

The Chinese Enigma in Politics and in the Economy: Italy in the Far East 1900-1947*

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The article traces the phases of an old but little organised commercial and entrepreneurial penetration by Italy in Chinese territory which was open to Western influence in the mid-nineteenth century. Through the published and unpublished accounts of Italian diplomats as well as economists, jurists, literati and journalists, the political events in the power struggles of the Far East, the economic reasons of the conflict, the symptoms of China's imminent "re-awakening" and the salient aspects of Italian presence in China: the possession of a settlement at Tientsin, the absence of a proper consular network, the attempts in the aftermath of the second world war to recover a privileged position in relations with the new nationalist China.

In 1903, Enrico Cocchia (1859-1930), a senator of the Kingdom of Italy, a Latin scholar and Principal of the Istituto Orientale in Naples which derived from the ancient Collegio dei Cinesi (Chinese College), in an article published in *Nuova Antologia* complained that the Italian consular network in China was inadequate: "the secretarial personnel and the interpreters attached to our Legation are insufficient for Italy's new relations with China; and they ought to be increased as soon as possible in accordance with the new needs and with the relations which are being embarked upon for reasons of trade". In actual fact, the reasons for an increase in personnel also included the enhancement of Italian prestige. Cocchia regarded the Istituto as the "natural nursery", useful for providing "the territory of the colonies in the regions of the East with capable administrators and expert

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defenders those colonies where ancient Italian virtue has recently shone with a new dazzling light"¹. This is clearly a reference to the expedition in 1900 during the Boxer uprising, an expedition which, moreover, was decided on without a Parliamentary vote and so was not exactly one of political oratory's favourite subjects.

At the time of the Italian expedition to China, the Foreign Minister, Visconti Venosta, had declared in the Senate in accordance with his very cautious policy: "we do not intend to practise a policy of expansion or of adventure in China, (...). The Senate knows that everyone is of the opinion that it is above all necessary and essential to maintain the agreement among the powers, and that one of the accepted bases of this agreement is, in fact, exclusion from territorial issues and from particular proposals for territorial occupation... However the issue is a different one... It is about the fact that we too have our fellow countrymen in China under the aegis of the existing treaties between China and Italy. We too have the King's and the nation's delegation in Peking... We shall take part in the powers' agreement... Faced with such a huge threat, such a huge danger, in a matter which is linked with such vast interests, when all the great powers believe that the policy of unanimous action is the best guarantee for everyone's interests and for peace in Europe, we were not of the opinion that Italy could take no interest in the matter..."².

Furthermore, trading interests (in 1866 the first amity and trading treaty between Italy and the Celestial Empire was signed) had been at the origin of the initial incentives in support of a future expansion of Italian shipping lines to the Far East, of an increase in exports and the founding of economic enterprises. Individual opinions of experts, such as Antonio Teso, the author of an economic history *summa*, entitled *L'Italia e l'Oriente*, published by UTET in 1900, exhortations from authoritative bodies, such as the Consiglio superiore della marina mercantile (Merchant Navy Governing Council), the Società geografica italiana (Italian Geographical

¹ E. Cocchia, "L'istituto orientale di Napoli e le sue finalità pratiche", *Nuova Antologia*, 1 October 1903, pp. 391-402.

² *AP, Senato del Regno, legislatura XXI, I sessione 1900, Discussioni, tornata del 23 giugno 1900*, pp. 131-132 (Visconti-Venosta's reply to Senator Francesco Nobili-Vitelleschi's interpellation).

Society), the Società di esplorazione commerciale (Society for Commercial Exploration) and the Museo commerciale di Venezia (Venice Museum of Trade), to quote a few of them, by means of reviews and conferences urged people to become aware of the need to move towards the new Eastern market, where the other great European nations, the United States, and Japan – which had recently undergone industrialisation – had established conditions to assert long-lasting interests.

An entrepreneur from Lombardy, Luigi Zanelli, who had a graphics company and was editor of the *Rivista industriale e delle esposizioni*, in 1911 published a study on *L'Italia nella conquista commerciale dell'Estremo Oriente* (*Italy in the Trading Conquest of the Far East*) which was amply documented with statistics. He wrote: "With regard, too, to the countries I have visited, i.e. the Far East, it must not be forgotten that commerce and politics now have almost only one single significance. If you do not trade there, you must know how to take part in politics at the right time. To isolate yourself and stand aside is tantamount to disappearing"³, and he hoped for greater government support to supplement private initiative. Lodovico Nocentini (1849-1910), a sinologist and interpreter who had run the Italian Consulate in Shanghai between 1883 and 1884, was a convinced supporter of the need for an organised Italian commercial presence in China. And so in his unpublished letters to Sidney Sonnino, at that time editor of *La Rassegna settimanale* to which Nocentini sent his articles from the East, he went so far as to complain about "the absurdity of having a Legation to a Government which we have no interests to defend"⁴.

There is no doubt that, despite the opening of some Italian banks and commercial companies, as reported in consular despatches sent to the General Directorate for Commercial Affairs of the Italian Ministry of Foreign Affairs, in the 1920s Italian economic performance in China did not achieve great results. Although in May 1921 Marchese Carlo Durazzo, the Italian Minister in Peking, gave an ample description of the range of Italian economic initiatives in China, a report of June 1923 written by

³ L. Zanelli, *L'Italia nella conquista commerciale dell'Estremo Oriente*, (Milan, Società per le arti grafiche "La Gutenberg", 1911), p. 128.

⁴ Archivio Sonnino, Montespertoli (FI), filza XX (1886), letter dated Shanghai, 10 November 1886, n. 295.

Giuseppe Biondelli, at that time acting Italian Consul in Hong Kong, complained about "many" technical, informative and organisational "reasons" which still hampered "every possible commercial expansion of ours"⁵. In 1936 Biondelli published a wide-ranging study entitled *La Cina e gli stranieri* (China and Foreigners), (Padua 1936), with an accurate mapping of foreign concessions and possessions in China, indicating the Italian diplomatic and consular delegations, and the presence of Italian economic interests where relevant⁶.

Carlo Sforza, too, a future foreign minister and Italian representative in China between 1911 and 1915, wrote during his time in China *Memoria sulla necessità e i vantaggi di una Banca italiana in Cina* (Memorandum on the necessity and the advantages of an Italian bank in China) in which he maintained *inter alia*: "this country is going to open up completely to foreign trade; it is a market of 400 million people where Italian industry and capital will relinquish finding profits unless they pave the way now"⁷. And yet still in 1928 the Italian consul at Tientsin, Luigi Neyrone, spoke of material advantages which were not yet acquired with the possession of the concession, and he hoped for a possible handing back of the settlement to China against guarantees for Italian industries⁸.

Again in the 1920s, a member of the Fascist regime, Roberto Suster,

⁵ For Durazzo's and Biondelli's reports see Archivio storico diplomatico del Ministero degli affari esteri (ASDMAE), *Affari commerciali, 1919-1923, Cina*, pos. 4, fasc. "Rapporti informativi dei RR. Agenti all'estero di indole commerciale", s. fasc. "Commercio italiano in Cina".

⁶ Already in the second half of the 1920s two important studies had been published on the Italian presence in China (U. Bassi, *Italia e Cina. Cenni storici sui rapporti diplomatici e commerciali*, Modena, E. Bassi & nipoti, 1929) and on Chinese civilisation in its relations with the West and with Italy in particular (G.D. Musso, *La Cina ed i cinesi. Loro leggi e costumi*, (Milan, Hoepli, 1926), 2 volumes), which contained a review of diplomatic, legislative and regulatory sources too.)

⁷ ASDMAE, *Ambasciata italiana a Pechino*, fasc. 171, pos. 45/1, s. fasc. "Banca italiana in Cina". Sforza (1872-1952) recounted the experiences of his years in the Far East in his book *L'enigme chinoise*, (Paris, Payot, 1928). For the vicissitudes of Italian banking in China, see, for example, V. Pastore, "La presenza italiana in Cina nei primi anni Venti", *Analisi storica*, IV (1986) 7, pp. 281-290; G. Giusti, "La penetrazione straniera in Cina nei primi decenni del XX secolo: il caso della Banca italiana per la Cina", *Rassegna economica*, LVIII (1994) 1, pp. 41-83; G. de Antonellis, "Una banca per la Cina nella prima metà del secolo sostenuta dal Credito italiano" *Mondo cinese*, XXIV (1996) 4, n. 91, pp. 55-71.

the *Popolo d'Italia's* special correspondent in China and the future director of the Agenzia Stefani, had to admit: "in 1924 Italian trade with China reached an overall figure of 305 million lire, 180 million of which were imports from Italy. It is not a huge figure: on the contrary, it is very small compared with the other nations' trade figures. But there is no doubt that, if our biggest industrialists would give the Chinese market the attention and care it deserves, we could easily and quickly multiply today's results by ten"⁹. Once again we find, on the one hand, wishful thinking, and, on the other, the lack of a reliable consular network and commercial information offices, with both industrialists and the government scantily informed and poorly trained to recognise potential markets and to advertise their goods and their products. Alessandro Sardi (1889-1962) was a member of Parliament, a member of various delegations sent to the diplomatic legations in the Far East, and one of the organisers of the Rome-Tokyo air race. In 1932, in a speech in Parliament on the budget of the Ministry of Foreign Affairs, Sardi pointed out the apparent expansionist successes of the Fascist regime, but recognised: "our level of importation is still too low compared to our production capacity and to the market's power of absorption". He went on to stress the necessity of creating the post of commercial officer in Shanghai, pointing out again the insufficiency of the Italian consular network in China: six offices, two of which were vacant, compared to Great Britain's 22 consulates in China¹⁰.

In May 1937 the Italian Ambassador to China, Giuliano Cora, sent to the Ministry of Foreign Affairs the copy of a report written by the commercial attaché regarding "prospects and possibilities the Chinese market offers the Italian economy". The report yet again made recommendations regarding intentions: "a more complete study of the market and my daily contacts with government circles and with the banking and commercial milieu have led me to recognise that the Chinese market offers our

⁹ ASDMAE, *Ambasciata italiana a Pechino*, fasc. 127, pos. B/37, report of the consul Neyrone, dated 12 December 1928, on the possible handing back of the Italian concession at Tientsin.

¹⁰ R. Suster, *La Cina repubblica* (Milan, Alpes, 1928), p.185.

¹¹ *Atti parlamentari, Camera dei deputati, legislatura XXVIII, XIX sessione, Discussioni*, session of 3 March 1932, pp. 6842-6849.

economy, and especially our heavy industry, favourable possibilities of penetration... In this connection, a visit from an influential group of Italian industrialists would be extremely useful"¹¹. The report supplied indications that China had intensified its policy of purchasing German and American industrial goods as well as British and Japanese goods.

In 1933 the Italian Embassy in Washington had already reported an attempt by the Chinese nationalist government to obtain from the United States the concession of a fully-equipped airport on American soil, with a personal flight instructor; at the same time, the Chinese Minister of Finance, Soong Tzu-wen, was stipulating an agreement with the Curtiss-Wright aircraft factory to purchase 36 Hawk fighter aircraft (27,000 dollars each) and to found a company, Inter-Continent Aviation, using Chinese capital, with the aim of opening an aircraft factory at Hangchow, near Shanghai, where the Curtiss company already ran a school for pilots¹².

In the very same year, 1933, on a theoretical level, Romolo Tritonj, a lecturer in colonial history and politics at the University of Rome, in his book *Un orientamento nella questione cinese* (Guidelines on the Chinese Problem) had suggested some operational strategies for Italy in the Far East: "first and foremost, it is our duty to desire to oppose the partitioning of China so that the various powers do not occupy parts of it, thereby compromising the present balance of political forces in that zone. On the contrary, Italy must desire close collaboration among the said powers and must also desire that they become more aware of the advantage of concerted action. Italy must encourage agreement on this point so as not to become inferior... Likewise, it seems that it is our country's task to help rebuild China... by contributing to supplying experts; it is also Italy's job to support the principle of the open door and of equal commercial risk for all, both in China and in Manchuria. Furthermore, we believe that it is in the interests of Italy to consider the Manchurian issue separately

¹¹ ASDMAE, *Affari politici, Cina*, 1937, b. 67, fasc. 7, "Penetrazione commerciale in Cina", s. fasc. 5 "Rapporti commerciali italo-cinesi", report by the commercial attaché Romolo Angelone on 10 May 1937.

¹² ASDMAE, *Affari politici, Cina*, 1933, b. 34, fasc. 6, "Penetrazione commerciale in Cina", a reserved report by the ambassador in Washington dated 5 September 1933 entitled "Materiale aeronautico ed organizzazione dell'aviazione cinese".

from the Chinese issue:... there is no less complicated way... Being less involved than the great powers ..., Italy is perhaps the most fitting country to foster an objective start towards solving those issues and making people understand the real superior interests that must prevail"¹³.

To some extent this was not an entirely new matter: it had been discussed in the diplomatic representatives' meetings when the legations were besieged in 1900; later, on 6 February 1922, Italy, together with eight other powers, signed the Washington Treaty which established that Chinese sovereignty and territorial integrity were to be respected. In 1932, after the Japanese invasion, the Italian delegate to the international committee for the conflict in Manchuria, Luigi Aldrovandi Marescotti, observed in some hand-written notes found among his papers in the Archivio di Stato in Bologna: "from the point of view of the law, China is in a more legitimate situation in her aspirations; and Japan has made declarations which cannot be defended juridically"¹⁴. In fact, later on the stronger power went on to win.

Meanwhile, at the end of 1934 the Italian Legation in China was promoted to an embassy. In 1936 Galeazzo Ciano, now Minister for Foreign Affairs in the Fascist government, gave his approval to the founding of the Tientsin Centre of commerce, the settlement Italy had obtained after the Boxers' defeat¹⁵. Created at the initiative of the municipality of the concession, which advanced a special expenditure of 15,000 dollars, the Centre was to provide *inter alia* technical propaganda for Italian products and commercial assistance to foster business relations and initiatives for the development of Italian interests in the Eastern market¹⁶.

Between 1927 and 1933, first as Legation Secretary in Peking, then as Consul-general in Shanghai and lastly as Special Envoy and Minister Plenipotentiary, Ciano had begun an independent, pro-Chinese line of

¹³ R. Tritonj, *Un orientamento nella questione cinese*, (Rome, 1933), pp. 156-157.

¹⁴ Archivio di Stato di Bologna, *Carte Aldrovandi Marescotti*, b. 515.

¹⁵ On this, cf. the recent studies by A. Francioni, *Il "bambetto cinese". L'Italia fra le treaty powers*, Siena, Nuova Immagine, 2004, and L.de Courten – G. Sargerì, *Le Regie Truppe in Estremo Oriente 1900-1901*, Stato Maggiore dell'Esercito (Rome, Ufficio storico, 2005).

¹⁶ ASDMAE, *Affari politici. Cina*, 1937, b. 67, fasc. 7 "Penetrazione commerciale in Cina", s. fasc. 4 "Istituzione di un Centro commerciale italiano in Tientsin".

conduct connected with his intention to create a specialised diplomatic corps for the East, with a parallel increase in the number of consulates¹⁷. He had tried to forge close relations with Chiang Kai-shek's Nationalist China, both at an ideological and at an economic level, at a time when the Fascist regime openly showed interest in the Far East for the first time, in a common, glorified ideal of young proletarian peoples fighting against the Bolsheviks and against the Western plutocracies¹⁸. However Ciano's line of conduct was diverted and absorbed by Mussolini's decidedly pro-Japanese policy and by Italy's joining the Anti-Comintern Pact¹⁹.

¹⁷ Cf., for example, F. Vincenti Mareri, *Una avventurosa carriera diplomatica in Oriente, con testimonianze per qualcuno scomode, 1933-1973*, (Sanremo 2004), pp.47 et seq. Francesco Vincenti Mareri was at the time a trainee interpreter at the Italian Legation in China.

¹⁸ In 1932, with the approval of the Ministry of Foreign Affairs and with some perplexity on the part of Mussolini about not creating a duplicate of the ISMEO (Istituto italiano per il Medio ed Estremo Oriente) which was in the process of being set up, the Lega Italo-Cinese was founded. Its president was Emilio Bodrero, Undersecretary for Education and an expert in colonial law, and its vice-president was Ines Joli Insabato, an orientalist who wrote several books, including *Lineamenti dello sviluppo del diritto cinese* (Rome, Edizioni Oriente e colonie, 1937) and *Storia della grande Asia orientale* (Milan, Istituto per gli studi di politica internazionale, 1943). The Lega's explicit aim was "to teach the Italians about China and the Chinese about Italy", but, first and foremost, to foster relations between the two countries' intellectuals, technicians and professional classes by facilitating the possibility for Italian students to go to China "for education and for propaganda", and by promoting the creation of scholarships for Chinese students in Italy, including at Italian military academies. Cf. the Lega's statute in ASDMAE, *Affari politici, Cina*, 1932, b. 24, fasc. 19.

¹⁹ In 1934, *Civiltà fascista*, the official organ of the Istituto nazionale fascista di cultura, dealing with the issue of China and Italy and taking up the Duce's address to Asian students assembled at a conference in Rome, maintained that only Fascist Rome could achieve and successfully resume the mutual constructive collaboration of more than a thousand years between Europe and Asia"; at the same time this was echoed in the review founded by Mussolini, *Gerarchia*, stating that only "the three nations at the forefront of civilisation", i.e. Germany, Japan and Italy, could build "a bridge destined to annul the abyss between East and West" (R. Tosto, "La questione asiatica e l'Italia" *Civiltà fascista*, I (1934), 12, pp. 1095-1104, in particular pp. 1103-1104; R. Bellotti, "Italia ed Estremo Oriente" *Gerarchia*, XVIII (1937), 12, p. 844).

In August 1937, a few months before Italy left the League of Nations and joined the Anti-Comintern Pact, *Gerarchia* bluntly and provocatively maintained: "The events in Manchuria in 1931 have once again shown us the relative value of treaties and the inefficiency of that weird institution in Geneva which manifested all its power in a report drawn up by "experts" ... Therefore not treaties, but the interests of individual nations which can be valued solely on import and export statistics and on the strategic plans of military commands." (R. Bellotti, "Il conflitto in Estremo Oriente. Cina nazionalista ed imperialismo nipponico", *Gerarchia* XVIII (1937), 8, p.565).

Several missions, including one from the Italian Navy and one from the Italian Air Force were sent to China, charged with advising and training. In the same ambit, the economist Alberto De' Stefani (1879-1969), a one-time Minister of Finance and of the Treasury, was accredited to Chiang Kai-shek with the task of reorganising the Chinese government's administrative and financial structures²⁰.

De' Stefani's mission to China was also suggested by the German economist Hjalmar Schacht, which is yet further confirmation of German industry's predominant role in China. At the beginning of 1934 the head of the Italian legation in China, Raffaele Boscarelli, had forwarded to the Ministry a list of 55 German officers and experts who were working for the Chinese government²¹.

The President of the Reichsbank and Minister of the Economy, Schacht, was a personal friend of De' Stefani: they were to share a similar political evolution which would make them clash with their regimes. In China De' Stefani was to find himself in difficulty when there was a radical change of direction in Fascist foreign policy in favour of Japan, bearing in mind that De' Stefani had promised Chiang Kai-shek that he would act as a spokesman with Mussolini on the possibility of Italy acting together with England as a mediator in the war between China and Japan.

²⁰ Cf. the abundant documentation on De' Stefani's mission in China as a "high-ranking economic and financial consultant", in the Banca d'Italia's historical archive.

²¹ ASDMAE, *Affari politici, Cina*, 1934, b. 35, fasc. "Rapporti politici" s. fasc. "Militari tedeschi al servizio del governo cinese ed armi tedesche alla Cina" teletyped on 23 March 1934. On these aspects, cf. I.K. Rosinger's paper "Germany's Far Eastern Policy under Hitler", *Pacific Affairs*, vol. 11, 1938, n. 4, pp. 421-432 and G. Samarani, "Alberto De' Stefani and Sino-Italian Relations just before the Second World War", *East and West*, 43, 1993, n. 1-4, pp. 301-310. In fact, German policy in China had some peculiar and very "unorthodox" aspects compared to the alliances forged with Italy and with Japan. Germany enjoyed an enviable position in the commercial and industrial fields, especially in the heavy industry and the chemical industry sectors, a position not to be given up: the supply of war material to China was repaid with raw materials that were essential for the maintenance of the German military machine, especially manganese and tungsten. Such a favourable position stemmed also from the fact that, from the beginning of the 1930s, there had been a German military mission to Chiang Kai-shek's government which trained and organised the Chinese armed forces. In 1934 the mission was under the command of General Alexander von Falkenhausen and General Hans von Seeckt.

This episode and De' Stefani's independent stance in his siding with China are recorded in the articles which appeared in the Turin newspaper *La Stampa* and which were later collected, together with some unpublished articles, in the book *Commenti e discorsi* (Bologna, Zanichelli, 1938).

In December 1937, after the publication of the article "Chi avrà la chiave della porta?", Dino Alfieri, the Minister of Popular Culture, wrote peremptorily to De' Stefani who at the time was a member of the Gran Consiglio: "Dear De' Stefani, it has been observed – by people of authority – that your article... is rather too pro-Chinese. Use this information as a norm for your language". De' Stefani had, in fact, written: "We must ask up to what point and at what speed Japan proposes building a great China... A united attempt to oppose Japan has failed in Brussels... It is felt, especially in the United States and in the federal government sphere, that not only the fate of Asia but that of the whole world depends on the result of the war between China and Japan. Danger for the United States does not come from Europe, but from the land of the Rising Sun, from its expansion and its ability to draw into its own political orbit such a large part of mankind whose future potential power it would be a mistake to underestimate."²²

During his stay in China, among other things De' Stefani had addressed the highest-ranking government officials of the Chinese Nationalist Republic²³, and had reminded them: "China is rich, enormously rich. Its wealth, the majority of its wealth is still buried. But its greatest wealth, that which many consider a cause or the cause of your poverty, is the abundance of labour. This abundance will become the cause, the condition, the guarantee of your wealth and your power. Building the new China ..., with its increase in business will absorb huge quantities of labour which are today unemployed or poorly paid. It is your very abundance of manpower, to which today you attribute your poverty, that will enable you to carry out your revolutionary and constructive plan."

²² A. De' Stefani, *Commenti e discorsi*, (Bologna, Zanichelli, 1938), pp. 288-290.

²³ «Doveri verso lo Stato». Discorso al Corpo civile e militare per la disciplina rivoluzionaria della Repubblica cinese, con presentazione del generalissimo Chiang Kai-shek, Lushen, (Kiangsi), 13 July 1937 in A. De' Stefani, *Commenti e discorsi*, op. cit. p. 231.

With extraordinary intuition and clear vision, De' Stefani had analysed "new" China's situation: "As well as a human item, China has become a political item. We have seen from experience that treaties do not halt history. Present-day public opinion on China had been based for the most part on romanticised travel books, on colourful observations. A China which is more literary than positive, presented unilaterally and forced by imagination. A mannered China. It were better to exaggerate in the opposite sense and consider China a country like any other. And to consider it a political mass on the move in a state of progressive condensation."²⁴

He added further: "The war between China and Japan broke out just while China was applying itself to carrying out its own administrative construction plan which, together with the growth of a widespread feeling of political unity, would have increased enormously its power of defence, as well as its economic performance. In favouring the development of domestic initiatives, Chinese economic policy could not finally have been any different from that of the other countries, and perhaps even more so because of the vastness of its human and natural resources. The Chinese market tends to remain open only to imports that cannot be produced or substituted, in other words to imports which may be required by the developing industrial plants... Therefore Japan could not rely on the Chinese market in the long term for the sale of its products. Nor can China, densely populated wherever possible and to the greatest possible degree, become for Japan a country of notable demographic expansion... Japanese industrial expansion in China would have met with insurmountable obstacles in Chinese legislation, which already provides for the gradual nationalisation of foreign facilities."

Lastly, De' Stefani interpreted *sub specie oeconomica* the "reasons for the war in the Far East"²⁵: "Japanese expansion for the most part can only be of another type ... a capitalist, industrial, technical and commercial expansion. It is not the land of China which attracts Japan and determines

²⁴ "La trasformazione della Cina" (9 September 1937), in A. De' Stefani, *Commenti e discorsi*, op. cit., pp. 261-263.

²⁵ "Motivi di guerra in Estremo Oriente" (14 November 1937), in A. De' Stefani, *Commenti e discorsi*, op. cit., pp. 261-263.

its politics. It is the need to proportion its spirit of initiative and domestic facilities to the possibility of utilisation. On the contrary, every day in Japan the imbalance between domestic facilities and the possibility of utilisation increases because of the predominant autarchy of every country in the world and the consequent protections. It is therefore no wonder that Japan, having within reach a supply of raw materials²⁶ and a huge, advancing market for its products and for those it could manufacture in China with its own capitalist and industrial expansion, proposes to force such collaboration. However, China could gradually go it alone. The awareness of this real possibility has provoked the reaction of Nationalist China against uncontrolled foreign enterprise or its preponderance... Japan (however) wants a wide-ranging preferential situation... The war between China and Japan has the particular characteristic of being a conflict between two countries that are at two different stages of capitalist development... This is the China-Japan issue purged of its political elements which, however, count a lot in China too".

In this context, it was not by mere chance that in 1938 the Italian ambassador to China, Giuliano Cora, was recalled to Italy "for having made a stand against government policy in the Far East"²⁷; the industrialist and politician, Ettore Conti, was sent in that same year as a special delegate for the signing of the friendship, trade and navigation treaty with Manchukuo, a puppet government set up in Manchuria under a Japanese protectorate. In May 1938, he noted: "our ambassador Cora regrets that our new pro-Japanese policy has accentuated hostility towards China; despite their adhering to the Anti-Comintern Pact, the Germans continue to do excellent business with the Celestial Empire, to which they supply even the aid of their generals. As far as the plan to rebuild the occupied provinces is concerned, in which the Japanese are offering us the chance to take part as technical experts, it would be a good idea to have tolerable relations with Chinese elements, among

²⁶ In 1924 a special edition of *Rivista marittima*, published in Rome by the Ministry of the Navy, was issued, dealing with China's coal and mining resources (D. Demidoff, "Notizie sui carboni dell'Estremo Oriente" in *Rivista marittima*, supplement to the July-August 1924 number).

²⁷ G. Cora, "Un diplomatico durante l'era fascista", *Storia e politica*, V (1966), I, pp. 88-98.

whom there are many capitalists who are prepared to offer us those material means we lack”²⁸.

Francesco Maria Taliani de Marchio was called to succeed Cora. On 19 July 1938, after having been appointed ambassador to China, Taliani went to the Ministry of Foreign Affairs in Rome, and wrote in his diary which was never published²⁹: “I do not think the offices have any clearer ideas than I do. People talk to me about secret negotiations for a pact of amiable mutual neutrality between Italy and Japan (urgently requested by Japan). On re-examining the inestimable indirect aid we have given Tokyo and the support we are preparing, I believe we could start to examine the issue of economic advantages in China. With the Japanese it is never too soon. But Ciano wants to wait.”

The ambassador’s astute observations on the international interests at stake in the Far East zone, which he reported during his journey to his new posting and on his arrival in Shanghai to where the Italian Embassy and Consulate had been moved from Peking in the early 1930s, are enlightening:

Hong Kong, 15 October 1938

“I meet the consul Pagano di Melito, a retired naval officer and companion of Costanzo Ciano at Buccari and ing. Acampora who has built an aircraft factory for Nationalist China which was completely destroyed in a Japanese air-raid... Sympathising with the Chinese, Acampora believes that a very long resistance put up by the Chinese could perhaps lead them to victory. He tells me that the German military mission was entirely of his opinion and disagreed with Berlin’s line of conduct. The Germans still with the Chinese are engineers, gunners for anti-aircraft defence, specialists and technicians of all kinds, and the Germans continue to work incessantly for the Chongqing government³⁰, making contracts that last up to five years. They maintain that they can not take no interest in the Chinese market where they had managed to occupy second place immediately behind America.”

²⁸ E. Conti, *Dal taccuino di un borbese*, (Milan, 1946), p. 575.

²⁹ ASDMAE, *Carte Taliani, Diario*, scatola 1, fasc. 5, 16 gennaio 1938 - 4 gennaio 1939.

³⁰ After Shanghai and Nanking fell under the Japanese advance, Chongqing, at the end of 1937, became the new capital of the Chinese Nationalist Republic.

Shanghai, 11 November 1938

"The German chargé d'affaires is lamenting Chiang Kai-shek's fate. He tells me that he has managed to defend German interests and credits in Chongqing very well."

Shanghai, 13 December 1938

[Taliani meets with Shanghai's most important Japanese economic representatives who, intended to be involved in] "the rebuilding of China with the primary aim of making foreign capital converge there. We do what we can and more, but we are handicapped by the total impossibility of providing capital ... We can not get a penny from Italy."

Shanghai, 25 December 1938

"I speak with businessmen about the latest American and British loans to China. They will merely raise useless hopes in Chongqing and provoke Japanese reprisals. London and Washington are practising a short-term, short-sighted policy ... They are defending only their own interests, making use of the wretched Chinese army. And they send one note after another, still in 1939 talking about an "open door" (!)."

After 8 September 1943, Taliani himself paid for not having sworn allegiance to the Salò Republic by being put into a Japanese internment camp, in the same way as, almost ten years previously, General Roberto Lordi, head of the aeronautical mission in China, appointed Chief of Staff by Chiang Kai-shek, had been recalled and dismissed, probably because the orders for Italian aircraft and the high esteem in which Chiang Kai-shek held him could prove dangerous in the political climate of moving closer to Germany. In 1937 the Italian aircraft factory at Nanking was bombed by the Japanese. Lordi joined the Resistance Movement in Italy and, in 1944, after having been imprisoned and tortured in Via Tasso, was shot at the Fosse Ardeatine³¹.

³¹ For the air force mission, as well as the documentation kept in ASDMAE in the series of *Affari politici, Cina*, cf. S. Scaroni, *Missione militare aeronautica in Cina*, (Rome, Ufficio storico Aeronautica militare, 1970). From 1935 until 1937 the pilot Colonel Silvio Scaroni was head of the aeronautical mission sent to Chiang Kai-shek in China under Colonel Roberto Lordi in 1933. On this cf. the memoirs of Sergeant-Major Mario Destro Bisol, a radiotelegraphist with the delegation (*Storia di un'avventura. Dalla trasvolata atlantica ai cieli della Cina. Ottanta anni di vita italiana nei ricordi di un pioniere dell'aviazione*,

It ought to be remembered that in the late 1920s and the early 1930s a group of correspondents from important Italian newspapers (*La Stampa*, *Corriere della Sera*, *Gazzetta del Popolo*, *Il Popolo d'Italia*), including Luigi Barzini Jr. (the son of the doyen of Italian correspondents in China), Alberto Moravia, Cesco Tomaselli, Arnaldo Cipolla, Arnaldo Fraccaroli, Raffaele Calzini, Domenico Bartoli, Luciano Magrini and Mario Appelius, had travelled far and wide in Asia, reporting from its war zones. It was not by mere chance that, in 1928, Mussolini referred to the possession of Tientsin, which most people did not even know existed, as the "most advanced sentinel of Italian civilisation in the Far East" when he, as champion of Italy's new "global" role, addressed the Italian senators.

If we compare the observations of two correspondents of diametrically opposed political leanings, it is significant to observe that the Fascist Appelius in 1935 had difficulty in covering up the fact that Italy was totally non-existent in the Far East, despite his pompous style and his clumsy affirmations about how the position of the white race was seriously jeopardised in the Far East: "Italy is practising a traditional prestigious policy in China, as she has done since the time of the Boxers. Fascism has invigorated this policy. In the economic field, in practice we have begun to penetrate China only during the sadly too short period of Minister Ciano ... but Italy's penetration of the Chinese market continues terribly slowly and often gets stuck because of a key flaw: whereas in China we possess all the elements of prestige of a great power, galvanized furthermore by the huge fascination the personality of Mussolini exerts. In China too, we totally lack the economic and financial bodies that are essential to participate effectively in international competition."³² Ten years earlier the republican Magrini had written about the Italian settlement: "Unlike other countries' settlements, the Italian settlement seems a quiet holiday resort, not a base for commercial and industrial initiatives and activities; ... it is the most built-up settlement, with too many buildings compared to the size of the

Rome, IBN, 1994) and G. Montinaro, "La Missione aeronautica in Cina (1933-37)", in *Missioni militari italiane all'estero in tempo di pace (1861-1939). Atti del convegno di studi, Milano, Scuola militare dell'esercito, 25-26 ottobre 2000*, edited by R. H. Rainero - P. Alberini, (Rome, Commissione italiana di storia militare, 2001), pp. 373-394.

³² M. Appelius, *La crisi di Buddha. Due anni fra i cinesi*, Milan, Mondadori, 1935, pp. 334-335.

population and the possibility of future development"³³. Even Chinese officials, who had made a lot of money and ex-ministers had preferred to safeguard their estates from confiscation by building sumptuous properties inside the Italian settlement.

The results of the eighth general census published in 1937 by the Istituto centrale di statistica del Regno d'Italia indicated that the Chinese population present in the Italian settlement between 1931 and 1936 had increased by almost 30%: all in all there were 7,411 Chinese, 358 Italians and 184 residents of various nationalities who lived there.

From the beginning of the twentieth century until the 1930s many experts on international public law, and not only from Italy or the Far East, had published studies on the nature and the organisation of the settlements³⁴.

At Tientsin there were eight other concessions (Austrian, Belgian, French, Japanese, British, Russian, American and German) which were bigger than the Italian concession (this was just under half a square kilometre): in respect of Chinese sovereignty, they enjoyed complete extra-territorial status, in that Westerners were subject to the consular regime and to those Land Municipal Regulations established by the authorities of the foreign delegations. The independent municipalities

³³ L. Magrini, *La Cina d'oggi*, Milan, Corbaccio, 1925, pp. 50-53.

³⁴ A. Cicchitti-Suriani, "Se la Concessione italiana di Tientsin sia un possedimento coloniale" in *Rivista di diritto pubblico e della pubblica amministrazione in Italia*, XXI (1929), serie II, parte prima, pp. 141-157; A. Cicchitti-Suriani, "L'Italia a Tientsin" in *Comando. Rassegna bimestrale di studi politici e militari*, III (1942), 5, pp. 328-330; A. Cicchitti-Suriani, "La concessione italiana di Tientsin" in *Rassegna italiana*, 1950, pp. 562-567; G. Mondani, *La legislazione coloniale italiana nel suo sviluppo storico e nel suo stato attuale (1881-1940)*, Milan, 1941. C. E. Balossini, *Concessioni in Cina*, Florence, Sansoni, 1934, is a study which is also an attempt to sort out the difficult juridical definition of a settlement and a concession. Cf. Enrico Catellani, *Formazione di gruppi municipali internazionali nell'Estremo Oriente contemporaneo*, Rome, 1902 (an extract from *Rivista italiana di sociologia*, 1902, fasc. V-VI). On the juridical nature and the administrative organisation of territories in concession to foreigners in the Far East, cf. P. Callaini, *I settlements europei nei porti aperti della Cina (Studio di diritto internazionale pubblico)*, Florence, Cenniniana, 1909; A. Galassi, *I settlements europei e le concessioni in fitto nella Cina. Studio storico-giuridico*, Florence, M. Ricci, 1910; E. Querci, "I settlements stranieri nella Cina e quello italiano in Tientsin" in *Rivista di emigrazione*, VI (1913), fasc. V-VI, pp. 129-139. The only recent publication on the subject is by Luigi Nuzzo, "Italiani in Cina. La concessione di Tientsin" in *Diritto, economia ed istituzioni nell'Italia fascista*, edited by A. Mazzacane, Baden Baden, Nomos, 2002.

stemmed directly from those groups of foreign nationals who, of their own accord, had organised themselves in China's treaty ports to take up residence there in order to trade. By contrast, Italy's possession in Tientsin was the result of political and military events and of diplomatic negotiations with the Chinese government and Italy, and preceded, instead of following, Italian citizens' settling and working there. The Italian settlement, the purchase of which had never been submitted for parliamentary approval, was never considered a proper colonial possession but a sort of informal colony, since it had not involved an increase in territory nor a financial commitment for Italy: the rent to be paid to China and all administrative expenditure was taken care of by local taxes, except for an initial loan from the Italian government, granted by law in 1912 and then reimbursed.

The Italian concession, which came under the authority of the Minister for Foreign Affairs and not that of the Minister for the Colonies, with the control of the Peking Legation, was organised from the 1920s as a municipal administration under the presidency of the consular authority. The municipal council, elected by Italian citizens and foreign residents in the settlement, was made up of five members (which could be raised to seven), of whom only one was non-Italian, and was assisted by an advisory committee made up of three Chinese owner-residents in the settlement. Many members of the Italian settlement's police force were also Chinese.

As far as the judiciary was concerned, the regime of extraterritorial rights capitulations was in force: hence Italian citizens or other Western nationals were subjected to the jurisdiction of the respective consuls, whereas Eastern nationals who lived in the settlement were judged by Chinese magistrates: a system of double justice which was very limited in that everyone had to respect Italian administrative regulations and tax provisions established in the Italian settlement's various statutes and regulations between 1913 and 1929. In fact, the settlement's administration proved able at best to break even without ever having created real trade flows.

In 1943, at the height of the Japanese expansionist policy in Asia, Japan did its utmost to eliminate the key-points of Western presence in China and strove to ensure that all settlements should be handed back

entirely, something that China had not succeeded in achieving after the first World War³⁵. Because of a persistent use of recalcitrant and diplomatic "resistance" on the part of the Fascist government, the Italian settlement in Tientsin was the last of the concessions in China until the Japanese invasion after 8 September, which resulted both in a distressing odyssey of internments in Japanese concentration camps for civilian and military personnel, who had not supported the Republic of Salò, and in some make-shift repatriations. About three years later, the Treaty of Paris (10 February 1947, articles 24-26) ratified surrendering to China all the privileges and advantages Italy had enjoyed in the settlements at Shanghai and Amoy, the annulment of the "contract" for Tientsin, and the handing over of the Italian municipality's archives.

In 1946, the Italian Embassy's chargé d'affaires to Nationalist China in Chongqing had sent to De Gasperi a report on Italian-Chinese relations, pointing out that xenophobia was "predominant" ..., "the reaction against the state of affairs which has prevailed in China during the last hundred years in relations with the Western powers: a period in which China, because of its weakness, has had to undergo continuous humiliations and submit to a regime which, the Chinese are convinced, has allowed Westerners to become rich at Chinese expense. Nowadays they are determined to be masters in their own house ...; when all is said and done, it does not matter in the least to the Chinese that we have waged war against Britain and France, and they would laugh in our face (though not openly because they are very polite) if we were to take credit with them for our declaring war on Japan. In the past, relations between Italy and China have been quite good at times, and this too has left good memories. In fact, our position as a defeated country renders us less obnoxious and gives us the chance to place our relations with China on more cordial ground than the others.". The chargé d'affaires ended his report by suggesting: "It is therefore a question of creating an atmosphere of

³⁵ After World War I, because of the declaration of war on the central powers, China obtained the restitution of the settlements from Austria and Germany. Russia, too, which had always posed as an interested protector of China's territorial integrity, very soon surrendered its settlement, and Belgium did likewise in 1929.

friendship and trust until the new treaty can be drawn up with China, without the Chinese playing dirty tricks on us in the international field and destroying more than necessary what remains of our interests in this country."³⁶ But by then the blow had been dealt and things went differently.

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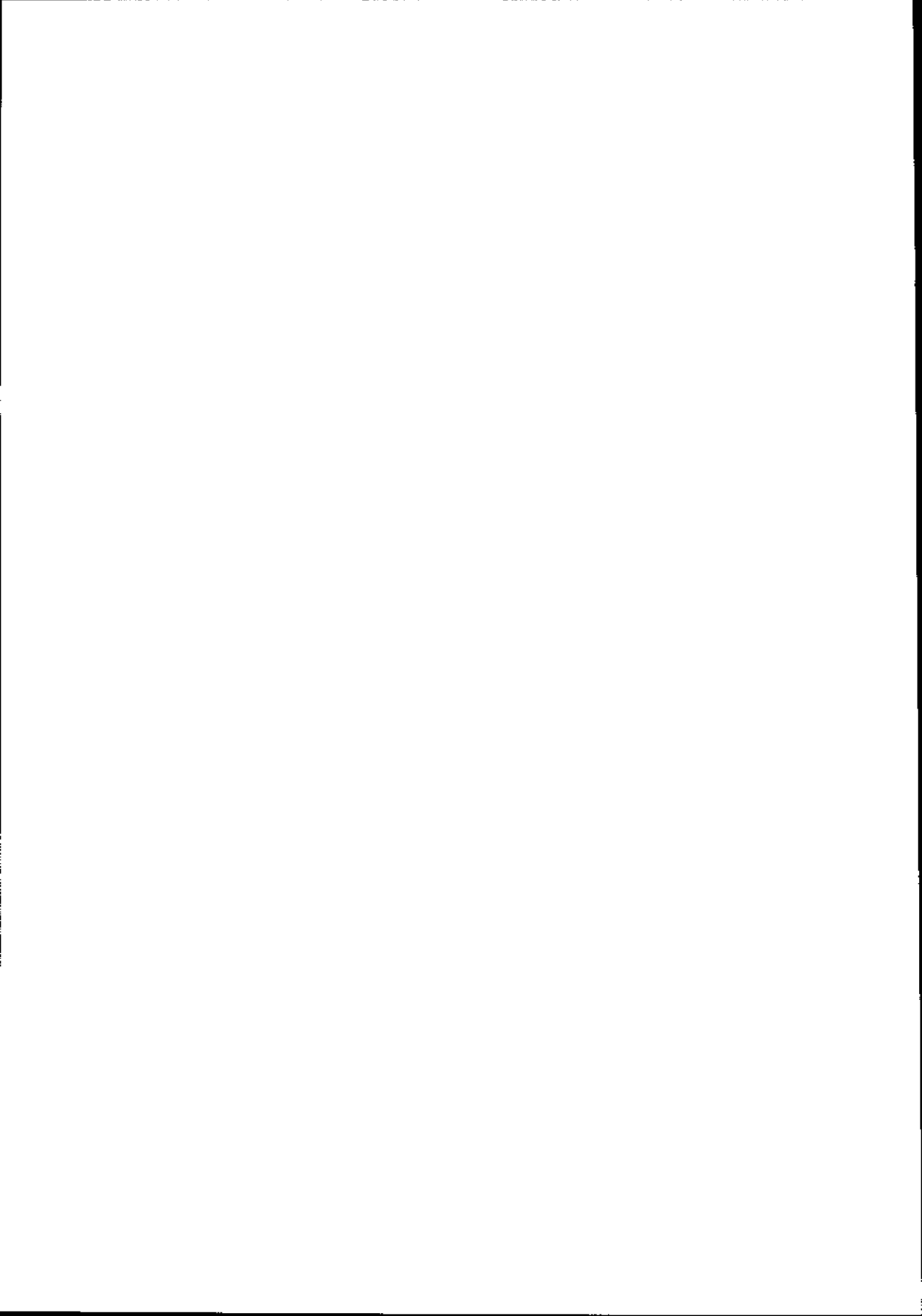
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Appendix

The Chinese Enigma in Politics
and in the Economy:
Italy in the Far East 1900-1947

Report from Vittorio Cerruti, Italian Ambassador in Berlin, former Italian Minister in China, to Mussolini, concerning German military employed by the Chinese Government and the supply of arms to China

The Embassy of the Kingdom of Italy
Berlin

Berlin, 27 January 1934
Highly Confidential

Your Excellency the Head of Government,

... General von Seeckt³⁷ will set sail from Genoa on an Italian ship on 6 March to return to China where he has been engaged by the Nanking government to reorganise the army. He negotiated at length with that government to ensure that, in the event of his death, his wife, who will accompany him to China this time, will receive a pension, and was granted a time deposit of 25,000 U.S. dollars in a European bank for such an eventuality.

General von Seeckt is setting out with the intention of disbanding Nanking's army as it stands today, some 1,200,000 strong, and of reorganising it based on 120,000 men who are perfectly trained as in the Reichswehr (which he himself organised, as is well-known) in order to form the "cadre" for a much larger army to mobilize should there be a war.

Only experience will prove whether General von Seeckt's ideas are applicable effectively in a country like China. It is the general's intention not to purchase in figure from European or American countries the arms which are required, but to set up a huge war industry in China with machinery supplied by German factories, in accordance with the plan studied by the Canton government³⁸ which, it seems, is already in progress. A large part of German industry appears to be taking part in this plan, under the auspices of the Reichswehr Ministry. I am assured that no German industrialist should make proposals to the Canton government without having first received authorisation from the aforementioned Ministry. The head of the German heavy industry cartel is a fiduciary of the Reichswehr Ministry, a former officer, named Schleber. He is assisted by another German who is a settler in East Africa named Klein. Count Enrico Rienzo

³⁷ Hans von Seeckt (1866-1936) was responsible for the re-organisation of the German army after World War I.

³⁸ At the beginning of the 1930s the head of the Canton government was Hu Han-min (1879-1936), the heir to Sun Yat-sen's purest nationalism. After clashing with Chiang Kai-shek's totalitarianism which, was financed by the West, he had to surrender to Chiang Kai-shek's excessive military power, and ended up by becoming part of the Nanking executive, Nanking being at that time the capital of Kuomintang.

di Reuss is at present on his way to Canton, as a representative of the consortium ... The project of the works to be carried out on behalf of the Canton government envisages the building of a factory for the production of iron and steel, with rolling mills and hammers, of a factory to manufacture Mauser rifles, of another to build aircraft and aircraft engines, as well as cars, lorries, armoured cars and tanks. It seems the order is worth between 200 and 250 million marks for which the Reich government is willing to grant the same guarantees as for supplies to the USSR.

It seems that General von Seeckt intends to do the same in Nanking, albeit on a smaller scale.

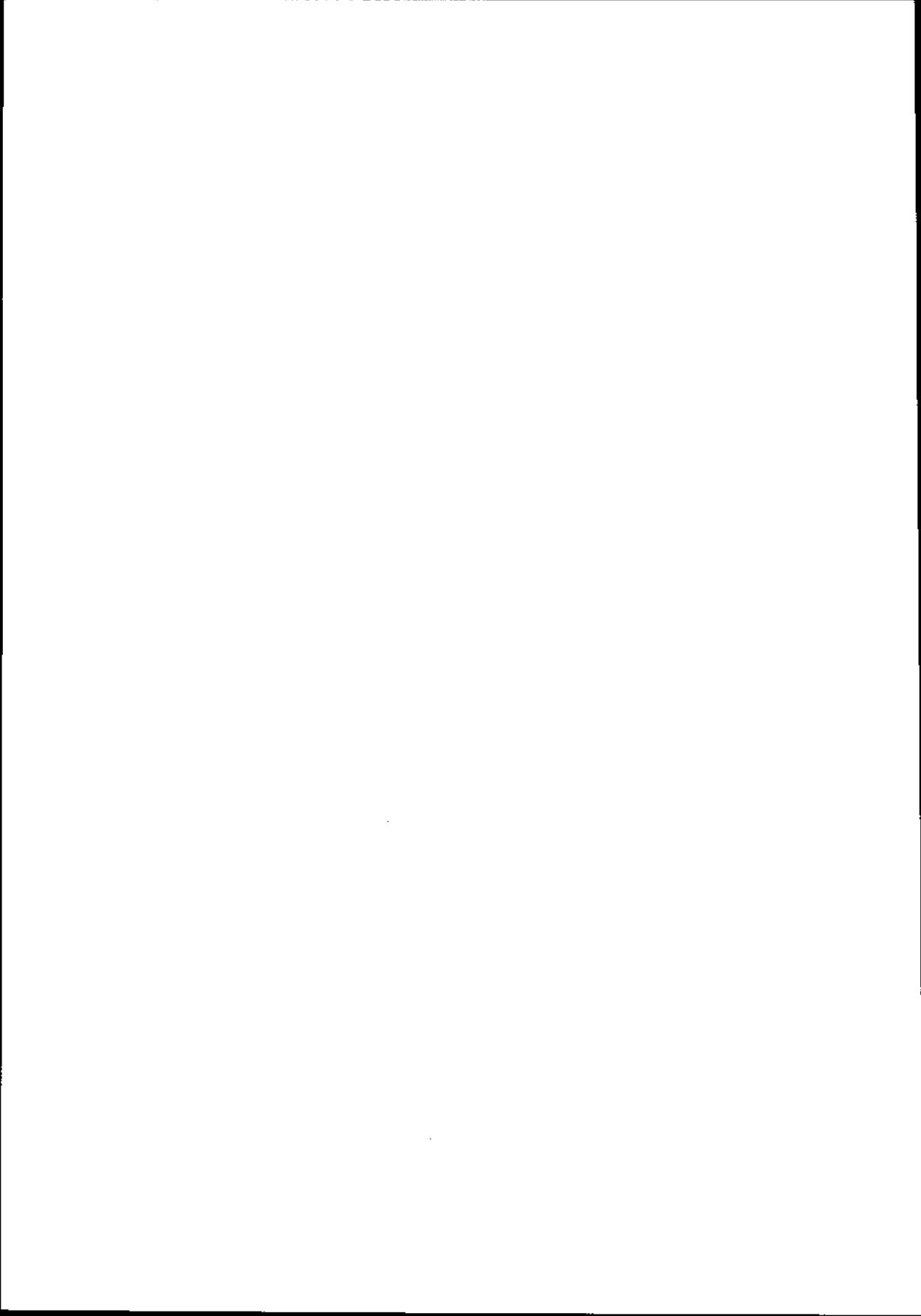
Until these factories are built and functioning, in other words for the next few years, all war material that is required will have to be purchased, and must be of the same type as that which will be produced in China at a later date.

According to the provisions of the Treaty of Versailles, Germany should not export war material. Furthermore, Germany would have some difficulty in guaranteeing the amount of credit required. To get round these snags, I have been approached by a businessman who, during the war, was an agent of the Austro-Hungarian War Ministry for the supply of arms. He expounded to me a plan of his which consists of creating a collaboration between German and Italian industry to supply this war material to China. He expects to accompany General von Seeckt to China, embarking in Genoa on 6 March too.

In referring the above information most confidentially to Your Excellency, I should be grateful if you would let me know whether the proposed collaboration seems interesting for Italian industry. Should that be the case, the person who has made me the offer would be willing to negotiate very secretly in Berlin in February and in Italy before embarking for China, or else in China after his arrival there. He has expressed the opinion that it would be preferable to waste no time, and he has informed me that he has made no mention to General von Seeckt of what he has told me, deeming it opportune to speak to him about the issue only after they have arrived in China. However, it would be extremely useful for him then to show von Seeckt that he had already conducted negotiations with the Italian industrialists interested in the venture

...

(ASDMAE, *Affari politici, Cina*, 1934, b.35, fasc. "Rapporti politici", s. fasc. "Militari tedeschi al servizio del governo cinese e armi tedesche alla Cina".)



problems

HELMUT BRAUN *Lighter-than-air v. Heavier-than-air:
How can Network Effects Explain the Failure of Airship-Technology?*

