

# Italy's Endeavour to Take Over the Central European Railway Network, 1919–1923

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## Abstract

NARDELLI-MALGRAND, Anne-Sophie. Italy's Endeavour to Take Over the Central European Railway Network, 1919–1923.

Among the many issues that arose from the breakup of the Habsburg empire, the fate of an empire-wide rail network was one of the most complicated, on both political and economic levels. Italy was especially interested as Rome had previously recovered several railway sections after the war. Beyond that, to take hold of at least part of the rail system of the former empire was a valuable chess piece which could be played later in larger negotiations on the future of Central Europe and could also aid in Italy's desire to take over as the region's great power after Austria. Italy's attempts at controlling the rail lines in Central Europe necessitated a joint effort from all players involved: diplomats, the military and economic operators – especially those coming from Trieste and the “redeemed lands”. With limited finances Italian ambitions partially hindered by France and the successor States, it first set its sights on the Südbahn Gesellschaft, (Southern Austria Railway Company), one of the key Austrian railway companies. The Südbahn Gesellschaft found itself at the centre of a major rivalry where strategic, diplomatic and financial issues were at stake though it can be argued that the Italian railway policy in Central Europe was elaborate, consistent and in line with the general purposes of the country's overall foreign policy. From peace treaties to the Rome agreements on the Südbahn Gesellschaft in March 1923, the railway issue helped to make Italy a major player in the area by enforcing diplomatic leadership, but also exposed its weaknesses and shortcomings in the aftermath of the Great War.

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When the Habsburg empire collapsed, it left behind one of the largest rail systems in Europe which was divided between great companies whose networks ran from Northern Italy and Tyrol to Budapest, and from Vienna to the Adriatic harbours of Fiume and Trieste. Before the Great War, the railway was a prized tool for growing State power abroad as capital and debt bonds could be taken in the form of foreign railway companies and directly serve the purposes of foreign policy. At the beginning of the 20<sup>th</sup> century, the Habsburg empire attempted to extend the network towards the Balkans, while Italy tried to surpass Austria-Hungary by constructing a new rail line connecting the Danubian network with the Balkan lines.<sup>1</sup> As far as railway issues were concerned, Italy was not a new-comer in Eastern and Central Europe.

Political changes starting in 1918 created opportunities for asset seizure since the breakup of Austria-Hungary put the fate of the entire empire-scale railway network at stake.<sup>2</sup> Italy recovered long-claimed territories: South Tyrol, Trentino, Trieste and its

1 GRANGE, Daniel. *L'Italie et la Méditerranée (1896–1911). Les fondements d'une politique étrangère*. Rome ; Paris : Ecole française de Rome, De Boccard, 1994, pp. 1305-1346.

2 HAIDBAUER, Gabriele. *Desintegrationsprobleme und Reorganisationsmaßnahmen im österreichischen Bahnwesen nach dem Ersten Weltkrieg (1918–1923)*. Wien, Wirtschaftsuniv., Dipl.-Arb., 1981.

hinterland, and consequently also recovered the land on which railway sections belonging to the Südbahn Gesellschaft ran, as did the new-born kingdom of Serbs, Croats and Slovenes, and also the emerging Austrian and Hungarian Republics. The Peace Conference in Paris had to set up a Railway Committee to deal with specific issues developing as a result of this shattering of the railway network throughout Central Europe. The successor states were the most interested but they partly depended on the Great Powers, (France, Great Britain and Italy), who had already invested a lot in rail construction, not to mention the banks that had provided funding. In a competition that had been deeply altered by the Great War, the stakes for Italy were two-fold: first, it wanted to safeguard the economic interests of Trieste and Fiume, which necessitated maintaining links from both cities with railway networks beyond the new boundaries; second, it hoped to acquire at least part of the railway network in order to ensure a strong diplomatic position in a strategic area where Austria formed the keystone to Italian security in Europe.

Italian leadership circles tried work towards these objectives more consistently than is typically assumed. Italy entered the Peace Conference as one of the winners of the war, though, rapidly turned into a bit of an outsider struggling to overcome the perception of a so-called “mutilated victory”. For a long time, Italy was not granted a very constructive position in the peace negotiations. As early as the 1920s, some nationalistic journalists spread the idea that the Italian delegation arrived at the Conference without any Central and Eastern Europe agenda at all.<sup>3</sup> At a later stage, Italy was thought to have conceived peace in a very narrow and self-centred way and therefore failed to have any greater influence.<sup>4</sup> According to a more qualified approach, Italian claims on the Adriatic shore were given priority and ended up overshadowing other pending issues.<sup>5</sup> Subsequent works<sup>6</sup> underline that some Italian leaders and diplomats did attempt to manage the reorganization of Central Europe and held a vision of what the Italian role in it should be, even if it may have become blurred within the course of the negotiations. Still, the conflict between these differing points of view raises more questions than answers. It is not easy to determine which role Italy expected to play in Central Europe, whether there was a consensus about it or not, or whether the actual Italian policy was consistent with these ambitions or not.

Focusing on the railway issue may highlight some parts of the problem. The topic was relatively fringe compared to discussions on borders, economic reparations or colonial empires, but was still a highly strategic matter since the transportation of soldiers, food and weapons had proved critical during warfare. The railway issue drew keen attention and at the same time was not a top priority, which makes it a good example for understanding the Italian global purpose in Central Europe, without being blindsided by more controversial issues. Due to the archival sources used, this paper mostly analyzes the Italian point of view.

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3 TAMARO, Attilio. *La lotta delle razze nell'Europa danubiana*. Bologna : Zanichelli, 1923, p. 285.

4 POMBENI, Paolo. La lezione di Versailles e l'Italia. Alcune riconsiderazioni. In *Ricerche di storia politica*, 1999, Vol. 14, No. 3, pp. 355-370.

5 DONOSTI, Mario (pseudonym for the diplomat Mario Luciulli). *Mussolini e l'Europa. La politica estera fascista*. Rome : Leonardo, 1945, pp. 4-5; MARSICO, Giorgio. *Il problema dell'Anschluss austro-tedesco, 1918-1922*. Milan : Giuffrè, 1983, pp. 4-5.

6 PASTORELLI, Pietro. *Dalla prima alla seconda guerra mondiale, momenti e problemi della politica estera italiana, 1914-1943*. Milan : Edizioni universitarie di Lettere Economica Diritto, 1997; CACCAMO, Francesco. *L'Italia e la nuova Europa. Il confronto sull'Europa orientale alla conferenza di pace di Parigi (1919-1920)*. Milan : Luni, 2000.

It should be considered, however, that in this type of multilateral issue, the Czechoslovak or Austrian perspective<sup>7</sup> could prove relevant for understanding the global picture.

### The Aftermath of WW1: Italy's Great Expectations

Soon after the armistice with Austria-Hungary, Italy attempted to secure key positions in Central Europe, especially in the railway network. At first, it was mainly argued that the acquisition of some territories was necessary for the continuity of communication lines. For instance, General Grazioli portrayed the Trieste-Vienna line and the Fiume-Budapest line as complementary in order to strengthen Italy's alleged rights over Fiume.<sup>8</sup> But beyond territorial and strategic issues, some major exponents in the political, economic and military spheres suggested the importance of maintaining links between different parts of the former Habsburg empire and the opportunity for Italy to play a leading role. Despite the empire being discredited as a jail for the people, the economic advantages of a great common market had been developed for half a century.<sup>9</sup> Even some of its fiercest opponents admitted it. Attilio Tamaro, a nationalistic journalist born in Trieste, wrote how nostalgic he was for the great Central European economic zone.<sup>10</sup>

The railway network was the backbone of this economic space and the Italian leaders were well aware of that. The Allied and associated powers felt concerned with the situation in Central Europe, especially in Austria which was on the brink of starvation because of a bad harvest and disorganized transportation. The Council of Ten had in fact adopted a proposal by Herbert Hoover to have the States of the former Habsburg empire, including Italian-held areas on the Adriatic, supply rolling stock to the American Relief Administration. It was to pass its instructions through an inter-allied Communications Section that was responsible for the entire network from the Adriatic Sea to Prague. Food and coal supplies were considered a priority regardless of political boundaries.<sup>11</sup> It was this experiment led to the idea of an international railway organization. Despite being far beyond reach in 1919 and discussed mainly in some French diplomatic circles, like those around Jacques Seydoux<sup>12</sup>, it still gave the railway issue a new diplomatic scope.

This evoked an Italian reaction stemming mainly from military circles but was not limited to them. In April 1919, General Scipioni based at the Supreme Headquarters, sent his government a memo written by Enrico Scodnik, member of the Dante Alighieri and vice-director of the National Insurance Institute, who strived to promote a better trade relationship between Italy and Czechoslovakia and had set up an Italian Committee for

7 In his PhD Jan Oliva has renewed the perspective, without however addressing precisely the geopolitical issue: OLIVA, Jan. *Les Réseaux de transport tchécoslovaques dans l'entre-deux-guerres (1918-1938) : une approche historique multimodale*, PhD under the supervision of Christophe Bouneau and Ivan Jakubec, University Bordeaux 3, 2012.

8 Memorandum by general Grazioli, (chief of the inter-allied army in Fiume), 13 March 1919. In *Documenti diplomatici italiani (DDI)*, 1918-1922, Vol. 2, Roma : Istituto poligrafico e Zecca dello Stato, 1984, pp. 612-616.

9 KOMLOS, John. *The Habsburg Monarchy as a Customs Union: Economic Development in Austria-Hungary in the Nineteenth Century*. Princeton : Princeton University Press, 2014, pp. 215-219.

10 TAMARO 1923, pp. 283-285.

11 Ufficio Storico dello Stato Maggiore dell'Esercito (USSME), fond Consiglio supremo economico, Sezione Comunicazioni, 43, Minutes of the meeting held on 8 March 1919.

12 USSME, fond Consiglio supremo economico, Sezione Comunicazioni, 43, *Minutes of the meeting held on 13 August 1919*; SEYDOUX, Jacques. *De Versailles au plan Young. Réparations. Dettes interalliées. Reconstruction européenne* (writings published by Jacques Arnavon and Etienne de Felcourt). Paris : Plon, 1932, pp. 275-276.

independence of the Czech people during the war.<sup>13</sup> He advocated for a tighter relationship between Italy and Czechoslovakia, which was portrayed as a bulwark against Bolshevism and the most stable new State in Central Europe. In the short term, this tighter relationship meant strict control over the railways. His memo also emphasized the importance of the Innsbruck-Salzburg-Linz-Budweiss line in providing food to starving people in Austria and for transporting troops in the case of a Bolshevik crisis. The memo went even further and concluded this way: "After the military occupation of the railway, it could be easy to schedule a train twice a week from Milano to Prague through the city of Trento. It would set up direct ongoing communications between Italy and Czechoslovakia, and it would offset the direct communication France has already set up between Paris and Prague."<sup>14</sup>

The content of the message was clearly heeded. Two months later De Nava, the minister for Sea and Rail Transport, informed President of the Council Orlando that such direct trains were now functioning.<sup>15</sup> This episode reveals that just after the war, military issues were strongly coupled with a broader vision of Italian influence in Central Europe. It also emphasizes that military, economic and civil spheres were inter-connected when it came to railway issues, which made them crucial for the way the Italian leaders considered their policy in Central Europe. At the beginning of 1919, Italian Minister of Foreign Affairs Sidney Sonnino was told that Czechoslovak General Milan Štefánik wanted his country to set up a tight trade relationship with Italy provided that tariff trade guarantees were given by Austria. He thought that the best way to ensure this was to establish direct railway communication between the two countries.<sup>16</sup> What matters is not how sincere Štefánik was, or how successful the project could have been – the fact that Yugoslavia was sidelined and that the project implied that Fiume would become Italian were quite obvious flaws. What matters is that Štefánik was well aware that Italy would play an important role in the aftermath of the war and its interests should be spared.<sup>17</sup> The fact that he chose to put such importance on the railway shows how much it was valued by keen observers of the great powers' policy.

This understanding was widely shared. Giuseppe Antonio Borgese, a well-known journalist for the *Corriere della Sera*, wrote to Luigi Albertini that Italy should use the railway communications to draw Austria into the Italian sphere of influence. He imagined a global political strategy in which Austria could be used as a tool to thwart French policy in Central Europe and prevent any resurrection of a Danubian federation under the auspices of Czechoslovakia.<sup>18</sup> The latter was thus considered both a potential enemy and a valuable partner, since in the meantime the elite from Trieste had insisted on the importance of a good relationship between Italy and Czechoslovakia as well to sustain city trade. Alberto Moscheni, a trustee for the Cosulich firm (a ship owner), one of the representatives of

13 SANTORO, Stefano. *L'Italia e l'Europa orientale. Diplomazia culturale e propaganda, 1918-1943*. Milano : Franco Angeli, 2005, p. 82.

14 Archivio Centrale dello Stato, (ACS), Rome, fond Prima Guerra Mondiale, 196/1, Memorandum by Enrico Scodnik sent to ministers of War and Industry, 7 April 1919.

15 ACS, Rome, fond Prima Guerra Mondiale, 196/3, letter Giuseppe De Nava to Vittorio Emanuele Orlando, Rome, 18 June 1919.

16 Paternò to Sonnino, Paris, 26 March 1919. In *DDI, 1918-1922*, Vol. 3, Roma : Istituto poligrafico e Zecca dello Stato, 1985, pp. 43-44.

17 KŠIŇAN, Michal. *L'Homme qui parlait avec les étoiles. Milan Ratislav Štefánik, héros franco-slovaque de la Grande Guerre*. Paris : Eur'Orbem Editions, 2019, pp. 226-227.

18 Borgese to Albertini, 4 September 1919. In ALBERTINI, Luigi. *Epistolario 1911-1926*, Vol. III, Milano : Mondadori, 1968, pp. 1276-1277.

the liberal-national trend that wanted Trieste to be Italian and an author of several memoranda that promoted Trieste as a rail hub<sup>19</sup>, urged Sonnino to lower railway tariffs which had increased significantly in order to safeguard Trieste's trade with its hinterland.<sup>20</sup> By sketching out the possible guidelines of a political and trade deal between Italy and Czechoslovakia, he made a strong link between trade, the railway and the general Italian strategic goals in Central Europe. In the first half of 1919, beyond the political disputes that continued in full swing at the Paris Peace Conference, stress was put on cooperation between Rome and Prague – which had also the advantage of differentiating Czechoslovakia from Yugoslavia. French diplomats documented “the extraordinary and very methodical Italian activity” in Vienna, Budapest and Prague. In economics, it took the form of buying large stock packages in shipping companies or banks and restarting the goods trade bound to Trieste.<sup>21</sup> The same agent who notified of these moves thought they were harmless and assumed that despite its efforts, Italy would not gain a stronger position in Central Europe. Without considering the results, we may note that Italian policy was nevertheless quite consistent and involved personalities from many different spheres. In 1919, economic operators as well as the government were convinced that they could exploit the victory by combining commercial and political interests through broad economic penetration in Central and Eastern Europe.<sup>22</sup>

Italy also got key positions in the inter-allied military control commissions who were in charge of organizing railway traffic and the distribution of the rolling stock. In November 1919, an Economic Council established at the Paris Peace Conference decided to set up a unique railway commission operating in the former Austro-Hungarian territories with Italy presiding. A few months later, this Commission was replaced by an International Wagon Exchange Committee led by a French civil servant, Gaston Lerverve. This was typical of a trend that saw the military being gradually taken over by civil servants in the name of economic relief in Central Europe. That was also characteristic of French policy from the beginning of 1920 which emphasized the need for Austrian recovery through cooperation between successor States.<sup>23</sup> However, the Italian general staff felt deprived of its means of action and attempted to maintain the railway commission even if it was clear that it would be subordinated to the “Lerverve Committee”.<sup>24</sup>

Since military control was, in a sense, watered down among multiple committees, Italian civil servants and diplomats chose to involve Italy in financial control of the former Austro-Hungarian railway companies. In April 1920, the Bank of Italy released a list of such companies and ranked them according to their importance for Italian interests.<sup>25</sup> The win-

19 Archivio di Stato di Trieste (AST), fond Igino Brocchi, 7/62, note by Alberto Moscheni about the regulation of the relationship with the Südbahn Gesellschaft, 12 August 1919.

20 Moscheni to Sonnino, Paris, 23 May 1919, DDI, 1918–1922, Vol. 3, Roma : Istituto poligrafico e Zecca dello Stato, 1985, pp. 604-605.

21 Archives du Ministère français des Affaires Etrangères (AMFAE), fond Correspondance politique et commerciale 1918-1940, Italie, 78/93-98, note by Pernot to the Minister of War, Vienna, 22 May 1919.

22 DI QUIRICO, Roberto. *Le banche italiane all'estero, 1900–1950. Espansione bancaria all'estero e integrazione finanziaria internazionale nell'Italia degli anni tra le due guerre*. Fucecchio : European Press Academic Publishing, 2000, pp. 55-57.

23 NARDELLI-MALGRAND, Anne-Sophie. La France et le nouvel espace danubien : échec de la définition et de l'organisation d'un espace périphérique, 1919–1933. In DESSBERG, Frédéric - SCHNAKENBOURG, Éric. *Les Horizons de la politique extérieure française. Régions périphériques et espaces seconds dans la stratégie diplomatique et militaire de la France du XVI<sup>e</sup> au XX<sup>e</sup> siècle*. Bruxelles : Peter Lang, 2011, pp. 197-208.

24 USSME, fond Commissioni militari interalleate di controllo, Ungheria, 84/4, memorandum Mattioli on the Hungarian railway, September 1920.

25 Archivio storico della Banca d'Italia (ASBI), fond Rapporti con l'estero, 315/5/2, note “Sezione ferrovie”, 17 April 1920.

ners were the Aussig-Toeplitz Eisenbahn Gesellschaft, whose head office was in Teplice, (Czechoslovakia), and above all the Südbahn Gesellschaft, the flagship of the Austro-Hungarian railways, which was originally meant to link Trieste to Vienna. The latter was considered a priority and the goal to get Italian leadership onto the Südbahn board was disclosed in a telegram. A communication from Pietro Tomasi della Torretta, then ambassador in Vienna, reveals that in summer 1920, the Italian government claimed Südbahn's shares owned by German banks on the grounds of German reparations<sup>26</sup>, though at first this great design partly failed to lead to concrete success. The first reason was that business circles were unwilling to invest, even though they were encouraged to commit themselves to such far-reaching projects. In Spring 1920, Colonel Barbieri, who was in charge of the military mission in Innsbruck, urged his superiors to set up "an economic offensive using banks and financial institutions".<sup>27</sup> Colonel Barbieri also mentioned the Commander of the Trento area and the General Commissioner for Tridentine Venetia stating that Italian control of the Tyrol railway and economy was intended both to protect the liberated regions and to provide a springboard for Italian interests in Central Europe. The initiative was not completely far-fetched since a bank representative was sent by the Foreign Affairs Ministry to study what could be done in the field. High-ranking diplomats like Della Torretta were perfectly aware of the importance of capitalism and investments when it came to the railway issue, but Italian banks were reluctant to spend large amounts of money on quite an uncertain challenge and the project failed.

This shift from military to financial control was not entirely conclusive, which led Italy to further invest in the diplomatic field. Moreover, the stress placed on Czechoslovakia as a special partner in the railway issue was to meet the general duties of Italian foreign policy.

### **The Railway: A Key Issue for Italian Global Design in Central Europe**

As long as Sidney Sonnino was the minister of Foreign Affairs, the economic issues were still overlooked and the relationship between Italy and Czechoslovakia was characterized by mistrust.<sup>28</sup> Things changed with Carlo Sforza, who was first Under Secretary of Foreign Affairs from June 1919, and then minister from June 1920 to June 1921. He was convinced that Italian security depended on the capacity of making special partnerships with the successor States, especially Czechoslovakia and Yugoslavia, and attempted to resist French influence in Central Europe up to a point. He did not exclude Hungary and Austria, which President of the Council Francesco Saverio Nitti had signed an agreement with in April 1920. It stipulated that Italy would help Austria in both diplomatic and economic concerns provided that neither would implement the Anschluss and join Germany, nor enter a Danubian confederation that would have been led by the other successor States.<sup>29</sup> Carlo Sforza continued to implement this policy which ensured that an independent Austria would not fall under the influence of another power: "The thought of the leaders of Italian democracy with regard to the question of Austria was that it was better that the Austrian Republic

26 Archivio Storico del Ministero degli Affari Esteri (ASMAE), fond Affari Politici 1919–1930, Austria, 812, fasc. Austria, trattazione generale, Tomasi della Torretta, telegram 548, 7 August 1920.

27 USSME, fond Commissioni militari interalleate di controllo, Austria, 26/2, dispatch no. 872 from colonel Barbieri, 2 April 1920.

28 BOLECH CECCHI, Donatella. *Alle origini di un'inimicizia. Italia-Cecoclovacchia 1918–1922*. Soveria Mannelli : Rubbettino, 2008, pp. 30–31.

29 ASMAE, fond Rappresentanze diplomatiche, Vienna, 255/4/3, Austro-Italian agreement signed on 12 April 1920.

should continue to live, honourably and without lustre, as long as Italy's patient work was being accomplished."<sup>30</sup>

In Sforza's mind, "Italy's patient work" consisted of building loose ententes which Italy had available to use as a pivot. On these terms, it could take over from Austria-Hungary as the great power in Central Europe. Therefore, the Austro-Italian agreement was completed in February 1921 through an exchange of letters between the Italian and Czechoslovak governments by which both claimed they agreed on the independence of Austria.<sup>31</sup> This strategy implied promoting cooperation between the successor States and bringing Italy into the game by giving it some mutual interests with the Central European countries.

In this global design the railway played a significant part, all the more important in the beginning of 1921 as Central European economic recovery reached out to a new prospect. On the American and French initiative, the Austrian section of the Reparations Commission wanted to implement article 222 of the peace treaty which left the possibility to Austria, Hungary and Czechoslovakia to conclude special agreements about trade and communications.<sup>32</sup> Such diplomatic prospects were very much in line with the imperatives of French diplomacy: to reintegrate Hungary into the Danube regional system, to move Austria away from Germany, to build solid relations between successor states and to keep Italy estranged.<sup>33</sup> It thus got the support of French diplomacy while Italy remained wary about the initiative. On this occasion, it could partly rely on Czechoslovakia's help as the government in Prague suggested that the conference be held in Porto Rose, a small Istrian town. It implied that Italy would be the inviting power<sup>34</sup>, which was an opportunity for Italy to be recognised both as a successor State and as a great power, or in other words, as the leading power amongst the successor States.<sup>35</sup> An acute Franco-Italian rivalry stemmed from the situation. One French representative, Louis Fatou, was sent on a diplomatic tour of the Central European capitals and instructed to convince the successor States that the French approach was best.<sup>36</sup> He was accompanied by Gaston Lerverve, an engineer specialized in railways and head of the International Wagon Exchange Committee. The railway issue was indeed particularly at stake since the French government wanted the transport concern to be tackled. As for Italian diplomacy, it hammered on the necessity to take the lead in railway companies. Giacomo De Martino, the powerful Italian ambassador in London, drew the attention of the minister in a report written by the commercial attaché, who underlined that: "An exclusion of Italy from international railway policy in the Balkan peninsula would cause serious damage to our country. During the political and economic competition that lasted many years before the war between Italy and Austria-Hungary on the Balkan peninsula, railway issues were the subject of our most vigilant attention. Although the dual monarchy has now disappeared, I believe that there

30 SFORZA, Carlo. *Les Frères ennemis : l'Europe d'après-guerre*. Paris : Gallimard, 1933, pp. 212-213.

31 AMFAE, fond Correspondance politique et commerciale 1918-1940, Tchecoslovaquie, 65/201-202.

32 Telegram from the French Ministry for Foreign Affairs, 9 November 1920. In *Documents diplomatiques français (DDF)*, 1920-1932, 1920, Vol. III, doc. No. 172. Bruxelles : Peter Lang, 2002.

33 AMFAE, fond Relations commerciales 1919-1940, B54/61/136, telegram No. 32 from Aristide Briand (minister for Foreign Affairs) to Pierre Lefèvre-Pontalis, 18 January 1921.

34 ASMAE, fond Conferenza della Pace, Delegazione italiana, 2/16, telegram No. 1452 from Carlo Sforza to the Italian Delegation in Paris, 11 December 1920.

35 ASMAE, fond Rappresentenze diplomatiche, Vienna, 273/1, dispatch No. 30 from Giuseppe Salvago-Raggi (head of the Italian delegation in Paris), Paris, 10 January 1921.

36 AMFAE, fond Relations commerciales 1919-1940, B54/61/233-238, draft of a dispatch from Briand to Fatou, 10 February 1921.

is still a conflict of economic interests between the successor states of Austria and Hungary, as it is in our interest that the Adriatic should be a communication route rather than an obstacle for Italian traffic to the interior of the Balkan peninsula.”

However, it supposed that the Italian harbours would concentrate trade traffic from Central Europe, that is why De Martino attached a map to the report showing the entire European railway network on which Northern Italy appears as a node between the East and West, and the North and South of the continent.<sup>37</sup> What was still at stake was a long sought connection between the Danubian and Balkanic networks.

The Quai d'Orsay then no longer hesitated to implicitly put a kind of market in the hands of the Italians, as emerged from a conversation between Seydoux and Della Torretta at the beginning of July: “The Porto Rosa Conference was undoubtedly still very useful, but the goal had almost been achieved [through the agreements already concluded by various States] and it would now have to do little more than endorse the arrangements it had been intended to bring about. Mr. Seydoux was convinced that here again, Italy should take the lead and that the real way to achieve a solution was the one he had long advocated, namely the establishment of a small committee composed of an Italian, Sir Francis Dent and Mr. Lerverve, which would have the necessary powers to deal with transport matters in the territory of the successor States. [...] there would be a good chance that these decisions would be accepted, if they had the simultaneous support of Italy, the United Kingdom and France.”<sup>38</sup>

Seydoux was probably referring to some technical agreements reached in previous conferences, as well as to the first contacts between Vienna and Prague which led to the Lana agreements. There was, of course, a bluff in his remarks intended to raise the spectre of a Porto Rosa conference devoid of any substance in order to revise the programme. However, in the end the alternative was quite clear: either Italy would agree to work loyally with France in a cooperation of the great powers which was to be imposed “naturally” on the successor states, or France would withdraw from the conference in order to leave Italy on its own in the face of such difficulties.

The conference opened in Porto Rose on 24 October 1921, gathering all the successor States plus France and Italy. The Italian delegation, headed by Camillo Romano Avezzana, was inspired by Sforza's views: economic recovery should be considered on a larger scale and include all the successor States; links had to be tightened with Czechoslovakia and, to a lesser extent, with Yugoslavia; and the conference was intended to give Italy a leading position and to make it a full successor State, not only a great power interested in the Danubian area. However, the conference itself was thought to be a stopgap measure, since the Italian strategy was about weaving discreet links rather than releasing its intentions through a public session.<sup>39</sup> In the opening, Avezzana declared that: “The present Conference was planned [...] with rather more general intentions than those specified later in the final programme accepted by the Governments concerned. In fact, it did not seem useful to touch upon arguments which, although of great economic importance, could

37 ASMAE, fond Affari commerciali 1919–1923, 8/11, dispatch No. 523 from De Martino to Sforza, 4 March 1921.

38 Centre of Diplomatic Archives in Nantes (CDAN), fond French embassy in Berlin, B/533, copy of a dispatch from Aristide Briand (then minister for Foreign Affairs) to Camille Barrère, French ambassador to the Italian kingdom, 6 July 1921.

39 MARSICO, Giorgio. *L'Italia e la conferenza economica di Porto Rose, 24 ottobre-23 novembre 1921*. Milano : Giuffrè, 1979.

run up against insurmountable difficulties and which, by their very importance, seemed insoluble for the time being.”<sup>40</sup>

The threat that Italy could try to divert the conference for its own profit was clearly perceived by Louis Fatou: “The Italian proposals tend to conclude general conventions on transit, tariffs and circulation of rolling stock, as well as commercial agreements with the successor States and these various agreements could give Italy political influence and serious economic advantages to the detriment of France. There is no doubt that there is a desire to prepare a kind of broad economic and railway association encompassing the seven States, with its centre in Rome.”<sup>41</sup>

In the same report, Louis Fatou stated that the Italian project relied on direct international trains between Milan and Central Europe and on unified tariffs, which matches quite well with what was called for as early as 1919.<sup>42</sup> The Italian strategy may have been less articulate than the French diplomat thought, but it undoubtedly existed and had its own makeup, even if diplomatic staff lacked the time and means to implement it.

In Porto Rose, Romano Avezana, head of the Italian delegation, tried to make trade and rail agreements with the successor States in order to sketch a special entente at the expense of France. However, the other countries did not want Italy to be judge and jury; both a great power exercising its influence and a successor State claiming rights. The French diplomats counter-attacked with the help of the Romanian delegation.<sup>43</sup> The latter suggested that the railway agreement should be tackled in another conference, and the Czechoslovak delegation ended up supporting these views. In the end, regulation of international transport was only the subject of “wishes” with calls for conferences to be held in the near future.<sup>44</sup> As far as the railway network was concerned, the conference ended in a stalemate. The Italian-Czechoslovak relationship had already been endangered by Charles I’s attempts to get back his throne and the Burgenland issue<sup>45</sup>, and the conference worsened it.

From that point, Italian diplomacy focused on important yet less ambitious goals which had been targeted since the very end of the war. One was to take control of railway companies like the Südbahn Gesellschaft in order to provide Italian foreign policy with useful tools at the crossroads of diplomacy, economics and geopolitics.

## Taking Control of the Südbahn

The Südbahn Gesellschaft was an Austrian company whose shares were controlled by a variety of banks and firms from various European countries. Its debt was assumed to be almost 1 million and represented up to 88 % of the firm’s bondholders total, held mainly by French bondholders.<sup>46</sup> In the redeemed lands, Italy wanted to take over the railway without

40 ASMAE, fond Rappresentanze diplomatiche, Vienna, 273/1, letter from Romano Avezana to Tomasi della Torretta, 8 November 1921.

41 Telegrams 5-7 from Louis Fatou to Jacques Seydoux, (head of the Direction of Commercial Affairs in the French ministry for Foreign Affairs), Porto Rose, 2 November 1921. In *DDF, 1920–1932, 1921*, Vol. 2, document No. 318. Bruxelles : Peter Lang, 2005.

42 See above, part 1.

43 AMFAE, fond Relations commerciales 1919–1940, B54/65/105-118, telegrams from Louis Fatou to Aristide Briand, 15 November 1921.

44 ASMAE, fond Rappresentanze diplomatiche, Vienna, 273/1, Report on the conference held in Porto Rose, from Romano Avezana.

45 BOLECH CECCHI 2008, pp. 128-131.

46 AMFAE, fond Correspondance politique et commerciale 1918–1940, Z-Europe, Autriche, 153/65-71, Note sur les chemins de fer du sud de l’Autriche (dits Lombards) , Paris, 24 mai 1919.

paying an annual fee to the French bondholders, but it also needed the Südbahn to thrive so that Central Europe could remain the outlet of Trieste's harbour.<sup>47</sup> The Südbahn issue fell within domestic policy insofar as it concerned sovereignty over the recovered territories, and also aligned with the designs of Italian foreign policy.

Article 320 in the *peace treaty of Saint-Germain-en-Laye* provided for the future of the Südbahn: "With the object of ensuring regular utilization of the railroads of the former Austro-Hungarian Monarchy owned by private companies which, as a result of the stipulations of the present Treaty, will be situated in the territory of several States, the administrative and technical reorganization of the said lines shall be regulated in each instance by an agreement between the owning company and the States territorially concerned. Any differences on which an agreement is not reached, including questions relating to the interpretation of contracts concerning the expropriation of the lines, shall be submitted to arbitrators designated by the Council of the League of Nations. This arbitration may, as regards the South Austrian Railway Company, be required either by the Board of Management or by the Committee representing the bondholders."<sup>48</sup>

This article interwove the territorial aspect, which was highly political since the League of Nations was involved, and also financial issues as the Committee representing the bondholders, mainly French, was acknowledged as a key player, which had in turn deep diplomatic implications on the Franco-Italian relationship. However, this article did not particularly solve anything and simply opened the door for further negotiations. Since the company was private, its reorganisation following the break-up of the Austro-Hungarian Empire could follow one of two paths: the network could be divided and bought back by the successor States, or the company could survive as a whole under the condition it would conclude operational agreements with each successor State. The standoff over these two possibilities would form the core of negotiations for the years following the Great War.

In France as in Italy, each of the proposals had its supporters. In Italy, those in favour of maintaining the unity of the network were grouped around trade chambers, economic circles and the Ufficio centrale per le nuove provincie, (the Central Department for the New Provinces), instituted under the Presidency of the Council to organize connection of the redeemed lands to the kingdom of Italy. Those who feared the harmful consequences for Trieste of a split network had to face supporters of the purchase of the company, who lined up behind the Ferrovie dello Stato, (Italian State railways), and all those who saw the increasing intervention of the State as progress. This trend corresponded with a powerful, European-wide movement to nationalize railways. A note from General Segré expressed these contradicting concerns. On one hand, he considered that the interest of the Südbahn, which rested in maintaining its unity, coincided with Italy's desire in extending its sphere of influence from the Adriatic ports. On the other hand, he stressed that internationalisation of the company would not solve the fundamental question of fares charged on the railway lines

47 CUOMO Pasquale. *Il miraggio danubiano. Austria ed Italia. Politica ed economia 1918-1936*. Milano : Franco Angeli, 2012, p. 62-63.

48 The treaty of Saint-Germain has recently been the object of renewed interest : Otto Ranzenhofer, « Die Eisenbahn und die Südbahn-Gesellschaft im Friedensvertrag von St. Germain », in Gerhart Artl (dir.), *Mit Volldampf in den Süden : 150 Jahre Südbahn Wien-Triest*, Vienne, Fassbaender, 2007, p. 13-32.

and that it was perhaps necessary to consider takeover.<sup>49</sup> A booklet that passed through the Supreme Command, dated 1919, was much more clear in its support for internationalisation of the Südbahn and put forward economic arguments, including Italian influence in Central European trade.<sup>50</sup> As for the Italian Treasury, it bought shares in the Südbahn in the spring of 1919 in order to gain leverage within the company.<sup>51</sup> A compromise was finally adopted at an inter-departmental meeting held from 17 to 26 January 1920.<sup>52</sup> Lines in Trentino had to be bought back for both military and political reasons as Rome could not accept Austrian management in German-speaking regions that were barely Italianised, but Italian diplomacy would have to work towards maintaining the company unit for lines linking Vienna and Budapest to Trieste and Fiume. This would also greatly reduce any potential Yugoslav challenge to Central European trade. The Italian objectives were therefore manifold, both to ensure the security of the redeemed lands and to acquire assets for penetration into the Danube basin. The incorporation of railways into geopolitical projects, which had first been realized in the Danube-Adriatic railway projects before the war, found another domain to thrive in here.

France dealt with the same kinds of divisions. The bondholders' representatives wanted the lines to be bought back by the successor States in order to pay off the debt<sup>53</sup>, whereas diplomatic circles supported an international company as a means to promote cooperation in Central Europe. This idea was supported by quite a lot of French public figures. According to Sigismondo Solvis, a member of the Südbahn board, deputy Alfred Margaine, who was then a member of the Railways and External Affairs Committee, advocated for this idea and used the well-known French newspaper *Le Temps* to amplify his position.<sup>54</sup> The French representative sent to Vienna in the spring of 1919, Henri Allizé, suggested "the internationalisation of the Südbahn with ownership for the independent national states whose territory is used by the line".<sup>55</sup> However, the French government was primarily preoccupied by the bondholders interests that were considered a priority for some time over any diplomatic design. The Italian annual fee issue was solved by a Franco-Italian agreement signed on 10 October 1919.<sup>56</sup> On a financial level, a distinction was made between the annuity due to the former foes and that due to the allied, associated or neutral countries, whose payments the Italian Government undertook to resume. On political and economic levels, the French government promised its support to Italy, as evidenced by this quotation from the convention: "The Italian Government may have an interest in the purchase of lines

49 Archivio di Stato di Trieste (AST), fond Iginio Brocchi, 7/62, note from general Roberto Segré, head of the Italian Armistice Mission, 25 April 1919.

50 AST, fond Iginio Brocchi, 9/82, booklet "*Internalizzazione della ferrovia meridionale, 1919*", holding the stamp "Regio Esercito Italiano, Comando Supremo".

51 AMFAE, fond Correspondance politique et commerciale, Z-Europe, Autriche 153/54, telegram No. 50 from Henri Allizé, 30 April 1919.

52 AST, fond Iginio Brocchi, 7/62, Memorandum sent by Iginio Brocchi to Prime Minister Francesco Saverio Nitti, 3 February 1920.

53 AMFAE, fond Correspondance politique et commerciale 1918–1940, Recueil des actes de la Conférence de la Paix, 43, minutes No. 33, 17 June 1919.

54 AST, fond Iginio Brocchi, 23/218, document No. 20, note from Iginio Brocchi to Biancheri, head of the Austrian section in the General Direction for Political Affairs, 20 January 1925.

55 AMFAE, fond Correspondance politique et commerciale 1918–1940, A-Paix, 102/27-47, Document attached to Allizé's dispatch, 5 May 1919.

56 ACS, Presidenza del Consiglio dei Ministri, Prima Guerra Mondiale, 198, fasc. "*Trattative fra governo francese e austriaco per cessione delle ferrovie austriache a un gruppo francese e la questione delle ferrovie della Südbahn*" (Convention on the Südbahn railways signed by French and Italian governments), 10 October 1919.

which are operated in the territories acquired by Italy, and even in the purchase of part of the lines operated by the Südbahn outside those territories, and has an interest in the restoration of proper operation of that Company, as well as the establishment on all former Austro-Hungarian railway lines of tariffs allowing competition between the Adriatic ports, in particular the port of Trieste, and the northern German ports, and ensuring the defense of Trieste's traffic against the application of preferential tariffs." As such, the French government chose to meet the expectations of the bondholders rather than pushing French diplomatic and geopolitical interests.

In the meantime, the Italian government bought Südbahn shares in order to strengthen its position in the board and by February 1923, the Italian Treasury held half the shares of the company.<sup>57</sup> From 1921, the issue became highly sensitive as the Foreign Affairs Department under the rule of Carlo Sforza, took the lead over the Trade Department in handling the issue.<sup>58</sup> In this endeavour, he may have relied on Iginio Brocchi who was born in Trieste in 1872. He was a specialist in trade law in Austro-Hungary and after the war he became an Italian civil servant in charge of the Central Department for the New Provinces. Brocchi was actually the Italian expert for economic and trade negotiations with the successor States.<sup>59</sup> In the wake of the negotiations that took place in Vienna in February 1921, Brocchi managed to set up a plan that fit Italian ideals: the Südbahn network remained united and every State was required to provide financial assistance to cover the company's shortfall and to pay the French bondholders. This was in line with Briand's opinion. The French President of the Council had explicitly put the market in Italian hands, defending the rights of French bondholders against the intervention of the French government "in favour of solutions desired by the Italian government" for the reorganisation of the company.<sup>60</sup> The deal kept open the possibility for the Bank of Italy to grant loans to Austria and Hungary, which meant that Italy gained a valuable tool to expand its influence in the Südbahn.<sup>61</sup>

This plan was welcomed by a significant number of people inside key Italian administrations. Attilio Wiesmayer and Alberto Pennacchio, advisers to the Bank of Italy, supported Brocchi's rationale. The former wrote while returning from a mission in Vienna: "The value [of the company's shares] is more political than real: they are a bad investment since the Südbahn has not paid the dividend for some years. However, from a political point of view, the states concerned by the operation of the railway network managed by the Südbahn, either because their railway lines are linked to those of the company, (Italy, Hungary, Poland), or because the Südbahn network passes through their territory, (Austria, Yugoslavia), have a natural interest in securing as many shares as possible in order to influence the operation and to reap the benefits that are due to them as the main shareholders."<sup>62</sup>

57 ASBI, fond Rapporti con l'estero, 260/1/3, Letter from Attilio Wiesmayer to Pennacchio, Rome, 29 July 1921.

58 AST, fond Iginio Brocchi, 7/62, Telegram No. 100 from Carlo Sforza to Filippo Meda, minister for Treasury, Rome, 16 February 1921.

59 DORSI, Pierpaolo. *Inventario dell'Archivio di Iginio Brocchi: 1914-1931*. Roma : Ufficio centrale per i beni archivistici, 1997, pp. 2-7.

60 CDAN, fond French embassy in Rome-Quirinal, 174, Highly confidential telegram No. 229 from Aristide Briand to Camille Barrère, Paris, 27 January 1921.

61 AST, fond Iginio Brocchi, 7/62, *Promemoria* for the President of the Council, Iginio Brocchi, 25 February 1921.

62 ASBI, Attilio Wiesmayer to Pennacchio, 29 July 1921, 260/1/3.

One year later, while negotiations between France, Italy and the other States concerned took place in Venice, Arminio Brunner, a manufacturer and banker from Trieste, sent a note to Iginio Brocchi. The businessman defended the idea that Italy would risk losing the fruits of its victory if it did not extend influence from its Adriatic ports to the Danube plain. He paid tribute to the foresight of previous governments which had secured “dominant influence” in the Südbahn and appealed to those in power to keep on working in that direction, i.e. in exchange for Italian financial assistance, the company should buy specific financial assets targeted by the Italian Treasury.<sup>63</sup> It would be a financial burden but also perfectly in line with the negotiations led by Iginio Brocchi in Vienna in February 1921. The Venice conference also stated that the contribution paid by Italy for goods transiting through Trieste was intended to amortize the Südbahn’s bonds, which meant that the bondholders and the French government were now interested in Trieste thriving as well. From that moment, the bondholders put pressure on the French government to secure “the indispensable assistance of Italy” against the successor States. Gabriel de Vellefrey, a representative of the bondholders, underlined “the opportunity of a policy of Franco-Italian understanding” to impose freedom of traffic on the Südbahn network.<sup>64</sup>

These negotiations unfolded against the backdrop of the economic recovery of Austria, and more broadly, of Central Europe. The conviction that international solutions were required to deal with Central Europe’s economic disarray had gradually been emerging since 1919. In the wake of the Porto Rose conference, an international banking consortium was set up specially supported by the British government. Carlo Schanzer, then minister for Foreign Affairs, Guido Jung, one of his advisors and the ambassador Tomasi della Torretta insisted that Italian participation should be the same as that of France or Great Britain – 20%.<sup>65</sup> However, the Italian government had the greatest difficulties to encourage banks to invest in such a project. As the Treasury minister wrote: “[I mention] the opportunity for Italian banks to make an effort to exert greater influence on the Austrian market [...]. I doubt whether our banking institutions can take action that would be desirable in the present circumstances so as not to let other countries exert their influence over Austria, but I believe that this could be done by Banca Commerciale Triestina, given its relations with the countries of the former Austro-Hungarian empire and the vast resources at its disposal.”<sup>66</sup> Moreover, 20 % was not a great deal. Since Italy could not acquire more influence or control out of a lack of money to invest, to get a special position in the Südbahn became all the more important.

This convergence of French and Italian interests led to the conclusion of the Rome Agreements signed on 29 March 1923 between the four States that owned the territories covered by the network, the Südbahn company and the bondholders’ committee. At the end of negotiations, a financial settlement and a deal about the restructuring of the company were

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63 AST, fond Iginio Brocchi, 7/64, “*Memoria sulla necessità di assicurare all’Italia una posizione importante nella vita bancaria di Vienna*”, Rome, 31 July 1922; It should be noted that the same document had been retrieved from Alberto Beneduce’s papers. See ASBI, fond Alberto Beneduce, 121/1.

64 AMFAE, fond Relations commerciales 1919–1940, B59-61/20, Letter from Vellefrey to President of the Council Raymond Poincaré, 22 January 1923.

65 ASBI, fond Rapporti con l’estero, 3/3, Note “*Per il risolleamento dell’Europa centrale e orientale*”, undated.

66 ASBI, fond Rapporti con l’estero, 13/9, Highly confidential letter from Marcello Soleri, minister of Treasury, to Carlo Stringher, Governor of the Bank of Italy, 14 November 1921.

signed. Its name was changed to “Danube-Sava<sup>67</sup>-Adriatic Company”, which echoed projects undertaken before the war. The board was made up of 4 members elected by the bondholders, 8 elected by the owner states, (2 each), and 17 elected by the shareholders. Since Italy then owned about half of the shares in the Südbahn, it could expect to have a comfortable number of advisers who would be loyal to its interests, but did not get an absolute majority. Contemporaries and historians alike have insisted that the Rome agreements represented a genuine entente between France and Italy.<sup>68</sup> The pact had to be imposed on the Hungarians who were very reluctant to accept that the Italian government would guarantee their share of the rent, and also on the Yugoslavs who were not satisfied with the transit agreement and the common tariffs.<sup>69</sup> The fact that the Italian guarantee could lead to an increase in Hungary’s debt to Italy and force Budapest to fall under the control of Rome did not seem to bother the French diplomats, who encouraged Hungary either to pay its share or to accept the Italian guarantee.<sup>70</sup> Italy also concluded a truly unequal treaty with Austria as well which detailed the compensatory measures required in exchange for Italy’s guarantee of the annual instalment and an immediate advance to make up the operating deficit of the Austrian network. It allowed the Italian government to prevent any sale to private companies and to maintain advantageous tariffs for Trieste.<sup>71</sup> However, Italian policy was thwarted by Zimmermann, the League of Nations’ Commissioner appointed after the Geneva Protocols in October 1922. He postponed ratification of the Rome Agreements by the Austrian Parliament on the grounds that they imposed too heavy a burden on the country and would prevent it from fulfilling the obligations derived from the peace treaty and the Protocols.<sup>72</sup> In summer 1923, a new agreement had to be negotiated between Brocchi, Leverve and Zimmermann, which provided for the deposit of money coming from the Austrian network in the Austrian National Bank instead.<sup>73</sup>

A consensus developed amongst Italian leadership circles to consider the Rome agreements as an achievement to be built upon, especially since Mussolini had shown a particular interest in the Südbahn. According to François Charles-Roux, he had asked for a report on the matter very soon after he was appointed President of the Council.<sup>74</sup> Mussolini specially agreed with Brocchi’s opinion in assigning two main tasks to the Italian representatives on the board: “To eliminate the mistrust of other states, which stems from the fact that we have a majority in the Board. To ensure discreet protection of Italian interests, considering the best possible time and way to increase our interference into Austrian issues.”<sup>75</sup>

67 The Sava river is a tributary to the Danube that flows through Slovenia, Croatia and Serbia.

68 ANTONUCCI, Alceste. *La Liquidation financière de la guerre et la reconstruction en Europe centrale*. Paris : Marcel Giard, 1933, pp.345-360; PIETRI 1981, *La Reconstruction*, p. 712; SRETENOVIĆ, Stanislav. *La France et le nouveau royaume des Serbes, Croates et Slovènes (1918–1929): des relations interétatiques inégales*. PhD Thesis : European University Institute, 2006, p. 267.

69 AMFAE, fond Relations commerciales 1919–1940, B59-61/20, telegrams n.266 and 267 from Camille Barrère, Rome, 23 February 1923.

70 AFMAE, fond Correspondance politique et commerciale 1918–1940, Z-Europe, Autriche, 157/61-63, telegrams No. 42-44 from Raymond Poincaré to Jean Doulet (French representative in Budapest), Paris, 2 March 1923.

71 AST, fond Brocchi, 1/7, Note “La missione della delegazione italiana nella nuova compagnia ferroviaria Danubio-Sava-Adriatico”, undated.

72 AMFAE, fond Relations commerciales 1919–1940, B59-61/21, telegrams No. 54-55 from Lefèvre-Pontalis, Vienna, 4 July 1923.

73 PIETRI 1981, *La Reconstruction*, p. 715.

74 AMFAE, fond Relations commerciales 1919–1940, B59-61/20, dispatch No. 562 from François Charles-Roux to Raymond Poincaré, Rome, 21 November 1922.

75 AST, Brocchi, 1/7, Note “La missione...”, undated.

Brocchi's perspective was not, however, limited to a purely nationalist vision, as shown in a report addressed to Mussolini in which he recalled the framework he had set for himself: "The States should strive to maintain the Company and to make the Board of Directors a body of contact and cohesion between the States, in order to ensure regular management of the lines that cross their territories and to counteract contrary tendencies that are detrimental to the rational operation of the network. It was therefore logical to seek to guarantee the serenity and continuity of the management of the Südbahn lines [...], and it was logical to ensure that the collective will of the States and the representatives of capital could never prove to be contrary to the interests of a State. It was necessary to avoid, for example, lowering fares to the point of creating dangerous competition for national industry and production."<sup>76</sup> Brocchi's policy was two-fold: it was based on the conviction that inter-governmental cooperation through a railway company was a worthwhile tool for economic reorganisation of Central Europe and it was intended to give Italy leverage. It took note of Italy's limited resources and the need for regional cartels in interwar Europe, in which Italy was called upon to play a decisive role.

This notion combined with Mussolini's beliefs, more oriented towards the immediate political advantages that Italy could derive from its weight in the Danube-Sava-Adriatic Company, explains the very offensive Italian policy in 1923. Several inter-departmental meetings were held, bringing together representatives of Foreign Affairs, Finance, National Economy and Public Works, to determine how to make the Rome agreements bear fruit<sup>77</sup>, which launched a new cycle of negotiations that took place between 1924 and 1926.

## Conclusion

In the aftermath of the Habsburg empire's dissolution, Italian diplomacy was often misperceived as messy. On the contrary, it may be argued that negotiators responded to a precise goal, (to take over from Austria-Hungary as the great power in Central Europe), and foreign policy was implemented strategically in the field. Italian railway policy in Central Europe was consistent with their general diplomatic design, attempting to maintain a political balance and considering Czechoslovakia a special partner to serve as a counterweight to Yugoslavia and help supervise Austria and Hungary. Italy also tried to cope with the scarce financial means available in the country after the war and made the Südbahn the first milestone in a calculated but very ambitious strategy. It relied, above all, on a tight entente between the economic elites in Trieste, Italian military authorities and some major exponents of the leading political circles.

From 1919 to 1922, despite the so-called "mutilated victory", it can be assumed that Italian diplomacy saw the interest of promoting cooperation in Central Europe, even if it was a bit asymmetrical in areas where Italy had to take the lead. Though it was hardly possible that Italy alone could take up the challenge and the railway issue was tightly connected to more global political patterns. This explains why, after the Porto Rose conference and against a background where Italy and Czechoslovakia were moving apart, Italian-Czechoslovak

<sup>76</sup> AST, fond Brocchi, 9/81, Report on the Rome conference, addressed to Mussolini by Brocchi, undated.

<sup>77</sup> ASMAE, fond Affari politici 1919–1930, Austria, 838, fasc. "Südbahn, 2. semestre 1923", Letter from Mussolini to De Stefani, minister of Finances, Rome, 29 October 1923.

cooperation was dropped. Moreover, in the following years this strategy unfolded in quite a different context, both because of the political trends of Fascism and from October 1922, Austrian recovery was partly taken over by the League of Nations, which made the asymmetrical cooperation much more difficult to enforce.

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