British Propaganda Dilemma over Neutrals during the Great War: More Business than Usual?

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In the first year of the conflict, the Foreign Office was keen to promote and extend, "as a matter of patriotism", a retaliatory campaign against companies and individuals who acted in opposition to national interest in neutral countries. Indeed, the enhancement of that policy was strongly held by merchant communities, who saw an opportunity to take an advantage of their identity as Britons abroad. This aspect allows to explore broadly not only the challenges issued to the "war of words" waged in neutral merchant states but also to see, in a new light, the warfare in peripheral theatres. We propose, then, an approach to one of the most compromising points for the running of the British propaganda machine during the First World War: national ambitions and moves towards neutrals.

British Winning Strategies and War Aims

In spite of latest remarkable contributions, the neutrality still remains an understudied topic by comparison to those related to belligerent societies, which have traditionally been the focus of the international scholarship from diverse military, political, economic, social and cultural views. Thus, a hundred years later, the diversity of “neutrals and neutralities” in the First World War strikingly continues to offer, in many ways, an open field to do research and put into perspective. Particularly the study of the propaganda is fruitful to test, within the scope of war schemes and targets, the expectations of warring sides about neutral states. Marc Frey’s works already gave the primary emphasis on the importance gained by the northern neutrals (Holland and Scandinavian countries) to the belligerent war economies and eventual plans for peace. German Mitteleuropa and British maritime blockade were two main issues in political and diplomatic correspondence during the conflict.

However, both sides were not on equal terms to fight on that vital ground. Due to her overwhelming merchant fleet and financial resources, Great Britain took the lead of the economic warfare in the autumn of 1914. Even in such an early stage, neutrals became not as much an essential source for military supplies and rear consumption as an integral part of the strategy for a potentially "Greater Britain". From then on, the postwar configuration, if we put the controversy of the "short-war illusion" to one side, was crucial to British statecraft and decision makers' mentalities. In such a view, the economics had a deep impact on initial queries relative to neutral press. Incidentally, it would challenge the alleged British intentions of entering the war to safeguard the integrity of neutral and small nations.

On those bases, in the following introductory pages, we will briefly put the propaganda outline in the context of three issues converging at the British national appeal launched in August 1914: naval hegemony, commercial retaliation and their effects on neutral rights discourse. These three main points were against the backdrop of the arguments to legitimize the mobilization of the British community, depending always on either neutral or belligerent interests at play.

So, these are necessary preliminaries to deal with:

1. The prewar planning in the Committee of Imperial Defense (CID) and the concept of warfare consequently entailed upon since 1904. Clearly then, the discussions showed the antagonism between departments which would eventually have been engaged in war as well as inner dissensions of their own, particularly within the Admiralty. A prime significant example was the dilemma over how to tackle naval coercion against Germany. There were two main positions on whether naval constraints should merely be

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restricted to a close-coastal blockade or not. Against the conventional blockade policy the more aggressive idea of warfare arose, within the scope of what has been called "Fisher naval revolution" or unlimited use of economic retaliation. In other words, sea trade routes should be tampered with preventing all neutral commerce from Germany. That proactive policy was based on the belief that Britain's opponents, being aware of their weaker battle fleets, would primarily target British trade. According to Lambert's works, maximalist economic warfare was "no longer a component of naval strategy but rather had become the foundation of national grand strategy". Nonetheless, Lambert's interpretations have been discussed by other naval historians. The terms of this scholarly debate exceed our concrete research purpose. But what appears more appealing here is the inclusion of the neutral issue in prewar high-level planning. In 1912, the formation of the so-called "Committee Desart" demonstrated that the neutral concern essentially had to do with discussions on "Trade with the Enemy" and retaliatory measures in wartime. In this sense, attention should be drawn to the updated sights put forward by naval history which, borrowing recent Seligmann's words, has evolved from "an old-fashioned, largely technical and thoroughly unimaginative narrative-based sub-genre" into a renewed field offering "new interpretations of historical events with a maritime dimension". British propaganda activities during the First World War were definitely affected by both maritime and economic dimensions.

2. Foreign Office guidelines on an issue as sensitive as neutral rights, in conjunction with British merchant lobbies in neutral markets in 1914-1915. The neutral issue was a controversial cornerstone of the alleged "British Grand Strategy" well until into 1916. Overall, the more self-motivated civilian mobilization did not only make a difference to Home Front and Front Line, it also affected another front: the "Neutral Front". The early mobilization of British merchant residents in neutral countries, fuelled by a deep feeling of national community under siege, was embodied to a great extent in the Chambers of Commerce created after the start of the conflict and, in an advanced stage, in the Federation of British Industries. Commercial organizations intended to run propaganda quite independently of home needs. Their initiatives would dispute the consistency of the London political discourse. For instance, Dehne has depicted this reality in South America. Britons would have been let down by home authorities' negligent attitude towards German business circles in Brazil, Argentina or Uruguay. At that moment, the Foreign Office official position was that Great Britain could under any circumstances afford to undermine their claim that she had entered war in defense of neutral nationalities. That principle was diplomatically vital as Harcourt and Grey posed in relation to Dutch neutrality.

Paradoxically from Hoffmann's thesis, re-elaborated later in imperialist terms by Kennedy and his followers in the 80s, the idea of economics was put through the definite "realities behind diplomacy" resulting in the conflict. However, the supposed British decline in 1914 has been argued to a greater or lesser degree by scholars. From an iconoclastic view, Ferguson for instance challenged the idea that the history of Europe between 1870 and 1914 might be seen as a history of Anglo-German rivalry. Contrarily, the city financial strength as true muscle of international trade, the hegemony over naval merchant routes, shipping and freight insurances, coal victualling or cable communications, made Great Britain have a clear advantage over her rivals. So the flaws in the old-fashioned model of relationship between economics and international policy demand further knowledge on the role of the Foreign Office, either it restrained from most aggressive plans towards neutrals or it challenged the orthodox "business as usual" prevalence. Likewise, political claims on

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99 These aspects related to the mobilization of British commercial intelligence abroad are to be developed within my current postdoctoral research on British national strategies in the Mediterranean.


105 All discussions and political debates can be followed in OFFER, A.: The First World War. An Agrarian Interpretation,
"tardy trading with the enemy" legislation might be confronted with the different domestic lobbies seeking to influence legislators on that particular issue.\textsuperscript{106}

Nevertheless, in the present state of research, there are works that already address attention to the existing balance of power between British residents in neutral countries and the politicians and bureaucrats at home. They especially deal with peripheral contexts under British political and economic hegemony, such as South American nations, Spain or Portugal.\textsuperscript{107} On those particular backgrounds, the running of the supposed Grand National war strategy might be put to the test, just to establish its quality, performance and shared aims between central and peripheral communities. Overall, various "types of patriotism" would have been in operation.\textsuperscript{108}

3. Neutrals in the Grand National strategy. Actually, this is the point that brings up the main issues to be dealt with in the following pages. What did that supposed national strategy consist in neutrals? What about their incentives? What were the overlaps and major obstacles for the propaganda achievements on that field? To dig into these themes, we should start with the way in which frames of mind about German harassment were initially shaped. The necessity of articulating unfolded aggressive self-defense policies turns to be in the focus, in combination with the extent in which new standards proved to be adaptable to each neutral context.

To that aim, attention will be paid to three significant stages: (1) the previous months to the war, from February to June 1914; (2) the very beginning of the conflict, October 1914; and, finally, to assess propaganda handicaps (3) between July 1917 and March 1918.

\textbf{Waging "War of Words": Is it All about Business?}

"\textit{MERCHANT PESSIMISMS}" FORGES NATIONAL THREATS

In September 1914 a compilation of the "Dispatches from his Majesty's Ambassador at Berlin respecting an official German organization for influencing the press of other countries" was presented to both houses of British Parliament. It was a collection of confidential reports issued between February and June 1914 by the former ambassador at Berlin, William E. Goshen, dealing with an alleged German project for a powerful secret association, so-called "Association for World-Commerce", to the aim of promoting industrial prestige and the spread of political influence.\textsuperscript{109} By then, the cabinet was to clarify the steps to be made to fight German propaganda. At the same time, the Neutral Press Committee was created under the Home Office sphere.\textsuperscript{110}

But, paradoxically, the pre-war German plans appeared to be not so much an aggressive proposal as a defensive one. Their promoters declared that they intended to fight the "dark forces" operating by means of hostile propaganda against German progress in world markets. So, their "Association for World-Commerce" was to remedy that "evil with persistent pro-German propaganda in the countries most being complained of".\textsuperscript{111} Funding for the project was to be provided by a particular group of companies, while their technical agents would be responsible for advising entrepreneurs in foreign markets. Particularly, Goshen pointed to the launch of the German American Economic Society, the German Argentine Association and the German Canadian Society.

Nonetheless, despite the secrecy in which the bidding was conducted, the design of the strategy caused great controversy. Internal dissensions soon appeared between the Central Association of German Industrials and its main rival, the Federation of Industrials, to the point that by March 1914 several important members had resigned their seats.\textsuperscript{112} Late in spring, it was claimed that lines of work, regarding the German reputation abroad, had "been transferred to another more delicate and more or less secret organization".\textsuperscript{113} So, British concerns were raised about not only the official encouragement "commanding enormous revenue for the

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\textsuperscript{109} The National Archives (TNA), FO 170/827.
\textsuperscript{111} TNA, FO 170/827.
\textsuperscript{112} Ibid.
\textsuperscript{113} Ibid.
\end{flushright}
purposes of a pro-German newspaper propaganda" but also the under covered nature of that budding organization. In other words, propaganda was then linked with the incoming process of intelligence-gathering activities in the dawn of the foundation of the secret services. Commercial intelligence was indeed the starting point of a subterranean "war of words".

From February 1914 onwards, some meetings would have been held by the head of the Press Bureau of the German Foreign Office, Dr. Hamann, with members of leading holdings in attendance, namely the North German Lloyd, the Hamburg-America Company, the Deutsche Bank, Siemens, Krupp...etc. Eventually, that secret organization would also have entered into agreement with the Agence Havas, which in future would only publish German news coming from Wolff Telegaphen Bureau. Besides, Wolff would receive that news exclusively from the propaganda organization to be founded. Similar arrangements would be intended with Reuter wherever it kept the primacy as a news agency.

However, that British confidential information might be brought into question. Reports might be considered less accurate than had intended to be presented in September 1914. Although the Deutsche Export Review had published in June further stuff on a syndicate for supplying news and spread “the knowledge of the true state of German industry and of Germany's cultural achievements”, it was also remarked that the syndicate used the organization already in existence. Moreover, those dispatches informed of an alleged private company with such a "conveniently vague purpose" as promoting the German industrial prestige. It seems that there was as much of conjecture in German formulations as in British perceptions of them.

Whether the evil exist or not - the money will be spent on secret service to popularize Germany abroad. It does not seem to have occurred to the promoters of the scheme that they are preparing the ground for a vast system of international blackmail—hardly a proper way to reach the desire end.

But apart whether accurate or not was thinking on an inimical blackmail system, what appears more interesting are the countries where the alleged system was to be implemented in. These were chiefly the South American states and those of the Far East, where Great Britain, once the war broke out, first left behind the "business as usual" by approval of trading with the enemy exceptional laws covering British monopolist practices. In those peripheral and quasi colonial theatres, the conflict had no sooner flared up than international law and neutral rights blurred. So in the end, British counter-measures sought to be modeled on German ones. There was by far a pattern to repeat in the mobilization of national merchant communities abroad.

On the eve of the First World War, growing merchant insecurities, whether being unfounded or not, were thus reversely reflected in the German and the British. How would this affect propaganda course?

THE MOMENT OF TRUTH

In the autumn of 1914 the propaganda system, despite being started without any clear conception, was in operation in neutral countries. At this initial stage, our object is to measure the position being occupied by the commercial issue in procedures. The memorandum by Max Müller on leading neutral countries press, addressed in October to the Foreign Office, can enable us to follow some useful examples.

Consistently with British pre-war naval and economic planning, Scandinavian and northern European neutrals, bordering on the enemy, were soon spotlighted. Closed attention was firstly paid to Sweden because of the apparently pro-German bulk of opinion, in particular in the conservative and military sides. Despite the intensity of German campaigns and the "natural" hostile feeling aroused with the inclusion of iron ore in the British contraband list, Müller's document stressed on the counteracting measure that a bilateral commercial agreement might offer (what indeed would not be as easy as thought then). Strikingly, it was also suggested that in business questions, Swedes were neutral. In that sense, Müller put across some views regarding Swedish position, mainly coming from an electric firm in Norway. More examples of Scandinavian press claims on neutrality were given (most of them indirectly through correspondents in Sweden).

Generally, neutrality was perceived as a political state of military and economic dependency on belligerents, which would limit the freedom of neutral speech and press. The Danish example was very clear.

114 Ibid.
115 Ibid.
116 Ibid.
117 Ibid.
Although the public opinion in Denmark would definitely be anti-German, the strong commercial connections between the two countries “would restrain the Danes from any two uncompromising expression of their feelings in this respect”. However, exceptions were made. The Norwegian “spirit of independence” would not hesitate to express conveniently its opinions freely and favorably for the Allies, raising objections “to be spoon-fed with readymade opinions either from one side or the other” and particularly by Wolff Bureau and Björnson agencies. But the Morgenbladet had also published a leading article against the press campaign being conducted from both sides to wage their particular “war about the war”. Moreover, it was pointed out how the Norwegian Journal of Commerce and Navigation of the 29th September had taken “a strong exception to the action of the British Government in declaring iron ore contraband of war”. Concerning Holland, as in other neutral countries, the newspapers would have been “deluged with German papers, pamphlets, and circular letters” while “there was a great feeling of irritation at the measures taken by Great Britain to check any trade through Holland with Germany”. German propaganda was taking advantage of British restrictions on neutral trade. That was also the case in the United States where commercial and maritime blockade matters caused main political controversies. Later, it would be suggested that propaganda work should be closely in touch with the Ministry of Blockade.

Regarding British retaliatory measures, Swiss arguments were singled out by Müller. Some newspapers stressed on the inconvenience of expressing anti-British feeling because of the negative effects on the export trade of Switzerland after the war, “as it must not be forgotten that the British Empire provided one of the best markets” for Swiss production. The Swiss economy was indeed very dependent on the British naval restraints in the Mediterranean. Since August 1914, the Gibraltar flotilla stopped and examined almost all ships which left America bound for Italy and Switzerland, monitoring and putting pressure on the Portuguese and Spanish international transit trade.

Moreover, the campaigns promoted by German consulates and the Deutsche Lloyd Company in Italy were noticed. In October 28th the British Consul at Venetia put German attacks down on paper. He asked “whether any steps had been taken to combat the German methods” at the same time he pointed out that it was foreign to British nature to imitate German course of action. Precisely, British merchant views on Italian public opinion were a distinguished source of political information.

So at the beginning of the "war about the war" in neutral countries, the commercial issue became quite noticeable while political and economic arguments were mixed together, having an effect on British self-representations of being a neutral defender. The Danish press, for instance, discussed rumors about British Government’s plans to violate their neutrality, remarking the contradictions of those alleged plans coming from a nation “that has actually gone to war to protect the neutrality of another small country”. All in all, interferences in domestic affairs of neutrals tended to imply violating international law, as it was very apparent in British actions towards sea trade. In spite of evidences, the memorandum concluded expressing in positive terms and evading most controversial aspects derived from commercial and maritime interferences affecting neutrals. But, unfortunately for the British propaganda scheme, it would not be possible to evade those aspects for ever.

THE THORN OF DOUBLE STANDARDS (1917-1918)

In July 1917 the work on neutral press was considered to be unsatisfactory. Several reports pointed to the neglect of the special psychology and prejudices of the countries to which the propaganda was being sent. A carefully inspection of what had been done until then hardly revealed any such accurate propaganda. The extracts used to be "constructed on somewhat mechanical lines". Once again, attention would be paid to commercial affairs in every country. The Department of Information, hosted by the Foreign Office, made a plea for a "business section". Although some breakthroughs came from Sweden, much of the stuff appeared "to have no distinctive aim or value". The same was said about Holland and Spain, where propaganda had shown a lack of "intimate knowledge" of domestic affairs. According to the information provided in the memorandum, many complaints had arrived from Spain about half-measures and conflicting actions. So,

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121 Ibid.
122 Ibid.
123 Ibid.
124 Ibid.
125 Ibid.
127 TNA, FO 170/827.
128 Ibid. Consulate at Venice 28 oct. 1914.
129 Ibid. memorandum Max Müller.
130 TNA, INF 4/10 11 jul. 1917.
131 Ibid.
broadly speaking, the propaganda scheme inside neutrals was not going entirely to plan even in the last months of the war.

In March 1918, a wide range of severe structural weaknesses were highlighted; notwithstanding, two key issues were the scant British share in foreign publishing markets and the neutral ignorance of the British political system and values.\textsuperscript{132} At that time, it was intended to give more facilities to special correspondents to bear testimony to the British "ideals of political liberty and justice". But, overall, commercial propaganda remained a noticeable issue. It should clearly be improved in countries like Switzerland, where propaganda had mainly been confined to the subsidizing of the \textit{Swiss Export Review}, "largely instrumental in giving [Britons] a hold over the "Zürcher Post".\textsuperscript{133} Moreover, in regard to advertising, keeping British "peace aims to the fore and take into account after war commercial enterprise" was considered a requirement for all operations, "by whatever means".\textsuperscript{134}

But paradoxically, British enterprise had vigorously been engaged in propaganda aims since the onset of war. The point was the inconsistency between the expressed attitudes and the actual behavior through dominant positions in neutral markets. Particularly, the use of the dreaded blacklist entailed important values but also disadvantages for the national sake.

The blacklist was a register of natural and legal persons, with whom nationals were prohibited by their government from contractual union. The extension of British blacklisting affecting neutral companies offered powerful political counterarguments in the propaganda field, so the issue became a thorn in advertising the British cause 1917 onwards. The British followed a double standard policy. Supposedly, they were pursuing in neutral countries the same monopolist policies they denounced in the Germans. War turned into a stage to do more business than usual, capturing markets at the expense of non-inimical interests.

This was for example a case for the legitimacy of the Allied cause in Spain, where it was common to hear talk of the British "blacklist business".\textsuperscript{135} But German agents found a particularly fertile field to win over public opinion in South America, especially in Argentina where the veto system might have worked harshly. Dehne showed how British Chambers of Commerce played there a key role with a "more constructive form of participation in the war effort" promoting an aggressive "anti German" commercial policy.\textsuperscript{136} The Foreign Office would also have tilted an ear to the merchant patriots who wished to foster national trade in the South American republics.\textsuperscript{137}

But the intended patriotic policy against the enemy trade did not always run for the benefit of the British reputation. A memorandum brought to the Foreign Office put it plainly:\textsuperscript{138}

\begin{quote}
The gravest mistake in policy has been the introduction and method of operating the Black List in Argentina. The Policy of our Government at this time should surely be one of expediency and I say emphatically that the operation of the black list in the Argentine attacks the sovereignty of that people, alienates the commercial community, damages British prestige and British commercial interests, and has failed entirely in its avowed objects -to cripple and kill German trade.
\end{quote}

On those terms, the Black List would have failed to erode German commercial houses because of the use of "cloaks". While vetoes were damaging neutral pro-British companies "to almost an exaggerated point", pro-German interests went easily ahead. This was the case of the company Salaberry and Bertheche. As long as Salaberry was the Argentinean Minister of Finance, it would be impossible to put the firm on the Black List.\textsuperscript{139} The memorandum also stressed on the kind of communications that blacklisted firms received from the British commercial attaché:\textsuperscript{140}

\begin{quote}
of a such nature which would lead one to believe that one was living in a country under the jurisdiction of England instead of being a neutral country under an independent Government.
\end{quote}

Deep concern was specially raised on how vetoes ruined British prestige while "best friends which England has ever possessed out there" were being lost. Moreover, Argentines in high positions would be losing their sympathy for England “on account of their utter disgust of [British] methods” and their inconsistencies.\textsuperscript{141} It was argued that no amount of propaganda might wipe out the damage.

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\textsuperscript{132} INF 4/6 On neutral press March 1918.
\textsuperscript{133} Ibid.
\textsuperscript{134} Ibid.
\textsuperscript{135} GARCÍA SANZ, C. "British blacklists... (2013).
\textsuperscript{136} DEHNE (2010), pp.528.
\textsuperscript{137} Ibid., p.529.
\textsuperscript{138} TNA, INF 4/6.
\textsuperscript{139} Ibid.
\textsuperscript{140} Ibid.
\textsuperscript{141} Ibid.
\end{flushright}
In the end, a radical revision of merchant policy was unsuccessfully recommended. The author of the report probably was observing not only a state of things in common to neutral countries; also he was upholding some local and partisan interests considered to be adversely (or rather unfairly) affected by the application of blacklisting.

However, the point here is to highlight the extent in which British policies applied to neutrals were difficult to reconcile with the chosen rhetoric of respect for neutral rights. The influence of some lobbies in the Foreign Office, in conjunction with commercial engagement "from bellow", turned war into a stage to do more business than usual capturing neutral markets (and not only at the expense of the enemy). That questionable way of thinking brought undesirable effects for the propaganda work. All in all, it would not be easy to correct some miscalculations or flaws in the British mobilization in neutrals due to the primacy of the partisan views on trade rivalry. The national trenches of commercial warfare were dug, under misconceived incentives, before the real war had broken out. Commercial warfare might primarily be considered a state of mind crashing into the enemy one.

So the "war of words" or the "war about the war" was no such a simple task as it was thought in 1914. There was also a neutral counterpart willing to send a feedback. So, in this aspect as in many others, the Great War represented a great testing ground for all belligerent and neutral strategies.