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American-German Diplomacy, Intelligence, and Switzerland: James McNally and Secret Peace Talks in the First World War

Chase Estes¹

The Role of James McNally in the First World War

On 24 July 1917, a telegram was sent out from Bern, Switzerland, to the Secretary of State in Washington, D.C. The subject of the telegram was the ongoing First World War. Forwarded by the American Minister in Switzerland, it was written by another American official, the Vice Consul in Zürich, James Clifford McNally. He had compiled his latest report on the war enthusiasm of both the German and Austro-Hungarian Empires and its contents suggested that the desire for peace was rising in Vienna but not in Berlin. What makes this telegram interesting is not only its serious subject and high-ranking recipient but also the small message McNally left at the end of the telegram: "My subordinate position of Vice Consul barred me on the 18th from circles where I could have met a high German officer bearing important information for me...I might have been able to save thousands of American lives and millions of American dollars." This telegram perfectly encapsulates how this Vice Consul's diplomatic and intelligence work should be analyzed. Not only was McNally providing intelligence that was important to the American war effort, but his aspirations and desire for career advancement were also displayed.

While not well known, the telegram cables, which contained McNally's diplomatic and intelligence work and the reports of his correspondence with high-ranking officials from Washington D.C. and Berlin, could have impacted American-German diplomacy during the Great War. In particular, the possibility of his work impacting a peace deal between the United States and Germany was an interest that the Vice Consul in Zürich pursued throughout the war to achieve the career advancement he desired. McNally was a unique diplomat in that his activities differed significantly from the standard responsibilities held by other officials in Switzerland. His telegrams back to Washington, D.C., included not only intelligence gathering, analysis, and reports relating to the current state of the conflict but also documented his attempts at secret peace negotiations with

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² James McNally, "Telegram from McNally," in "The Minister in Switzerland (Stovall) to the Secretary of State," 24 July 1917, Berne, Switzerland, Doc. 199, No. 1274, File No. 763.72119/686, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," pp. 148-149.

German officials. This ability to acquire valuable intelligence and engage in direct discussions with German officials came from leveraging his family ties to a German naval officer, his son-in-law, Captain Friedrich Carl Mensing.

McNally was quite independent in his negotiations with German officials, and many of the talks were completely unofficial. He often wholly sidestepped his direct superiors and fellow American diplomats in Switzerland. These unsanctioned meetings with Germans and his general pro-German sympathies at the war's outset led many others within the American government to view him with intense suspicion. His contemporary in Switzerland, the young Allen Dulles, of later CIA fame- was said to have never been sure whether to view the Vice Consul in Zürich positively or negatively.³

The main primary sources relating to McNally are his official reports to the State Department and other American officials, as well as the official reports of these officials who reference him. Additionally, newspaper articles written during McNally's life in national and local publications have yet to be cited in scholarship and provide additional insight into his life outside his official capacity during the First World War. Scholarly research on McNally has been primarily done by the diplomatic historian Klaus Schwabe, who referenced McNally's career in his research on Woodrow Wilson and the end of the First World War and published a scholarly article devoted exclusively to analyzing McNally's life and career. This 1992 article makes use of not only archival sources related to McNally's position in the State Department but also interviews and correspondence during the 1960s and 1970s with the late McNally's son-in-law, Mensing, the aforementioned German naval officer. The impetus to write this seminal article was the discovery of new records related to McNally in various American and British archives, which had come to Schwabe's attention since his earlier correspondence with Mensing.

While not directly relating to the Vice Consul in Zürich, scholarly work regarding Mensing's activities in the United States facilitating the work of the Nazi Party during the interwar period exists, as well as primary sources showing the scrutiny placed upon him by the U.S. government on account of this.⁶ This context has never yet been used in any scholarly analysis of Mensing's career during the First

³ Mark Stout, "World War I and the Invention of American Intelligence, 1878 – 1918," (PhD diss., University of Leeds, 2010), p. 200, White Rose eTheses Online, https://etheses.whiterose.ac.uk/21126/.

⁴ Klaus Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918: The Role of Vice Consul James McNally," *Diplomatic History* 16, no. 2 (1992): p. 179, http://www.jstor.org/stable/24912148.

⁵ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 176.

⁶ The author would like to acknowledge Dr. Mark Stout for his assistance in finding the transcripts of the McCormack-Dickstein Committee, a critical primary source for analyzing Mensing's interwar activities.

World War, therefore providing a new reason to treat his correspondences and interviews from the 1960s and 1970s with a critical eye. Schwabe's main focus was on McNally's significance to American-German diplomacy, not McNally's motivations for doing so. But Schwabe did additionally argue that while partaking in secret peace negotiations with the Germans, McNally was still a genuine mediator when it came to representing the views of the American president, Woodrow Wilson, even if these talks were completely unauthorized.⁷

This paper argues that McNally's desire for career advancement and personal importance motivated him to engage in these secret peace negotiations with the Germans independently. This analysis expands upon Schwabe's previous understanding that personal altruism was the predominant motivation in McNally's secret peace talks by further introducing this additional explanation for his activities. By considering this desire for career advancement, McNally's choices to disobey and mislead his own government can be better accounted for and explained. This new interpretation is supported by examining McNally's pre-war life and career, specifically the challenges and setbacks he faced over a long career in the diplomatic service. It assumes that he utilized the unique position he occupied in Switzerland at the intersection of the foreign policies of the U.S. and Germany and his familial connection to Mensing as opportunistic means to restore his prior rank and importance. Finally, this new thesis challenges a key piece of evidence for McNally's sense of altruism as the primary motivation for his secret negotiations, doing so by critically examining Mensing's post-Second World War explanations and recollections.

McNally's Early Life and Pre-War Career

James McNally was born in Staffordshire, England on 12 May 1865.⁸ His family had an Irish background, and they immigrated with the young McNally to the United States in 1868.⁹ The family ended up settling in Allegheny County, Pennsylvania. McNally's father, Thomas McNally, was a prominent hotel keeper in the Northside section of Pittsburg.¹⁰ McNally later studied law at the University of Michigan and graduated in 1891.¹¹

⁷ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 200.

⁸ United States Department of State, Register of the Department of State: December 23, 1918 (Washington: Government Printing Office, 1919), p. 138.

⁹ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 179.

¹⁰ "Lose Track of Ex-Vice Consul To German City," *The Pittsburg Press*, 3 April 1917, Google News Archive.

¹¹ Henry E. Mattox, The Twilight of Amateur Diplomacy: The American Foreign Service and Its Senior Officers in the 1890s (Kent: Kent State University Press, 1989), p. 148.

Following this, McNally moved to — what was then — the territory of Utah, where he received an appointment from President Grover Cleveland as a probate judge for Salt Lake County in 1895. While this judgeship was to last for two years, the admission of Utah as a full state in 1896 led to the question of whether McNally's term would remain valid. A court case specifically regarding McNally's situation decided that his judgeship ended automatically with the admission of Utah to the Union, well before the original term expired. This was the first in many career setbacks that would befall McNally.

The start of McNally's long diplomatic career in the State Department occurred not long after losing his judgeship in Utah. In 1898, he was confirmed for his first position as the Secretary of Legation and Consul General at Bogota, Colombia. This was followed by a similar position as Secretary of Legation and Consul General in Guatemala in 1899. Another stint as consul in Liege, Belgium, in 1902 served as McNally's first posting in Europe. A longer diplomatic posting in China would follow these shorter assignments. In 1907, McNally was confirmed by the U.S. Congress to serve as consul in Nanking (also known as Nanjing), China. In Nanking, McNally acted as a mediator in a land transaction between the Chinese government and an American citizen, J. F. Newman. In January 1909, McNally sent a summary telegram directly to the Secretary of State, reporting that Newman had himself voluntarily sold the property to the Chinese government at a significant profit, and thus, the situation was positively resolved.

Newman later disputed the final circumstances of this resolution as he ultimately brought a lawsuit against McNally. In his State Department communications, McNally had only referred to his role in this transaction as a mediator between Newman and the Chinese government — Newman instead alleged that McNally was also the financial intermediary of the subsequent resale. Specifically, Newman claimed in a lawsuit that McNally had insisted that such a transaction must be conducted through his office as consul and that the sale was reported as \$15,000 but that McNally had instead charged the Chinese government \$26,990 and pocketed the difference. 19

¹² "Rejected Consul is Former Salt Laker," *The Ogden Standard*, 10 April 1914, Newspapers.com

¹³ "Consul McNally Rejected," *The New York Times*, 9 April 1914, ProQuest Historical Newspapers.

¹⁴ J. E. Conner, *Uncle Sam Abroad* (Chicago: Rand, McNally & Company, 1900), p. 203.

¹⁵ "M'Nally Changes Place," *The Pittsburg Post*, 9 November 1902, Newspapers.com.

¹⁶ Government Printing Office, Congressional Record: Containing The Proceedings and Debates of the Sixtieth Congress, First Session (Washington: Government Printing Office, 1908), pp. 42, 87.

¹⁷ James McNally, "Consul McNally to the Secretary of State," 13 January 1909, Nanking, China, Doc. 74, No. 84, File No. 18063/4, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1909," p. 51.

¹⁸ "James McNally Accused," *The New York Times*, 6 February 1914, ProQuest Historical Newspapers.

¹⁹ "Consul Sued in China Deal," *The New York Times*, 23 August 1913, ProQuest Historical Newspapers.

The situation is further complicated by the fact that Newman was allegedly an agent of the Standard Oil Company and that the land purchase was originally for speculative purposes. Despite this, in late 1913, McNally was cleared of all criminal charges. Even though he was legally acquitted, this allegation and lawsuit seem to have permanently ruined McNally's image in the eyes of many high-ranking officials in Washington, as this event would later be brought up in dramatic fashion to repeatedly sink his dream of being transferred to Europe. Still, even before being cleared of Newman's charges, there would be other developments during McNally's time in China that would have an even more significant impact on his later career.

Before even being accused by Newman, McNally's posting was changed once again, shifting to Consul of Tsingtau, China, in 1910.²¹ This Chinese city was under German control at the time, a fact which would become of the utmost personal and professional importance to McNally. It was during this posting that Madeline McNally, his daughter, married the German naval officer Frederick Carl Mensing.²² Mensing would work closely with McNally during the First World War, even as their home countries eventually entered the war. Their unique relationship that lasted beyond the outbreak of war would leave the pair as a conduit by which both the American and German governments could send sensitive messages. However, the two would be scrutinized given their unorthodox activities during the First World War.

Due to health issues and possibly relating to his relationship with his new son-in-law, McNally requested in 1914 to be transferred from Tsingtau, China to Nuremberg, Germany.²³ Unfortunately for McNally, who had previously been cleared of all criminal charges, the Newman controversy was again brought up during his Senate nomination vote. Despite his nomination to Nuremberg coming directly from President Woodrow Wilson, it was officially defeated in a Senate vote. This outcome was so surprising that McNally had apparently already boarded a ship to Germany before hearing the outcome of the vote.²⁴

This official rejection was followed shortly after by a reconsideration in the Senate, but this failed again, leaving McNally blindsided with no position in the State Department.²⁵ The best that the

²⁰ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 180.

²¹ Government Printing Office, Congressional Record: Containing The Proceedings and Debates of the Sixty-First Congress, Second Session (Washington: Government Printing Office, 1910), 45:4736.

²² "Lose Track of Ex-Vice Consul To German City."

²³ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 180.

²⁴ "Consul McNally Rejected."

²⁵ "Move to Confirm McNally," *The New York Times.* 14 April 1914, ProQuest Historical Newspapers.

Wilson Administration could provide McNally was a lower-ranking position as a secretary at an American consulate in Kehl on the Rhine, Germany, as that position did not require Senate confirmation.²⁶ McNally had now twice been deprived of a coveted position unexpectedly, but this would be followed by even further career disappointments, making the now-former Consul frustrated and desperate to return to his prior rank.

McNally's intense, unexpected fall from grace was followed by a major world event, which gave his relationship with his new son-in-law a newfound importance. After the outbreak of the First World War in the summer of 1914, McNally was promoted to the position of Vice Consul at Hamburg, Germany.²⁷ At this point in the war, the U.S. was still neutral, meaning that McNally's connections to Germany were now a positive attribute that brought him a higher position. However, it is important to note that this position as a vice consul was still lower than any of the positions he held prior to the Newman lawsuit and Senate rejection. Returning to his prior rank of full consul, therefore, became an overriding concern of McNally's.²⁸

In the lead-up to the U.S. direct entry into World War I, McNally was transferred again in February 1917 to serve as Vice Consul in Bern, Switzerland.²⁹ This was followed shortly after by another transfer to Zürich in April of that year, corresponding with the American declaration of war against Germany. To add insult to injury, the Senate again voted against confirming McNally in this position as a consul general, meaning he was again simply appointed as a Vice Consul in Zürich.³⁰ While McNally was not able to serve in Switzerland at the rank of full consul, the country's neutrality toward both the United States and Germany would allow McNally to work closely with his son-in-law, Mensing, even as the pair's activities would draw scrutiny from both of their respective governments. It is quite possible that this was the entire reason for transferring McNally to Switzerland. The fact that his transfer was rushed and secretive may be evidence that enabling this cooperation was, in fact, the reason. Not even McNally's family in the U.S. seemed to know either his or his son's, Keane McNally, whereabouts after the U.S. entry into the war, evident by a newspaper article the family had published back in Pittsburgh.³¹

²⁶ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 180.

²⁷ "Lose Track of Ex-Vice Consul To German City."

²⁸ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 181.

²⁹ Department of State, Register of the Department of State, p. 138.

³⁰ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," pp. 180-181.

^{31 &}quot;Lose Track of Ex-Vice Consul To German City."

After being denied his preferred transfer to Nuremberg and stripped of his long-held rank of full consul, McNally had been repeatedly transferred around lower ranking positions in Europe following the outbreak of the First World War. Even when the Wilson Administration attempted one final time to confirm McNally as a full consul in Zürich, the luckless diplomat was again denied by the Senate. These repeated denials and disappointments provide a strong impetus for McNally to leverage his newfound wartime relevance through his connection to Mensing. However, they also cast doubt as to whether the Vice Consul in Switzerland was motivated by patriotism or simply by the desire to repair his damaged career.

Wartime Intelligence, Uncertain Allegiances, and Secret Peace Talks

Many of the telegrams sent by McNally from Zürich included his analysis of wartime developments, and all of them included reports of the intelligence received from his son-in-law or McNally's discussions with German officials. The subject matter of these reports varied from current enemy troop levels to the economic situation in Germany. These reports were usually sent to McNally's supervisors in Bern, the capital of Switzerland and the location of the head American embassy in the country, and were then forwarded to the State Department in Washington, often ending up at the desk of Secretary of State, Robert Lansing.

An example of the varied subject matter of these reports is a very lengthy and in-depth telegram written by McNally on 25 August 1917, describing intelligence related to all manner of specific military and economic conditions in Germany. The report begins by claiming over 100,000 German casualties following an Allied advance and artillery bombardment.³² The majority is dedicated to information regarding the logistical situation of the German army behind the front, the status of the German navy, and general economic conditions within the country. McNally speaks of widespread rationing plans issued by the German military toward munitions and arms productions, including hopeful production through 1918, as well as the impact of renewed steel shipments from Sweden on the manufacture of "ersatz cruisers and new battleships."³³

The concrete details about the German navy imply the nature of McNally's source for this report was certainly Mensing. The source knew only general developments from the Western Front but

³² James McNally, "Report by the Vice Consul at Zürich (McNally)," 25 August 1917, in "The Chargé in Switzerland (Wilson) to the Secretary of State," 26 September 1917, Berne, Switzerland, Doc. 291, No. 1481, File No. 763.72/7284, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," p. 238.

³³ James McNally, "Report by the Vice Consul at Zürich (McNally)," 25 August 1917, in "The Chargé in Switzerland (Wilson) to the Secretary of State," 26 September 1917, Berne, Switzerland, Doc. 291, No. 1481, File No. 763.72/7284, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," p. 239.

was much more knowledgeable of the current situation regarding munitions and the German Navy. This is owing to Mensing's own position, as he was a naval officer and in direct contact with McNally in Zürich, far from the Western Front.³⁴ A telegram forwarded by the American minister in Switzerland, Pleasant Stovall, to the Secretary of State from 5 October 1918 shows that Mensing was physically present in Switzerland at various points in the war and that he and McNally were public about their partnership to the American government. The message was written by John W. Garrett, the head of a prisoner-of-war commission between the Americans and Germans in Bern, and mentions that one of the German delegates, Mensing, had attempted to schedule a private meeting with Garrett through McNally but was rebuffed.³⁵ It is clear from this context that the majority of the intelligence McNally forwarded in his telegrams came from Mensing, and this intelligence was likewise influenced by Mensing's naval, non-combat position.

While McNally's position in Switzerland kept him in contact with his son-in-law and provided opportunities to receive valuable intelligence, McNally was still discontent with being only a vice consul. Even as a brutal war was being waged not far from his position in neutral Switzerland, McNally's disdain for his relatively low rank remained one of his primary concerns. He articulated this bluntly in a telegram to the Secretary of State, where he claimed that his vice consulship was actively impeding his work and harming the nation. While McNally claimed that his interest in becoming a consul was solely to further his capabilities, his string of previous consulships, followed by numerous rejections in the U.S. Senate, give context to his strong, personal interest in the subject.

If McNally was unsatisfied with his low position in Zürich, others in the State Department would have been unsatisfied that he had any position at all. The general feeling among McNally's American colleagues in Switzerland was to hold him in suspicion, and those diplomats stationed in Bern were particularly hostile.³⁷ One of the few State Department employees sympathetic to McNally was Robert Murphy, who referenced the controversy in his memoir. Murphy wrote how an American clergyman in Zürich, Herbert Field, had noticed McNally having frequent meetings with Germans and

³⁴ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," pp. 178-179.

³⁵ John W. Garrett, in "The Minister in Switzerland (Stovall) to the Secretary of State," 5 October 1918, Berne, Switzerland, Doc. 134, File No. 763.72114A/222, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1918, Supplement 2, The World War," pp. 95-96.

³⁶ James McNally, "Telegram from McNally," in "The Minister in Switzerland (Stovall) to the Secretary of State," 24 July 1917, Berne, Switzerland, Doc. 199, No. 1274, File No. 763.72119/686, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," pp. 148-149.

³⁷ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 178.

reported this to the American government.³⁸ McNally allegedly socialized publicly with his son-in-law and also expressed sentiments critical of the Allied war effort, with Field writing under affidavit that McNally's behavior was harming the American reputation in Europe.³⁹ While Murphy describes Field's claims of "consorting with the enemy" as unfair, he provides no evidence that these allegations were false or biased. The actual purpose of his recollection of McNally was to showcase the first example in a repeated series of what Murphy believed to be the mistreatment of diplomats in the State Department, which continued into the post-war period.⁴⁰ This casts some doubt on Murphy's assertion that McNally's treatment by his colleagues was necessarily unfair, and it seems that most other diplomats working in Switzerland seriously questioned his integrity. McNally was even detained by the French in March 1918 in Paris as he was passing through from Spain on official State Department business on the orders of the American embassy there. He was held and questioned for over a month under suspicion of treason before being released.⁴¹

McNally was not universally disliked, and he certainly had supporters in high positions. He was personally commended by the head of the American Expeditionary Force on the Western Front, John J. Pershing, for intelligence revealing two upcoming German offensives. AcNally was also able to convince the American Ambassador in Paris, William Sharp, to relay a message of his detainment to Washington, whereupon hearing of McNally's situation, President Wilson personally ordered his return to Zürich. The distrust of the Vice Consul may have been limited solely to the State Department, as both the American Army and Navy intelligence departments were also supportive of his return to Switzerland.

Even while McNally had strong supporters on account of his intelligence reports, there was never any indication that he received any recommendation or permission to engage in direct talks with the Germans on the topic of peace. On 30 November 1917, Robert Lansing, the Secretary of State, sent a telegram to the U.S. Secretary of Legation in Switzerland, Hugh R. Wilson. The telegram stated that the United States government was unwilling to entertain any peace overtures by the Germans unless the other Allied governments were included in the talks. This telegram emerged in response to

³⁸ Robert Murphy, *Diplomat Among Warriors*, (Garden City: Doubleday and Company, 1964), p. 7.

³⁹ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 184.

⁴⁰ Murphy, *Diplomat Among Warriors*, pp. 7-8.

⁴¹ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 183.

⁴² Murphy, *Diplomat Among Warriors*, p. 7.

⁴³ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," pp. 184-185.

⁴⁴ Stout, "World War I and the Invention of American Intelligence, 1878 – 1918," p. 202.

McNally's encouragement of these talks, and the telegram states that McNally specifically would never be authorized to pursue these talks or further the matter. The heading of the telegram even stated, "Please state orally to McNally but do not give him a copy of the following," which should have made it completely clear to the Vice Consul that no talks between him and the Germans would ever be authorized.

McNally was interested in facilitating a peace deal and seemed significantly less enthusiastic about war against Germany than his contemporaries. This is understandable considering his diplomatic activities during the war, his desire to be stationed in Germany prior to America's entrance to the conflict, and his familial connection to Germany through the marriage of his daughter to Mensing. Fittingly, McNally's reports seemingly encouraged his government to consider peace without any preconditions as he relayed German messages. For the Vice Consul, who served as the unofficial yet necessary middleman between American and German diplomacy, peace negotiations without preconditions would further raise his political importance. The fact that McNally was already accused of holding pro-German views and was pushing for more leniency toward the Germans understandably earned him the distrust of colleagues who questioned his motives.

The fact was, however, that McNally was important enough to survive this distrust and enmity. His connection to Mensing was even further prized because of its distinctly naval character in the early days of the war when submarine warfare was the main impetus of America's entry into the conflict. As a captain in the German Navy, Mensing steered the majority of McNally's early investigations and reporting to focus on the German Navy by the nature of the intelligence provided.⁴⁷ In particular, much of the Vice Consul's reporting in early 1917 was related to the resumption of unrestricted submarine warfare by the Germans.⁴⁸ The significance of this specific form of naval intelligence is clear, given that it related directly to the circumstances of America's entry into the First World War.

The information provided by the Vice Consul early in the war showed an intimate knowledge of the workings of German submarine warfare, courtesy of Mensing's naval background. McNally's

⁴⁵ Robert Lansing, "The Secretary of State to the Chargé in Switzerland (Wilson)," 30 November 1917, Washington, D.C., Doc. 363, No. 1170, File No. 763.72119/956, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," p. 327.

⁴⁶ James McNally, "Telegram from McNally, Zürich," 23 November 1917, in "The Chargé in Switzerland (Wilson) to the Secretary of State," 24 November 1917, Berne, Switzerland, Doc. 352, No. 3009, File No. 763.72119/956, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," p. 318.

⁴⁷ Stout, "World War I and the Invention of American Intelligence, 1878 – 1918," p. 197.

⁴⁸ Stout, "World War I and the Invention of American Intelligence, 1878 – 1918," pp. 198-199.

lengthy 25 August 1917 report on the general German war-fighting capabilities includes a section devoted to the potential evolution in submarine strategy, describing not only the various variants of German submarines but also alleging that it was the Germans' primary strategy for winning the overall war.⁴⁹ Providing such detailed, relevant intelligence from the beginning of the conflict provides context as to why McNally would be supported as a source of intelligence, even as his fellow diplomats treated him with disdain and suspicion. McNally could opportunistically leverage his connection with Mensing to secure his importance, but he was also shrewd enough to shift his focus just as the wider war shifted. When he ceased being the sole voice advocating for a peace agreement, McNally shifted his reports from political intelligence to focus more on diplomatic developments and negotiations.

As the war in Europe entered its final phase in the autumn of 1918, both the United States and Germany became interested in reaching a mutual understanding regarding peace terms and what form of government should be established in post-war Germany. For McNally, this development would manifest as a focus on the issue of abdication, or whether Kaiser Wilhelm II should resign as monarch of Germany. Since the broader desire for peace was now a public discussion between Washington and Berlin, McNally's role as a discreet middle-man would instead focus on this more controversial sticking point. This pivot to abdication coincided with McNally's purposeful usage of deceit toward his own government and his providing of unauthorized information to the Germans, both done knowingly to maintain his important position as a mediator between the two powers.

The German government initially acted under the assumption that the U.S. and President Wilson were interested in securing a democratic system of government in Germany as a war aim. However, complete abdication was not a necessary component of this. This insight was given to the Germans by Mensing, who had received this information from McNally, with both reporting that the abdication of the Kaiser was not a specific American goal as of September 1918.⁵¹ Ironically, McNally himself reported to the Secretary of State on 23 October 1918 that "the Chancellor believes that it is not necessary that the Kaiser abdicate and claims to have heard from sources in the Government that

⁴⁹ James McNally, "Report by the Vice Consul at Zürich (McNally)," 25 August 1917, in "The Chargé in Switzerland (Wilson) to the Secretary of State," 26 September 1917, Berne, Switzerland, Doc. 291, No. 1481, File No. 763.72/7284, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1917, Supplement 2, The World War, Volume I," pp. 244-245. ⁵⁰ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 191.

Klaus Schwabe, Woodrow Wilson, Revolutionary Germany, and Peacemaking, 1918-1919: Missionary Diplomacy and the Realities of Power, (Chapel Hill: The University of North Carolina Press, 1985), pp. 35-36.

the President of the United States does not insist upon abdication."⁵² The fact that McNally was aware that he was this aforementioned source in the American government, yet did not mention that he and Mensing had recently reported this very information to the German government, was a form of deception on McNally's part.

This omission would cause even more confusion for the State Department as this telegram would lead to accusations between McNally and another American diplomat. This episode begins with a telegram sent to the American Chargé in the Netherlands, Robert Bliss, on 4 November 1918, coming from Secretary Lansing. The telegram reports to Bliss the aforementioned claim of McNally that the Germans had heard from an American official that abdication was not a precondition of negotiation and that this impression delayed action by the German chancellor on the issue of abdication. Lansing further states that the Germans allegedly heard this from their operative in the Netherlands, Kurt Hahn, who discussed it with an American official in the Hague, Alexander Kirk. The telegram ends with Lansing stating that the Department does not believe that Kirk knowingly provided this information to the Germans but that the purpose of the telegram was to encourage Kirk to rectify this misunderstanding that abdication was not necessary, as President Wilson did, in fact, hold it as a precondition.⁵³

This confusion in the State Department resulted from further deceit from McNally, who had provided Kirk's name as the source for the information that had been shared with the Germans. McNally claimed to have first heard this allegation from an unnamed German official. McNally did not mention either Kirk and Hahn in his initial telegram to Lansing on 23 October but instead added their names in a re-sending of the same telegram on 1 November 1918, this time claiming that they were the source of the abdication information leaked to the Germans. These circumstances indicate that McNally used these accusations to cover up his earlier deceit to Lansing. Once it was discovered that the Germans had heard from an American that abdication was unnecessary, McNally needed to protect his position, as he had been the original source.

Chargé's response to Lansing on 5 November 1918 was that "Kirk states that question of Kaiser's abdication was never discussed with Hahn and that at no time has anything been said which

⁵² James McNally, "The Vice Consul at Zurich (McNally) to the Secretary of State," 23 October 1918, Zürich, Switzerland, Doc. 334, File No.763.72/11918, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1918, Supplement 1, The World War, Volume I," pp. 394-395.

⁵³ Robert Lansing, "The Secretary of State to the Chargé in the Netherlands (Bliss)," 4 November 1918, Washington, D.C., Doc. 379, File No.862.001W64/34, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1918, Supplement 1, The World War, Volume I," p. 459.

⁵⁴ Schwabe, Woodrow Wilson, Revolutionary Germany, and Peacemaking, 1918-1919, p. 77.

would give impression of reflecting views of American Government."⁵⁵ If this denial of wrongdoing from Kirk was true, it would be trivial to paint the whole affair as a lie concocted by McNally to protect his reputation. What happened is more complicated, however.

Schwabe argues that not only had McNally provided the information in question to the Germans, but that Kirk had independently in the Netherlands also provided the same information to the Germans. McNally's letter to Lansing was, therefore, a convenient way to shift all the blame to Kirk, even though McNally had himself done the same thing. This ruse did not seem to work; however, as the State Department seemed to believe Kirk over McNally in the situation, they forwarded the Vice Consul a copy of Kirk's denial. McNally was able to avoid serious consequences from this debacle, it clearly showed that he was capable and willing to knowingly deceive his own government to secure his own importance.

However, the Vice Consul did not always avoid censure from the State Department, and his reputation was often held as suspect by Secretary Lansing in particular. One example in particular drew him considerable rebuke. In responding to a private request from the German government as to whether the current German chancellor, Max von Baden, was still considered an acceptable negotiating partner by President Wilson, McNally provided his personal view that the chancellor was still acceptable in Wilson's eyes. Upon hearing of this interaction, however, the State Department responded quite negatively, telegraphing McNally that:

The Department is surprised to learn of your lamentable lack of discretion in expressing any opinion whatsoever as to what you might believe to be the attitude of the President in this or any other matter at any time. You will immediately correct any expression that you may have given your informant in this matter.⁵⁷

This harsh rebuke makes clear that the State Department did not trust McNally and was not authorized to provide any opinions to the Germans on American war aims. Considering McNally's own importance to the Germans as a contact who relied on providing these opinions, it appears that McNally's deceit toward the State Department was a knowingly dishonest way of covering up activities that he knew he was forbidden from engaging in.

While the issue of abdication and the relevant communications between Washington and Berlin were important for the Vice Consul, it ended up being the German government themselves who

⁵⁵ "Robert Bliss' Reply," 5 November, in footnote no. 2 of "The Secretary of State to the Chargé in the Netherlands (Bliss)," Robert Lansing, 4 November 1918, Washington, D.C., Doc. 379, File No.862.001W64/34, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1918, Supplement 1, The World War, Volume I," p. 459.

⁵⁶ Schwabe, Woodrow Wilson, Revolutionary Germany, and Peacemaking, 1918-1919, pp. 77-78.

⁵⁷ Schwabe, Woodrow Wilson, Revolutionary Germany, and Peacemaking, 1918-1919, p. 76.

decided the Kaiser's ultimate fate. The situation in Germany had changed rapidly, as only three days after the original Kirk-Hahn telegram, on 26 October 1918, McNally sent another report to Lansing. According to McNally's sources, the Kaiser had gone with his military command to Homburg, a town in the western German province of Saarland, while the German government had come to the understanding that Wilhelm II must either abdicate or be deposed, but that no political or military official had yet informed the Kaiser of this situation. The Kaiser's subsequent abdication and the end of the First World War would greatly diminish McNally's importance, as the German government he had communicated with was no longer in existence, and the American government now had much less of a need for intelligence relating to Germany.

Post-War Obscurity and McNally's Motivations

In a predictable pattern, even following the armistice that ended the First World War, McNally attempted to manufacture a need for his position and the information he could provide. The Vice Consul in Zürich sounded the alarm on the rising threat of Bolshevism brewing in Germany in a telegram from 19 November 1918. His prescriptions for such a problem were stark: the Allies should withhold any and all aid of food to the German people until Bolshevism was stamped out internally in the country. Otherwise, in his words, "The success of Bolshevism in Germany would endanger Switzerland if not all Europe." The State Department did not pay particular heed to McNally, likely because he was no longer a unique source of intelligence in this new, post-war era.

A series of telegrams from McNally concerning Bolshevism followed. On 7 November 1918, he reported that a Bolshevik revolution in neutral Switzerland was imminent unless the Swiss government and military forcibly intervened. He reported again on 21 November 1918, purporting to relay a message written by a source in Berlin. This source was greatly concerned about the activities of the Spartacus League in Berlin and believed it to be so dangerous that the German people would be very grateful if the Americans marched into Berlin to put down the unrest. Despite this alarmist tone

⁵⁸ James McNally, "The Vice Consul at Zurich (McNally) to the Secretary of State," 26 October 1918, Zürich, Switzerland, Doc. 346, File No.763.72119/2399, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, 1918, Supplement 1, The World War, Volume I," pp. 418-419.

⁵⁹ James McNally, 19 November 1918, in "The Minister in Switzerland (Stovall) to the Secretary of State," 21 November 1918, Pontarlier (Berne), Switzerland, Doc. 78, No. 5873, File No. 862.00/347, in *Foreign Relations of the United States*, "Papers Relating to the Foreign Relations of the United States, The Paris Peace Conference, 1919, Volume II," pp. 95-96.

⁶⁰ Arno J. Mayer, *Politics and Diplomacy of Peacemaking: Containment and Counterrevolution at Versailles 1918-1919* (New York: Vintage Books, 1969), pp. 352-353.

⁶¹ James McNally, 21 November in "The Minister in Switzerland (Stovall) to the Secretary of State," 22 November 1918, Pontarlier (Berne), Switzerland, Doc. 80, No. 5897, File No. 862.00/343, in *Foreign*

and calls for American intervention, the State Department no longer considered McNally useful in Switzerland after peace had been struck with Germany. In 1919, he was ordered to be transferred to Curação, an island in the Caribbean, which McNally declined, preferring to retire from the diplomatic service instead. ⁶² In this context, it is clear these final telegraphs were a final, desperate cling to the importance that McNally so deeply desired.

McNally died not long after returning to America, in Atlantic City, New Jersey, on 5 August 1920.⁶³ He was never able to successfully acquire his position as full consul, despite his influential role in American-German diplomacy during the First World War. McNally's legacy faded into deep obscurity, with only his telegrams archived and later published as a part of the large *Foreign Relations of the United States* collection during the 1930s and 1940s. It was not until the research of Klaus Schwabe that McNally's influence on American diplomacy was seriously analyzed.

Conversely, Mensing had a very active life following the end of European hostilities. He moved to the U.S. at some point after the war—ultimately settling in San Francisco. Likely as a result of his naval background, Mensing joined a major German shipping company, Hapag-Lloyd, working as a traffic manager from the U.S. It was through his influence at the steamship line that he fell under suspicion of working to improve the public image of the Nazi Party in America during the 1930s. This activity would cause Mensing to be called to testify before the Special Committee on Un-American Activities of the United States House of Representatives in 1934, which came to be known as the McCormack-Dickstein Committee. Others called before the meeting stated that Mensing was a member of the Nazi Party, as well as the U.S.-based Friends of The New Germany organization.

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Relations of the United States, "Papers Relating to the Foreign Relations of the United States, The Paris Peace Conference, 1919, Volume II," p. 97.

⁶² Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 186.

⁶³ "Death of James C. McNally," *The New York Times*, 6 August 1920, ProQuest Historical Newspapers.

Military Intelligence 5 (MI-5), report "Etappenorganisation der Kriegsmarine (Marine Sonderdienst)," 30 July 1946, p. 19, in "German Intelligence Service WWII," Volume 3, Central Intelligence Agency, 49, https://catalog.archives.gov/id/19054779?objectPage=49.

⁶⁵ Arthur L. Smith, Jr., *The Deutschtum of Nazi Germany and the United States* (The Hague: Martinus Nijtoff, 1965), p. 71.

⁶⁶ Sander A. Diamond, *The Nazi Movement in the United States, 1924-1941* (Ithaca: Cornell University Press, 1974), p. 109.

⁶⁷ Diamond, The Nazi Movement in the United States, p. 21.

⁶⁸ Congress of The United States: House of Representatives, Special Committee on Un-American Activities, Investigations of Nazi Propaganda Activities and Investigation of Certain Other Propaganda

At the same hearing, the U.S. government itself provided a letter allegedly written by him, with Mensing signing it as the National Chairman of the German Labor Front in the United States, claiming that all German nationals working in the U.S. were required to join, as it was a German government-approved labor union.⁶⁹ A second letter provided by the U.S. government claimed that Mensing was also encouraging American citizens to join the Friends of the New Germany organization.⁷⁰ For his part, Mensing confirmed during the meeting that he had sent these communications to German companies and workers in the U.S. and that he had also advised them that not joining may lead to the loss of their German citizenship under German law.⁷¹ He also admitted to being asked by the Nazi Party in Germany to serve as the supervisor of all party members residing in the U.S., which Mensing states he accepted.⁷²

At this point, Mensing was solidly under suspicion from the American government as furthering the goals of the German Nazi Party while in America, a suspicion that he had been trying to avoid. He had previously, and successfully, petitioned for the Friends of the New Germany to only accept American citizens as members and for the Nazi Party itself to refrain from recruiting American citizens.⁷³ Despite these cautious moves, his activities with these two organizations and the German Labor Front brought him to the forefront of the McCormack-Dickstein Committee.

Following the entry of the United States into the Second World War, Mensing was considered by the U.S. government to be a potential threat to military security, and he was expelled from the Pacific Coast of California on 15 October 1942.⁷⁴ Even in 1946, government intelligence files list Mensing as "reported to be [the] real head of Nazi party in [the] U.S.A." When asked by a researcher

Activities: Public Hearings Before A Subcommittee of The Special Committee on Un-American Activities (Washington: Government Printing Office, 1934), p. 31.

⁶⁹ Special Committee on Un-American Activities, *Investigations of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities*, pp. 32-33.

⁷⁰ Special Committee on Un-American Activities, *Investigations of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities*, p. 33.

⁷¹ Special Committee on Un-American Activities, *Investigations of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities*, p. 239.

⁷² Special Committee on Un-American Activities, *Investigations of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities*, p. 246.

⁷³ Donald M. McKale, *The Swastika Outside Germany* (Kent: Kent State University Press, 1977), p. 71.

⁷⁴ "10 More Citizens Sent From Coast As Dangerous," *The Santa Cruz Sentinel*, 15 October 1942, California Digital Newspapers Collection.

⁷⁵ MI-5, "Etappenorganisation der Kriegsmarine (Marine Sonderdienst)," p. 19.

in the mid-1960s about his activities leading up to World War II, Mensing stated that his remembrance of the events was, "with very mixed feelings." ⁷⁶

These activities during the lead-up to the Second World War meant that, at the time of his reports and recollections made during the 1960s and 1970s, Mensing was in a precarious position following the extreme scrutiny and investigation placed upon him by the American government. This situation needs to be considered when analyzing his later statements, as a significant question being researched by Schwabe was whether McNally and, by extension, Mensing had purposefully misled or disobeyed the American government during the First World War. This is a conclusion that Mensing would likely wish to dispute or obfuscate, even if it were true.

According to Schwabe, the State Department believed that the McNally-Mensing connection worked in the favor of America because Mensing was politically opposed to the aggressive German government of the First World War, and his ultimate plan had always been to move to California once hostilities had ended.⁷⁷ While the State Department might have been correct in their view that Mensing disliked the German government at the time, his opinion was almost certainly not owing to any personal views opposing German aggression, given how Mensing later became so closely involved with the Nazi Party, even after he had moved permanently to the United States. Given that the State Department misunderstood Mensing's motivations in this way during the First World War, a critical eye must also be paid to Mensing's explanations of both McNally's and his motivations during that war.

Schwabe does not dispute that McNally was quite deceitful toward his own government on multiple occasions; likewise, his main focus is on the effects of McNally's actions, not his motivations. However, he states that "these were not deceptions primarily designed to harvest material rewards for their perpetrator. But in McNally's view, they had to serve the higher purpose of creating a common ground for both the American and the German governments on which peace parleys would become possible." It is for this determination of McNally's motivations that Schwabe primarily used Mensing's later recollections.

Based on his dialogues and correspondence with Mensing, Schwabe concluded that McNally had attempted to craft an image as "a sincere personality, extremely helpful, unselfish to the point of

⁷⁶ Hans-Adolf Jacobsen and Arthur L. Smith, Jr., *The Nazi Party and the German Foreign Office* (New York: Routledge, 2007), p. 122.

⁷⁷ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 194.

⁷⁸ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 197.

self-denial, making every effort to bring about a peace of compromise with American help."⁷⁹ The question is whether Mensing's recollections and framing of his father-in-law can be taken for granted, especially since his communications with Schwabe occurred long after the events themselves. Given that Mensing was still under the scrutiny of American intelligence even after the end of the Second World War, it would not have been wise to suggest that McNally, or even Mensing himself, had misled the American government or acted without authorization, even if the evidence from the time shows that this did, in fact, occur.

To further question these recollections, though Mensing denied in these later communications that he ever had anything to do with McNally's intelligence activities during the First World War, Schwabe points out that if Mensing was not the source of McNally's information, then he likely was the one to provide McNally with his actual German sources. Likewise, Mensing provided his enduring belief that McNally always followed his official directives when interceding with the Germans. However, as mentioned previously, the Secretary of State himself, Robert Lansing, had on multiple occasions specifically censured McNally for disobeying direct instructions from the Department of State. Contemporary evidence from McNally and Mensing's time during the First World War thus disputes many of Mensing's later recollections.

There is a discrepancy between many of Mensing's retrospectives and the sources of the time, with the retrospectives providing a much more positive interpretation of McNally and Mensing's motives during the First World War than their contemporaries in Switzerland and McNally's superiors in Washington had accorded to them. Especially considering Mensing's precarious position following his alleged actions against the U.S. in the lead-up to the Second World War, his testimony alone cannot dispute the strong evidence which shows that McNally's drive to further his career was a significant motivation for his unauthorized actions and negotiations with the German government.

The McNally-Mensing Connection: A Complicated Legacy

James McNally, the American Vice Consul in Zürich, was influential in American-German diplomacy during the First World War. This influence came from his daughter's marriage to the German naval officer, Captain Friedrich Mensing, and McNally and Mensing's partnership was the defining feature of the Vice Consul's career during the Great War. This partnership started during the same early career, during which repeated disappointments and setbacks provided McNally with a strong motive to utilize

⁷⁹ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 195.

⁸⁰ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," pp. 195-196.

⁸¹ Schwabe, "U.S. Secret War Diplomacy, Intelligence, and the Coming of the German Revolution in 1918," p. 196.

his relationship to further his importance and regain his previous rank of consul. McNally's background of losing his judgeship, repeated rejections by the Senate, and demotion from consul left him with a strong drive to restore his former rank and prestige, working with his son-in-law to do so. The unique circumstances of both McNally and Mensing being based in neutral Switzerland together, even while their respective countries fought a war, allowed for a remarkable working relationship of intelligence reporting and secret peace negotiations. The lowly Vice Consul in Zürich quickly proved himself to the State Department, the Secretary of State, and even President Woodrow Wilson as an excellent source of military and political intelligence. McNally's telegrams were frequently forwarded directly back to Washington.

What was appreciated much less by his superiors, however, was McNally's self-appointed mission to craft an American-German peace agreement. By leveraging his importance from his intelligence reports, alongside the information and communications channels that Mensing provided, McNally could insert himself into the negotiation process between Washington and Berlin, even though he was not authorized to do so. While receiving frequent, direct rebukes from his superiors to desist from these secret peace talks, McNally instead took it upon himself to forge an understanding between America and Germany regarding the issue of abdication. His main impact, however, was sowing confusion, as he provided both sides with non-sanctioned information.

One strong motivation for McNally to engage in these secret peace talks was to increase his own importance and further his career. Previous analyses of the Vice Consul by Schwabe focused on his impacts on American-German diplomacy but also ascribed his personal altruism and genuine desire for peace as his predominant motivation. This interpretation utilizes Friedrich Mensing's post-war recollections and memories as evidence. However, as explored previously, the critical interpretation of these sources shows that they alone cannot dispute the evidence showing that Mensing and McNally repeatedly and knowingly misled and disobeyed the United States government during the First World War.

Without the positive assessment of his son-in-law, the evidence from McNally's life and career shows that he was motivated by his desire for career advancement. He opportunistically used the circumstances of the First World War, his connection to Mensing, and his willingness to deceive his own government to regain his former position as consul. This cynical approach failed McNally. His secret peace talks failed, and he failed to regain the rank of consul, which he had started his diplomatic career with. In an ironic twist, McNally's singular focus on his career doomed his legacy. Being sidelined by his own government after the end of the war meant that his legitimately fascinating life and accomplishments would be relegated to obscurity after his death, the complete opposite of what the Vice Consul had hoped to accomplish in Switzerland.