

Nr. 5.2.3.10

Report of the German Commercial Attache to his Government (25.05.1921)

Brief

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Fundort: Harvard University, Baker Library, Nachlass Thomas W. Lamont, Mss 783, 176-1

Formalia:

Maschinenschriftliches Briefdokument

Regest:

Dieses Dokument, von dem unklar ist, wie es zur Kenntnis von Thomas W. Lamont von der US-Bank J. P. Morgan gelangt ist, stellt ein Beispiel für das Konzept einer aggressiven Wirtschaftsaußenpolitik dar. Diese stand in bemerkenswertem Kontrast zu der häufig defensiven, Deutschlands wirtschaftliche und soziale Schwierigkeiten sowie die durch den Versailler Vertrag bedingten geringen politischen Handlungsspielräume hervorhebenden offiziellen Verlautbarungen. Der Handelsrat (Attaché) bei der Deutschen Botschaft in Rom, Heinrich Stroheker, entwirft vielmehr die Grundlinien einer offensiven Strategie deutscher Unternehmen, sich an italienischen Firmen zu beteiligen und auf diese Weise einen Zugriff insbesondere auf Exportmärkte in Osteuropa zu bekommen, die den Deutschen aufgrund des Versailler Vertrages und eines strikten Protektionismus oftmals weitgehend verschlossen waren. Dabei geht es Stroheker insbesondere auch darum, die damals in Italien virulenten Konflikte zwischen Kapital und Arbeit - speziell in der Turiner Industrie - für deutsche Wirtschaftsinteressen auszunutzen.

REPORT OF THE GERMAN COMMERCIAL ATTACHE AT ROME TO HIS GOVERNMENT.

We reproduce the document in its entirety:

GERMAN EMBASSY AT ROME.

No. 1784. General Private.

Rome, 25th May, 1921.

To the Minister for Foreign Affairs, BERLIN.

I reply to the invitation contained in Circular of 13th May to all commercial attaches, to report to your Ministry as to the situation, and our activity and our commercial development abroad, and I have the honor to report as follows:

The figures of German commerce in Italy show that after the Armistice our traders were not inactive in reconquering the Italian market compared with France, England and the United States and maintaining our supremacy, but that does not mean that we have reached the state of your circulars of 20.8.1920 and 29.8.1920.

In order that we may create for ourselves a favorable political situation, taking advantage of the malcontent of the Italian people, and especially of the Nationalist and Nittian parties against the Powers of the Entente¹, a political situation which might in due course be favorably to us when Germany should be faced by fresh

1 Francesco Nitti war 1919/20 Ministerpräsident von Italien und profilierte sich anschließend mit einer vor allem gegen die angebliche französische Suprematie auf dem Kontinent gerichteten politischen Haltung. Sein Buch "L'Europa senza pace" (Das friedlose Europa) wurde zu einem Bestseller und einem "Klassiker" der Kritik an der französischen Europapolitik.

complications, it is necessary to strengthen this discontent in order to consolidate our situation through economic action.

To this end, the point at which we have arrived is only a quarter of the way. We must create such economic interests and bonds with Italy that whatever happens, Italy will have to follow[2] our political lead.

First of all, it is necessary that a systematic supply of German goods be sent here, even below cost price to a considerable extent. Inundating the Italian market with German goods, we will not only have a place sympathetic to Germany, because, as many of our agents and commercial representatives have verified, Italian consumers gladly accept cheap articles, but we will also create a situation for Italian industry which will render any continuation of activity impossible. This without doubt will cause such a crisis that, besides keeping Italy in constant agitation, will enable us to become the sole masters of the Peninsular trade, the more so as, from our information as to French activity in Italy, it appears that the French fear the outbreak of a revolution here which might cause them similar losses to those suffered in Russia.²

The enclosed copy of a report by Sir Capel Cure, British commercial Attache, proves that the British too fear the unstable nature of the social Situation in Italy.

Further, such situation would enable us to purchase the Italian industries at a very low rate, which would be the key of the Situation since it would also allow us to control trade between Italy and the Balkans in such a way that Italy would not compete with us for those markets (see circular 30th October 1920 regarding Italo-Jugo Slav treaty). This, of course, will happen as soon as Italy is forced to close down.

We have before us a varied field of development in Italian industry, viz., trade in rubber, Fiat, Spa, besides all the tire factories and motor car engine factories which are already in a state of acute crisis on account of the huge German stocks of these lines sent to Italy.

The Siemens Schuckert already approached the Turin companies[3] last September when the factories were occupied by the workmen, but without result. On my advice, the Siemens has already arranged for the absorption of the Fiat through a combination Stinnes-Fiat in the Alpinen and through the purchase by the Deutsche Bank, which has an interest in the Siemens, of the shares which are in the hands of the Banca Commerciale Italiana, amounting to 90,000 Alpinen shares and 100,000 Fiat shares, owned by said Bank. The transaction is on the way to completion, and Messrs, Cavallini, Brunicardi, Trombetti and Dante are backing it, to whom the Siemens will pay a percentage of 4-1/2 % as was decided at the meeting held in this Embassy in September last. Then we have the dyeing trade in Italy, which though in a precarious state of development, holds the promise of an assured future. It is, however, necessary that, in order to follow out in this branch too the method of peaceful destruction advised by me, the Italian Government should not take precautions to prevent the import of coloring matters from abroad, as otherwise it is certain that the Italian industry which, it appears to me, are seeking American Capital to support them, might assume a more solid position in the Peninsular, a Position which it would be more difficult to destroy.

I have had a promise from the Italian cotton-spinners of the possibility of action on their part against possible provisions of the Italian Government. As authorized by you, for my part I have promised that any such action will be compensated by the despatch of textile machines from Germany at very low prices.

It must not be forgotten, however, that the Italian textile industry too offers a field for economic development for Germany in Italy, whether because they are present going through a period of crisis, or because they obstruct our path towards the East. I understand that in the economic treaties which Italy is on the point of concluding with Jugo Slavia, she demands that Jugo Slavs shall[4] acquire 200,000 quintales (2,000 tons) of textiles per annum in Italy; and it seems that this proposal has been received with pleasure by the Jugo Slavs, since as a matter of fact the Italian cotton spinners have known how to penetrate that market. Therefore, if we succeed in absorbing part of the Italian cotton industry (I have already made tentative proposals for the Rossi Cotton Mill and for the Prato factory, but up to the present I have had no result, and the negotiations have been passed on to the Schimmelpfeng Agency and to the office of Consul Oster), we could reduce Italian competition in the Balkans, where we could present our product as being Italian.

2 Bezug ist hier die große Streikwelle, die 1921 vor allem die Turiner Industrie erfasste und die zu hart ausgefochtenen Arbeitskämpfen führte.

Then we have the metallurgical industry in Italy, and this is the most important of all since the development which took place during the war is such, that the matter must be taken into serious consideration.

In this connection I will refer to the matter again, pointing out that our participation in the Piombino establishments is assured. Messrs. Cavallini and Brunicardi are taking charge of the question of the Alti Forni (Smelting furnaces) of Porte Ferraio in the interests of the firm of Krupp. They say that at the present moment the owners could ask 210 million lire, but that if the present crisis continues, even half that sum might be sufficient.

Then we have made an offer for the Electric Railway Workshops of Milan, a combination between the Pirelli and Eradania and with the Cotton Transport Corsorzio which could be absorbed, and offers regarding the fleet of Deutsche-Levant Linie, which could become an Italian Navigation Company.

The most important question is in fact that of the control of Italian fuel, which constitutes the integral part of Italian economic life.

The infiltration of products of the A.E.G. into Italy has[5] destroyed the industry in electrical materials which it will be easy to absorb, the more so as several members of that industry, indicated in my telegram No. 10878, assured me that in view of the business crisis, those companies seek to obtain foreign capital.

If we assure a supply of electric material on the Italian market, we could obtain contracts for furnishing electric material for several hydro-electric works in construction, and for the State Railways. But it is necessary for the German Companies to understand the necessity of their branches in Italy remaining under the Italian name.

I have entered into agreement for the conclusion of contracts between the A.E.G. Siemens, and the Societa Adriatica of electricity of the group Velpi-Negri for furnishing of the necessary material into the Veneto, that is to say Turbo-Alternators, turbines, pipes for the waterfall, and all the material, and the furnishing of the material as capital participation of said company, since these supplies are calculated at a value of over eight million lire.

This regarding white fuel.

Then we have at our disposal the Italian wealth of lignite. The Italians do not know how to get the most out of this, and almost treat it as a thing of little value. On the contrary, it is a matter of 500 million tons of which – as I have already reported sub. n. 178 ND - only 3 million tons per annum are used, whilst 116 million tons per year could be got, as the deposits are estimated to be more than 35 meters deep.

Add that by distillation, a thousand tons of mineral oil could be obtained, since lignite has a percentage of 25% of the components of such oil. The deposits of Bituminous schist, valued at 115 million tons with 12 and up to 18 per cent of nafta are worthy of notice, and these two are in a very slightly developed state, which may be attributed to lack of means on the part of the owners.

[6]

The Consortium of Chemical Products of Berlin, the Deutsche Bank, and the Discount Gesellschaft³ are already in treaty with various Italian groups.

As will be seen from this explanation, there is much to do in Italy, but action must be guided by the following rules in order to avoid clashing with Italian susceptibility.

(1) The Deutsche Italienische Vereinig[sic!] should be able to continue to bring its influence to bear.

Instructions must be given to the Deutsch Italienische Vereinig[sic!] so that its bulletins shall be inspired to draw attention to the lack of Italian products in Italy, the damage resulting from such lack, and the attempts at economic penetration on the part of foreign countries. Such criterion must also inspire the newspaper campaign of said organization.

(2) The setting up in Milan too of an information office at the Consulate General for German[sic!] with the aim of following the labor movement in North Italy, and to report to Germany in relation to these movements, the necessity to send German material and products in order to increase the crisis.

3 Gemeint ist die Disconto-Gesellschaft, eine bedeutende deutsche Bank, die 1929 mit der Deutschen Bank fusioniert wurde. Vgl. *Feldman, Deutsche Bank* .

(3) As to fuel, it is necessary that after the refusal of the Italians of our offer to collaborate in the development of the lignite mines, and for the supply of the market with fuel against facilities of German property which has been sequestrated, our action shall be turned towards private individuals.

With respectful regards, The Commercial Councillor

STROHEKER

Idea Nazionale. Sunday, 28th August 1921.