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# THE CLANDESTINE SUBMARINES OF 1914-15: AN ESSAY IN THE HISTORY OF THE NORTH ATLANTIC TRIANGLE

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No one will dispute the lasting historical significance of the First World War, but most of the current flood of books on the conflict are one-sided in their emphasis. By treating primarily of naval and military events they fail to answer, or ask, important questions concerning the impact of the war on the nations concerned. This essay deals with a phase of the influence of the war on three countries — Canada, Great Britain, and the United States — and on their relations one to another, in short, the familiar “North Atlantic triangle.” The essay deliberately avoids generalities and instead tells the story of the building of ten submarines in Canada under most unusual circumstances during 1914-15, and episode hitherto largely ignored by historians.<sup>1</sup> It concludes by suggesting some of the broad conclusions which might be drawn from the affair.

The episode of the clandestine submarines has many strands which must be introduced separately before they can be woven together. One place to begin is with the city where they were built, Montreal. December of 1914 was an unhappy month for Canada and for the city of Montreal. The first breath of war in Europe had withered the trade and industry of the metropolis. Politicians fretted about mounting discontent. Businessmen sought comfort in dreams of German trade waiting to be captured. Men without jobs longed for snow that they might earn a few dollars shovelling.

On the eastern outskirts of the city the shipyard of Canadian Vickers, Ltd., shared in the general economic lethargy. Since its establishment in 1911 this company had seen little but ill fortune. Confidently anticipated government orders for naval vessels had not materialized before or after the outbreak of war. The company's cavernous building sheds, large enough for the simultaneous construction

<sup>1</sup> Fragmentary, incidental, and sometimes erroneous references to the submarines appear in several books. For example, Arthur S. Link, *Wilson: the Struggle for Neutrality* (Princeton, 1960), pp. 61-62, tells the first part of the American side of the affair, but believes that the episode closed when the Administration ordered that submarine parts not be exported. Charles C. Tansill, *America Goes to War* (Boston, 1938), pp. 43-48, is fuller and does suggest that the submarines were completed in Canada. John Niven, *et al.*, *Dynamic America: A History of the General Dynamics Corporation* (New York, 1958), p. 101, contains a few paragraphs and some interesting and important photographs on the role of the Electric Boat Company. This essay is based primarily on Canadian, American, and British manuscript sources.

of three cruisers, were nearly empty. The only work on hand was an icebreaker and a dredge being built for the Canadian Department of Marine and Fisheries.

Then, with the new year, the effect of war orders began to be felt. Throughout North America factories opened again or put on extra shifts. In Montreal bread lines disappeared. At Canadian Vickers the change came suddenly and in a most peculiar manner. During the first week in January, 1915, the men working on the icebreaker and dredge were laid off, but immediately rehired to undertake new work in the same shipyard. But now they found themselves working for the Bethlehem Steel Corporation, the giant American company, and not Canadian Vickers.

These men were quickly joined by hundreds more, some of whom came north under contract from the United States. At the same time there arrived train loads of steel plates and quantities of crated marine parts. Under the direction of American supervisors the men began putting down keels and cutting and shaping the steel plates. Orders were issued enjoining the strictest secrecy. Off in a corner the icebreaker and dredge stood unfinished and forgotten.

Then men, spurred by high wages, worked long hours at unprecedented speed and presently the steel plates were converted into the hulls of ten submarines for the British Navy. Engines and specialized machinery, supplied by the Electric Boat Company in New London, Connecticut, arrived and were installed. In the spring the first vessel, the H 1, went down the ways. The other nine followed in quick succession and before the summer was out all had departed for service in the Mediterranean or the North Sea.

Viewed simply as a feat of naval shipbuilding, these submarines were remarkable. The speed of their construction was breathtaking. They were the first submarines — indeed the first modern vessels of was — to be built in Canada. They were the first submarines to cross the Atlantic under their own power. These details, however, are of less importance than the political setting in which the submarines were conceived and built.

By way of background we must turn to the Anglo-German naval arms race. In the half decade from 1909 to 1914 the alleged threat posed by the German Navy was the subject of obsessive debate throughout the British Empire.<sup>2</sup> In this debate the majority of naval officers, politicians, and publicists considered the Dreadnought battle-

<sup>2</sup> On this subject E. L. Woodward, *Great Britain and the German Navy* (London, 1935) is still useful. It was written too early to make use of unpublished archival material and private papers as has been done so brilliantly by Arthur J. Marder, *From the Dreadnought to Scapa Flow*, volume I, *The Road to War, 1904-1914* (London, 1961).

ship as the only standard of naval strength. Nearly everyone ignored or belittled the importance of smaller war vessels; however, a small group of naval officers did seek to draw attention to the immense potential of the submarine. These enthusiasts for undersea warfare were loudly ridiculed; most naval officers looked on the submarine as a dirty, foul-smelling, ungentlemanly contraption which endangered the lives of its occupants but little else.

Ironically the most articulate advocate of the submarine was the man most responsible for the Dreadnought: Admiral Lord Fisher.<sup>3</sup> As First Sea Lord of the Admiralty (1904-1910), Fisher had encouraged the development of the submarine even while perfecting the Dreadnought. But after Fisher's retirement in 1910 the submarine was relatively neglected. When war broke out the Royal Navy had fewer long-range submarines in commission than in 1910.

Fisher, however, soon had the opportunity to remedy what he considered this dangerous deficiency. At the end of October, 1914, he was called from retirement by the First Lord of the Admiralty, Winston Churchill. With Fisher's resumption of the post of First Sea Lord the stage was set for the ordering of the submarines which are the subject of this essay.

Meanwhile the Anglo-German naval competition had produced repercussions in Canada. During 1909 both Canadian political parties had recognized a need to assist the Mother Country, but they could not agree on how the need ought to be met. Conservatives tended to favor a cash contribution to Great Britain for Dreadnoughts to be built in the United Kingdom and added to the Imperial Navy. Liberals favored a navy of smaller vessels built in Canada, manned by Canadians and stationed in ordinary times in Canadian waters.<sup>4</sup>

Inwardly, Robert L. Borden, the Conservative leader, felt that a policy of cash contribution did not fully comport with Canada's status, nor did it stimulate Canadian industry. On the other hand he believed that a small Canadian navy had little value for defence against Germany. After becoming Prime Minister in 1911, he worked out an ingenious solution to his dilemma. He entered into an agreement with the Admiralty whereby Canada would make an emergency contribution of \$35,000,000 to Britain for the construction of three Dreadnoughts. In return the Admiralty agreed to place orders in Canada for

<sup>3</sup> For Fisher, in addition to Marder's *Road to War*, see Marder's edition of Fisher's letters, *Fear God and Dread Nought* (3 vols., London, 1952-59); Admiral Sir Reginald H. S. Bacon, *The Life of Lord Fisher* (2 vols., London, 1929); and the penetrating sketch by Winston S. Churchill in his *Great Contemporaries* (London, 1937).

<sup>4</sup> The best survey of the Canadian naval question in this period is Gilbert Norman Tucker, *The Naval Service of Canada* (2 vols., Ottawa, 1952), I, chapters IV-IX.

various types of smaller vessels whose constructions was within the technical capabilities of Canadian yards. Throughout the discussions of naval policy it was tacitly understood by both the Laurier and Borden governments that Canadian Vickers, established specifically to build warships, would in all probability receive the most important contracts.<sup>5</sup>

Borden's arrangement was designed to satisfy many points of view. By stressing the emergency nature of the contribution, he sought to refute the charge of colonial subserviency while yet convincing the Imperial patriots that Canada was doing her duty. At the same time the contracts from the Admiralty would mean jobs, profits, and industrial growth for Canada. The Senate's defeat of the contribution bill, however, destroyed the arrangement. Having failed in his end of the bargain, Borden could not expect the Admiralty to order ships in Canada, and no orders were forthcoming. This was a sore disappointment both to Borden and the Canadian Vickers company.

Thus matters stood when war broke out in August, 1914. Borden hoped that the Admiralty would now place orders in Canada, and, incidentally, help relieve the serious unemployment created by the war. Once the turmoil of the initial weeks was over, Borden cabled to Sir George Perley, the Canadian High Commissioner in London, asking him to remind the Admiralty of Canadian readiness to be of service. To Borden's and Perley's lasting annoyance the Admiralty replied that Canada could best contribute to the defence of the Empire by sending men for the Army and not by trying to build ships.<sup>6</sup> Into this setting of unfulfilled Canadian aspirations, the submarines were soon to be injected with far-reaching results.

Although the British government paid little heed at the beginning of the war to Canada's industrial potential, the War Office and the Admiralty did not ignore the facilities of American firms, especially the "American Krupp's," the Bethlehem Steel Corporation. Bethlehem specialized in the production of warships. It happened that at the very moment Lord Fisher was returning to the Admiralty, the president and guiding genius of Bethlehem, Charles M. Schwab, was in London to negotiate orders for munitions. Schwab was invited to the Admiralty to discuss submarines. He and Fisher quickly made a deal. Schwab agreed to build twenty submarines in the United States for the Admiralty in an unprecedentedly short time and for a very high price.<sup>7</sup>

<sup>5</sup> Tucker gives insufficient emphasis to this aspect of the Anglo-Canadian negotiations. The papers of Sir Robert Borden in the Public Archives of Canada, Ottawa, contain considerable material on the prospective shipbuilding arrangements, including correspondence with officials of Canadian Vickers. The papers of Herbert Asquith in the Bodleian Library, Oxford, contain material on the British side.

<sup>6</sup> Sir George Perley to Borden (tel.), October 8, 1914, Borden papers.

<sup>7</sup> Photostatic copy of contract signed by Schwab and the Admiralty director of contracts, November 10, 1914, supplied by the Bethlehem Steel Company.

"We have made a wonderful coup . . . with someone abroad for very rapid delivery of submarines," Fisher wrote to Sir John Jellicoe, Commander-in-Chief of the Home Fleet. "I must not put more on paper, but it's a gigantic deal done in five minutes. That's what I call war!"<sup>8</sup>

To build vessels of war for a belligerent when the United States was neutral was a serious violation of American law. This did not trouble Schwab; he was prepared to ship the submarines to England in parts. The law would not be broken since a submarine in parts was not a vessel under the meaning of the neutrality laws.

Reassured by the existence of several precedents for the shipment in parts and by the personal opinion of Robert Lansing, counsellor of the Department of State, Schwab ordered work on the submarines to begin. But then, amid wide newspaper publicity for the huge contract and grumblings from German-Americans, Secretary of State William Jennings Bryan took issue with Lansing's opinion. "I am afraid," said Bryan in an appeal to President Woodrow Wilson, "we could not convince the average citizen there was any difference in allowing a vessel to be completed here and allowing the parts to be made so that a complete vessel could be shipped and the parts assembled in another port . . . I think there is danger in the proposition."<sup>9</sup> Wilson sided with Bryan and ordered Lansing to find a way to prevent the shipment of parts.<sup>10</sup>

Schwab by this time (late November, 1914) had returned from England. Upon learning the President's decision he rushed to Washington for a conference with Bryan and Lansing. Bryan discussed the matter again with Wilson, but Wilson refused to reconsider. A few days later Schwab turned suddenly compliant and promised Bryan that "his firm would not build submarines for any belligerent country for delivery during the war." Bryan jubilantly announced Schwab's promise to the press. "This closes the submarine incident," he said.<sup>11</sup>

Bryan's announcement brought strong and varied reactions. In London Admiral Lord Fisher raged. His long crusade for submarines, so marvellously close to fulfillment, was now seemingly dashed by the United States government and the spineless acquiescence of Schwab. On the margin of a telegram from Washington on the affair, Fisher scrawled in heavy green pencil: "He that is not with us is against us! We ought to speak out. We are a poor lot!" At Buckingham Palace

<sup>8</sup> Fisher to Jellicoe, November 3, 1914, Marder, ed., *Fear God and Dread Nought*, III, p. 66.

<sup>9</sup> Bryan to Wilson, November 12, 1914, Bryan papers, Foreign Affairs Branch, National Archives, Washington, D.C.

<sup>10</sup> Wilson to Lansing, November 30, 1914, *Foreign Relations of the United States, the Lansing Papers* (2 vols., Washington, 1939), I, p. 115.

<sup>11</sup> *New York Times*, December 8, 1914.

King George V also read the bad news. "That is rather a blow isn't it," the King wrote to Fisher, "what are we going to do?" What could be done? A message had been received from Schwab that he was on his way to London. There might be hope. At least so thought Churchill who, seeking to soothe his irate First Sea Lord, advised, "Let us see what Schwab has to say."<sup>12</sup>

What Schwab had to say was all important, but first it is necessary to note the Canadian reaction to the apparent cancellation of the contract between Bethlehem Steel and the Admiralty. Canada, it seemed, could step into the breach and do the job which her giant neutral neighbor and rival could not. The Royal Navy would get the urgently needed submarines and Canada would get jobs, prestige, and the long-awaited stimulus to a naval shipbuilding industry. Within four days of Bryan's announcement Borden in Ottawa had received offers to build submarines from Canadian companies on both coasts and the Great Lakes. In haste he cabled the Admiralty urging that the cancelled order be placed directly in Canada.<sup>13</sup> The Admiralty never replied. For the reason, we turn again to Schwab.

Even as he conferred with Bryan, Schwab was concocting a device for evading the government's order. Leaving Washington, Schwab went directly to Montreal to inspect the facilities of the Canadian Vickers plant.<sup>14</sup> Although he stayed only a few hours, he was pleased with what he saw. The next day, from New York, Schwab telephoned his promise to Bryan and then sailed for England.<sup>15</sup> At the Admiralty Schwab and Fisher met again. Schwab said all was not lost. If the Admiralty could arrange for Bethlehem Steel to have full use of the Canadian Vickers plant, Schwab could build some or all of the submarines in Montreal from parts and materials imported from the United States. Fisher accepted the proposal. The necessary arrangements were made. Ten submarines were to be built immediately at Montreal and work would proceed on the remaining ten in the United States but with their ultimate form of delivery left open because of the "diplomatic situation."<sup>16</sup>

During December, 1914, engineers and executives from various Bethlehem plants arrived in Montreal; work on the icebreaker and dredge was stopped; and on January 1, 1915 the plant was turned over

<sup>12</sup> Marginal notations by Fisher and Churchill, December 12, 1914, on copy of telegram from Ambassador Sir Cecil Spring-Rice to Sir Edward Grey, December 8, 1914, and copy of the King's letter to Fisher, in the Lord Fisher papers in possession of the Duke of Hamilton, Lennoxlove, Haddington, Scotland.

<sup>13</sup> Borden to Perley (tel.), December 11, 1914, Borden papers.

<sup>14</sup> Schwab's movements can be traced in the *New York Times*, December 5, 1914, supplemented by the *Montreal Daily Star*, December 8, 1914, and the minutes of the executive committee, Canadian Vickers, Ltd., Montreal.

<sup>15</sup> *Wall Street Journal*, December 7, 1914.

<sup>16</sup> Supplementary contract, December 15, 1914, photostatic copy from the Bethlehem Steel Company.

completely to Bethlehem Steel for the construction of submarines. The first keel was laid January 11. In order to camouflage the heavy flow of material from Bethlehem plants into Canada, the press was told that the company was shipping, via Canada, "structural steel for bridges to replace those destroyed in Europe."<sup>17</sup> Schwab's subterfuge was in full operation.

Who was fooled? Hardly anyone. In the United States the German and Austro-Hungarian ambassadors discovered without difficulty what was happening and protested to the Department of State. The Department, fully informed by American naval intelligence, engaged in some semantic quibbling and denied the ambassador's charges that submarine parts were being exported to a belligerent. This tacit cooperation in subterfuge between the Department and Bethlehem Steel was Lansing's work, for Bryan paid no attention to the affair after his initial intervention. Lansing established the unwritten rule that submarine parts were not parts at all if they required the slightest additional fabrication outside of the United States before assembly into a completed submarine. Because the ambassadors were never informed of this definition, they continued to protest and continued to receive bland and misleading denials from the Department.<sup>18</sup>

One government which knew nothing about the operation was the Canadian. At no stage in the preparatory negotiations was Ottawa consulted or even informed. Not surprisingly Prime Minister Sir Robert Borden was filled with anger and disillusionment when he learned of the subterfuge from Canadian Vickers on or about January 15, 1915. His bitter complaints to London produced delayed and, in Borden's eyes, lame explanations. Borden welcomed the employment which the submarines provided for Canadian workers (who outnumbered the imported Americans) and he was willing to excuse the inconvenience of having work on the icebreaker and dredge discontinued without his knowledge, but he could not tolerate in principle the way in which the affair had been handled.<sup>19</sup> Since August, 1914, the Canadian government had encountered increasing difficulty in maintaining adequate communications with the many departments of the British government responsible for the conduct of the war. The submarine episode was but one of a series of irritating events, but it symbolized better than anything else which had occurred, much that Borden considered wrong with the wartime relations of Canada and Great Britain: the failure to convey vital information, the disregard of Canadian interests, the cavalier way in which an illegal arrangement (the importation of contract labor)

<sup>17</sup> *Wall Street Journal*, January 12, 1915.

<sup>18</sup> Correspondence between the Department of State and the ambassadors and related documents are found in the Department of State decimal file 763.72111 in the Foreign Affairs Branch, National Archives, Washington.

<sup>19</sup> The bulk of the material in the Borden papers on the submarine episode is to be found in files OC 273 and RLB 284 (1) and (2).



was set in motion without consulting Ottawa, the way in which an American corporation stood to profit while the Canadian government bore the inconvenience. Perhaps the extraordinary demands of the war did require that the submarines be built in this fashion. But why could not Canada have been allowed to concur in the crucial decisions before they were made?

On the positive side Borden hoped that the success of submarine construction at Canadian Vickers would change the Admiralty's attitude toward placing contracts in Canada. In April, 1915, he cabled to High Commissioner Perley:

Submarines . . . will be completed very soon. This will throw over two thousand men out of employment. It is most desirable under present conditions that this should be avoided if possible. Vickers are prepared to construct at Montreal submarines, destroyers, or cruisers and will guarantee satisfactory delivery. Please urge upon Admiralty great importance giving Canadian Vickers reasonable share for any war craft of these classes required in immediate future. . . . The action of British Government in requisitioning many Canadian ships has greatly lessened opportunities for employment in Montreal Harbour and therefore there is the greatest necessity to keep Vickers Works occupied.<sup>20</sup>

As so often in the past, Borden was again refused. His irritation, which had abated somewhat since January, mounted again.

When, in the summer of 1915, Borden went to London in an effort to improve economic and political relations with the British government, he brought the submarine episode to the fore as a heinous example of his grievances. From the Admiralty came apologies, but little else. Even while Borden was conferring, the Admiralty was arranging for the construction of five hundred patrol boats by an American firm using Canadian facilities. It was the submarine affair all over again.<sup>21</sup> On nearly every count Borden's mission to England was a failure, and after his return to Canada his sense of frustration intensified. A climax was reached in January 1916 when he unburdened himself to Perley in a now-famous letter:

It can hardly be expected that we shall put 400,000 or 500,000 men in the field and willingly accept the position of having no more voice and receiving no more consideration than if we were toy automata. Any person cherishing such an expectation harbours an unfortunate and even dangerous delusion. Is this war being waged by the United Kingdom alone, or is it a war waged by the whole Empire? . . . why do the statesmen of the British Isles arrogate to themselves solely the methods by which it shall be carried on in the various spheres of warlike activity and the steps which shall be taken to assure victory and a lasting peace?

<sup>20</sup> Borden to Perley (tel.), April 9, 1915, Borden papers, OC 273.

<sup>21</sup> See Borden papers, RLB 284 (1) and (2) for material on the patrol boats.

It is for them to suggest the method and not for us. If there is no available method and if we are expected to continue in the role of automata the whole situation must be reconsidered.<sup>22</sup>

Behind the bitterness of that letter lay dozens of incidents of a military, political, and economic nature. The episode of the clandestine submarines was not the least; symbolically it was one of the most important.

The improvement which took place in Anglo-Canadian relations during the latter part of the war is beyond the scope of this essay. Let it suffice to note that new institutions — the Imperial Munitions Board in the economic sphere and the Imperial War Cabinet in the realm of high policy — came into being and helped prevent the repetition of affairs as corrosive of good feeling as that of the submarines.

Some brief reflections are now in order concerning the significance of the submarine episode in the history of the North Atlantic triangle. On three occasions in this century the United States, Canada, and Great Britain have cooperated in defence of their separate and collective security. During the Second World War and the Cold War this cooperation has explicitly involved all three governments in common objectives. But in the period from 1914 to 1917 the United States was neutral; the objective of the American government was to keep out of the war. Can we claim, therefore, that a triangle for defence existed before the American declaration of war on Germany in April, 1917?

The submarine episode suggests that there was a triangle, although it was tenuous and its existence was seldom recognized at the time. The one man truly aware of the triangle in the episode was Schwab whose international business experience enabled him to transcend national boundaries in his thinking. Thanks to Schwab's ingenuity the submarines were produced by the combined resources of the triangle in spite of the largely negative behavior of the three governments concerned. Subsequently the three governments have cooperated directly in defence production many times, but never have weapons been created with greater speed and efficiency. Canada in this case was a link between the United States and Great Britain, but the link was one of geographical convenience and industrial development and not deliberate policy by one or more of the governments. Canada by her presence influenced the results of American neutrality. Thus, as one conclusion, the submarine episode suggests that historians of American neutrality and Anglo-American relations during the First World War should pay more attention to the position of Canada.

For those studying the impact of the war on Canadian national consciousness, the episode underlines the importance of bread-and-butter

<sup>22</sup> Henry Borden, ed., *The Memoirs of Sir Robert Laird Borden*, (2 vols., Toronto, 1938), I, p. 622.

economic issues. Certainly the gallant sacrifices of Canada's soldiers provided the principal impetus for rising national feeling and for the ever louder insistence that Canada's voice be heeded in matters of high policy. But during the war Canada reacted, as she reacts today, to what she considered neglect or insufficient recognition of her economic interests. As the war continued the British government wisely accepted and suggested methods for giving Canada a greater economic, military, and political role. Had Britain failed to do so, had, for example, there occurred an unending series of submarine episodes, the outcome would have been unfortunate for the cause of the triangle.

Today within the Atlantic triangle, questions of weapons technology, inadequate communication among governments, defence contracts, unemployment, and national pride are scrambled together in intimate and often painful ways. In some respects the submarine episode is an early, perhaps the first, example of a type of contretemps which in mid-century is all too common. Currently the United States occupies the place Britain held in the submarine affair, but if we make this substitution there is a familiar ring and perhaps a lesson in those events of almost half a century ago.