

Danish Business Diplomacy during World War I

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During the First World War, business leaders from several nations were involved in diplomatic negotiations at the highest level. For political reasons it was convenient for a number of nations to be represented by business leaders in trade negotiations. Business leaders should not just represent their business interests, but also talk of the nation before the negotiating table. Business leaders literally moved "Beyond Business".

In August 1914 came the call from Berlin to continue the supply of agricultural products to Germany and cease exports of food to Britain. The British wanted from the beginning of the war to prevent Germany from Denmark was essential war supplies. Germany should not only be forced to its knees at the front in France, but also forced to surrender by using the blockade weapon. The British fleet to ensure that none of the Central Powers had been reinforced strategic supplies by sea. Danish business leaders came to play a central role both in maintaining the country's foreign trade and upholding its policy of neutrality. During negotiations, it was business leaders' task to try to agreements that preserved the balance between British and German interests. It was politics at the highest level with business leaders in key roles.

This paper will analyze the role of the Danish business leaders played during the crucial trade talks with Britain, France and USA in the period. Special focus will be directed towards the Danish chief negotiator Alexander Foss. He was a founding member of industrial group F.L. Smidth and founder of the Danish Industrial Council. During the First World War, he represented Denmark in the negotiations with the Foreign Office. The analysis relies on a large archive of material, respectively, Danish, British and American archives. This Paper will discuss the business leaders actually managed to go "beyond business" or whether they simply continued to promote its own interests in the nation's name.

The historical literature's assessment of businesspeople's import for Denmark's policy of neutrality ranges from seeing them as being of little significance to viewing them as butter in the hands of the British – and thereby compromising the country's foreign policy.¹ Historians have

¹ Patrick Salmon: *Scandinavia and the Great Powers 1890-1940*, 2002, p. 134; Viggo Sjøqvist: *Erik Scavenius*, vol. I, p. 193. See Christian R. Jansen: "Udenrigsministerium og privat diplomati – Omkring handelsaftalen med England af 19. November 1915", i: *Erhvervshistorisk Årbog 1971*, p. 300.

traditionally attributed much of Denmark's foreign policy success during the war to Erik Scavenius' skilful handling of his relationship with the German diplomat Brockdorff-Rantzau. Emphasis has also been placed on the closeness of King Christian X and his advisor H.N. Andersen to Whitehall and Buckingham Palace.² Although the influence of these individuals should not be underplayed, historians' focus on political relations has obscured the importance of trade politics, which at that time was controlled by a small circle of businesspeople.³

In August 1914, Berlin requested that Denmark continue supplying agricultural products to Germany and cease exporting foodstuffs to the United Kingdom. The British, on the other hand, had worked from the start of the war to prevent Denmark from providing Germany with vital military supplies. The plan was for Germany not only to be brought to its knees on the French front but also for a blockade to force the country to surrender. The British navy was tasked with ensuring that none of the Central Powers bolstered their strategic supplies by sea. In the first instance, the British contented themselves with international law, which included the concept of contraband.

The 1909 London Declaration Concerning the Laws of Naval War established a framework for wartime foreign trade. The declaration created three categories of goods: Absolute contraband, conditional contraband, and free goods. The first category covered goods of a directly military character. These could be confiscated if they were in transit to a hostile harbour. Conditional contraband covered goods that were of strategic importance for carrying out a war even if they were not purely military in nature. This included foodstuffs, coal, tools, machines, precision engineering, optical equipment, *etc.* Just like absolute contraband, it was permitted to seize conditional contraband if it could be proved that it was being transported from a neutral power to a hostile terminus. The free list included raw materials such as cotton, rubber, chemical substances, and fertiliser.

The London Declaration aimed to maintain production and export in spite of wartime activity, yet the sheer extent of the war meant that international law was compromised from the start. On 20 August 1914, the British acted contrary to the London Declaration by ceasing to distinguish between absolute and conditional contraband and simultaneously regarding all items on

² See Bo Lidegaard: *Overleveren 1914-1945, Dansk Udenrigspolitisk Historie*, 2003, p. 34.

³ In his *Storbritannien og Danmark 1914-1920*, p. 12, Kaarsted writes that he has not gone through the documents concerning trade relations and contraband (FO 382) since this covers 674 volumes, and the "scope of the documents makes collaborative work the reasonable possibility". This book's use of the Foreign Office's documentary materials, however, should not be seen as offering full coverage of Denmark's commercial relations with the UK. makes group study the reasonable option". This book's use of the Foreign Office's documentary materials cannot, however, be seen as offering complete coverage of Denmark's commercial relations with the UK.

the free list as conditional contraband. With this, the formal international rules of the game were tossed aside. In order to tighten its blockade, London placed further pressure on the Scandinavian countries by proclaiming the North Sea to be a war zone from the date of 2 November 1914. This meant that all ships were potential targets. December 1914 saw the British up the ante by declaring that Denmark was acting as a supply channel of contraband to Germany – and that, as a result, London could no longer regard it as neutral.

As far as London was concerned, the solution was for Denmark to enter into a system resembling the Netherlands Oversea Trust (NOT), the body set up by the British authorities in order to gain full supervision of the Dutch economy and business community. During a speech to around 500 industry leaders on 15 January 1915, Alexander Foss directed cutting criticism toward the British attempt to undermine Denmark's economic sovereignty:⁴

“We must request that our friends to the east and the west – particularly the latter – respect our economic independence and our sovereign right to trade, work, import, and export without thereby coming under foreign supervision.”

Foreign minister Erik Scavenius also participated in this meeting of the Industrial Council (*Industrirådet*). While discussing the matter with Alexander Foss, he gave his opinion that British pressure for a supervisory body posed a significant threat. Through his close contact with the German ambassador Brockdorff-Rantzau, the foreign minister was well aware that Berlin would see such a supervisory body as placing Denmark firmly within the British sphere of influence. This situation had to be avoided, for as Alexander Foss remarked concerning Scavenius' assessment, “enough countries had gotten pulled into the war and the blockade already”.⁵

Clan's Agreement

Also present at the Industrial Council meeting was J. Clan, head of the Ministry of Foreign Affairs' 2nd Department. Immediately prior to the meeting, Clan had been in London attempting to prevent the formation of a British governmental supervisory body for Danish imports and exports. Clan's negotiations managed to prevent this from occurring for a time at least. Additionally, the UK's Foreign Office sought to soften the aggressive rhetoric by stating in the agreement that “the allied Governments disclaim any intention of putting pressure on the Danish Government with the view of

⁴ Alexander Foss' speech at the industrial meeting of 15 January 1915.

⁵ Alexander Foss: *Memorier fra I. Verdenskrig*, 1972, p. 21.

interfering with the export of Danish agricultural and industrial products”.⁶ As a result of the agreement, the British permitted export to Denmark of such goods as oil, rubber, and copper, and negotiations took place concerning how to guarantee that these goods would not be subsequently re-exported to the Central Powers.

Before the negotiations in London began, H.N. Andersen had approached the British embassy and declared to ambassador Henry Lowther that the King of Denmark was willing to guarantee that no contraband would be exported to Germany. Although the aim had been to weaken UK determination before negotiations commenced, there is nothing in the extant British documents to suggest that H.N. Andersen’s efforts had much of an effect. To the contrary, it is clear that British consideration for Danish concerns was motivated purely out of self interest. During the negotiations, the British were always careful not to exert too much pressure on Denmark out of fear that this might push the Danes toward the Germans.⁷ Already during the negotiations, however, it was obvious that, despite their assurances to the contrary, the British still nurtured mistrust about Denmark’s willingness to abide by the agreement. Clan seemed not to comprehend the demand for guarantees from Danish companies, considering that the Danish crown had already declared that British goods would not be re-exported or used in products bound for the German market. As far as London was concerned, such guarantees were not worth the paper they were written on seeing as the Commercial Intelligence Branch had intelligence to the effect that many companies receiving British goods had also taken it upon themselves to supply the German military. This was especially true of the footwear industry, which produced a range of military equipment for the German army.⁸ Another issue that could occasion problems was the lack of clarity in the eventual agreement concerning goods on the free list. The Danish Ministry of Foreign Affairs understood these to be freely importable whereas the British Foreign Office let it be understood that, depending on the turn of events, it would have the ability to regulate this category of goods as well.

That Denmark succeeded in averting the establishment of a UK import body of the sort that had been forced down the throats of the Dutch had more to do with internal British decisions than with Clan’s ability as a negotiator. During the talks, the main British negotiator Sir Eyre Crowe was very displeased with Clan’s unwillingness to budge, which stemmed from the

⁶ Memorandum Respecting the Transit of Contraband through Denmark, 9 January 1915. Public Record Office (PRO), Denmark: Correspondence, FO 211/308.

⁷ Minutes of the Anglo-Danish Agreement concluded between Monsieur Clan and Sir E. Crowe on 9 January 1915. PRO, Contraband, Scandinavia. FO 382/284.

⁸ Sir E. Crowe to Clan, 3 January 1915; Sir E. Crowe to Clan, 13 January 1915; Sir E. Crowe to Clan, 14 January 1915. PRO, Denmark: Correspondence, FO 211/308.

Danish crown having given Clan only limited room in which to manoeuvre. Crowe therefore wanted to place as much pressure as possible on Denmark by labelling the country as “enemy supply”. For this reason, the negotiations saw Crowe suggest to foreign minister Edward Grey that it would be in the UK’s interests to require Denmark to accept direct British supervision. Anything less would be difficult and unreliable to administer.⁹ What saved Denmark from a fate resembling the NOT in the Netherlands was that Grey went against the chief negotiator’s recommendation on the grounds that it could risk sending Denmark into the arms of the Germans, thereby resulting in an embargo against the UK. Instead, Crowe was instructed to negotiate an agreement that could assure the maintenance of existing political and economic relations between Denmark and the UK and at the same time empower London with the tools to prevent re-export to Germany. It says much of the UK strategy during the negotiations that the British emphasised in the text of the agreement that “The allied Government disclaim any intention of putting pressure on the Danish Government with the view of interfering with the export of Danish agricultural and industrial products”.¹⁰ The British vowed not to seize ships bound for Danish ports, yet they reserved the significant right to detain cargo that was suspected of being in transit to Germany. This article gave the Royal Navy the necessary tools to halt and inspect those ships that the individual captains found suspicious. Eventually, limits were set on which goods Denmark could export, and raw materials for industrial processing and imported fat were hit by a direct British export ban. The Clan agreement therefore set a variety of export restrictions on Danish industry since raw materials and alloyed metals could no longer be exported if they made up a significant part of a finished product. The primary objective of the Clan agreement was to ensure that imports to Denmark did not free up goods in the Danish market for export to Germany. As a result, the agreement included an article stating that the American export of meat to Denmark could not exceed normal quantities. In other words, American meat could not be used as a substitute for meat that was sent south to German dinner tables and field kitchens. Denmark’s escape from the kind of pressure exerted on the Netherlands did not mean that the country had wriggled free from Foreign Office manipulation. Instead of direct supervision, Denmark was placed in a British divide-and-conquer system. This system outwardly proclaimed the maintenance of normal relations yet nevertheless both required a reduction of exports to Germany and contained a latent threat to Denmark’s supplies from the west. The Clan agreement was entered into between the Danish Ministry of Foreign Affairs and the British Foreign Office, and it

⁹ Minutes of the Anglo-Danish Agreement concluded between Monsieur Clan and Sir E. Crowe on 9 January 1915. PRO, Contraband, Scandinavia. FO 382/284.

¹⁰ Memorandum Respecting the Transit of Contraband through Denmark, 9 January 1915. PRO, Contraband, Scandinavia. FO 382/284.

demonstrated the difficulty inherent in maintaining Denmark's policy of neutrality simultaneous with abiding by other official policy commitments. The British had committed to supply Denmark with a range of contraband goods on the condition that these goods were guaranteed against export.¹¹ The UK had also wanted the export ban to apply to goods on the free list, but this option was rejected by the Ministry of Foreign Affairs since it would endanger Denmark's neutrality. Nonetheless, a wide range of goods that the London Declaration regarded as non-contraband was treated as contraband by the British, who furthermore declined to distinguish between conditional contraband and absolute contraband. The Clan agreement served as a lesson to Scavenius that, despite the UK's outward will to uphold international agreements, the British did not intend to play by rules as far as the London Declaration was concerned when it came to carrying out trade war and considering the needs of small, neutral countries during the conflict. The prospect of additional demands made it attractive to leave it to a circle of businesspeople and business organisations to enter into future agreements with the major powers, as had been the Dutch government's solution when it had been demanded of them to enter into an official agreement with the UK.¹²

New Emissaries in London

Besides the agreement of 9 January 1915 and as a consequence of the Industrial Council meeting of 15 January, it was decided to send an industrial representative to London in order to enter into an agreement with the British to guarantee that imported goods were not re-exported to Germany. This was done with the agreement of the Ministry of Foreign Affairs, which – despite its re-organisation in 1909 – had to acknowledge that it lacked the competence and capacity to negotiate such a detailed agreement. Indeed, it also lay outside the ministry's realm of activity to carry out the necessary oversight of compliance with the agreement.

Initially, the Industrial Council's representative was received in London by the Trade Office, but he was subsequently sent on to the Admiralty's special committee for the embargo, which was officially called the Restrictions of Enemy's Supplies Committee but was colloquially known as the Hopwood Committee.¹³ The Industrial Council informed the British that their restrictions caused serious problems for Danish industry and that Denmark would be willing to avoid this by submitting assurances that neither raw materials nor processed goods would be sold to the Central Powers. As far as the Admiralty was concerned though, assurances were not enough.

¹¹ Memorandum Respecting the Transit of Contraband through Denmark, 9 January 1915. PRO, Contraband, Scandinavia. FO 382/284.

¹² Patrick Salmon: *Scandinavia and the Great Powers*, 2002, p. 132.

¹³ Letter from Prior to Foss, 26 January 1915. Alexander Foss' private archives, archival no. 5409. RA.

They desired a complete list of the Industrial Council's members as well as an overview of the raw materials and product types that the Danish wanted to import from the UK.¹⁴ The British wanted to retain the power to remove companies from the Industrial Council's membership if it was found that they were selling contraband to Germany.¹⁵ In order to get the agreement in place, Alexander Foss had to accept the British demands.¹⁶ The UK's attempt to prevent Danish companies from supplying Germany with important or strategic products and raw materials took the form of a regulatory system that covered even the finest details of how many kilos and how many items were or could be sent to Germany. In association with the signing of the Clan agreement, the Ministry of Foreign Affairs had attempted to find out how much Denmark exported to Germany that was of a military character.¹⁷

Hanging by a Thread

Alexander Foss' guarantees and the Industrial Council's eventual agreement with the British on 18 February 1915 contributed to the resumption of imports from the UK.¹⁸ Enquiries poured in from Danish companies and from the UK authorities as well. Another significant result of the agreement was that the Industrial Council established a permanent representation in London in order to carry out day-to-day communications with the British authorities. Alexander Foss selected his close confidante Kai Mygind to undertake this task. The administration of the Industrial Council found itself busy assessing applications from member companies: In the period immediately following the agreement, Danish companies submitted around 1200 guarantees to the British government.¹⁹

To Alexander Foss' immense frustration, it turned out that many of these guarantees were worthless inasmuch as some member companies ignored their guarantees' prohibition against re-export to Germany. Combined with a lack of results from the blockade policy, this caused the UK government to announce an Order of Council on 15 March 1915 that stated that the UK reserved the right to stop all goods regarded as possibly ending up in the hands of the Central

¹⁴ Udkast til et Memorandum angaaende Direktør H.P. Prior's Rejse til London i Januar-Februar 1915, undated (sent to the Industrial Council on 7 October 1920). Industrirådets Arkiv. EA.

¹⁵ Restrictions of Enemy's Supplies Committee to Chamber of Manufactures of Denmark ("Industriraadet"), February 20, 1915. Restriction of Enemy Supplies Committee to War Trade Department (Received at Foreign Office, 13 March 1915. PRO, Denmark: Correspondence, FO 211/308.

¹⁶ Chamber of Manufactures of Denmark ("Industriraadet") to Restrictions of Enemy's Supplies Committee, Copenhagen, 11 February 1915. PRO, Denmark: Correspondence, FO 211/308.

¹⁷ Periscopes for the Danish Marine, 27 May 1915; Exchange with Germany, Report by Lowenthal, 5 June 1915. PRO, FO 368/283; Board of Trade to Secretary, Ministry of Munitions of War, 20 August 1915; Ministry of Munitions of War to Assistant Secretary, Board of Trade, 25 October 1915. PRO, Contraband, Scandinavia. FO 368/285.

¹⁸ The Agreement of 18 February 1915 between Sir Francis Hopwood's Committee and Chamber of Manufactures of Denmark ("Industriraadet"). PRO, Denmark: Correspondence, FO 211/308.

¹⁹ Johannes Hansen: *Hovedtræk af Industrirådets Historie*, 1935, p. 96.

Powers. Thus was the distinction between contraband and free list goods completely extinguished.²⁰ All goods under suspicion would be confiscated and subjected to examination. The tightening of the British blockade policy was a rebuke to the results achieved in the winter of 1915, and in part through actions of Danish companies, the spring of that year saw the future of North Sea trade hanging by a thread.

A Fatal Decision

The trade agreement of 24 August 1915 – at which the Industrial Council took on responsibility as the supervisory body and regulatory authority for the import of German goods – put a stop to these kinds of dealings. Alexander Foss did not simply manage to avert a radical German intrusion into Danish economic sovereignty, he also succeeded in negotiating an agreement that recognised the economic interests of the country's business community and that maintained political balance in the policy of neutrality. Considering that this was his diplomatic debut, it must be seen as a political success – for Denmark as well as himself – that he managed to set a stable framework for trade with Germany at a time when the Great Powers were committed more than ever at fighting the war on the economic front.

Even in the spring of 1915, the Ministry of Foreign Affairs considered the Clan agreement to still be in force and felt that the situation could be saved just by sending a negotiator to London. The Merchants' Guild (*Grosserersocietetet*) answered the call and began its search to find the right man for the job.

In July 1915, the Merchants' Guild decided to send the Holger Federspiel, LLD to London to take part in negotiations. The Ministry of Foreign Affairs expressed reservations from the start regarding Federspiel's character, yet in the end, they allowed him to be introduced in London, without, however, an authorisation stamp. Prior to Federspiel's departure, the Industrial Council participated in introductory meetings concerning a new agreement with the British since it had by then become clear that the Prior agreement was no longer functioning: Despite the agreement, the Royal Navy stopped an increasing number of Danish ships in order to examine their cargos and destinations. The Industrial Council left the negotiations in August 1915. Although the historical literature has tended to hold that the council decided on this course of action

²⁰ Order of Council. At The Court at Buckingham Palace. The 11th day of March, 1915. Present, The King's Most Excellent Majesty in Council. PRO, Denmark: Correspondence, FO 211/308.

independently, this conclusion is not entirely supported by the British sources, which evidence a different sort of tactic.

The British delegation's running investigation into the Industrial Council and the Merchants' Guild concluded that the merchants were much more willing to agree to London's demands than was the industrial community.²¹ The disagreement between the Industrial Council and the British concerned industrial exports to Sweden. The UK wanted these to be stopped since it saw the Swedish market as a transit market for goods on their way to Germany. In August 1915, the UK's Foreign Secretary Edward Grey summarised the situation in a memorandum:²²

“It had at first been hoped that the Merchants Guild and the Industriraadet might arrange to co-operate as regards giving the guarantees, and that a single agreement might have been concluded with the two bodies combined which would cover all imports into Denmark. As this proved impractical, Doctor Federspiel, who is also a member of the Industriraadet, will propose to that body the conclusion of an agreement on the lines of the one now under consideration by the Merchants Guild.

It is feared, however, that the Industriraadet will not agree to guarantee that manufactured products will not be exported to Sweden, as the Danish manufacturers will not willingly give up their Swedish market”.

The Industrial Council's representative in London participated alongside Federspiel in the initial introductory negotiations, but from sometime in August, only Federspiel was involved. The Merchants' Guild had granted him the authority to negotiate an agreement that aimed to certify declarations of trust to London by Danish trading companies. The British were not particularly impressed by this, and they instead suggested a more radical option, one that involved all categories of goods being covered by the rules governing contraband. The UK had further tightened this policy by now also demanding that the agreement cover goods from the USA. Imported goods would thereafter only be used in the Danish domestic market, and none of them could be re-exported. Danish products could be sold only to the UK and its allies as well as neutral countries outside Europe.

²¹ Report from Henry Lowther to Lord Grey, 26 May 1915; Telegram from Lowther to Foreign Office, 12 June 1915; War Trade Department to Secretary of State, Foreign Office, 19 July 1915. PRO, Contraband, Scandinavia. FO 368/283.

²² Sir Edward Grey to Sir H. Lowther (No. 486 Contraband, Confidential), 25 August 1915. PRO, Contraband, Scandinavia. FO 368/283.

This meant that Denmark's economic freedom of action would be handed over to Whitehall and that trade policy could no longer be used to balance the overarching policy of neutrality. In late August, Federspiel returned to Copenhagen, where the Ministry of Foreign Affairs was extremely sceptical of and worried about the Merchants' Guild's self-willed involvement in the negotiations with the Foreign Office. Scavenius' first concern was upholding Danish neutrality and ensuring that Berlin did not get the impression that Denmark was just meekly accepting the British directives of the 11 March 1915 Order of Council. For the Industrial Council's chairman Alexander Foss, the turn of events directly affected the interests of the industrial community, but it also had an impact on the preservation of Danish sovereignty inasmuch as acceptance of the British recommendation would mean giving up economic autonomy – and thereby Denmark's status as an autonomous state. Therefore, it was vital that under no circumstances could another country take authority over where Danish companies were permitted to sell their goods. This concord between the Industrial Council and the Ministry of Foreign Affairs marked the start of a close collaboration that would bring Alexander Foss to the centre of Danish trade policy.

With a Pistol to Its Head

Faith in Federspiel did not grow over the course of the fall. He returned to London in mid-September, equipped with new guidelines from the Ministry of Foreign Affairs. The only thing he was empowered to accept was an agreement based on Danish guarantees. The British, however, would under no circumstances accept such an agreement, and they now let it be known that they wished to officially abrogate the Clan agreement. A new agreement would be negotiated in its place, one that fit the actual stage of the economic war against Germany. The UK's aggressiveness was emphasised by the British embassy in Copenhagen delivering to the Ministry of Foreign Affairs an *aide-mémoire* that quite clearly stated that:²³

“such agreement as Dr. Federspiel is willing to conclude is allowed to mature, without opposition on the part of the Danish, they fear that their necessary effort to check trade in contraband will result in considerable inconvenience to bona fide Danish traders”.

In the language of international diplomacy, an *aide-mémoire* is used as a documentary companion to an oral statement concerning an issue that has not yet reached such a state as justifies a signed

²³ Aide-memoire, 29 September 1915, jnr. 6D 201. UM.

note. This nevertheless amounted to an unmistakable British threat to expose Denmark to further obstacles to trade if the agreement was not signed. The Ministry of Foreign Affairs felt as though it was trapped in a game in which its own negotiator had clearly allowed Denmark to be pushed around by a Great Power that lacked respect for the relevant agreements and international law. With a pistol to its head, the Ministry of Foreign Affairs had no choice but to give in to the UK's demands on 2 October 1915.

Federspiel's diplomatic activities culminated with a declaration that he presented officially at the Foreign Office on 18 October 1915. The declaration was the result of a British desire to increase the import of Danish agricultural goods. Federspiel had shown Scavenius a draft of the declaration in which it was stated that agricultural exports to the UK should be maintained under the same conditions as before the war "to the greatest 'reasonable' extent possible".²⁴ For the time being, the British would not accept the declaration's aims if this meant a weakening of the contraband policy concerning Denmark. The Cooperative Committee (*Andelsudvalget*), which organised the export of animal products, desired progress on the case, and its chairman Anders Nielsen authored a supplementary declaration in which the central proviso for the possible maintenance of export was removed. Additionally, it was declared that export should not simply take place under the same "conditions" but also that it should be of the same "quantity" as before the war. Since Danish agricultural exports to the UK had declined since the start of the war, an increase in exports now meant that exports to Germany would have to be reduced.

Federspiel had compromised Denmark's policy of neutrality in one fell stroke, and the Ministry of Foreign Affairs had no choice but to recall him. This repudiation was intended to send a signal to the UK (and Germany) that Danish neutrality had not been swept aside to favour either of the parties in the war.

New Negotiations

On 9 October 1915, the Ministry of Foreign Affairs received from the British embassy a new draft of a trade agreement. Upon close examination, it was evident that the draft text had undergone only minor changes since that of September. In other words, it was still unacceptable to Copenhagen. Concurrent with this were negotiations between the Ministry of Foreign Affairs and the British embassy concerning the composition of a Danish delegation that would travel to London. In a

²⁴ Translation of a statement from Dr. Federspiel to Undersecretary of State at the Foreign Office, dated 18 October 1915. Alexander Foss' private archives, archival no., 5409. RA.

conversation with ambassador Lowther, Clan let it be known that as far as international law and the Ministry of Foreign Affairs were concerned, the Merchants' Guild and the Industrial Council represented.²⁵

“Institutions in whom reliance might be placed and who were in a position to exercise an adequate control to ensure the fulfilment and any guarantee regarding re-export entered into them”.

Federspiel, who had been in London since October, had informed the Foreign Office that the Industrial Council was opposed to the British trade proposals. As a result, the embassy in Copenhagen was instructed on 16 October 1915 to tell Alexander Foss that the UK was willing to make concessions concerning some areas of Danish industrial export. The essential matter – and one on which the British were prepared to find a solution in the interests of the Danish industrial community – was the prohibition against industrial exports to Sweden and other neutral countries. This was necessary not only to appease the Industrial Council but also because the Prior agreement was no longer relevant to the current situation. The softening of the British line “should be communicated confidentially to Mr. Foss, and he should be urged if possible to come personally to negotiate a new agreement”.²⁶

The Danish Memorandum

The negotiations themselves commenced on 1 November 1915 when Alexander Foss and Clausen went to the Foreign Office and met Sir Eyre Crowe, Mr Orme Sargent, and Ronald Turner from the UK embassy in Copenhagen. The point of departure for the meeting was the British proposal of 9 October, which was characterised by the Danish parties as “highly unsatisfactory”.²⁷ Because of this, it was vital for the Danish delegation to change the tone and direction of the negotiations from the very start. This is why the first day of negotiations saw the Danes present the British with a thoroughly thought-out memorandum that explained for Denmark's supply situation and trade policy during the war. The memorandum's argumentation placed the negotiations in a geopolitical

²⁵ Aide-mémoire, British Legation, Copenhagen to Foreign Office, 4 November 1915. PRO, Contraband, Scandinavia. FO 368/285.

²⁶ Cypher Telegram to Sir H. Lowther (Copenhagen). Foreign Office, 16 October 1915, No. 1232. PRO, Contraband, Scandinavia. FO 368/285.

²⁷ Alexander Foss' account to foreign minister Erik Scavenius of the trade negotiations of 28 November 1915. Industrirådets Arkiv. EA.

context and avoided distracting from the question of Danish trade with intricate, technical questions.²⁸

The Danes emphasised that they had come to London in good will in order to finalise a trade agreement that would protect its citizens and support Danish production. The geopolitical tone was heightened by the argument that it was in the interests of the Allied Powers – and not just the Central Powers – that Danish production for both domestic and foreign consumption was maintained. Any UK attempt to hinder trade would automatically result in a German reaction that could lead to a fall in production to the detriment of London.

The memorandum likewise grappled with the British demand for a halt to industrial exports to both Germany and Sweden, which represented a significant difficulty for Alexander Foss. From Germany's point of view, a halt to Danish industrial exports to Sweden would be a hostile action since many of these exports were sold on to the German market. Berlin would react by reducing the export of raw materials for use by Danish industry, which could lead to a general decrease in production in the Danish economy as a whole, a development that would work to the detriment of the UK. Another possible German reaction would be to no longer put up with the substantial Danish agricultural exports to the UK. Germany could erect a quick and effective blockade for these exports by sending its U-boats into the North Sea in a hunt for Danish ships. The Danes mused rhetorically whether it would do the Allied Powers any good at all to demand reductions in Danish industrial exports, and they continued by stating:²⁹

“As already suggested, industrial exports to Germany and Austria can be considered to be of little consequence. The laming of Danish industrial exports would affect those exports that Denmark has to Sweden and Norway, the Allied Powers, and overseas countries. Among the Allied Powers, Russia comes to mind. There have long been strenuous efforts to develop Denmark's exports to Russia, and during the war, Russia has needed vital industrial goods that customers could previously obtain from Germany, a country from which they are now cut off”.

²⁸ Without analysing either the negotiations or the treaty itself, Jansen points out that the Danish-British negotiations of 1915 focused on technical issues. This interpretation is not supported by either the Danish or the British documentary evidence. See Christian R. Jansen: “Udenrigsministerium og privat diplomati – Omkring handelsaftalen med England af 19. November 1915”, in: *Erhvervshistorisk Årbog 1971*, pp. 295-300.

²⁹ Memorandum from the Danish negotiations delegation presented to the Foreign Office, 1 November 1915. Industrirådets Arkiv. EA.

Denmark thus pointed out that not only would an attack on Danish industry have minimal effect in terms of the UK's blockade against Germany; a reduction of Danish industrial exports would be hugely counterproductive in relation to the Allied war efforts as a whole inasmuch as Denmark was providing Russia with the industrial goods it needed to hold the Germans at bay on the Eastern Front. In short, Danish industry worked in the Allies' interests.

Alexander Foss and Clausen concluded by arguing that the British strategy was built on mistrust and a mistaken belief that restrictions would aid Britain's struggle. In order to accommodate the UK's desire to commit Denmark to a trade agreement that took into account the contraband policy, the Industrial Council and the Merchants' Guild offered to take responsibility for compliance with the agreement.³⁰

Alexander Foss and Clausen succeeded in using the memorandum to argue that Danish self-determination was in British interests. Precisely how this influenced the UK's way of thinking is not immediately clear from the statements of the participants themselves, but it is obvious that the Danish delegation had chosen a much more aggressive level of debate, one that consistently linked trade with geopolitics. The memorandum was passed on to foreign minister Grey, who wanted to have it evaluated by the Board of Trade prior to taking a stance on the Danish arguments.³¹ Evidence of the British reaction is that, already on 4 November 1915, the UK was operating under a new negotiating strategy, one that used the proposing of small changes to establish the foundations for an agreement that was concluded on 19 November. The negotiations had resolved the crisis that had been affecting Danish-British relations since the start of the year. Alexander Foss could report that the Foreign Office civil servants proved themselves:³²

“not insensible to understanding the prominent points in this memorandum, and as a result, there was success during the negotiations in making significant changes to the prior proposal of 9 October, to the extent that the goals we set for ourselves have largely been reached”.

That Alexander Foss was at all able to declare that the Danes had achieved their aims was a consequence of the parties having reached a new interpretation of Article 2 of the agreement

³⁰ *Ibid.*

³¹ Memorandum 1 November 1915; Foreign Office to the Board of Trade, 1 November 1915. PRO, Contraband, Scandinavia. FO 368/285.

³² Alexander Foss' account to foreign minister Erik Scavenius of the trade negotiations in London of 28 November 1915. Industrirådets Arkiv. EA.

concerning “home requirements”. The original draft covered only the transport of goods for Danish consumption in the narrowest sense, but Alexander Foss and Clausen convinced the UK to accept that “home requirements” also covered goods that could be used in industrial production for neutral countries and the Central Powers. The new agreement stated it thus:³³

“His Britannic Majesty’s Government disclaim all intentions of preventing the passage to Denmark from neutral countries of goods for Danish *bona fide*³⁴ home requirements. It is agreed that the *bona fide* home requirements of Denmark shall, for the purpose of the present agreement, comprise:

- (i.) Goods required for Danish home consumption.
- (ii.) Certain specified goods for re-export, under licence from the Royal Danish Government if a Danish prohibition of export exists, to Norway and Sweden in accordance with article 3 of the present agreement.
- (iii.) Certain specified manufactured articles made of imported raw materials, for re-export, under licence from the Royal Danish Government if a Danish prohibition of export exists, even to belligerent countries, in accordance with article 4 (i) of the present agreement.
- (iv.) Goods required for the purpose of exchange in accordance with article 4 of the present agreement.”

During the negotiations on this article, Foss and Clausen brought the British around to accepting that goods from the UK could contribute to Danish export products to “countries that are at war with England, as well as Sweden and Norway”.

The British did have limits to how much they would accommodate. Danish industrial exports could not include goods in the categories of conditional or unconditional contraband. This was not, however, of the utmost importance to the Danish industrial community inasmuch as it produced relatively few products that had made their way onto those lists. Amazingly, they even

³³ Agreement between His Britannic Majesty’s Government and the Merchant’s Guild of Copenhagen and the Danish Chamber of Manufacturers (Contraband, Confidential), 15 November 1915. PRO, Contraband, Scandinavia. FO 368/285.

³⁴ *Bona fide* is used in the treaty as a judicial concept relating to “good faith”, meaning that the agreement should not be interpreted too strictly on the basis of the treaty’s text itself but, rather, on the basis of what the party’s agree upon.

managed to obtain dispensations for such contraband goods as ships, leather products, electrical cables, gold, silver, and materials for producing paper money.³⁵ The price for these exceptions from the contraband list was a Danish reduction in the re-export of British clause goods, which were imported under special conditions. These included goods such as soap, jam, and motors – in other words, a small price to pay in light of the pre-existing restrictions on clause goods.

In short, Alexander Foss and Clausen achieved British approval for Danish industrial exports to Sweden and Norway, with the exception of contraband goods. Since the UK had insisted back in August that Denmark halt all exports to Sweden, this represented quite a victory for Danish NGO diplomacy.

One last point that divided the parties and prevented the agreement from being concluded was the question of how the agreement could be monitored. The British wanted the Industrial Council and the Merchants' Guild to provide the embassy with fortnightly detailed accounts of exports to the Central Powers and neutral countries. This proposal was rejected by Alexander Foss, who did not want the Danish business community to be placed under direct British supervision on Danish soil. Foss refused to budge.³⁶ A compromise to let the Industrial Council's London office keep the UK informed about Danish exports cleared away the final impediment to signing the agreement. The negotiations themselves were concluded on 11 November, but before the agreement could be signed, it needed to be formally approved by the Contraband Committee.

The Danish negotiators had kept the Ministry of Foreign Affairs updated about the details of the talks, and the more than 20 coded telegrams bear witness to the fact that Alexander Foss and Clausen were keen not to repeat Federspiel's mistakes. This meant that the Ministry of Foreign Affairs received the draft text, and by 13 November, Scavenius had telegraphed his approval of the nongovernmental diplomats' efforts. He stated that since:³⁷

“The Ministry of Foreign Affairs feels that the proposed arrangement represents a significant improvement on that proposed by Dr Federspiel (...) there are no foreign policy grounds preventing its being signed”.

³⁵ Alexander Foss' account to foreign minister Erik Scavenius of the trade negotiations in London of 28 November 1915. Industrirådets Arkiv. EA.

³⁶ *Ibid.*

³⁷ Telegram from foreign minister Erik Scavenius to the delegation in London, 13 November 1915. Jnr. 6.D.20I. UM.

For a man as reserved as Erik Scavenius, the above is probably the closest he ever got to breathing an audible sigh of relief. This agreement meant that he need not fear a German backlash, and the policy of neutrality could be maintained as before.

On 19 November 1915, Alexander Foss and Clausen met Sir Eyre Crowe at the Foreign Office in order to sign the agreement, which was then stamped “Confidential”. A condition to the agreement was that neither party could make it public. This benefited both sides since the Danes wanted to preserve their neutrality, and the British did not want Sweden or Norway requesting similar terms. The negotiations had been hard, and the Danes were notorious in the Foreign Office for constantly making demands and for tending “to disturb friendly atmosphere by complaining”.³⁸ In spite of the difficult negotiations, the Danish business delegation encountered a genuine British desire to listen to Denmark’s arguments. All things considered, the Danish delegation managed to weaken the otherwise stringent British blockade policy, giving Denmark an advantageous trade agreement by European standards. In contrast to what had befallen the Netherlands, the Danes succeeded in maintaining exports while avoiding direct supervision by the UK. This represented an important political and diplomatic victory for the business organisations’ work in the country’s interests.

1916 was a turning point for the Allied Powers’ battle on the economic front. The year previous, it had managed to establish a blockade by entering into agreements with neutral countries such as Denmark, the Netherlands, Sweden, Norway, and Spain. The aim was to defeat Germany financially. The first signs of hunger and malnutrition began cropping up in Germany in 1916, but the Allies could not claim to have completely crushed the German economy.³⁹ London’s thinking for the time being was that too many goods from the neutral countries were making their way into Germany and that the blockade should be reinforced. The Royal Navy should redouble its efforts to seize ships that sought to break the blockade, and the neutral countries should be coerced using new punitive political measures.⁴⁰ These included demands for rationing, blacklisting, intercepting ships,

³⁸ Sir Leverton Haris to Sir Ralph Paget, 23 June 1917. PRO, Contraband, Scandinavia. FO 368/288.

³⁹ P.C. Vincent: *The Politics of Hunger: The Allied Blockade of Germany, 1915-1919*, p. 27.

⁴⁰ The blockade war was, like the war on the Western Front, a war of exhaustion. The German answer to the blockade was its U-boat war, and in 1916, the German navy sank an average of half a million gross register tonnage per month. Germany had the possibility of isolating and laming the UK if it could cut off the UK’s link with the USA. Too few U-boats and an effective counter-strategy by the Royal Navy prevented this potential serious Allied setback. The Royal Navy also eventually met with considerable success in intercepting blockade-breaking ships. In September 1916 alone,

mail inspection, and the distribution of so-called “navycertings”, which were a kind of economic passport for goods that were permitted to go through the blockade. Even though a number of these initiatives had been in use since the start of the blockade in 1914, it was only after the Ministry of Blockade was established in February 1916 (with Lord Robert Cecil as minister and Sir Eyre Crowe as an influential undersecretary) that these were made effective by means of enhanced coordination between the authorities involved in maintaining the blockade.⁴¹

Alexander Foss could sense that the British were tightening the screws on the neutral countries. The agreement he had entered into with Sir Eyre Crowe had been exposed to harsh criticism by many in London’s political and military establishment. The Foreign Office came under increasing pressure to sharpen its Denmark policy.⁴² Nevertheless, during negotiations in February 1916, the UK conceded to the Danish wish not to link supplies with agricultural exports. The issue of Denmark’s large agricultural export to Germany was left unresolved. At the beginning of March, the UK’s foreign minister Grey summarised the commerce problems and made it clear that Denmark had managed to achieve its rationing agreement thanks to Alexander Foss’ efforts. Regarding Foss’ insistent manner, Grey wrote:⁴³

“Mr. Foss, however, urged that the question was one which would necessarily raise delicate political issues, and pressed that it should not be embodied in or referred to in any way in the rationing agreement with the Danish delegations. To meet Mr. Foss’ wishes, therefore, no direct mention is made of the question in the rationing agreement.”

The message from the UK was thus that the Danish delegation had managed to win Denmark some time but that the question of agricultural exports had still not been satisfactorily resolved as far as London was concerned.

1917

Already prior to the 1917 negotiations began, the UK had made its decision inasmuch as the War Office had managed to convince its doubters that “we have placed a complete embargo on fertilisers

the Royal Navy captured 135 ships per week. See P.C. Vincent: *The Politics of Hunger: The Blockade of Germany, 1915-1919*, p. 47.

⁴¹ A.C. Bell: *A History of the Blockade of Germany and of the countries associated with her in the Great War, Austria Hungary, Bulgaria and Turkey, 1914-1918*, 1961, p. 348ff. and p. 452ff.

⁴² The Earl of Portsmouth rose to ask His Majesty’s Government about the Danish Agreement, House of Lords, 15 March 1916. PRO, Contraband, Scandinavia. FO 368/286.

⁴³ Sir Edward Grey to Sir H. Lowther, No. 391 Commercial (Contraband. Confidential.), 9 March 1916. PRO, Contraband, Exports to Denmark. FO 382/863.

for Denmark, though the Danes are unaware of this”. In the first instance, a blockade of fertiliser would be implemented, followed by blockades for fodder and all other goods that could be used in agricultural production in Germany.

Much had changed over the past few months: Russia was close to collapse, and the Army Council feared that this could extend the war by an additional year. With Russia close to dissolution, the other Allied Powers were no longer interested in using Denmark and the other Scandinavian countries as transit lines to supply the Russian war effort. London foresaw the Germans soon no longer needing to fight on two fronts, and the aim was to force the German economy to its knees before the situation became so dire. This involved “destroying the value of Denmark as a base of German supplies”.⁴⁴

The British habit of constantly deferring discussion of issues that were exercising the Danes was related to the fact that the UK had already decided to put a stop to supplies to Denmark.⁴⁵ It seems that Foss may have realised this: In order to lessen the impact back home, he proposed that Denmark reduce the requested quantity of raw materials for the production of vegetable oil, yet not even on this case could the UK be drawn into making an agreement. Instead, the British informed the Danes that the question had been put off for later discussion, and because Foss had argued on the basis of the treaty, the Foreign Office asserted that it needed to obtain expert judicial assistance in order to make a decision. Internally, however, it had already been decided not to accept Alexander Foss’ interpretation of the treaty text.⁴⁶ The same was true regarding the possibility of the British allowing millet from the USA to pass through to Denmark. The delegation’s sole achievement at the meeting was a British concession to supply 100,000 tonnes of coal.

When Alexander wrote his evaluation of the 1917 London negotiations, his pessimism was evident although he still held out hope that the British would give a bit of ground on oil and fodder.⁴⁷ The UK’s position was firm however, and Alexander Foss and Clausen had to acknowledge that the trust they had built up in London and that their organisations had acquired by sticking with the treaty were no longer enough. They had to face the fact that their time as NGO diplomats was about to come to an end unless the UK government changed its policy. The best the

⁴⁴ War Office to Foreign Office, 25 June 1917. PRO, Contraband, Exports to Denmark. FO 382/856.

⁴⁵ Policy in Regard to Treatment of Denmark (Foreign Office), 26 June 1917. PRO, Contraband, Exports to Denmark. FO 382/856.

⁴⁶ Memorandum (Foreign Office) signed by Sir Eyre Crowe, 16 June 1917. PRO, Contraband, Exports to Denmark. FO 382/1443.

⁴⁷ Alexander Foss’ account to foreign minister Erik Scavenius of the trade negotiations in London of 10-16 June 1917. J.nr. 6.D. 24. UM.

Danes could hope for was that the war would soon end, and the British would cease their blockade of the Central Powers.

Conclusion

World War I is often described as the first war to be won on the economic front rather than on the battlefield. As a result, Denmark's balancing act played an important part in the Great Power's economic war. It is for good reason that the historical literature highlights foreign minister Scavenius' contributions to the country's survival in World War I. Scavenius' orientation was primarily toward Germany though, and he focused on traditional political-diplomatic strategy.⁴⁸ Economic and trade policy were not of particular interest to him. This meant that, in light of Denmark's policy of neutrality, trade policy could better be exercised by the business organisations than by diplomats at the Ministry of Foreign Affairs. A central function of Danish foreign policy was placed in the hands of business organisations. As an analysis of Foss' activities has shown, there are reasons to question the historical literature's tendency to see the businesses' remit as being limited to administering guidelines produced by the Ministry of Foreign Affairs. The business organisations' planning and execution of negotiations in London, Berlin, and Paris show that they were of vital diplomatic importance to Denmark's international status. First and foremost, Foss' and Clausen's 1915 trip to London succeeding in establishing a working relationship with the responsible ministers and high-ranking civil servants who controlled the UK's blockade policy. The gradual tightening of this blockade took place alongside threats of German aggression toward Denmark in the spring of 1917 – threats that could well have seen Denmark being drawn into the war. Comparison of Sir Eyre Crowe's concurrent policies toward Norway and Denmark reveal a stark difference that worked in the latter's favour. In October 1916, Crowe straightforwardly argued that the most effective means of preventing Norwegian supplies from reaching Germany was to bring Norway into the war.⁴⁹ At no point did the architects of the blockade policy argue the same for Denmark. This must be considered in relation to the fact that Denmark had more exports to Germany than did Norway. The statements of the British players show that the Danish negotiators convinced the UK that too radical of demands could prompt German aggression to the detriment of both parties.

⁴⁸ Regarding foreign policy during World War I, Bo Lidegaard writes that the government's policy of neutrality was "a success when viewed on its own terms". See Bo Lidegaard: *Overleveren, Dansk Udenrigspolitik Historie 4*, 2003, p. 128.

⁴⁹ Memorandum by Sir Eyre Crowe. 29 October 1916. PRO, General Correspondence: Political. FO 371/217609.

Alexander Foss was primarily responsible for planning, negotiating, and overseeing Denmark's UK trade policy. The balancing act that Foss orchestrated from the fall of 1915 until the end of war – and particularly during the critical years of 1916 and 1917 – was of inestimable importance in softening UK policy, maintaining Denmark's policy of neutrality, and keeping Denmark out of the war. The British decision makers at times fell for statements of pro-British sentiment, but they were generally interested in results and results alone. The Danish historical literature has emphasised H.N. Andersen's diplomatic work "in the name of the King" in relation to Danish-British relations during World War I.⁵⁰ As far as trade policy and the blockade were concerned, it seems that this diplomacy played only a limited role; Andersen's broad network of contacts in Whitehall and Buckingham Palace counted for little in wartime London. On 14 October 1916, Crowe wrote to Paget, saying that it was necessary to focus on the government and on the business organisations since the King and H.N. Andersen could not be counted on. *Etatsråden* was described by Crowe as rife with "vanity and snobbishness" whereas the government's and the business organisations' international relations work was seen as being undertaken with "considerable skill".⁵¹ Foss played a key role in the trusting relationship that was established with the primary decision makers in London, with those who managed the blockade war. He not only ensured that Denmark continued to receive supplies; he also undertook his duties in such a way as to earn trust and respect in London. Foss was a man with whom the British could do business, which was not the case with H.N. Andersen. Even when the tense geopolitics of 1917 made things difficult for Denmark, Foss managed to continue his steady, measured diplomacy in such a way as to avert radical demands that could have seen Denmark pulled unwillingly into war.

⁵⁰ Ole Lange: *Jorden er ikke store... H.N. Andersen, ØK og storpolitikken 1914-37*, 1988, p. 98-107.

Knud J.V. Jespersen, writing about the distribution of responsibility between Scavenius and *Etatsråden*, notes that the foreign minister went to Germany whereas "the King and H.N. Andersen primarily had Scavenius' blessing in association with the UK". See Knud J.V. Jespersen: *Rytterkongen – Et portræt af Christian 10.*, 2007, p. 233.

⁵¹ Sir Eyre Crowe to Ralph Paget, 14 October 1916. PRO, Contraband, Scandinavia. FO 382/1425.