limited some of these successes were. The introduction of the Statutory Lists and Navicerts combined with other measures to reduce the transshipment of German imports through Scandinavia to negligible levels. Access to

significant amounts of Danish and Norwegian tonnage helped counter some of the impact of German U-boat warfare, but were far from a game changer. Allied tonnage losses continued to mount through much of 1917, quickly surpassing the amount of tonnage gained by way of the Danish and Norwegian agreements. At the same time, Entente efforts aimed at controlling the export of Scandinavian domestic produce were largely limited to certain purchase agreements with Scandinavian producers, limiting their output or securing their products for disposal by the Allies. By the spring of 1917, the only formal agreements between Entente powers and any of the Scandinavian governments regulating trade between Scandinavia and Germany were those establishing restrictions on Norwegian fish and pyrite exports. It is also worth noting that it had taken nothing short of a coal embargo to secure Norwegian acceptance of Ministry of Blockade demands on this matter. What at first glance appeared to be a victory for British economic warfare authorities, also illustrated the limits of British power. It is difficult to avoid the impression that by the spring of 1917, British economic warfare authorities had largely shot their gun when it came to establishing direct control over Scandinavian trade with third party countries.

The United States declaration of war on Germany in April 1917 appeared to offer a solution to the Ministry of Blockade's problems. Anglo-American control of global infrastructure and economic resources could well herald an intensification of economic and diplomatic pressure on the Scandinavian neutrals. Ministry of Blockade officials were also hopeful that such Anglo-American pressure could be used to secure such Scandinavian concessions as had previously been unattainable. Over the course of spring and early summer 1917, British blockade officials worked hard to mobilise American economic and diplomatic muscle towards this aim. It would nevertheless take time for these efforts to bear fruit. Not until the late summer and early autumn of 1917 did the Wilson administration instigate an embargo on American exports to Scandinavia. American authorities were also far from willing to submit to British blockade policies without at least some input on strategy. An administrative machinery capable of formulating and pursuing such American blockade strategies was only established in October 1917, and would only really feel confident enough to flex its muscles vis-a-vis the Scandinavian governments following the conclusion of inter-Allied strategy conferences in November and December of the same year.

The delays caused by these events meant that meaningful trade negotiations between Anglo-American economic warfare authorities and the respective Scandinavian governments only really came about from December 1917 onwards. It also meant that by the time negotiations were underway, Denmark and Norway had been under a more or less complete western trade embargo for the better part of half a year. Sweden, by way of its Hammarskjöldian trade laws, had also been cut off from western markets for a lot longer than that. The lack of

supplies had a severe impact on the domestic economies of all three Scandinavian countries, reducing the value of imports to below pre-war levels for the first time during the conflict. The delays caused by the inability of the Western Allies to agree on blockade objectives, let alone adopt coordinated negotiating strategies, before December 1918, all the while the embargo was in force, also caused a great deal of frustration and resentment among Scandinavian negotiators and officials.

When meaningful trade negotiations finally did start towards the very end of 1917, progression was nevertheless slow. The Norwegian Nansen delegation in Washington found itself caught between the Knudsen government's reluctance to commit to concessions, and an American War Trade Board which wanted to impose strict restrictions on Norwegian exports to Germany, to the extent where only limited quantities of seafood would have been allowed to go forward. In practice, this meant that important Norwegian metal and mineral exports would have to be abandoned completely. For a government which had pushed Anglo-Norwegian relations to the brink on the question of continued pyrite exports, this was a difficult pill to swallow. Forgoing mineral exports entirely also risked imperilling Norwegian relations with the Central Powers, and the German and Austro-Hungarian ministers in Kristiania let Ihlen know in no uncertain terms that the American demands were unacceptable. At a point in time where the outcome of the war still looked completely undecided, this argument carried a lot of weight. Even if concessions would have to be made, the Knudsen government was not prepared to bandwagon by joining the Allied blockade outright.

The Danish negotiators in Washington found themselves in much the same boat as the Norwegians. American demands for restrictions on exports to Germany were too strict to be contemplated. The priorities which had guided Scavenius' policies ever since the outbreak of war in 1914 still held good. Concessions to either side could not be such as would risk dragging Denmark into the war, nor imperil Danish-German relations to such an extent that Berlin might consider retaliating by the use of force against Danish interests. Although Zahle and Scavenius wanted to avoid domestic economic hardship as far as possible, deflecting threats to Danish political neutrality took precedence. Unlike Norway or Sweden, there was no threat of serious food shortages in Denmark, to the extent where the Danish authorities found themselves able to organise emergency deliveries of grain to Norway on short notice in early 1918.

More importantly, British economic warfare authorities were fully aware of the Danish unwillingness to accept large scale restrictions on agricultural exports to Germany. The Ministry of Blockade instead resolved to reduce the Danish agricultural surplus by indirect means, and sought to convince the War Trade Board to go along with these plans. Although American economic warfare authorities were somewhat divided on the desirability of going through with these plans, the Western Allies were nevertheless in a position where it was not absolutely

necessary to reach an agreement with Denmark. As it was, Danish authorities would have to do sufficient running to meet at least a minimum of Allied demands. When even these minimum demands were incompatible with Danish neutrality, as interpreted by Scavenius, negotiations would remain fruitless.

Somewhat ironically, Anglo-Swedish negotiations appeared to offer the best prospects of reaching agreement in early 1918. Towards the end of 1917 the conservative Swartz government had been replaced by a centre-left cabinet under Nils Edén. This government, unlike its predecessors, was prepared to reassess the conduct of Swedish foreign policy, abandoning the confrontational policies initiated by Hammarskjöld three years previously. Unlike the Danish and Norwegian governments, Sweden had also not allowed its tonnage to be chartered for use in Allied service. This not only left the Swedish negotiators in London with a key bargaining counter, but made it imperative for their British counterparts, well aware of the scale of Allied shipping shortages, to reach an agreement as quickly as possible.

Negotiations, both in Washington and London, between Scandinavian representatives and their Allied counterparts would nevertheless drag on for several months. In order to explain these delays, it is again important to look at the context within which the negotiations took place. Even at its most stringent, the Allied embargo of the Scandinavian countries was far from complete. Successive Swedish governments had relied on exchange agreements whereby cargoes of imports were allowed through the North Sea blockade in return for Allied access to Swedish industrial products or permission to tranship supplies to Russia. Even though the Russian transshipment loophole was closed following the outbreak of revolution in November 1917, limited exchanges of industrial products appear to have continued through to the end of the war. The most notable of these exceptions were nevertheless the Anglo-Danish and Anglo-Norwegian tonnage agreements, both of which provided the Allies with access to neutral tonnage against guaranteed exports of coal to Denmark and Norway. The combined effects of German U-boat warfare and the need to supply large American armies in Europe meant that Allied shipping shortages were endemic from 1917 through to the end of the war. Reneging on the tonnage agreements must therefore be countered by way of requisitioning of the neutral vessels in question, and Allied authorities were loath to do this. Even though they left the Allied embargo incomplete, shipments of coal to Denmark and Norway would therefore have to continue for the foreseeable future. Since coal was one of the most important commodities which Denmark and Norway was sourcing from the west, this meant that the tonnage agreements removed some of the most important Scandinavian and Allied bargaining counters from the table.

For all their difficulties through much of 1917 in setting up reliable Anglo-American channels of communication, the Ministry of Blockade and the War Trade Board were still finding

it difficult to coordinating their policies through the early part of 1918. Both sides were often unhappy with the apparent leniency showed by their counterparts, especially when it came to negotiations for which they were not themselves responsible. American officials in Washington were frustrated about the lengths to which the Ministry of Blockade appeared to be willing to go in order to find a compromise agreement which the Swedes could take home to Stockholm. Ministry of Blockade officials likewise felt the occasional need to stiffen the American resolve in the War Trade Board's dealings with Norwegian and Danish delegates, insisting on stricter conditions. American officials also remained sceptical that their British counterparts were urging them to take a hard-line approach in order to shield the British authorities themselves from Scandinavian criticism. Nor did it help matters that the War Trade Board itself remained divided on matters of negotiating strategy, with some members arguing for a much more lenient approach than others. As matters stood, negotiating delays continued to be caused as much by the Allies themselves as by the Scandinavians.

When the Swedish and Norwegian delegations in London and Washington respectively did manage to successfully negotiate general trade agreements with their Allied counterparts in the late spring of 1918, it was to a large extent because Allied authorities proved willing to compromise on a range of demands. Under these compromises, the Norwegian and Swedish governments were able to continue at least some exports southwards. This in turn made it possible for them to secure at least tacit German approval of the arrangements.

Why were the Western Allies willing to make such concessions in the late spring of 1918? Firstly, Allied authorities appear to have recognised that the neutral governments must be able to sell said agreements at home, and because both the War Trade Board and the Ministry of Blockade were forced to reassess to what extent Germany could really benefit from Scandinavian imports. In other words, a balance must be found between the extent to which the Scandinavian governments should be forced into making concessions, and the relative value of said concessions to the Central Powers. As noted above, British authorities proved willing to be much more lenient with the Swedish delegates in London than the American authorities expected would be the case. This was not only because of the Ministry of Blockade's assessment of the difficulties facing the Edén government at home. British authorities were also calculating that the benefits to the Allies from said agreement, namely significant quantities of Swedish tonnage to be chartered in Allied service, outweighed the benefits to the Allies from cutting Germany off from even larger quantities of Swedish produce. The most important type of such produce was iron ore, which Allied authorities calculated Germany by 1918 had so large reserves off that cutting off the Swedish source of supply, even if this could be done, would have little impact on German warfighting capabilities. The Norwegian agreement likewise went through once the Norwegian government agreed to accept Allied tonnage conditions, allowing

an even greater portion of the Norwegian merchant fleet to sail in Allied service. In return, the War Trade Board agreed to withdraw demands that Norway restrict exports to Germany to fish only. Limited mineral exports would also be permitted, so long as these minerals did not have direct military application.

The Danish quandary proven more difficult to solve. Scavenius remained unwilling to contemplate not only the scale of agricultural export concessions demanded by the Allies, but also rejected the continued policy of starving Danish agriculture of fodder and fertiliser inputs. For their part, the British especially considered the fodder and fertiliser embargo a cornerstone of their policy on Danish agriculture, and worried that if the Danes were allowed to resume imports these commodities, they would be in a position to resume exports to Germany at a future point. For Scavenius, lessening the burden which the embargo had placed on the domestic agricultural sector remained one of the chief reasons for signing an agreement in the first place. This challenge was only resolved in the early autumn of 1918 by way of an inter-Scandinavian exchange initiative. Denmark would be allowed to import Norwegian nitrates in return for selling the grain surplus thus created back to Norway. This allowed the Danish agricultural sector some relief, while allowing for the safe disposal of fresh Danish agricultural surpluses in a manner which did not imperil Denmark's relationship with Germany.

Taken as a whole, 1916 and early 1917 was a transformative phase in the relationship between the Scandinavian governments and Allied economic warfare authorities. By the spring of 1916 the newly formed British Ministry of Blockade had come to recognise that negotiations with private Scandinavian enterprise could only take trade control so far, in part because Danish authorities vetoed such concessions as the British were hoping to secure, while the Swedish authorities outlawed the negotiation of private-public blockade settlements altogether. Norwegian and Danish companies were also understandably reluctant to forgo the profits offered by trade with Central Powers, while British authorities were loath to bear the expense of competing with German traders on the open market. Although Allied purchasing arrangements continued to be made in order to deny Germany access to certain Scandinavian commodities, these arrangements were understood by the British to be purely temporary in nature.

Although what the Ministry of Blockade really wanted was to force the Scandinavian governments to the negotiating table in order to secure the imposition of wide-ranging trade control measures within the domestic economies of the Scandinavian states, their power to do so remained limited. British officials felt compelled to adapt their policies to suit domestic conditions in each of the three Scandinavian countries. In Denmark Scavenius worked hard to maintain economic links with Britain, offering capped prices on British purchases of certain classes of Danish produce and pushing Danish ship owners to continue sailings on British ports in spite of German U-boat warfare. By way of these efforts the Danish government successfully

conveyed the idea that the Allies would only be able to secure such economic concessions as would not imperil Danish-German relations. British authorities felt able to adopt a much more uncompromising attitude vis-a-vis the Norwegian government, in large part because Knudsen and Ihlen failed to convince the Ministry of Blockade leadership that Norwegian trade policy did not unduly favour Germany.

If Anglo-Danish trade relations were marked by broad diplomatic compromise, Anglo-Swedish negotiations represented the other extreme. Where Scavenius and Ihlen both encouraged private enterprise to deal with British economic warfare authorities, although within certain limits in the Danish case. Hammarskjöld took the view that Swedish weakness, by way of a willingness to allow certain British-mandated restrictions on Swedish trade with third party countries, would only embolden Allied authorities, in turn encouraging these to seek further concessions. As evidenced by his stance on the Anglo-Swedish discussions in London in late 1916 and early 1917, Hammarskjöld believed he was negotiating from a position of strength, and that the British stance would eventually soften, once the Ministry of Blockade understood that the Swedish government could not be forced into accepting Allied demands. The irony here is that although Hammarskjöld's assessment of the relative strengths of the Swedish and British positions was wrong, he was entirely correct in that British authorities tended to be emboldened by limited successes.

This tendency is most clearly apparent in the Ministry of Blockade's limited capacity for long term planning. British economic warfare officials worked hard to establish trade control mechanisms, securing economic concessions from private and public Scandinavian entities alike. From the beginning of the war in the late summer of 1914, all the way through to 1917, British officials lacked a roadmap or an overall schedule by which progress or accomplishments could be measured. Only in January 1917, when the Lloyd George cabinet formally authorised British government departments to plan their activities on the assumption that the war would continue into 1919, does considerations of long term strategy appear to have entered into the conversation between senior British blockade officials, and even then the impact was limited. British economic warfare authorities continued to operate on the principle that German access to external commodities should be reduced as far as possible, with little notion of what would be considered acceptable reductions. The most obvious consequence of this lack of an overall blockade roadmap was that British economic warfare authorities continually moved the goalposts in accordance with how they perceived their own bargaining position. Unfortunately for the Ministry of Blockade, this evolution of trade control objectives did not always correspond to how their Scandinavian counterparts perceived the situation. In this sense, British economic warfare authorities were themselves responsible for the delays and drawn out negotiations which came to characterise relations between the Western Allies and the Scandinavian

governments through to the end of the war. In short, it was difficult for Scandinavian negotiators to negotiate acceptable compromise solutions, all the while not even Western Allied officials were not able to commit to Allied demands. This issue would only be resolved over the course of late 1917 and early 1918, when inter-Allied coordination improved sufficiently to establish joint Anglo-American negotiating positions.

A Scandinavian experience

Just as it was difficult for the Scandinavian countries to compromise their efforts at maintaining free trade in the face of British blockade efforts between late 1915 and early 1917, it proved difficult to commit to any form of wide-ranging inter-Scandinavian economic cooperation. As external economic pressure and domestic shortages became more noticeable, the incentives for some kind of inter-Scandinavian coordination nevertheless became more and more difficult to ignore. Even if policy coordination remained out of the question, could inter-Scandinavian commodity exchanges help stave off some of the worst effects of the blockade, thus indirectly strengthening the negotiating positions of the respective Scandinavian governments? The question appears first to have been the object of serious discussion at the meeting between Scandinavian foreign ministers in early 1917, but although some Danish-Swedish exchanges came about, these were of limited scope, and does not appear to have had any significant impact on either government's relations with their Western Allied counterparts.

The potential scope of any inter-Scandinavian exchange was naturally limited by the fact that many of the more important commodities could not be sourced within Scandinavia itself. Even more disconcertingly, by the time the need for exchanges had become pressing, many such commodities as were produced within Scandinavia were either subject to trade restrictions by way of existing blockade agreements, or were otherwise controlled by Allied interests. The possibility of setting up some form of Danish-Norwegian grain for fertilisers scheme, which was the subject of a series of exploratory meetings between Scandinavian trade delegates in early 1918, illustrates the problem. The exportable surplus of Norwegian nitrate fertiliser production was controlled almost in its entirety by the French state. Although the Norwegian government could nominally nationalise or otherwise requisition the output for use in Danish exchanges, this would have meant imperilling relations with the Western Allies. As ongoing negotiations between the War Trade Board and the Norwegian Nansen delegation in Washington held out the possibility not only of securing grain supplies, but also such commodities as could not be sourced from either Denmark or Sweden, the risk of delaying or undermining the Washington negotiations was unacceptable. When a Danish-Norwegian grain for fertilisers scheme was

finally set up in the early autumn of 1918, it happened under the aegis of Allied trade control schemes, and as part of Allied-Scandinavian blockade agreements.

Thus, although some inter-Scandinavian commodity exchange programs were set up in 1917 and 1918, these were of relatively limited scope and value. At an earlier stage of the war, when such exchanges might have been negotiated on a larger scale, there was little incentive for the Scandinavian governments to do so, as resources could be sourced from elsewhere. By the time the incentives to establish exchange programs grew stronger, Allied trade control measures were powerful enough to restrict the options available to the Scandinavian governments.

The story of the relative failure of inter-Scandinavian commodity exchange must be understood in the context of a broader narrative of Scandinavian wartime trade. In 1965 Olav Riste described Norwegian trade relations with the Western Allies during the Great War in terms of two phases: an early war expansive phase, followed by a late war contractive phase. This simple model has survived largely unscathed in the later Norwegian historiography. In a Scandinavian context, Riste's model nevertheless obscures the problematic transitional middle phase of the war. For the purposes of this thesis, it might therefore be more productive to understand the Scandinavian experience of wartime trade in terms of three distinct phases. A first early war phase, covering the period between the summer of 1914 and mid-to-late 1915, where relations between the Scandinavian governments and their Entente counterparts were relatively unproblematic and trade restrictions relatively ineffective. A second phase, covering the period between late 1915 and early 1917, during which Allied efforts at imposing trade control measures grew increasingly effective, but remained largely insufficient to force the Scandinavian governments into the kind of comprehensive compromises on the disposal of domestic produce desired by Allied economic warfare officials. Finally, a third late war phase, covering the period between the imposition of an Anglo-American trade embargo in the summer of 1917 and the final dismantling of Allied economic warfare efforts in the immediate aftermath of the signing of the Versailles treaty in the summer of 1919.

The same three phase model is also applicable to our understanding of the overall Scandinavian experience with the Allied blockade of Germany. Although political-economic cooperation between the three Scandinavian governments remained strictly limited, the early war phase saw Scandinavian trade patterns develop in very similar fashions to each other. German penetration of domestic markets, combined with German transshipment trade by way of Scandinavian infrastructure, meant that Scandinavian exports increasingly went south to the Central Powers. Imports were likewise increasingly sought from western sources, including both Britain and the Americas, both in order to feed the German transshipment trade and to replace domestic shortfalls caused by the displacement of traditional continental trade. These developments meant that the Scandinavian economies could no longer be disregarded from a

European economic warfare point of view, and the Scandinavian states thus lost their Rothsteinian “immunity of irrelevance”. It would not be regained before the end of the conflict, if even then.

The middle war phase then saw the Scandinavian political-economic experience diverge, as the Danish, Norwegian and Swedish governments all sought to counter or adapt to British economic warfare efforts by way of strategies mandated by national institutional frameworks. The final, late war phase, again saw Scandinavian policies converge, as Allied trade control efforts forced the Danish, Norwegian and Swedish governments to attempt to negotiate general trade agreements with the Western Allies. Even at this late war stage, where all three Scandinavian governments chose to accept the kind of comprehensive blockade and rationing compromises which had been unthinkable in either of the two earlier phases, Scandinavian capacity for influencing Western Allied policy remained largely intact. The ultimately successful negotiations which Danish, Norwegian and Swedish delegates engaged in with their Western Allied counterparts in Washington and London over the course of 1918, were meaningful in that they involved compromises by both sides. Patrick Salmon’s conclusion that in spite of the obviously growing economic and diplomatic power of the Western Allies, the Scandinavian governments were at no point reduced to mere policy takers, still holds good.

Allied policy compromises notwithstanding, it is also important to note that general trade agreements between the respective Scandinavian governments and their Western Allied counterparts only came about when Scandinavian representatives managed to secure German acquiescence for said agreements. Pre-war national interests and the preservation of state neutrality thus remained of paramount concern to Scandinavian policymakers through to the end of the conflict. The Knudsen, Zahle and Edén governments were all concerned with avoiding the appearance of balancing by way of establishing exclusive economic ties with Germany, Scavenius going so far as protesting outright that the Allied embargo was running the risk of forcing Denmark into adopting such balancing policies as the Danish government itself wanted to avoid.

The Allied trade control measures imposed over the course of 1918 represented an unprecedented level of penetration of the Scandinavian domestic economies by an external power. Germany would nevertheless continue to import significant quantities of Scandinavian produce through to the armistice in November 1918 and beyond. Given the ultimate Allied goal of cutting Germany off from all access to foreign markets, the limits to even such Allied trade control measures as were imposed by way of the 1918 general trade agreements thus speaks volumes of the power of Scandinavian governments to resist external pressure through to the final phase of the Great War. Although all three Scandinavian governments eventually came to

accept the imposition of Allied trade control measures, they nevertheless avoided being forced into bandwagoning with the Allied powers.

An economic battleground

To what extent were Allied economic warfare authorities able to dictate terms to their Scandinavian counterparts on matters of trade policy between 1914 and 1919? As I've shown in the preceding pages, the answer to this question is far from simple. The ability of Allied economic warfare authorities to formulate and pursue effective trade control policies certainly improved significantly over the course of the conflict. Having struggled through the first year and a half of the conflict, British officials from late 1915 onwards showed themselves capable of securing considerable concessions from Danish and Norwegian private and public entities, while bottling up Swedish trade to the extent where domestic economic shortages helped provoke a government crisis in the spring of 1917. There were nevertheless clear limits to what British blockade authorities were able to achieve on their own. Three years into the war, Danish, Swedish and Norwegian exports to the Central Powers remained considerable. Although their adopted foreign policy strategies differed considerably from each other, all three Scandinavian governments also remained capable of formulating effective responses to many of the more extreme British policy initiatives.

The United States' entry into the war in April 1917 appeared to provide the Western Allies with the power and opportunity to break the Scandinavian deadlock. Even at this late stage the various Anglo-American and inter-Allied economic warfare authorities nevertheless struggled to establish and coordinate joint policy. It would take them almost a year to bring about meaningful negotiations between themselves and their Scandinavian counterparts, and even in the spring of 1918, when these negotiations were finally underway they on occasion worked at cross-purposes.

The general agreements which the War Trade Board and Ministry of Blockade concluded with the Norwegian, Swedish and Danish governments in April, May and September 1918 respectively, placed severe restrictions on the external trade of the Scandinavian states. They also allowed for an unprecedented degree of Allied penetration and control over Scandinavian domestic markets, to the extent where inter-Scandinavian commodity exchange had to be run through local inter-Allied control organs. None of the agreements nevertheless went quite so far as Allied economic warfare authorities wanted. Even though Scandinavian negotiators had been forced to give up much in the way of concessions to their Allied counterparts, the agreements were all very much compromise solutions to the challenges of blockade. In short, even though

the Allied negotiating position in 1918 was certainly very strong, the Danish, Norwegian and Swedish governments all retained a degree of agency through to the end of the conflict.

To what extent can we then speak of a “Scandinavian experience” of the blockade? There were certainly similarities in the nature and evolution of the political and economic pressure faced by Danish, Swedish and Norwegian policymakers during the conflict. As a border region on the Northern European periphery, Scandinavia became a frontline battleground of the economic warfare waged by the Allied powers. Yet Scandinavian responses to this pressure was to a large extent predicated on national political-economic frameworks, and they therefore differed considerably between the three states.

The Swedish government under Hjalmar Hammarskjöld sought to oppose British trade control efforts. In so doing, the Swedish state effectively chose a balancing approach, generating closer economic ties with Germany in order to strengthen its position vis-à-vis the Entente powers. Although the process of getting there was far from frictionless, the strategies adopted by the Norwegian government of Gunnar Knudsen came much closer to the opposite extreme, as authorities in Kristiania bandwagoned by gradually aligning themselves with British economic warfare policies. Danish approaches, as formulated and effected by Zahle and Scavenius in Copenhagen, lay somewhere in between. Although Germany certainly remained a net beneficiary of Danish external trade flows through much of, if not the entire, conflict, Danish authorities went to great lengths in order to avoid the appearance of antagonism or confrontation with either side. It is nevertheless equally clear that political and economic pressure placed on Danish policymakers by British economic warfare authorities during the early and middle phase of the war, was significantly less severe than that placed on the Norwegian government. Scavenius’ reputation, such as it is, in the current historiography for conducting foreign policy more skilfully than either of his Scandinavian colleagues is probably deserved, but also somewhat overstated. The Danish government avoided many of the foreign relations controversies in which Norwegian and Swedish found themselves involved. At the same time, Danish authorities were certainly better placed to deflect British pressure during much of the conflict than their Norwegian counterparts were.

Although it is not only possible, but also productive, to discuss Western Allied economic warfare efforts between 1914 and 1919 in terms of a “Scandinavian experience, this shared experience was largely an external one. That is, Danish, Norwegian and Swedish policymakers faced external pressure which developed in similar patterns across the Scandinavian region. The Scandinavian governments’ respective responses to this pressure nevertheless remained a consequence of national frameworks throughout the conflict. Only in the last year of the war did the external pressure reach such proportions that it began to provoke attempts at establishing a

more unified response. By then, the strength of said pressure nevertheless made the establishment of unified policies a very difficult affair indeed.

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Between the devil and the deep blue sea

Svensk sammanfattning

Denna doktorsavhandling analyserar interaktionen mellan de västallierades blockadmyndigheter och Danmark, Norge och Sveriges regeringar under första världskriget. Den undersöker till vilken grad de allierades myndigheter lyckades diktera deras skandinaviska motsvarigheters handelspolitik, och huruvida det finns en gemensam «skandinavisk upplevelse» av de allierades blockad av Tyskland. Avhandlingen innehåller ett introduktionskapitel, och tesens huvuddel som igen är uppdelad i två underdelar.

Den första av dessa två delar är en tre kapitel lång studie som bygger på sekundärkällor om skandinavisk handel och handelspolitik mellan 1914 och 1917. Den undersöker resultat från redan etablerad skandinavisk historiografi i ljuset av nyare publikationer om de allierades blockadförsök i krigets tidiga fas. Denna del argumenterar för att den brittisk-ledda blockaden i krigets första period var ineffektiv och därmed tillät en omläggning av skandinavisk handel där centralmakterna fick tillgång till varor via den danska, svenska och norska inrikesmarknaden. Från och med slutet av 1915, började dessa omläggningar att reverseras när brittiska myndigheter ändrade sin strategi för ekonomisk krigföring.

Den andra delen av avhandlingen är en studie på fem kapitel som är baserad på primärkällor, och som avhandlar de senare krigsårens handelsförhandlingar mellan allierade och skandinaviska myndigheter. Här används arkivmaterial från det danska utrikesdepartementet, det brittiska blockadministerium och den amerikanska krigshandelsstyrelsen för att visa hur brittiska, och senare även amerikanska och allierade blockadmyndigheter i 1917 och 1918 gradvis lyckades börja kontrollera och koordinera skandinavisk handel. Skandinaviska regeringar blev så småningom tvungna att acceptera hårda restriktioner för deras export, i byte mot fortsatt tillgång till västliga marknader. Den danska, norska och svenska regeringen behöll likafullt en viss grad av ekonomisk och diplomatisk frihet helt fram till slutet av kriget. Inte ens i 1918 lyckade de västallierades blockadmyndigheter i att införa full kontroll över skandinavisk handel.

