

**GERMANY AND LATIN AMERICA – DEVELOPING INFRASTRUCTURE
AND FOREIGN POLICY, 1871-1914**

A Dissertation

by

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Submitted to the Office of Graduate and Professional Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

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December 2018

Major Subject: History

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ABSTRACT

From the formation of the German nation in 1871 until the eve of World War I, Germany's emergence on the world stage as a global power was never a simple endeavor nor one where there was a clear path forward for policymakers in Berlin or diplomats serving abroad. While scholars have focused on the direct actions in creating a formal German empire, a clear mark of a global power, they have not fully engaged in examining the impact of indirect forms of imperialism and empire building. This dissertation is a global study of German interactions in South America, and how it relied on its diplomats there to assist in the construction of an *informal* empire, thus demonstrating Germany's global presence. This coterie of diplomats and foreign policy officials in Berlin pointed to South America as a region of untapped potential for Germany to establish its global footprint and become a world power. This work draws upon primary sources, both unpublished and published, examining the records of diplomats, businessmen, and colonial and religious groups to show the vast networks and intersections that influenced German policy in South America as it sought to increase its global presence and construct an informal empire.

The Foreign Office relied on a cohort of trusted development specialists to put its vision into practice. This select group of atypical diplomats (non-nobles, with extensive knowledge in many fields), had considerable backing and wielded significant influence on German policy in South America. The ways in which German diplomats intersected and interacted with religion, trade, and military needs influenced German policy in

South America. They used these connections to demonstrate Germany's power, increase its prestige in South America, and strengthen Berlin's global presence and claims of being a *Weltmacht*. Such efforts were part of early attempts at globalization, as the German Foreign Office, guided by its diplomats abroad, sought to create a more integrated global community, and demonstrate Germany as a global power. While Germany's policy was diverse, at its heart was a concept of creating an "empire by infrastructure" as a means of projecting power. Viewing South America as a place to build infrastructure, Germany engaged in a variety of projects there. The resulting picture of German diplomatic efforts in South America yields a study in policy and empire, as well as a global and transnational history of German diplomacy.

DEDICATION

This work is dedicated to my mother, Patricia, sister, Mellissa, brother, Matthew, and to the loving memory of my father, Marshall, III, and Houdini. Their support throughout this process has made this work possible.

ACKNOWLEDGEMENTS

The creation of a project such as this is not easy to undertake and is difficult to complete without a lot of help and guidance. As a result, there is no shortage of people who deserve my appreciation and recognition, for without their assistance, this work still would be an idea floating in my head.

Professor Adam Seipp, my advisor and mentor, has spent countless hours guiding me through the process of not only writing my dissertation, but also showing me what it means to be a true academic and scholar. His assistance in the initial stages, with writing grant and project projects, the research, and reading countless drafts was invaluable in helping produce the best possible project. His words of wisdom and insights, and those from the rest of my committee members, were profound and their kindness and sympathy as I worked on finishing this project were greatly appreciated. To them I owe them my deepest thanks.

To my colleagues and fellow students at Texas A&M University, I am thankful for all the support and encouragement they offered throughout this process. As a result of their help, this work has reached even higher than I could have hoped. I am particularly indebted to Ben and Sara, Jeff, Chris, and Patrick for their all their thoughtful insights, advice, and, most importantly, their friendship. To Laurel, your friendship, support, and encouragement was immeasurable throughout this whole process. Whenever I felt as though I would never finish this project, I could count on

you to help me re-focus and set me back on the path towards completion with renewed vigor. I cannot thank you enough.

I especially want to thank my friends and colleagues that I met at the GHI Transatlantic Doctoral Seminar in 2014 - Adam, Jason, Skye, Scott, Carla, Josh, Norman, Matt, Christoph, Daniel, Katharina, Marc, and Tina, and Professors Richard Wetzel, Anna von der Goltz, Johannes Pullman, Celia Applegate, Uta Planert, and David Barclay. Their thoughtful insights were invaluable in helping to turn a what felt like a series of disjointed thoughts and ideas (in chapter form) into a singular, cohesive project. The friendship that grew out of this seminar helped set me on the path to seeing myself as a scholar and that there others out there who are interested in my work.

I owe a special debt of gratitude to Anne and Steve, and the entire Muller family (Mattias, Barbara, Tobi, Carol, Franziska, Mario, Leo, and Zoe). Undertaking any research trip is difficult but is even more so when doing it for a year in another country. Their willingness to letting me stay at their family in Potsdam when I first arrived in Germany, and to become a part of the Mueller family. I will never forget celebrating the holidays together, especially Easter and Christmas, the German language and culture lessons, and the fact that no matter what time of day it was, there was always a plate of food ready to be warmed up and eaten. They were the embodiment of German *Gemütlichkeit*. Words cannot begin to express my appreciation.

Thanks also go to my work colleagues at the Office of the Secretary of Defense History Office, Naval History and Heritage Command, and the William J. Clinton, Jimmy Carter, and George W. Bush Presidential Libraries. In particular, I wish to thank

Tom Christianson, Erin Mahan, Kristina Giannotta, Scott Anderson, Dana Simmons, Teri Garner, Shannon Jarrett, and Emily Robison. I greatly appreciate all their support during the final stages of this work, and to step aside from other projects to focus on it when needed. To Sarah H. and Danielle - whether it was making sure I had enough coffee to keep me going through the long nights, checking up on me and making sure that I was getting enough sleep, or providing a laugh when I needed it - I am grateful for their help, encouragement, and care.

Most importantly, I wish to extend my deepest thanks to my family. To my sister Mellissa for always being willing to offer kind words of support and guidance when I needed it. To my Senegal Parrot Houdini, I could always count on you to provide kind chirps and cuddles whenever things seemed too difficult and I needed some comfort, especially during those long evenings late into the night. To my brother Matthew who provided whatever assistance I needed no matter what time of day and regardless of whatever else was occurring in our lives. Whether it was offering objective criticism, helping to decipher German documents, serving as a sounding board for new ideas, allowing me to vent when I needed to, and even serving as copy-editor when I no longer had the wherewithal to do so. Without such assistance I would probably still be working on this project, far from completion. Lastly, I wish to thank my parents, Marshall, III, and Patricia, whose help and sacrifices up to this point I cannot even begin to enumerate. Without their love, support and guidance, I would not have even been able to begin this journey, nor would I have had the courage to continue on during my times of struggle. Words of thanks can only begin to scratch the surface of my appreciation.

CONTRIBUTORS AND FUNDING SOURCES

A dissertation committee consisting of Professor Adam Seipp and Professors Jason Parker and Brian Rouleau of the Department of History and Professor Shona Jackson of the Department of English supervised this work.

A dissertation research fellowship from the Deutscher Akademischer Austauschdienst (DAAD), and from the Texas A&M University Department of History supported graduate study. A Brown-Kruse Fellowship from the Melbern G. Glasscock Center for Humanities Research supported research on Chapter III, and the German Historical Institute (GHI) on Chapter VI.

The author independently completed all other work conducted for this dissertation.

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CHAPTER I

INTRODUCTION – GERMAN FOREIGN POLICY IN SOUTH AMERICA

In 1902, Franz von Reichenau, a young German diplomat, found himself on the edges of the Foreign Office. With his prospects of promotion in the foreign service growing dim, he believed that “I must finally give up the hope of playing the diplomat further.”¹ All that changed, however, when the young Reichenau had the opportunity to dine with the Kaiser at the Neu Palais in Potsdam. While there, Wilhelm II greeted him and inquired, “if I [Reichenau] was ready to pack again,” to which the eager diplomat replied yes.² A few weeks later, Reichenau found himself preparing to make a long journey to Santiago as the German ambassador to Chile. Although this was not a preferred position, he accepted it knowing that he could, ““enter back to active duty through this appointment,” and move up in the Foreign Office.³ Indeed, after serving in Chile for several years, Reichenau, a more seasoned diplomat, found himself returning to Europe in 1908 becoming the German ambassador to Serbia.

The story of Reichenau was common for eager, but inexperienced, men, who desired to serve the German Empire (Kaiserreich) as career diplomats. That he was willing to serve so far away from his homeland, not to mention the fact that the Kaiser himself desired it, underscores the importance that South America represented in

¹ Franz von Reichenau, *Nachlass*, Politisches Archiv des Auswärtigen Amts, Berlin (hereinafter cited as PA-AA), p. 183.

² *Ibid.*, p. 187.

³ *Ibid.*, p. 191.

establishing, and solidifying, Germany's global presence in the late nineteenth and early twentieth centuries.

From the formation of the German nation in 1871 until the eve of World War I, Germany's emergence on the world stage as a global power was never a simple endeavor nor one where there was a clear path forward for policymakers in Berlin or diplomats serving abroad. As Germany struggled to build a formal empire, mainly since there was little territory left that it could acquire, it relied on its diplomats abroad to assist in demonstrating Germany's global presence - the construction of an *informal* empire. This coterie of diplomats and foreign policy officials in Berlin pointed to South America as a region of untapped potential for Germany to establish its global footprint and become a world power in a world that already had established ones in Great Britain and France.

This study examines the early stages of Germany's role in nineteenth century globalization and its ideas of international development in South America. I study the members of the Imperial German diplomatic corps in South America, examining their substantial influence in this important, yet overlooked, zone of diplomatic activity and their ideas regarding German imperialism as they sought to fashion Germany into a global power. In places such as Brazil, Peru, Bolivia, and Chile, career diplomats exerted great effort in developing German policy there. Although these men were on the periphery of German foreign policy, the Foreign Office chose a select group of atypical diplomats (i.e. non-nobles, men with extensive knowledge in many fields, particularly legal, and promoted based upon merit and not connections), placing considerable trust in

them in allowing them to wield significant influence in determining policies that affected German interactions in South America. The activity that these diplomats undertook was the result of a push and pull of domestic and international interests, mediated by groups of expatriate commercial and religious interests on the ground as well as an equally interested cohort of diplomatic specialists.

Rather than focus on how prestige and power affected formal relations between Germany and South America, I focus upon more informal interactions, namely infrastructure development - the undertaking of colonial projects - in order to extend German presence in the area. During the late nineteenth and early twentieth centuries, the definition and use of “development” was complicated, as it had various meanings to different groups and people in and around the Germany government who were interested in the nation’s position as a world power. Two words were commonly used in the late nineteenth century to describe development – *Entwicklung* and *Erschließung*. When defining development, the latter, *Erschließung* more specifically refers to “site development” or “exploitation”; *Entwicklung*, on the other hand, refers to development through “growth,” “progression” and “movement and changes in behavior.”⁴

Broadly speaking, when discussing development as a state policy, the term that the leadership in German Foreign Office, including the chancellor, employed was *Erschließung*. To them, the idea was to use whatever means necessary to allow Germany to expand its imperial footprint and open up South America for German goods,

⁴ Konrad Duden, ed., *Vollständiges orthographisches Wörterbuch der deutschen Sprache*, (Leipzig: Verlag des Bibliographischen Instituts, 1880).

and exploitation. For the diplomats overseas, who saw it as their duty to expand their nation's presence abroad, their definition was more closely related to the word *Entwicklung*. These diplomats viewed Germany's mission as something more than just providing new technology to modernize countries in South America. In using this term, these men saw such a policy as one in which progress was achieved through development and improvements, which, over time, would allow growth for both Germany and the nations in Latin America. Certainly, these two terms overlapped and were used interchangeably. In many cases, it is hard to create a clear dividing line as to what the Foreign Office, its diplomats, and German settlers, businessmen, and nationalistic groups meant when they discussed development and development policy. For the purposes of this dissertation, however, when I discuss "development," unless otherwise noted, I will be using the meaning encapsulated by *Entwicklung*.

Although their definitions of development were different, the result for the Foreign Office and its diplomats was the same. The goal of the projects they undertook was to facilitate the production of goods and services to develop an area and thus demonstrate Germany's place as a global power. Viewing South America as a place to build infrastructure, Germany engaged in a variety of development projects: creating local and international trade networks; establishing banks to finance local construction and foreign investments; constructing railroads, canals, and roads; building schools, hospitals, churches, and water supplies for new communities; and fostering agriculture. Through these projects, the Foreign Office attempted to demonstrate to the states in South America the benefits Berlin could offer: the structures of a modern state.

The men of the German diplomatic corps assumed an important role in fostering Germany's ambitions in South America by creating informal, but influential, networks concerning these projects. They communicated regularly with members of the business community, the German government, South American leaders, proponents of *Deutschtum* (communities of Germans living abroad who emphasized their ethnic and cultural connections to Germany) in South America and Germany, and, most importantly, with one another about each group's interests and their effect on German foreign policy, and imperialistic designs, in South America.

As recent scholarship has shown, "writing the history of German colonialism has never been simple," but the "past two decades have seen enormous changes in how the history of empire and colonialism has come to be viewed, markedly revising earlier views of Europe's relationship to non-European worlds."⁵ Prior to these conceptual changes, scholars who studied German colonialism and imperialism consistently downplayed its value by placing it in a secondary role in larger, and broader, accounts of German history. They treated the topic as nothing more than an offshoot of larger impulses of territorial expansion which were prevalent throughout Europe.⁶

⁵ Bradley Naranch and Geoff Eley, eds., *German Colonialism in a Global Age* (Durham: Duke University Press, 2014), pp. xi and 1.

⁶ Lora Wildenthal, "Notes on a History of 'Imperial Turns' in Modern Germany," in *After the Imperial Turn: Thinking with and through the Nation*, ed. Antoinette Burton (Durham: Duke University Press, 2003), pp. 144-156; and Sebastian Conrad, "Doppelte Marginalisierung: Plädoyer für eine Transnationale Perspektive auf die Deutsche Geschichte," *Geschichte und Gesellschaft* vol. 28 (2002): pp. 145-169.

Beginning in 1960 with Fritz Fischer's *Griff nach der Weltmacht*, German historians began to explore German expansionism in the Imperial period.⁷ Fischer himself asserts that Germany foreign policy can only be understood in the context of its particular domestic situation and argues that Germany was a recklessly expansionist state, which Kaiser Wilhelm II deliberately marched towards war.⁸ Although Fischer does not specifically explore German policy in South America, his discussion of the general aims of German foreign policy affected how other scholars viewed Germany's global actions.⁹ In the 1960s and 1970s a debate, which was based upon his arguments, emerged concerning how to explain Germany's foreign policy. The first school of thought examined the influence of domestic politics on the creation of foreign policy (*Primat der Innenpolitik*), while the second placed an emphasis on foreign policy makers (*Primat der Aussenpolitik*). The idea of *Innenpolitik* gained considerable support, especially beginning in the 1980s with Hans-Ulrich Wehler's *The German Empire*. As a result, post-Fischer and post-Wehler scholarship on German imperialism has continued investigating the peculiarities of Wilhelmine Germany's domestic situation to explain the appeal of expansionism. Scholars such as A. S. Kanya-Forstner, Joseph Schumpeter, D. K. Fieldhouse, Friedrich Katz, and

⁷ Fritz Fischer, *Griff nach der Weltmacht: Die Kriegspolitik des kaiserlichen Deutschlands, 1914-1918* (Düsseldorf: Droste, 1961).

⁸ Fischer's work initiated a debate that lasted throughout the 1960s that reoriented Germany's foreign policy. He is the first to argue that Germany first began to push for an aggressive foreign policy as early as 1890 that would put it on par with Britain, the United States and Russia. Fischer saw this early push for an aggressive policy as the foundation of Germany foreign policy up to World War II, seeing continuities between German foreign policy in World War I and II.

⁹ For a succinct summary of the debate, see Isabel Hull, *The Entourage of Kaiser Wilhelm II 1888-1918* (New York: Cambridge University Press), pp. 1-8; and Robert Moeller, "Kaiserreich Recast?" *Journal of Social History* vol. 17 (Summer 1984): pp. 655-83.

Jürgen Hell have all argued that factors such as social structures and reliance on the military and political developments all influenced German policy abroad.¹⁰ While these works are important in framing the different factors that influenced imperialism, there is a clear absence of literature that explores how Germany constructed its power in Latin America.

It the mid-1990s, however, the status quo began to change, and a new narrative of German imperialism began to take shape.¹¹ Breaking away from the *Sonderweg* theory, historians found new models and methods of interpreting German history through the theories and critiques of postcolonial studies.¹² Others looked towards the work of British, American, French, Dutch, and Spanish historians who were revving the

¹⁰ Joseph Schumpeter, *Imperialism and Social Classes* (Cleveland: World Publishing Company, 1965). A. S. Kanya-Forstner, *The Conquest of the Western Sudan: A Study of French Military Imperialism* (Cambridge: Cambridge University Press, 1969). Although Kanya-Forstner's work focuses on French imperialism in Western Sudan, his ideas are a useful lens in viewing imperialism in other areas in Europe. D. K. Fieldhouse, "'Imperialism': An Historiographical Revision," *Economic History Review*, 14 (December 1961), pp. 187-209. Friedrich Katz, *Deutschland, Diaz und die mexikanische Revolution* (East Berlin: Deutscher Verlag und Wissenschaft, 1964); "Hamburger Schiffsfahrt nach Mexiko, 1870-1914," *Hanseatische Geschichtsblätter*, special ed., 83 (1965): pp. 139-5; and *The Secret War in Mexico: Europe, the United States and the Mexican Revolution* (Chicago: University of Chicago Press, 1981); Jürgen Hell, "Das Griff nach Südbrasilien: Die Politik des Deutsches Reich zur Verwandlung der drei brasilianischen Südstaaten in ein überseeisches Neudeutschland (1890 bis 1914)" (Ph.D Dissertation, Universitat Rostock, 1964; and "Das 'südbrasilianische Neudeutschland': Der annexionistische Grundzug der wilhelminischen und nazistischen Brasilienpolitik (1895 bis 1938)," in *Der deutsche Faschismus in Lateinamerika, 1933-1943* (East Berlin: Humboldt-Universität zu Berlin, 1966; Ragnhild Fiebig-von Hase, and Ursula Lehmkuhl, eds., *Enemy Images in American History* (Providence: Berg, 1997); Gerhard Brunn, *Deutschland und Brasilien (1889-1914)* (Cologne: Böhlau, 1971).

¹¹ Birthe Kundrus, "Blind Spots: Empires, Colonies, and Ethnic Identities in Modern German History," in *Gendering Modern German History: Rewriting Historiography*, eds. Karen Hagemann and Jean Quataert (New York: Berghahn, 2007), pp. 84-106; and Sara Friedrichsmeyer, Sara Lennox and Susanne Zantop, eds., *Imperialist Imagination: German Colonialism and Its Legacy* (Ann Arbor: University of Michigan Press, 1997).

¹² David Blackbourn and Geoff Eley, "Forum: Interview with David Blackbourn and Geoff Eley," *German History* vol. 22 (2004): pp. 229-245; and *The Peculiarities of German History: Bourgeois Society and Politics in Nineteenth Century Germany* (Oxford: Oxford University Press, 1984). For more concerning the idea of multiple modernities, see, for example, Dennis Sweeney, "Reconsidering the Modern Paradigm: Reform Movements, the Social, and the State in Wilhelmine Germany," *Social History* vol. 34 (2006): pp. 405-434.

study of colonial empire in their regional expertise. Slowly, but surely, German historians began to acknowledge Germany's colonial legacy as holding a central place in its past.¹³

Concurrently, a number of scholars began to examine Germany's interest in colonialism and saw its long history in these areas as playing a critical role in explaining racism, xenophobia, and violence.¹⁴ These studies became a touchstone for Holocaust scholars and historians of the Third Reich. They gave rise to a new wave of interest in German colonialism with scholars looking for links to Nazism through colonial policies – the destruction of the Herero and Nama tribes in Southwest Africa being of primary interest. They focused on German settlers, scientists, and soldiers, and the future roles they played in supporting the racial policies of Nazi leadership as applied to mixed populations at home and in the European East.¹⁵ With the rise in interest gender studies,

¹³ See, for example, Matthew Jeffries, *Contesting the German Empire, 1871-1914* (Malden, MA: Blackwell, 2008), pp. 172-178 for current account of the impact of the new colonial history. For other accounts which examine integrating German colonialism and imperialism into the larger framework of German history, see Edward Ross Dickinson, "The German Empire: An Empire?" *History Workshop Journal* vol. 66 (2008): pp. 129-162; Uta Polger, "Imperialism and Empire in Twentieth-Century Germany," *History and Memory* vol. 17.1-2 (2005): pp. 117-143; and Nancy Reagin, "Recent Work on German National Identity: Regional? Imperial? Gendered? Imaginary?" *Central European History* vol. 37 (2004): pp. 273-289. Woodruff D. Smith, *Ideological Origins of Nazi Imperialism* (New York: Oxford University Press, 1986) remains one of the foundational texts in the debate about colonialism and empire in Modern German history.

¹⁴ Susanne Zantop, *Colonial Fantasies: Conquest, Family, and Nation in Precolonial Germany, 1780-1880* (Durham: Duke University Press, 1997); and "Colonial Legends, Postcolonial Legacies," in *A User's Guide to German Cultural Studies* eds. Scott Denham, Irene Kacandes, and Jonathan Petropoulos (Ann Arbor: University of Michigan Press, 1997), pp. 189-205; and Nina Berman, *Impossible Missions? German Economic, Military, and Humanitarian Efforts in Africa* (Lincoln: University of Nebraska Press, 2004).

¹⁵ Isabel Hull, *Absolute Destruction: Military Culture and the Practices of War in Imperial Germany* (Ithaca: Cornell University Press, 2005); Horst Drechsler, *"Let us Die Fighting": The Struggle of the Herero and Nama Against German Imperialism, 1884-1915* (London: Zed, 1980); David Olusoga and Casper Erichsen, *The Kaiser's Holocaust: Germany's Forgotten Genocide and the Colonial Roots of Nazism* (New York: Faber, 2010).

scholars, such as Lora Wildenthal and Birthe Kundrus, looked at the roles that women and gender played in areas of German colonialism, especially as settlers in communities abroad and in the domestic colonial movement.¹⁶

The examination of Wilhelmine policy towards Latin America, however, has long been understudied. German historians, for the most part, have considered the interactions between Germany and Latin America as only a small part in the vast and complex screen of pre-World War I diplomacy. Indeed, if historians have desired to examine the expansionist desires of Germany, the focus is mainly on German colonies in Africa or, to a much lesser extent, the Pacific. Until recently, those works which have focused on Germany and Latin America have been influenced by the debate between domestic and foreign factors influencing Germany foreign policy.

One of the first attempt to describe German aims and actions in Latin America is Alfred Vagts' *Deutschland und die Vereinigten Staaten in der Weltpolitik*.¹⁷ In this two-volume study, Vagts looks at the relationship between

¹⁶ Lora Wildenthal, *German Women for Empire, 1884-1945* (Ann Arbor: University of Michigan Press, 2001); "Race, Gender, and Citizenship in the German Colonial Empire," in *Tensions of Empire: Colonial Cultures in a Bourgeois World*, eds. Frederick Cooper and Ann Laura Stoler (Berkeley: University of California Press, 1997), pp. 263-283; "She is the Victor: Bourgeois Women, National Identities, and the Ideal of the Independent Woman Farmer in German Southwest Africa," in *Society, Culture, and the State of Germany, 1879-1930*, ed., Geoff Eley (Ann Arbor: University of Michigan Press, 1996), pp. 371-395; and " 'When Men are Weak': The Imperial Feminism of Freida von Bülow," *Gender and History* vol. 10.1 (1998): pp. 53-77; Birthe Kundrus, *Moderne Imperialisten: Das Kaiserreich im Spiegel seiner Kolonien* (Colonge: Böhlau, 2003).

¹⁷ Alfred Vagts, *Deutschland und die Vereinigten Staaten in der Weltpolitik* (New York: Macmillan, 1935). Vagts work is of prime importance as it part of the beginning of the debate of the factors that influence the formation of foreign policy, namely those of domestic versus outside factors, especially in the case of Germany. Although the debate did not really gain traction until the 1960s, the undercurrents are felt in Vagts' work as he argues that, while there were many kinds of influences, such as economic, cultural or political, that affected German- American relations from 1889 to 1906, it was economic factors and conflicts which most strongly drove German-American interaction.

Germany and the United States from 1890 to 1906, and expresses the idea that domestic factors, notably economic concerns and conflicts most strongly drove the interaction between these two states. Nonetheless, he focuses only upon the roles of the elites in Germany, and not those men who served in Latin America. Moreover, his discussion of German policy towards Latin America is framed mainly on how it affected relations with the United States, and he does not focus directly on the factors that directly influence German interest in Latin America.

Following the publication of Vagts' work in the 1930s, little else was said about Wilhelmine imperialism in Latin America until the 1970s and 1980s. At this time, several scholars turned their attention to Latin America, pioneered by an East German group that included Friedrich Katz and Jürgen Hell.¹⁸ They argued that Germany had designs on increasing its influence in Latin America, and that there were several "peaceful" avenues for German expansion: a concentrated trade offensive in all lands; financial investment in neighboring nations designed to provide a source of raw materials; and political as well as economic offensives in

Unfortunately, Vagts' chapters on South America, although lengthy, are only several out of many and so any insight in the German aims in South America, are buried, offering a cursory view of the situation.

¹⁸ Jürgen Hell, "Das Griff nach Südbrasilien: Die Politik des Deutsches Reich zur Verwandlung der drei brasilianischen Südstaaten in ein überseeisches Neudeutschland (1890 bis 1914)" (Ph.D. Dissertation, Universität Rostock, 1964; and "Das 'südbrasilianische Neudeutschland': Der annexionistische Grundzug der wilhelminischen und nazistischen Brasilienspolitik (1895 bis 1938)," in *Der deutsche Faschismus in Lateinamerika, 1933-1943* (East Berlin: Humboldt-Universität zu Berlin, 1966); Ragnhild Fiebig-von Hase, and Ursula Lehmkuhl, eds., *Enemy Images in American History* (Providence: Berg, 1997); Thomas Baecker, *Die deutsche Mexikopolitik, 1913-14* (West Berlin: Colloquium, 1971) and "Mahan über Deutschland," *Marine-Rundschau* 73 (Jan.-Feb, 1976): pp. 10-19, 86-102; Gerhard Brunn, *Deutschland und Brasilein (1889-1914)* (Cologne: Bohlau, 1971); and Thomas Schoonover, *Germany in Central America: Competitive Imperialism, 1812-1929* (Tuscaloosa: The University of Alabama Press, 1998).

independent states such as China, Turkey, the Balkans, and South America.¹⁹ This research was well received, but had shortcomings that were unavoidable given their ideological perspective.²⁰

Nancy Mitchell and Holger Herwig have written perhaps the most complete examinations of Germany's interactions in Latin America.²¹ Although Mitchell focuses more on the United States' policies and reactions towards Germany, her examination provides the start to an understanding of the international dynamics of the region, offering an explanation as to what Germany did in Latin America, namely to fulfill its dream of constructing an empire there. Herwig also provides an in-depth examination of Germany's policy towards Latin America, specifically in relation to Venezuela. He emphasized the need to understand the sometimes-irrational forces of national and imperial pride that drove the actions of technocratic foreign policy professionals. For the people who lived in Germany and those who saw themselves as Germans, to stand still and not develop foreign markets meant decline and economic stagnation. Perhaps most importantly, the failure to plant the German flag abroad meant a loss of national prestige. As a result, pressure was put on the government to extend the Reich's power and prestige beyond the confines of the European continent. Herwig's work raises important questions about existing

¹⁹ Katz, *Deutschland, Diaz und die mexikanische Revolution*, p. 88.

²⁰ For the GDR, the nineteenth century was seen as a scholarly dead-zone. In most cases, any discussions of imperialism, particularly concerning Germany, was seen as a late stage of capitalism and would ultimately lead to the collapse of the state.

²¹ Holger Herwig, *Germany's Vision of Empire in Venezuela, 1871-1914* (Princeton: Princeton University Press, 1986); Nancy Mitchell, *The Danger of Dreams: German Imperialism in Latin America* (Chapel Hill: University of North Carolina Press, 1999).

work done under the theme of "imperialism" as well as about the image of the Germans living in Venezuela during the late nineteenth and early twentieth centuries. Although his study only focuses upon Venezuela and does not examine other states in Latin America, he has provided a methodological framework for examining the ways in which Germany interacted with other Latin American states.

While focusing on specific geographical and/or temporal boundaries, such as Latin America pre-WWI, certainly has its merits, a framework like this by itself has its limits and has been proven to be too limited. Within this context, German scholars have also found it problematic to focus exclusively on official colonial policy debates and administrative reforms. It has become impractical to speak about German colonialism as a uniform experience as there were widely varying relationships between Germany and the colonies, which were influenced by differences of class, confession, and political affiliation.²² At the same time, however, approaching German colonialism in ways which define it primarily as a flexible discourse that is underwritten by fantasies of expansion and conquest, resettlement and economic domination are also problematic. Such methods are just as imprecise in their analysis. While they can create productive discussions, they cannot, as Bradley Naranch suggests, "substitute for an integrated colonial history fully attuned to the dissonances and disruptions that distinguish one

²² Frank Oliver Sobich, *"Schwarze Bestien, Rote Gefahr.": Rassismus und Antisozialismus im deutschen Kaiserreich* (Cologne: Campus, 2006); and Hans-Christoph Schröder, *Sozialismus und Imperialismus: Die Auseinandersetzung der deutschen Sozialdemokratie mit dem Imperialismusproblem und der 'Weltpolitik' vor 1914* (Hannover: Verlag für Literatur und Zeitgeschehen, 1968).

form of German expansion from those that came before, that were coterminous, or that happened much later and in another context.”²³

Recently, scholars have begun to formulate a more nuanced definition of colonialism. They have described it, with its multiple forms and functions, as a continuous and central concern during the Kaiserreich period, and even afterwards. It reached widely, from German transatlantic migration and settlement in North and Latin American to the relocation of ethnic German communities in eastern Europe.²⁴ Its topics are extremely divergent. Concrete colonial practices in specific overseas locations coexisted with more encompassing discussions about internal developments in German borderlands in Europe and plans for informal economic expansion in the Middle East, Southeastern Europe, South America, and Central Asia. Its impact could be subtle, such as descriptions in schoolbooks and periodicals, or as obvious as seizing new territory or the destruction of native populations. If not the ultimate expression of the German empire, as George Steinmetz postulated, it was certainly one of enduring expression.²⁵ For most

²³ Naranch, *German Colonialism in a Global Age*, p. 4. See also Andreas Eckert and Albert Wirz, “Wir nicht, die Anderen auch: Deutschland und der Kolonialismus,” in *Jenseits des Eurozentrismus: Postkolonial Perspektive in den Geschichts- und Kulturwissenschaften*, eds. Sebastian Conrad and Shalini Randeria (New York: Campus, 2002), pp. 373-393; Ulrike Lindner, “Platz an der Sonne? Die Geschichtsschreibung auf dem Weg in deutschen Kolonien”, *Archiv für Sozialgeschichte*, vol. 48 (2008): p. 487-510; Jürgen Zimmerer, Birthe Kundrus, Lora Wildenthal, Russell Berman, Jan Rüter, and Bradley Naranch, “Forum: The German Colonial Imagination” *German History*, vol. 26.2 (2008), pp. 251-271; and David Ciarlo, “Globalizing German Colonialism,” *German History*, vol. 26.2 (2008), pp. 285-298.

²⁴ Vejas Gabriel Liulevicius, *German Myth of the East: 1880 to the Present* (Oxford: Oxford University Press, 2009); Gregor Thum, ed., *Traumland Osten: Deutsche Bilder vom östlichen Europa im 20. Jahrhundert* (Göttingen: Vandenhoeck and Ruprecht, 2006).

²⁵ George Steinmetz, *The Devil’s Handwriting: Precoloniality and the German Colonial State in Qingdao, Samoa, and Southwest Africa* (Chicago: University of Chicago Press, 2007).

of the world most of the time, German colonialism was easily ignored; at the same time, it could also be invasive, intrusive, and all too real.²⁶

What has emerged out of recent studies on colonialism is that the picture of a German global empire is one that is considerably complex. In looking more closely at it, however, it becomes apparent that it is constructed of smaller and more manageable parts. As the narrative of German imperialism, and how it is interpreted, has shifted, the field of German colonial studies has expanded into many new directions. In exploring new methodologies, scholars have moved away from seeing German colonial policies as only originating from leaders in Berlin who enacted policies as they saw fit. By shifting the focus to examining life in the colonies, for example, scholars have found new ways to track the effects of German colonization, as well as how the German people envisioned their role in the empire.²⁷ In this vein, recent scholars, such as Glenn Penny and Stefan Rinke, have looked at the role of how Germans settled into new areas, and their consumption of German things to explain the origins and character of Germans'

²⁶ John S. Lowry, "African Resistance and Center Party Recalcitrance in the Reichstag Colonial Debates of 1905/06," *Central European History* vol. 39.2 (2006): pp. 244-269; John Phillip Short, "Everyman's Colonial Library: Imperialism and Working-Class Readers in Leipzig, 1890-1914," *German History* vol. 21.4 (2003): pp. 419-461; Erik Grimmer-Solem, "The Professors' Africa: Economists, the Elections of 1907, and the Legitimation of German Imperialism," *German History* vol. 25.3 (2007): pp. 31-51; and Bradley Naranch, "'Colonialized Body,' 'Oriental Machine': Debating Race, Railroads, and the Politics of Reconstruction in Germany and East Africa, 1906-1910," *Central European History* vol. 33.3 (2000): pp. 299-338.

²⁷ Sebastian Conrad, *Globalisation and the Nation in Imperial German*, translated by Sorcha O'Hagan (New York: Cambridge University Press, 2010); Wildenthal, *German Women for Empire*; Hull, *Absolute Destruction*; Dreschler, *Let Us Die Fighting*; Baranowski, *Nazi Empire*; Friedrichsmeyer, Lennox, and Zantop, *Imperialist Imagination*; Liulevicius, *German Myth*; Kristin Kopp, "Grey Zones: On the Inclusion of 'Poland' in the Study of German Colonialism," in Perraudin and Zimmer, pp 33-42; Boris Barth and Jürgen Osterhammel, eds., *Zivilisierungsmissionen. Imperiale Weltverbesserung seit dem 18. Jahrhundert* (Konstanz: UVK Verlagsgesellschaft, 2005).

soft power and the notion of Germanness, or *Deutschtum*,²⁸ as it was experienced, performed, and promulgated.²⁹

My study builds upon these ideas. While the broad picture is on German interactions in South America, I also focus specifically on the Foreign Office and the diplomats who were assigned abroad, emphasizing the policies they undertook, namely those which fostered development, and how they sought to implement their vision to further the Reich's aims to create a more global German empire. In examining the people, information, commodities and capital the flowed across and between networks at home and abroad, a more detailed and nuanced picture of German colonialism, and its views of its Empire, will appear, both globally and locally. Moreover, in examining the lived experience of the settlers, and drawing upon a variety of sources, from the diplomats themselves, the Foreign Office, German businessmen, settlers, colonial

²⁸ *Deutschtum* has no easy English translation. Although usually translated as “Germanness” or “German” neither captures the nuances of *Deutschtum*. This is also a term which had a broad meaning and its definition varied depending upon who was using the term (i.e. government officials, nationalistic groups and societies, irredentists, German settlers etc.) For the purposes of my project, this term encompasses the idea of being culturally connected to. and a feeling of belonging to, Germany. As time progressed, and as German settlements in South America began to thrive and grow and the effects of German culture on the nations where they existed could be seen, the term was used to convey an idea, and sense of, “cultural development.” Peter Blickle, *Heimat: A Critical Theory of the German Idea of Homeland* (London: Boydell, 2002); Dirk Verheyen, *The German Question: A Cultural, Historical, and Geopolitical Exploration* (Cambridge: Westview Press, 1999); and H. Glenn Penny, “Latin American Connections: Recent Work on German Interactions with Latin America,” *Central European History* 46, 2 (2013).

²⁹ Penny, “Latin American Connections”; H. Glenn Penny and Stefan Rinke, “Germans Abroad: Respatializing Historical Narrative,” *Geschichte & Gesellschaft*, vol. 41 (2015); J. P. Daughton, “When Argentina Was ‘French’: Rethinking Cultural Politics and European Imperialism in Belle-Epoque Buenos Aires,” *Journal of Modern History* vol. 80, no. 4 (2008): pp. 831–64; Daniel Joseph Walther, *Creating Germans Abroad: Cultural Policies and National Identity in Namibia* (Athens: Ohio University Press, 2002); Stefan Rinke, “*Der letzte freie Kontinent*”: *Deutsch Lateinamerikapolitik im Zeichen transnationaler Beziehungen, 1918–1933*, (Stuttgart: Hans-Dieter Heinz, 1996); and Nancy L. Green, “The Politics of Exit: Reversing the Immigration Paradigm,” *Journal of Modern History* vol. 77 no. 2 (2005): p. 263-89

groups, as well as church and school societies, my study will provide a multi-faceted perspective on the day-to-day workings of an informal empire.

Historians have also shown an interest in breaking away from national narratives and looking at topics like nationalism and state expansion from global and transnational perspectives. This has led scholars to examine globalization during the late nineteenth and early twentieth centuries, and to write transnational studies of colonialism and imperialism. As part of the recent “transnational turn” and focus on early globalization, scholars were quick to identify German colonialism in a newer, more expansive form as an area rich with possibilities.³⁰ Area specialists, particularly those who focused on East Asian and African history, largely encouraged these trends and became a part of these discussions by raising important questions about agency, both from the Germans who lived and served abroad, and the indigenous population.

Applying the lenses of globalization and transnationalism have particular resonances with the study of colonialism and imperialism. As scholars have argued, around 1900, globalization contributed to the popularity of ideas of about distinct national characteristics, “because of and not in spite of the fact that it was creating upheavals in the political, economic and discursive orders of the world of nations.”³¹ In the late nineteenth century, instead of dissolving national borders, mass mobility could,

³⁰ Sebastian Conrad, *German Colonialism: A Short History*, trans. Sorchá O’Hanagan (Cambridge: Cambridge University Press, 2012); Dirk van Laak, *Über alles in der Welt. Deutscher Imperialismus im 19. und 20. Jahrhundert*. (Munich: Beck, 2005). For a more comprehensive, and conventional, history of the colonial period, see Horst Gründer, *Geschichte der deutschen Kolonien* (Stuttgart: Schöningh, 2000). This work also has an extensive and detailed bibliography of the subject.

³¹ Sebastian Conrad, *Globalisation and the Nation*, p. 4

as Donna Gabaccia claims, “actually help to explain the intensity of nationalist movements and the focus of nation states on ideological nation-building in the years prior to World War I.”³² As Sebastian Conrad suggests, the search for particularity and for the elements of an unchangeable national identity was not “a threatened relic of a pre-global world order, but rather an actual effect of processes of cross-border circulation.”³³

These perspectives are supported by new approaches taken in the theoretical literature on globalization. For some time, sociological theories of globalization have assumed that increases in exchanges, interrelationships and in circulation would lead to a gradual homogenization of the world. During the nineteenth century, European expansion across the globe was accompanied by optimistic expectations of a common, civilized world, that were supported by the joy of free-trade propaganda.³⁴ The consequences of such interactions, however, include not only homogenization and assimilation, but also restriction and fragmentation. As a result, the process of globalization was characterized by cross-border interactions which also contributed to the creation and consolidation of these borders.³⁵ The increase in transnational

³² Donna Gabaccia, “Juggling Jargons: ‘Italians Everywhere,’ Diaspora or Transnationalism” *Traverse: Zeitschrift für Geschichte* vol. 12 (2005): p. 54.

³³ Conrad, *Globalisation and the Nation*, p. 4.

³⁴ See, for example, Reinhold Wagnleitner, *Coca-Colonization and the Cold War: The Cultural Mission of the United States in Austria After the Second World War* (Chapel Hill: University of North Carolina Press, 1994).

³⁵ For literature on globalization theory, see, for example, Arjun Appadurai, “Disjuncture and Difference in the Global Cultural Economy: *Public Culture* vol. 2.2 (1990): pp. 1-24; Roland Robertson, *Globalization: Social Theory and Global Culture* (London: Sage, 1992); Arif Dirlik, *Global Modernity: Modernity in the Age of Global* (Boulder: Paradigm Publishers, 2007); Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: Palgrave, 2000); and Jean-François Bayart, *Le Gouvernement du monde: Une critique politique de la globalization* (Paris: Fayard, 2004).

interrelationships can thus be viewed as one of the most important factors contributing to the consolidation of national categories. As Craig Calhoun aptly phrased it, “no era placed greater emphasis on the autonomy of the nation state or the capacity of the idea of nation to define large-scale collective identities, but it did so precisely when and partly because the world was becoming pronouncedly international.”³⁶

As a result, transnational histories of globalization needed to also investigate a complex web of “shared histories.”³⁷ The formation and development of the modern world can be read, as Conrad and Shalina Randeria argue, as a “shared history” in which a variety of cultures and societies interacted and interrelated which, ultimately, led to homogenizing effects. At the same time, however, this increasing circulation of goods, people and ideas did not only create commonalities, it also resulted in delimitations, differences and a need for particularity.³⁸

As a result, arguments regarding transnational historiography developed. Their main goal was to overcome the fixation on national societies alone, excluding their regional and global interlinkings. Such an idea picked up on approaches from comparative history and the history of transfers that, since the 1980s, have helped to

³⁶ Craig Calhoun, “Nationalism, Modernism, and their Multiplicities,” in *Identity, Culture, and Globalization*, eds. Eliezer Ben-Rafael and Yitzak Sternberg (Boston: Brill, 2001) p. 463.

³⁷ For more specifics in this term, particularly as it relates to German history, see Sebastian Conrad and Shalini Randeria, “Gesteilte Geschichten: Europa in einer postkolonialen Welt,” in *Jenseits des Eurozentrismus: Postkolonial Perspektive in den Geschichts- und Kulturwissenschaften*, eds. Sebastian Conrad and Shalini Randeria (New York: Campus, 2002); and Shalini Randeria “Gesteilte Geschichte und verwobene Moderne,” in *Zukunftsentwürfe: Ideen für eine Kultur der Veränderung*, eds. Jörn Rüsen, Hanna Leitgab and Norbert Jegelka (Frankfurt: Campus, 1999), pp. 87-96.

³⁸ Conrad and Randeria, “Gesteilte Geschichten”; and Randeria “Gesteilte Geschichten”.

place national narratives in context, and to revitalize them.³⁹ Transnational history, however, is critical of the idea that national developments took place autonomously and that they can be understood based on a nation's own traditions. Rather, the links between the European and non-European worlds form the point of departure for a historiography that is not limited to national teleologies.⁴⁰

Such discussions are not limited to Germany. In Britain, for example, recent studies on imperial history, which often focus on the "new imperialism" from the 1890s onwards, have examined the question of the importance of the empire for Great Britain. Peter Cain and Anthony Hopkins brought the empire back to the metropole with their

³⁹ In this case, when discussing transnational history, it is understood primarily as a perspective that allows one to go past the sharp division between "internal" and "external", and the question of which has primacy. For more on this, and comparative history and the history of transfers, see Heinz-Gerhard Haupt and Jürgen Kocka, *Geschichte und Vergleich: Ansätze und Ergebnisse international vergleichender Geschichtsschreibung* (Frankfurt: Campus, 1996); Hartmut Kaelble, *Der historische Vergleich: Eine Einführung zum 19. und 20. Jahrhundert* (Frankfurt: Campus, 1999); Michel Espagne, "Sur les limites du comparatisme en histoire culturelle" *Genèses* vol. 17 (1994), pp. 112-121; Johannes Paulmann, "Internationaler Vergleich und interkultureller Transfer: Zwei Forschungsansätze zur europäischen Geschichte des 18. bis 20. Jahrhunderts" *Historische Zeitschrift* vol. 267 (1998): pp. 649-685; and Matthias Middell, "Kulturtransfer und Komparatistik: Thesen zu ihrem Verhältnis" *Comperativ* vol. 10 no. 1 (2000): pp. 7-41.

⁴⁰ See, for example, Jürgen Osterhammel, "Transnationale Gesellschaftsgeschichte: Erweiterung oder Alternative?", *Geschichte und Gesellschaft* vol. 27 (2001): pp. 167-193; Susanne-Sophia Spillotis, "Das Konzept der Transterritorialität oder: Wo findet der Gesellschaft statt?", *Geschichte und Gesellschaft* vol. 27 (2001): pp. 480-488; Albert Wirz, "Für eine transnationale Gesellschaftsgeschichte" *Geschichte und Gesellschaft* vol. 27 (2001): pp. 489-498; Conrad, "Doppelte Marginalisierung"; Michael Werner and Bénédicte Zimmermann, "Penser l'histoire croisée: Entre empirie et réflexivité," *Annales HSS* vol. 58 (2003), pp. 7-36; "Vergleich, Transfer, Verflechtung: Der Ansatz der *Histoire croisée* und die Herausforderung des Transnationalen," *Geschichte und Gesellschaft* vol. 28 (2002): pp. 607-636; Kiran Klaus Patel, "Transatlantische Perspektiven transnationaler Geschichte," *Geschichte und Gesellschaft* vol. 29 (2003): pp. 625-647; and *Nach der Nationalfixiertheit: Perspektiven einer transnationalen Geschichte* (Antrittsvorlesung: Humboldt-Universität zu Berlin, 2004). Transnational approaches can also, in many cases, be linked in to the history of international politics: Wilfried Loth and Jürgen Osterhammel eds., *Internationale Geschichte: Themen, Ergebnisse, Aussichten* (Munich: Walter de Gruyter GmbH 2000); Sanjay Subrahmanyam, "Connected Histories: Toward a Reconfiguration of Early Modern Eurasia," in *Beyond Binary Histories: Reimagining Eurasia c. 1830*, ed. Victor Liberman (Ann Arbor: University of Michigan Press, 1997), pp. 289-315; and Serge Gruzinski, "Les Mondes mêlés de la Monarchie catholique et autres 'connected histories'" *Annales HSS* vol. 56 (2001): pp. 83-117.

idea of “gentlemanly capitalism.”⁴¹ The “Manchester School” of social history, which centered around the work of John MacKenzie, focused on the effects of imperial expansion on everyday life in Britain.⁴² Indeed, many studies of Britain in the areas of postcolonial and cultural studies have examined the effects of the colonial experience on the home country and have argued that, “British ‘nationhood’ was built up through empire.”⁴³ In the United States as well, the national past is increasingly placed in transnational contexts. In this case, it is not a formal empire that scholars are examining but rather its place in global history.⁴⁴

It is following upon these ideas that I explore Germany’s interactions in South America. Around the turn of the century, Europe had expanded to every corner of the globe, and was altered and shaped by the experience of this expansion. In the course of colonialism and global interchanges that surpassed formal territorial claims, which was of even greater importance for Germany, the world increasingly had become a single area of action and its constraints had effects on Europe and the German empire. As a

⁴¹ Peter J. Cain and Anthony G. Hopkins, *British Imperialism, 1688-2000* (New York: Longman, 2001); Raymond E. Dumett, ed., *Gentlemanly Capitalism and British Imperialism: The New Debate in Empire* (New York: Longman, 1999); and Anthony G. Hopkins, “Back to the Future: From National History to Imperial History,” *Past and Present* vol. 164 (1999): pp. 198-243.

⁴² John M. MacKenzie, *Propaganda and Empire: The Manipulation of British Public Opinion, 1880-1960* (Manchester: Manchester University Press, 1986); *Imperialism and Popular Culture* (Manchester: Manchester University Press, 1986); and *The Empire of Nature: Hunting, Conservation and British Imperialism* (Manchester: Manchester University Press, 1997).

⁴³ Shula Marks, “History, the Nation, and Empires: Sniping from the Periphery,” *History Workshop Journal* vol. 29 (190): p. 117. See also Antoinette M. Burton, “Civilising Subjects: Metropole and Colony in the English Imagination, 1830-1867,” *Victorian Studies* vol. 45 (2003): pp. 699-707; and Krishan Kumar, “Nation and Empire: English and British National Identity in Comparative Perspective,” *Theory and Society* vol. 29 (2000): pp. 575-608.

⁴⁴ In particular, see Thomas Bender ed., *Rethinking American History in a Global Age* (Berkeley: University of California Press, 2001); and *A Nation Among Nations: America’s Place in World History* (New York: Hill and Wang, 2006).

result, I argue that German, and European, history prior to the outbreak of World War I occurred in a global context – of which German interactions in South America serve as a primary example.⁴⁵

With studies on German colonialism becoming more nuanced, it is becoming more and more necessary to examine it in less obvious ways. These examinations should, as Naranch points out, stretch “across and beyond the categorical boundaries that previous generations had deemed it practical to impose.”⁴⁶ One area which historians, and scholars in other fields, have shown an increased interest in is the origin and evolution of policies of development, arguing that these ideas, much like those of globalization, stretch back to European and American imperialism at the end of the nineteenth century.

With the rise of neoliberal ideas in the 1980s, combined with the imminent end of the Cold War, a period of skepticism about “development” as a global project arose. It was in this crucible that scholars began to see development as history. Such a view, however, was limiting. The importance of ideas, particularly high policy statements and theories, led researchers to become preoccupied with the conceptual or intellectual framework of development. This in turn resulted in an inflated, and narrow, conception of the nature of development, seeing it primarily from a Western and elitist perspective. During the 1980s and 1990s, the neoliberal/postcolonial critique of the state as an agent

⁴⁵ Sebastian Conrad and Jürgen Osterhammel, eds., *Das Kaiserreich transnational: Deutschland in der Welt, 1871-1914* (Göttingen: Vandenhoeck & Ruprecht, 2004).

⁴⁶ Naranch p. 9.

of development was reaching its limit, and members of the international aid community began to sour on the use of the term “development.” The new market-oriented lending policies and structural adjustments programs (SAPs) which the International Monetary Fund (IMF) and World Bank introduced during the global debt crisis, appeared to have caused more harm than good in many developing countries. The strategy of liberalization pursued by the IMF, World Bank, and other global institutions, according to Philip McMichael, turned the developmentist state inside out.⁴⁷ The new global economy, scholars argued, turned out to be as unstable as the old one. The IMF’s and World Bank’s conditionality policies and restructuring programs had a devastating effect on sub-Saharan Africa and Latin America, leading to a stagnating or declining GNP per-capita, reductions in government spending on education and health care facilities, and increasing debt-service burdens.⁴⁸ In short, those studying development were more focused on policies of market liberalization, and argued that these policies created a world that looked more like European empires at the end of the nineteenth century, with the problem of failed or failing states was relegated to the edge of suzerainty, especially America.⁴⁹

⁴⁷ Philip McMichael, *Development and Social Change*, (Thousand Oaks, CA: SAGE Publications, 2012), pp. 166-167. The globalization project, according to McMichael, “has two essential and related aspects: 1) international financial stability has a higher priority than national development planning; and 2) national economies are so embedded... in the global system that financial stability considerations actually drive economic policy making.”

⁴⁸ Benedict Anderson, “The New World Disorder,” *New Left Review* vol. 193 (May-June 1992): pp. 3-14; Fredrick Cooper, *Africa Since 1940: The Past of the Present*, (Cambridge: Cambridge University Press, 2002); and Joseph Stiglitz, “Failure of the Fund: Rethinking the IMF Response,” *Harvard International Review*, vol. 23, no. 2 (2001): p. 6-43.

⁴⁹ Francis Fukuyama, *End of History and the Last Man*, (New York: Free Press, 1992); Robert Kaplan, “The Coming Anarchy,” *Atlantic Monthly*, February 1994; and Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, (New York: Simon and Schuster, 1996).

The limitations to such an approach were clear and since the end of the 1990s, scholars have engaged in a series of critiques of the “earlier, binary, and monolithic view” of development, by “emphasizing the greater diversity and complexity of this history.” Many scholars have recognized that “actually existing” development implies looking beyond the metropolises of the West and examining what is happening on the ground in the former colonies and territories on the global periphery.⁵⁰

The events and fallout of September 11, 2001 proved to be a turning point for those looking at the history of development as it provided “an essential backdrop for understanding the more recent historiographical moves that have marked the field.”⁵¹ What occurred on 9/11 served as an awakening for both policy makers and scholars, as they became aware of the realities and rising instabilities of the new, post-Cold War world. The problem of weak or failed states brought greater exposure to the importance of institutions and to questions of institutional reform. This, in turn, fostered a new appreciation for setting the complexities and challenges of nation and state building within a broader historical context. Even before 9/11, postcolonial critiques of the state as an agent of development was reaching its limit.⁵²

⁵⁰ Joseph M. Hodge, “Writing the History of Development (Part 2: Longer, Deeper, Wider),” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* vol. 7 (Spring 2006): p. 125.

⁵¹ Hodge, “Writing the History of Development,” p. 125.

⁵² The globalization project, according to Phillip Mitchell, “has two essential and related aspects: 1) international financial stability has a higher priority than national development planning; and 2) national economics are so embedded... in the global system that financial stability considerations actually drive economic policy making.” See Phillip McMitchell, *Development and Social Change* (Thousand Oaks, CA: SAGE Publications, 2012), pp. 160-161 and 166-167; and Benedict Anderson, “The New World Disorder,” *New Left Review* vol. 193 (May-June 1991): pp. 3-14.

With the events of September 11, and the resulting military operations in Afghanistan and Iraq, the resolution of conflict and nation building became a central point of American and, to a lesser extent, European, foreign policy. A renewed emphasis on the connection between security and development began to erode the belief in market fundamentalism, thus challenging the already teetering neoliberal dream of reducing and privatizing the state. Political analysis like Francis Fukuyama argued that September 11 had reminded the world community of the problem of weak states and the need for state building, especially in the developing world.⁵³ The resulting collapse of public administration and growing threats to international order had delivered a harsh lesson that institutions and governance mattered.

For many analysts and policy advisors, the lessons of September 11 pointed towards a new imperialism deigned to bring stability and democracy to the world's insurgent zones.⁵⁴ Niall Ferguson, for example, alluding to Rudyard Kipling, suggested that the United States had "taken up some kind of global burden.... It considers itself responsible not just for waging a war against terrorism and rogue states, but also for spreading the benefits of capitalism and democracy overseas."⁵⁵ Along those same lines, Michael Ignatieff, in an article penned in the *New York Times*, wrote, "Now we are living through the collapse of many of these former colonial states. Into the resulting

⁵³ Fukuyama, *State-Building: Governance and World Order in the 21st*.

⁵⁴ See, for example, Max Boot, "The Case for American Empire," *Weekly Standard*, October 15, 2001, pp. 27-30; Sebastian Mallaby, "The Reluctant Imperialist: Terrorism, Failed States and the Case for American Empire," *Foreign Affairs* vol. 81 (March-April 2002).

⁵⁵ Niall Ferguson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power* (New York: Basic Books, 2002), pp. 369-370.

vacuum of chaos and massacre a new imperialism has reluctantly stepped... But gradually, this reluctance has been replaced by an understanding of why order needs to be brought to these places.... Bringing order is the paradigmatic imperial task, but it is essential, for reasons of both economy and principle.”⁵⁶

The pleas from Ferguson and Ignatieff for a new imperialism fit together nicely with the revival of interest in the concept of empire, both among historians and researchers in fields such as area and literary studies, and discourse analysis. This new cohort of scholars, influenced by theoretical perspectives drawn from poststructuralism and postcolonial studies, helped lead a resurgence of the field. Indeed, after an initial reticence, many imperial historians saw the relevance of postcolonial theory and began to incorporate it into their work.⁵⁷ This historiographic shift, not surprisingly, was termed “new imperial history”, and has concerned itself with examining the cultural and discursive impact of imperialism, both “at home” in Europe and in the colonial peripheries. Conceptually, it challenged earlier, binary models of imperial relations by placing the metropole and colony within a single analytical frame in which those relations were viewed as mutually vital. Culture and identity in the metropole were just as much shaped by empire as the colonies themselves.⁵⁸ This approach was particularly

⁵⁶ Michael Ignatieff, “The Burden,” *New York Times*, January 5, 2003.

⁵⁷ See, for instance, Dane Kennedy, “Imperial History and Post-Colonial Theory,” *Journal of Imperial and Commonwealth History* vol. 24 (1994): pp. 345-363.

⁵⁸ Frederick Cooper and Ann Laura Stoler, eds., *Tensions of Empire: Colonial Cultures in a Bourgeois World* (Berkeley: University of California Press, 1997); Antoinette Burton, *Burdens of History: British Feminists, Indian Women, and Imperial Culture, 1865-1915* (Chapel Hill: University of North Carolina Press, 1994); Heather Streets, *Martial Races: The Military, Race and Masculinity in British Imperial Culture, 1857-1914* (Manchester: Manchester University Press, 1994); Burton, *Civilising Subjects*; and Dane Kennedy, *The Highly Civilized Man: Richard Burton and the Victorian World* (Cambridge: Harvard University Press, 2005).

well suited to the changing political and social landscape of the 1990s as a new era of globalization was rising.⁵⁹

The events of September 11 also added urgency and relevancy to the study of empire, while at the same time challenging the recent historiographical trends toward culture and identity and away from politics and institutions. With the Cold War slowly fading away and the liberal ideas of the postwar nation-state in trouble, some scholars argued that the world was shifting back towards an imperial form of geopolitical relations. If the United States and its Western allies, particularly Great Britain, were engaged in forging a new imperium, which Ignatieff termed “empire lite”, then it only seemed right to examine the interventions of past empires for lessons.⁶⁰ For scholars like Ferguson, who supported this notion, the earlier imperial framework was a model worth emulating. Moreover, he believed that the lesson that should be gained from Britain’s experience as a global hegemon was the need for long term commitments of manpower and resources. Without this, the liberal imperial project was doomed.⁶¹

As scholars, such as Hodge, argue, the “imperial turn” in American and British foreign policy in the early 2000s created the backdrop for the creation of new studies of development as history. They have increasingly shifted their focus and attention towards both the earlier origins and colonial background of development, and the practical

⁵⁹ Dane Kennedy, “The Imperial History Wars,” *Journal of British Studies* vol. 54 (January 2015): p. 10.

⁶⁰ In his article, Ignatieff argues that it was incumbent on the United States, as the remaining superpower, to intervene in failed or failing states using both military force and development strategies, i.e. nation building, to forge a global “humanitarian empire” of liberal-democratic, market-oriented states. Michael Ignatieff, *Empire Lite: Nation-Building in Bosnia, Kosovo, and Afghanistan* (New York: Penguin, 2003).

⁶¹ Niall Ferguson, *Colossus: The Price of America’s Empire* (New York: Penguin, 2004).

analysis of its implementation on the ground. This new development historiography builds upon current ideas in the history of colonialism. With researchers from different disciplines and subfields taking greater interest in the subject of development, its historiography provides a more global and transnational investigation of ideas and linkages beyond the Western experience.

The move away from the view of earlier scholars who only saw development as a post-1945 or post-1949 project is one of the key shifts in the development historiography. Scholars are now determined to look beyond the Cold War to earlier and different contexts, especially colonial precursors, to find the origins of the development framework. Seminal texts by Michael Cowen and Robert Shenton, who placed development's roots in nineteenth century Europe but with imperial reiterations, and Frederick Cooper, who situated ideas of development in the crisis of the colonial world in the 1930s and 1940s, helped lead the way. Nonetheless, the post-September 11 preoccupation with issues of security and empire ignited a quest for more long-term and contextualized histories of development.⁶² Analysts and scholars have realized that many of today's "failed" and "collapsed" states have their origins in the former European empires.⁶³ As a result, their failure also signifies the failure of development, both as an imperial project, and as a later nationalist, state project. Reconstructing this history of

⁶² Hodge, "Writing the History of Development," p. 129.

⁶³ See, for example, Matthew Connelly, *A Diplomatic Evolution: Algeria's Fight for Independence and the Origins of the Post-Cold War Era* (Oxford: Oxford University Press, 2002).

expectation, disappointment, and delusion, and its roots in earlier colonial state-building projects has become the goal of an expanding cohort of scholars.

Even before the “imperial turn”, imperial historians such as Stephen Constantine, Catherine Coquery-Vidrovitch, Michael Havinden and David Meredith, and Jean Suret-Canale, among others, produced important work on colonial development policies.⁶⁴ These accounts documented the economic dimensions and high politics surrounding European colonial development policies. In the case of Britain, for example, the problem of domestic unemployment, the campaign for tariff reform, and the extension of imperial preferences drove debates concerning the development of the empire in the early twentieth century. Although these earlier works provide valuable insights into the political institutions and mechanisms of imperial policy, their authors tend to accept colonial ideas about development at face value and view them uncritically as part of an unfolding process of administrative and economic change. Moreover, these analyses rarely inquire into the changing and varied meanings of development or draw parallels between their work and contemporary policy debates.

⁶⁴ J.M. Lee, *Colonial Development and Good Government: A Study of the Ideas Expressed by the British Official Classes in Planning Decolonization, 1939-1964* (Oxford: Clarendon Press, 1967); David J. Morgan, *The Official History of Colonial Development*, vols. 1-5 (London: MacMillan, 1980); J.M. Lee and Martin Petter, *The Colonial Office, War, and Development Policy: Organisation and the Planning of a Metropolitan Initiative, 1939-1945* (London: Institute Commonwealth Studies, 1982); Stephen Constantine, *The Making of British Colonial Development Policy, 1914-1940* (London: Frank Cass, 1984); Michael Havinden and David Meredith, *Colonialism and Development: Britain and its Tropical Colonies, 1850-1960* (New York: Routledge, 1993); Cathérine Coquery-Vidrovitch, “La Mise en dépendance de l’Afrique Noire: Essai de périodisation, 1800-1970,” *Cahiersn d’Etudes Africaines* vol. 16 (1976): pp. 386-424; and Jean Suret-Canale, “From Colonization to Independence in French Tropical Africa: The Economic Background,” in *The Transfer of Power in Africa: Decolonizationm 1940-1960*, eds. Prosser Gifford and William Roger Louis (New Haven: Yale University Press, 1982), pp. 445-481.

More recent scholarship approach development as an accumulation of shifting meanings, interventions, and practices that need to be questioned and unraveled, and which has relevance for policy today. This approach began with the pioneering work of Cooper, and Cowen and Shelton, and has grown exponentially since the early 2000s. Suzanne Moon's *Technology and Ethical Idealism*, which examines the Dutch East Indies, and Joseph Hodge's *Triumph of the Expert*, which focuses on British colonialism, are representative texts of this recent scholarship. Although these books explore policies and practices of different European colonial powers, they both examine many of the same themes, as does much of the literature in this field.

For both Moon and Hodge, the foundation of developmentalist thinking, at least in the colonial context, extend back to the turn of the century when the British and Dutch, along with other European powers, embarked on a new approach to their colonial empires. In the case of the Dutch, colonial reformers and critics argued that the welfare of the indigenous people should be the priority of the Dutch East Indies government. This in turn led to a kind of welfare planning, or “development” (*ontwikkeling*), as it was starting to be called, which formed the basis of the colonial government's new Ethical Policies.⁶⁵ Under the slogan “irrigation, education, and emigration,” the new Ethical Policies utilized technologies, such as the selection of better seed varieties, and employed technical experts to reshape indigenous agriculture. Similarly, Hodge argues that Joseph Chamberlain, the secretary of state for the British colonies from 1895 to

⁶⁵ Suzanne Moon, *Technology and Ethical Idealism: A History of Development in the Netherlands East Indies* (Leiden: CNWS Publications, 2007). In this context, Moon defines “development” as state-driven technical programs “specifically designed to improve the lives of indigenous people.” See Moon, p. 1.

1903, first articulated “development” as an intentional practice for the colonies.⁶⁶ Under Chamberlain, Britain proposed a new kind of state directed, “constructive” imperialism with the goal of “opening up” what he called the “undeveloped estates” of the colonial empire. This program involved capital investments in railways and other infrastructure projects, as well as technical assistance and research in areas of tropical medicine and tropical agriculture.

Both Moon and Hodge emphasize the existence of competing agendas of power and multiple and conflicting programs and interests operating within the colonial state. Although authorities tended to favor rural and agriculture development, this does not mean there was not dissent and conflicting standpoints.⁶⁷ Tensions and meditations occurred not just between state authorities and native populations, but also among different branches and levels of administration, and between local colonial officials and metropolitan policy makers.

Building upon these ideas, as well as other key shifts in the development historiography, I seek to more closely examine the complexities of development both at home and on the ground in Germany. For Berlin, South America was a prime spot to undertake projects that would build infrastructure. As a result, it engaged in a variety of development projects. In doing so, the Foreign Office attempted to demonstrate to the states in South America the benefits Berlin could offer: the structures of a modern state.

⁶⁶ Joseph M. Hodge, *Triumph of the Expert: Agrarian Doctrines of Development and the Legacies of British Colonialism* (Athens: Ohio University Press, 2007). Specifically, see pp. 21-24, and 44-47.

⁶⁷ See, for example, Larry J. Butler, *Industrialisation and the British Colonial State: West Africa, 1939-1951* (London: Frank Cass, 1997).

At the same time, the German Foreign Office and its diplomats sought to develop a place that was suitable for German use and would allow Berlin to increase its global presence. For Germany, I argue, development policies, which were guided by diplomats abroad, went hand in hand with increasing German presence both globally and in South America.

As the following chapters reveal, the results of exploring German ambitions in South America, particularly as a global enterprise focused on policies of development, provide an example of the new form of imperial project, which operated outside of the framework of the more classical model built on territorial control and boundaries.⁶⁸ “Nation building” went hand in hand with extensive territorial rule in the classical imperial vision that flourished in the nineteenth century. Instead of control over a large dependent territory, however, diplomats in South America, based upon guidance from the Foreign Office, directed their efforts to building a base there from which a larger informal presence was erected and maintained. This form of colonialism was less expansionist and territorial than intensive and concentrated. That said, in the case of South America, Germany also was not able to use standard colonial practices as nation-sovereign states already existed there. Nonetheless, German practices in South America, as I argue, were a part of the new imperialism that was occurring at the turn of the

⁶⁸ Ann Laura Stoler and Carole McGranahan, “Reconfiguring Imperial Terrains,” in *Imperial Formations*, eds. Ann Laura Stoler, Carole McGranahan, and Peter C. Perdue (Santa Fe: School for Advanced Research Press, 2007), p. 5.

nineteenth century.⁶⁹ With imperialism moving in a different direction, the link between nation building and empire was weakened. To be sure, great powers continued to reduce the sovereignty of others, often by force or threat of force, and twentieth century empire still invoked a premise of benevolent transformation. The nature of the rationale, however, had changed, resulting in an imperial vision that was quite different from earlier ones. This new idea was much more global and far reaching with fewer entangling commitments involving any particular place.

German interactions in South America also reveal the possibilities of evolving imperial practices. Throughout South America, and in particular Brazil, Chile, Peru, and Bolivia, the “colonial” society continued to emerge and change – through migration, trade, and building infrastructure. As a result, these areas became complex and highly diffuse zones on contact. As a term, “zone of contact” connotes an area where “foci of cultural contact on a zone of dispute” can stimulate “cultural dissonance,” as well as more open forms of conflict and cooperation.⁷⁰ Within these contact zones, colonial agency was produced, contended with and negotiated among the diplomats abroad, their networks, and various social groups, both native and German. South America, then, became a place where experiments in commerce and communications emerged. These developments challenged the Foreign Office to move beyond the formal colonialism of

⁶⁹ Prasenjit Duara, “Imperialism of ‘Free Nations’: Japan, Manchukuo and the History of the Present,” in *Imperial Formations*, eds. Ann Laura Stoler, Carole McGranahan, and Peter C. Perdue (Santa Fe: School for Advanced Research Press, 2007), pp. 212.

⁷⁰ Eric R. Wolf, “Cultural Dissonance in the Italian Alps,” *Comparative Studies of Society and History* vol. 5 no. 1 (October 1962): p. 1.

the previous century as the German Reich competed to control global resources and demonstrate that it was a world power.

My dissertation is an important step forward in the discussion about new models of imperialism in an early age of globalization. The ultimate objective for the Foreign Office was to demonstrate that Germany was a global power, and it viewed Latin America as a fertile spot to build, and increase, its influence. For the Foreign Office, and its diplomats, this meant focusing on development projects – building railroads and harbors, encouraging the establishment of German communities, which included building schools and churches, constructing banks to finance projects, and training local armies. By utilizing policies of informal imperialism, a more flexible form of empire emerged that was more global, efficient, dynamic, and less violent. Moreover, in seeking to move from having direct control over a territory, Germany was able to exert influence, and reap the benefits of it, without having to engage with, and antagonize, other world powers, especially the United States. Using settlers to migrate to South America and construct settlements, which would help in encouraging German trade, allowed Berlin to gain economic and cultural influence, while weakening Britain, France, and the United States, albeit indirectly.

As my study examines the diplomats and various interest groups that affected German policy in South America, I devote a chapter to each of these groups, as follows:

The first chapter, “The Men Who Pulled the Strings,” focuses on the German diplomatic service as whole, examining the members of the service and, more importantly, the type of men that were chosen to serve in South America. In tracing the

careers of diplomats in South America, it becomes clear that while initially they were atypical, as time progressed, they became more common as the Foreign Office, and its ideas concerning empire, changed, which necessitated a transformation with the type of men who were sent abroad.

The second chapter, “Establishing a Foothold: German *Kultur*- and *Deutschtumpolitik*, and the Development of German Influence Abroad,” looks at colonial groups and the establishments of German communities in South America. From early on, Germans grew interested in establishing a strong presence in South America – “a Germany for Germans.” The Foreign Office, and its diplomats were willing to oblige as they viewed the communities as a vehicle to encourage, and expand, commercial influence. School groups, who requested aid not only to educate Germans, but also, in rare cases, to provide education to South American elites, are particularly examined to see what type of support they were seeking from the German government and in what ways the diplomats (and government) provided it.

Chapters three and four, “Developing a South American Economy: German Trade and Business Influence in Peru, Bolivia, and Brazil” and “The Art of Finance: German Trade and Business Influence in Chile”, examine the establishment of trade and trade infrastructure in South America and how diplomats fostered these ideas, so it not only benefited South American countries, but also Germany. These chapters focus on instances of developing trade for goods such as building saltpeter mines in Chile; developing agriculture in Brazil; and the construction of necessary structures such as ports for trade and railroads to connect German businesses to major ports, and laying

telegraph cables for communication. The chapters also look at the efforts of German diplomats in South America to encourage German banks to send development aid. The presence of banks was an important part of encouraging trade and helping develop areas in South America. Just as important, banks relied on the German Foreign Office, and its diplomats, to support them in times of need.

As significant events were occurring in Chile at the turn of the nineteenth century – Chile engaged in the War of the Pacific with Bolivia and Peru – it is treated separately from the rest of South America, and discussions regarding banks and trade occur in its own chapter. Treating Chile separately allows for a more in-depth conversation regarding issues with financing German trade as such major events greatly affected diplomats' interactions both in encouraging and protecting German business and trade. These same issues occurring in the rest of South America are discussed in the previous chapter.

The last chapter, “Protecting it All – Military, Guns, and Arms Trade,” examines the German military missions to South America and their effects on the German arms industry. As trade grew, it became necessary to find ways to protect German interests. As a result, Germany trained local armies, which in turn spurred an increase in the trade and supply of arms. In the process, Berlin demonstrated to the states of South America that it also wanted to help them defend themselves. Germans in South America also looked to the diplomats to provide assistance, and the German government relied on its diplomats to provide information to support its interests.

CHAPTER II

GERMAN DIPLOMATIC SERVICE

Gustav Michahelles was a career diplomat who served in the German Foreign Office from 1882 until his retirement in 1917.⁷¹ Although he came from a wealthy family in Hamburg, Michahelles lacked any title of nobility. Still, he attended the University of Freiburg (he later finished his education at the University of Heidelberg), where he joined the Corps Vandalia Heidelberg, one of the oldest Burschenschaften (student fraternities) in Germany.⁷² While at the university, he earned a degree in law. Shortly after graduating, he completed his clerkship and residency, culminating in him passing his law exams, the Referendarexamen (trainee exam) and the Assessorexamen (assessor exam), which allowed him to practice law.⁷³

⁷¹ During the course of his career, he served as a Vice-Consul in Egypt (1884-87), a General Consul in Zanzibar (1887-90) and Trieste (1890-93), a Minister Resident in Haiti (1898-1901), and an ambassador in Peru, Bolivia, Ecuador (1901-10) and Brazil (1910-13), before returning to Europe where he worked in Bulgaria (1913-16), and Norway (1916-17).

⁷² Burschenschaften are one of the traditional student fraternities found in Germany, Austria, and Chile. Originally, associations of university students, who were inspired by liberal and nationalistic ideas, founded the Burschenschaften in the nineteenth century. These student associations engaged in numerous social activities, with their most important goal being to foster loyalty to the concept of a unified German national state and strong engagement for freedom, rights, and democracy. Many Burschenschaften participated in the *Hambacher Fest* in 1832 and the German revolutions of 1848-1849 (also known as the March Revolution). For more on the Burschenschaft and its history, see, Martin Biastoch, *Tübinger Studenten im Kaiserreich. Eine sozialgeschichtliche Untersuchung* (Sigmaringen, Germany: J. Thorbecke, 1996); and Lisa Zwicker, *Dueling Students: Conflict, Masculinity, and Politics in German Universities, 1890-1914* (Ann Arbor: University of Michigan Press, 2011).

⁷³ For more on legal education in Germany, particularly during the nineteenth century, see, Wilhelm Bleek, *Von der Kameralausbildung zum Juristenprivileg. Studium, Prüfung und Ausbildung der höheren Beamten des allgemeinen Verwaltungsdienstes in Deutschland im 18. und 19. Jahrhundert*, (Berlin: Colloquium-Verlag, 1973).

Following the completion of his education in 1879, Michahelles returned to Hamburg where he worked as a lawyer. While he was happy in his new surroundings, he still felt unsatisfied in his chosen profession.⁷⁴ As a result, in 1882 the young German sought a position in the Foreign Office. Unfortunately, as he was not a member of the aristocracy, Michahelles was at a clear disadvantage in his attempt to join. Using his connections, as well as the knowledge he gained from studying law, the aspiring diplomat was not at a total loss. One factor that worked in his favor was that he was a member of the Corps Vandalia Heidelberg. To the heads in the Foreign Service, participation in a Burschenschaft was extremely important as membership was regarded as a prerequisite for a successful career in diplomacy. Moreover, his *Assessor* certificate was particularly appealing as the study in law provided exacting training for the drafting of watertight agreements and treaties as well as unambiguous orders for colleagues in foreign capitals. As a result, upon entrance in the Foreign Office, Michahelles was placed in the Handelspolitische Abteilung (Trade Division), which was commonly referred to as Division II, to start his career since his knowledge of law would be most useful in drafting trade treaties.⁷⁵

Since Michahelles was not a member of the nobility, it was nearly impossible for him to join the diplomatic service. This did not mean, however, that he could not still rise to serve the German government abroad. Since the consular service, which was

⁷⁴ Gustav Michahelles, *Erlebnisse des kaiserlichen Gesandten a.D. Wirklichen Geheimen Rates*, PA-AA, pp. 3-4.

⁷⁵ This division managed trade treaties, emigration, the protection of German nationals and their property in foreign lands, passports, patent questions, extraditions, border violations, oversaw consular personnel appointments and examined drafts of legislation from other branches of the government.

separate from the diplomatic service, made no demands regarding birth or wealth, Michahelles chose to serve in distant commercial centers with the expectation that his consular status would eventually shift into a diplomatic appointment. At the start of his career, he served as a Vice Konsul (Vice Consul) in Egypt, and General Konsul (General Consul) in Zanzibar. Due to his extraordinary service in those two locations, he was rewarded with a transfer into the diplomatic service, assuming positions as Gesandter (Ambassador) and Ministerresident (Minister Resident) in Haiti, Peru, Brazil, Bolivia, and Bulgaria.⁷⁶

From 1871 to 1914, the number of bourgeois men in the diplomatic service increased greatly, with the majority serving in either minor or subordinate posts in Berlin or in higher positions abroad. The career arc of Michahelles, then, serves as a prime example of what it meant to be an imperial diplomat in the German foreign service. It is also illustrative of the changes that were occurring in the Foreign Office as Germany was seeking ways to demonstrate that it was a global power, and embarked upon an early form of globalization. His background and character are also a clear example of the type of man the Foreign Office looked for when choosing whom to send abroad: well-educated, especially with knowledge of law, connected to important men within and

⁷⁶ Due to his extraordinary service in Egypt, and Zanzibar, Bismarck invited the young Michahelles to dinner so that his talents as a prospective diplomat could be evaluated. The evening began well with the Chancellor commenting upon some of Michahelles' talents, "by telling me that he had so often seen my signature and he was glad that my reports had been kept clear and factual."⁷⁶ While at dinner, Michahelles afforded himself well, showing that he had the social skills to handle a position in the diplomatic service: drinking prodigiously, speaking discreetly, and displaying his manners handsomely. Michahelles, p. 21.

outside of the Foreign Office, ambitious, possessing necessary social grace, and a willingness to serve where needed.

Although Michahelles, and other diplomats like him, served on the periphery of German foreign policy, assuming these positions abroad was important. For these aspiring young men, posts in places such as Brazil, Chile, China, and German East Africa, allowed them to remain *en vue* which was critical to receiving a promotion and, ultimately, assuming a position in Europe. At the same time, as they were so far from Berlin, the Wilhemstrasse (Foreign Office) placed considerable trust in them, allowing them to wield significant influence in determining how to enact the policies which Germany believed were necessary to increase its influence abroad and demonstrate that it was a global power. The activity that these diplomats undertook was the result of a push and pull of domestic and international interests, mediated by groups of expatriate commercial and religious interests on the ground as well as an equally interested cohort of diplomatic specialists. In navigating through these various groups, these German diplomats abroad showcased their abilities and merits, helping to shape and transform not only the Foreign Office, but also assuming a leading role in helping Germany forge its path in an early age of globalization.

Upon creation of the German Foreign Office in 1871, there existed no formal distinction within the service with respect to area of competence. This changed in 1881 with the creation of the Political Division, administratively referred to as Division I, and was placed under the direct supervision of the state secretary and under state secretary. It was entrusted with surveying dispatches from field personnel, making policy

recommendations to the state secretary and chancellor, handling press affairs, and determining the character of diplomatic and consular posts.

Division II—designated as the Handelspolitische Abteilung in 1885—managed trade treaties, emigration, the protection of German nationals and their property in foreign lands, passports, patent questions, extraditions, and border violations, and oversaw consular personnel appointments and examined drafts of legislation from other branches of the government. Due to this distinction between Division I and II, there was a lack of interest from the former in economic matters. The legal division (Rechtsabteilung), which was commonly referred to as Division III, was also established in 1885, and in 1890 the Kolonial Abteilung (Colonial Division), was formed. A different director, under whom the counselors and their assistants served, headed Divisions II, III, and the Kolonial Abteilung. The Kolonial Abteilung was unique in that its director had direct access to the Emperor.

Men such as Michahelles and Karl Georg von Treutler were a product of these divisions. Most of the men assigned to Latin and South America served in Division II. It was in the Handelspolitische Abteilung that Michahelles and Treutler received the training that would prepare them to serve in areas such as Brazil, Peru, and Chile, and other countries in Latin and South America.⁷⁷ While assignments in Division II were seen as less prestigious than those in Division I, the training that these young diplomats

⁷⁷ Michahelles served as the *Ministerresident* in Peru, Bolivia, and Ecuador from 1901 to 1910, and in the same position in Brazil from 1910 to 1913. Treutler was the *Ministerresident* in Brazil, 1900-1907. Gerhard Keiper and Martin Kröger, eds., *Biographisches Handbuch des deutschen Auswärtigen Dienstes, 1871-1945*, vol. 3: L-R (München: Ferdinand Schöningh, 2008), pp. 254-255.

received, particularly in matters concerning trade and politics, was important in helping assure their success when they were sent to regions so far from Berlin, and where they would have to take a leading role in dictate policy.

In the early stages of the Political Division's history, Otto von Bismarck (Chancellor from 1871 to 1890) handpicked the its counselors, and they were the only ones who had the privilege of direct access to him.⁷⁸ Therefore, service in the Political Division placed a special luster on a diplomat when he went into the field, as he had firsthand acquaintance with the highest officials at the Foreign Office. Prior to his first assignment as Minister Resident to Chile (1903-1907), Friedrich von Reichenau was part of the political division. Although most likely not handpicked by Bismarck—Reichenau joined Division I in 1887--the fact that he was a part of this department showed that he was highly qualified for service abroad, particularly in important places.⁷⁹ In the mid-1880s, Richard Krauel also secured valuable connections and skills in Division I before being appointed as an envoy to Argentina (1890-1894) and later Brazil (1894-1898).⁸⁰

Initially, the staff of the Political Division was the most aristocratic and Prussian contingent in the Foreign Office, and its counselors spent little time, either social or professional, with their colleagues in other divisions. As a result, a counselor in Division II responsible for following the economic affairs of a foreign power could, only

⁷⁸ Felix Busch and Ludwig Raschdau, *Fürst Bismarck als Leiter der politischen Abteilung: aus dem schriftlichen Nachlass der Unter Staatssekretärs Dr. Busch*, (Berlin: Paetel, 1911), p. 48.

⁷⁹ Reichenau, p. XVI, and Keiper, *Biographisches Handbuch*, vol. 3: L-R, pp. 596-597.

⁸⁰ Gerhard Keiper and Martin Kröger, eds., *Biographisches Handbuch des deutschen Auswärtigen Dienstes, 1871-1945*, vol. 2: G-K, (München: Ferdinand Schöningh, 2005), pp. 632-633.

in exceptional cases, persuade the Political Division to let him examine intelligence on a nation in question.⁸¹ Not surprisingly, the Political Division was resented, but such feelings had to be handled with care because of its control over personnel. To run afoul of its members, particularly the *eminence grise*, Friedrich von Holstein, could adversely affect one's future. On the other hand, a diplomat could use contacts in Division I to further his own career.

In the Political Division there was a continued interplay between its staff and diplomats in the field. On entry into the service, each up-and-coming envoy was temporarily placed under a Division I counselor or assistant who was responsible for introducing him to the regimen of the Foreign Office. Once assigned abroad, every diplomat then came under the supervision of the counselor in charge of the geographical area where the post lay, who observed the new diplomat's behavior, surveyed his dispatches, and recommended changes in his assignments. Reichenau's first assignment was to the Prussian legation to Hamburg in 1887, which as even he recognized, was "really not a diplomatic post ... still [it] was closer to diplomacy than to a consulship."⁸² While serving here, he received the training needed to prepare for future posts, gaining valuable insight into how the Foreign Office operated.

The careers of men assigned to the other divisions differed greatly. Officials in these areas rarely received assignments in the field, and, if they did, it was often only in the twilight of their career for a terminal appointment as a minister to a post in South

⁸¹ Otto Hammann, *Der neue Kurs: Erinnerungen* (Berlin: R. Hobbing, 1918), p. 56.

⁸² Reichenau, p. 3.

America or the Far East. Bismarck himself was dissatisfied with this differentiation in careers and, over time, he sought to change this. In his estimation, the members of the Political Division spent so much time abroad that they lost sight of domestic affairs, while the personnel in the other divisions often did not have enough service abroad to appreciate foreign problems. Therefore, he saw to it that the young diplomats that were likely candidates for later service in Division I served some time in the other areas before being posted overseas. Bismarck also tried to introduce the personnel of other divisions to foreign duty. While he had little overall success with this plan, several highly qualified men benefited from his attempts at diversification, including Michahelles, who spent time in Division II, Reichenau in Division I, Krauel in Divisions I, II, and the Kolonial Abteilung, and Treutler in Division II.

In addition to imperial diplomatic assignments, there were also consular positions available to junior diplomats.⁸³ When a young man joined the foreign service, he had to choose whether he would apply for the diplomatic or consular branch. Some who chose to join the consular service did so with the intention of making it a lifetime career; others selected it with the expectation that their status would eventually shift into a diplomatic appointment. A consular official could apply for transfer to the diplomatic service, but such a move usually only occurred when a consul's work caught the attention of Bismarck or a counselor in the Political Division.⁸⁴ This transition could also occur in

⁸³ For more information concerning the German consular service see, Bernhard von König, *Handbuch des deutschen Konsularwesens*, (Berlin: R. von Decker, 1909), and "Die diplomatische und die Consularvertretung des deutschen Reiches," *Preußische Jahrbücher*, XLVII, no. 4 (1881), p. 380-396.

⁸⁴ Arthur von Brauer, *Im Dienste Bismarcks: Persönliche Erinnerungen* (Berlin: E.S. Mittler & Sohn, 1936), pp. 30, 50.

the opposite direction. Bismarck encouraged such an idea because he considered exposure to consular affairs highly desirable. Michahelles is a prime example. He began his career in the consular service, serving as a Vice Konsul in Egypt (1884-1887), and General Konsul in Zanzibar (1887-1890). Due to his extraordinary service in these two locations, he was rewarded with a transfer into the diplomatic service, assuming positions as Gesandter and Ministerresident in Haiti, Peru, Brazil, and Bulgaria.

Young candidates were usually given the post of General Konsul, which was the highest consular post. As a result, many in this position were anxious to advance to more prime positions in the diplomatic service before they retired. The Foreign Office sometimes obliged by elevating them to ministerial positions. Such situations were uncommon, however, and so these general consuls were usually only promoted to South American and minor Asian capitals. Nevertheless, while regular diplomats might have resented the absorption of consuls into the diplomatic service, a clear relationship gradually developed between the two departments. About one in every four diplomats, including some of the most well-known -- Count Johann-Heinrich von Bernstorff, Count Paul Wolff Metternich, Johann Maria von Radowitz, Count Anton Monts -- combined consular and diplomatic careers.

For the men who joined the Foreign Office, career advancement in the diplomatic service was open to talent as well as one's connections. All candidates had to satisfy a complex path of requirements in order to be promoted. Still, for every rule, there was an exception, and for every seemingly unsurpassable barrier, there was always an avenue for appeal. When one's talents or qualifications became a hurdle, family and friends

would often provide an effective remedy. As a result, the imperial diplomatic corps was an “assemblage of men of real ability in some cases, of little other than luminous lineage in others.”⁸⁵ In the end, most diplomats could claim evidence of both during their careers.

Any young man, provided he was twenty-five and a citizen of one of the German states, could apply to serve in the diplomatic or consular service. Those born with patrician pedigrees could frequently depend on relatives already in the service or on connections at court or in the bureaucracy to provide easy access to entry-level positions. Chancellors and state secretaries were particularly adept at obtaining places for their sons or nephews in the service. Bismarck, for example, arranged for both of his sons to work in the Foreign Office, with his elder son, Herbert, ultimately ascending to the position of Secretary of State while his father was chancellor. In the end, during the period 1871-1914, there were altogether twenty-four diplomat fathers who produced twenty-nine diplomat sons. Two of the most notable families in the Foreign Office were the Bülowes and the Richthofens, each of whom produced three generations of diplomats during the Imperial era.

Nevertheless, members of the Foreign Office did not need to be connected by blood to obtain high-ranking posts. Often, protégés of chancellors, state secretaries, or envoys were not family relations. Bismarck in particular closely watched for young men who showed prospects of maturing into accomplished diplomats. He personally selected

⁸⁵ Lamar Cecil, *The German Diplomatic Service, 1871-1914*, (Princeton, Princeton University Press, 1976), p. 21.

Bernhard von Bülow, for example, to serve as a state secretary due to his natural charm, even though he was an inexperienced young man.⁸⁶ Men also made themselves known to Bismarck and his successors through requests for admittance to the diplomatic service. Perhaps one of the best examples is that of Richard von Kühlmann, who ultimately became a state secretary in 1917. His father had known Chlodwig zu Hohenlohe-Schillingsfürst (Chancellor, 1894-1900) since the 1860s. Hohenlohe had once told Kühlmann's father that if any of his sons should ever desire a diplomatic appointment, all they needed to do was come to Berlin. Young Richard applied directly to the chancellor, who forwarded him his application to the Political Division. Although his application was initially rejected, Hohenlohe took matters into his own hands. He invited Richard to dinner at his residence, ordering him to arrive early. Once he appeared, the chancellor placed the young man at his side at the head of the stairs, greeting each of his guests with, "May I introduce you to Herr von Kühlmann, who is entering the Foreign Office at my wish." Later that evening, his commission arrived.⁸⁷

Familial influence, however, did not solely dictate positions in the diplomatic service. Indeed, when choosing young men to serve as diplomats, the Foreign Office was surprisingly independent, often selecting men it found highly qualified and rejecting those whose skills seemed deficient. Only rarely did external forces encroach upon its freedom of choice. While circumstances such as those regarding Kühlmann did arise, it was a rare case. Usually, external pressure was little more than recommendations from

⁸⁶ Bernhard von Bülow, *Denkwürdigkeiten*, (Berlin: Ullstein, 1930), pp. 288-289.

⁸⁷ Richard von Kühlmann, *Erinnerungen*, (Heidelberg: Schneider, 1948), pp. 118-120.

rulers, anxious parents, or military commanders, and the heads of the Foreign Office still acted as they wished.

While personal connections with higher-ups in the Foreign Office was one path towards obtaining a post, most men joined the diplomatic service after passing a series of examinations. To qualify for a “four-year assignment as a probationary, unsalaried attaché, a candidate had to certify that he had passed the primary legal examination (Referendarexamen). This test, which the federal states administered after three or four years of university study, was an arduous affair. After passing the exam and serving his four-year internship, the young officer was promoted to a regular position of a paid secretary of legation.

Alternatively, a university student could complete the Referendar and then practice law or work in the bureaucracy for four years before presenting himself for a secondary legal exam called the Assessorexamen (trainee exam). If successful, the aspiring diplomat would receive a doctorate in jurisprudence, and then be granted a one-year probationary term as an unpaid attaché before becoming a salaried secretary. The Foreign Office tended to prefer candidates passed the Assessorexamen, as legal work relied upon precision of argument and expression. Study in this subject thus provided necessary training when it came to drafting watertight agreements and treaties as well as orders for colleagues in other capitals.

Both Michahelles and Reichenau entered the diplomatic service by taking examinations. Following his entrance into the University of Freiburg in 1875, Michahelles passed his Referendarexamen in June 1878. In February 1879, he passed

the Assessorexamen which, allowed him to practice law in the three Hanseatic towns – Bremen, Hamburg, and Lübeck.⁸⁸ Although he did not enter the diplomatic service until 1882, the fact that he had passed legal exams made him a very attractive candidate to the Foreign Office. For this reason, Michahelles was placed in the Handelspolitische Abteilung to start his career, since knowledge of law would be most useful in drafting trade treaties. Reichenau was also an appealing applicant, having passed the Referendar in 1880 after three years of study in Heidelberg, and then earning his Assessor certificate in 1886, shortly before he joined the diplomatic service. As a result, he was briefly assigned to Division II, before being transferred into Division I, due to his high qualifications.

Along with taking the legal exams, a student interested in the Foreign Service would then sit for the diplomatisches Examen (diplomatic exam), which was usually taken two years after being admitted as an attaché.⁸⁹ Each envoy entering the provisional ranks was assigned three subjects on which he was expected to prepare essays. The first had to discuss an aspect of history, law, or economics, the other two consisted of analysis of specific diplomatic problems. The topics of these essays varied greatly, but the Foreign Office tried to assign subjects on which a candidate could be considered an expert.

⁸⁸ Michahelles, p. 2.

⁸⁹ This exam could be taken as early as six months of serving as an attaché, but one could not wait more than three years to sit for it. For more information, see Rudolf Nadolny and Günter Wollstein, *Mein Beitrag: Erinnerungen eines Botschafters des Deutschen Reiches* (Cologne: DME Verlag 1985), p. 18.

Once the written examinations were successfully completed, the candidate would then present himself for an elaborate oral examination. This event was held before a panel chaired by the state secretary or undersecretary, and was conducted in German, French, and English. The test covered seven areas of study: European history since 1648, political geography, German constitutional law, constitutional law of other major foreign nations, political economy, international law, and international commerce and finance. In addition, an impromptu discussion on documents chosen from the Foreign Office archives was required. For those candidates whose background on financial and commercial questions was weak, the Foreign Office encouraged them to take positions in banks or businesses.⁹⁰

Although neither Michahelles nor Reichenau offered any description of the diplomatisches Examen, Herbert von Hindenburg, who took his examination in 1900, provided a detailed picture of what the process was like. One judge concentrated on legal questions; Dr. Otto von Glasenapp, the vice president of the Reichsbank (Imperial Bank), questioned him on commercial law, banking, and coinage; another examiner asked for an account, in French, of the history of the period from 1800 to 1840. The exam ended when the chairman, Under Secretary of State von Mühlenberg, tested him of his familiarity with various aspects of diplomatic practice. Hindenburg did remarkably well and was posted to Rome as third secretary.⁹¹

⁹⁰ Cecil, p. 29.

⁹¹ Herbert von Hindenburg, *Am Rande zweiter Jahrhunderte: Momentbilder aus einem Diplomatenleben* (Berlin, 1938), p. 136.

Although the examinations inspired fear in those who took them, it is doubtful that they were very arduous. The written parts of the exam, for example, were taken at home and ample time was given for preparation. Candidates borrowed books and old exams from their more advanced diplomatic friends and gave their finished essays to them for criticism before submitting them to the Foreign Office. In 1874, for instance, Bernhard von Bülow sent Herbert Bismarck reading material to help him with his exams. Otto von Bismarck himself also provided friends, such as Philipp Eulenberg, with information about the exams. Help such as this was not considered inconsistent with the oath that accompanied the essays which stated that the work was their own.

Even still, there were several ways in which an applicant could be exempted from all, or part, of the examinations. In the case of those who passed the Assessor examination, such as Michahelles and Reichenau, the oral consisted of only European history since 1648, and the archival analysis. If the written assessments were of a high level of distinction—such as was the case with both Karl von Schölzer and Eulenberg—a candidate might be excused from the oral. Transfers from the military were sometimes allowed to substitute an essay on jurisprudence for either the Referendar or Assessor examinations and were also frequently exempted from the diplomatisches Examen.

The fact that the examinations could be made much easier or avoided altogether suggests that the Foreign Office did not take them entirely seriously.⁹² In most cases, the impression a candidate made in conducting his duties was considered more important

⁹² Cecil, p. 32.

than his performance on the tests. Grace in society and quickness of mind were often preferred to academic training and intellectual insight. No one was more susceptible to subjective standards of measurement than Bismarck, and no one was more suspicious of self-styled “experts.” According to other accounts, the Iron Chancellor did not care much for the examinations and did not trust them.⁹³

Bismarck even refused to be bound by the results of a candidate’s performance on the examinations. Ambassador Bernstorff recalled that the chancellor had handwritten instructions on the diplomatic examinations that read, “I reserve the right to accept the candidate for the diplomatic service if I think him suitable, even though he may not have passed the exam.” Treutler recounted that Bismarck, on being asked about revising the tests, answered: “The diplomatic examinations must be constructed in such a way that a candidate whom I wish to have in the service cannot fail, while such examinees whom I cannot use will have to fail, no matter how intelligent they may be.”⁹⁴ Clearly, when it came to entering the diplomatic service, test results mattered little so long as Bismarck, or any other head in the Foreign Office, believed a candidate was qualified. Indeed, for Chancellor Bismarck, the best method of evaluation was to scrutinize a candidate in a social setting in order to measure his adroitness in conversation, his social ease, and his capacity for drink. Such a test would reveal whether or not the man in question had the proper style, a virtue he referred to as

⁹³ Richard Krauel, *Persönliche Erinnerungen an den Fürsten Bismarck* (Stuttgart: Deutsche Verlag Anstalt, 1915), pp. 13-14.

⁹⁴ Count Johann-Heinrich Bernstorff, *Memoirs*, trans. Eric Sutton (New York, 1936), p. 38. Karl Georg von Treutler, *Nachlass*, PA-AA, p. 1.

Kalvierperspektiv. To Bismarck, tactlessness was the worst defect in a diplomat, a failing that only could be detected through personal engagement.⁹⁵

In the case of Michahelles, social engagements with the Iron Chancellor helped him secure a position in Zanzibar. The young envoy had already started to prove himself a capable diplomat while serving as a vice consul in Egypt under Ernst von Treskow and Eduard von Derenthall.⁹⁶ Due to this success, he was considered for an appointment as Generalkonsul to Zanzibar in May 1887.⁹⁷ As a result, Bismarck invited the Michahelles to dinner so that he could evaluate his talents as a prospective diplomat. The evening began well with the Chancellor commenting upon some of his talents, stating that “he had so often seen my signature and he was glad that my reports had been kept clear and factual.”⁹⁸ Still, the aspiring diplomat needed to show that he had the social skills to handle his new position, and he afforded himself well: drinking prodigiously, speaking discreetly, and displaying his manners handsomely. During the course of the dinner, Bismarck posed a question to Michahelles concerning the difficulties of learning Arabic. Instead of providing a direct, but short, answer, he recounted a story when he became lost in Egypt and sought help from a *fellah*, an

⁹⁵ Helmuth Rogge, ed., *Holstein und Hohenlohe: Nach Briefen und Aufzeichnungen aus dem Nachlass des Fürsten Chlodwig zu Hohenlohe-Schillingsfürst 1874 – 1894* (Stuttgart: Deutsche Verlags Anstalt, 1957), pp. 179-80.

⁹⁶ After his service in Egypt, von Treskow was transferred to several posts in South America, including in Chile (1892-1899), and Argentina (1899-1901). The connection that Michahelles made while serving under von Treskow, and the impression the former made upon the latter, is one of several reasons that Michahelles ultimately found himself in South America at the same time as von Treskow.

⁹⁷ In preparing himself for the possibility of assuming this new post, Michahelles was transferred to the *Kolonialreferent*, Richard Krauel, to learn all he could about Zanzibar. This was another important connection for Michahelles as Krauel would also serve in South America, namely Argentina (1890-1894), and Brazil (1894-1898). See Michahelles, p. 21.

⁹⁸ *Ibid.*

Arabian peasant: “I rode up to him and asked him how I could come closest to Cairo, the man had looked at me in amazement, shook his head and replied to me in Arabic, he was sorry, he understood no French.”⁹⁹ The Iron Chancellor laughed heartily at this story, clearly having enjoyed his evening. In the end, Michahelles received the post as Generalkonsul, and his career in the diplomatic service began to rise.

Bismarck’s successors continued their evaluations in a similar manner. Prince Karl Max von Lichnowsky, who served as the Political Division’s counselor for admissions from 1899 to 1904, liked to find “social culture” in applicants and confessed that, “as a general rule examination marks do not count so much as personality... I made it a practice to watch the candidate as he entered the room. Then I knew pretty well with whom I had to deal. The conversation that ensued soon showed what sort of intelligence he possessed.”¹⁰⁰ Similarly, Holstein found sure command of “*usage du monde*” a critical trait, while Chancellor von Bülow believed the requisite qualities for a diplomat were “intuition, tact, a feeling for nuance and a refinement of judgment.”¹⁰¹ Good form – in appearance, manners, and accomplishments – was in high demand. A diplomat needed to converse with delicacy in both French and German, be agile on the dance floor, and remain tireless in the execution of social rituals. The von Bülow family is perhaps the best example of exhibiting a flair for diplomatic behavior. Bernhard, in

⁹⁹ Ibid.

¹⁰⁰ Karl Max von Lichnowsky, *Heading for the Abyss: Reminiscences* (New York: Payson and Clark, 1928), p. 85.

¹⁰¹ Johannes Haller, ed., *Aus dem Leben des Fürsten Phillip zu Eulenberg-Hertefeld* (Berlin: Gebrüder Paetel, 1924), p. 13; Karl F. Nowak and Friedrich Thimme, eds., *Erinnerungen und Gedanken des Botschafters Anton Graf Monts* (Berlin: Verlag für Kulturpolitik, 1932), p. 330.

particular, was known for his “virtuosic powers of social intercourse.”¹⁰² At a meeting with the deputies of the Reichstag in 1906, he expressed that diplomats needed to be similar in the manner of Alcibiades, “who was intellectual among the Athenians, abstemious in Sparta, and wrapped in a caftan when with the Persians.”¹⁰³ For the Bülow family, charm was the root of diplomacy, and those men who were adroit in this manner rose quickly in the ranks of the Foreign Office.

Even still, there were a few German diplomats, some of whom rose to eminent positions, who were lacking in social graces or even physical attractiveness. Count Georg zu Münster was considered arrogant beyond redemption and quite a bore; Baron Adolf Marschall von Bieberstein was excessively gruff. Others such as, Graf Anton Monts was extremely sarcastic; Reihold Klehmet’s clothes were ill-fitting; Georg von Werthern was antisocial and eccentric; and Kurd von Schlözer was grotesquely ugly and sometimes embarrassingly frugal. Regardless, these men, and the many other diplomats whose appearance or manners were lacking, overcame their shortcomings either by establishing themselves as popular envoys, entertaining in style, or through displaying a special gift for uncovering and reporting sensitive information.

Even if a prospective diplomat could successfully navigate the prescribed course of examinations, there were still other barriers which he had to negotiate before his admission was assured, or his career advanced. The Foreign Office maintained a

¹⁰² Cecil, p. 37.

¹⁰³ *Stenographische Berichte über die Verhandlung des Deutschen Reichstages*, Berlin: Verlag der Buchdruckerei der „Norddeutschen Allgemeinen Zeitung“, 1906, pp. 3648-49.

reputation of being the privileged domain of wealthy nobles in order to deter upper middle-class, and middle-class candidates, especially those of modest means, from trying to enter the diplomatic service. Potential candidates were warned that, without a title, a bourgeois diplomat could only compete successfully with aristocratic colleagues if he possessed great wealth.¹⁰⁴ For Reichenau, this was not a problem. His family had been a part of aristocracy since at least the time of his grandfather, Fritz.¹⁰⁵

Michahelles' entrance into the Foreign Office, however, was harder. Although he came from a wealthy family in Hamburg, his lack of title made it difficult for him to rise in the service. Since the consular service made no demands regarding birth or wealth, men like Michahelles satisfied themselves with consular positions in distant commercial centers.¹⁰⁶ Herbert von Bismarck expressed the Foreign Office's attitude towards the desirability of titles aptly in 1886. At this time, Bülow had asked Bismarck's help in securing admission for his cousin, Martin Rücker-Jenisch, a reserve lieutenant from the wealthy Hamburg suburb of Klein Flottbek. While the younger Bismarck at once acceded to his friend's request, he also added that, if he were Rücker-Jenisch, he would obtain a title.¹⁰⁷ Treutler, whose father was awarded his title in 1884, a few years before

¹⁰⁴ Hans Riesser, *Von Versailles zur UNO: aus den Erinnerungen eines Diplomaten* (Bonn: H. Bouvier, 1962), p. 35.

¹⁰⁵ Reichenau, p. 11.

¹⁰⁶ Michahelles, due to his impressive handling of his positions in the consular service, was ultimately able to transfer into the diplomatic service, moving from consular posts in Egypt, and Zanzibar, to diplomatic posts in Peru, and Brazil.

¹⁰⁷ Herbert von Bismarck to Bernhard von Bülow, 24 June 1886, Bernhard von Bülow, *Nachlass*, Bundesarchiv, Berlin-Lichterfelder (herein cited as Bundesarchiv-Berlin), Bülow Nachlass 66.

he entered the service, also confirmed the usefulness of a noble pedigree, as he believed the Wilhelmstrasse would not have accepted him without the distinction of his title.¹⁰⁸

The attitude of most young nobles on their entry into the diplomatic service, however, was distinctly cavalier. Many believed that they had been forced into diplomacy only because it was one of the few pursuits socially suitable for men of their standing. Furthermore, many young diplomats found their initial tasks at the Foreign Office trivial and boring. They entered with visions of participating in the highest diplomatic negotiations, but instead were instructed to handle petty affairs such as the retrieval of personal property misplaced in railroad stations by itinerant and absentminded Germans.

While many of the young nobles in the Foreign Office behaved in this manner, not all held such an outlook on their position. Reichenau, for instance, looked at his time in the foreign service as a chance to understand his homeland's struggle for prominence in the world, and as a way to express his feelings of pride in his nation.¹⁰⁹ From a very young age, he remarked that he was drawn to a career in diplomacy as a way "to take a look at the transmission of the gears by which the destinies of nations are guided, to explore the causes and effects of the great events of the world, and to fight with the weapons of the spirit for the power, size and international reputation of my beloved homeland."¹¹⁰ Michahelles held similar desires upon his decision to enlist in the foreign

¹⁰⁸ Treutler, p. 1.

¹⁰⁹ Reichenau, pp. 1-2.

¹¹⁰ Ibid., p. 10.

service. While at the University of Freiburg, he became a member of the 5th Baden Infantry, Regiment 113. The young man enjoyed his time in the regiment because of its “tight Corps discipline, [and] the unconditional support of the ‘One for All’ ” mentality of fighting for and defending the fatherland.¹¹¹ Although he enjoyed his time as a lawyer in the Hanseatic cities, he “still felt unsatisfied” and “was not able to acquire a taste for the legal profession in the long run.”¹¹² When the opportunity to join the Foreign Office presented itself, the future diplomat anxiously signed up, welcoming the chance to work for his homeland in various capacities. Such beliefs and desires made Michahelles and Reichenau attractive candidates and caught the attention of higher ups as they sought to place the right men in important positions.

Within the diplomatic profession, as in noble society at large, a distinction was drawn between old and new nobles. For many within the service, the more ancient a candidate’s ancestry, and the loftier his title, the more useful his service could be to the Foreign Office. Peers of venerable origins argued that only in their own ranks could diplomats be found who could maintain independent judgment, particularly in the sensitive situations in which men of the service could find themselves. Furthermore, men of nobility believed that, as long-standing aristocrats, they would be more inclined to interact with the common people of the land in which they served as part of *noblesse oblige*. Newly minted nobles, who were always aspiring to social triumphs, would be eager only to bow before the pillars of society.¹¹³ Titled diplomats were also clearly

¹¹¹ Michahelles, p. 2.

¹¹² Ibid., pp. 3-4.

¹¹³ Lichnowsky, *Heading for the Abyss*, p. 87. Nowak, *Erinnerungen und Gedanken*, pp. 50-51.

more effectively employed abroad than in the Foreign Office, where work occurred behind closed doors rather than in the bright light of society. Moreover, aristocrats were viewed as more politically reliable. With their innate refinement, aristocrats were more likely to possess the social attributes that Berlin considered desirable in conducting diplomacy. Such nobles could also draw upon the cosmopolitan connections of their families.

The German bourgeoisie, on the other hand, regardless of its talent for moneymaking, lacked the experience, the sophistication, and the connections found in the nobility. Middle-class men, in some cases, were simply less effective than nobles, and this could prove an embarrassment for the Foreign Office. Sometimes, aristocratic courts slighted bourgeois envoys, which was a painful experience for those diplomats and an affront to German honor. Good relations were poorly served by such incidents, and they needed to be avoided. Bourgeois diplomats, therefore, tended to be sent to out-of-the-way posts or to consular stations.

Social factors also favored aristocrats. The Foreign Office emphasized the desirability of a diplomat possessing social graces and knowing languages, which was common in noble households. Although a diplomat might work tirelessly at imitating or studying noble behavior as an adult, ultimately, he would lack naturalness and ease in social interactions. As Mortiz Busch, a diplomat, wrote, “the education a wealthy nobleman receives is undoubtedly better for the court circles in which an envoy is called to live and work than that which is provided for the children and half grown-up sons of

the middle class.”¹¹⁴ As a result, the Foreign Office believed that there was no need to provide young diplomats with manuals on how to behave socially. Rather, the instinct that was the tradition of genteel and noble birth would be sufficient to whatever a diplomat might encounter in the world.¹¹⁵

Although the Foreign Office was determined to preserve its noble, and Prussian, character, over time, those who joined the service, came from many different locations in Germany and various levels of nobility. From the 1870s onwards, leaders in the Wilhelmstrasse complained that they were not attracting a sufficient representation of aristocratic talent, especially from old Prussian nobility. Numerous attempts were made to increase Junker representation, but in the end, their numbers in the corps stagnated. One reason for this was Bismarck himself, who was partial to non-Prussians, as he believed that these men possessed better personalities and character. More importantly, he also thought that the inclusion of men from states other than Prussia would promote the solidarity of the new German Reich.¹¹⁶ These factors strongly favored men like Reichenau, who was born and raised in Wiesbaden, Hesse-Nassau, and Michehelles in

¹¹⁴ Moritz Busch, *Unser Reichskanzler: Studien zu eniem Charakterbilde*, (Leipzig, F.W. Grunow, 1884), pp. 227-28.

¹¹⁵ Certainly, not all young diplomats possessed the social virtues associated with aristocrats. Some spoke foreign languages so barbarously, if at all. See, for example, Prince Ratibor, the nephew of Prince Hohenlohe-Schillingsfürst. Hohenlohe to Bernhard von Bülow, 27 September 1883, *Nachlass*, Bundesarchiv-Berlin, Bülow Nachlass 89. Other nobles were able to speak foreign languages well but lacked any sort of refinement in social settings. See, for example, Adolf von Bülow to Bernhard von Bülow, 25 November 1879, *Nachlass*, Bundesarchiv-Berlin, Bülow Nachlass 89.

¹¹⁶ Otto von Bülow to Herbert von Bismarck, 25 November 1879, *Bismarck Nachlass*, Bundesarchiv-Berlin, FC 2958/1145-47.

Hamburg. Moreover, with his fervent belief in serving a new, united Germany, Reichenau helped foster Bismarck's desire to put forth a unified Germany.¹¹⁷

Another reason for the decline in the percentage of diplomats recruited from Prussian families was due to the enormous increase in the number of bourgeois diplomats. Such a rise was not due to a change in the Foreign Office's policy of favoring aristocrats, but rather was related to the expansion of Germany's diplomatic network. The creation of new posts, most of them in distant countries, required additional staff, increasing the responsibilities of its personnel. While nobles disdained diplomatic assignments in these remote stations, the Foreign Office still considered them posts that could be suitable for men of bourgeois origin. The bourgeois proliferation in the service only affected subsidiary positions, but even still, it provided opportunities for men such as Michahelles to play increasingly larger roles in the diplomatic service.

While noble birth was the surest means for aspiring diplomats to rise in the ranks of the Foreign Office, it was not the only way. Ambitious young men could form powerful connections through membership in university fraternities (Burschenschaften), marriage to daughters of aristocratic houses, and commissions in elite regiments of the army. In these respects, a bourgeois, or a newly aristocratic, young diplomat would be able to extend, initiate, and cultivate advantageous relationships.

For the German nobility, especially those from Prussia, membership in a fraternity was commonplace. The Borussia at Bonn, the Heidelberg Saxo-Borussia, and

¹¹⁷ Reichenau, pp. 2-3; and Michahelles, p. 1.

the Göttingen Saxonia were among the most significant Burschenschaften for diplomats. Their members prided themselves on their noble composition, and were prone to engage in complex genealogical investigations to determine relationships between corps brothers.¹¹⁸ With over seventy percent of its members drawn from the nobility, the number of aristocrats in these three fraternities from 1871 to 1904 is strikingly high.

Although neither Michahelles nor Reichenau were members of Borussia, Saxo-Borussia, or Göttingen Saxonia, both were members of other prominent corps. While studying at Heidelberg, Michahelles joined the Corps Vandalia Heidelberg. It was one of the oldest fraternity in the German Empire, and drew its members mainly from noble families in Mecklenburg and Hamburg. It was a home for many future politicians, as well as members of the Foreign Office, including the Bülow family. Reichenau, on the other hand, was a member of the Corps Rhenania Heidelberg. The fraternity dates to as early as 1702, although its current form was founded in 1849. It was a very old and well-respected Burschenschaft that drew its members from all over the world and included politicians, academics, writers, and members of the Foreign Office. The Corps also had close relationships with other fraternities including the Corps Vandalia, Göttingen Saxonia, and the Saxo-Broussia.

Fraternity membership, like military service, or a legal education, was regarded as a prerequisite for a successful career in diplomacy. As Prince Alexander Hohenlohe

¹¹⁸ Cecil, p. 79. See also, Kurt von Stutterheim, *The Two Germanys*, trans. Moffat Freet (London: Sidgwick and Jackson, 1939), pp. 35-40; Hajo Holborn, ed., *Aufzeichnungen und Erinnerungen ans dem Leben des Botschafters Joseph Maria von Radowitz*, (Berlin: Deutsche Verlags Anstalt, 1925), p. 26.

remarked, “there was no better means to gain entry into the diplomatic career than if a young man had been a member of a fashionable fraternity during his stay at a university. For that reason, the progeny of the wealthy bourgeoisie strove to get into the corps, seeing therein the first step on the ladder to the highest positions in the government.”¹¹⁹ Indeed, although fraternity membership was expensive, families were eager to enroll their sons. In 1877, for example, Treutler, paid an annual sum of 567 marks, a more than modest amount at the time, to be a member of Saxo-Borussia. As the cost of membership rose, members were expected to go into debt to keep up.

Regardless of the expense, enrollment in a Burschenschaft was worth it for those eager to enter the Foreign Office. While at university, young men, such as Treutler, established friendships with future colleagues or valuable contacts outside the service. Among the members of the Borussia class of 1882, for example, was Count Unico von der Groeben, who rose to be first secretary in Paris; Baron Ernst von Heintze-Weissenrode, who became minister to Cuba; and Count Botho von Wedel, who served as envoy to Weimar and then became the Political Division counselor in charge of personnel, a valuable contact for any young Borussia. As a member of the Corps Vandalia, Michahelles was connected to many, or soon-to-be, prominent members in the Foreign Office including Treskow; Max von Prollius, who served as an envoy to Mecklenburg; Theodor von Holleben, who became minister to Argentina, and also served as the vice president of the German Colonial Society; and several members of the

¹¹⁹ Prince Chlodwig zu Hohenlohe-Schillingsfürst, *Memoirs of Prince Chlodwig zu Hohenlohe-Schillingsfürst*, (London: W. Heinemann, 1906), pp. 28-30, 327-29.

Bülow family including, Bernhard Ernst, the father of the future chancellor, and Rudolf, who was a minister in Madrid and Paraguay.

Old members who had found positions in the Foreign Office looked after the career interests of younger fraternity brothers. As Prince Radowitz, who eventually became an ambassador himself, acknowledged, the association between corps brothers after graduation provided a “quicker and more secure basis for identity and cooperation than would otherwise have been possible.”¹²⁰ Recommendations from former members served as a guarantee of a young diplomat’s abilities as he proceeded through the Foreign Office.

The corps were also seen as places to instill character and polish manners, qualities that were critical to the Foreign Office.¹²¹ This was an important function of the fraternities, for even some members of the Prussian nobility admitted that not all of their brothers were noted for their refinement, or breadth of outlook.¹²² Describing his experience at Bonn among the Borussia, Graf Harry Kessler acknowledged that the Burschenschaften had succeeded in bestowing some degree of elegance on nobles who had arrived at the university bereft of any grace or sophistication. In describing the young men who were a part of the Borussia, he remarked that, “their prominence in the bureaucracy was not due only to their ‘connections’ – although these without question contributed to it – but just as much to their deportment, which in a preponderantly

¹²⁰ Holborn, *Aufzeichnungen und Erinnerungen*, p. 187.

¹²¹ Michahelles, p. 2.

¹²² Gerhard von Mutius, *Abgeschlossene Zeiten*, (Hermannstadt, Germany: Krafft, 1925), pp. 62-63.

bourgeois and plebian bureaucracy served them as a weapon with which they could strike down their middle-class competition.”¹²³

Given Bismarck’s indifference to formal education and his insistence on grace and tact, it is not surprising that he was an enthusiastic supporter of the *Bursschenschaften*. He was an exuberant member of the Göttingen Hannovera, and in his later years he remarked that “the decent, dependable character, for which we Germans gladly praise our ruling class, is basically to be found only among officers and *Korpsstudenten*.”¹²⁴ Herbert Bismarck, a member of the Borussia, regularly attended fraternity reunions and was known to be susceptible to hiring and advancing corps members in the Foreign Office. As Under State Secretary in 1884, he wrote to Holstein concerning the young Count Otto von Dönhoff, who desired to become a diplomat. The younger Bismarck commented that, “the only thing I know about him is that he was the chapter head of my old Bonn fraternity, and that makes me rather in his favor. Even so he may be a shiftless fellow, but I think that I’d nevertheless take him.”¹²⁵ Even Wilhelm II, who liked dressing in his Borussia jacket, endorsed the notion of favoring men who were members of the fraternities.

Marital status also was an important consideration in the Foreign Office. Those who were single were expected to maintain a discreet bachelorhood, and flagrant violations of such a careful existence were uncommon and rare. An inability to find a

¹²³ Harry Kessler, *Gesichter und Zeiten*, (Berlin: S. Fischer, 1962), p. 201.

¹²⁴ Brauer, *Im Dienste Bismarcks*, p. 285.

¹²⁵ Letter of 26 August 1884, *Holstein Nachlass*, Bundesarchiv-Berlin, 3853/H190735.

wife suitable for such an exacting role, the relatively modest expense of maintaining a celibate establishment, and the hardships of many foreign posts, may all have been factors encouraging a single life. Perhaps the greatest reason for remaining single while in the Foreign Office, however, was because in some cases, unmarried men enjoyed a tactical advantage over those with a wife. Higher ups in the Wilhelmstrasse believed that since bachelors spent much of their time idling in elegant clubs, they were in an especially good position to flush out sensitive information.¹²⁶

Bismarck himself was very concerned about diplomats and their marital status. He found little professional advantage for married men, even expressing that it would be better if envoys took up vows of celibacy.¹²⁷ One of the chancellor's main objections was that married envoys became too involved in family life and, consequently, neglected their professional obligations.¹²⁸ Such reservations may help explain why, in the early stages of establishing German developmental policy in South America, men like Michahelles were assigned there. Michahelles remained a bachelor until well after he retired, an advantage that may have helped him establish himself, particularly in his early years, with Bismarck and, later, Bülow. With the lack of a wife and/or family, these men could focus solely on their position and furthering the objectives of the

¹²⁶ See for example, Bülow to Herbert von Bismarck, July 8, 1884, *Bismarck Nachlass*, Bundesarchiv-Berlin, FC 2958/374-75.

¹²⁷ Holstein Diary, 15 February 1883, *Holstein Nachlass* 3860/H195702; Bülow, *Denkwürdigkeiten*, p. 497.

¹²⁸ In the case of General Lothar von Schweinitz, an ambassador in Vienna in the 1880s who married at 50 and fathered ten children, Bismarck wrote that as a bachelor Schweinitz was a clever man, "but now one can see in every sentence that he has a child sitting on his knee." George Campbell, 8th Duke of Argyll, *Passages from the Past* (London: Hutchinson & Co., 1907), vol 1., p. 254; Herbert von Bismarck to Holstein, 3 March 1884, *Holstein Nachlass* Bundesarchiv-Berlin, 3853/H190680.

Foreign Office. To that end, even if a diplomat was highly competent, Bismarck was willing to dismiss him from the diplomatic service if he made an unsuitable marriage or insisted in staying with an impossible wife.¹²⁹

The decision where to post a young diplomat lay with the Political Division. To that end, the Foreign Office tried to match the man with his post. In attempting to do so, several factors were considered including the candidate's predecessors, connections, personality, means, and, perhaps most importantly, his ability. Even if the nominee seemed a natural choice due to his personal qualities, the Wilhelmstrasse also had to consider carefully the ramifications of the appointment within the service. Candidates whose finances were slender often were assigned to less expensive, quieter legations; those in frail health were sent to sunny climates.¹³⁰ After his initial appointment, a candidate's merits usually played a greater role than his circumstances, and diplomats with modest means and poor health might even find themselves in St. Petersburg, or Vienna, two of the costliest and most mortal of all assignments.

As a novice diplomat, nothing was more vital than an ability to ingratiate oneself with the initial chief of the mission, whose personality and character was critical to their current, and future, success. In the opinion of many young diplomats, one of the most important factors in their assignments was the degree in which their future of heads of

¹²⁹ Although Reichenau was married when he was appointed to Guatemala (he never assumed the post due to illness), Chile, and Brazil, his wife did not distract him from his work. Moreover, she comported herself well in social settings. Cecil, pp. 85-86, 88-89; Reichenau, pp. 193, 202-203.

¹³⁰ In the cases of Reichenau and Michahelles, their respective wealth were factors in their initial assignments. Reichenau remained close to home being sent to serve as an envoy to Hamburg. Michahelles, on the other hand, although he was sent abroad, was sent to serve as vice consul in Egypt, a far less costly place than Rome, Paris, or even Stockholm.

mission would be qualified to teach them something about diplomacy.¹³¹ If the chief was generous, he might personally train the new diplomat in the arts of intelligence gathering and report writing, and if the relationship prospered, the younger man might even become the senior official's protégé. Therefore, if the chief of mission moved ahead in the service, it was not unusual for him to request the Foreign Office to send him a young secretary whose intelligence, behavior, or personality he found pleasing in the course of an earlier assignment.¹³² Many young diplomats could draw upon the helpful assistance of senior friends or relatives who might influence a head of mission to ask that he be added to a legation's staff.¹³³

Both Michahelles and Reichenau were fortunate when it came to their training. In his first post in the legal division, Michahelles worked under Friedrich Wilhelm Michelet von Frantzius, who previously had served as an envoy to Brazil from 1876 to 1878. While commenting upon his training, the young diplomat remarked that Frantzius was "regarded as authority for extradition treaties." Although he was "feared by his subordinates for his meticulousness" and because "he demanded much of his assistants," Michahelles "gratefully acknowledged, how useful the strict training in his department had been."¹³⁴ It was this attention to detail that caught Bismarck's attention, and would

¹³¹ See, for example, Count Friedrich von Pourtalès to Herbert von Bismarck, 27 October 1885, *Bismarck Nachlass*, Bundesarchiv-Berlin, FC 2874/377-78; Florian von Thielau to Herbert von Bismarck, 8 August 1877, *Bismarck Nachlass*, Bundesarchiv-Berlin FC 2982/1020.

¹³² See, for example, Hindenburg, *Am Rande zweiter Jahrhunderte*, p. 221; Brauer, *Im Dienste Bismarcks*, p. 51.

¹³³ For Michahelles, he initially worked with von Derenthall, von Kusserow, and Frantzius. Reichenau worked with von Kusserow.

¹³⁴ Michahelles, p. 5.

ultimately lead to the aspiring diplomat's first assignment abroad. The fact that Frantzius had served in Brazil, and trained Michahelles, may also have been a factor when it came to send him there later in his career. When Michahelles finally served in the field as a vice consul in Alexandria, he was fortunate again to work with von Derenthall. Along with providing important training for his protégé, he provided the young envoy with important connections. The members of the von Derenthall family were Prussian nobles who were active in politics, law, and the army.¹³⁵ Just as important, Eduard was married to Luise du Bois, whose father, Henri Charles, served as a royal Dutch ambassador. In times of need, particularly from 1890 to 1897 when Michahelles was at odds with Chancellor Bülow concerning the Helgoland-Zanzibar Treaty, the influence of von Derenthall and his family helped keep him active in the Foreign Office, and, ultimately, led to him receiving a new assignment to Peru in 1898.

Much like Michahelles, Reichenau received an excellent training from von Kusserow in Division I of the Foreign Office. Von Kusserow was well regarded in issues of colonial policy and served as a member of the Foreign Office since 1860.¹³⁶ Reichenau was "very satisfied with this position," particularly since he found that "from there the transition to diplomacy is very easy."¹³⁷ Due to his service in Hamburg and the

¹³⁵ Eduard's father Albert was a Major in the Prussian military, and served during the German Wars of Independence.

¹³⁶ Von Kusserow was originally a member of the Prussian Foreign Office and served there until 1871. From 1860-1871, he was an attaché to The Hague, and a secretary of legation to Paris and Washington. After serving for several years in the *Reichstag*, von Kusserow returned to the Foreign Office in 1874 as a *Legationsrat* and *Vortragenden Rat* in Division II. In 1885, when colonial politics was moved into the Political Division, von Kusserow became its head and served in this post until his transfer to as ambassador for Mecklenburg and the Hanseatic cities at the end of 1885. Keiper and Kröger, eds., *Biographisches Handbuch*, vol. 2: G-K, pp. 245 and 263.

¹³⁷ Reichenau, p. 3.

support of von Kusserow, he was transferred to Rome in July 1888, where he served as the Prussian envoy to the Pope. Although he was not yet the *German* envoy, this was still a significant appointment, and one that he most likely would not have received had he not developed a good relationship with von Kusserow in Hamburg.¹³⁸

On the other hand, the Foreign Office was quick to recall any subordinate that had displeased his chief. A frequent problem lay in the inability of some members of a legation to get along comfortably, which was especially critical in posts in distant countries. In such circumstances, the personnel, often almost exclusively bachelors, lived and worked within embassy walls. When trouble arose, the offender had to be sent away, no matter how remarkable his talents might be. For Michahelles, and Reichenau, such concerns were minimal, as both men were very friendly with their surrounding personnel. Such good relations while so far from Berlin may well have been a strong factor—along with their respected talents—in sending, and keeping, them in South America.

As junior diplomats advanced in their careers, they had to be careful to avoid certain pitfalls. One was to escape the Foreign Office classifying them as a specialist in Asian or African matters, as the diplomat's career might stagnate, and future posts, particularly in Europe, might never be granted. As Hebert Bismarck once noted, the most important thing for an aspiring diplomat to do was to keep himself *en vue* and in

¹³⁸ Ibid., p. 6.

the mainstream of European politics.¹³⁹ At the same time, however, circumstances could arise which made it inadvisable to decline an undesirable post. As a result, Bismarck and his successors were careful to consult all diplomats before making an assignment, as turning down a prospective appointment might irritate the state secretary or chancellor.

Reichenau faced such a situation when it came to his appointment to Chile in 1903. Initially, he was assigned as an envoy to Guatemala in 1901, but due to illness, was unable to accept the position. It was a very serious decision to turn down this appointment, particularly since Prince Lichnowsky, the current head of Division I, had told Reichenau that this post was “intended as an honor and should not be put off any longer.”¹⁴⁰ By turning it down, even for health reasons, he found himself on the edges of the Foreign Office, and by 1902, he believed that “I must finally give up the hope of playing the diplomat further.”¹⁴¹ Luckily, the aspiring envoy received another chance, as he was finally offered a position in Chile. As he remarked upon hearing the news, “the distance to Chile is very large, but we all together have the desire for the overwhelming journey due to the irrepressible two-year waiting period.” Although this may not have been Reichenau’s preference, he recognized that he had little choice in the matter; he had to accept it so that he could “enter back to active duty through this appointment.”¹⁴² After serving with distinction in Chile, he once continued to move up

¹³⁹ Herbert von Bismarck to Bülow, 13 April 1887, Bülow, Bundesarchiv-Berlin, Nachlass 66; Herbert von Bismarck, 8 March 1883, *Bismarck Nachlass*, Bundesarchiv-Berlin, FC 3014/1082.

¹⁴⁰ Reichenau, pp. 165-166.

¹⁴¹ *Ibid.*, p. 183.

¹⁴² *Ibid.*, p. 191.

in the Foreign Office, first spending a year in Brazil (1907), and then taking a European post: Serbia, 1908-1910.

Considerations of seniority, which was based upon a time-in-rank formula, were also a factor. A first secretary, for example, could not continue to decline appointments as a minister, even if to a mediocre post, lest the position, and its seniority, go to another first secretary. The rule for the Foreign Office appears to have been that a diplomat might decline an initial offer, but with a second refusal, he would lose his claim to seniority.¹⁴³ Although some counselors in the personnel section strictly adhered to considerations of seniority, not everyone did. Men like the younger Bismarck took a more elastic view and preferred to measure candidates by standards other than their longevity.¹⁴⁴

For appointments as an envoy, a variety of factors came into play to determine who would receive which post. Approval by the state to which a diplomat was to be accredited was requested, and, in most cases, easily obtained. The Foreign Office also had to contend with determining whether a particular candidate would accept the post in question, as well as if the diplomat would meet the Kaiser's approval. Royal consent, however, could not always be counted on, and often, the sovereign rejected the Foreign Office's proposals. Such royal preference underscores the point that, in the selection of

¹⁴³ Herbert von Bismarck to Friedrich von Holstein, 8 October 1881, *Holstein Nachlass*, Bundesarchiv-Berlin, 3853/H190407-9.

¹⁴⁴ Herbert von Bismarck to Otto von Bülow, 14 April 1887, and 5 October 1888, *Bismarck Nachlass*, Bundesarchiv-Berlin, FC 3004/ 400, 473; Alfred von Bülow to Bernhard von Bülow, 13 August 1892, Bundesarchiv-Berlin, Bülow Nachlass 14.

envoys, the opinion of the crown, not the government, was decisive. Reichenau's appointment as envoy to Chile is a prime example of how influential the Kaiser's inclinations were. In late 1902, Reichenau had the chance to dine with Wilhelm II in Potsdam at the *Neu Palais*. The future envoy readily accepted such a meeting in hopes of trying to obtain a post abroad. Shortly before this meeting, however, he had a long conversation with Oswald von Richtofen (State Secretary, 1900-1906), in which he told Reichenau that there was "little chance for [him] regarding an early reinstatement." While he was at the royal place, however, the Kaiser greeted him, and was so impressed that he inquired, "if I [Reichenau] was ready to pack again."¹⁴⁵ As a result, even though the Foreign Office was not yet eager to grant him a post, he secured one in Chile due to the Kaiser's influence.

As far as the diplomat's personal preferences, the Foreign Office was generally careful to consult candidates about a post, particularly as to whether they would accept it. There were several factors a prospective envoy had to consider in taking a position: the location, cost, and salary of the post; which counselor in the Political Division was in charge of it; the nature of German relations with the power in question; and, especially, the effect accepting or rejecting the assignment would have on his future career. As a result, then, diplomats could be very preferential towards certain assignments.

To diplomats, capitals on the edges, and outside, of Europe, such as Constantinople, Rio de Janeiro, and Santiago (Chile), had good and bad features. The

¹⁴⁵ Reichenau, pp. 186-187.

dependence on German diplomatic and military officials made even lesser positions in the embassies critically important. In some cases, such as Pera, Turkey, or Santiago, Chile, the reliance of the legation secretary would provide an opportunity for a young diplomat to show he was ready for an ambassadorship.¹⁴⁶ On the other hand, the heat, squalor, and remote location of these cities made them unhealthy and inaccessible to Germany. This was a clear disadvantage for an ambassador concerned with maintaining a close connection with the powers in the Foreign Office. Overseas capitals were also viewed as socially backward and unhealthy. Such concerns were at the forefront of Reichenau's mind when Lichnowsky first asked if he would be willing to go to Santiago. He was unsure at first, and so he asked for some time to think the decision over. While considering Lichnowsky's proposal, he "inquired of the current colonial director [Oskar Wilhelm] Stübel, who was over there until 2 years ago" about how healthy Chile was both hygienically and socially. The colonial director gave "highly satisfactory answers concerning the climate, the neighborhood, *activity*, sociability." Moreover, he commented that the people themselves were "proficient, decent people."¹⁴⁷ With such high remarks, any fears that Reichenau had about traveling abroad to Santiago were laid aside, and he readily accepted the prince's offer.

The lack of safety also made it difficult for wives or children to accompany a diplomat abroad. This is one reason why the service had a high percentage of bachelors in its ranks, and why many were assigned to places far from Berlin. Treutler, who

¹⁴⁶ See, for example, Alfred von Bülow to Bernhard von Bülow, 4 March 1883, Bundesarchiv-Berlin, Bülow Nachlass 14.

¹⁴⁷ Reichenau, p. 191.

served as the minister to Brazil from 1901 to 1907, was the only member of his legation to take his wife overseas. He remarked that his existence there was bearable because he and his family lived together year-round in the capital and imported almost everything from Europe.¹⁴⁸ The trip home from such distant posts was long, and the Foreign Office would only pay for the cost if the journey came at the termination of an assignment. Even vacations, which were uncommon, were paid out of one's own pocket. As a result, then, it is not surprising that a diplomat who had served for several years in an overseas post felt entitled to a European assignment as a reward for his time abroad, a claim the Foreign Office was usually prepared to honor, either soon thereafter, or in the near future. This was certainly the case for most of the men who held posts in Brazil, Chile, and Argentina.¹⁴⁹ Some counselors in Berlin, however, were willing, and anxious, to accept posts in South America and the Caribbean in order to acquire experience in the field or ministerial dignity.¹⁵⁰

In making its assignments, the Foreign Office also took into consideration the preferences of the governments to which an envoy would be accredited. Its choices were almost always accepted without cause, which reflected the care with which they were chosen. Although the candidates the Foreign Office preferred usually satisfied foreign governments, the latter did not hesitate to ask for the recall of unsatisfactory envoys. Despite the Foreign Office's precautions, some diplomats proved to be ill-suited to their assignments and when they suddenly showed themselves to have a deplorable lack of

¹⁴⁸ Treutler, p 1.

¹⁴⁹ Ibid.; and Reichenau, p. 191.

¹⁵⁰ Michahelles, p. 79.

judgment or refinement, they were quickly removed. As a result, the placement of diplomats abroad, particularly in South America, required men whom the government could trust to behave in a manner appropriate to their position, requiring little oversight on its part. While Bismarck was in power, foreign governments occasionally suggested the recall of a German envoy, but they never insisted upon it. This is a strong indication that the Iron Chancellor was very careful in choosing and watching over his diplomats.

A diplomat's financial means were also a factor in his career path. Because of the enormous demands the service placed on one's income, particularly if sent to a faraway post, the Foreign Office made some attempt to see to it that its less wealthy members (especially older ones) were not accredited to expensive capitals.¹⁵¹ It believed that the impression that a diplomat's style and that of his diplomatic establishment made on a foreign court or government, as well as on its press and public opinion, affected the relationship between nations. An unkempt embassy could be seen as a sign of German indifference. If the legation of one great power was noted as a well-known center of society, it became necessary for the other powers to keep up. One of the first things that a newly assigned diplomat did, particularly when serving so far from Germany, was to furnish the embassy, and his home, in a style that was similar to those in Europe.¹⁵² As a result, this required money, political grace, and socially adept wives, or mistresses.

Diplomatic polish was also a factor that the Foreign Office considered in its assignments. In some capitals, social grace was more useful than enthusiasm for

¹⁵¹ See, for example, Anton Graf Monts, *Politische Aufsätze*, (Berlin: Kronenverlag, 1917), p. 84.

¹⁵² Michahelles, pp. 96, 133.

furthering German interests. Still, in other cases, the complicated nature of diplomacy required men who were more adept at negotiations and subtleties in conversation.¹⁵³ Any inkling of crude manners was unthinkable in Munich, Vienna, or London, but not necessarily ruinous in New World capitals such as Washington, Port au Prince, or Santiago, where a high degree of diplomatic skill was more important.¹⁵⁴

Advancement in the service was related to a number of criteria. Many, such as birth, wealth, sociability, or even the tastes and attractiveness of one's wife, went well beyond skill in negotiation. If one had all, or even some, of these attributes, promotion could be expected and was usually forthcoming without complication or delay. Nonetheless, over the course of his career, every diplomat had to be careful not only to maintain good relations at foreign courts, but also ingratiate himself with officials in Berlin. The greatest asset a diplomat could possess was the good opinion of his superiors, and young men in the Foreign Office had to be wary of the capricious nature of elder counselors, directors, and state secretaries. Diplomats who worked in the field had to appease these men and their heads of mission. At the same time, they also had to stay on the good side of kings and chancellors and their subordinates, both civil and military, none of whom hesitated to involve themselves in the careers of men who served as diplomats. If an envoy could successfully negotiate all these potential pitfalls, a

¹⁵³ For a distinction between social grace and adroitness in discussions, see Bülow to Herbert von Bismarck, 17 March 1887, *Bismarck Nachlass*, Bundesarchiv-Berlin, FC 2958/762-66.

¹⁵⁴ For the importance of skill in negotiations, especially in South America, see Reichenau, p. 191.

successful and excellent career lay in front of him, -- such as those led by Michahelles, and Reichenau.

CHAPTER III

ESTABLISHING A FOOTHOLD: GERMAN *KULTUR*- AND *DEUTSCHUMPOLITIK*, AND THE DEVELOPMENT OF GERMAN INFLUENCE ABROAD

On 17 January 1910, twenty-one German boys and girls began their education at a newly constructed elementary school in Lima, Peru. For several years, the German men and women living in Lima had petitioned their ambassador, Gustav Michahelles, to establish a school so that their children could receive the benefits of a German education even though they were so far from home.¹⁵⁵ Having finally secured the funding for establishing such a school - mostly from a generous donation from a local merchant in Lima - Michahelles informed the German Foreign Office that the plan to open this school could begin. The German ambassador's report subsequently secured the remaining financial support from Berlin. Ultimately, the school was also opened to local children, provided that they attend the it from the beginning, and take their lessons in German. The Reich willingly supported Michahelles' plan to fund the school, as it saw it as another way to promote its overall policy in South America: encouraging the development of the country in order to strengthen its ties with Germany. Although the ambassador met with difficulties in obtaining enough financial support for the school during its first five years, through his efforts, which were granted tremendous support

¹⁵⁵ Michahelles served as the German Minister Resident in Peru, 1901-1910.

and latitude from the Foreign Office, the school began to flourish. This marked another step for Germany in fostering the growth and development of Peru, and, in the process, creating a stronger bond between the two nations.

Assisting in building German schools in places like Lima, Peru, and thus creating a “Germany” abroad, was not uncommon for the German Foreign Office. Prior to the outbreak of World War I in 1914, German communities sprang up throughout South America, particularly in Peru, Chile, Brazil, and Bolivia, and with them, representations of Germany and German culture, like schools and churches. At the center of these symbols was a sense of shared identity and/or cultural belonging to Germany, connecting Germans, both at home and abroad, to the nation. This idea, and these feelings, which can be defined as “*Deutschtum*” guided the Foreign Office, colonial groups, German settlers, and diplomats in their desire to help build and support these communities abroad.¹⁵⁶

More than any other institutions, German churches and schools became sites where the production and consumption of German things, particularly German culture, was concentrated and multilayered. Consistencies and variety of Germanness that were centered and evolved in South America also gained their clearest articulation in these places. Wherever Germans settled in significant numbers, they quickly founded schools and churches. The creation and maintenance of these places was perhaps the key

¹⁵⁶ The term “*Deutschtum*” is not an easy term to translate as it encompasses many different meanings. Broadly speaking, however, it can be translated as “German” or “Germanness”. For more information see footnote 28 in the introduction.

similarity across discrete German communities that emerged in South America in the late nineteenth and early twentieth centuries.¹⁵⁷ The literacy the schools and churches promoted, the content of their study plans, the social experience of attending and maintaining them, all tied these eclectic, and hybrid communities together and linked them to Germany and similar communities around the world.¹⁵⁸

For the German government and Foreign Office, support of these places, and the *Deutschtum* they represented, would keep the people who embraced German culture connected to Germans within the nation-state. This, in turn, would guarantee markets in those regions for German goods. As a result, the communities would help facilitate German influence both culturally and, ultimately, economically.

The process of creating a place, and a community, to live was integral to the development of soft power which Germans in South, and Latin, America enjoyed. Representations of German places identified by Celia Applegate “which bring together multiplicity and familiarity” were never limited to Europe and the German nation-state’s brief colonial possessions (1884-1918).¹⁵⁹ As Issac Marcossou and similar authors lamented, such places became ubiquitous in Argentina, Chile, and other South American

¹⁵⁷ For a general discussion on the founding of schools and churches in German communities abroad, see Henry Werner, ed., *Deutsche Schulen im Ausland*, vol. 1 (Berlin: Westkreuz-Verlag, 1988); and Peter Nasagari, ed., *Deutsche Schulen im Ausland*, vol. 2 (Berlin: Westkreuz-Verlag, 1989). Penny, “Latin American Connections.

¹⁵⁸ For more on the global character of these institutions abroad, see Manz, *Constructing a German Diaspora*.

¹⁵⁹ Celia Applegate, “Sense of Place,” in Helmut Walser Smith, ed., *The Oxford Handbook of Modern German History* (Oxford: Oxford University Press, 2012), pp. 49-70.

nations by the turn of the nineteenth century.¹⁶⁰ These communities flourished because, as Applegate indicates, there was ample room in the German imagination for this multiplicity of places and the cultural hybridity that came with them. They were also joint productions of the diverse Germans who went abroad and whose purpose sometimes overlapped with, but were not always dictated or controlled by, those who remained at home, or their agents abroad.¹⁶¹

While *Deutschtum* was an underlying idea regarding German communities, there is an ambivalence in how the Foreign Office, German settlers, and diplomats viewed the term. Each of these groups used it differently as they attempted to shape the policies that they hoped would extend German power and influence abroad. For the Foreign Office, supporting and encouraging German elements such as schools and churches in communities in South America was a large part of its Kultur- and *Deutschtumspolitik* (cultural and “Germanness” policy). German settlers and colonial groups, on the other hand, viewed these buildings, and the towns and villages that sprang up around them, and the *Deutschtum* that they represented, as a means to connect the settlers to their homeland that was thousands of miles away. German diplomats were more ambiguous in their use of the term and in how they viewed German areas in South

¹⁶⁰ Issac Marcossion was a financial editor for the *Saturday Evening Post* in the 1920s. In 1925, he wrote a noteworthy article that warned his readers that “the Germans are becoming our [America’s] strongest trade rivals” in Latin America. This article is both noteworthy and typical of popular American journals and magazines after World War I which sought to cast the presence of well-integrated, influential, and highly interconnected Germans, their businesses, and communities in Latin America as a unitary “German presence” that served the interests of the German nation-state. Issac F. Marcossion, “The German in South America,” *Saturday Evening Post*, 1925: p. 36.

¹⁶¹ Penny, “Germans Abroad: p. 182.

America. They saw these areas not only as a way to encourage Germans to emigrate to places far from home, but also as a means to demonstrate how Germany could aid in the development, and modernization, of countries in South America, which would also further German attempts at globalization. They served as a permeable membrane for the Foreign Office and the settlers and their views of *Deutschtum*, as they strove to shape German policy in South America. The diplomats mediated between the desires of these two groups to create and foster a safe and comfortable place for Germans to conduct business, visit, live, and feel at home.

In this chapter, I will examine the development of *Kultur-* and *Deutschtumspolitk* and demonstrate that it was an underlying principle governing German policy in Latin America, specifically, and was a part of Germany's globalization policy more broadly. As the idea, and feelings, of *Deutschtum* was important to the various groups interested in developing a Germany abroad, this chapter will also trace the ways in which this term affected the development of German presence abroad, and the creation not only of German communities, but also a sense of shared cultural belonging. For settlers and colonial groups, they viewed *Deutschtum* as a way to bring a piece of their home with them. The Foreign Office, on the other hand, used it as a means to bring the best of German culture, and way of life, to other foreign nations, with the result of allowing Berlin to exert its influence and presence as these other nations slowly adopted it and developed. German diplomats, while they were dedicated to following the Foreign Office's policies, also were committed to helping to enact, and protect, the vision that settlers, and colonial groups, had intended for Germans in South America, namely to

establish and preserve their connection to their homeland. Thus, they served as mediators between the Foreign Office and the German settlers and colonial groups, enacting policies that reflected the desires of Berlin and listening to, and heeding, the wishes and desires of the Germans who lived abroad.

While there was an ambivalence in how the term *Deutschtum* was defined and used, at its core was an idea of a shared identity and belonging to Germany. This was a feeling which, no matter how far one was from Berlin, never dissipated. Much of Germany's success in settling in to South America was facilitated by the consumption and production of German things. As Leona Auslander points out, jointly reading books, using identical objects, and wearing similar clothes all built inter-subjectivities. They created community.¹⁶² The influx of German things into Latin America was part of the larger flow of European objects, and Latin America's upper classes also attached importance to German things in their efforts to modernize their countries.¹⁶³ By examining the creation of German communities, and the role of *Deutschtum*, a better understanding of German soft power in South America, and elsewhere, will emerge.¹⁶⁴ Armed with a policy of development in South America, and diplomats like Michahelles, Treutler, and Reichenau, to help both the settlers and the Foreign Office, Germany was

¹⁶² Leona Auslander, "Beyond Words," *American Historical Review* 110, 4 (2005): pp. 1017-18.

¹⁶³ Arnold J. Bauer, *Goods, Power, History: Latin America's Material Culture* (Cambridge: Cambridge University Press, 2001).

¹⁶⁴ For recent work on German soft power in Latin America, see Penny, "Material Connections," pp. 519-549; and Stefan Rinke, *Im Sog der Katastrophe: Lateinamerika und der Erste Weltkrieg* (Frankfurt: Campus, 2015).

able to establish itself in South America and gain influence as it sought to demonstrate that it was a European, and global, power.¹⁶⁵

Before one can discuss the implications of the Foreign Office's Kultur- and Deutchtumspolitik, it is necessary to investigate its origins, and why it was seen as a critical part of German foreign policy. After the founding of the Reich in 1871, the idea of Deutchtum, and the feelings it evoked, developed, especially within the borders of Germany. As the idea of increasing Germany's global presence grew, the importance of colonies, and colonizers became more significant. As Eduard von Liebert, the German governor of German East Africa, remarked in 1896, "the Germans abroad are our most important colony."¹⁶⁶ This thinking ultimately became the motto of all Deutchtum intentions: "For they [the Germans], are destined for greatness. And as they are in the middle of Europe's peoples, they are at the heart of humanity. They are chosen by the spirit of the age to work on the eternal building of human education."¹⁶⁷ As a result, the goal, and reward, became "to maintain and increase the external position of our race, and internal expansion of our facilities to the highest national and universal impact, and we will serve the world as the Fatherland equally brave and equally successful."¹⁶⁸

¹⁶⁵ Treutler served as the German Ambassador in Brazil, 1900-1907.

¹⁶⁶ Eduard von Leibert, *Die deutschen Kolonien und ihre Zukunft* (Berlin: Dossische Buchhandlung, 1906), p. 1.

¹⁶⁷ Verein für das Deutchtum im Ausland, *Handbuch des Deutchtums im Auslande: nebst einem Adressbuch der deutschen Auslandschulen, zwei Kartenbeilagen und fünf Kartenskizzen* (Berlin: Reimer, 1906), p. XIX.

¹⁶⁸ Karl Lamprecht, *Deutsche Geschichte der jüngsten Vergangenheit und Gegenwart*, vol. II (Berlin: Weidmannsche Buchhandlung, 1912), p. 494.

Due to this thinking, proponents of *Deutschtum* established the *Zentralstelle für die Erforschung des Deutschtums im Auslande* (the Central Office for the Exploration of Germans Abroad) to investigate the objective of German emigration, so that the emigrants could be incorporated into German history, and to demonstrate the importance of these expatriates for increasing German economic and cultural interests. The German government was also willing to adopt this idea.

Groups such as the *Allgemeine Deutsche Schulverein zur Erhaltung des Deutschtums im Auslande* (the Universal German School Association for the Preservation of Germanness Abroad) commonly were at the center of such efforts, and by 1913 membership in the *Allgemeine Deutsche Schulverein* reached a high of 50,00.¹⁶⁹ German churches too, especially the Protestant church, made the preservation of *Deutschtum* one of their primary causes. To further help, a number of organizations, such as the *Verein für das Deutschtum im Auslande* (Association for Germans Abroad), published magazines like the “*Deutsche Erde*” (“German Soil”), and “*Der Auslandsdeutsche*” (“Germans Abroad”) in Germany and distributed them widely. Magazines and newspapers that focused on specific areas were put together. In the case of Brazil, for example, two of the most widely circulated periodicals were the “*Deutsch-Brasilianische Verein*” (“German-Brazilian Association”) and “*Blumenau-Stiftung*” (“Blumenau Foundation”). These publications were important in alerting Germans at home to the need to support those who were not within the specific borders of the

¹⁶⁹ For more about school associations and their membership, see Erwin Barta and Karl Bell, *Geschichte der Schutzarbeit am deutschen Volkstum* (Dresden: Verein für das Deutschtum im Ausland, 1930), p. 197; and Verein für das Deutschtum im Ausland, *Handbuch des Deutschtums*.

homeland, and the German government, as well as organizations interested in seeing Germans spread across the globe, used magazines and newspapers to help garner support.

Due to these views and undertakings, the mission and the responsibility to take care of the Germans abroad was clear. In southern Brazil, the number of German-speaking settlers was estimated at 350000 in 1902. While this represented only two percent of Brazil's total population, most German settlers lived in the southern states, where they had a large share of the population. In the state of Rio Grande do Sul, which shares a border with Uruguay, 150000 Germans lived alone and thus represented fifteen percent of the total population. The “most German” state was Santa Catharina, which had a population of 80,000 German-speaking inhabitants and represented twenty percent of the total inhabitants.¹⁷⁰

Chile also had a relatively sizable German population. While the German settlers spread throughout the country, the majority was located along the southern coast in Osorno, Valdivia, Concepcion, and Santiago. By 1905 in Valdivia, “the oldest and largest German colony” in Chile, the majority of the 14000 inhabitants were of German, or of German descent, allowing visitors to enter any shop and be able to communicate in German. In Osorno, which had a population of 17000, nearly half of those who lived there were German, and in Concepcion, of the approximately 4000 inhabitants, ten percent were German.¹⁷¹

¹⁷⁰ Ibid., p. 391.

¹⁷¹ Reichenau, p. 200; and *Frankfurter Zeitung*, 22 July 1907.

As more and more Germans left their homelands, officials in Berlin were faced with a conundrum of how to handle this exodus. Italy also faced a similar problem as it saw some thirteen million Italians depart from the peninsula between 1880 and 1915. To accommodate this mass departure, Italy recast itself as a “global nation.” As part of this plan to make itself more “global”, and to make up for its modest colonial territories, Italy sought to capitalize on the presence of Italians abroad.¹⁷² Such efforts did not escape the notice of German officials, and it was those ideas which brought about changes for the settlers, such as the transformation of the German citizenship law. Starting in 1871, when Imperial Germany was founded, those who left without the intent to return faced disenfranchisement, and Germany faced the loss of those people and their connections. The 1913 citizenship law changed that as it formally bound those Germans who went abroad to the German state through the codification of *jus sanguinis*, which, as Nancy Green argues, was “not simply an ethnicizing concept of citizenship but also a powerful way of constructing the nation even across space.”¹⁷³

The Germans in southern Chile serve as a clear example of how the combined efforts of these groups (German diplomats, settlers, and school and church groups) nurtured the Germanness in Chile and helped to create a strong German presence.¹⁷⁴ In the middle of the nineteenth century, Germans had begun settling in isolated regions in southern Chile, whose chief cities were Concepcion, Orsorno, and Valdivia. There they

¹⁷² Mark L. Choate, *Emigrant Nation: The Making of Italy Abroad* (Cambridge: Cambridge University Press, 2008).

¹⁷³ Nancy L. Green, “The Politics of Exit,” p. 276.

¹⁷⁴ See, for example, George F. W. Young, *The Germans in Chile: Immigration and Colonization, 1849–1914* (New York: Center for Immigration Studies, 1974); and Penny, “Material Connections.”

retained a vibrant German identity which their churches and schools supported, far from the auspices of the Chilean state. Although the settlers were not completely isolated, they were a distinct minority. Many arrived with capital, and as a result Valdivia and the other port towns soon developed an industrial character. After 1870, as roads linked the areas around Lake Llanquihue to the ocean, those subsistence economies transformed into an export economy, which grew considerably after German companies, at the urging of German diplomats and the Foreign Office, helped build a railroad to the north and later extended it as far south as Puerto Montt. By that time, southern Chile had evolved into one of the most prosperous agricultural regions in Chile.¹⁷⁵ Throughout these growths and changes, German influence in the area was always present, and “decidedly apparent.”¹⁷⁶

Although the German settlers in Chile suffered from a strong confessional divide between Catholics and Protestants, they all supported their schools and their connections to German-speaking Europe. They also had a vibrant press, and created many of the same social clubs that commonly found in German communities, especially choirs, fraternal organizations, and gymnastics clubs.¹⁷⁷ Just as important all these aspects of German culture received support from the German diplomats abroad, who in turn encouraged the Foreign Office to provide aid, who did so to varying degrees. The

¹⁷⁵ Young, *The Germans in Chile*, p. 116.

¹⁷⁶ *Ibid.*, p. 144. Even in 1973, while working on his book on Germans in Chile, Young noted that one could still hear German in the streets of Osorno, Puerto Montt, Temuco, and Valdivia.

¹⁷⁷ Andrea Krebs Kaulen, Sor Ursula Tapia Guerrero, and Peter Schmid Antwandter, *Los alemanes y la comunidad chileno-alemana en la historia de Chile* (Santiago: Titular, 2001).

settlers created schools, churches, clubs, fields, houses, and roads. These were all objects based on models the settlers brought with them from their homeland.

Schools and churches flourished because they not only received support from Germany, but also Chile, which actively encouraged their creation and helped financially support them. For Chile, it agreed to provide funding for the schools in exchange so long its own citizens could attend. It also used German schools as a model for its own public schools, and hired many German teachers to work in, and reshape, them.¹⁷⁸ By 1903, there were thirty-two German schools in Chile, and Valdivia had the largest German school outside of Germany, boasting 444 students, twenty-two teachers, and lessons plans based on a Prussian Model.

When German ambassadors arrived in Chile, one of the first steps they took was to take trips to gain a sense of the German communities under their control. In November and December 1902, Reichenau travelled throughout southern Chile, and returned with the belief that the German schools were the glue that helped hold these communities together, and that these institutions did the most to preserve the settlers' *Deutschtum* (German character). The schools, he wrote to the Foreign Office, "were not only of moral value for us, through their protection of the German language and manners. Rather they also offer a clear material profit through the preservation of old and creation of new economic relationships. Moreover, those "who attend the German

¹⁷⁸ Professor Dr. Gustav Lenz (Darmstadt), "Die Deutsche Schulen in Chile," *Die deutsche Schule in Auslande* vol. 2, no. 11 (1903): pp. 499–504. For the broader context, see Carlos Rodrigo Sanhueza Cerda, *Geografía en acción. Práctica disciplinaria de Hans Steffen en Chile (1889–1913)* (Santiago de Chile : Editorial Universitaria, 2014).

schools,” he explained, “direct their attention during their professional lives to the German market,” and for those reasons, towns and cities, especially Concepcion, Santiago, and Valparaiso, needed to have schools that were similar to the German Realschule (secondary school). The children of wealthy merchants lived in these cities, and they needed to be trained to compete in international markets with goods that German Chileans produced and imported from Germany. The schools, he argued, were not only the “nerve center and backbone of Germanness in Chile, they were also a crucial factor in our economic success here.”¹⁷⁹

When German ambassadors ventured into German towns in South America, with their ports and industries, there was considerable talk of trade, but there was also an attention to the smaller details of the towns – the wooden houses one might expect in southern Germany but not in Chile or Peru, the meetings that appeared so “*heimisch*” (native to Germany), the comfortable associational culture, the warmth and hospitality of the beer halls, and the care and attention placed on the schools and churches. In 1913, for example when Ambassador Eckert travelled through Chile, he wrote a report on his trip from Santiago to the German colony of Contulmo, which contained about two hundred Germans. In it, he remarked that he found the colony nestled in an area that reminded him of the Schwarzwald (Black Forest) in southern Germany. Since its founding in 1884, he wrote, it had been engaged for decades in “fantastic cultural work,” which left him with a “curious and satisfying impression.” Since then, the colony engaged in

¹⁷⁹ Reichenau to Bülow, 1 February 1903, Bundesarchiv-Berlin, R 38854.

“fantastic cultural work,” which left him with a “curious and satisfying impression.” As Eckert rode out of the rainforest and into the valley, he remarked, “a patch of earth, transformed by German order and culture,” greeted him, and was filled with “well maintained paths, gardens, and orchards.” The residents enthusiastically greeted him, and promptly took him to the church, and then the school, where one of its students, “a child of Chilean background,” greeted him in German and presented him with flowers. That experience, he confided, confirmed to him how deep “the inner strength of *Deutschtum* is in Chile and how worthy it is of support.”¹⁸⁰

As in other places in South America, German settlers to Chile, while they became loyal citizens of their new state, remained proud members of a German *Kulturgemeinschaft* (cultural community). They believed that this “community” was bound together by certain values: its members were loyal, orderly, peaceful, reliable, and perhaps most importantly, hard-working. This pride in their *Deutschtum*, their Germanness, and their particularly German contributions to Chile was recorded in countless books and journals, such as *Deutsche Arbeit in Chile* (*German Work in Chile*), which the German Scientific Association of Santiago issued in honor of Chile’s one hundredth anniversary.¹⁸¹

For its part, the German Foreign Office agreed with Eckert’s evaluation because it confirmed what other observers consistently described. In 1904, for example, the

¹⁸⁰ Eckert to Theobald von Bethmann-Hollweg, 27 November 1913, Bundesarchiv-Berlin, R 38854.

¹⁸¹ *Deutsche Arbeit in Chile: Festschrift des Deutschen Wissenschaftlichen Vereins zu Santiago. Zur Centenarfeier der Republik Chile*, (Santiago de Chile: Verhandlungen des Vereins, 1910).

commander of the SMS *Falke*, a warship that visited the area, reported to the Kaiser that the farmers around lake Llanquihue “could not be more ur-German.” These settlers had reproduced their homelands in South America. All around their homes they recreated the most essential German things: clean walkways, tidy farms, flourishing gardens and orchards, tools and transport, and schools and churches. They were also engaged in active trade, producing agricultural goods for world markets, and buying items from Germany with their profits. As the commander of the *Falke* remarked, “German goods were to be found all over the territory.”¹⁸²

In their initial stages, 1820s-1850s, however, German settlements in South American struggled, even though they were grouped around certain key aspects. The small farmers, craftsmen, members of retail trade, and owners of small industrial companies represented the German settlers, i.e. the German-Brazilians, German-Chileans, German-Bolivians, and so forth. They created an economically active middle class, and gave a new modern element to their respective societies. Nonetheless, in most cases, these settlements were in the middle of the wilderness, and secluded the settlers from all links to transportation, making it nearly impossible to even establish contact with other local communities. Furthermore, the settlers suffered from any substantial cultural development.

The German settlers were also isolated from local societies due to virulent ethnocentrism. They were viewed as a minority, and barriers erected against them. This

¹⁸² Korvettenkapitän und Kommandant SMS Falke Behncke to the Kaiser, 30 December 1904, Bundesarchiv-Berlin, R 38854.

forced the settlers to continue to hold onto their cultural traditions and previous ways of life.¹⁸³ Religion and education, especially, further alienated the German settlers in the early days. In Brazil, for example, while the state religion of Brazil was Catholicism, most German settlers were Protestants, which created strong opposition from the government. Germans faced similar alienation in Chile. In 1852, the Chilean government admonished Bernhard Eunom Philippi, a German colonizing agent for Chile, for sending too many Protestant settlers, and not enough Catholics.¹⁸⁴ Due to this physical and cultural isolation, German subcultures were created, and became a symbol for the settlers. They cultivated a certain sentimental solidarity amongst themselves, strove to hold onto German traditions, observed German-nationalist Catholic days, and hosted traditional gymnastic (*Turner*), singer (*Sänger*) and marksmen (*Schützen*) festivals.

Initially, while the German consuls and ambassadors wished to support the settlers, they were unable to because so few of the settlers were German nationals. Any steps taken to assist these settlers would have reinforced xenophobic measures against them, as the South American governments would have seen these efforts as an attempt to seize control of their nation. In Brazil in 1892, for example, Consul Koser wrote that the slightest suspicions of interference in Brazilian affairs would lead to the withdrawal of

¹⁸³ This includes the adoption of a myriad of gymnastics, revel, rifle and choral societies. In one report the Verband Deutscher Vereine, a colonial group, reported about Porto Alegre: "Today, the state capital pays as many German societies, clubs and circles of loose combination." Verband Deutscher Vereine, Porto Alegre, ed., *Hundert Jahre Deutschtum in Rio Grande do Sul, 1824-1924* (Porto Alegre, Brazil: Typographia do Centro, 1924), p. 293. The clubs were generally considered a stronghold for maintaining the German language and German customs. See, among others, Robert Gernhard, *Dona Francisca, Hansa und Blumenau: Drei deutsche Mustersiedlungen in südbrasilianischen Staate Santa Catharina* (New York: S. E. Stechert, 1901); Kaulen, *Los alemanes*; and Penny, "Material Connections."

¹⁸⁴ George F.W. Young, "Bernardo Philippi, Initiator of German Colonization in Chile," *The Hispanic American Historical Review*, vol. 51, no. 3, 1971: pp. 478-496.

Germany's *exequatur*.¹⁸⁵ The ineffectiveness of the consular activity and the precarious relationship between the German consuls and the various South American governments meant that the mixed German populations, i.e. the German-Brazilians and so forth, could not call for German assistance in public or through the press.

Due to this isolation from the German nation-state, an increased assimilation began to occur in the late nineteenth century, especially in urban areas. The formation of larger communities and small towns allowed for more socially diverse settlements. In Brazil, for example, this permitted the German-Brazilians to assume jobs which were previously reserved only for native Brazilians. As a result, contact with the Brazilian middle class began to develop. Similar situations also occurred in Chile, Bolivia, and Peru, as interactions between the German populations and the local middle class increased.

As assimilation into the South American societies continued to grow, the German language, which, above all, had helped keep German cultural traditions alive, began to recede more and more.¹⁸⁶ Knowledge of Portuguese and Spanish grew in importance as

¹⁸⁵ Koser to Heinrich Graf von Luxburg, German Ambassador to Brazil, 17 November 1892, PA-AA, R 38717; see also Koser's report from 16 November 1893, PA-AA, R 38721.

¹⁸⁶ German nationalists in Brazil, for example, tried to keep their language and culture alive, but as time progressed, it became more difficult. These Germans, however, did not give up easily. Wilhelm Breitenbach, a German botanist, zoologist, and publisher who lived in Brazil during the late nineteenth and early twentieth centuries and published a book about his time there, related how, when he was in Porto Alegre, he noticed that many German companies spoke Portuguese. As a result, he constantly had to remind them of the impropriety of such behavior. Wilhelm Breitenbach, *Aus Südbrasilien: Erinnerungen und Aufzeichnungen* (Brackwede: W. W. Breitenbach, 1913), p. 250. In another case, Wilhelm Heeren, a Pastor in Brazil and Chile, had to pay close attention to the children on the playground so that they did not talk to him, or each other, in the easier Portuguese. Wilhelm Heeren, *Deutsch-evangelisches Leben in Brasilien: Erinnerungen und Erfahrungen eines ehemaligen brasilianischen Diasporageistlichen* (Leipzig: K. Kaupisch, 1901), p. 162.

they were the only means to communicate with authorities and official contacts. As a result, young men, particularly sons of leading families, were increasingly sent to schools in Sao Paulo, Rio de Janeiro, and Porto Alegre to learn Portuguese, and Santiago, Valdivia, La Paz, and Lima to learn Spanish.¹⁸⁷

Nonetheless, while some German settlers sought to assimilate into the local culture, just as many fought to hold onto their connection to their fatherland and preserve their *Deutschtum*, their cultural identity. Moreover, the tendencies of Germans towards assimilation did not escape the notice of the German diplomats and those in Germany who valued the “loyal devotion and undying love for the fatherland.”¹⁸⁸ In Chile, for example, Reichenau commented that German settlers certainly were capable of preserving their *Deutschtum*.¹⁸⁹ In 1900, upon his return from a trip to southern Brazil, Ambassador Arco-Valley lamented how depressed he was at the current situation of the Germans in the area.¹⁹⁰

After his own trip through Southern Brazil in 1902, Arco-Valley’s successor, Treutler (1901-1907), encountered a similar situation, writing that the picture was not altogether very pleasing. The reason for such distressing circumstance, he reported, was due to the strong will of those in power in the Brazilian government to assimilate the Germans, and because the conditions which would help preserve the German elements,

¹⁸⁷ Jean Roche, *La colonisation allemande et le Rio Grande do Sul*. (Porto Alegre, Brazil: Editôra Globo, 1969), cited in Brunn, *Deutschland und Brasilien*, p. 172.

¹⁸⁸ Verein für das *Deutschtum* im Ausland, *Handbuch des Deutschtums*, p. 392; Gernhard, *Dona Francisca, Hansa und Blumenau*, p. XX.

¹⁸⁹ Reichenau, p. 201.

¹⁹⁰ Otto Graf zu Stollberg-Wernigerode and Otto Lessing, *Germany and the United States during the Era of Bismarck* (Reading, PA: Henry Janssen Foundation, 1937), p. 211.

such as a constant influx of immigrants, and traditions in remembrance of their army or campaigns, slowly disappeared. For the German ambassador, the Germans faced a crisis in areas like Rio Grande do Sul, and he feared it would only grow worse if action was not taken.¹⁹¹ Treutler encouraged the Foreign Office “to preserve our morally established rights in Rio Grande do Sul and continue [to be] strong so that a safe outlet is created for our domestic products and a good base for any future events... we must not leave our kinsmen without strong help.” He further punctuated his point with a warning to his leaders back home: “The last few years have happily awakened interest that must be indulged more actively than before, both privately and by the state.” To do otherwise would result in a “risk of regression”¹⁹²

Such thoughts underscore that actions of the German settlers and ambassadors abroad, and both the Foreign Office and non-governmental groups eagerly embraced these ideas of preserving, and strengthening, the settlers’ *Deutschtum*. In the case of the Foreign Office, many different methods were proposed: they demanded that Germany encourage a more intense economic activity in South American communities; investment of capital, reinforcement of shipping; and relaxing legal obligations such as fulfilling mandatory military service. Perhaps most important, they pushed for cultural connections with Germany through lecture tours, provisions for libraries, and frequent visits from Germany fleets.¹⁹³

¹⁹¹ Report, Treutler, 30 June 1902, PA-AA, R 38733.

¹⁹² *Ibid.*

¹⁹³ See, for example, Ernst Schulte, “Das Deutschtum im Auslande”, *Die Grenzboten* vol. 67, no. 3 (1908), pp 8-15 and 70-74.

In 1897, Berlin began to foster and increase the feelings of Deutschtum by creating better organizational conditions. One of the first steps was to establish more consulates. In Brazil, embassies were opened in Florianopolis (in the state of Santa Catharina) and Curitiba (in Parana); in Chile in Concepcion and Victoria; in Oruro and Santa Cruz in Bolivia; and Tacna and Piura in Peru. The new consulates in Brazil were particularly significant as with those already in Porto Alegre, Rio de Janeiro and Rio Grande do Sul, Germany now had more in southern Brazil than it did in all of Latin America.

The Foreign Office also sent warships to the area, where they served as screening agencies and recruitment offices to facilitate conscription in the army for the Germans living abroad. For many settlers, one of the main reasons for giving up their citizenship to their fatherland was because of the cumbersome rules and expensive trip to Germany to serve in the army or navy. Beginning in 1896 in Brazil, new laws were passed which made it easier to keep one's citizenship and, in certain cases, granted dual citizenship to the settlers.¹⁹⁴

¹⁹⁴ Fernando Schmid, *Über Handel und Wandel in Brasilien: Journalistische Skizzen* (Rio de Janeiro: Buchdruckerei von Lorenz Winter, 1881), p. 76; Michahelles, 13 January 1913, Bundesarchiv-Berlin, R 38344; Hermann Hesse, "Die Frage der Reichsangehörigkeit der Auswanderer", in *Verhandlungen des deutschen Kolonialkongresses 1902*, ed. Deutscher Kolonialkongress (Berlin: Der Kongress, 1903), pp. 616-627; and Weiss, "Erwerb und Verlust der Staatsangehörigkeit. Kritik und Reformvorschläge", *Annalen des Deutschen Reiches für Gesetzgebung, Verwaltung und Statistik* vol. 41 (1908), pp. 836-849. For more on German immigration and immigration laws, see Mitchell, *Danger of Dreams*; Conrad, *Globalisation and the Nation*; Zantop, *Colonial Fantasies*; Manz, *Constructing a German Diaspora*; and Matthew P. Fitzpatrick, *Liberal Imperialism in Germany: Expansionism and Nationalism, 1848-1884*, (New York: Berghahn Books, 2008).

More than any other institution, however, German schools were the center of the production and consumption of German things and became the embodiment of Deutschtum, both for the settlers and the Foreign Office. Wherever Germans settled in significant numbers, they quickly founded schools.¹⁹⁵ The creation and maintenance of these schools emerged as the key constant across German communities in Latin America during the late nineteenth and early twentieth centuries.¹⁹⁶ German settlers, migrants, citizens of mixed ethnicity (German-Brazilians, German-Chileans, etc.) and many non-German elites, all valued these schools because they offered rigorous, bilingual curriculums, and many ultimately awarded internationally coveted degrees which the German Ministry of Education endorsed.¹⁹⁷

The cultural, economic, political, and social interactions schools fostered were of great value to nation-states. Growing numbers of these schools gained the attention of the German government after the turn of the century. For government officials, schools were at the top for countering the process of de-Germanization (“*Entdeutschung*”).¹⁹⁸ In discussing schools and churches, wrote Treutler, “it can only mean when asking for the resources to keep the Germans connected with the home country.”¹⁹⁹ By the same token, political leaders in Brazil, Argentina, Chile, and other nations embraced these schools as

¹⁹⁵ For a general discussion, see Werner, *Deutsche Schulen im Ausland*, vol. 1; and Nasagari, *Deutsche Schulen im Ausland*, vol. 2.

¹⁹⁶ Penny, “Latin American Connections,” pp. 379-81.

¹⁹⁷ For more information regarding German schools, see Gert Geißler, *Schulgeschichte in Deutschland, Von den Anfängen bis die Gegenwart 2. Auflage* (Frankfurt: Peter Lang, 2013).

¹⁹⁸ Wilhelm Wintzer, “Die Voraussetzung für die Bewahrung der deutschen Nationalität in fremder Umgebung”, *Deutsche Erde* vol. 2 (1902), p. 130.

¹⁹⁹ Treutler to AA, 30 June 1902, PA-AA, R 38733; and 11 July 1903, PA-AA, R 38734. For similar statements from Germans in Brazil, also see Pastor Braunschweig, PA-AA, R 38734.

models and hired German teachers to develop and shape their own educational systems, and they, along with their counterparts on other Latin American states, recognized the economic benefits at the base of these interconnections.²⁰⁰

By 1914 there was a significant push from the Foreign Office, and in particular from the German diplomats, to assist German schools. The establishment of a schools was of great importance for German migrants as it was one of the clearest cultural institutions in a community, and they took it upon themselves to build them. Initially, the vast majority of these schools emerged independently, supported by the efforts of their local communities and funded overwhelmingly by tuition, dues association members paid to school boards, fundraisers, and donations.

Still, in the early days of the German settlements, the schools, and communities, faced several problems. For the most part, the standards of the schools were miserable, and far below that of a German elementary school. There were few trained teachers, and the pay was meager. In more rural areas, which constituted a lot of places for the Germans, attendance at the schools was erratic at best, as the children of the settlers were seen as indispensable workers, and thus worked as much as possible in the fields.²⁰¹

While there were a number of secondary schools that were founded, they were spread far

²⁰⁰ Harmut Fröschle, ed. *Die Deutschen in Lateinamerika: Schicksal und Leistung* (Tübingen: Erdmann, 1979).

²⁰¹ Verein für das Deutschtum im Ausland, *Handbuch des Deutschtums*, p. 400 f.; Heeren, *Deutsch-evangelisches Leben in Brasilien*, p. 170 ff; Siegfried Benignus, *Deutsche Kraft in Südamerika: historische-wirtschaftliche Studie von der Konquista bis zur Gegenwart*, (Berlin: Politik G.m.b.H, 1917), p. 46 f.; and Alfred Funke, “Über die kulturellen Interessen und Aufgaben Deutschlands in Südbrasilien”, in *Verhandlungn des deutschen Kolonialkongress 1902*, ed. Deutscher Kolonialkongress (Berlin: Der Kongress, 1903), pp. 486 ff.

apart from each other. In all of Brazil, there were only three secondary schools – one in Rio de Janeiro, Blumenau, and Porto Alegre; in Chile, the only ones were located in Santiago, Osorno, and Valdivia.²⁰² The situation was even worse in Bolivia and Peru, where there was only one throughout each country.

Nonetheless, officials in Germany placed a large demand upon the schools. Those in Berlin saw the teaching of the German language as the primary focus for these schools to preserve the settlers' feelings of *Deutschtum*. This was particularly important when it came to German children as they would more easily lapse into Portuguese or Spanish if they only saw the German as a means to communicate and not as a method to reinforce their identity.²⁰³ Along with using German to transmit the “most sacred possessions of the nation”, officials in the Foreign Office believed that the schools should affect character building and sustain German virtues and values as a basis for global validation of the German character.²⁰⁴

Meeting such “national” tasks, however, would not be easy as the German schools throughout South America lacked seminar-educated teachers, teaching materials, and aid for normal day-to-day business. Nongovernmental organizations in Germany, however, seeing the value of these schools in preserving the settlers' cultural ties to Germany, began enthusiastically to champion efforts to support them. The *Allgemeine Deutsche Schulverein* (German School Association) was one of the most important

²⁰² Verein für das *Deutschtum im Ausland*, *Handbuch des Deutschtums*, pp. 402, 541, and 548.

²⁰³ Hans Amrheim, *Die deutsche Schule in Ausland* (Leipzig: G. J. Göschen, 1905), p. 151.

²⁰⁴ *Ibid.*, p. 29.

groups.²⁰⁵ Its founders argued that the best way to preserve German culture abroad was to support German schools, and they worked vigorously, expanding their membership through chapters spread across the German nation-state and extending their interest in schools far beyond Eastern Europe. The creation of a chapter in Hamburg in 1904, for example, led to a concerted effort to support the centralization and reorganization of German schools in Brazil, and to supply them, and other schools throughout Latin America, with professional teachers.²⁰⁶ In 1908, the organization redefined itself as the Verein für das Deutschtum im Ausland (VDA) (Association for Germans Abroad) and expanded its attentions.²⁰⁷

Schools associations were not the ones concerned with assisting the German communities abroad. By the turn of the century, a variety of individuals, groups, associations, businesses, and even city and state governments were taking an increasing interest in these settlements and preserving their Deutschtum.²⁰⁸ In 1904, the Blumenau-Stiftung, for example, had books and maps distributed to twenty school libraries in southern Brazil.²⁰⁹ At the same time, the Foreign Office, recognizing the importance

²⁰⁵ This organization emerged in 1881 in response to both Magyarization policies that undercut German schools in Hungary and the Bismarckian regime's disinterest in the fates of German communities outside the new Empire's borders. Jonathan Kwan, "Transylvanian Saxon Politics, Hungarian State Building and the Case of the Allgemeiner Deutscher Schulverein (1881-1882)," *English Historical Review* 77 (2012): pp. 592-624.

²⁰⁶ See, for example, Cesar Paiva, *Die Deutschsprachigen Schulen in Rio Grande do Sul und die Nationalisierungspolitik* (PhD diss., Hamburg, 1984).

²⁰⁷ Gerhard Weidenfeller, *VDA: Verein für das Deutschtum im Ausland. Allgemeiner Deutscher Schulverein (1881-1918). Ein Beitrag zur Geschichte des deutschen Nationalismus und Imperialismus im Kaiserreich* (Frankfurt: Peter Lang, 1976).

²⁰⁸ Groups included the Alldeutsche Verband (Pan-German League), the Deutsche Flottenverein (German Naval League), Deutsch-Chilenische Verein (German-Chilean Society), and the Blumenau-Stiftung (Blumenau Foundation). Benignus, *Deutsche Kraft in Südamerika* p. 48; Verein für das Deutschtum im Ausland, *Handbuch des Deutschtums*, p. 402; and *Vossische Zeitung*, 2 February 1904.

²⁰⁹ Reichenau, 3 May 1907, PA-AA, R 38739.

behind this action, granted the school association its official support and assisted with sending more wall maps to schools. Due to a personal connection with the Hamburg-Südamerikanische-Dampfschiffahrt-Gesellschaft, Ambassador Treutler was able to secure transport of these maps free of charge to schools in Brazil.²¹⁰ Together, these various groups and actors, working with the diplomats abroad, lobbied the Foreign Office, to also support those communities. Their arguments were always framed in terms of two sets of goals: to support German cultural development wherever it occurred, and to increase and improve economic interconnections and relations between the Reich and other areas and nations around the world.²¹¹

As many of the schools were connected to either the Catholic or Protestant religion, numerous religious groups provided aid. Among the evangelical groups support came from the Langenberger Verein, the Gustav-Adolf-Verein, and the Evangelische Gesellschaft für die Deutschen in Amerika (Evangelical Society for Germans in America). After 1902, the Protestant Oberkirchenrat provided most of the aid to Protestant schools, including teachers and financial assistance. For Catholic schools,

²¹⁰ AA to Treutler, 31 March 1904, PA-AA, R 38739; *Antwort*, 24 May 1904, PA-AA, R 38739; and Treutler to *Hansestädten*, 6 November 1904, PA-AA, R 38739. Initially, areas in southern Brazil were marked as “Deutsche Kolonie” on the maps. Not wanting to upset the Brazilian government, nor the United States and Europe, the Foreign Office initially balked at providing support to the school associations with regard to these maps. Through careful negotiations, Treutler was able to convince the associations to remove any references to “Deutsche Kolonie”, and thus gain support from Berlin.

²¹¹ Nancy R. Reagin, “German Brigadoon? Domesticity and Metropolitan Perceptions of Auslandsdeutschen in Southwest Africa and Eastern Europe,” in Krista O’Donnell, Renate Bridenthal, and Nancy Reagin, eds., *The Heimat Abroad. The Boundaries of Germanness* (Ann Arbor: University of Michigan Press, 2005), p. 257.

most of their support came from the Franciscans, who sent teachers, and provided as much funds as they were able.²¹²

Further assisting the schools in connecting the German settlers to their homeland, and thus preserving their sense of Deutschtum, was the press, both local and German, which printed reports about the schools and their communities. Local newspapers such as the *Blumenau Zeitung*, *Florianopolis Zeitung*, and the *Rosariner Zeitung*, were full of articles which highlighted the German communities, their history, and efforts, and were also full of advertisements for German businesses and goods. In the 18 October 1913, the *Rosariner Zeitung* printed a special issue commemorating German life in the city of Rosario, and the state of Santa Fe, on the one hundredth anniversary of Napoleon's defeat at the "battle of nations" outside of Leipzig.²¹³

While this special issue included a lavishly illustrated history of the battle of Leipzig, perhaps more interesting, were the stories placed around it. The editors of the newspaper chose to surround a seminal moment of past German glory between images of current German success: an advertisement for "Cerveceria Santa Fe," the province's "best brewery" with its modern bottling facility and "high-quality" pilsner, short histories of the "German colonies", and an introduction to its many schools. The editors also underscored that while Germans, which included German speakers from Austria,

²¹² For more information about the Protestant support, see Bruno Geissler, ed., *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien: Sieben Aufsätze von deutsch-brasilianischen Kirchenmännern* (Leipzig: J. C. Heinrichs, 1922); for more concerning Catholic aid, see Petrus Sinzig, *Nach dreißig Jahren: Vierte Chronik der südbrasilianischen Franziskanerprovinz von der unbefleckten Empfängnis* (Freiburg, 1922).

²¹³ *Rosariner Zeitung*, 18 October 1913.

Russia, and Switzerland, were not the largest groups in the territory, their “abilities” in trade and industry made them very important. Those skills, the editors wrote, arose from their communities, and so the issue was also devoted to the history of the state’s German institutions which held the communities together, set them apart, and made them successful in trade and industry – the churches and schools.

The issue also followed with several essays on the German Evangelical communities and churches in the area, the German association and its club, which brought them all together, the German hospital, the German men’s choirs, the German Overseas Bank, and the breweries. The editors also included a photograph of the German, Austrian, and Russian consuls who helped tie these communities and their businesses to their former homelands. A great majority of the special issue, however, focused on the history and character of the German schools and the associations that created, managed, and helped secure them funding. The two schools in the city, and the twelve in the neighboring communities, each received an essay that described its size and history, named the important members of its staff and school board, and underscored its German character.

Such reports were not limited to the local newspapers, and they were disseminated across the international networks that linked German schools, and communities, abroad. *Die Deutsche Schule im Auslande (German Schools Abroad)* was one of the most well-known journals to carry such essays, and it often published abridged annual reports from the German schools. In 1907, for instance, the director of Valdivia’s (Chile) First German School reported that over 200 children had attended his

school in the previous year. His report also listed the arrivals and departures of teachers and discussed conferences which they held to analyze teaching methods, and debate the study plans which the German schools were using in Chile, Brazil, and Argentina. The account also detailed the children's many field trips to German industries in the city. The new classrooms which were built that year, particularly the science labs, received considerable attention. Perhaps most importantly, the director wrote that during the second half of the school year the faculty was delighted to receive the school supplies that they requested from Germany, including equipment for the new labs and maps, and that in late July of 1906, the school board organized an exhibition that showcased the "beauty, utility, and richness" of those materials for everyone in the community to see. The exhibit highlighted items from the chemistry and natural history collections and the new maps. The director's report also praised the gymnastics equipment the school had desperately sought, which was a gift that the German Ambassador Reichenau had procured for them. He also acknowledged the receipt of more German books for the school's library that the German periodical, *Das Echo*, donated, and a large thermometer, hygrometer, and barometer from a Herr Schellhas, a natural scientist who lived in Berlin. Due to its efforts in trying to strengthen the German community's feelings of Deutschtum, the school received 10,000 Marks from the German Foreign Office that year, and 300 Marks each from the Hamburg-Amerikanische Linie, the Hamburg Südamerikanische Dampfschiffahrts-Gesellschaft (also known as the Hamburg Süd) and the Hansa-Linie. The school's director also stressed that the board was currently planning to renovate the school so that it would be the pride of not only

the local German community but also the entire region. To help cover the costs, the school would hold a bazaar at the end of the year.²¹⁴

The importance of *Die Deutsche Schule im Auslande*, and other journals and newspapers like it, cannot be overlooked. Stefan Manz, whose work focuses on the global construction of a German diaspora, argued that *Die Deutsche Schule im Auslande*, in particular, was extremely important in that it “gave teachers the opportunity to compare their own experience with that of colleagues in very different geographic locations and cultural contexts, and thereby contributed to a common group identity which was not bound by state borders.” The journal also allowed teachers abroad to be “well integrated into a global stream of communication which not only conveyed professional information but also a sense of global diasporic connectedness across borders and oceans, both with the *Heimat* [homeland] and with each other.”²¹⁵

Journals and newspapers, however, accomplished even more. In the case of the German school in Valdivia, the city was a secondary port city (Santiago served as the primary port), and while Reichenau, and other German ambassadors, saw its importance, neither the city, nor its German schools, gained as much support as Santiago. With that in mind then, the reports in *Die Deutsche Schule im Auslande* served as a means for the school’s director and board to promote what they achieved, by underscoring not only the size of the student body and the quality of its staff, but also the wealth of German objects one could find in the school: the latest scientific equipment, a growing library of German

²¹⁴ "Jahresbericht des Deutschen Schulvereins," *Die Deutschen Schule im Auslande* (1907): pp. 204-209.

²¹⁵ Manz, *Constructing a German Diaspora*, pp. 243-44.

books, bigger rooms filled with updated maps and illustrations direct from Germany, and sporting equipment delivered by the German ambassador himself. This was a complete and recognizable German place, which was defined by its German objects.

Concurrently, the Foreign Office also focused efforts on increasing the presence of the German press, after years of neglect. In Brazil, for example, Richard Krauel, the German Ambassador (1894-1898), spurred on this endeavor through reports to his superiors back home. He expressed that while the number of newspapers had increased from three to thirteen, they lost all importance due to competition from local newspapers. Furthermore, with no support from Germany, this led to an inevitable decline in the number of subscribers. The ambassador encouraged the Foreign Office to support the German press because it “is a treasure not to be undervalued as factor for preserving *Deutschtum*”, and for its connection with the economic situation with the Reich.²¹⁶ As part of his plan, he recommended that the Foreign Office should not create a subsidy to support the press - this would only arouse the suspicion of the Brazilian government and only harm the reputation of the newspapers - but rather should seek to obtain influence on the editorial staffs of the papers, and use it to communicate appropriate messages, and sway them to respond to questions of Brazilian interests in ways which would benefit Germany. As a result, Krauel decided, for example, to send the entire speeches from the Secretary of State, von Bieberstein, concerning consular protection to the German newspapers to assure that Berlin’s efforts were put in a good

²¹⁶ Krauel, 18 February 1895, PA-AA, R 38738.

light. In the past, such speeches were mutilated and would spread with comments to disgruntled German newspapers.²¹⁷ The results of his actions impressed the Foreign Office, and it encouraged Krauel, and others in South America, to continue such practices.²¹⁸

The German ambassadors in South America, and the authors of the reports and stories about the German schools, also recognized the underlying purpose for publishing such articles. As with any institution which is dependent on patrons, those who donate enjoy seeing their names in print, and those names might inspire others to follow suit. Also, the directors of other schools would see these reports, and could compare them with their own and those from similar institutions and learn how to acquire similar items and create similar German places while settling in to their own non-German spaces.

Advertisements for German items, especially those which might help German students and teachers, accompanied the yearly reports in *Die Deutsche Schule im Auslande*, and other German journals and newspapers. Such items included: books of all kinds ranging from *Grimm's Fairy Tales* to dictionaries, encyclopedias, and German grammar books for non-native speakers; “complete sets of school supplies for teaching female crafts” from Jsidora Dreverhoff in Dresden, which the Saxon Ministry of Culture and Education highly recommended; microscopes from F. W. Schleck in Berlin; complete natural history collections and models, and anatomical and botanical

²¹⁷ Krauel, 18 February 1895, PA-AA, R 38738;

²¹⁸ AA to Krauel, 2 April 1895, *ibid.*

collections; and even desks of all types from P. Johannes Müller in Charlottenburg. One could also order art supplies from Wwe. Grave & Sons in Hannover, or look to the Höpfel Brothers in Berlin, who could obtain any item for home, or school. Hermann Mathias in Berlin offered mops “used at many German schools abroad”, which the Royal Prussian Ministry of the Interior endorsed. At the same time, Eric Brandes in Dresden catered to more personal concerns, as his company advertised bathtubs fit for 1.75-meter-long bodies, which would allow Germans abroad, including teachers, to “bathe as if at home”, with packing and shipping included.

Nonetheless, while the use of journals and newspapers garnered some support for the schools, such aid, by itself, was not enough to keep the schools running, and to allow them to achieve Germany’s mission of preserving the settler’s *Deutschtum*. As a result, beginning in the 1890s, state support was also given to the schools. One of the first instances of state aid begin in 1892 in Brazil when the *preußische Kulturministerium* (Prussian Ministry of Culture) established an annual grant of 1,000 Marks and commissioned a seminar director to create a collection of educational aids for Rio Grande do Sul.²¹⁹ In Chile, due to the support of the *preußische Kulturministerium*, settlers established schools, especially middle schools, according to the plan of Prussian schools.²²⁰

²¹⁹ *Braunschweigisches Tageblatt*, 30 November 1891; and *Aufzeichnung der AA to Krauel*, 16 November 1891, PA-AA, R 30269.

²²⁰ Reichenau, p. 201.

Due to the success of this program as a particularly effective means to strengthen the settler's cultural connection to Germany, similar programs continued in Brazil, with new ones being developed by German diplomats in other South American nations.²²¹ In 1900, for example, General Counselor Zimmerer wrote to the Foreign Office saying that in Florianopolis, the Brazilian government had no power to keep the Germans apart from the Luso-Brazilians, nor was it able to fight against the preservation of the German character. More importantly, the Brazilian government did not have the resources to establish its own educational system to combat them. This situation, Zimmerer wrote, left a tremendous opportunity for Germany. To seize this chance, however, it would be necessary for the Foreign Office to provide support for the German schools, but it had to be done without attracting any attention in order to "prevent any conspiracies from the top."²²² Shortly after receiving Zimmerer's report, the Foreign Office agreed to his suggestions.

In Chile in 1905, Reichenau, expressed similar sentiments regarding schools. He remarked at the tenacity and strength which the Germans held in persevering their heritage, and how they spared no sacrifice for such a purpose.²²³ As a result, in an effort to preserve their culture, the settlers submitted a petition to him with a request for provisions to build a school. Like Zimmerer in 1901, the ambassador wrote to the Foreign Office expressing the need for support. Just as important, Reichenau wrote,

²²¹ In 1895, for example, under the direction of Krauel, diplomats and counselors required small grants and other educational items be sent to Brazil.

²²² Generalkonsul Zimmerer to AA, 4 February 1900, PA-AA, R 38737.

²²³ Reichenau, p. 210.

providing such funding would be a tremendous opportunity for Germany to strengthen its presence in Chile, as it would “contribute, to a large extent, to refreshing the German feeling [Deutschtum], and the disposition of the German element in Chile.”²²⁴

Every year, more resources for promoting schools flowed to South America from the school funds of the Foreign Office. While the amount sent was considered generous given the location it was sent to, overall, it was still fairly modest. In 1899, for example, a total of only 29000 Marks was provided for seventeen German-Brazilian schools; by 1902, the number of schools that received funds tripled to 56, but the amount provided was a total of only 42000 Marks, not even double of what was previously given.²²⁵ In Chile, at the same time, Germany supported twelve schools, providing only 15400 Marks.²²⁶ Preference was given to schools located in areas with large German populations, or where the preservation of Deutschtum was deemed highly important. In Brazil, these areas included Petropolis, Blumenau and Rio de Janeiro, which received 3000-4000 Marks annually; the lowest amount, given to much smaller areas, was 300 Marks each year. Chile, Bolivia, and Peru received similar amounts, with the more populous areas, such as Santiago, Concepcion, La Paz, and Lima, receiving the most support.²²⁷

To convince the Foreign Office to provide funding for schools, the German ambassadors proposed various plans in which Berlin could give incentives to German

²²⁴ Reichenau to Bülow, 28 February 1906, Bundesarchiv-Berlin, R 38849.

²²⁵ *Bericht*, n.d., PA-AA, R 38737.

²²⁶ *Frankfurter Zeitung*, 22 October 1903.

²²⁷ *Bericht*, n.d., PA-AA, R 38737.

communities for establishing schools. In the initial stages, the Foreign Office would receive no direct material gain. Instead, for the time being, the ideal situation would be to preserve the German culture and nature, as well as revive the feelings of connection to the fatherland.²²⁸ In doing so, the German schools would prevent German immigrants from becoming “fertilizer of other people” (“*Völkerdünger*”) and thus cease to exist within the local racial mixtures.²²⁹

Although incentive plans did not gain much support from the Foreign Office, they still recognized the importance of supporting German schools. As a result, a discretionary fund was made available to the ambassadors, from which they could distribute bonuses for deserving teachers or to provide, on an *ad hoc* basis, smaller sums for educational materials. When the fund was started, in 1903, it only contained 2000 Marks; two years later, because it was working so well, the fund tripled, to 15000 Marks. As comparison, without it, only 60000 Marks total, for all schools, were available, and did not include emergency funds for educational needs.²³⁰

As part of its support, the Foreign Office, at the encouragement of its diplomats abroad, helped finance a German reader for schools in South America. The contents of these books contained references to the events and circumstances in Germany, stories from *Grimm’s Fairy Tales*, and scenes from the life of the Kaiser. As the chairman of the Rio Grande do Sul teachers’ association explained to Treutler in 1905, “at an early

²²⁸ Treutler, 17 November 1901, *ibid.*

²²⁹ Treutler, 8 March 1905, PA-AA, R 38738.

²³⁰ Reichenau to AA, 10 March 1908, PA-AA, R 38740.

age the German schoolchildren in Brazil will be filled with pride that, as part of their heritage, they descend from one of the first civilizations.”²³¹ The first edition of this book appeared in 1906, and by 1914, four further editions were produced. In Brazil, it also contained a Portuguese appendix; for Spanish speaking countries, such as Peru, Chile, and Bolivia, it had a Spanish appendix. By the time World War I broke out, this textbook was used extensively in German populated areas throughout South America.²³²

While the responsible for distributing the funds belonged to the regional teacher’s associations, the Foreign Office still retained control, as its diplomats in each respective region served as the head of the associations. The teacher’s associations, which had formed in the early 1900s, were the perfect vehicle for both the Foreign Office and its men, as their aim was to improve the financial situation and social status of the teachers.²³³ In a report to the Foreign Office in 1906, Reichenau requested that Berlin provide aid to the school in Tome, Chile. The school itself had only recently come into existence, and while the members of the school association were making monthly contributions, the school still suffered a debt of 800 Marks. He wrote that, “to allow the [school] association...to not burden the national work with a debt,” he requested a grant of 1000 Marks.²³⁴ The German ambassadors and consuls continually pushed for funds from the Foreign Office in order to create a better situation for the teachers, as doing so

²³¹ *Die Vorsitzenden der Lehrervereine* to Treutler, 22 January 1905, PA-AA, R 38748

²³² *Die Vorsitzenden der Lehrervereine*, n.d., PA-AA, R 38749.

²³³ In 1906, for instance, German schools in Chile received 10500 Mark in private donations, from which 7700 was raised from the school association. Reichenau spurred such efforts to raise so much money. Reichenau, 3 May 1907. PA-AA, R 38739.

²³⁴ Reichenau to Bülow, 28 February 1906, Bundesarchiv-Berlin, R 38849.

would mean better teachers, which in turn would help improve the German schools.²³⁵ In the end, Reichenau was successful in obtaining the necessary funds for the school.

Since only members of the teacher's associations could receive aid, their membership increased. Still, in the early 1900s, throughout South America close to half of the teachers avoided the associations because they, or their school communities, did not want Germany, its consuls, or even the associations, to regulate them.²³⁶ In Rio Grande do Sul, for example, the number of members in the Protestant association stood at 105, and for the Catholics it was 90. Recognizing the need for teachers to participate in these groups, the current ambassador in Brazil, Reichenau, contacted the Foreign Office and advised that any regulation that occurs must be done with care so as not to damaging the current nature of the community.²³⁷ In response, the Foreign Office proceeded cautiously both in the creation and collaboration with local associations. Efforts such as these eventually led to an increase in the number of teachers participating in the associations, with almost eighty percent of all teachers in South America joining by 1912.²³⁸

Although Germany wanted to provide more funding for schools, at the suggestion of its ambassadors in South America, aid was kept low in order not to arouse "the jealousy and displeasure...of the nativists", i.e. nationalists in places such as Brazil

²³⁵ See, for example, Reichenau to Bülow, 28 February 1906; and Reichenau to Bülow, 22 January 1905, *ibid.*

²³⁶ Pastor Braunschweig, n.d., PA-AA, R 38734; Wangenheim, 28 February 1905, PA-AA, R 38738; and Wangenheim to Treutler, 31 May 1906, PA-AA, R 38782.

²³⁷ Reichenau, 3 March 1907, PA-AA, R 38739.

²³⁸ Konsulatssekretär Rietz, 1910, PA-AA, R 38746; Generalkonsul Walter, 3 December 1911, PA-AA, R 38745.

and Chile.²³⁹ Still, the Foreign Office was not averse to adapting and altering its policy towards funding in response to popular demands from its agents abroad. In Puerto Montt, Chile, which contained a large German population, the community desperately needed a new grade school for the young children in the area. Aware of the importance that this school could provide in persevering the young settlers' Deutschtum, Ambassador Reichenau sent a request to the Foreign Office "for a one time increase in a grant to the local German school community for the purpose of construction and establishment of the strictly necessary" grade school. To stress the urgency of this project, he asked for 15000 Marks in order to complete the school as soon as possible.²⁴⁰ The Foreign Office agreed with Reichenau's argument, and was willing to oblige his petition, even though a grant of 15000 Marks was much larger than was normally granted. Overall, even though the Foreign Office normally provided only modest financial support, ambassadors did not complain greatly about the amount they received, as they viewed what successes that could achieve as positive. As Treutler wrote to the Foreign Office in 1905, with the aid he received, "many schools had been preserved from destruction or decline."²⁴¹

While strides were being made in supporting the German schools, and thus the German settlers, there were also obstacles which the Foreign Office faced, and which it relied on its diplomats to resolve. In 1904 in Brazil, for example, the German efforts

²³⁹ AA to Treutler, 21 February 1900, PA-AA, R 38737.

²⁴⁰ Reichenau to Bülow, 28 February 1906, Bundesarchiv-Berlin, R 38849; see also Reichenau to AA, 28 October 1905, and 11 January 1906, *ibid.*

²⁴¹ Treutler, 17 November 1901, PA-AA, R 38737.

attracted the attention of the regional authorities, who believed that culturally stable enclaves of ethnic minorities would be a threat to Brazilian nationality. As a result, a seventh of all Brazilian government aid for public schools were granted to Rio Grande do Sul, which had a sizable German population.²⁴² According to a report from Teutler, this was a troubling development – government supported schools were “springing up like mushroom”, and, so long as support for teachers and learning aids from Germany remained sparse, the Brazilian government would effectively beat Germany with its own weapons.²⁴³

A similar development also started to occur in Chile, when the government began to open its own schools to combat the German element. Aside from just opening schools, however, the local governments also provided salaried teachers and did not charge any fees for children to attend. The result was a decline in children attending the German schools, particularly German children. In a report concerning funding for schools in Chile in 1905, Reichenau, wrote that a number of German and Chilean boys and girls had to withdraw from the German school in order to obtain further education in the Chilean supported *Liceo de ninos* and the Catholic Girls’ School. Recognizing the significance in a decline in attendance at the German schools, the Reichenau urged the Foreign Office to provide more support. Without it, the many “young Germans will lose their Deutschtum when ...they receive their education at the Liceo” because, he continued, they were only taught in Spanish and thus would be, “easily assimilated into

²⁴² *Antrag auf Unterstützung des deutschen Lesebuches*, September 1904, PA-AA, R 38748.

²⁴³ Teutler to AA, 30 June 1902, PA-AA, R 38733.

the local culture.” He concluded that that only method to confront this competition successfully was through strong support of capital from Germany.²⁴⁴ Upon receiving his report, the Foreign Office met his requests, and provided what capital it could to assist in funding the schools in Chile.²⁴⁵

To further combat local governments from enticing their settlers to send their children to local schools, the German diplomats proposed that the schools teach Spanish and Portuguese classes. To encourage schools to teach the local languages, those which did not, would lose their government subsidies.²⁴⁶ Reichenau, while serving in Chile, reproached those German school boards which wanted to abolish Spanish and Portuguese lessons for their lack of political and worldly wisdom.²⁴⁷ Due to the advice of the German diplomats, particularly Reichenau and Treutler, the schools which offered courses in both German and Portuguese or Spanish, were successful and they received funding from both the German and local governments. By 1912, apart from a few federal districts, attendance at the German schools were high, and assisted Berlin in keeping a strong influence on both the German and local populations.²⁴⁸

²⁴⁴ Reichenau to Bülow, 22 January 1905, Bundesarchiv-Berlin, R 38849.

²⁴⁵ Reichenau to Bülow, 28 February 1906, *ibid.*

²⁴⁶ In 1906, in Joinville, Brazil, for example, two-thirds of the enrolled students did not understand Portuguese, the national language. As early as 1900, the Congress in Santa Catharina submitted to a “barbaric” bill, which required that all schools to teach the local language, geography, and history of Brazil. Conversely, in Valdivia, Chile, in the district of Valdivia, where only German was spoken, only 70 schools were affected. Generalkonsul Zimmerer to Emmerich von und zu Arco-Valley, 4 February 1900, R 38737; and Reichenau to AA, 4 February 1906, Bundesarchiv-Berlin, R 38850.

²⁴⁷ Reichenau to AA, 10 March 1908, PA-AA, R 38740. In schools which the Protestant Church ran, the local history and geography were taught. Still, to emphasize the German presence in an area, a German “history” of the area was taught. German written guides to Brazil, Chilean, etc. History were also published and used. See, for example, Hermann Faulhaber, *Leitfaden für den Unterricht in der Geschichte von Brasilien* (Leipzig: 1903).

²⁴⁸ Walter Schück, *Brasilien: Volk und Land* (Berlin: H. Paetel Verlag, 1928).

Along with schools, the German Foreign Office also turned to churches, particularly the Protestant Church, to assist in preserving the German cultural element in South America. In grouping into a community, settlers often built a school, a church, and a parsonage first.²⁴⁹ In many cases, when a teacher and pastor were hired, one person filled both roles. Such a practice was due more to cultural tradition than as an act of piety. This lack of a true religious connection to Germany was frustrating to the pastors in South America, and they sensed these German communities represented a tremendous opportunity for the Protestant Church. As a result, they sought assistance to remedy this problem.

Due to the suggestions of Protestant pastors in South America, and German settlers and diplomats, many associations, like the Rhenish Missionary Society, the Gustav-Adolph Association began to send pastors, teachers, doctors, and midwives to South America. The most successful association, the Evangelische Gesellschaft (Protestant Society), sent clergymen who already had experience in South America, and who could also provide expert advice in organizational matters, particularly in training other preachers.²⁵⁰ The society's efforts were impressive – by 1914, in Brazil, 117 ordained ministers were sent to Rio Grande do Sul alone; between 1905 and 1915,

²⁴⁹ See, for example, Michahelles, p. 129; Reichenau, p. 201; Carl Skottsberg, *The Wilds of Patagonia: A Narrative of the Swedish Expedition to Patagonia, Tierra del Fuego, and the Falkland Islands, 1907-1909* (London: Edward Arnold, 1911), pp. 125-126; and *Hamburger Zeitung*, 1 February 1914.

²⁵⁰ As part of its efforts, the *Evangelische Gesellschaft* also published a journal about its efforts in South America, *Der deutsche Ansiedler* (*The German Settler*).

between Brazil and Chile, over 380000 Marks was donated to improve the clergy's pensions, increase their salary, and even provide teaching training at nearby colleges.²⁵¹

Support even came from the main Lutheran churches in Germany. Since 1902, the Oberkirchenrat (Ecclesiastical Council) in Berlin aided the communities. By 1909, the Council had already sent fourteen ministers to locations throughout Peru, Bolivia, and Brazil, and had plans to increase the number over the next five to seven years.²⁵² It established a "treasury" to be used to assist the pastors in South America, with the majority of the aid being given out to locations with significant German populations, such as in Santa Catharina and Parana (Brazil), Valdivia and Orsorno (Chile), La Paz, and Lima.

The Evangelical Churches were particularly active in Brazil. In 1886, after two previously failed attempts, several of the evangelical churches founded the first synod, located in Rio Grande do Sul, called the Riograndenser Synode. From the beginning, however, it struggled, as it was hampered by financial, organizational, and staffing difficulties. Still, with its establishment, Protestantism now had a voice to confront the Brazilian, and Catholic, authorities in Rio Grande do Sul. As a result, schools were taken over, and institutes of the inner mission, such as orphanages or homes for the elderly, were created.²⁵³

²⁵¹ Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche*, pp. 35 and 60; and *Bericht*, February 1912, *Bundesarchiv-Berlin*, R 38850.

²⁵² Wilhelm Werle, *Deutsche Kulturarbeit in Südamerika* (Coburg: Dornheim, 1909), p. 182; and Ferdinand Schröder, *Brasilien und Wittenberg: Ursprung und Gestaltung deutschen evangelischen Kirchentums in Brasilien*, (Berlin: de Gruyter & Co., 1936), p. 218.

²⁵³ Braunschweig, n.d., PA-AA, R 38734.

In 1911, building upon the success of the Riograndenser Synode, Pastor Braunschweig²⁵⁴ suggested that the loose association of Protestant pastors in Santa Catharina convert into the “German Evangelical Association of Municipalities of Santa Catharina” (Deutsche Evangelische Gemeindeverband von Santa Catharina). Shortly thereafter, through another recommendation from the pastor, the Protestant churches formed the “Central Brazilian Synod” (Mittelbrasilianische Synode). This organization united all the communities scattered across Central Brazil. As a result of these efforts, by the end of World War I, over 119 municipalities, consisting of 187,000 followers, were now organized, and worked, together.²⁵⁵

In almost all cases, the ordained priests who were posted from Germany seized upon the initiatives of the Mittelbrasilianische Synode and the Riograndenser Synode. Such a strong drive was due, in part, to the efforts of Braunschweig, whom the Berlin Oberkirchenrat sent to Brazil in 1907 to explore the relationships between the various Protestant communities in South America, and to determine if they could be brought together. The Prussian state church was also interested in organizationally strengthening the German church communities. Partially to more easily solve the ecclesiastically problems and delineate duties, but also to more consistently work towards preserving the

²⁵⁴ Braunschweig was a Lutheran pastor and served as the Secretary-General for the *Gustav-Adolf-Verein*. While serving as the Secretary-General, Braunschweig travelled to Brazil to assist in uniting the Protestant churches, and to continue to spread the Protestant faith. Due to his position within the *Gustav-Adolf-Verein*, and because his interests were similar to those of the Foreign Office, namely to help safeguard German settlers and their culture, he was well connected with the German diplomats in Brazil. As a result, he was in constant contact with them, and the Foreign Office, providing Berlin with important information concerning the situation in Brazil. He also served as a conduit for the *Oberkirchenrat* in Berlin, making sure that the Foreign Office was aware of, and supported, its goals in Brazil and elsewhere in Central and South America.

²⁵⁵ Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien*, pp. 80-84.

Deutschtum in the German communities. For the pastors in South America, their desire to join together was out of a need to more effectively help one another, as well as to limit the overwhelming influence of the municipal councils and improve their social position. When they first arrived, particularly in Brazil and Chile, pastors faced a low social status, as well as an irregular income and pension. Beginning in 1900, however, the pastors were presented with the chance to enter an affiliation with the Evangelische Landeskirche der älteren Provinzen in Preußen (Protestant Church of the Old Province of Prussia). This allowed the priests to join into a pension fund, and secure funding for church projects such as orphan and widow care, as well as purchases for their churches, such as a new rectory, and an organ.²⁵⁶

To further assist the Protestant ministers, in May 1900, a new church law was enacted, which regulated the status of foreign communities, and enabled them to join together. This law also gave the Oberkirchenrat the ability to assure that pastors who spent a few years abroad could have their own parish once they returned to Germany.²⁵⁷ On the eve of World War I, churches throughout South America, especially in Bolivia, Peru, Brazil and Chile joined into local communities. In Peru, for example, twelve were part of the Evangelical Association in Peru; in Brazil, 47 joined the Riograndeneser Synode; and in Chile, thirteen were part of the Synod in Valdivia.²⁵⁸

²⁵⁶ Schröder, *Brasilien und Wittenberg*, p. 378; and *Frankfurter Zeitung*, 22 October 1913.

²⁵⁷ See, for example, Schröder, *Brasilien und Wittenberg*, p. 378; and Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien*, p. 60. One of the side benefits of such a policy is that by guaranteeing they would receive their own parish upon return, more priests were willing to travel abroad in order to assist the Prussian State Church in safeguarding German settlers.

²⁵⁸ Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien*, p. 81; and Michahelles, p. 201.

Together with the efforts of the pastors and Church, the communities voiced strong nationalist feelings. Of all the various institutions which tried to preserve the connection of the German settlers with their Heimat, the evangelical church stands firmly at the forefront, along with German schools. Already in 1881, the Evangelische Gesellschaft issued a proclamation, which took up the widely publicized idea for emigration: “It is an established fact that the descendants of European or semi-European origin ruling in South America are unable to absorb the German immigrants, as is often the case in North America. Herein lies the legitimate, and in recent times, so often emphasized expectation that with increasing German emigration to South America the branch of our people will prove to be important in both the national and economic relationship.”²⁵⁹

The language of this proclamation was retained, albeit in a modified form over time. Hereafter, Protestant creed and the German language were viewed as an inseparable unity. Church leaders saw the Protestant Church throughout South America as a German National Church, and its nature belonged to the German church in the homeland.²⁶⁰ The characteristic trait in all the German municipalities was holding sermons and performing religious rites in German. By adhering strongly to the use of the German language, the Protestant Church stated, it would be able to slow down the assimilation of the settlers into local societies.²⁶¹ “Therein the greatest influence lies... which the Church can exercise through its appointed ministers in preserving Deutschum

²⁵⁹ Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien*, p. 57.

²⁶⁰ Schröder, *Brasilien und Wittenberg*, p. 218.

²⁶¹ Brunn, *Deutschland und Brasilien*, p. 188.

abroad, that in all sermons its Germanness repeatedly is commemorated in the German Heimat.”²⁶² In this way, the ministers argued, the practical drive and idealistic viewpoint of the colonists could be preserved. Moreover, the people could be educated about diligence, devotion to duty, a sense of truth and order, love of humanity, piety, and an enthusiasm for all that is good, true, and noble.²⁶³ In a similar way, then, the clergy also worked tirelessly during the German national festivals. Patriotic celebrations, such as the Emperor’s birthday, government anniversaries, and the centenary of the Battle of Leipzig, presented the pastors with festival services and prayer, especially ones which were of a religious and national dedication.²⁶⁴

The German Foreign Office, through its ambassadors and other agents, such as Pastor Braunschweig, became aware of these efforts, and, sensing a great opportunity, undertook efforts to provide aid to the churches abroad. In 1906, an earthquake struck Chile, causing significant damage in the city of Valparaiso. Knowing the importance of churches, Reichenau, through his contacts with the pastors, encouraged the Foreign Office to help the local churches rebuild. Not only would this help the churches resume their functions more quickly, but it would also demonstrate to the people in Chile, both the German settlers and native population, that Berlin could be counted upon in times of need.²⁶⁵

²⁶² Gernhard, *Dona Francisca, Hansa und Blumenau*, pp. 121-122.

²⁶³ Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien*, p. 9.

²⁶⁴ *Ibid.*, p. 30; and Michahelles, p. 120.

²⁶⁵ See, for example, Hermann von Chappuis, *Minister der geistlichen, Unterrichts- und Medizinal-Angelegenheiten*, to Wilhelm von Schoen, *Minister der auswärtigen Angelegenheiten*, 14 November 1907, Bundesarchiv-Berlin, R 69817; Hermann Schuldt, *Vorsitzender des Kirchenvorstandes der evangelische*

One problem that the settlers lamented, was the frequent exchange of the pastors, whose length of service in South America was usually about six years. Part of the reason that the ministers had a fixed term was that, from the viewpoint of the Foreign Office and the Oberkirchenrat, with every new priest, the people, especially in those areas with little to no German immigration, would receive a strong refreshment of the German way of life.²⁶⁶ Eventually, through reports from Pastor Braunschweig and Zollner, the General Superintendent of the Oberkirchenrat, permanent representatives were sent abroad. This was done was to provide on the spot church welfare and unity among the different local interests and confessional dispute. In nationalistic terms, the consolidation of the Protestant German element was viewed as especially important.

In 1911, the Foreign Office sent Braunschweig to South America as part of the request for a permanent representative of the Protestant Church.²⁶⁷ Upon his arrival, he was immediately depressed by what he saw. In Chile, the Protestant Church struggled to gain a foothold. “Protestant churches are still seen very reluctantly because, due to the Chilean Constitution, the religion of the Republic [Chile] is apostolic Roman Catholic”, which resulted in limitations being placed upon those who did not follow the Catholic faith.²⁶⁸ Although more Protestant churches had begun to appear in Chile, when Braunschweig visited in 1911, there still were far too few churches.

Kirche in Valparasio, 5 September 1906, *ibid.*; Reichenau to Bülow, 12 September 1906, *ibid.*; and *Generalkonsul* Perl to Bülow, 8 December 1906, *ibid.*

²⁶⁶ Geissler, *Die Kulturbedeutung der deutschen evangelischen Kirche in Brasilien*, p. 7.

²⁶⁷ Oberkirchenrat to Kaiser Wilhelm, 20 March 1911, PA-AA, R 38736.

²⁶⁸ Reichenau, p. 224.

As a result of his travels, in 1912, Braunschweig wrote a report to Berlin in which he encouraged action to be taken: “So the decisive hour for the Germans...draws near; it will also be the decisive hour for the German Protestant Churches..., which rises and falls with the German language of its parishioners. The more urgent the danger, the more necessary a work with concentrated power for this endangered property, whose preservation I must also explain today quite possibly for a long time.”²⁶⁹ While the Foreign Office and the Oberkirchenrat appeared willing to assist in rectifying these problems, it is difficult to gauge what, if any, success they had, as the outbreak of World War I curtailed their actions.

With regards to Catholicism, the Jesuits and Franciscans were mainly responsible for the German Catholics in South America. In comparison to the Protestants, they were able to adapt better to the different cultural milieus, particularly in Brazil and Chile, which were heavily Catholic countries. Unlike the Protestants, they attempted to integrate aspects of both cultures. In the schools, for example, Portuguese and Spanish were used alongside German. Even still, German nationalist ideas were spread among them, and were an active part of their actions.

The Jesuits and Franciscans possessed great influence in South America. Due to the decline of orders in South America, particularly in Chile and Brazil, the Franciscans took over several large monasteries in each country.²⁷⁰ More importantly, their schools were exemplary, particularly by the standards of their host nation. In Chile, for example,

²⁶⁹ Braunschweig, 1 July 1912, PA-AA, R 38736.

²⁷⁰ See, for example, the monasteries in Rio de Janeiro and Valdivia.

the Jesuit college in Valdivia was highly regarded, and was known throughout the country and region. In Santa Catharina, the German Jesuits ran the only high school.²⁷¹ Even during World War I, the power of these groups remained large. Their schools largely remained open due to their practice of teaching Portuguese and Spanish, and their willingness to hold classes in both languages. Still, due to their connection to Germany, and their strong orientation towards providing a German education, many of the schools faced hostility from the local populace and suffered considerable damage during the war.²⁷²

The Jesuit and Franciscans zeal for preserving the German language and culture, and their reverence for the Kaiser was unquestionable.²⁷³ Despite the suspicions from the Protestants that they were “the gravediggers of Deutschtum,” the German ambassadors consistently reported about the German education which the children received in their schools.²⁷⁴ The Franciscans and Jesuits also had the support of the Kaiser. After Wilhelm visited Jerusalem in 1898, the Catholics received the news with great joy. Even though the shock of the Bismarck’s Kulturkampf could still be felt, religious clerics still remarked that, “since the time [of the trip to Jerusalem], we know we have an equal-

²⁷¹ Alfred Funke, *Die Besiedlung des östlichen Südamerikas mit besonderer Berücksichtigung des Deutschtums* (Halle: 1902), p. 39.

²⁷² Treutler to AA, 30 June 1902, PA-AA, R 38733.

²⁷³ See, for example, Pater Cyriacus to Krauel, 6 December 1898, PA-AA, R 38737; Krauel, 4 January 1899, *ibid.*; Arco-Valley, 24 January 1899 and 6 February 1901, *ibid.*; Reicheanu, p. 1; and Michahelles, p. 130.

²⁷⁴ Arco-Valley, 6 February 1901, PA-AA, R 38737.

representative Emperor.”²⁷⁵ Indeed, support from the government and the Foreign Office was sent to both the Catholic and Protestant groups in South America.

Popular consensus also played a role in the founding of Catholic groups throughout South America. In Rio Grande do Sul, for example, the desires of the German settlers helped in the establishment of the Catholic People Association. Clubs like this were created throughout South America, “out of a need to lift the cultural level of the German part of the Catholic faith.”²⁷⁶ As part of their goals, these groups aimed to care for the Catholic parochial schools, call for the publishing of good press, and provide education through open lectures, and meetings, among other methods. The associations also proved political centralization, harnessing the combined strengths of the different political groups. By 1913, the clubs had a significant number of members, and their influence was substantial enough that, according to the Stein, the German Consul, these groups could be regarded as a means of strengthening *Deutschtum* through good will.²⁷⁷

From the very start of its interest in creating an influence abroad, the Foreign Office viewed the establishment of German communities as an important part of Germany’s development and foreign policy. Enacting such a strategy, however, especially at such a far distance, was difficult for the leaders in Berlin. As a result, they turned to the German diplomats and consuls to follow through with their vision. These men enthusiastically embraced the Foreign Office’s *kulturpolitik*, and continually

²⁷⁵ Treutler, 30 June 1902, PA-AA, R 38733.

²⁷⁶ *Deutsche Volksblatt*, October 1902.

²⁷⁷ In Rio Grande do Sul, for example, the Catholic People’s Association has over 6500 members. Consul Stein, 11 September 1913, PA-AA, R 38736.

submitted proposals for the promotion of *Deutschtum* to create a base for possible future events. Generalkonsul Zimmerer, for example, expressed his sentiments that the German element will once again dominate in areas with large German populations.²⁷⁸

Nonetheless, the German settlers faced several roadblocks in their attempts to preserve their *Deutschtum*, with the most serious threat coming from the governments of Chile, Bolivia, Peru, and Brazil. As a result, the diplomats had to temper their enthusiasm, and they, and the Foreign Office, had to proceed with caution in order to prevent upsetting the local governments. Indeed, in 1900, Zimmerer warned against entering “with its head through the locked front door”, and advised that it, “creep through the open back door.”²⁷⁹

Whether acting cautiously or not, the diplomat’s actions were necessary to fulfill the desires of the Foreign Office. In viewing their efforts in light of preserving the settlers’ *Deutschtum*, it is difficult to deny the undercurrents of “informal imperialism” present in the policy-making of the Foreign Office, and the actions of its diplomats in South America. On the eve of World War I, the German character of many towns throughout Brazil, Chile, Bolivia, and Peru was pronounced. As one visitor to Chile remarked, “Valdivia, situated at some distance from the coast, on the Calle-Calle River, is a German town. Everywhere you meet German faces, German signboards and placards alongside the Spanish. There is a large German school, a church and

²⁷⁸ Consul General Zimmerer, 28 April 1899, PA-AA, R 30306.

²⁷⁹ Zimmerer, 4 February 1900, PA-AA, R 38737.

various Vereine [German clubs], large shoe-factories, and, of course, breweries.”²⁸⁰ Clearly, the efforts of the German settlers and diplomats were reaping benefits. These efforts did not go unnoticed either. As the London *Standard* remarked in 1909, “Germany’s growing influence over the South American States [was] again evident,” due, among others, to the establishment of German schools and churches, sending schoolmasters to establish new schools, and sending teaching aid.²⁸¹ Without a policy of development in South America, and men like Michahelles, Treutler, and Reichenau, to help implement such a plan, Germany would not have been able to gain as much influence as it did in South America, and would have struggled in its “economic and ethical conquest of the land.”²⁸²

²⁸⁰ Skottsberg, *The Wilds of Patagonia*, p. 125.

²⁸¹ *The Standard* (London), 11 July 1909.

²⁸² Krauel, 18 June 1897, Hamburg Staatsarchiv (hereinafter cited as HStA), C III, g I; and Reichenau, 10 March 1908, PA-AA, R 38740.

CHAPTER IV

DEVELOPING A SOUTH AMERICAN ECONOMY: GERMAN TRADE AND BUSINESS INFLUENCE IN PERU, BOLIVIA, AND CHILE

With the proper personnel in place to become the main influence in South America, the German government's next concern was to articulate a policy, with the help of the Foreign Office and its diplomats, to achieve this goal. One of the most important aspects of this was to assist South American nations in their development and, in the process, promote the primacy of German economic presence. From early on, the German government recognized that South America would be an ideal place for buying and selling goods, but it initially struggled to gain a firm foothold with the South American nations. Moreover, with other imperial powers, such as Britain, France and the United States, also seeking to exert their influence in South America, German diplomats needed to find ways to do this without raising objections from nations in South America and antagonizing other foreign powers. The diplomats, then, relied on outside groups, and their personal connections to them, to encourage large trading firms, banks, and communication, railroad and shipping companies, among others, to invest in the area and help increase German economic presence. One such group that received their attention were the German communities that were established in South America, especially in Brazil, Chile, Argentina, Peru, and Bolivia.

With more and more German communities appearing in South America, the German diplomats assigned abroad saw an opportunity to bolster their nation's presence.

As a result, they sought support for them from the Foreign Office, and from interested groups, such as the Verein für das Deutschtum im Auslande (VDA). By the turn of the twentieth century, through the efforts of the diplomats, a variety of individuals, groups, associations, city and state governments in Germany, and businesses took ever-greater interest in German communities abroad. Together, these various actors, along with the German ambassador, lobbied the German government to support those communities. Their arguments were always framed in terms of two goals: to support German cultural development (Deutschtum) wherever it occurred, and, perhaps most important, to increase economic interconnections and relations between imperial Germany and other regions and states around the world.²⁸³

For the Foreign Office, and the German government, the argument that caught their attention was that not only would support for these German communities keep the people who embraced German culture linked to Germans within the nation-state, but that those connections would also enable the development and expansion of trade with the regions in which those Germans lived. That, in turn, would guarantee markets in those regions for German goods, and the general assumption that the bigger and stronger the German communities became abroad, the better the markets would be.²⁸⁴ Trade, in short, would follow culture and language.

²⁸³ Reagin, "German Brigadoon?" p. 257.

²⁸⁴ See, for example, Reichenau to Bülow, 1 February 1904, Bundesarchiv-Berlin, R 38849. For a public statement expressing similar sentiments, see Gustav Lenz, "Die deutschen Schulen in Chile," *Das Echo* 1103, 22 December 1903.

As was demonstrated in the previous chapter, schools were a large part of these German communities. Wherever they appeared, families among local elites sent their children to them. Germans settlers, the diplomats there, and the business and political elites in Germany recognized the benefits of this: incorporating the children of native elites into the German schools was a shrewd, long-term investment in future trade relations. These schools would help build cultural, economic, and political connections with local elites. In short, lending support to German communities, was an easy means to cultivating soft power, and benefiting from it.²⁸⁵

While the Foreign Office, its diplomats, German businesses, and pan-Germanists all shared the same goal, to increase German economic presence in South America, they also held different views of how best to utilize the settlements to accomplish their objectives. For the pan-Germanists, sending emigrants to places in South America and building communities would help extend Germany's global presence and would also create markets to import and export German goods. The Foreign Office, and its diplomats abroad, viewed these settlements not only as a ready place to sell German goods, but also to establish a foothold in South American markets. As the markets within the German communities grew, businessmen and their advocates, the diplomats abroad, looked to the areas beyond the settlements to expand. Banks, transportation companies, especially railroad and shipping, telegraph and agricultural industries, and German state governments all saw South America as a good opportunity to increase their, and the

²⁸⁵ That was true in many parts of the world, not just Latin America. For an overview, see Manz, *Constructing a German Diaspora*; and Penny, "Material Connections".

nation's, global presence. Establishing and protecting their economic interests in South America was critical to the Foreign Office as it believed a strong economic presence would ultimately prepare Germany for political annexation of these areas.²⁸⁶

Still, when examining the success of trade in the nations in South America, the results were mixed. For every place where Germany found success, such as Chile and Argentina, there were other places, such as Brazil, Peru, and Bolivia, that were less so. In the case of Brazil, few businesses turned a profit, with most losing a significant amount of capital. As Australian scholar Ian Forbes demonstrated while examining trade patterns, it was not the sheer presence of Germany in a country that determined economic expansion and success, but rather the internal conditions of the country itself.²⁸⁷ Still, while Forbes' point is valid, determining whether German business ventures succeeded or not is to do so not only by applying modern definitions of business success and failure, but also using hindsight to what Berlin was, or was not, doing. For German businessmen, members in the Foreign Office, and settlers and diplomats in South America, the results of their efforts were neither preordained nor self-evident. These groups believed that they could find success throughout South America, and expended as much energy as they could in establishing, and fostering, trade that would succeed.

²⁸⁶ Karl Kaerger to Chlodwig zu Hohenlohe-Schillingsfürst, 13 January 1896, PA-AA, R 30410.

²⁸⁷ Ian Forbes, *German Commercial Relations with South America, 1890-1914* (Adelaide: University of Adelaide, 1975), p. 112; see also pp. 85-106; and Mitchell p. 146. In 1890, German trade with Brazil was worth almost twice as much as its trade with Argentina (190.1 million Marks versus 101.3 million). By 1899, the situation was reversed as Argentina absorbed more German exports; by 1913, German imports from Argentina were now worth twice as much as those from Brazil. See Dettmann to AA, 27 November 1911, PA-AA, R 4883.

Beginning in the early nineteenth century, early supporters of German Weltpolitik, and globalization, assigned South America, and countries like Brazil, Chile, Peru and Bolivia, an important role in securing the economic position of Germany on the global stage. As producers of tropical products, such as coffee and rubber, and long-term buyers of industrial products, the nations of South America had an ever-increasing importance in the world market. For Germany, which lacked economically dependent territories in the world, the development of trade in South America was a vital necessity. In this hemisphere, which was poised for economic expansion by industrial nations, Berlin had to secure a proper place, and it needed to gain a share in the economic conquest of this continent.²⁸⁸

Trading in Latin America, and establishing an economic influence, was complicated and difficult. Each nation in Latin America viewed German interactions differently, and the German government also had to navigate how the United States and other European states, most notably Britain and France, saw its actions. As a result, actions that were effective in one nation-state were not always useful in another. Moreover, events both in Latin America and in Europe, such as German immigration during the late nineteenth century and the War of the Pacific, impacted, and influenced, the actions of the German diplomats abroad and the instructions they received from the Foreign Office.

²⁸⁸ See, for example, Ernest von Halle, *Die Bedeutung des Seeverkehrs für Deutschland* (Leipzig: 1898); and Paul Voigt, *Deutschland und der Weltmarkt* (Berlin: 1898).

There are, however, some similarities, particularly the use of German diplomats to encourage and protect the growth of German economic presence. To develop my argument, then, about German successes, and, in some cases, failures, the beginning of my discussion focuses on general economic policies in South America, and the various transnational networks which affected them. From there, I examine specific examples from Brazil and Chile, not for the sake of comparison, but rather to show that while the same underlying principles guided the growth of German economic influence, there were subtle differences as well. In the examples from Brazil, which the remainder of this chapter looks at, the efforts of emissaries of the Germany were less pointed and more disparate and focused more upon using soft power, such as German communities, to gain advantages. The following chapter examines the efforts in Chile, which were much more pointed as the German diplomats, businesses, and Foreign Office attempted to use events there to channel and shape its presence and influence, thereby hardening the soft forms of German power there.²⁸⁹

Although Germany had been trading with Latin America throughout the 1800s, interest in trade with South America did not begin until the second half of the nineteenth century. While this was late compared to other areas, German ideas of a trade empire in South America expanded rapidly.²⁹⁰ With industrialization, the development of the banking system, and the growth of shipping companies, markets in South America were

²⁸⁹ Rinke, *Im Sog der Katastrophe*; Mitchell, *The Danger of Dreams*; and Conrad, *Globalisation and the Nation in Imperial Germany*.

²⁹⁰ German trade interest in Mexico, for example, had started in the early 1830s. Mitchell, *The Danger of Dreams*, p. 145.

beckoning. By 1890, Brazil, for example, was Germany's main supplier of coffee; Chile saltpeter; Bolivia and Peru metals, such as iron, tin, copper and zinc. Initially, the nations of South America were mainly a source of supply for the Germans, but hopes were high that these areas could become viable markets for selling German goods.

There were several factors that attributed to German success in the South American market. These included the high-level performance and overall quality of German goods, and, perhaps most importantly, the fact that the goods they sold were cheap.²⁹¹ The British consul in Bahia, for example, wrote that while British items still set the standard for quality, they were nevertheless pushed out by inferior, but cheaper and more pleasing, German products.²⁹² The German diplomats and consuls sent similar statements, and reports, to the Foreign Office. As a result, the Foreign Office pushed its diplomats in Brazil to encourage more German business to ship their goods there.²⁹³

Another decisive factor that increased the expansion of German exports were ambitious German middlemen. They received training at business schools in Germany, and applied what they learned to markets in South America. These men adapted their sales methods to the requirements of individual customers and to the local habits of their sales areas. Moreover, German industry, at the behest of the German diplomats, was

²⁹¹ Walter Schueck, *Organisation und Betrieb des brasilianischen Importhandels*, (Stuttgart: Poeschel, 1926), p. 4.

²⁹² "Trade of Bahia for the Years 1904-1906," *Diplomatic and Consular Reports: Brazil*, Annual Series no. 3901, ed. Foreign Office and the Board of Trade (London: Harrisons and Sons, August 1907), p. 24.

²⁹³ Horst Falcke, 12 July 1904, PA-AA, R 13176; Ernest Ludwig Voß, 19 December 1906, PA-AA, R 3281; Voß, 13 March 1908, PA-AA, R 5192.

ready and able to respond to changes in requests, even for small orders. By doing so, they very quickly gained the goodwill of buyers in South America.

Under guidance from German diplomats, businessmen gave importers in South America, particularly those in Peru, Bolivia, and Brazil, specific guidelines on how to package, present, and execute orders, and these rules were strictly followed. Helping the situation further were short delivery periods and the extension of long-term credit to buyers. They also used many customers' preference for British and French goods to their advantage by selling their products with misleading names of origin. Jewelry from Pforzheim, Hanau or Schwäbisch Gmünd would receive French stamps and be sold as Parisian goods.²⁹⁴ Voß, the Handelssachverständige (trade expert), at the German embassy in Rio wrote to the Foreign Office that the preference for everything French also benefited German goods when they also appeared on the French market in Brazil, and South America with these French stamps.²⁹⁵ Commentators from various countries, including the United States, Britain, and France, agreed that the German businessmen in South America were more numerous, more aggressive, and smarter.²⁹⁶ In 1903, David Thompson, the U.S. ambassador to Brazil, reported that, "Germany has for a long time

²⁹⁴ Hans Ramelow, *Reisebericht über Brasilien, für die deutsche Industrie erstattet im Zentralverband deutscher Industrieller*, (Berlin: 1905), p. 29.

²⁹⁵ Voß, 26 July 1913, PA-AA, R 5196.

²⁹⁶ Paul Walle, *Au Brésil: du rio São Francisco à l'Amazone*, (Paris: E. Guilmoto, 1910), p. 434; Frank Bennett, *Forty Years in Brazil*, (London: 1914), p. 201; and Reichsamt des Innern. *Deutsches Handelsarchiv: Zeitschrift für Handel und Gewerbe*. (Berlin: Verlag von Ernst Sigfried Mittler und Sohn, 1887), p. 749.

worked steadily to monopolize the South American markets and German drummers are very active and numerous in Brazil.”²⁹⁷

In the case of exports to government agencies in South America, which were able to assume a considerable amount of expansion of the public sector and modernization of the cities, German merchants adapted to the customs of the country to attract stakeholders, and, in some cases, offered officials considerable sums and other favors to gain their business.²⁹⁸ Shipping lines, for example, offered prominent South Americans free passage on their ships, and industrial companies then hosted them in Germany.²⁹⁹ In 1904, with the help of German diplomats in Chile and Brazil, the Zentralverein deutscher Industrieller (Central Association of German Industrialists) sent experts to both countries to report on the prospects for the German economy.³⁰⁰

Clubs, such as the Deutsch-Südamerikanische Gesellschaft (German-South American Society), Deutsch-Südamerikanische Handelsverband (German-South American Trade Association), and the Deutsch-Brasilianische Handelskammer (German-Brazilian Chamber of Commerce), worked with the German Foreign Office to cultivate links between German companies involved in trade, publicly in South America,

²⁹⁷ David Thompson to John Hay, 13 November 1903, National Archives, Washington D.C. (hereafter cited as NARA), RG 59.

²⁹⁸ See, for example, Treutler, 30 December 1901, PA-AA, R 18020; and Gustav Michahelles, 19 June 1913, PA-AA, R 18035.

²⁹⁹ See, for example, the efforts made by Lauro Müller and Rodrigues Alves during their trip to Europe in 1908, which can be found in correspondence between Albert Ballin, Gustav Krupp, Hamburgisch-Südamerikanische-Dampf-Schiffahrtsgesellschaft (HSDG), Hugo Fürst von Radolin (German ambassador to France), Gustav Adolf von Götzen (Prussian ambassador in Hamburg), and Reichenau, PA-AA, R 18020.

³⁰⁰ Ramelow, *Reisebericht*, pp. 80ff.

agitated for closer trade relations, and maintained contacts with trade authorities in South America.³⁰¹ The South American authorities themselves welcomed the efforts from these clubs as they also saw it as a method to promote the sale of their products in Germany.³⁰²

Many German representatives, with assistance from the diplomats abroad, were well-trained at technical and business colleges and travelled to South America. Following the example of the men whom the Foreign Office chose to represent it in South America, these representatives had excellent language skills, and maintained close, personal contact with their customers, which was extremely important, especially in Brazil, Chile, Peru, and Bolivia. In these places, all business was concluded as personally as possible, with the customers rarely leaving anything to be decided via correspondence or telephone. The German diplomats and traders took advantage of this, whether it was the diplomats arranging one-on-one meetings, or the representatives frequently visiting their customers in order to secure deals. German banks, which were admired for their customer service, strongly supported these efforts.³⁰³ A similarly indispensable aid to exports was the German shipping companies, which were well-regarded due to their fast and regular connections. Their careful handling of the loads

³⁰¹ It is common practice for the German government to create Chambers of Commerce with the countries with which they traded. Thus, along with the German-Brazilian Chamber of Commerce, Germany also established ones with, for example, Bolivia, Peru, Chile, and Argentina. See Mitchell, *The Dangers of Dream*; and Conrad, *Globalisation and the Nation in Imperial Germany*.

³⁰² Ramelow, *Reisebericht*, p. 83; HSttA, CI d 182; and Stolz to AA, 19 December 1907, PA-AA, R 5191.

³⁰³ *Deutsches Handelsarchiv*, vol. 2 (Berlin: 1912), pp. 176f; *Deutsches Handelsarchiv*, vol. 2 (Berlin: 1913), p. 843; *Diplomatic and Consular Reports*, no. 4575, 1909, p. 12; and Walle, *Brésil*, p. 439.

which were entrusted to them, and their extensive customer service, were well-known and highly valued.³⁰⁴

Generally, import and export houses, usually located in major trade cities in South America, mediated trade between Germany and South America. They also served as representatives for large Germany industrial companies. In Brazil, for example, there were between thirty and forty commercial houses in Rio; in Peru, around twenty-five were found in Lima.³⁰⁵ The high price levels in South America, especially in Brazil, Chile, and Peru, ensured a satisfactory profit for importers, but the business itself was very demanding due to its many difficulties including fluctuating currencies, constant tariff quarrels, questionable business ethics of customers, and a certain degree of legal uncertainty. Only exceptionally skilled men were able to handle such difficulties, namely those at the import and export houses, and the diplomats which Berlin sent abroad.³⁰⁶ Some companies had become big business enterprises and recorded very significant revenues.³⁰⁷

One of the most well-known import and export house was that of Theodor Wille, which had offices throughout South America, although its primary locations were in Brazil. Along with facilitating trade, it also conducted banking transactions. In 1901, for example, Wille was able to loan 100000 pounds to the state of Rio de Janeiro. The

³⁰⁴ Alan Manchester, *British Preeminence in Brazil, Its Rise and Decline: A Study in European Expansion* (London: Octagon Books, 1972), p. 329; and Jacob Warshaw, *The New Latin America* (New York: Thomas Crowell Company, 1922), 122ff.

³⁰⁵ *Deutsches Handelsarchiv*, vol. 2 (Berlin: 1902), p. 12.

³⁰⁶ Treutler, p. 95; and Schueck, *Organisation*, p. 1.

³⁰⁷ Karl von Schlözer, *Menschen und Landschaften: aus dem Skizzenbuch eines Diplomaten* (Berlin, 1926), p. 141.

company primary was the agent of several large shipping companies and for many years was the largest coffee exporter in Brazil. From 1900 to 1912, the company by itself exported seventeen percent of the Brazilian coffee harvest, which was mainly grown on the company's own plantations. It also controlled the power supply of several major cities in South America, particularly around Sao Paulo, Santiago, and Lima.³⁰⁸

Another major German import and export company was the Hermann Stoltz Company. It arranged 250 shiploads a year between Germany and South America, built factories, and even owned a few smaller ones. The Bromberg Company, another trading company, was the largest of its kind in South America. By itself, the company made large profits from its sale of wire, but it was also involved in constructing factories, owned rice plantations, built railroads, and setup electricity supply in many cities. Between its headquarters in Hamburg and its companies in South America, it employed nearly 3000 employees and workers. Karl Höpke was a relatively unknown businessman who worked mainly in Brazil. He started a small company in Santa Catarina and, ultimately, became the owner of one of the largest businesses in the area. Other important companies in Brazil, Chile, Bolivia, and Peru include agents of Krupp, an arms manufacturer; members of the Hasenclever family, which brought cement and

³⁰⁸ During this same period, German companies in general supplied thirty percent of all coffee exports in Brazil alone. Reginald Lloyd, *Twentieth Century Impressions of Brazil: Its History, People, Commerce, Industries, and Resources* (London: Lloyd's Greater Britain Publishing Company, 1913), pp. 568-576, 693-710.

other building materials; Luiz Eisengarthen, the first company in the cotton trade in Rio; and Dusendschön and Cmok & Pook, rubber exporters.³⁰⁹

Due to the efforts of these, and other trading companies, the German government was able to gain an advantage over its North American and French competitors, which had no companies of comparable size and resulted in them, at least partly, relying on the German house to distribute their goods. Only the British had trading houses of similar importance, but they only had a few in comparison to the numerous German ones.³¹⁰ Moreover, due to the constantly fluctuating rates and sales, expert knowledge of the economy was necessary, and so both German businesses and the Foreign Office turned towards its ambassadors for assistance to take advantage of the incredibly complicated customs tariff and to avoid many customs penalties.³¹¹

Although German manufactures began to rely more heavily upon German agents in South America, complaints about the lack of effectiveness and low enthusiasm for trade, especially exports, became more and more frequent. Making matters worse was the fact that there were no price wars or competition among traders in South American

³⁰⁹ For more information on the Bromberg Company, see Bromberg & Co., *1863-1913, Bromberg & Co.* (Hamburg, 1913); for more on Höpke, see Gottfried Entress, *Gedenkbuch zur Jahrhundertfeier* (Florianopolis, 1928), pp. 157ff; for more general information on German firms in South America, see Heinrich Hinden, *Deutsche und deutscher Handel in Rio de Janeiro: Ein hundert-jähriges Kulturbild zur Zentenar-Feier der Gesellschaft „Germania“, 1821-1921* (Rio de Janeiro: Gesellschaft Germania, 1921); and *Erstes Jahrbuch für die deutschsprechende Kolonie im Staate Sao Paulo 1905* (Sao Paulo: 1905).

³¹⁰ *Deutsches Handelsarchiv*, vol. 2 (Berlin: 1899), p. 888; and Ross Hoffman, *Great Britain and the German Trade Rivalry, 1875-1914* (Philadelphia: University of Pennsylvania Press, 1983), p. 195.

³¹¹ *Deutsches Handelsarchiv* vol. 2 (Berlin: 1887), p. 749; *Deutsches Handelsarchiv* vol. 2 (Berlin: 1890), p. 489; *Deutsches Handelsarchiv* vol. 2 (Berlin: 1894), p.199; *Konsulatsbericht aus Porto Alegre*, 8 August 1896, HStA, 4 CI d 178; and Richard Krauel, *Deutsche Interessen in Brasilien* (Hamburg: 1900), pp. 21f.

markets, especially in the Chilean and Brazilian markets.³¹² There was room for British, French, German and even American goods. Importers did not help the situation by selling goods for all nations based purely upon what would make them the most money as opposed to being loyal to their home country. Specifically, the German businesses were becoming too international to be, as the Foreign Office hoped, an instrument of German economic nationalism. With the import companies being so international, and thus displaying a lack of commitment to national resources by allowing equitable distribution of goods from Europe and the United States, the Foreign Office, and its diplomats abroad, reproached the them for their competitive favoritism.³¹³ According to a report from the British Consul General in Rio, for example, while the number of British import companies had declined, their imports had not. They remained steady because German trading companies were distributing the British goods, along with the German ones. As a result, German manufacturers and diplomats frequently lamented that even at the express request of German businesses, sometimes German goods were not received, and British and French items were recommended.³¹⁴

Due to the discord concerning the activity of importers, representatives from German businesses increasingly were sent to South America to make direct contacts between the manufacturer and the buyer. In many cases, the representatives and the

³¹² Voß, 12 December 1906, PA-AA, R 3281; Voß, 5 June 1908, PA-AA, R 2863; Adolf Pauli, 29 December 1913, PA-AA, R 5197; Hermann Stoltz an AA, 26 April 1910, PA-AA, R 13373; and *Preußische Jahrbücher*, vol. 108 (Berlin: 1902), pp. 146-152.

³¹³ Konsul Wever, 9 March 1896, PA-AA, R 13161; Göring, 27 November 1911, PA-AA, R 13375; and *Deutsches Handelsarchiv*, vol. 2 (Berlin: 1902), p. 12.

³¹⁴ *Export-Handbuch* (Berlin, 1908), p. 148.

German diplomats worked in concert and communicated heavily with one another in trying to bolster German trade. To further their ambitions, and circumvent the import houses, they made concessions to vendors in South America. While not all companies could afford to send men to South America, with the assistance of German diplomats, the transformation away from import houses became so strong that, for example, in Bahia, German import companies were rarely used.³¹⁵

While German banks were late in entering the South American market, their establishment in the late 1880s also helped manufactures to circumvent import houses.³¹⁶ The banks assumed responsibility for commodity loans, which thus reduced the risk of collection. At the same time, upon the departure of the goods, exporters and manufacturers would send the original documents related to the goods to their banks, which they turned over to the buyer. A fee of approximately two percent of the bill of exchange was usually charged to the purchaser of the goods.³¹⁷ In using the banks in this manner, both the exporters and manufacturer could assure that the buyers received their goods from customs and avoid any hassles which usually occurred with the import houses.³¹⁸

³¹⁵ *Deutsches Handelsarchiv* vol. 2 (Berlin: 1887), p. 750; *Deutsches Handelsarchiv* vol. 2 (Berlin: 1890), pp. 421 and 489; *Deutsches Handelsarchiv* (Berlin: 1912), p. 177; *Deutsches Handelsarchiv* (Berlin: 1913), p. 843; *Konsulatsbericht*, 29 April 1904, HStA., CI VI no. 6, 1; and *Eingabe des Vereins Hamburger Exporteure*, HStA., CI VI no. 6, 1.

³¹⁶ There are several factors owing to German banks' late arrival to South America, including Germany's relatively late industrialization, scarcity of capital in Germany, and more attractive investment opportunities at home and in the Middle East. See Mitchell, *Danger of Dreams*, p. 140.

³¹⁷ For a fuller description of "accepted bill of exchange", and its role in buying and selling of goods, see <http://www.businessdictionary.com/definition/acceptance-of-a-bill-of-exchange.html>

³¹⁸ O. Preuß-Sperber, *Süd- and Mittelamerika: Seine Bedeutung für Wirtschaft und Handel* (Berlin: 1913): pp. 28f; and Rudolf Sondorfer, *Die Technik des Welthandels* (Vienna: Alfred Holder, 1912), p. 337.

The call for German banks to promote exports only grew louder beginning in the 1890s as Germany industry was beginning to boom. In Brazil, for example, it was estimated that annually three to three and half million marks in dues were sent to British banks. Looking closer at those charges, German diplomats and businessmen observed that from bills of 100000 marks, only 2000 marks were transferred to Germany.³¹⁹ With exports from South America continuing to increase, German businessmen, with encouragement from their diplomats in South America, pushed for the banks to take control of money transfers of German exports. Starting in the 1890s, then, as the banks assumed control over exports, they were able to largely free German trade from the British currency and positively influence the German balance of payments.³²⁰

In the early 1880s, however, initial forays into establishing banks in South America met with little success as the focus was primarily on the earnings of the banks. Beginning in 1887 with the emphasis more on safe investments, and not earnings, the banks began to achieve more success. Precise demand regarding German economic interests was one of the primary tasks of the banks, along with price and gold trading. In the 1880s, in Brazil, the Brasilianische Bank opened branches in Rio de Janeiro, Sao Paulo, Santos, Bahia and Porto Alegre. Soon afterwards, the banks paid a five percent dividend on the paid-in capital, which gradually increased to an average dividend of nine

³¹⁹ Karl Strasser, *Die deutschen Banken im Ausland* (Munich: 1924), p. 23; and Erwin Wiskemann, *Hamburg und die Welthandelspolitik: von dem Anfangen bis zur Gegenwart*, (Hamburg: Friederichsen, 1929), p. 235.

³²⁰ Hinden, *Deutsche und deutscher Handel*, p. 255.

percent, and paid close to fifteen million marks to investors.³²¹ The Brasilianishce Bank's payment of nine percent was the highest paid profits on capital which any German banks in Brazil paid. While very good, it never approached the yields of the British banks, which, at their height, paid a dividend of twenty percent. Along with the Brasilianische Bank, the Deutsche Überseeische Bank and the Deutsch-Südamerikanische Bank also established branches in Rio, Sao Paulo and Santos.³²²

Again and again, German diplomats in South America, and German businessmen, called for capital investments, which could foster their influence and, ultimately, equal and surpass the British and French. "If we do not want to play the role of being thick-headed in the distribution of goods," Treutler, the German ambassador in Brazil, wrote to the Foreign Office in 1905, "then we must invest capital through specialists."³²³

Regardless of such encouragement, South American assets were rarely traded on the German stock market. In the 1890s, for example, the Disconto Gesellschaft, a German bank, was initially assigned to work in Brazil after consulting with the Deutsche Bank. One of its major transactions was issuing a five percent loan of 22 million marks

³²¹ For a fuller definition of "paid-in capital", see <http://www.businessdictionary.com/definition/paid-in-capital.html>

³²² Strasser, *Banken*, pp. 31-40, 49, 129-135, and 148-156; Disconto-Gesellschaft, eds., *Die Disconto-Gesellschaft, 1851-1901: Denkschrift zum 50jährigen Jubiläum* (Berlin: 1901), pp. 80 f.; *Deutsches Handelsarchiv* (Berlin: 1890), p. 489; and Walle, *Brésil*, p. 439; for more information about British banks, see David Joslin, *A Century of Banking in Latin America*. (London: Oxford University Press, 1963), pp. 138-148, and 152-161.

³²³ Treutler, 2 June 1905, PA-AA, R 13180. For similar sentiments, see also Treutler, 31 March 1903, PA-AA, R 13181; *Deutsches Handelsarchiv* (Berlin: 1887), p. 749; Göring, 4 June 1912, PA-AA, R 13375; Göring, 26 July 1913, PA-AA, R 5996; and Krauel, *Interessen*, p. 31.

to the Oeste de Minas railway company, and used the Brasilianische Bank für Deutschland as its intermediary. The railway company, however, was unable to turn a profit, and by the end of the decade, the company had become insolvent and its buyers suffered heavy losses. As the company could not pay its obligations in gold, investors looked to the state of Minas Geras, where the railroad was being built, to assume the company's debt; the state refused, referring to several clauses in the treaty that stated it was under no obligations to honor the company's guarantees. It was only after several years of negotiations, which the German diplomats in Brazil headed, that the Brazilian government met German demands - the creditors were paid compensation with money from the state of Minas Geras, which covered about fifty percent of the loss.³²⁴

The effects of the failure to repay the investors for so long had a long-lasting impact on German bank investments, particularly in Brazil. When in 1902, the German Foreign Office submitted a plan to the Disconto Gesellschaft for a loan to the state of Rio Grande do Sul, the bank declined, afraid that its loan would not be repaid. Still, the Foreign Office, and its diplomats, did not give up in their attempts to bring German invests into South America.³²⁵

In efforts to continue development of German economic interests and engagement, the Foreign Office also undertook more traditional methods. Two such ways were either to secure a share, or monopolize the extraction of a specific raw

³²⁴ Disconto-Gesellschaft, eds., *Die Disconto-Gesellschaft*, pp. 124 ff; and *Berliner Tageblatt*, 6 May 1903.

³²⁵ Konsul Feindl, 22 December 1902, PA-AA, R 16518; AA to Disconto-Gesellschaft, 30 December 1902, PA-AA, R 16518; and Disconto-Gesellschaft to AA, PA-AA, R 16519.

material, such as coffee or cotton, and to invest capital in public service companies in order to attract construction contracts for the industry.³²⁶ For example, German companies would build and control electricity plants, participate in railways, set up sewer systems for the cities or expand port facilities for modern shipping.³²⁷

While German trade representatives and diplomats in South America were frequently recommending opportunities, they, along with the Foreign Office, struggled to convince German businesses to invest capital in South America. Unless there was a clear belief that an opportunity would be profitable or lead to political influence, many banks and companies were hesitant to provide finance or capital.³²⁸ Even in support of *Deutschum*, it could be a struggle to obtain money from banks as the financial prospects were not seen as very attractive. Still, the Foreign Office did not stop its efforts to convince German companies and banks to assist in increasing German influence and presence, and it continued to rely on its diplomats and trade representatives to provide recommendations and assistance.

³²⁶ A particularly important raw material for German industries was monazite sand, from which thorium was obtained which was then used for gas mantles in street lights. Germany essentially had a monopoly on gas mantles, with Brazil providing the largest supply of monazite sand. For years, government agents, German companies and German citizens endeavored to secure the money for the monazite sand. Often, Berlin used the threat of the United States gaining control of the monazite sand to intensify and encourage German efforts. See, for example, HStA, CI d 178. See also the suggestions of the director for the *brasilianischen Bank für Deutschland*, made to the German ambassador, Treutler, to secure mining rights for manganese. Treutler, 10 September 1906, PA-AA, R 5188.

³²⁷ See, for example, the consulate in Porto Alegre taking over the establishment of a sewage system, March 1898, HStA, CI d 178; and the consulate in Porto Alegre participating in creating canals in shallow water, or assisting in expanding the city port – Consul, June 1909, PA-AA, R 13189; and Consul, June 1909, PA-AA, R 18035.

³²⁸ AA to Reichenau, 31 December 1907, PA-AA, R 30290.

Some areas that did see an influx of German money and capital was in the brewing and tobacco industries in South America. In Brazil, for example, development was so favorable that it was possible to cover the entire domestic demand quickly. Regarding tobacco specifically, Gerhard Dannermann, the founder of Dannermann Cigarrenfabrik which has become a well-known and popular German cigar maker, employed 20600 people in his factory and plantations throughout Brazil.³²⁹

Other areas which the Foreign Office, through its diplomats in South America, encouraged investments were in service sectors such as electric and cable. Siemens, for example, emerged in South America in the late 1890s. In 1898, with assistance from Deutsche Bank, it founded the Brasilianische Elektrizitätsgesellschaft with a capital of five million marks. At the same time, through a competition with the American Telephone & Telegraph Company (AT&T), Siemens won the right to develop the telephone system in Rio and other cities in Southern Brazil. The successes from these projects encouraged the company to finance more projects throughout South America. By the early 1910s, Siemens built electrified tram lines in Southern Brazil and Chile, and had begun to construct lines in La Paz and Lima.³³⁰ Although none of the projects Siemens financed turned a huge profit, the Foreign Office used the fact that the company

³²⁹ Voß, *Die brasilianische Industrie: Ihr Stand, ihre Entwicklung und ihr Einfluss auf den deutschen Export* (Mainz: 1911), p. 7; Ramelow, *Reiseberichte*, vol. 2, pp. 15 ff.; *Ibid.*, vol. 4, pp.16 f; Lloyd, *Twentieth Century*, pp. 862-867 and pp. 872-880; and Cornelius, *Die Deutschen*, pp. 23 ff.

³³⁰ AA an Brazilian Ambassador Azevedo, 1 July 1898, PA-AA, R 13164; and Georg von Siemens, *Der Weg der Elektrotechnik: Geschichte des Hauses Siemens*. Vol. 1 (München: Alber, 1961), pp. 164-165.

was still able to make gains to encourage more businessmen to invest in projects abroad.³³¹

Coastal shipping was another area where German investing achieved moderate success through the encouragement of German diplomats. Initially, in both Chile and Brazil, coastal navigation was reserved only for their nationals. The existing lines in those countries, such as the Lloyd Brasileiro, however, failed to turn any profit, and consumed so many subsidies that the Chilean and Brazilian governments could no longer support them and looked towards foreign companies to assume control. Sensing a great opportunity for Germany to gain a stronger foothold in South America, German ambassadors, particularly Reichenau in Chile and Treutler in Brazil, wrote to the Foreign Office recommending to their leaders to encourage German companies to invest in South American shipping.³³² In November 1871, for example, the owners of Amsinck, Woermann and Laeisz, a Hamburg shipping company, established the Hamburgisch-Südamerikanische-Dampf-Schiffahrtsgesellschaft (HSDG) with an initial capital of 1.25 million thalers.³³³ In 1871, the HSDG began service with three ships which could

³³¹ In one instance, Siemens acquired a small tram company in Bahia. The plants, however, did not develop as favorably as other electric companies abroad, such as the Deutsch-Überseeische Elektrizitätsgesellschaft in Buenos Aires. As the Brazilian company did not bring Siemens or Deutsche Bank a satisfactory profit, the tram company in Bahia was sold to the American Tramway Light Company at a price well above what it was worth. For other examples, see Falcke, 30 May 1905, PA-AA, R 13180; Treutler, 16 August 1906, PA-AA, R 13183; and Hans Fürstenberg, *Carl Fürstenberg: Die Lebensgeschichte eines deutschen Bankiers, 1870-1914* (Berlin: Rheinische-Verlag, 1930), p. 342.

³³² Treutler, 16 August 1906, PA-AA, R 13183; and Generalkonsul Ferdinand von Nordenflycht, 8 March 1910, HStA, XIX C 30.8, 2.

³³³ Before German unification in 1871, and shortly thereafter, the different German states used a variety of currencies, with most linked to the *Vereinstaler*, which was a silver coin that contained 16.67 grams of pure silver. Hamburg used its own Mark, or Thaler, prior to 1873, which at the time had an exchange rate of 1 Hamburg mark/thaler = 1.2 marks. The 1.25 million thalers which was invested in the HSDG would be equivalent to approximately 1.5 million marks. For more on German currency and the use of thalers, see https://en.wikipedia.org/wiki/German_gold_mark.

transport a total of 5000 tons, with each ship making three round trips. In 1890, the company had twenty-seven ships, and had a net worth of twenty-five million marks, a drastic increase over its initial investment only twenty years earlier. On the eve of World War I, the HSDG was the second largest shipping line among Brazilian and Chilean shipping companies, and was the second largest shipping company in Hamburg.³³⁴ By the end of 1912, its fleet contained 53 steamers with a total tonnage of 330000 tons. There were 284 round trips per year with around 100000 people and 1.5 million tons transported.³³⁵ Since the HSDG was earning a profit, and due to good prospects for the future, shipping to South America, particularly to Brazil and Chile, soon attracted competitors. In 1876, the Norddeutscher Lloyd started to ship people and goods. Its primary focus and strength was transporting emigrants to towns and cities along the coast, particularly in Chile, Brazil, Argentina, Bolivia, and Peru.³³⁶

The Hamburg America Line (HAPAG), which had also just started transporting goods to North Brazil in the 1890s, seized upon the growing financial opportunities in South America, and in 1900 established lines to central and south Brazil, as well as to Chile and Argentina. Due to its successes in the area, a few years later, HAPAG bought the Freitas Line, another German shipping company, turned it into a brokerage firm to secure its client base, and then concluded its own pool agreement with the HSDG. As

³³⁴ Christian Eckert, „Deutsche Seefahrten nach Südamerika“, in: Gustav Schmoller ed., *Jahrbuch für Gesetzgebung Verwaltung und Volkswirtschaft im Deutschen Reich* (Leipzig: Dunker & Humblot, 1904), pp. 44 ff; and Hans Behrens, *Grundlagen und Entwicklung der regelmäßigen deutschen Schifffahrt nach Südamerika* (Halle: Gebauer-Schwetschke Druckerei und Verlag m b. H., 1905), pp. 129 ff.

³³⁵ Brunn, *Deutschland und Brasilien*, p. 251.

³³⁶ Behrens, pp. 134-136.; Eckert, pp. 50-51, and pp. 63-65.

part of the contract, HAPAG and HSDG established a uniform timetable for the routes to north, central and southern Brazil; for the La Plata route, which brought goods to the Rio de La Plata area and included stops in Brazil, Argentina and Uruguay; and for a route to Chile which also stopped in Argentina, Peru, and Bolivia. Two-thirds of the steamers on these routes belonged to HSDG, and the other third for HAPAG. At the end of each year, the profits made from these trips were divided accordingly.

In September 1902, HAPAG and HSDG met at conferences in London and Ostend, Belgium, through the assistance and urging of German diplomats in South America, and agreed to a common tariff policy with other European shipping companies which travelled to South America. A particularly valuable part of this conference was the agreement made with the British Booth Line which transported goods to north Brazil. From it, the German lines were able to secure a monopoly between the Amazon region and Europe, much to the satisfaction of the German shipping companies, the Foreign Office, and its diplomats in South America.³³⁷ Due to the efforts of the diplomats and shipping companies, between 1870 and 1913, the German share of ship traffic from foreign nations increased dramatically; in Brazil, for instance, its shares rose from five to twenty-four percent. Although German shipping saw a positive increase during this period, it was not able to overtake the British, as it was able to expand its traffic by an even greater extent than the Germans. Only in a few ports in Peru and southern Brazil, were the German companies able to overtake the British by 1913.³³⁸

³³⁷ Behrens, p. 163-165

³³⁸ Paul Skoli, *Die Handelsbeziehungen Brasiliens mit den europäischen Ländern seit den 1870er Jahren* (Cologne: Studentemburse, 1926), pp. 58-60.

German diplomats, and the Foreign Office, however, were not deterred. Throughout this period, both parties firmly believed that the Reich could gain control of shipping in South America, and they constantly encouraged shipping companies in Germany to continue to invest in the area.³³⁹

The laying of undersea cables to South America was another area in which German diplomats and the Foreign Office were politically and economically motivated. The Reichspostamt (Imperial Post Office) first proposed the idea to place a German cross-country cable to South America in 1904. The line would first reach Pernambuco, Brazil and then stretch across Brazil and into Chile, Argentina, Peru and Bolivia, among other places. The idea to undertake such a project occurred as an extension was sought on the transfer of transnational cables between Portugal and Brazil. The British previously had a monopoly on such transfers, but its control over it had expired. At the same time, the Spanish government wanted to provide its Western Telegraph Company with a monopoly on the cables between Cadiz, Spain and Tenerife (the largest of the Canary Islands) for twenty-eight years. In doing so, however, this would have excluded cable connections between Germany, West Africa and South America.³⁴⁰ Sensing a unique opportunity, the Reichspostamt reached out to the Foreign Office to seek assistance in gaining control of cables connections to South America, and of telegrams transmitted between there, West Africa and Germany. Despite the strong telegraph

³³⁹ See for instance, Falcke, 30 May 1905, PA-AA, R 13180; Treutler, 16 August 1906, PA-AA, R 13183; Nordenflycht, HSDG an Hamburger Handelskammer 1906, HStA., C 30 Nr. 8, 2; Ballins to Wiegand, 17 September 1906, HStA., C III c 48; and Treutler, 29 September 1906, PA-AA, R 5188.

³⁴⁰ Reichspostamt, 15 October 1904, PA-AA, R 16350.

traffic between Germany and South America – in 1904, for example, approximately 42100 telegrams with 354400 words were sent from South America to Germany – the Reichspostamt’s interest, however, was less in the connection to South America than the one which would run to the German colonies in West Africa. Still, it viewed the South American cable as a method to compensate for the deficit that telegram traffic with the German colonies would generate.³⁴¹

Prior to 1904, telegrams from Germany travelled along the cable to Vigo (located in northwest Spain), and then to South America via the British Western Telegraph Company. For the Germans’ planned cable, however, the cheapest route was to go through Portugal and the Cape Verde Islands. Such a possibility, however, failed, after Portugal extended the monopoly of the British Western Telegraph Company.³⁴² Since negotiations with the Portuguese had failed, Berlin turned to Spain and Liberia to gain the right to lay cable. The German delegation once again faced strong opposition from London, but ultimately, through the efforts of the Foreign Office and its diplomats, it was able to gain the right to place cable in Monrovia via Vigo.³⁴³ With the route from Germany to West Africa now secured, the Germans shifted their focus to obtaining land rights in South America, especially in Pernambuco, which was to be one of the main cable centers. Along with Reichenau, the German Ambassador to Brazil, a commissioner of the Felten-Guillaume cable factory, Spoerer, travelled to Rio for negotiations, which

³⁴¹ Reichspostamt, 14 May 1905, *ibid.*; and Note, AA, October 1907, PA-AA, R 16355.

³⁴² Reichspostamt, 14 April 1905, PA-AA, R 16350; Reichspostamt, 2 July 1905, *ibid.*; and Reichspostamt, 16 Januar 1906, *ibid.*

³⁴³ Note, AA, October 1907, PA-AA, R 16355; and Aufzeichnung, AA, 21 August 1910, PA-AA, R 16361.

began in March 1908. The talks, however, became very difficult due to the fact the commissioner had little knowledge of Brazil, did not know Portuguese, and rarely used “baksheesh” to control negotiations with the Brazilian government and obtain the concessions that the German government was seeking.³⁴⁴ Nonetheless, on 30 July, the Reichspostamt, through the German Foreign Office, especially Reichenau, received a commission to lay cable to Pernambuco.³⁴⁵

On 29 May 1911, the Deutsch-Südamerikanische Telegraphengesellschaft finally opened and the cables which it laid were made available to the German merchants. It took a long time, however, before the company was used with any regularity. Initially, potential customers in South America, particularly in Brazil, Chile, Argentina and Peru, did not know how to transmit messages over the cable, telegrams were garbled and, in some cases, took longer to send than those from the British Western Telegraph. Although the German ambassadors and consuls used the German company, and encouraged businesses and other government officials to utilize it, advertisements for it were lacking. The Deutsch-Südamerikanische Telegraphengesellschaft also suffered as the British Western Telegraph was more accommodating, providing its customers with discounts and correcting any telegrams that were garbled or transmitted incorrectly.

³⁴⁴ In messages to the Foreign Office, Reichenau expressed his frustrations due to Spoerer’s refusal to listen to his advice in handling the negotiations. See Reichenau to AA, 8 March 1908, 27 April 1908, 9 June 1908, 30 July 1908, and 14 October 1908, *ibid.*

³⁴⁵ Reichenau to AA, 30 July 1908, and 14 October 1908, *ibid.*

Although they had little proof, the German diplomats in South America suspected that the British company was trying to sabotage the efforts of the German company.³⁴⁶

Because of reports from diplomats in South America stating that development was unsatisfactory and containing numerous complaints, the Foreign Office issued a circular decree to embassies, diplomatic missions, and consulates in Brazil, Argentina, Chile, Bolivia, and Peru to take whatever steps were necessary to increase use of the German cable, such as advertising its use, and to report on the conditions of competition with the British Western Telegraph and its advertising methods.³⁴⁷ Many of the responses from the diplomats indicated that telegrams from the British company were more reliable, it was more active with its advertising, for example offering promotional gifts, and, perhaps most importantly, its customer service was more helpful.³⁴⁸ Moreover, even though international regulations forbid it, British Western continued to not charge for garbled telegrams, tolerated contractions and other methods for writing in shorthand, and, overall, were very accommodating to its customers.³⁴⁹ Seeing these reports, the Foreign Office then instructed Reichenau, Treutler, Michahelles, and its other diplomats to use their connections with the Deutsch-Südamerikanische

³⁴⁶ Generalkonsul Barre, 31 May 1911, PA-AA, R 16362; Michahelles, 9 May 1911, *ibid.*; and Nordenflycht, 15 June 1911, *ibid.*

³⁴⁷ See, for example, Barre, 31 May 1911, *ibid.*; Michahelles, 9 May 1911 *ibid.*; Nordenflycht, 15 June 1911, *ibid.*; Consul in Valparaiso, 27 July 1911, *ibid.*; Konsul Rößler, 17 August 1911 and 26 October 1911, *ibid.*; and Circular Report, 15 March 1912, PA-AA, R 16363.

³⁴⁸ *Ibid.*

³⁴⁹ Konsul in La Paz, 6 May 1912, *ibid.*; Konsul in Tacna (Peru), 24 May 1912, *ibid.*; Generalkonsul Nordenflycht, 26 June 1912, *ibid.*; Letter from a businessman in Santiago to Eckert, 11 August 1913, *ibid.*

Telegraphengesellschaft to create a more user-friendly cable company, as well as encouraging German and South American businesses to send telegrams through it.³⁵⁰

By 1913, through these efforts, the Deutsch-Südamerikanische Telegraphengesellschaft, was able to attract more customers in places like Brazil, Chile, and Argentina, and began to become profitable. The profits, however, could have been greater, but the Germans were unable to break the British dominance of cable routing and telegraph service in South America. The outbreak of World War I further stymied Berlin's efforts as the Allied forces seized control of the cable and, after the war was ended, eventually cut it, preventing the Germans from making any further use of it.

As the previous chapter has shown, German communities were a clear expression of informally developing German influence in South America. At the same time, they also represented a very nuanced development of the various types of economic interests and policies that the diplomats were pursuing. One of the best examples of how German diplomats and the Foreign Office used these settlements to encourage German economic growth occurred in Brazil beginning in the 1890s.

German settlers had been immigrating to southern Brazil since the early 1800s. They left Germany seeking the usual things: opportunity, escape from the past and poverty, and adventure. Various societies in the German states pushed their citizens to emigrate to alleviate the pressures of overpopulation and inadequate opportunities at

³⁵⁰ AA to ambassadors and Consulates in Brazil, Chile, Argentina, Peru, and Bolivia, 31 December 1907, PA-AA, R 30290.

home. The Brazilian government also encouraged immigrants to come to its country offering free or subsidized land in isolated settlements.

By the 1850s, however, Prussia grew concerned that Catholic Brazil was treating German immigrants, particularly Protestants, harshly. This concern was further exacerbated by the Brazilian government's policy of declaring all persons born in Brazil to be Brazilian citizens, which greatly complicated the German consuls' and diplomats' ability to protect the German settlers and their descendants. The Prussian government's anxiety only increased with the cessation of the slave trade in Brazil in the 1850s, which resulted in a labor shortage. Prussia feared that their helpless immigrants would alleviate this shortage by replacing the slaves as cheap labor.³⁵¹ Therefore, to combat this, the Prussian minister of trade, August von der Heydt, proposed a law that, while it did not forbid Prussians from immigrating to Brazil, it did prevent all efforts to encourage them to do so. In 1859, the Prussian government passed the *Heydt'sche Reskript*, and other German governments soon followed suit.

In the late 1870s, after German unification and during the economic depression of the same decade, there was a growing sentiment in Germany for repealing the *Heydt'sche Reskript*. The German government, however, was slow to respond. For Chancellor Bismarck, neither Brazil nor the *Reskript* was a pressing issue. He had contempt for Germans who emigrated – to him, they were cowards evading military service. Moreover, in the Iron Chancellor's opinion, Brazil was an undesirable location

³⁵¹ Mitchell, *Danger of Dreams*, p. 110.

because of the continuing horror stories about German living conditions there and because it fell within the United States' sphere of influence.³⁵²

Several events in the 1890s would change Berlin's stance on the *Reskript* and German immigration, however. First, with the dismissal of Bismarck in 1890, Wilhelm II, who began to consolidate his power, looked favorably upon the expansion of German influence in Brazil.³⁵³ Second, political instability in Brazil following the fall of the monarchy in 1889 led the German government, and particularly the Foreign Office, to hope that the federal government in Rio de Janeiro would be unable to hold the country together and the southern states would break away and turn to Germany for protection.³⁵⁴ These hopes were bolstered in 1893 by a naval mutiny in Rio de Janeiro which coincided with a revolt in southern Brazil. Berlin was sympathetic to the mutineers and the secessionists, As a result, it did not join with the United States in sending warships to Rio, whose port the rebels blockaded, to help defeat the rebellion. Nonetheless, while the Foreign Office did not openly support the rebels, it quietly hoped that they would ultimately emerge victorious. Lacking any foreign support and

³⁵² For more on the *Heydt'sche Reskript* and German immigration to Brazil prior to the 1890s, see Mitchell, *Danger of Dreams*; Conrad, *Globalisation and the Nation*; Zantop, *Colonial Fantasies*; and Fitzpatrick, *Liberal Imperialism in German*.

³⁵³ See, for example, Marginalia on Krauel to Hohenlohe, 6 October 1895, PA-AA, R 16523; and Bulow, 15 February 1905, Bundesarchiv-Berlin, R 38403.

³⁵⁴ For more on the reign of Pedro II, his government, and the coup that overthrew the monarchy see, Roderick Barman, *Citizen Emperor: Pedro II and the Making of Brazil, 1825-1891*, (Stanford: Stanford University Press, 1999); Robert Levine, *The History of Brazil*, (Westport, Connecticut: Greenwood Press, 1999); Thomas Skidmore, *Brazil: Five Centuries of Change*, (Oxford: Oxford University Press, 1999); and Steven Topik, *Trade and Gunboats: The United States and Brazil in the Age of Empire*, (Stanford: Stanford University Press, 2000).

exhausted, however, the protestors surrendered in March 1894, but hopes persisted in the German Foreign Office that they might one day rise again.³⁵⁵

Amongst this backdrop, trade prospects remained high in Brazil during the 1890s and into the early 1900s, and German diplomats stationed there continued to see opportunities for their homeland. In southern Brazil in 1895, the German ambassador, Krauel, who was the first German diplomat to visit the German settlements in the south, sent enthusiastic reports to Berlin, commenting on how well the settlers were treated and how exciting the trade prospects were. Nonetheless, as he saw it, trade was somewhat lacking as the flow of German emigrants to Brazil was falling. “The German colonies in southern Brazil are a rich treasure that has been overlooked until now,” he wrote to his superiors.³⁵⁶ Karl Kaerger, a German agricultural expert travelling with him, shared this opinion. He, in concert with Krauel, suggested that promoting emigration to South America would bolster economic penetration.³⁵⁷

Along with the Foreign Office, one of the biggest supporters of German expansion in South America were the pan-Germanists. They were especially interested in establishing communities abroad, and were very vocal about their hope that a New

³⁵⁵ Ragnhild Fiebig-von Hase, *Lateinamerika als Konfliktherd der deutsch-amerikanischen Beziehung 1890-1903*, (Gottingen: Vadenhoeck and Ruprecht, 1986); Joseph Smith, *Illusions of Conflict: Anglo-America Diplomacy toward Latin America, 1865-1896*, (Pittsburgh: University of Pittsburgh Press, 1979); Joseph Smith, “Britain and the Brazilian Naval Revolt of 1893-4,” *Journal of Latin America Studies*, vol. 2 (November 1970), pp. 175-198; Joseph Love, *Rio Grande do Sul and Brazilian Regionalism, 1882-1930*, (Stanford: Stanford University Press, 1971); Walter LaFeber, *The New Empire: An Interpretation of American Expansion, 1860-1898*, (Ithaca: Cornell University Press, 1963); and Walter LaFeber, “United States Depression Diplomacy and the Brazilian Revolution, 1893-1894,” *Hispanic American Historical Review*, vol. 40 (February 1960): pp. 107-118.

³⁵⁶ Richard Krauel to AA, 15 September 1896, PA-AA, R 30355. See also Krauel to AA, 10-12 June 1895, 29 June 1895, and 1 July 1895, PA-AA, R 16523.

³⁵⁷ Kaerger to Hohenlohe-Schillingsfürst, 13 January 1896, PA-AA, R 30410.

Germany would flower in places such as southern Brazil, Chile, and Peru. The government, willing to use any assistance it could, supported them as much as it could.³⁵⁸

The pan-Germanists in particular saw Brazil as an ideal location, as the climate was pleasant, the land fertile, the natives friendly, and thousands of Germans already lived there. Just as important, the three southern states, particularly Rio Grande do Sul, were demographically friendly. “Brazil is a distant, chaotic country of 16,000,000 people,” a pan-Germanist penned at the end of the nineteenth century, “but it controls a rich and fertile empire... that could become as important as the United States if only people of Germany.... were to rule it.”³⁵⁹

³⁵⁸ See, for example, Büschel to AA, November 1904, PA-AA, R 16525; *Deutsche Zeitung*, 5 December 1902; *Deutsche Zeitung*, 1 August 1903; and *New York Times*, 22 March 1903. For other contemporary accounts, see Hugo Müller, *Die Deutsche im brasilianischen Urwald*, (Stuttgart, 1883); Adolf Wagner, “Germany and Pan-Germany”, *Contemporary Review* vol. 84, (August 1903): pp. 173-188; Loretta Baum, “German Political Designs with Reference to Brazil”, *Hispanic American Historical Review*, vol. 2 (November 1919): pp. 586-599; Stephen Bonsal, “Greater Germany in South America”, *North American Review*, vol. 176 (January 1903), pp. 58-67; Karl Ballod, “Die Bedeutung von Südbrasilien für die deutsche Kolonisation”, *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche*, vol. 23 (1899): pp. 631-655; Backhaus, *Welche Aussichten bieten sich den Deutschen in Südamerika?*, (Berlin: 1910); and Edgardo de Magalhaes, “Germany and South America: A Brazilian View”, *Nineteenth Century and After*, vol. 81 (January 1917), pp. 67-80. For secondary source literature on this topic, see, for example, Roger Chickering, *We Men who Feel Most German: A Cultural Study of the Pan-German League, 1866-1914* (Boston: Allen and Unwin, 1984); Mitchell, *Danger of Dreams*; Wolf Benicke, *Rio Grande do Sul “Südbrasilien”: Werden und Wesen eines südamerikanischen Kolonisationsraumes*, (Munich, 1958); Rudolf Becker, *Deutsche Siedler in Rio Grande do Sul: Eine Geschichte der deutschen Einwanderung*, (Ijuhy, Brazil: Loew, 1938); Frederick Luebke, *Germans in the New World*, (Urbana: University of Illinois Press, 1997); Ragnhild Fiebig-von Hase and Ursula Lehmkuhl, eds., *Enemy Images in American History*, (Providence: Berg, 1997); Fiebig-von Hase, *Lateinamerika als Konfliktherd der deutsch-amerikanischen Beziehung*; and Naranch, *German Colonialism in a Global Age*; and Zantop, *Colonial Fantasies*.

³⁵⁹ Walter Kundt, in Rocca, “German Colonization in Brazil,” *Bollettino dell’ Emigrazione* 12 (1906), *Bundesarchiv*-Berlin, R 30288. See also, Conrad, *Globalisation and the Nation in Imperial Germany*.

The pan-Germanists shared this view with a large part of German society. German pamphlets extolled the benefits of emigrating to Brazil over other areas, such as Mexico or the United States. “A German emigrant who comes to southern Brazil is more valuable to Germany than twenty who go to North America.”³⁶⁰ The prevailing reason was that Germans in Brazil bought manufactured goods from Germany and exported produce back that was not grown at home, whereas Germans in North America bought manufactured goods, particularly those from America, and exported produce back to Germany that competed with the local goods. As one prominent pan-Germanist extolled, “Any German who goes to South America... and starts working there is a more effective propagandist for German products than the best trader can be.”³⁶¹ Such sentiments continued throughout the late nineteenth and early twentieth centuries, especially among those in the diplomatic service. In 1907, for example, Ambassador Reichenau echoed these sentiments: “German immigrants here... are good consumers for our products and... help to turn the natives and other immigrant groups into buyers of German products.” In a message to the Foreign Office several weeks later, he again recalled this idea: “In southern Brazil, German emigrants remain consumers of German products, while their produce does not compete with ours.”³⁶²

³⁶⁰ Robert Jannasch and Karl von Koseritz, *Ratschläge für Auswanderer nach Südbrasilien: auf Veranlassung des Central-Vereins für Handelsgeographie und Förderung deutscher Interessen im Auslande zu Berlin*, (Berlin: Allgemeine Verlags-Agentur, 1898).

³⁶¹ Backhaus, *Welche Aussichten bieten sich den Deutschen in Südamerika?* (Berlin, 1910)

³⁶² Heinze to Reichenau, 17 July 1907, Bundesarchiv-Berlin, R 30209; Reichenau to Bülow, 4 August 1907, *ibid.*

German businesses supported sending German emigrants to Brazil as a means for increasing their profits. In the late 1890s, the profits of shipping companies were suffering because of a decrease in emigration. Thus, in 1899, the directors of Nord Deutsche Lloyd and the Hamburger Amerika Linie became founding members of the Deutsch-brasiliansche Gesellschaft. Its primary goal was to promote trade with southern Brazil and to steer emigrants to it. The latter being the most important, as the companies could turn larger profits with emigrants taking their ships to Brazil.³⁶³

The sentiments, and desires, of the German businesses and diplomats in South America did not go unheard. In 1896, the German ambassador, Krauel, painted a portrait of lost opportunities in southern Brazil to Wilhelm II. “Ways must be found as quickly as possible to strengthen Deutschtum there,” the Kaiser commented on one of Krauel’s lengthy reports.³⁶⁴ As a result, Germany began to take a more active role in trying to direct German emigrants towards southern Brazil, where the people would be tied culturally and, perhaps most importantly, economically to their fatherland. In the preamble to the 1897 emigration law, it stated that in Brazil, “not only will the German preserve his nationality, but he will find... all the conditions favorable to a prosperous existence. He will, moreover, become a consumer of the products of German industry.”³⁶⁵

³⁶³ Scharlach (Chair of the Supervisory Board of the HKG) to Richthofen, 30 June and 9 October 1899, PA-AA, R 30323; Bleichroder to Bülow, 19 November and 26 November 1899, *ibid.*; Arco-Valley to AA, 4 December 1900, *ibid.*; and Treutler, 5 November 1901, PA-AA, R 30325.

³⁶⁴ Marginalia on Krauel to Hohenlohe, 6 October 1895, PA-AA, R 16523.

³⁶⁵ “The Significance of German Expansion,” *Review of Reviews* vol. 32 (January 1905), p. 116.

Such news was encouraging to German nationalists and businessmen. As the 1902 Deutsche Kolonial Kongress resolved, “it is in the interest of German emigration, trade and industry to direct emigrants to a country with a moderate climate in South America, and especially to southern Brazil. We must encourage the settlement of Germans there through the German spirit of enterprise, German capital investment, and German policy.”³⁶⁶ For these two groups especially, the basic idea was simple – start with a few Germans migrating to southern Brazil, add more, and eventually, an empire would develop. There did not have to be more Germans than Brazilians in the region. The German culture and business presences would naturally dominate. All that was necessary was enough people to support the German presence.³⁶⁷ Ultimately, the pervading idea was that the southern states would secede and turn to Berlin for protection, which meant anything from friendly interest to annexation. The diplomats in Brazil served as the main force there to achieve such an objective. Gustav Schmoller, an eminent political economist who had ties to the Foreign Office, wrote, “We must at all cost try to create in southern Brazil a German country... it is not important whether it remains part of Brazil, becomes an independent state, or has a close association with the German empire.”³⁶⁸ His thoughts directly impacted Krauel’s thinking and actions in Brazil, and he sent a copy of Schmoller’s writings to the Foreign Office, with such ideas underlined for his superiors.

³⁶⁶ German Colonial Congress, resolution of 11 October 1902, in A. W. Sellin to Aichberger, 3 February 1903, Bundesarchiv-Berlin, R 30821; see also Resolution of the German Colonial Congress, section 6, 15 December 1905, Bundesarchiv-Berlin, R 30328.

³⁶⁷ *Spectator*, 18 October 1902, p. 554

³⁶⁸ Gustav Schmoller, Bundesarchiv-Berlin, R 30288.

It is important to note, however, that while such nationalistic thinking matched very well with Germany's ideas of being a global power, it was also not the only line of thinking which the government followed. By the turn of the century, the Foreign Office, and its diplomats, were aware of Brazilian and European, particularly British and French, fears concerning German aims. Through its diplomats there, the Foreign Office tried to assuage these concerns, but it struggled to put enough distance between itself and the nationalist programs of groups like the Pan-German League. Part of the reason why was due to the power that German businesses possessed, and the fact that they, along with high ranking members of the government, shared in the dreams of the pan-Germanists. A prominent German business owner in Hamburg wrote, "The pan-German conception... is no fantastic idea confined to a small class of Jingo politicians, but is the avowed aim of modern German economists who make the music for the politicians."³⁶⁹

By the early twentieth century, even German newspapers began to expound pan-German ideas, particularly as it related to expanding the German economy. In 1901, an editorial in the *Grenzboten*, an influential pro-imperialist paper, appeared which stated,

Can the German Empire, which wants to be – and will always be – a world power, remain a spectator to the passage of one South American Republic after another into political and commercial dependence of the United States of America?... The complete exclusion of Germany from all America would be equivalent to our economic and political death... We cannot and we will not tolerate being excluded from that part of the world.³⁷⁰

³⁶⁹ Adolf Wagner, "Germany and Pan-Germany," *Contemporary Review* vol. 84 (August 1903), p. 186. See also AA to Krauel, 20 April 1895; and Krauel to Hohenlohe, 29 May 1895, PA-AA, R 16517.

³⁷⁰ *Die Grenzboten*, 1901, pp. 845-46.

The possibility that such stories could damage the public's, especially those in Chile, Brazil, Peru, and Bolivia, generally positive attitude towards the Germans, and thus limit the goodwill of their politicians, worried German businessmen and diplomats in South America and Germany. As early as 1895, for example, Krauel, complained to the Foreign Office about such "tactless" articles in the German press. Such ideas only fueled rumors about German intrigue in southern Brazil, which put the local government on notice. In the margin of an article attached to the ambassador's message, an official at the Foreign Office scrawled, "This can only make trouble."³⁷¹ In a message to Krauel, a German business owner wrote, "Unfortunately, part of the Brazilian press in picking up these attacks [on German policy in Brazil], and they have created hostility in Brazilian public opinion. I am convinced that the Brazilian politicians do not believe the reports, but public opinion could force them to refrain from showing the German settlement the goodwill it needs."³⁷²

Focusing on trying to create goodwill and increase trade without directly antagonizing local and foreign governments, consortiums of export and shipping firms attempted to set up small German communities in South America to promote emigration. Perhaps one of the best examples of such action took place in Brazil at the end of the nineteenth century. In 1896, several German businesses, including the Nord Deutsche Lloyd and Hamburg-Amerika Linie, agreed to set up the Hanseatische Kolonialisierung

³⁷¹ Krauel to Hohenlohe, 29 May 1895, *ibid.*; marginalia, 1 January 1897, Bundesarchiv-Berlin, R 30305; and A. W. Sellin, "Germany's Interests in Southern Brazil," *Amerika* (December 1906).

³⁷² *Hansa Kolonialgesellschaft* (HKG) to Krauel, 23 April 1903, PA-AA, R 16578. See also *Kölnische Zeitung*, 6 June 1899.

Gesellschaft (HKG) and purchase a large tract of land in the Brazilian state of Santa Catharina. In doing so, these businesses, with assistance from the German diplomats and the Foreign Office, hoped to increase trade with Brazil, and spur development. The society was incorporated on 30 March 1897 with an initial capital investment of 1.5 million marks. Almost two months later, on 28 May, the HKG, through help from the Foreign Office, negotiated the purchase of the land with Santa Catharina, and work began in September, but only in earnest after Berlin had granted the society permission to recruit emigrants. The initial plan was to begin with 1000 immigrants per year, increase the quota annually by 500 for eleven years, and maintain an influx of 6000 emigrants per year until 50000 Germans settled in the colony.³⁷³

Although there was support from the German government to grant permission for the consortium to form the HKG, not everyone was in favor of it. The German Agrarian League (Bund der Landwirte, or BDL) criticized the plan. "It is doubtful," Arthur von Posadowsky-Wehner, the imperial secretary of the Interior, declared in June 1898, "that it is wise to grant a concession to an emigration society for the Urwald in Brazil.... Moreover, southern Brazil is of little significance as a market for German products."³⁷⁴ Bülow, however, then the foreign secretary, adamantly disagreed. Although Germany

³⁷³ Arthur von Posadowsky-Wehner, "Minutes of a Session of the Ministry of State," 8 June 1898, Bundesarchiv-Berlin, R 30825. In a prospectus guide, the HKG detailed its plan for the land it acquired in Santa Catharina stating, "The society has acquired a territory of 650,000 hectares... Each emigrant needs about 25 hectares, so there is enough land for 20,000 families. Of the remaining 150,000 hectares, one third will be for communal use - streets, municipal building - and the rest for the use of the Hansa society." "Prospectus", n.d., Bundesarchiv-Berlin, R 30824. See also Shalack to Hohenlohe, 24 June 1898, Bundesarchiv-Berlin, R 30825; and Frederic Wile, "German Colonisation in Brazil," *Fortnightly Review*, vol 79 (January 1906), pp. 131-32.

³⁷⁴ Posadowsky-Wehner to Bülow, 2 October 1898, Bundesarchiv-Berlin, R 30825; and Heinrich Wiegand to Posadowsky-Wehner, 9 September 1898, *ibid.*

was experiencing an economic upswing and needed agricultural workers, he argued "the day may come when we will want more people to emigrate. It makes sense, therefore, to start now.... Furthermore, the Kaiser and the chancellor are in favor of it."³⁷⁵ The ministers of justice and trade agreed with Bülow, as did Alfred von Tirpitz, secretary of state for the Imperial Navy, while the powerful finance minister Johannes von Miquel, expressed only minor reservations. On 13 November 1898, the concession was finally granted.

The land was a tract of approximately 1.6 million acres 75 miles west of Blumenau.³⁷⁶ In 1898, German newspapers were covered with advertisements to attract emigrants to it. Pan-Germans extolled the vibrant life of the colonists. The HKG itself mounted a vigorous campaign to attract colonists. Despite all this, however, the colony struggled. Shortly after arriving, many of the Germans who were persuaded to go were unhappy and dissatisfied. Rather than living in pleasant little villages, the immigrants to the Hansa lived on primitive farms surrounded by forest. It took at least six months to grow crops, and, in the meantime, they accrued crippling debts. In the first ten years of the colony, more than half of the newcomers left. German diplomats and consuls blamed the initial screening process: some emigrants, they argued, were doomed to fail, mainly because they lacked the skills to make a living in Brazil.³⁷⁷

³⁷⁵ "Minutes of a Session of the Ministry of State," 8 June 1898, *ibid.*; and Posadowsky-Wehner to Bülow, 2 October 1898, *ibid.*

³⁷⁶ HKG to Bülow, 25 July 1902, Bundesarchiv-Berlin, R 30831; and Sellin to Aichberger, 30 April 1903, Bundesarchiv-Berlin, R 30832.

³⁷⁷ Hans von Wangenheim to HKG, 29 December 1904, *ibid.*; and "Annual Report 1902", n.d., *ibid.* For other descriptions of the difficulties which colonists faced see *Berliner Tageblatt*, 28 July 1899; *Kölnische Zeitung*, 10 March 1902, and *Münchener Post*, 26 November 1902.

The difficulties the emigrants faced were no surprise to the businessmen who headed the Hansa and those who had interests in Brazil. From the start, they made it clear what support they would require from the government. In a letter written to the Foreign Office in 1898, which Bülow himself read,

The HKG faces a very difficult challenge [It] must counter the negative image of Brazil as a tropical, disease ridden country, an image that is true of only a small region. Despite all the care the HKG will exert in the selection of the land and emigrants, it is inevitable that many will be disappointed and will complain, but any large-scale emigration scheme is impossible unless one has the courage to accept these risks.³⁷⁸

One of the largest problems that German trade faced in Brazil, which was even more so acute in the Hansa colony, was the fact there was not enough capital invested in the country. In particular, there were no railroads in German hands, which, by itself could revive German exports through its demand for building materials and equipment. Middlemen, including native Brazilians, inflated the cost for transportation to and from the German colonies, and this caused the goods the colonists produced to become uncompetitive outside the colonies, as well as making the cost of those they imported exorbitantly high.

To help offset these problems, leaders of the Hansa spoke with the Foreign Office, mostly through the diplomats in Brazil, about building a railway from the colony's main town, Harmonia, to Blumenau. "The building of the railway cannot be separated from the cultural task of maintaining *Deutschtum* in southern Brazil," the *Kölonische Zeitung* declared in 1899. The German diplomats agreed. "Soon, a cultural

³⁷⁸ Wiegand to Bülow, 9 September 1898, *Bundesarchiv*-Berlin, R 30826.

street will be laid through the heart of South America that will be a major artery or the spread of German activity,” wrote Haniel, the charges d’affaire, in 1900.³⁷⁹

The HKG, however, required nearly five million marks to construct the much-needed railroad. In 1902, in a letter to Ambassador Treutler, the directors of the HKG threatened, “If we do not get the necessary financial support, our successful work may.... have to end.” In another message sent to him, and also addressed to Bülow, they warned, “Our initial capital is almost exhausted. Your response will be of decisive importance. We do not need to explain the significance for Germany of our endeavor to you, nor do we need to remind you of the negative consequences for the prestige of Germany in Brazil should our society fail.... Therefore, we humbly request that the society receive at least 300,000 marks from the group of banks under control of the government.” As the head of the Nord Deutscher Lloyd informed the Foreign Office, “the capital cannot be raised without the active participation of the government.”³⁸⁰

Just a year later, in 1903, the annual report of the HKG was bleak. “The railway should have been built first, before we thought about colonization.... Instead, in southern Brazil, we have done the opposite. That is why most of the colonists are still poor.” Going further, it explained that if the railroad were close to the colony, then the middlemen “would not be able to engage in their usual bloodsucking because there

³⁷⁹ *Kölnische Zeitung*, 7 May 1899; and Haniel to Bülow, 27 Nov 1904, Bundesarchiv-Berlin, R 30328

³⁸⁰ Sellin to Treutler, 3 February 1903, Bundesarchiv-Berlin, R 30831; Sellin and Mörsch to Bülow, 3 February 1903, *ibid.*; and Weigand to Treutler, 20 December 1904, Bundesarchiv-Berlin, R 30828. For early efforts to raise capital, see “Minutes of a Meeting at Hotel du Nord, Koln,” 15 August 1899, Bundesarchiv-Berlin, R 30323. For a description of the colony directed to banks, see Sellin, n.d., Bundesarchiv-Berlin, R 30831.

would be competition. As it is, the colonists are at their mercy.”³⁸¹ In 1904, a captain in the German Navy touring Brazil wrote to Treutler and the Foreign Office that Santa Cartarina “lacks good natural harbors... and navigable rivers. This makes it all the more striking that the whole state has only one stretch of railway.... It is said that the HKG... will collapse soon. That would be a great pity for Germany.... It would be of greatest significance if the railway to Blumenau were to be funded with German capital.” In another letter to Berlin, the German ambassador was blunt: “For the Hansa, this railway is... a matter of life or death.”³⁸²

The Foreign Office recognizing that the railway was key to the colony’s success, tasked its agents in Brazil to do what was necessary to urge the banks to provide the necessary funds. Securing the capital from the banks was far from easy for the Foreign Office, or the German diplomats in Brazil. Unlike German businessmen and traders, the bankers who did venture to Brazil were more cautious, rarely taking risks on their own, and when they did, it was usually through partnerships with other banks, particularly British ones.

The caution of the bankers dismayed German officials and businessmen. They complained that the bankers “stood by and watched with their arms crossed while other nations fought for capital investment opportunities.”³⁸³ At the 1902 Colonial Congress,

³⁸¹ Annual Report 1903, in [unidentified newspaper], 11 June 1904, Bundesarchiv-Berlin, R 30825.

³⁸² Paul Behncke, “Military-Political Report,” 24 September 1904, in Treutler to AA, November 1904, PA-AA, R 16525; German consul in Santa Catharina to AA, 28 January 1904, Bundesarchiv-Berlin, R 30827.

³⁸³ *Tagliche Rundschau*, 24 October 1901.

the head of the Colonial Geographical Society, Dr. R. Jannasch, exclaimed, “Let us induce our great moneyed institutions to establish affiliated banks there.... Let us persuade everyone in Berlin that the railroads in southern Brazil should be held by German shareholders!... In short, let us cultivate the far west of southern Brazil just like North America has cultivated its west!”³⁸⁴ The bankers, however, were hard-pressed to change their views. Their main goal was to make a profit, and they hesitated to invest in any risky ventures, of which, in their opinion, railroads in Brazil were one of the riskiest.

German traders and businessmen in Brazil were disgruntled. They complained, “that German initiative and German capital remained aloof from Brazil.”³⁸⁵ As a result, German businessmen and investors often relied upon members of the Foreign Office, both its diplomats in Brazil and those in Berlin, to intercede on their behalf with the bankers. In a long letter to Berlin in 1907, Treutler, sharing the views of his consuls, expressed his opinion on the situation in Brazil: “Ever since I became minister, I have observed... that with rare exceptions German capital is very passive about the economic development of Brazil... I asked all the career consuls for their expert opinions about this, and their responses confirmed my observations. Almost all said that over the last decade they had repeatedly stressed the importance and profitability of economic endeavors in Brazil.” He ended his letter encouraging the Foreign Office to do more.³⁸⁶ While it was very aware of the stakes involved, what efforts they took did not nearly go

³⁸⁴ *Deutsche Zeitung*, 5 December 1902.

³⁸⁵ Behncke, “Military-Political Report,” 24 September 1904, in Treutler to AA, November 1904, PA-AA, R 16525.

³⁸⁶ Treutler to Bülow, 4 August 1907, Bundesarchiv-Berlin, R 30209.

as far as the German ambassador, or his consuls had hoped, as it merely informed the bankers of the Hansa's need for capital, and encouraged them to provide it.³⁸⁷

In the case of the Hansa especially, a railway was essential. Without it, even after a vigorous campaign to attract colonists, the colony stood on the verge of collapse by 1906. A year earlier, the consul in Florianopolis informed the Foreign Office of the overwhelming need for a railroad, regardless of the cost: "it is not a question of the profitability of a small local rail line of a few kilometers, but of our national purpose. Will Germany, in view of the threatening U.S. invasion which is already at the door... maintain its present interest in Santa Catarina or will we surrender it?"³⁸⁸

Still, the banks were hesitant to provide any assistance. Previously, the Diskonto Gesellschaft, the leading German bank in Brazil, had negotiated two loans, both in 1887, for the construction of a Brazilian railroad. When the loans failed shortly after construction began on the railroad, and the bank's subsequent loss of its investment, its lenders were hesitant to support another rail project. Increasing their tentativeness was the fact that, in 1902, the Brazilian state of Minas revoked its railroad concession to the Germans.³⁸⁹

Nonetheless, the threat of the U.S. building a railroad in southern Brazil finally provided enough impetus to force the German bankers to act and raise the necessary capital for the Hansa line. In 1906, a U.S. company bought a controlling interest in the

³⁸⁷ Stemrich to Reichenau, 23 March 1908, *ibid.*

³⁸⁸ Wangenheim to Bülow, 28 February 1905, Bundesarchiv-Berlin, R 30328.

³⁸⁹ Adolf Wagner, "Germany and Pan-Germany," *Contemporary Review*, vol. 84 (August 1903): pp. 184-85; and "Germany's Dispute with Brazil," *Literary Digest* (8 February 1902): p. 193.

Sao Paulo and Rio Grande Railroad. Increasing concern among the German businessmen and diplomats in Brazil was the fact that this was a line related to that stretch which would connect Hammonia to Blumenau, Germany's two biggest colonies in southern Brazil. In a cautionary letter sent to Berlin, Treutler wrote, "One thing is clear: with this railway business, the Americans have assured themselves a very strong position in southern Brazil that will not only threaten and hurt the first place we have heretofore enjoyed but also damage the future development of our interests in the region." Taking his warning seriously, the Foreign Office leaned on the banks to provide the necessary capital for the railroad. Finally, the efforts of the ambassador, and the Foreign Office, paid off, as the banks raised the money needed to construct the Hansa line.³⁹⁰

On 26 February 1906, German investors formed the Santa Catarina Joint Stock Company with a capital investment of 400000 marks to build a railroad from Blumenau to Hammonia. Although the colonists finally were seeing results with the construction of a railroad, there were still problems. In June 1906, Treutler sent an editorial from the May edition of *Der Urwaldsbote*, one of the local newspapers for the Hansa, which highlighted the growing despair of the colonists, to the Foreign Office:

Once again, deafening silence is all we hear about the railway for which we have harbored such high hopes. Even diehard optimists- among whom we count ourselves-are overcome with pessimism. When the conversation turns to the railway, people say, "Once again, nothing has happened."... [The men] in whose hands the future of the railway lies abide by the motto ... "Inch by inch." We suggest they adopt instead: "It is better to do something than to contemplate doing it forever."³⁹¹

³⁹⁰ *Der Urwaldsbote*, 11 March 1900; Treutler to Bülow, 4 August 1907, Bundesarchiv-Berlin, R 30290.

³⁹¹ *Der Urwaldsbote*, 5 May 1906.

By August, the situation was still bleak. The directors of the HKG wrote to Treutler threatening to dissolve the society and hand the concession to the United States if the railroad was not financed by January 1907.

The construction of this railway is fundamental to the success of our undertaking, as we stressed from the beginning. We believe that the liquidation of our society is inevitable [if the railway is not built]. The failure to build it has had a devastating impact on the morale of the colonists. Bitterly disappointed, many families have left.... We were recently approached by a middleman, apparently with U.S. backers, interested in building the Santa Catarina railway. It is no secret that the United States has recently ... made a concerted effort to achieve commercial and political hegemony in Brazil by pushing out European, and particularly German, trade.³⁹²

Recognizing the need for urgency, the German ambassador wrote to the Foreign Office. Its leaders saw that action needed to be taken and authorized Treutler to apply necessary pressure on the banks to continue to provide the capital needed to build the Brazilian railroad.³⁹³ In December 1906, A. W. Sellin, a German who had significant interests in southern Brazil, published an article in *Amerika*, which Treutler passed along to his superiors in Berlin, emphasizing the same point: “If this railway is not built, then we should give up all hope that Santa Catarina – which for eighty years has been colonized by Germany – will be German in the future.... We will lose more and more ground to the United States in Southern Brazil.”³⁹⁴

³⁹² Sellin to Treutler, 17 August 1906, Bundesarchiv-Berlin, R 30840. See also Sellin to Bülow, 24 October 1906, *ibid.*, and Charlock to Bülow, 1 October 1906, *ibid.*

³⁹³ Treutler to Bülow, 8 October 1906, *ibid.* This was not the first time that Treutler wrote to the Foreign Office seeking assistance for the railroad in Brazil. See, for example, Treutler to Bülow, 8 October 1905, *ibid.* For other calls for the construction of a railroad, and for support of it, see German Consul in Santa Catharina to AA, 28 January 1904, R 30327; “The Construction of the Railroad in Santa Catharina, *Export* vol. 28, no. 7 (16 February 1905): pp. 97-98; Wiegand to Mühlberg, 10 March 1905, Bundesarchiv-Berlin, R 30836; *Kölonische Zeitung*, 12 August 1905; *Frankfurter Zeitung*, 8 July 1907; and Consular Report from Itajai, 1900-1906, Bundesarchiv-Berlin, R 53966.

³⁹⁴ A. W. Sellin, “Germany’s Interests in Southern Brazil,” *Amerika* (December 1906).

Finally, on 2 February 1907, the Santa Catarina Joint Stock Company was officially registered, and its railroad opened two and a half years later in October 1909.³⁹⁵ To those in Berlin, the creation of the railroad was a success – while reading a report on the railway in 1911, the Kaiser wrote “Bravo!”³⁹⁶ To the diplomats and colonists in Brazil, as well as the German businessmen, however, the results were less spectacular. These groups all hoped that the colony would attract over 50000 German emigrants, but by 1911, it only boasted a population of 2478, and the railroad itself was losing money.³⁹⁷ Nonetheless, the German diplomats, colonists and businessmen still believed that Germany could maintain a strong presence in Brazil. They needed to gain stronger support from the government, however, before any real progress would be seen. As Treutler pointedly stated, “Without our assistance, these elements – already lost to us politically – would also be lost to us economically. We must – by all available means – preserve...”³⁹⁸

The need for the construction of a railroad in Santa Catarina underscores the importance of these colonies in South America for businessmen, pan-Germanists, and government officials. Part of the reason these groups were so desirous of creating settlements was because they expected them to boost trade abroad as a whole. For the

³⁹⁵ “Financial Report of First Year of Business, 2 February 1907-31 September 1907,” Bundesarchiv-Berlin, R 30329; Paul Goetsch to Sellin, 12 January 1907, Bundesarchiv-Berlin, R 30840; Otto von Mühlberg to Julius von Waldthausen, 29 January 1907, Bundesarchiv-Berlin, R 30328; and Theobald von Bethamnn-Hollweg to Wilhelm II, 31 December 1911, PA-AA, R 16527.

³⁹⁶ Marginalia, Bethman-Hollweg to Wilhelm II, 31 December 1911, PA-AA, R 16531.

³⁹⁷ Michahelles to Bethmann-Hollweg, 6 May 1911, *ibid.*; *Deutsche Kolonialzeitung*, 14 March 1908; “Annual Report of the Board of the Santa Catharina Railway Company AG”, Bundesarchiv-Berlin, R 30329; and Wangenheim to Bulow, 22 November 1905, Bundesarchiv-Berlin, R 30838

³⁹⁸ Treutler to AA, 1 March 1906, PA-AA, R 16582.

Foreign Office to increase trade in South America, “the Germans there should mingle freely with the population, making their habits and customs known and appreciated, while at the same time preserving their German character and spirit.”³⁹⁹ In the case of Chile, for example, the German population was small, although not insignificant, when compared to the total populace there. Still, “German imports.... and exports... were now more important than those to or from any South American country.”⁴⁰⁰

Germany still struggled to control trade in South America, however. Part of the reason its trade lagged was due to import and export duties on goods. South American custom laws also particularly affected German interests. One of the most notorious was the Brazilian tariff. In a message to the Foreign Office in 1896, the German ambassador in Brazil, Krauel, called the tariff a “monster of expansion and bad execution.” In 1898, for example, due to the Brazilian custom laws, there were over twenty different categories for street organs on which duties had to be paid.⁴⁰¹ As a result, customs clearance, in Brazil and elsewhere in South America, became a source of constant annoyance. In some cases, the clearance could take several weeks, with the staff taking advantage of even the slightest inaccuracies in documentation to incur custom penalties, which would result in further delays.⁴⁰² South American countries used these protectionist tariffs to raise a certain percentage of gold to guarantee a stable income for its government. This was especially important for those countries, like Chile, Brazil,

³⁹⁹ Reichenau to AA, 10 October 1905, *ibid.*

⁴⁰⁰ Reichenau to AA, 10 October 1905, *ibid.*

⁴⁰¹ Krauel, *Interessen*, pp. 21-22.

⁴⁰² Krauel, *Interessen*, p. 22.

Argentina, and Bolivia, which were experiencing a decline in the price of their currency due to a market depression in the 1890s.⁴⁰³

Of greater concern to German businesses than protective customs were the differential customs laws which several South American nations began to implement, particularly Brazil.⁴⁰⁴ In 1890, the United States passed the McKinley tariff whose aim, at least partly, was to create a large sales market for the United States in South America through special customs agreements. Washington concluded the first of these agreements with Brazil on 5 February 1891. Brazil granted the United States reductions on certain goods and granted similar concessions to its export products.⁴⁰⁵ Immediately after its publication, however, the agreement was met with sharp criticism from European importers. Brazil itself was also disappointed as the United States reached similar agreements with other South American states and their goods were given the same advantages. This resulted in the concessions for Brazil becoming worthless and the loss of revenue from the reduced tariffs remained.⁴⁰⁶

German businesses, having learned about these treaties through their connections with the German diplomats in South America and the Foreign Office, became very

⁴⁰³ For more regarding South American economics in the late nineteenth century, and protectionist tariffs, see Jorg Baten, *A History of the Global Economy: From 1500 to the Present*, (New York: Cambridge University Press, 2016); Francisco Vidal Luna and Herbert S. Klein, *The Economic and Social History of Brazil since 1889*, (New York: Cambridge University Press, 2014); Patrice Franko, *The Puzzle of Latin American Economic Development*, (Baltimore: Rowman & Littlefield, 2007); and Werner Baer, *The Brazilian Economy: Growth and Development* (Westport: Praeger, 2001).

⁴⁰⁴ For more detailed information concerning differential customs, see <http://www.investorguide.com/definition/differential-tariffs.html>

⁴⁰⁵ *Deutsches Handelsarchiv* (Berlin: 1892), vol. 1, p. 473.

⁴⁰⁶ Brunn, *Deutschland und Brasilien*, p. 269.

uneasy. The Hamburg Chamber of Commerce, for example, demanded that Berlin raise serious objections with the Brazilian government.⁴⁰⁷ The Foreign Office, on the advice of their agents in South America, acted quickly, and tried to obtain similar most-favored nation treaties, not only in Brazil but also in Chile, Peru and Argentina. The diplomats headed the negotiations and were cautious in trying to avoid starting any tariff wars. In Brazil, for example, the consul in Petropolis, Otto von Dönhoff, demanded that German products be treated equal with those from the United States. When the Brazilian government delayed in responding to his demand, he secretly worked to increase the Brazilian public's objection towards the American treaty. The German ambassador, however, was not able to sway the leaders in Rio as they rejected the idea of granting Berlin a most-favored nation treaty.

With the failure to secure such an agreement, the Foreign Office proposed that Brazilian goods be subjected to a differential tariff.⁴⁰⁸ Dönhoff, however, advised against such actions, as this would create a customs war that could harm German businesses. The German Treasury, in a report sent to the Foreign Office, agreed with his assessment. In the case of tobacco, coffee, and leather, for instance, even after a tariff increase, German business would still be dependent on these goods and only the consumers would see an increase in price. With a decreasing income from the tariffs due to lower consumption of these goods, the treasury would suffer heavy losses.⁴⁰⁹ Fortunately,

⁴⁰⁷ Ernst Baasch, *Die Handelskammer zu Hamburg, 1665-1915*, (Hamburg: L. Gräffe & Sillem, 1915), vol. 2, pp. 22-23.

⁴⁰⁸ Marschall an Helmuth von Maltzahn, 9 April 1892, enclosed in a transcript to Caprivi from 31 March 1892, Bundesarchiv-Berlin, R 21444.

⁴⁰⁹ Schatzamt to AA, 26 April 1892, Bundesarchiv-Berlin, R 21622.

Germany was able to avoid a costly tariff war due to Brazil terminating its agreement with the United States in September 1894.

Although the Brazilian tariff concession with the United States affected only a small percentage of German exports, the German ambassadors in South America were worried about the future developments. In 1904, when Brazil and the United States once again established new tariff concessions, Treutler wrote to the Foreign Office expressing his concern that these reductions in tariffs was "an advance of the United States in the economic sphere of unimaginable scope which threatened German trade severely." The Imperial Treasury and Reichsamt des Innern (the Ministry of the Interior) also agreed. Following the initial agreement, further reductions on tariffs for other goods occurred. More troublesome was the fact that other South American countries, such as Chile, Peru and Bolivia, began to follow the Brazilian example. The German ambassador again wrote to Berlin expressing that "all measures taken by Germany must be viewed from the point of view of the danger of being pushed out of the South American trade by the United States. If we allow the first step to be quiet, it will be difficult to oppose further measures."⁴¹⁰

Treutler proposed a joint action of the European states, with which the Foreign Office and the Treasury readily agreed, as they saw working in concert with other European nations, especially Britain and France, would be a good idea.⁴¹¹ In truth, little change occurred, mainly because the other European nations took no common action,

⁴¹⁰ Treutler to AA, 16 May 1904, PA-AA, R 13174.

⁴¹¹ Reichsamt des Innern and Schatzamt, 24 May 1904, Bundesarchiv-Berlin, R 21632.

and each country protesting separately. Even Germany, in the end, was too timid, restricting itself to a protest note, with only the last sentence suggesting that the Brazilian approach might have consequences for the treatment of Brazilian imports in Germany.⁴¹²

Ultimately, Germany avoided any disaster as the Brazilian tariff reduction was not renewed the following year. Such satisfaction was short-lived, however. In 1906, when the American Foreign Minister, Elihu Root came to the Pan-American Congress in Rio, the Brazilian government continued to show its preference towards the United States and reintroduced the tariff reductions for the US on an expanded scale in the budget. From then on, it renewed the reductions annually.⁴¹³ Again, the German government protested, but this time, it did not receive an answer. Part of the reason for this was the fact that the Foreign Office, on the advice of Treutler, did not want to further alienate the Brazilian government, particularly since Rio was already cooperating with it on several issues including the question of land rights for the planned German cable, freedom of customs for the building materials for the Santa Catharina railway company, and paying the subsidy for the Hanseatic colonization company.⁴¹⁴

While the reductions in tariffs between the United States and Brazil were a concern for the Germany, ultimately, it had little effect on its exports both to Brazil and

⁴¹² AA to Schatzamt, 11 June 1904, *ibid.*; Schatzamt to AA, 18 June 1904, *ibid.*; and Treutler to AA, 13 September 1904, *ibid.*

⁴¹³ *Deutsches Handelsarchiv*, (Berlin: 1906), vol. 1, p. 400; Generalkonsul Hans Freytag to AA, 20 July 1906; AA to Schatzamt, 20 August 1906, Bundesarchiv-Berlin, R 21633; AA to Schatzamt 4 September 1906, *ibid.*; Freytag to AA 10 November 1906, *ibid.*; and Schatzamt to AA, 28 September 1906, *ibid.*

⁴¹⁴ Treutler, *Die Handelsvertragsverhandlungen mit Brasilien*, May 1907, PA-AA, R 5208.

the rest of South America. Even when, in 1910, the United States was granted a twenty-five percent reduction on cement, one of the Germany main imports, its sales continued to rise. Not only was German cement generally considered to be the best, but in Chile, Brazil, Peru and Bolivia, among other countries, it was free of duty for government buildings, and was fully competitive due to a reduction in freight rates.⁴¹⁵

For all the effort that German traders and diplomats exerted, Germany still struggled to supplant other powers in controlling trade in South America, especially when one looks only at trade statistics. As early as 1899, the *Berliner Neueste Nachrichten* even noted that “the 'real danger is the designs of the United States upon the whole of South America.”⁴¹⁶ Between 1890 and 1913, for example, Brazilian trade with the United States grew at a faster rate than did its trade with Germany. Moreover, the United States, for example, abolished import duties on coffee as early as 1870 and negotiated its first commercial treaty with Brazil in 1891. As a result, Brazilian coffee, sugar, rubber, and hides would enter the United States duty-free, and customs on all other Brazilian exports would be reduced by 25 percent. This led to reciprocal concessions for U.S. exports (machinery, wheat, and flour) to the Brazilian market. After reporting on the 1891 U.S.-Brazilian trade treaty, Consul Dönhoff warned the Foreign Office that unless measures were taken to bolster trade, “it is obvious that European influence is slowly being displaced by the Americans.” Germany thus became

⁴¹⁵ Michahelles to AA, 11 April 1910, Bundesarchiv-Berlin, R 21633; HSDG to Michahelles, *Petition*, 9 February 1910, HStA., CI d 178; Nordenflycht to AA, 13 July 1910, *ibid.*; Michahelles, *Answer to Request from Firma Wille*, 25 January 1910, *ibid.*; and Michahelles, *Answer to Request from Firma Stoltz*, 22 January 1910, *ibid.*

⁴¹⁶ *Berliner Neueste Nachrichten*, July 1899.

increasingly worried and complained that Washington was roping off Latin American trade by means of reciprocity treaties.⁴¹⁷

Even with such roadblocks, however, Germany did not give up easily on its vision of controlling trade in South America. The Foreign Office continued to work to expand German trade with South America, and it relied on its diplomats to help achieve this goal. To accomplish this, the Foreign Office not only sent trade attaches to South America, but the diplomats it chose, such as Michahelles, Reichenau, and Treutler, were experts in trade and had experience working with businesses.⁴¹⁸ While serving in Brazil, Chile, Bolivia, and Peru, these diplomats became heavily involved in the details of German marketing – sending circulating reports about local conditions to the Foreign Office and German businesses, and intervening on behalf of German businessmen. Their reports to Berlin were especially important as they contained detailed information and included the view of experts in South America or from representatives of German businesses, especially those from the banks.⁴¹⁹

To further bolster trade, the German diplomats encouraged businessmen to publish catalogs in Portuguese and Spanish, and report weights and currency using local

⁴¹⁷ Otto von Dönhoff to Leo von Caprivi, 17 February 1891, PA-AA, R 16504. See also Sellin, “Germany’s Interests”. Although the treaty was terminated in 1894, it had achieved its purpose, namely giving the United States a wedge in Brazil, and South America. See Lincoln Hutchinson, “Results of Reciprocity with Brazil,” *Political Science Quarterly* vol. 18 no. 2 (1903); and Bradford Burns, *The Unwritten Alliance: Rio Branco and Brazilian-American Relations*, New York: Columbia University Press, 1968.

⁴¹⁸ Reichenau, *Nachlass*, Michahelles, *Nachlass*; and Vagts, *Deutschland und die Vereinigten Staaten*, pp. 385-387. For other specific examples of official support from the Foreign Office towards its ambassadors see, AA to Treutler, 1906, PA-AA, R 13181; and AA to Michahelles, 19 March, 1913, PA-AA, R 18035.

⁴¹⁹ AA to ambassadors and Consulates in Brazil, Chile, Argentina, Peru, and Bolivia, 31 December 1907, PA-AA, R 30290.

values. They also advised them to offer long-term credit to local businesses, make frequent visits to their customers, speak to them in the local language, note their habits, accept small orders, and package their products attractively and well. Such efforts were so strong that it surpassed even those of the Americans and British. Moreover, this led to the belief that Germany would surpass other nations, in the South American market. In 1912, for example, a U.S. military intelligence officer predicted, "Someday the commercial supremacy of South America will be their's [sic]. For they are a plodding, frugal, conservative race, mutually aiding one another.... Behind all this is the constant support of the German Government."⁴²⁰ These German strengths led to widespread fears that it would best other nations in the South American market. Although these fears were never realized due to the outbreak of war in 1914, the fact that such concerns were present indicates the potential continued growth of German presence in South America, and the strong efforts of diplomats to bolster German trade and economic control.

The level of success that the German diplomats achieved throughout South America varied depending upon several factors, including how willing German businesses were in investing in South America, how established German communities were, the desire of South American governments to support German ventures, and the support the diplomats received from the Foreign Office and the German government. In several cases, such as Brazil, Bolivia, and Peru, the groundwork that the diplomats laid

⁴²⁰ Paul Malone, "The Military Geography of the Atlantic Seaboard, considered with reference to an invading force, NARA, RG 165. See also Cordier, "The German Military Mission to Bolivia," 15 October 1912, NARA, RG 165. For similar comments from the French regarding German trading proficiency in Latin America, see Jean-Pierre Blancpain, *Migrations et mémoire germaniques en Amérique Latine*, (Strasbourg: Presses Universitaires de Strasbourg, 1994).

paid dividends. These men also spent great energy developing German economic presence in Chile, where they, perhaps, found the most success in projecting German economic power abroad. The efforts undertaken in Chile, which the next chapter will examine in detail, differed, however, as the Foreign Office, its agents abroad, and German businesses used the events that occurred there, particularly the War of the Pacific, and its German communities, to develop and expand upon its economic presence.

CHAPTER V

THE ART OF FINANCE: GERMAN TRADE AND BUSINESS INFLUENCE IN CHILE

Much like throughout South America, especially Brazil, the German government, the Foreign Office and its agents abroad, and German businessmen viewed Chile as an importance place to exert their economic power and influence. The biggest opposition to these aspirations was expected to come from the United States, which attempted to enter the Chilean market alongside the Germans. Indeed, Berlin feared that the economic and political domination of the United States would completely crowd out the Europeans and would close this “open door area.” On the other hand, Germany, was not very concerned about competition from Britain and France. In fact, the German government, led by the Foreign Office, secretly admired London and its economic model. France, which struggled in the economic competition of the 1880s and 1890s, was not taken as a very serious rival.⁴²¹

While German trade in Chile followed in patterns similar to the rest of South America, it also developed differently due to several factors. In the early nineteenth century, the Chilean government, aware that European powers, like Germany, might occupy, and seize control of, southern Chile, sought to use this interest to its advantage, and embarked upon a policy of approved, and controlled, colonization of these

⁴²¹ Karl Rathgen, “Deutschland und England auf dem Weltmarkt,” *Schmollers Jahrbuch für Wirtschafts- und Sozialwissenschaften*, vol. 37 (1913), pp. 1-14.

territories. Its hope in doing so was that as more and more communities developed there, the settlers would identify as Chilean citizens, which would then allow Chile to claim the residents, and the territories, as its own should other South American and European powers challenge its presence.⁴²² At the same time that Chile embarked on its colonization policy, Germans began to emigrate to there. Their primary focus was on southern Chile, particularly the region around Valdivia, Osorno and Llanquihue. Although Germany, and particularly the Foreign Office, would have preferred to settle southern Chile without going through the Chilean government, it chose to work with the guidelines of the Chilean policy. In doing so, the German Foreign Office, its diplomats abroad, settlers, and businessmen looked to develop strong ties with the Chilean government, to not only receive protection from the government in times of trouble, but also to gain access to, and control of, strategic resources, such as guano and saltpeter, which would lead to an increase in its economic presence. Thus, whenever trouble arose in Chile, including strikes, trade disputes, war, and even disagreements with the government, these German groups tried to work with the government in Santiago to resolve any outstanding issues, in order to continue to increase Germany's economic control.

Beginning in 1842 Bernhard Eunom Philippi, a German explorer and naturalist, sent a proposal for German colonialization of southern Chile to the Chilean government. With the Chilean authorities rejecting his offers, which were submitted in 1844, Philippi

⁴²² See, for example, Sergio Villalobos, Osvaldo Silva, and Patricio Estelle, *Historia de Chile*, (Santiago: Editorial Universitaria, 1974); and Young, "Bernardo Philippi."

formed a partnership with Ferdinand Flindt, a German merchant based in Valparaíso, who also served as the Prussian consul there. With financial backing from the Prussian consul, Philippi was able to purchase land in Valdivia and along the southern bank of the Bueno River, which he hoped future immigrants would develop. His brother, Rodolfo Amando Philippi, contributed to Bernhard's plans by recruiting nine German families to emigrate to Chile, who arrived in 1846 aboard one of Flindt's ships. Although Flindt had gone bankrupt a year later, another German merchant, Franz Kindermann, took over his properties and responsibilities, and continued to support German immigration to Chile.⁴²³

Concurrently, in 1845, the Chilean government passed the Law of Colonization and Vacant Lots, which ushered in the recruitment of colonists. That same year, the Chilean president, Manuel Montt, appointed Salvador Sanfuentes as the intendant of Valdivia, and tasked him with surveying the colonization potential of the area. Sanfuentes, seeking someone who knew the area well and who had a strong interest in helping to colonize the area, turned to Philippi to assist him, and appointed him as a provincial engineer.⁴²⁴

The sponsored colonization of Valdivia and Osorno lasted until 1858, with the towns which settlers founded on the shores of Lake Llanquihue being colonized between 1852 and 1875. By 1875, about 6000 Germans settled in southern Chile under the auspices of the Chilean government. With the arrival of the German immigrants, the

⁴²³ Ibid.

⁴²⁴ Ibid., p. 482.

area's economy was transformed, and many businesses showed an increase in their earnings. Among the chief achievements of these settlers was the introduction of wage labor and the establishment of Chile's first brewery in 1851.⁴²⁵

Germany's initial foray into the South American market developed early in the nineteenth century, focusing on Chile and Peru.⁴²⁶ At first, the German trade was an afterthought to the dominant English trade.⁴²⁷ By the 1870s, however, the German merchants developed into competitors with the British, which the latter dreaded. The shipping industry was one of the first German businesses to expand trade with Chile, starting with the Hamburg-based F. Laeisz company, which started regular traffic between the two nations in 1850. Shortly thereafter, the Deutsche Dampfschiffahrts-Gesellschaft Kosmos (DDG Kosmos) and the Roland Linie joined in sending ships to South America. Their efforts were directed to not only play a crucial role in guano production in Peru, but also to provide a manufacturing base for the export of saltpeter, as German agriculture was one of the largest saltpeter and guano consumers in the world at the time.⁴²⁸

⁴²⁵ Carl Anwandter established the brewery in 1851. For more on Anwandter, and the establishment of the brewery, see Wolfgang Rödel, *Der Apotheker Carl Anwandter aus der Sammlung des Brandenburgischer Apothekenmuseums*, (Cottbus: Cottbus Verein zur Förderung des Brandenburgischen Apothekenmuseums in der Löwen-Apotheke, 2009); for a primary source account, see, Carl Anwandter, *Desde Hamburgo a Corral diario de viaje de Carl Anwandter a bordo del velero Hermann*, (Santiago: Pehuen, 2001).

⁴²⁶ In Chile, Hamburg opened a consulate in Valparaiso in 1835; Prussia in 1848; and the North German Confederation in 1867 - this consulate would later become the consulate for the German Empire). In Peru, Prussia established a consulate in Lima in the 1867 as well, and this too would later serve the *Reich* when in unified in 1871.

⁴²⁷ A. Wickens, *Hundert Jahre deutscher Handel und deutsche Kolonie in Valparaíso 1822-1922*, (Hamburg: Petermann, 1922).

⁴²⁸ Komitee für Chilesalpeter, *Hundert Jahre Chilesalpeter 1830-1930*, (Berlin: 1930), p. 17. See also, Helmut Böhme, *An Introduction to the Social and Economic History of Germany: Politics and economic Changes in the Nineteenth and Twentieth Centuries*, (New York: St. Martin's Press, 1978); Christopher

In the 1860s, German wholesale merchants, such as Gildemeister & Co., Fölsch & Martin, and Vorwerk & Co., established saltpeter factories in the Peruvian province of Tarapaca. As the demand for guano increased, the miners in Peru were rapidly depleting and exhausting their countries' reserves. As a result, by the 1870, saltpeter began to surpass guano on the world market.⁴²⁹ Due to earlier trade agreements regarding guano exports, Lima incurred massive loans, particularly from France. Faced with the threat of the exhaustion of guano stocks, the Peruvian government, in order to open up a new source of money, aimed to transform the private saltpeter trade into a state monopoly. In 1873, it accomplished its goal with the passage of a law that forced private businessmen to sell their stocks at fixed prices to the state.⁴³⁰

Initially, Lima found success, as it gained a large profit selling saltpeter. Such success was short lived, however, as the English, German, and even Chilean businessmen resisted the law. By 1875, then, Manuel Prado, the President of Peru, passed a new law, the *Ley de Expropiacion*, to combat the resisters.⁴³¹ According to the bill, all private companies, regardless of their country of origin, had to buy its property

Clark, *Iron Kingdom: The Rise and Downfall of Prussia, 1600-1947*, (Cambridge: Belknap Press, 2006); Harold James, *Krupp: A History of the Legendary German Firm*, (Princeton: Princeton University Press, 2012); James Retallack, ed., *Imperial Germany, 1871-1918*, (New York: Oxford University Press, 2010); Fritz Stern, *Gold and Iron: Bismarck, Bleichroder, and the Building of the German Empire*, (New York: Alfred A. Knopf, 1979); Toni Pierenkemper and Richard Tilly, *The German Economy During the Nineteenth Century*, (New York: Berghahn Books, 2004); and W. Robert Lee, *German Industry and German Industrialisation: Essays in German Economic and Business History in the Nineteenth and Twentieth Centuries*, (New York: Routledge, 1991).

⁴²⁹ Stanislaw Biernatzki, "Kurzgefasste Notizen über die Entwicklung der Salpeterindustrie," PA-AA, R 12382. See also, William Sater, *Andean Tragedy: Fighting the War of the Pacific, 1879-1984* (Lincoln: University of Nebraska Press, 2007); and *Chile and the War of the Pacific*, (Lincoln: University of Nebraska Press, 1986).

⁴³⁰ Leslie Bethel, *Cambridge History of Latin America*, (New York: Cambridge University Press, 2009).

⁴³¹ Erwin Semper, *Die Salpeterindustrie Chiles* (Berlin: Wilhelm Ernst & Sohn, 1904), pp. 81-84.

from the Peruvian government. To accomplish this, Prado intended to collect an 80 million Mark bond in Europe. Lima would prize the value of the factories, and hand out bonds (*certificados*) to the expropriated owners, which would be redeemed at the signing of the bond and would yield an interest of eight percent. As a result, the Peruvian government was able to acquire 66 factories at a value of only 72 million Marks.⁴³² By 1877, there were 70 saltpeter plants - Peru controlled 59 percent of the production, Chile nineteen percent, Britain thirteen percent, Germany eight percent, and Italy one percent.

Due to these policies, the German and English businessmen had accrued large debts to the Peruvian government, which greatly angered these entrepreneurs. In order to gain more access to, and control over, the saltpeter factories, and absolve these debts, the Germans and English turned to their diplomatic representatives, and lobbied them to start a war.⁴³³ While neither London nor Berlin wanted to fight a war so far away, both countries looked to someone else who would be willing to fight on their behalf – Chile.⁴³⁴ As Chile also had interests in the saltpeter-rich area of Tarapaca, Santiago was willing to assist the British and German governments.

Before they had their war, the British and German business turned their attention to the Bolivian province of Antofagasta, and established powerful saltpeter factories. The most important business was the Chilean Company of Antofagasta, which the

⁴³² *Ibid.*, pp. 90-91.

⁴³³ H. Osgood, "Los intereses salitreros ingleses y la revolución de 1891," *Revista Chilena de Historia y Geografía*, no. 113 (1949): pp. 67-68, cited in Jürgen Hell, "Deutschland und Chile von 1871-1914," *Wissenschaftliche Zeitschrift der Universität Rostock* (1965): p. 84.

⁴³⁴ V. G. Kiernan, "Foreign Interests in the War of the Pacific," *Hispanic American Historical Review*, vol. 35 (1955): p. 16.

British company A. Gibbs and Edwards & Co. provided support. When the Bolivian government surprisingly and, contrary to the secret contract it signed with Peru in 1878, decreed an export duty on saltpeter, the Chilean Company of Antofagasta opposed it. In response, Bolivia sent in troops and occupied the company's main factory. Berlin and London, along with Santiago, now had a pretext for war.

When the secret treaty between Peru and Bolivia became public, Chile began its "saltpeter war", also known as the War of the Pacific, with Bolivia and Peru in 1879.⁴³⁵ Although Chile was the main combatant in this war, as US Secretary of State Blaine said in 1882, "It is an English war on Peru with Chile as the instrument."⁴³⁶ Blaine overlooked the role that both Germany and France also played, the former supporting Chile, the latter Peru.

Immediately after the outbreak of the war, the French trading company, the Louis Dreyfus Group, which was one of the largest global corporations at the end of the nineteenth century, attempted to bring new loans to the Peruvian government. Part of the reason the Dreyfus Group pushed for this was to gain the opportunity to sell weapons to the Peru. The French group also believed that the sale of French weapons would guarantee a Peruvian victory, which in turn would lead to a boost in trading overall. Not

⁴³⁵ On February 6, 1873, Peru and Bolivia signed Treaty of Defensive Alliance, a secret defense pact, in which the two signatories agreed to come to one another's defense should either be attacked, or a war broke out that involved either nations, At the time of its signing, the treaty stipulated that the treaty remain secret until both Peru and Bolivia deemed it necessary to make it public. For more on the War of the Pacific, see Sater, *Andean Tragedy*; Farcau, *The Ten Cents War: Chile, Peru and Bolivia in the War of the Pacific, 1879-1884*, (Westport, Connecticut: Praeger Publishers, 2000); and Gabriel Salazar and Julio Pinto, *Historia contemporánea de Chile III. La economía: mercados empresarios y trabajadores*, (Santiago: LOM Ediciones, 2006).

⁴³⁶ Kiernan, p. 23.

surprisingly, the British government vehemently protested, and it sought to cause the French project to fail.⁴³⁷ Acting on behalf of the British Banking group Rothschild, the British Foreign Office sent steamers, sloops and weapons to Chile. As Francis Pakenham, the British ambassador in Santiago, reported to Lord Salisbury, the British Prime Minister, on 17 January 1887, “almost the entire transport of the Chilean army, their munitions, and supplies of all kinds, besides the coal for their squadrons, are directly or indirectly in English hands.”⁴³⁸ In order to save Tarapaca for Peru and itself, the Credit Industriel et Commerciale, one of the largest banks in France, asked its Foreign Office to combat the British interests.

With Britain and France opposing one another, Germany was in a unique position regarding the War of the Pacific. Initially neutral, both London and Paris courted Berlin to their side and act as either pro-Peruvian, or Pro-Chilean. Otto von Bismarck, the German Prime Minister at the time, relished his government’s position, and strove to remain neutral in the conflict. On 26 July 1880, for example, in a response to a letter to Count Launay, the Italian ambassador in Berlin, he soundly rejected the idea that Germany mediate on behalf of the French strictly on the grounds that a victorious Chile would refuse to surrender any territory that it conquered.⁴³⁹ Several weeks later, on 15 August 1880, in a telegraph to the German ambassador in Santiago, Bismarck reiterated his stance: “The Imperial government does not accept mediation which is planned by other countries. She hopes meanwhile that the life and property of Germans

⁴³⁷ *Ibid.*, p. 16.

⁴³⁸ *Ibid.*, p. 18.

⁴³⁹ Otto von Bismarck to Count Launay, 22 July 1880, *PA-AA*, R 16614.

in Peru are treated appropriately.”⁴⁴⁰ On 21 February 1881, France hoping to settle the dispute in favor of Peru, proposed one of several pro-Peruvian mediations. The goal of these attempts was to restore the status quo. Bismarck was again not interested. By his reasoning, with the conquests that Chile had already made, namely seizing Tarapaca and Antofagasta, the interests of the German wholesale merchants and the saltpeter merchants were satisfied.⁴⁴¹

When the British government put forth its own mediation proposal on 3 December 1881, Bismarck again was asked to assist in the talks. As it was no easy task for the German chancellor to settle a peace between Chile and Peru which recognized the Chilean conquest, corresponded to the interests of German investors, and yet still emphasize Berlin’s “neutrality” in the matter, he again declined to participate. He stated, “a mediation always wears the character of an intervention in favor of the winner, if – as in this case, one of the two warring parties is obviously the winner. It would be foolish to incur the lack of impartiality so singly on its own.”⁴⁴²

By the end of 1881, it was becoming clear that Peru was losing the war, and that events were favoring the British and German interests.⁴⁴³ Even so, Bismarck still was firm in maintaining German neutrality. Through the German ambassador in London, he secretly reported to the British that he opposed showing due attention for the need to act

⁴⁴⁰ Bismarck to Friedrich von Gulich, 15 August 1880, *ibid.*

⁴⁴¹ Bismarck, 21 February 1881, *ibid.*

⁴⁴² Bismarck, 3 December 1881, *ibid.*

⁴⁴³ William F. Sater, *Chile and the War of the Pacific*, (Lincoln: University of Nebraska Press, 1986), pp. 37-40.

in concert with the British in trying to protect the life and property of the English and Germans in Chile.⁴⁴⁴ In this manner, then, the German diplomats in Chile and Peru, who considered Chile's cause as just and wished for its victory, acted accordingly.⁴⁴⁵ On 21 April 1880, for example, the German minister resident in Lima lamented to Berlin that he was unable to prevent the protests of the bombardment of Callao. Although he might have wished to have done so, he knew if he tried to stop them, the French ambassador would have published all the harsh protest speeches. As a result, the German ambassador was forced to relent.⁴⁴⁶

In 1883, after much fighting, Chile ultimately succeeded in winning the war, gaining concessions from Peru and Bolivia.⁴⁴⁷ Most notably, and most importantly, Chile gained possession of the saltpeter-rich provinces of Tarapaca and Antofagasta, which allowed it to establish a saltpeter monopoly. For the Germans and British businessmen, the victory was just as significant. With both Peru and Bolivia removed from the saltpeter trade, it freed the Germans and British manufacturers from the “specter of expropriation”, and the banks no longer needed to worry about financial and economic crises, nor having to pay high taxes and export duties.⁴⁴⁸

⁴⁴⁴ Hell, “Deutschland und Chile,” p. 85.

⁴⁴⁵ Ibid.

⁴⁴⁶ Anton Daniel von Gramatzki to AA, 21 April 1880, PA-AA, R 16959.

⁴⁴⁷ Specifically, the peace treaty which was signed on 20 October 1883, was only between Chile and Peru. It was not until 1884 that Bolivia and Chile signed an armistice which formally ended the fighting between the two nations. Santiago and Sucre did not broker a formal peace treaty for another twenty years, signing the treaty on 20 October 1904. See, Sater, *War of the Pacific*.

⁴⁴⁸ For other examples of expropriation with business ventures in South America in the nineteenth century, see, Winthrop Wright, *British-Owned Railways in Argentina: Their Effect on the Growth of Economic Nationalism, 1854-1948*, (Austin, University of Texas Press, 2014).

The war also provided an outlet that promoted the commercial interests of the English and Germans, while at the same time damaging those of the French. In order to salvage its interests, Paris attempted to establish a “European intervention” which would favor Peru. Representatives from the British and German governments were invited to participate, but, not surprisingly, both strongly rejected this plan. With little other recourse, France was forced to recognize Chile’s victory.

As a result, with the growth of German investments, the concerns of German businessmen and manufacturers also increased. These men wanted assurances that the safety of their property and investments were protected, and they turned to the German diplomats to do so. Nonetheless, although France essentially was removed from the saltpeter trade in South America, the British still dominated the industry in the 1880s.

As mentioned previously, the British pushed Chile, Peru and Bolivia to fight in the War of the Pacific in order to secure controlling interest in the saltpeter trade. The biggest supporter, and instigator, of the war was the English speculator John Thomas North. When the war broke out in 1879, North sailed to London, secured financial support from Rothschild, and returned to Inquique in 1880 with steamers and sloops which he immediately put into service with the Chilean fleet.⁴⁴⁹ With tremendous support from British financiers, North became the ruler of the war fortunes.⁴⁵⁰

⁴⁴⁹ Hell, “Deutschland und Chile,” p. 85.

⁴⁵⁰ Since 1871, North build his business by buying smaller saltpeter fields. By the end of the war in 1881, he was so successful in speculating and investing that he had established his own business in Chile and emerged with most of the German saltpeter factories. As a result, North was commonly referred to as “The King of Nitrates.” For more on North and his role in South American industry, see, William Edmundson, *The Nitrate King: A Biography of “Colonel” John Thomas North*, (New York: Palgrave Macmillan,

Under pressure from the British, German, and Chilean saltpeter manufacturers after it occupied Tarapaca and Antofangasta in 1881, the Chilean government passed a law which stipulated that these men reestablish their ownership of the factories which had previously been seized. As a result of this law, North, who had speculated on saltpeter factories during the war, hastened back to London, where he established a joint stock company and, subsequently, sold his company, and territory, for a huge profit.⁴⁵¹ In order to drive his profits even higher, North bought the industrial railways of Tarapaca so that he would also control the food and water supplies in the region. It came as no surprise that German and Chilean officials began to refer to North as the “saltpeter king”.⁴⁵²

In 1884, the Britain founded nine (mostly joint stock) companies, Germany five, and Chile, sixteen. At an annual production of eighteen million quintals (one quintal = 46 kg), the British owned a 34% stake, the Germans 18%, and the Chileans 36%. Five years later, however, due to the efforts of North, the situation began to change. As the German ambassador, Gutschmid, reported:

Only two major German companies currently still own large saltpeter stocks in the province of Tarapaca: J. Gildemeister & Co, and Fölsch & Martin. A few years ago, the possession of saltpeter factories was equally distributed between English and German owners.... It follows, thereafter, the striking fact that the

2011); Leslie Bethell, *The Cambridge History of Latin America*, (Cambridge: Cambridge University Press, 1986); Simon Collier and William Sater, *A History of Chile, 1808-1994*, (Cambridge: Cambridge University Press, 1996); and John Lawrence, *The History of Chile* (Westport: Greenwood Press, 2003).

⁴⁵¹ Hell, “Deutschland und Chile,” p. 85.

⁴⁵² H. Osgood, “Los intereses salitreros ingleses y la revolucion de 1891” *Revista Chilena de Historia y Geografía* (1949): p. 66, in Hell, “Deutschland und Chile,” p. 88; and Edmundson, pp. 37-59.

saltpeter factories and stocks, with few exceptions, are almost all owned by foreigners. Only a few saltpeter stores... belonged to Chilean owners.⁴⁵³

By 1889, the Germans and British has wrested control of the saltpeter market from the Chileans. The British, however, and in particular North, were not done. With North controlling most of the saltpeter factories and stores, as well as the railways and food and water supplies, the German companies struggled to survive against the English competition. Gutschmid summed up the situation aptly in his report to the Foreign Office in 1889: “Under the circumstances, the few German owners of saltpeter factories realized just how valuable their refineries were.... The two major companies in Inquique, Gildemeister & Co. and Fölsch & Martin,” realized that “they could earn more money selling their factories to North than what would have been possible through many years of work.”⁴⁵⁴ As a result, that same year, Gildemeister & Co. sold their factories to North for 1.2 million pounds sterling, and Fölsch & Co. for 400000.

By 1890, then, the nitrate industry was a monopoly of the British “Saltpeter Kings,” who in turn were servants to London and, in particular, Rothschild, the leading British investment company. At that time, 67 factories existed, of which four were German, three Chilean, and sixty British.⁴⁵⁵ Together, they formed a British bloc, which had its administrative headquarters in London. It included the Nitrates Railway & Co., which owned a railway monopoly in the Tarapaca region; the Tarapaca Waterworks &

⁴⁵³ Gutschmid to AA, n.d., Bundesarchiv-Berlin, R 12364.

⁴⁵⁴ Ibid.

⁴⁵⁵ Bundesarchiv-Berlin, R 1222.

Co., which supplied the province with water; and the Bank of Tarapaca and London, which controlled all the credit in the region.⁴⁵⁶

While Britain had a nearly total dominance of the saltpeter industry during this period, its control did not last long. Chilean businessmen and entrepreneurs were unhappy at seeing their most valuable resources in the hands of another power. Therefore, they turned to their government to help them keep control. One of their biggest champions was the president of Chile, Jose Manuel Balmaceda (1886-1891).

Following the victory over Bolivia and Peru, and its subsequent conquest of the saltpeter provinces, the Chilean government declared it owned all Peruvian saltpeter, all unprocessed stocks of saltpeter which were not returned under the law of 1881 to be privately owned, and all saltpeter mines and fields yet to be discovered to be property of the Chilean government.⁴⁵⁷ As the British were interested in these sites, North offered Balmaceda five million pounds. Shortly thereafter, in January 1891, Gutschmid learned of the offer from German companies also speculating in the same area. He urgently reported to Bismarck that, “the businessman North is likely to succeed in winning over the President of the Republic [Chile]. He is said to have submitted the sum of 400000 Pesos for this purpose.” Nonetheless, he urged the chancellor that all was not lost, if Berlin could provide a better deal.⁴⁵⁸ Fortunately for Germany, there was no need to make another offer, as Balmaceda rejected North’s attempts to purchase the sites.

⁴⁵⁶ Gutschmid to AA, n.d., Bundesarchiv-Berlin, R 12364.

⁴⁵⁷ John L. Rector, *The History of Chile*, (New York: Palgrave Macmillan, 2003).

⁴⁵⁸ Gutschmid to Bismarck, January 1891, Bundesarchiv-Berlin, R 12364.

Unlike previous Chilean presidents, Balmaceda was not so easily corruptible, nor was he interested in allowing European penetration into Chile. Shortly after his election in 1886, he targeted North and the British, declaring that former's railway monopoly in Tarapaca must be broken up in the interests of Chilean businessmen and entrepreneurs.⁴⁵⁹ On 9 March, while in Inquique speaking before assembled merchants and industrialists, he again attacked foreign businessmen, particularly the British. In his speech, he declared three goals: the nationalization of the saltpeter industry; a prohibition on any cartels to limit production (thus limiting export customs); and the nationalization of the railroads in Tarapaca.⁴⁶⁰

Not surprisingly, neither the British nor the German merchants received these proposals well. In three meetings at the end of March, North tried, unsuccessfully, to persuade Balmaceda to halt his plans. The British businessman's pleas, however, did not sway the Chilean president. On 1 June, when Balmaceda addresses the Chilean Congress, he announced that the government needed to take action in order to protect the interests of the nation. The President went further, declaring that while "it is clear we must not close the door to free competition and production of saltpeter in Tarapaca, we cannot agree that this large and rich area will become a foreign factory."⁴⁶¹ Unable to stop the Chilean president on his own, North returned to London in the fall of 1889 seeking support. Several weeks later, after succeeding in gaining assistance from the British Foreign Office, North return to Chile, and began to organize the overthrow of

⁴⁵⁹ Edmundson, pp. 48-53.

⁴⁶⁰ Enclosed in Gutschmid to AA, March 1889, Bundesarchiv-Berlin, R 12364.

⁴⁶¹ Jose Manuel Balmaceda to Chilean Congress, 1 June 1889, Bundesarchiv-Berlin, R 12367.

Balmaceda. Aware of the British plans, the President turned to the one group whom he believed would support his anti-British policy – the Germans. The basis for his idea was to use the two European powers to fight one another, and thus weaken the relative power of each side in Chile.

German businessmen, as well as the German Foreign Office, eager to reduce British economic control of Chile, readily agreed to support Balmaceda in his efforts. Thus, one of the first steps German businesses took was to enter into the Chilean bond business, which the British banks currently controlled. In 1889, in association with Mendelsohn & Co., the Deutsche Bank gave Balmaceda a loan of 31.6 million Marks.⁴⁶² In doing so initiated one of the fiercest rivalries between British and German capital.

With Balmaceda in power, and the German businessmen and diplomats working together with him, there was an unprecedented increase in the sales of German goods in Chile at the expense of the British, especially between 1890-1891. German exports rose from 22 million Marks in 1890 to 45 million in 1892, its highest amount pre-WWI. With it becoming clear that Balmaceda was embarking upon an anti-British nationalization plan, North and Agustin Edwards, a Chilean banker, urged members of the Chilean congress to oppose the President. On 8 January 1891, in order to forestall the election of more of Balmaceda's supporters in the upcoming election in September 1891, Edwards and his followers embarked upon a war steamer and declared war upon Balmaceda and

⁴⁶² Herman Ramirez Necochea, "Britain's Economic Dominance in Chile," in *Latin America between Emancipation and Imperialism, 1810-1960* (Berlin: 1961), pp. 98 ff.

his government. The bases for their fleet were none other than the saltpeter provinces of Tarapaca and Antofagasta.⁴⁶³

Although German businesses grew under Balmaceda, German businessmen were aware that he might turn his attention towards them. Thus, the merchants supported the action of Edwards and the anti-nationalists. In two separate reports to the Foreign Office, Gutschmid wrote, “the emergence of a penniless democracy bound by no great interest in the welfare of the country will have a gradual but sure decline on foreign capital and lead to the ruin of the foreign merchant to inevitable consequences.” The German ambassador countered, however, that victory by the opposition, “would be enough alone to reflect foreign trade confidence in the future because...they and the foreign traders have stood in trusting interactions with one another for more than thirty years and helped [each other] to prosperity and wealth.”⁴⁶⁴ As a result, in order to open up “trusting interactions,” German merchants, with assistance from the German diplomats, supported the Chilean revolt with the British.

The Chilean Civil War broke out on 8 January 1891.⁴⁶⁵ In order to assist the German merchants in Chile, Gutschmid negotiated with the British on their behalf. On 19 January, he telegraphed the Foreign Office, “the English squadron expected soon. It is the German interest to protect.” Several weeks later, on 15 February, Gutschmid sent another telegram to Berlin stating, “the head of the British Pacific Squadron, Admiral

⁴⁶³ *Berliner Tageblatt*, 13 May 1891.

⁴⁶⁴ Gutschmid to AA, 3 June 1891, PA-AA, R 16622; and Gutschmid to AA, 6 June 1891, *ibid.*

⁴⁶⁵ Rector, *The History of Chile*; Edmundson, *The Nitrate King*.

Hotham, has received orders directly from the Admiralty in London to put German interests in Chile under the protection of Her Majesty's flag."⁴⁶⁶

From the very beginning of the Civil War, the British and German "security policy" went hand in hand, with the primary goal to cause the fall of Balmaceda. Publicly, Gutschmid maintained a neutral stance to protect German interests in Chile, but secretly, he continued relations with the rebels, mainly through Don Anibal Zantaru.⁴⁶⁷ As the struggle between the nationalists and anti-nationalists developed, German merchants, who desired to see the anti-nationalists succeed, urged Leo von Caprivi, the German chancellor, to send warships to protect their property in Chile. Initially, the Chancellor rejected their requests. As a result, Gutschmid sent numerous requests for aid, and pressure began to mount from the press.⁴⁶⁸ On 15 May 1891, for example, the *Vossische Zeitung* wrote, "In fact, in Chile today, high quality German interests are so rooted in various operations, that it is no longer a question in Germany of a merely platonic participation in their fate."⁴⁶⁹ As a result from pressure from the press, and the large German trading houses (the branch offices in Chile communicating through Gutschmid), Caprivi finally relented and sent a squadron in June.

When the German fleet arrived in Valparaiso in July, Gutschmid hastened to the commanding admiral, and talked him out of the "official" opinion (i.e. the Foreign

⁴⁶⁶ Gutschmid to AA, 19 January 1891, PA-AA, R 16620.; and Gutschmid to AA, 15 February 1891, PA-AA, R 16621.

⁴⁶⁷ Edmunson, pp. 64-74.

⁴⁶⁸ See, for example, *Münchener Allgemeinen Zeitung*, 24 March 1891; and *Kölnische Zeitung*, 3 April 1891.

⁴⁶⁹ *Vossische Zeitung*, 15 May 1891.

Office's stance) that this was a "simple rebellion that was to be strictly condemned."⁴⁷⁰ Instead, he instructed the admiral that it was German policy to "preserve a sympathetic attitude towards the opposition under observation of all of the constituent government."⁴⁷¹ Shortly thereafter, the Foreign Office also ordered the admiral, in a move to protect German interests, "to avoid a hostile attitude towards the Congress Party."⁴⁷² Not long after, the German government, led by the Foreign Office, officially recognized the provisional government on 7 September 1891. For the German government, Balmaceda losing control of the government was important because his policies were becoming more and more protectionists, and thus prevented German expansion in Chile.

While the German government supported the rebels in this conflict, German merchants and investors were more ambivalent. Due to the uncertainty of the German businessmen, Balmaceda tried to take advantage of this situation. To give both the British and German squadrons no cause for direct intervention in the Civil War, for example, the Chilean president calmed creditors by assuring them that his government was willing to pay its debts, and by his willingness not to adjust the interest payments of its loans. He also used the German loan from 1889 to purchase weapons from Krupp, which not only provided modern weapons to the Chilean military, but also greatly excited the financial circles in both Hamburg and London. Not all German businesses supported Balmaceda, even after his efforts to sway them. German saltpeter

⁴⁷⁰ Gutschmid to AA, 18 July 1891, PA-AA, R 16624.

⁴⁷¹ Ibid.

⁴⁷² Bundesarchiv-Berlin, July 1891, R 1223.

manufacturers, for instance, supported the coup, as the President's policies limited their control of the Chilean market.

After Balmaceda's fall in August 1891, the forces which led the rebellion, and were supported by the British and German bankers and investors, assumed power. In particular, the British bankers, Matte and Edwards, assumed a large control in the Chilean government, forming the ruling banking group, and had a representative on six of the seven ministries between January 1892 and October 1895. Just as important, these two men also maintained close relations with Rothschild in London. As von Loehr, the German Consul in Valparaiso, expressed to the Foreign Office in 1895, "thus in his domain of Chile the influence of the government is more than ever available for Rothschild. He is the lord.... over the financial and successive political situation of Chile."⁴⁷³

Nonetheless, Rothschild was not the only "lord" of Chile. The German investors and bankers also secured a significant influence and dominance, grabbing a foothold in the competition with Britain.⁴⁷⁴ In the early days of the new, post-Balmaceda, government, the German supporters of the rebellion were able to seize their spoils from the Civil War. On 29 November 1893, the "newly elected" president, Jorge Montt (1891-1896), passed a law that placed twenty-two state-run saltpeter factories and 23 saltpeter fields, all worth 2.6 million sterling, on sale in public auctions, in which the

⁴⁷³ Generalkonsul von Loehr to AA, 3 August 1895, PA-AA, R 16635. See also von Loehr to AA, 24 October 1895, PA-AA, R 16636.

⁴⁷⁴ Necochea, pp. 162-163; and Edmundson, pp. 80-84.

German, British, and Chilean businessmen and investors all acquired a share.⁴⁷⁵ In 1894, the German manufacturer, Gildemeister, bought a large factory for 2.8 million Marks; Sloman, a shipping magnate in Hamburg, acquired a factory for three million marks; and Pedro Perfetti, an agent of Fölsch & Martin, bought several for 2.3 million marks, along with fields for 800000 marks.⁴⁷⁶

Thus, German merchants began gaining a large part of the saltpeter industry. Nonetheless, the German diplomats in Chile believed that these businessmen acted far too cautiously. Ernst Heinrich von Treskow, the German ambassador to Chile (1892-1899), repeatedly urged German business owners to export more to Chile.⁴⁷⁷ On 13 February 1895, for example, he wrote to the Foreign Office, underscoring the need for Germany to take action in Chile, and Latin America in general: “It seems to me more promising for Germany to establish a firm footing at one point or another in Latin America, whose republics are becoming more and more incapable of self-government, than to expand our acquisitions in East or West Africa.”⁴⁷⁸

With the rapidly increasing consumption of nitrate in Europe and the United States, German businessmen in the saltpeter industry, heeded Treskow’s call.⁴⁷⁹ In Bremen, for example, German investors formed the *Compañía Salitrera de Santa Clara* with a capital of 1.8 million marks to purchase a saltpeter factory, which Gildemeister

⁴⁷⁵ Bundesarchiv-Berlin, R 12371; and Edmundson, p. 84.

⁴⁷⁶ Bundesarchiv-Berlin, R 12372.

⁴⁷⁷ Treskow to AA, January 1895, *ibid.*, R 12372.

⁴⁷⁸ Treskow to AA, 13 February 1895, *ibid.*

⁴⁷⁹ Lawrence, *The History of Chile*, pp. 128-135; and John Foster and Brett Clark, “Ecological Imperialism: The Curse of Capitalism”, *The Social Register* (2003): vol. 117, pp. 190-192.

ultimately acquired as the main shareholder of the company. At the same time, Fölsch & Martin bought another large plant for 1.7 million marks. By 1896, European entrepreneurs built 70 factories in Chile. Of these, German businessmen owned twelve, with investments totaling close to 300 million marks.⁴⁸⁰

Along with German manufacturers and businessmen, banks and investors took a large interest in Chile following the end of its Civil War. In order to assist in creating the necessary means of communication, and in balancing the deficits in the national budget, German banks provided enormous loans to the Chilean government, who was also serving the interests of the landowners (the *Hacendados*) and the bankers.

Prior to 1889, British banks held a tight control over bonds and loans given to the Chilean government. Slowly over time, however, German banks began to penetrate this market, starting in 1892 with the Deutsche Bank, in association with Mendelsohn & Company, granting a bond to Santiago for 31.6 million marks, which was repayable over 52 years.⁴⁸¹ In 1896, the Deutsche Bank assumed twenty million of a twenty-four million marks loan which belonged to Rothschild (in London). By 1906, with British banks retreating from the Chilean market due to loan defaults, the Deutsche Bank became the main loaner to the Chilean government, as it continued to grant bonds to the government. Adding to its success, in 1911, Deutsche Bank, in cooperation with Disconto-Gesellschaft, another German bank, issued a bond of 200 million marks. As a

⁴⁸⁰ Bundesarchiv-Berlin, R 12372; and R 12374.

⁴⁸¹ Bundesarchiv-Berlin, R 1227.

result of these loans, nearly 216 million marks were exported to Chile to help support its government, far outpacing other European governments.

In providing so much capital to Chile, German banks and businesses gained several advantages. The first was the enormous profits gained from the bond itself. In such loans, the country receiving the bond, in this case Chile, never was paid the entire amount. Usually, it only collected ninety percent of the nominal value of the bonds.⁴⁸² The German banks, on the other hand, also received, on average, a five percent interest rate on each bond they loaned, which yielded significant profits at the end of each year. The second advantage for German banks and businesses came from coupling the bonds with merchandise exports, which would help increase the sale of goods. The companies, then, would acquire a profit from the loan itself, and then gain a further profit when the same loan was used to purchase other German goods, such as Krupp products, or railway materials from the German steel syndicate. The third advantage of such loans was the ability to win new concessions, specifically franchises, for German industries to invest.

The links between the Chilean government and the German Krupp Works provides a good example of the advantages that German banks gained. In the bonds loaned to Chile between 1907 and 1911, Krupp supplied guns, rifles, ammunition factories, ammunition vehicles, and mobile telephone stations for thirty million marks. Furthermore, in 1911, as Peru threatened to wage war against Chile, German banks, led by Deutsche Bank, supplied a loan of 100 million marks, with the intent that Santiago

⁴⁸² For a fuller description of what “nominal value” means, and its effects of loans, please see <http://www.investinganswers.com/financial-dictionary/economics/nominal-value-5312>

would purchase artillery from Krupp for 70-80 million marks.⁴⁸³ As a result, Krupp gained a huge profit from exporting its goods to Chile, which the Chilean government bought, and the German banks earned profits from interest on the loans they provided

Between 1890 and 1914, as the Chilean government relied more and more upon loans and bonds from foreign governments to help its economy grow and to pay for building new infrastructure, those same bonds brought the government into more and more dependency upon both the German and British banks. By 1914, Santiago owed close to 600 million marks to British and German financial institutions. In that same year, the government also had to invest 60 million marks just on the yield of the bonds. Clearly, German businesses, and the German government, had gained a strong influence on the Chilean government, and tied its industries and markets to those in Germany.

With German capital being directed towards Chile, interest once again turned towards ways in which German businessmen could garner influence in the saltpeter industry, as this was Chile's most lucrative business. While these manufacturers had gained some manner of influence following the Chilean Civil War, their efforts at penetrating the market was limited, as the Chilean government tried to control it as much as possible. In 1901, German entrepreneurs suffered a further setback when all the saltpeter industries joined together into four limited production unions. These groups undertook to limit the quantity of saltpeter through a directorate of ten members which

⁴⁸³ Bundesarchiv-Berlin, R 2950. See also, *Naval Military Review*, vol. 1911, p. 7.

set and distributed it based upon the factories' efficiency.⁴⁸⁴ Not surprisingly, such actions greatly concerned the German business owners.

Adding to their fears was the fact the British had a dominating influence over the industry, as they secured a production share of 55% (or 48 factories); Chilean companies, on the other hand, only had fifteen percent (or eleven factories); and Germany, although it controlled twelve factories, accounted for only fourteen percent of production. As a result, until 1909 when the saltpeter cartel fell, German efforts focused on undercutting British influence.⁴⁸⁵ In doing so, a fierce competition arose between the two European powers, which resulted in the German businessmen working in Berlin with the Foreign Office, and in Chile with their diplomats to achieve their aims.

In its early days, the Chilean saltpeter cartel found success, and turned a modest profit.⁴⁸⁶ The price per fifty kilograms, or hundredweight, rose from four schillings in 1900 to six schillings in just one year. British saltpeter companies, seeing this success, tried to take advantage by transforming the production unions into a sales syndicate under their leadership.⁴⁸⁷ Such news alarmed the German businessmen, who subsequently wrote to their commercial attaché in Valparaiso and expressed their

⁴⁸⁴ Letter to Siegfried Friedrich Kasimir Castell-Rüdenhausen, n.d., Bundesarchiv-Berlin, R 8744. See also, Edmundson, *The Nitrate King*, pp. 85-90.

⁴⁸⁵ Bundesarchiv-Berlin, R 4798. See also Semper, p. 101; and Bundesarchiv-Berlin, R 53987.

⁴⁸⁶ Chilean saltpeter and nitrate was used worldwide as fertilizer and was sensitive to economic upturns and downturns. Thus, with a high demand for fertilizers during the end of the nineteenth century, Chile gained an important income for its economy. Nonetheless, when farmers made cuts on fertilizer use as one of their earliest economic measures in the face of economic decline during this period, the Chilean saltpeter also was directly affected by, often harsh, declines. See, Foster and Clark, "Ecological Imperialism," pp. 190-192; and J. R. Brown, "Nitrate Crises, Combinations, and the Chilean Government in the Nitrate Age", *The Hispanic American Historical Review*, (1963): vol. 43: pp. 230-246.

⁴⁸⁷ Castell-Rüdenhausen, January 1901, Bundesarchiv-Berlin, R 4796.

concern. These men, led by a former saltpeter contractor, Quaet-Faslem, suggested that Germany should acquire saltpeter fields in Chile to prevent the British from seizing control of the Chilean saltpeter industry. On their behalf, the attaché spoke to the German Ambassador, Siegfried Friedrich Kasimir Castell-Rüdenhausen, who in turn contacted the Prussian Minister of Agriculture. Along with explaining the investors' proposal to the minister, Castell-Rüdenhausen offered to use his own connections to facilitate the purchase of the saltpeter fields.⁴⁸⁸ The German ambassador's news greatly alarmed the Minister of Agriculture and members of the Prussian government, and they energetically demanded that both the German and Prussian government undertake counter-measures to stop the British.⁴⁸⁹ Thus, on 28 March 1901, a conference occurred at the Foreign Office, in which its members discussed the dangers of a British saltpeter monopoly, and whether the German government should acquire its own saltpeter mines in Chile. Along with members of the Foreign Office, officials of the German and Prussian government attended and participated in the conference including, Ernst von Hammerstein-Loxten, the Agriculture Minister (Landwirtschaftsminister); Ludwig Brefeld, the Trade Minister (Handelsminister); Heinrich von Goßler, the Minister of War (Kriegsminister); Johannes von Miquel, Vice-President of the imperial Ministry of State (Vizepräsident des Königlichen Staatsministeriums); and Rudolf Havenstein, the President of the Bank of Prussia (Präsident der Seehandlung).⁴⁹⁰

⁴⁸⁸ Quaet-Faslem to Castell-Rüdenhausen, February 1901, *ibid.*; and Castell-Rüdenhausen to Ernst von Hammerstein-Loxten, March 1901, *ibid.*

⁴⁸⁹ Hammerstein-Loxten to Bismarck, March 1901, *ibid.*

⁴⁹⁰ AA memo, 28 March 1901, PA-AA, R 16641.

Initiating a session in early April, von Miquel declared that the German government should consider acquiring saltpeter mines, only if there was a risk of the formation of a British or American saltpeter monopoly. To ascertain the likelihood of whether such an action was occurring, on 19 April, the German government agreed to send a disguised commission to Chile to scout, investigate and, if necessary, purchase new saltpeter warehouses.⁴⁹¹ The Commission was also instructed to conclude purchase agreements with the *Salitreros*, the owners of the saltpeter works, who desired to sell their holdings. At the end of its report, the members of the commission stated:

In the possible acquisition and exploitation of the works, neither the Reich nor an individual German state can act as a contractor. On the contrary, this must be left to private associations, in which it considers an association of agriculture cooperatives and other agricultural operations. The manner in which the latter is to be supported by advances or credit on behalf of the Reich or of the Prussian state is left to further considerations.⁴⁹²

The Ministry of Agriculture met again on 12 June 1901 to discuss sending the Commission back to Chile to conclude agreements to purchase saltpeter fields and mines. The Saltpeter Association of German Agriculturalists (Salpeter-Bezugsvereinigung deutscher Landwirte), which attended the meeting, suggested to von Hammerstein-Loxten that the it should send their delegate, director Stanislaw Biernatzki, with the Commission to Chile.⁴⁹³ After lengthy discussions, the Ministry formed a new Saltpeter Commission which included Dr. Erwin Semper (mine expert), Dr. Michels (chemist), and Biernatzki (commercial consultant). Upon its arrival in Chile, the Foreign

⁴⁹¹ Bülow, 19 April 1901, *ibid.*

⁴⁹² Bericht der Salpeter-Kommission, May 1901, Bundesarchiv-Berlin, R 12600.

⁴⁹³ Salpeter-Bezugsvereinigung deutscher Landwirte to Hammerstein-Loxten, June 1901, *ibid.*

Office, through its ambassador, instructed the Commission that they were “supported by the Royal Agriculture Ministry; but, they have to act as experts on behalf of Mr. Quaet-Faslem, and avoid anything that might give the impression as if acting on behalf of the government.”⁴⁹⁴

A little under a year later, on 26 April 1902, Ambassador Castell-Rüdenhausen informed the Foreign Office that Quaet-Faslem, through the support of the German Commission, received a secret mission from the Chilean president to negotiate with the German saltpeter companies to purchase all the government-owned saltpeter fields. The Foreign Office enthusiastically supported Castell-Rüdenhausen in this project.⁴⁹⁵ As soon as negotiations began, however, there was tremendous resistance from the British, which forced the German government to declare that their companies could only acquire the state-owned saltpeter fields through public auctions.⁴⁹⁶ As a result, then, when the explorers in the German Commission discovered saltpeter deposits in Toco, Aguas Blancas, and Taltal, they immediately secured them through sale contracts. Furthermore, to eliminate British competition in Taltal, the Commission also acquired shares in the Chilean Lautaro Nitrate & Company, which controlled much of the saltpeter in the area.⁴⁹⁷

⁴⁹⁴ AA to Salpeter-Kommission, July 1901, *ibid.*

⁴⁹⁵ Castell-Rüdenhausen to AA, 26 April 1902, Bundesarchiv-Berlin, R 12601; and AA to Castell-Rüdenhausen, May 1902, *ibid.*

⁴⁹⁶ Note from AA, June 1902, Bundesarchiv-Berlin, R 4796.

⁴⁹⁷ Bericht der Salpeter-Kommission, June 1902, Bundesarchiv-Berlin, R 12601; and Castell-Rüdenhausen, July 1902, *ibid.*

In the end, on behalf of the Saltpeter Association of German Agriculturists, the Commission purchased four and a half square kilometers of saltpeter fields in Tarapaca, 72 square kilometers in Aguas Blancas, and 145 square kilometers in Taltal for a total of three million marks. The German company Fölsch & Martin, which committed to cede the rights it acquired to any person or company which the Commission designated, facilitated the purchase.

While the Commission was highly successful in accomplishing the goals of the German government, on 15 April 1903, it was recalled. Three months later, the Deutsche Salpeterwerke AG, established on its own initiative in Chile, bought all the factories and fields that Fölsch & Martin acquired for eight million marks with the assistance of the Reichsgenossenschaftsbank zu Darmstadt (Imperial Cooperative Bank of Darmstadt).⁴⁹⁸ As part of the transaction, Fölsch & Martin served as the most influential shareholder in the company, owning a share of six million marks. By the end of 1903, the capital invested by the company in the saltpeter industry amounted to 31 million marks.⁴⁹⁹

⁴⁹⁸ AA to Salpeter-Kommission, 15 April 1903, Bundesarchiv-Berlin, R 4796. The Deutsche Salpeterwerke AG was an important company in Chile. It developed from the Hamburg-based saltpeter company, H. B. Sloman around 1900. In 1905, the company became the H. B. Sloman & Company Salpeterwerke AG in Hamburg, whose founders were the H. B. Sloman & Company, the Vorwerk Company in Hamburg, and the Norddeutsche Bank (Discontogesellschaft). The factories for Sloman were all located in Tocopilla, where the largest dam in South America was built on the Loa River. Conveniently, the Siemenskonzern, another German group of companies which Siemens headed, constructed this dam and was willing to aid Sloman by providing water and transporting saltpeter from Tocopilla. Thus, in 1905, the invested capital reached 45 million Marks. See, Reichenau, January 1905, *ibid.*

⁴⁹⁹ Bericht, January 1904, Bundesarchiv-Berlin, R 53995.

As more and more German companies invested in Chilean nitrate, and as the market for it continued to grow, influence in the Chilean government became more and more important. As a result, the role of Germany's diplomats increased, particularly in representing the needs of German investors. German diplomats essentially became the guardians for the investors, as well as the intermediaries for their businesses. If any dangers threatened the companies or their ventures, the German investors would immediately threaten war, knowing that they had the support of the diplomats, and the Foreign Office. Along with being watchmen for German businesses, the diplomats as served as scouts, champions, and drummers for German exports. In 1904, when British investments in Chile became more and more extensive, Ambassador Reichenau wrote a lengthy report to the Foreign Office, focusing on Germany's mission there:

I consider it my duty...to say that further persistence in this passivity and rejection of our economic position in Chile is fatal. This country [Chile] is unmistakably on the eve of an intense economic development. It all depends on seizing the right moment and taking advantage of the first opportunities, otherwise we will say: "Too late! The world has been given away!" We have an especially strong interest in not allowing to repress ourselves in Chile, but on the contrary, to gain supremacy.

He then put forth his solution to accomplish this goal. He suggested that, "the practical and most reliable way for us to secure an excellent share of the economic development of Chile, the development of a consortium, which the trade expert Dr. Zöpfe already suggested in the previous year, would be suitable for this task."⁵⁰⁰

⁵⁰⁰ Reichenau to AA, 16 November 1904, PA-AA, R 16647.

The importance of this reports was not lost on the Foreign Office, which, shortly after receiving it, sent it directly to the heads of the leading banks and industries in Germany, including the Deutsche Bank, Discontogesellschaft, Dresdner Bank, Borsig, Henschel, Kappe, and Krupp. The responses that the Foreign Office received indicated that these businessmen were all interested in an active expansion in Chile if high profits were guaranteed. Reichenau, and the German ambassadors who succeeded him, then, continued to serve as mediators between Berlin and Santiago, and to safeguard German economic expansion there.

That same year, 1904, Chile was still struggling to agree to a formal peace treaty with Bolivia following the conclusion of the War of the Pacific twenty years earlier. The largest issues which still were unresolved were the formal boundaries of Chile and Bolivia and the ceding of the province of Tacna-Arica. As a result, the Chilean government, seeking assistance from an outside party which also might favor it, appealed to Germany, and specifically the Kaiser, to assume control over the arbitration between it and Bolivia.⁵⁰¹ Wilhelm, much to the dismay of the Foreign Office, declined such an offer as he chose to defer to the United States in the settlement of the affair.

⁵⁰¹ Although Chile and Bolivia signed the Treaty of Valparaiso in 1884, which ended hostilities between the two countries following the War of the Pacific, not all issues were resolved with the treaty, including the delineation of formal boundaries between the two nations and control of the mineral rich areas of Tacna and Arica. As part of the initial treaty signed in 1884, Chile was to administer Bolivian territory from the 23rd parallel northward to the Rio Loa, which including the areas of Tacna and Arica. On 18 May 1895, Chile and Bolivia signed a treaty which confirmed Bolivia's loss of territory between the 23rd parallel and the Rio Loa, but no formal transfer of territory, nor demarcation of the new boundaries occurred. Ultimately, both concluded a peace treaty in which Bolivia recognized Chilean sovereignty over the territory from the ocean to the existing Argentine boundary between the 23rd and 24th parallels. Chile also recognized the right of Bolivia in perpetuity to commercial transit through its territory and ports, to be regulated by special agreements. See Bethell, *The Cambridge History of Latin America*; Collier and Sater, *A History of Chile, 1808-1994*; and Lawrence, *The History of Chile*.

Reichenau in particular was upset as he recognized that the Kaiser serving in such a position was a great opportunity for German expansion in Chile.

In a letter to the Foreign Office, in which he strove to change Wilhelm's mind, Reichenau wrote that the position which was offered to the Emperor would "bring Germany into the forefront at the International Economic Conference; because the participants would primarily think of Germany for the funds and enterprises necessary for the execution of the treaty." Moreover, regardless of whether Chile and Bolivia accepted Berlin's arbitration, Germany would be in an excellent position. Reichenau suggested that, "a consortium should be set up immediately in Germany from financial and industrial circles for the construction of Bolivian railways [a potential solution to the Tacna-Arica dispute], engineers should be sent there and Chile, if necessary, will offer the necessary funds on behalf of Germany for the execution of its contractual obligations towards Bolivia. In this way, we would make Chile more and more our debtor and experience has shown this works more into our hands."⁵⁰²

German businessmen, once they saw the ambassador's letter, did not miss his suggestion. A key part from the treaty between Chile and Bolivia was the Chilean government agree to build a railway between Arica and La Paz. Seeing an excellent opportunity to gain control in the Chilean market, and especially with Chilean nitrate, the Deutsche Bank took the lead in forming a consortium to build the state-owned Arica-La Paz railway, and began securing the necessary capital. In 1906, a commission was

⁵⁰² Reichenau to AA, 29 October 1904, PA-AA, R 16647.

sent to Chile to study the situation. One year later, after much negotiations, the Chilean government accepted the Deutsche Bank's offer. While it ultimately withdrew its support for the Arica-La Paz railway, citing that conditions imposed by Santiago made the project unfavorable, the fact remains that without the support and encouragement of the German ambassadors, especially Reichenau, such an opportunity would have been missed.

The financial support which the Deutsche Bank was willing to provide for the construction of the Arica-La Paz railway underscores the importance of the role German banks assumed in Chilean commerce, particularly the saltpeter industry. Three of the Germany's main banks, the Deutsche Bank, Discontogesellschaft and the Dresdner Bank, each established subsidiary banks in Chile. The Deutsche Bank founded the Überseeische Bank, which started with a capital of twenty million marks, and saw an increase to 30 million marks in 1909; the Discontogesellschaft established the Bank für Chile und Deutschland in 1895 with an initial capital of ten million marks; and with a capital of twenty million marks, the Dresdner Bank launched the Deutsch-Südamerikanische Bank in 1906.⁵⁰³ In total, seventeen German banks were placed in Chile by 1914, with the Deutsche Überseeische Bank operating nine of them. While Germany was not the only foreign country which invested banks in Chile, the British, for

⁵⁰³ Deutsches Wirtschaftsinstitut, 1909, Bundesarchiv-Berlin, R 4965; and Georges Diouritch, *L'expansion des Banques allemandes à l'étranger*, (Paris: Arthur Rousseau, 1909), pp. 545-549, and 621-623. See also, Paul Wallich, *Banco Alemán Transatlántico, eine Reise durch Südamerika*, (Hamburg: Hase and Koehler, 1986); Lothar Gall, Gerald D Feldman, Harold James, Carl-Ludwig Holtfrerich, and Hans E Büschgen, *Die Deutsche Bank, 1870-1995*, (London: Weidenfeld & Nicolson, 1995); and Friedbert Böhm, *Wie ich zu den Kühen kam*, (Görlitz: Faktuell Verlag, 2003).

example, also established several of its own banks, the German banks held the largest share of the Chilean market. Per a report from the director of the Deutsch-Südamerikanische Bank in 1913, his three banks had “invested almost 50 million marks”, which generated “enormous profits from commercial and industrial loans.”⁵⁰⁴

The most important impact of the banks’ investments on the development of Chile was its concentration on the saltpeter and copper ore industries. With the European powers, especially Germany, focusing on Chile’s saltpeter production, the saltpeter itself, and its products, became the cornerstone of the Chilean economy. By 1903, almost 76 percent of Chile’s total exports was from the saltpeter industry. While Germany, and other European powers, benefited from its sale, Chile also gained much from selling it, as the industry utilized nearly 30 million pesos of the country’s natural products and employed more than 23000 workers.⁵⁰⁵

With Santiago so reliant on this industry, however, any disturbances would lead to a crisis which affected the country’s entire economy. In January 1905, for example, the Chilean government decided to place its conversion fund as a deposit against the current interest rates at European and American banks. When news of this action reached the German embassy, Ambassador Reichenau acted immediately. In a letter written to the Foreign Office on January 24, he explained the steps he took to safeguard German investments, and its banks: “After consultation with Herr Kautz, the Deutsche Bank’s local agent, in the interest of the German banks I asserted my influence with the

⁵⁰⁴ Deutsch-Südamerikanische Bank, 3 February 1913, Bundesarchiv-Berlin, R 1244.

⁵⁰⁵ Brown, "Nitrate Crises," pp. 240-243.

government by seeking out the President and insistently pointed out to him their [the German banks] great efficiency and security and with the same vigor I attended to the Finance Minister on numerous occasions.”⁵⁰⁶

Due to Reichenau’s efforts, the Foreign Office deposited 34 million marks into the Deutsche Bank, and 23 million into the Discontogesellschaft, at an interest rate of three and a half percent for four years. Such terms were a tremendous boon to the Chilean economy, and secured German interests, and influence. As the ambassador further reported, “the result is more remarkable and more welcome than when the very influential Mr. Edwards used the American banks to his advantage...the local British Bank of Chile was anxious to acquire such a deal, and in the Parisian financial world, a very intense interest is being expressed in Chile.”⁵⁰⁷

Although such deals like this excited German businessmen and members of their government, particularly as the Chilean government also supported it, not all Chileans accepted it with such enthusiasm. As the expansion of German banks and interests were carried out, there was a constant struggle with nationalists and anti-imperialists movements. As a result, the German investors, who saw threats from the political demands of Santiago and revolts from the Chilean workers endangering their profits, frequently called upon their ambassadors and consuls to use the military to protect their interests. In 1905, for example, Reichenau, wrote to the Foreign Office and impressed

⁵⁰⁶ Reichenau to AA, 24 January 1905, Bundesarchiv-Berlin, R 1232.

⁵⁰⁷ Ibid.

upon it the need for German warships to appear along the coast near Tatal, where uprisings were occurring:

At the beginning of the year, we had the privilege of welcoming the 'SMS Falke' here and hope that the Reichstag will grant the means to enable the Imperial Government to restore fully the American west coast station so that it demonstrates to the seemingly seafaring Chileans that, besides our neat little cruisers, we have very powerful and respected ships capable of assuring us Germans our place in the sun and to respect the glorious flag of Germany everywhere.⁵⁰⁸

The mere presence of the SMS Falke, and other German ships, the ambassador reasoned, would be enough to convince the rioters to cease their activities and allow the Germans to continue to conduct their business. Indeed, the riot was quelled, although sending German warships towards the Chilean coast created diplomatic problems with other powers, most notably the United States and Great Britain. Still, the fact remains that without the help and encourage of Reichenau, and other German ambassadors and consuls, German investors would have struggled to protect their property and their investments.

Along with responding to large political issues on behalf of German businesses, including protectionist tariffs and the Chilean Civil War, the German diplomats also had to intercede with local issues in Chile, particularly worker strikes. In 1890, as Germany and Great Britain began to grow frustrated with Balmaceda, and the Chilean Civil War was occurring, Chilean workers at the saltpeter mines went on strike to secure basic rights, including abolition of the truck system, and better wages and working

⁵⁰⁸ Reichenau to AA, June 1905, *ibid*.

conditions.⁵⁰⁹ The strike began on a 1 July 1890, when the workers refused to work. When news of this strike reached German businessmen and traders, they were very alarmed. As a stop in work would decrease their overall profits, and put themselves in danger, these Germans knew that the strike had to be stopped by any means necessary. Immediately, both the British and German saltpeter companies and distributors demanded that the Chilean government use troops to suppress the revolt. Balmaceda, however, was unwilling to do so. He saw the uprising as a way to hurt European control on the nitrate trade, as well as a means to implement his plans for nationalizing Chilean saltpeter manufacturing and, more broadly, the industrial sector.⁵¹⁰

With the President of Chile disinclined to help, the German businessmen turned to the one group who they knew they could rely upon for support - their diplomats and consuls. On 6 July, a delegate from the Vorwerk & Company, one of the leading German saltpeter companies in Chile, wrote to Ambassador Gutschmid and presented the company's concerns: "Balmaceda would do his duty as president better if he used his whole attention on the suppression of these anarchist states, instead of dealing with a policy which for him there is ultimately no alternative except for a coup d'état or an

⁵⁰⁹ The truck system is a method of payment in which employees are paid in commodities, or a currency substitute such as vouchers, instead of in hard currency. Doing so limits the ability of employees to choose how to spend their earnings. The choices that workers do have usually benefits their employer, for example, vouchers which can only be used for purchasing goods at a company-owned store, where the prices are set higher than normal. For more information about the truck system, particularly its use during the nineteenth century, see George W. Hilton, "The British Truck System in the Nineteenth Century," *Journal of Political Economy*, vol. 65 no. 3, pp. 237-256.

⁵¹⁰ For more on the nitrate strikes in Chile, see, Thomas C. Wright, *Latin America Since Independence: Two Centuries of Continuity and Change*, (New York: Rowan & Littlefield, 2017); and V. Thomas-Bulmer, *The Economic History of Latin America Since Independence*, (Cambridge: Cambridge University Press, 2003).

honorable retreat.” The agent then went further, calling for Gutschmid to “use the whole influence of German power” to encourage the Chilean president to break the strike.⁵¹¹ To gain more support for such a request, the heads of the German and British saltpeter companies sent a telegram to the Chilean Chamber of Commerce in Valparaiso stating, “the working masses are masters of the situation. Impossible to restore order if more troops not sent.”⁵¹²

Sympathetic to the German businessmen, and aware that protecting German interests in Chile was necessary to continue the growth of Germany’s economic presence, Gutschmid agreed to help. In a report to the Foreign Office, the ambassador explained his actions to his superiors: “It has been possible for me to help foreign interests when, directly upon receipt of a telegram from the German colony of Inquique asking for protection of life and property, I went straight to the President of the Republic [Chile] and I gained assurance from his Excellency that immediately telegraphic instruction would be sent to the military command at Tacna to transport by ship all troops (artillery and infantry) available there to Inquique. This has now happened.” At the end of his report, Gutschmid concluded that his efforts were successful, noting that, “because of my good relations with the head of state and his ministers, I have succeeded in accomplishing all that was reasonably accessible from the government for the benefit of foreigners.”⁵¹³

⁵¹¹ Vorwerk & Company to Gutschmid, 6 July 1890, Bundesarchiv-Berlin, R 1222; and *Saliteros* [German saltpeter sellers] to Gutschmid, 1 July 1890, PA-AA, R 16619.

⁵¹² *Saliteros* to Chilean Chamber of Commerce, 8 July 1890, Bundesarchiv-Berlin, R 1222.

⁵¹³ Gutschmid to AA, 8 July 1890, *ibid.*

Several days later, on 10 July, Gutschmid again wrote to the Foreign Office, updating the German officials on the conditions in Inquique and the surrounding area. The workers, “had torn everything up in Inquique and in the province of Tarapaca; first the saltpeter workshops, then the gas works and waterworks, the railways, the stores of meat and bread etc.” Having spoken to the current Chilean Foreign Minister, Juan Eduardo Mackenna-Astorga, who was sympathetic to the German businessmen and did not support Balmaceda’s plan to nationalize the nitrate industry, the German ambassador explained to his superiors that he was “assured the maintenance of order and the security of life and property fully with respect to the city and port of Inquique and Pisagua.” Furthermore, “the government is fully responsible for the security of Inquique and Pisagua, where considerable German interests are at stake,” and the “Minister of Foreign Affairs gave me the assurance that the government would also endeavor, in the wider sphere of the province of Tarapaca, to end the destruction.”⁵¹⁴

Due to the efforts from German and British diplomatic representatives, particularly Gutschmid who used his connections to high-level politicians in Santiago, the government, which also was acting in its own interests, namely to assure that its export duties were not interrupted, sent as many troops as it could mobilize to the areas which were striking.⁵¹⁵ As Gutschmid later reported to the Foreign Office, “Fortunately, the government...has realized in a timely fashion, how dangerous its [the strike]

⁵¹⁴ Gutschmid to AA, 10 July 1890, *ibid.*

⁵¹⁵ Gutschmid to AA, 14 July 1890, *ibid.*; and Wright, *Latin America Since Independence*, pp. 133-135.

beginning was, and now is earnestly seeking to preserve public order and to protect the saltpeter trade, which is so important to the Chilean treasury.”⁵¹⁶

Although the government ended the strike, albeit violently, by the end of July, German and British investors knew they could not continue to force the workers to operate under the current conditions.⁵¹⁷ Ultimately, they agreed to a forty percent wage increase and abolished the truck system. At the same time, however, the Chilean government informed the British and German ambassadors, as well as its politicians, that these concessions were only temporary and would be revoked as soon as a permanent “protection force” (“Schutztruppen”) was stationed in the factories.⁵¹⁸ By the end of the year, Chilean army units were deployed in the most important factories, whom the factory owners paid and fed. The workers’ wages were then cut, and the protective militias watched and pointed their guns at them to assure that they did not strike again. To assist the Chilean government with paying the protection forces’ salary and maintenance, and protect its own investments, German companies, such as the Deutsche Salpeterwerke, contributed money and also built barracks and horse stables for the troops.

While the Schutztruppen were generally successful with keeping the peace, ultimately, they were not able to prevent the workers from striking. In 1903, a wave of violence again struck the saltpeter districts of Inquique, Tocopilla and Taltal. Facing

⁵¹⁶ Gutschmid to AA, 17 July 1890, Bundesarchiv-Berlin, R 1222.

⁵¹⁷ Wright, *Latin America Since Independence*, pp. 133-135; and Peter DeShazo, *Urban Workers and Labor Unions in Chile, 1902-1927*, (Madison: University of Wisconsin Press, 1983).

⁵¹⁸ Gutschmid, 31 July 1890, Bundesarchiv-Berlin, R 1222.

strong opposition from the workers, the heavily armed protection forces, who were heavily outnumbered (in Tocopilla, for example, 160 soldiers guarded 5000 workers), surrendered.⁵¹⁹ Fearing that their investments were in jeopardy, the German saltpeter companies demanded, through Reichenau, that the German government send warships to protect their factories and suppress the rebellion.⁵²⁰

Berlin, however, while sympathetic to the businessmen, rejected their demands. In a statement issued to them, the Foreign Office stated that it was self-evident that the Chilean authorities were doing all they could to protect German private property.⁵²¹ When the demands for sending German warships were repeated, the Foreign Office instructed Reichenau “to state bluntly that the Chilean government would incur serious liability by not adequately protecting the vast foreign interests, especially German interests, in their northern provinces.”⁵²² In 1904, then, the Chilean government, to end the strikes, sent a commission to examine the situation and propose a plan to send the strikers back to work. The plan which was submitted to the Chilean parliament, however, only stated that the cause of the strikes was the abuse and mistreatment of the workers. The only advice given was to enact a few social reforms.⁵²³

With Santiago taking no concrete action to stop the strikes, the workers’ fight for an increase in wages, limitation on work hours, and worker safety began in the Toco

⁵¹⁹ Wright, *Latin America Since Independence*, pp. 133-135; and DeShazo, *Urban Workers and Labor Unions*, pp. 128-130.

⁵²⁰ Reichenau to AA, 11 July 1903, PA-AA, R 16645.

⁵²¹ AA to Reichenau, 2 December 1903, *ibid.*

⁵²² AA to Reichenau, 30 March 1904, *ibid.*

⁵²³ DeShazo, *Urban Workers and Labor Unions*, p. 131.

district. Seeing their livelihood threatened, the German saltpeter companies once again wrote to Reichenau and demanded that Germany dispatch warships to Chile. On 27 September, the saltpeter owners also wrote to the Directorate of the Deutsche Salpeterwerke in Hamburg expressing their concerns: “Ask as soon as possible for a German warship. Fear that strike will migrate to other ports. The German minister must be given timely instructions to hold the Chilean government responsible for all outcomes. Officers in danger.”⁵²⁴ A day later, the saltpeter companies rushed another telegram to Hamburg with an update on the situation: “Hope strike is broken, except for some dead yesterday in ‘Isabel’. Everything went well thanks to the speedy protection and prudence of the employees, officers still stopped, today will deport all dissatisfied people, hope (to) be able to begin slowly work tomorrow.”⁵²⁵

Although the situation in the Toco district was improving, the directorate in Hamburg was still sufficiently concerned about the saltpeter factories there. The management wrote a lengthy letter to Ambassador Reichenau. In their letter, the leaders of the directorate expressed their apprehension, “It seems as if a danger to life and property is happily averted for the moment, but the outbreak of a strike and related unrest still threatens in other districts, as shown from the first telegram. From our knowledge of the situation in Chile, we know believe that an official plan from the Ambassador would have the most lasting effect and would force the Chilean government to take aggressive actions.” Towards the end of the letter, the directorate called for more

⁵²⁴ Letter to Deutsche Salpeterwerke, 27 September 1904, Bundesarchiv-Berlin, R 4796.

⁵²⁵ Letter to Deutsche Salpeterwerke, 28 September 1904, *ibid.*

direct actions, entreating the ambassador that the factories would be disrupted, “if the Chilean government is not persuaded, or forced, by pressure from the outside...thus, we beg Your Excellency to ask the Chancellor to issue orders most urgently to protect our interests.”⁵²⁶

Having passed this message to his superiors almost immediately, the Foreign Office responded quickly, instructing Reichenau to adopt the Germans’ interests and take whatever steps were necessary to protect them.⁵²⁷ The German ambassador acted swiftly. Within a few days of receiving the initial message from the Foreign Office, he wrote back with an update on the situation, “After the arrival of the first alarm message from Tocopilla, straightaway I insisted on immediate safeguards and definitive protections from the President and Ministers for the saltpeter factories there. The government dispatched sufficient troops with praiseworthy speed and determination.”⁵²⁸ Although the German businessmen faced a serious threat from the strikes, they knew they could rely upon their connections to the Foreign Office, in this case their friendship Reicheanau. Due to the ambassador’s quick action and thinking, the strikes ended without serious cost to the German saltpeter industry.

By 1914, the combined efforts of the German diplomats, settlers, businessmen, and Foreign Office serve as a clear example of how Germany was able to create a strong economic presence. While the policies of development and globalization in Chile were

⁵²⁶ Deutsche Salpeterwerke to Reichenau, 25 September 1904, *ibid.*

⁵²⁷ AA to Reichenau, 26 September 1904, *ibid.*

⁵²⁸ Reichenau to AA, 28 September 1904, Bundesarchiv-Berlin, 4782.

similar to those undertaken elsewhere in South America, they also differed in several ways. Unlike in Brazil, Bolivia, and Peru, the German diplomats, and Foreign Office, sought to work with the Chilean government as much as possible from the very beginning. In doing so, the Germans were able to gain support from the Chilean government for their efforts and were thus able to use events there to channel and shape its presence and influence, thereby hardening the soft forms of German power. Just like in the rest of South America, however, the level of success that the German diplomats achieved in Chile varied depending upon many factors. Regardless, in many cases, the efforts that the diplomats exerted paid dividends such that even in 1925, the United States and other European nations feared that Germany had surpassed them in the Chilean, and South American, market.⁵²⁹

⁵²⁹ Marcossou, "The German in South America," pp. 36-86.

CHAPTER VI

PROTECTING IT ALL: MILITARY, GUNS, AND ARMS TRADE

On 18-19 September of every year in the capital city of Santiago, Chile staged a lavish celebration to honor the memory of its victory in 1810 in its war for independence. On the centennial of its first national government, Captain Hans Edler von Kiesling, a Bavarian officer appointed to the Chilean army, brought Chile's acting President, Elías Fernández Albano, personal greetings from the Kaiser, along with a full German military delegation headed by General of Calvary Kurt von Pfuel, the Kaiser's personal envoy. The Germans were seated at one end of the city's parade grounds, the *Campo de Marte*. The Chilean president, his cabinet, and his military establishment sat next to the German visitors. At the other end of the park, surrounded by groves of eucalyptus, oaks, and various other trees, Chile's premier foot and mounted regiments were assembled in uniforms modeled after Germany's. Krupp guns fired the presidential salute, and afterwards, military bands set the troops into motion.⁵³⁰

The Chilean celebration impressed the German delegation. According to Kiesling, "First out [was] the cadet school, greeted by enthusiastic cheers and clapping, [wearing] dark blue uniforms, yellow guards' braiding on their collars, and above their spiked helmets the flowing white horsehair plumes. In front of them [were] their flags, accompanied by officers with drawn sabers." Surveying the parade fields, Kiesling

⁵³⁰ Hans von Kiesling, Speech draft, 2 July 1910, PA-AA, R 16654.

almost believed that he was “on the Tempelhofer Field in Berlin or the Fröttmaninger Heide in Munich.”⁵³¹ Friedrich Karl von Erckert, the German ambassador to Chile, was also overcome by the excitement. He reported to the Foreign Office, “Uniforms. Parade march, just like Berlin.”⁵³² There was no doubt in either Erckert or Kiesling’s mind that Chile had imported the Prussian military system and that it had taken hold.⁵³³ It was just as General Emil Körner, the first German military advisor sent to Latin America, had described to Kiesling during their meeting in Berlin before the Captain set sail for Chile. Körner, also known as Don Emilio, had indeed transformed the Chileans into the “Prussians” of South America.

Such a description of Chile’s army was not uncommon in South America. By the early part of the twentieth century, similar military missions occurred in Argentina, Brazil, and Bolivia. These countries willingly adopted the Prussian system, and helped spread German military doctrine, weapons, and uniforms to other nations in South America, including Ecuador, Columbia, and Paraguay, as well as to parts of Central America. Ultimately, Germany became the model for South American armies, much as

⁵³¹ Ibid. At a similar celebration in 1903, the current German Ambassador, Reichenau, had a similar experience saying “To this end, the uniforms, which replicated the German [uniforms] down to the smallest degree, made the illusion complete, as if one were on the Tempelhof Field. I made no secret of my admiration.” Reichenau, p. 216.

⁵³² Erckert to Foreign Office, 27 September 1910, PA-AA, R 16655.

⁵³³ Usage of the term “Prussian” to describe South American armies, such as Chile’s or “Prussianization” of these armies, is complex as there has been much scholarly debate as to how to define these words. At its core, the ideas of “Prussianism” means the military habits of thinking, but also the attitude towards the state and civil-military relations. In the case of South American armies, while the German Foreign Office and military missions hoped the soldiers that were training would embody the whole idea of “Prussianization”, the armies mainly only adopted the Prussian military ways of thinking. As a result, then, for the purpose of this chapter, unless otherwise noted, these terms will be used to mean “the military habits of thinking.” For more see, Michael Howard, *The Franco-Prussian War: The German Invasion of France, 1870-1871*, (New York: Methuen, 1981).

the British navy was the model for their fleets. For these countries, this modernization of their armies meant they would be turning them into a force that would give their neighbors pause before they launched an attack against them.

The increasing German influence in South America, both economically and culturally, along with growing geopolitical issues, throughout South America, provided a great opportunity for both Germany and its businessmen to further their presence, both globally and in Latin America. With fighting occurring within nations, such as the Chilean Civil War, and between South American nations, such as the War of the Pacific, the Foreign Office saw a means to develop and modernize the armies in South America through military missions. It viewed the training and supplying of local armies in places such as Chile, Brazil, and Bolivia as a way to create an export market for German weapons and technology, and thus further increase its already developing economic influence. Military missions to these areas established an economic foothold that secured German manufacturers of civilian consumer and heavy goods easier access to markets in Chile, Bolivia, and Brazil. Thus, helping to train and reform South American armies was only a secondary concern of Germany; the selling of war materiel and equipment was paramount. In the case of Chile, for example, Körner assisted in creating a large, heavily equipped conscript army not because Santiago needed it, but rather because larger armies consumed more German weapons, uniforms, equipment, and, as in the case with military parades, more musical instruments.

The Foreign Office was not the only group interested in expanding German arms trade in South America. German businesses also saw a chance to expand their own reach

and were equally opportunistic. Through his victories in the Chilean Civil War in 1891, for example, Körner opened the door for selling German military hardware in Chile. Ludwig Loewe, a representative of the Berlin based Vorwerk & Co., began to pressure Chile to buy Mauser rifles. Germany's most prominent weapons manufacturer, the Krupp Works, also recognized that it had to sell its goods abroad to overcome the effects of the "Great Depression" of 1878-1890. As a result, Friedrich Krupp, the current head of the Krupp Works, launched an expansion program that targeted Chile, among other nations in South America. Due to their interests in the South American markets, Krupp, and other German businesses men, relied upon, and in many cases, expected, the Foreign Office to advance their economic interests, especially when it would enhance their profits.⁵³⁴

Such plans, however, would not have been as successful without the interest and assistance of its diplomats who served in these places and enacted such policies. Without the efforts of these men, who mostly acted with little guidance from their superiors in Berlin, to mediate the interests of expatriate businessmen and those of the Foreign Office, Germany's penetration into the South American arms market would have been limited. Berlin placed considerable trust in these men in determining policies that affected German interactions in South America, particularly in terms of protecting its citizens and trade interests, and with developing a burgeoning arms industry. Through these efforts, a diplomatic-commercial-military nexus formed, in which the diplomats

⁵³⁴ In one instance, Krupp used the Foreign Office's honors list to encourage foreign dignitaries; in another, he instructed the Military Cabinet whom it should invite to the annual Kaiser maneuvers. Indeed, the Wilhelmstrasse never could seem to do enough for Krupp and his company.

understood their role as facilitators for German interests, and in which personal relationships between the business owners, and the South American governments, were key in bringing these nations under German economic influence.

Countries like Chile, Brazil, and Bolivia had their own motives for seeking out German military advisors. Chile and Bolivia had managed to antagonize their neighbors during the War of the Pacific. Santiago had taken land from Peru and Bolivia, and attempted unsuccessfully to do the same with Argentina. In particular, Chile still faced ongoing disputes over the status of Tacna and Arica, regions seized from Bolivia and Peru. Peru often threatened to resolve its quarrel with force, going so far as to hire a French military mission to train its soldiers. Nevertheless, it was the prospect of a newly armed Argentina vigorously demanding a resolution to its boundary disagreements with Chile, and allying with Peru, that was most unsettling to Chileans, especially ardent nationalists. If Argentina and Peru choose to, Chile could become hemmed in between the Andes and the Pacific and then crushed by Argentinean forces from the east and Peruvians from the north.

By 1914, German advisors, working either directly in South America or through the German mission in Chile, were training most of the military academies and armies south of the Panama Canal, supplying them with Krupp artillery and Mauser rifles, and encouraging them to order everything from bayonets to uniforms and harnesses from Germany. Reaching such prestige, however, was not an easy task. Prior to the 1870s, the French military system prevailed, and served as the model for modern armies.

Military texts were in French, ranks were literally translated from the French, and cadet uniforms were modeled on those of St. Cyr.

The Prussian army changed the almost universal admiration of military “things French” when it defeated the French imperial army at Sedan in September 1870. Almost overnight, the German way of war became the new model. Karl von Clausewitz, and his book *On War*, replaced the Swiss Baron Antoine Henri Jomini as the new military theorist. German military missions were requested all over Europe, Asia, and Latin America. Following these new missions were orders for German cannons, rifles, uniforms, saddles, harnesses, spiked helmets, and even musical instruments. As a result, well-established ties to St. Cyr and Schneider-Creusot in France were abandoned in order to forge new relations with the Kriegsakademie (War Academy) and Krupp in Berlin.

The professionalization and “prussianization,” of South American armies began with Chile in 1885. Following the War of the Pacific, Chile had emerged as the leading power on the Pacific coast of South America. In the euphoria of victory, however, Chilean leaders were not blind. The army struggled at times, and it became clear that, in a time of need, it was inadequately prepared for war. Therefore, President Domingo Santa María, at the urging of high-ranking officers, instructed Guillermo Matta, head of Chile’s diplomatic mission in Germany, to seek out a qualified instructor to train its army.

The man that Matta eventually chose was Emil Körner, a Saxon commoner who served with distinction in the Franco-Prussian War, and was currently a captain in the

German army.⁵³⁵ In 1885, Körner accepted a position as an instructor of artillery, infantry, cartography, military history, and tactics and agreed to a salary of 12000 marks, paid in Chilean gold. He was given the title of sub-director of the Military School and promoted to the Chilean rank of lieutenant colonel. He was thorough, very ambitious, adventuresome, and, perhaps most importantly, well read on Chile's military successes.

In 1886, one year after Körner had agreed to serve in Chile, the nation's long-awaited war academy (*Academia de Guerra*) finally opened. According to the government, its purpose was "to elevate the level of technical and scientific instruction of army officers, in order that they may be able, in case of war, to utilize the advantages of new methods of combat and modern armaments." Between 1887 and 1891, Körner devised the academy's three-year curriculum, emphasizing subjects that were taught in the *Kriegsakaemie*. In the first year of school, students studied tactics, fortifications, cartography, ballistics, military history, physics, mathematics or world history, general military science, and German. Those who passed then took advanced courses in tactics, fortification, cartography, military science, history, geography and physics, chemistry,

⁵³⁵ Körner was born in Wegwitz on 10 October 1846. He received his diploma in humanities in Halle, and served in the army for twenty years before arriving in Chile, as a volunteer in a Magdeburg regiment in 1866, and then as a noncommissioned officer in 1867. In 1868, he received a second lieutenant's commission from the Hanover Military School. The following year, he entered the Artillery and Engineer's School in Berlin. In the Franco-Prussian War, he fought in the battles of Worth and Sedan, winning the Iron Cross, Second Class. After returning to Berlin following the Franco-Prussian war, he became a lieutenant in 1875, and the next year graduated from the *Kriegsakademie*, third in his class behind Paul von Hindenburg and Jacob Clemens Meckel. He served in Italy, Spain, and Africa from 1877 to 1888. In 1881, he was promoted to captain, and placed in charge of an artillery battalion. Later in that same year, Körner returned to Berlin and became an instructor of tactics, military history, and weapons science, and was a member of the faculty. For more concerning Körner's life and career, see Jürgen Schaefer, *Deutsche Militärhilfe an Südamerika: Militär- und Rüstungsinteressen in Argentinien, Bolivien und Chile vor 1914* (Hamburg: Bettelsmann Universitätsverlag, 1974).

mathematics or history, and German. Also included were studies in topography and war games. In the last year of course work, students took courses in war games, Chilean and South American military history and geography, hygiene, international law, staff service, mathematics or world history, and German. The first students began in 1887, and out of the fifteen graduates, five went to Germany for further study. Körner was not the only German who taught at the academy, as Major Betzhold and Captain Januskowski also came from Berlin to assist him.⁵³⁶

Despite rigorous training at the academy, however, Körner struggled to prepare the Chilean cadets. He lamented over the state of the profession in Chile, especially the condition of the military academy. He bluntly stated that the school lacked resources which necessitated “an exaggerated economy in expenses for maintenance of the personnel, as well as books and teaching materials.”⁵³⁷ He also deplored the abilities of the instructors in languages, sciences, and natural history, and that the curriculum of the military school was insufficient as students who prepared for the infantry, artillery, or cavalry did not learn enough about the other branches to provide proper coordination in battle. Körner also wrote that the year-end examinations were not enough, for they proved only the students’ ability to apply themselves during the seven weeks prior to

⁵³⁶ Francisco Javier Diaz Valderrama, *Cuarenta años de instrucción militar y alemán en Chile* (Santiago: Imprenta Jeneral Díaz, 1926), pp. 10-12, cited in Frederick Nunn, *Yesterday's Soldiers*, (Lincoln: Univeristy of Nebraska Press, 1983), p. 101.

⁵³⁷ Frederick Nunn, “Emil Körner and the Prussianization of the Chilean Army: Origins, Process, and Consequences, 1885-1920” *Hispanic American Historical Review*, 50 no. 2 (May 1970), p. 304.

exams and not during the rest of the year.⁵³⁸ As a result, the Military School needed reform before it could turn out qualified cadets for the War Academy.

By 1889, Körner advocated a major change in the Chilean military profession. He wanted the army to be an exact replica of the Prussian army, not only in appearance, but also in its training, instructional methods, and strategic and tactical orientation – in it short, its military thinking. What enabled Körner to pursue his goal without interference was the outbreak of the Chilean Civil War in 1891, in which he rose to the rank of brigadier general. When the war started, Körner joined the Congressionalists as secretary to their general staff. In effect, he took over the organization, discipline, and training of the rebels. He realized that the Congressionalists' victory would allow a reform of the army, and so he joined the revolutionary forces, not because of political ideas, but to open new military horizons to lead those who had been his students.⁵³⁹ In a short time, he created a strong fighting force, which, after two crucial battles, at Concón (21 August 1891) and Placilla (28 August 1891), defeated the government army, and forced President Balmaceda into exile.

Prior to the outbreak of the Chilean Civil War, while Körner was training the Chilean army, it faced a need for re-arming. Both the Foreign Office and German arms dealers, particularly Krupp, were well aware of this and sought to capitalize on such an opportunity. Friedrich Alfred Krupp, the owner of the Krupp Works at this time, was an astute businessman and was well-connected, both with the German government, and

⁵³⁸ *Ibid.*, p. 305.

⁵³⁹ *Ibid.*

with the military. He expected the Foreign Office to help advance his economic interests, and frequently relied upon it to help increase his profits. In many cases, the Foreign office obliged him.

Krupp also turned to the army, with whom he shared mutual goals, to further his ends. He would invite any officers or diplomats to Essen, who were to be posted abroad in order to brief them about his company's relations with that particular nation, and carefully educated them on the nature of his latest weapons. With officers, he would provide them with formal letters of introduction to the mission's agents. Krupp also developed a complex protocol to develop potential customers. The company wined and dined foreign officers and local military attachés. Krupp literally rolled out the red carpet for those foreigners, such as Körner, who came to Germany to pick up their orders. Whenever foreign officials visited Krupp's mansion, Villa Hügel in Essen, they would dine on dishes from their nation and consume wine produced on the estate. On one such occasion in 1910, a Chilean military contingency travelled on Krupp's special train from Essen to Königswinter. Here, they were treated to an enormous firework display in their honor.⁵⁴⁰

Krupp naturally employed a large sales force, and selected its men, much like the Foreign Office, from civilians of "good but not high status;" essentially, the company wanted decent, but unobtrusive middlemen. Once abroad, these agents worked closely with German diplomats, and nurtured relationships with military and naval attachés, as well as local government ministers. They were also required to host foreign dignitaries

⁵⁴⁰ *Historisches Archiv Krupp, Werksarchiv*, Essen (hereinafter cited as *HAK-WA*), 7f1148, pp. 61-68.

if they visited Essen, and to report all changes in government and military personnel. Furthermore, they were expected to act with calm and moderation at all times; to attend and report the results of gunnery practices of Krupp's competitors; to help the Foreign Office rewrite attaché reports; and to "exploit political tensions" in order to stimulate weapons sales. Moreover, an agent had to become friendly with local military leaders and to use those contacts to ensure that only officers "sympathetic to Krupp" were involved in the purchasing of arms.⁵⁴¹ In the case of Chile, Krupp's man was Albert Schinzinger. Following an exhaustive background check, which the German Foreign Office and the Prussian army conducted, Krupp signed Schinzinger to a personal services contract in May 1889.⁵⁴²

Schinzinger spent May and June 1889 in Essen, learning Krupp's "art of the deal." Armed with a special "diplomatic pass" that Krupp procured, the owner instructed him to display "tactful behavior" and to make a "confident impression." As part of his training, he familiarized himself with local customs, and learned Spanish. Once in Chile, he met with military and political leaders, and with local and German-language newspapers in order to persuade them to hype Krupp products and suppress any unfriendly reports. Perhaps most importantly, Schinzinger was told to fulfill "all the wishes of the country" no matter how small. In the event that Krupp guns were displayed or tested, Schinzinger had to make sure that the German ambassador or

⁵⁴¹ Ibid., pp. 1-7.

⁵⁴² *Historisches Archiv Krupp, Familienarchiv*, Essen (hereinafter cited as *HAK-FA*), 3 B70.

military attaché was present. He also invited Chilean war ministers and generals to the tests, after they had eaten a lavish breakfast.⁵⁴³

In early 1889, Krupp had a chance to secure a contract with President Balmaceda to purchase artillery. Sensing a huge opportunity for Germany, Ambassador Gutschmid apprised the Foreign Office that while the president looked favorably upon Krupp, and would openly welcome its envoy, the company needed to submit the lowest bid for the Chilean orders. In an effort to help further German policy in Chile, the Foreign Office immediately passed the information on to Essen. As a result, the ambassador had become an unofficial agent for the Krupp Works.⁵⁴⁴

When Gutschmid wrote to the Foreign Office in January 1889, he informed its members that Krupp's main competitor was Colonel Charles Ragon de Bange, the designer for *Cail et Compagnie*, in Paris. De Bange's products were highly praised and compared favorably to Krupp's by the "Francophiles on the Chilean newspaper *El Ferrocarril*."⁵⁴⁵ Several days later, the ambassador contacted his superiors again saying that, "it was most regrettable that the Foreign Office did not take a more active role in the Chilean business" since Schuchard, Grisar & Company, Krupp's old agent, seemed unable and/or unwilling to push his interests sufficiently.⁵⁴⁶ At that very moment, de Bange was shipping two 8-centimeter 0/77 field guns and two mountain pieces to Chile.

⁵⁴³ HAK-WA, 7f1148, pp. 28-31.

⁵⁴⁴ Gutschmid to Bismarck, 23 April 1888, PA-AA, *Lieferungen der Firma Krupp für die chilenische Regierung*.

⁵⁴⁵ Gutschmid to Bismarck, 11 January 1889, *ibid*.

⁵⁴⁶ Gutschmid to Bismarck, 16 January 1889, *ibid*.

The Foreign Office immediately appraised Krupp of Gutschmid's reports. As a result, the company was able to plan its course of action. Krupp quickly invited Colonel Diego Dublé Almeida to come and inspect its artillery in Essen. Next, it delayed the Chileans for months with petty excuses, such as the desirability of holding the tests in Essen, while using General Körner to feed Santiago with literature that favorably compared his products to those of de Bange. In the meantime, Krupp prepared its newest guns and agents for service in Chile.

At the same time, Krupp focused his attention on selling coastal artillery for Valparaiso. Using the offices of Körner and Major Gustav Betzhold, a Prussian officer and Krupp confidant in charge of harbor defenses, Krupp secured the contract for ten 28-centimeter L/40 coastal guns.⁵⁴⁷ Although the bids from Schneider-Creusot in France, and Armstrong in Great Britain were lower, the Krupp company won the competition by arranging a loan of 30.6 million marks through the Deutsche Bank. In September 1889, Krupp and two fellow German manufacturers landed another major contract, this time for sixty-two thousand tons of steel rails for the new Chilean railroad.⁵⁴⁸ All the while de Bange's guns remained in a warehouse in Santiago.

As a result of these contracts, Krupp directed Schinzinger to proceed to Chile with two each of the latest models of the 7.5-centimeter field and mountain guns. On his way there, Krupp asked the Foreign Office to grant Schinzinger an audience with Balmaceda to make his stake in Chile clear, and to provide him any support he may need

⁵⁴⁷ Betzhold to Krupp, 27 December 1889, *HAK-WA*, 4/2036.

⁵⁴⁸ Foreign Office Note, 12 September 1889, *PA-AA*, *Lieferungen der Firma Krupp*.

to complete an arms deal with the government.⁵⁴⁹ Krupp knew it needed the support of the Foreign Office, as not only was the Chilean artillery order at stake, but also the chance to extend his company's influence throughout South America.

When he finally arrived in Santiago, Schinzinger found the country in turmoil as Krupp's adversaries had waged defamatory press campaign against the company. The *Revista Militar*, the army's unofficial journal, praised de Bange's gun, thus threatening Krupp's plans. Realizing the importance of having Krupp in control of the arms industry in Chile, Gutschmid secured an audience for Schinzinger with Balmaceda, who expressed his firm expectation that the contract would be given to the German business. The president also reminded Schinzinger and Gutschmid that Chile had used its earlier purchase of Krupp weapons to its advantage against Peru and Bolivia in the War of the Pacific.⁵⁵⁰ Still, the president insisted on a competition, which Schinzinger was determined to win.

The contest began on 1 March 1890 and lasted for two weeks. It was the event of the year as French and German diplomats, newspapermen, Chilean ministers and generals, representatives of both companies, and a multitude of onlookers travelled to the testing grounds. By the end of the contest, on 11 March, Krupp's field artillery had hit tits target 1639 times; de Bange's only 1389. On average, Krupp guns fired between three and ten times faster. Perhaps the most important moment occurred following an inspection of the guns. As it turned out, the tubes in de Bange's guns had developed

⁵⁴⁹ Ibid.

⁵⁵⁰ Gutschmid to Bismarck, 14 February 1890, *ibid.*

small tears, and the rough powder burned in the calico cartridge bags badly soiled the barrels and seared the packings and seals. The Krupp guns, on the other hand, which used metal cartridges, passed the Chilean Artillery Testing Commission's white-glove inspection.⁵⁵¹ Krupp supporters began to celebrate the company's apparent victory. Even the head of the commission, General José Francisco Gana, congratulated the German company. Further, he admonished the Chilean officers who still openly supported the French: "Those officers who refuse to recognize the superiority of the Krupp guns after this test firing display a lack of patriotism."⁵⁵²

On 17 March, the Commission voted unanimously for Krupp. When Kaiser Wilhelm II, who read Gutschimid's reports with great attention and covered them with his own comments, learned of the results, he sent his "heartiest congratulations" to Krupp. He was greatly pleased by the result, particularly since it established an important foothold for Germany in Chile.⁵⁵³ Part of the German company's success throughout this period was due to the help of Gutschimid. The German ambassador had supplied Krupp with confidential telegrams between Chile and German Foreign Office concerning their need for arms. With victory in hand, he basked in his success.⁵⁵⁴

The 1890 artillery contract, and the conclusion of the Chilean Civil War in 1891, opened the floodgates for Krupp. Schinzinger used his ties to Körner and Gutschimid to great advantage and spent 1891 cultivating relationships with Chilean ministers and

⁵⁵¹ For a detailed account of the contest, see Schinzinger to Gutschimid, 27 March 1890, *ibid.*

⁵⁵² *Ibid.*

⁵⁵³ Foreign Office to Krupp, 6 May 1890, *ibid.*

⁵⁵⁴ Gutschimid to Caprivi, 15 April 1890, *ibid.*

generals and visiting artillery garrisons. Commanders of the artillery readily provided testimonials to the quality of Krupp guns, which the Krupp envoy then had published in the Chilean press. He wrote to Friedrich Krupp that if he would spend just 1000 Marks to “buy new uniforms and swords for 20 members of the officer corps,” this would result in additional sales. Körner and Gutschmid both agreed that this would be a great idea.⁵⁵⁵

When the Chilean Civil War ended in 1891, Körner set out to Prussianize the army. Such a task was made easier when, at the end of the year, he was promoted to General and Chief of the General Staff. The next year, Körner also served as professor of applied tactics and military geography at the War Academy. In April 1894, the General Staff granted him a leave of absence, and he returned to Germany to supervise the completion and shipment of coastal artillery batteries that the Krupp factories in Essen built. While in Germany, Körner also looked to hire a number of training officers to staff his mission in Chile.

When Körner returned to Chile in October 1895, he resumed his post on the General Staff, and on 1 November was promoted to division general. Upon his arrival, thirty-six German officers accompanied him, all of whom played key roles in the training, and modernization, of the Chilean army, and were part of one of the largest European contingents ever to serve in South America. The German mission had a profound effect upon every level of organization and training of the Chilean army. Overall, Körner’s mission had staff, command advisory, and instructional

⁵⁵⁵ Schinzinger to Krupp, 20 January 1892, *HAK-WA*, 4/2284.

responsibilities and control. These men had penetrated the War Academy, Military School, and *Escuela de Clases*. They also supervised the training of artillery, infantry, cavalry, and, to a lesser degree, engineers and officers, the building of fortifications, training Chilean marksmen, and influenced the armaments commission. These men did their work quietly and efficiently – traits that made them models of the late nineteenth century German officer.⁵⁵⁶

With the arrival, assignment, and renewal of the German mission in 1897, the first of many Chilean officers went to Germany for further training. Between 1896 and 1902, twenty-three officers went to Germany, and between 1902 and 1905, another nineteen. After returning to Chile, many of these German-trained Chileans served with distinction in military and other government services, becoming the core of the army elite. Indeed, all-important military and political positions during this time were held by graduates of the War Academy or by officers who trained in Germany.⁵⁵⁷ These men became Germanophiles and, as a result, also created an officer corps elite, whose continual presence had an increasing effect on their subordinates.

The Chileans learned at the best institutions in Germany. Infantry officers attended courses in marksmanship at Spandau, and took gymnastics and fencing courses in Berlin with Germans. Cavalry officers went to Hannover, artillery officers to

⁵⁵⁶ Colmar Freiherr von der Goltz, *The Nation in Arms*, (London: W. H. Allen and Company, 1887), pp. 51-52.

⁵⁵⁷ Prominent among these foreign-trained soldiers were Colonel Arturo Ahumada Bascuñán, General Juan Pablo Bennett Argandoña, General Bartolomé Blanche Espejo, and Colonel Marmaduke Grove Vallejo. For more about these, and other prominent European-trained officers, see Nunn, *Yesterday's Soldiers*, p. 106.

Jüterbog, and engineers to Charlottenburg. Others were assigned to cavalry and infantry regiments, and transportation, and machine gun units. The mix of Chileans and Germans in the military was very thorough by the end of the century, and became even more intense during the early 1900s.

Those who studied in Germany were profoundly impressed by what they saw outside of Chile and away from the classroom. According to one student at the War Academy, the German instructors stressed etiquette and proper conduct to their students. This, he thought, “helped to raise the Chilean army from a simple fighting force to a distinguished institution with élan and esprit de corps.”⁵⁵⁸ There was little resistance in Körner’s attempts to mold the Chilean army after the Germany’s. The Germans, and Körner himself, were popular with the people and the government in Chile - immigrants had contributed much to Chilean economic expansion, the German government had supported the congressional forces in the recent civil war, and German trade and investment were important.

Between his return to Chile in 1895 and a second trip to Europe in 1900, Körner developed instructional programs and formalized the theories that made Chilean officers and troops the best trained, most literate and the most prestigious units in South America. The most basic need for these programs was the continued presence of a European instructional staff, primarily composed of Germans. In 1897, when the second German mission arrived, Körner wrote in one of the military guides:

⁵⁵⁸ Indalecio Téllez, *Recuerdos militares*, (Santiago, 1949), pp. 48-49, 53, cited in Nunn, “Emil Körner and the Prussianization of the Chilean Army, p. 305.

I must not forget here the part played by the foreign instructor-officers, who in the space of little more than a year have resided among us and have cooperated effectively and intelligently in this work of progress.... the [Chilean] government, desirous of consolidating and strengthening their teachings in our army, has made new contracts with some of them which will assure for a few more years the availability of their services.⁵⁵⁹

He also stated that German language instruction was a prerequisite to the study of military science and to the preparation of staff officers for advanced studies in Germany. Due to his limitless prestige, he also reminded the government that military salaries were not high enough or equitable, especially for staff officers. Examples such as this demonstrate Körner's desire to champion the cause of the incipient modern army elite.

In 1900, the Chilean government tasked Körner with a new project – to go to Europe to study systems of obligatory military service, and to prepare military ordinance reforms. He was also charged with the implementation of a plan for the distribution and colonization of government owned lands in the Lake Villa Rica area, “a measure destined to foment national progress and...a personal tribute” to his talent.⁵⁶⁰ After returning in 1901, Körner only spent nineteen months in Chile before he received a new commission in Europe. This time, he was instructed to study the comparative administration of European armies. He spent three years abroad before coming back in May 1904 when he became the Inspector General of the Chilean army.⁵⁶¹

⁵⁵⁹ Ministerio de Guerra y Marina, *Memoria del Ministerio de Guerra presentada al Congreso Nacional de 1896-1897*, (Santiago, 1897), p. vi, cited in Nunn, “Emil Körner and the Prussianization of the Chilean Army”, p. 310.

⁵⁶⁰ *Memoria del ministerio de guerra, 1900*, (Santiago, 1900), p. xi, cited in Nunn, “Emil Körner and the Prussianization of the Chilean Army”, p. 311.

⁵⁶¹ At the time, this was the highest position in the Chilean Army, which is equivalent to the current position of Commander in Chief. This position is the same of the Chief of Staff of the Army in the United States' Army.

Due to Körner's efforts, the Chilean army quickly mirrored the image of the German armed forces. Ultimately, he had restructured its high command and created or reformed the General Staff and the institutions that fed into it: the Escuela Militar, the various specialty schools, and the Academia de Guerra. He even established conscription. Perhaps most importantly, he purchased the latest military equipment for the soldiers to carry into battle.

Still, while Chile's army appeared Teutonic, by 1901 it was clearly far from being it, as most of Körner's reforms did not accomplish their goals. The conscription law failed because no one would obey it; the reserve system was unsuccessful because the army, and state, neglected to implement laws and allocate funds which would allow for the registration and recall of reserves for training; and the supply system failed, either through greed, a lack of trained personnel or will, or simple disinterest. Chile's army dedicated so much time and effort to teaching basic military and civilian skills that it had little time left for more advanced training. As a result, its forces were ill prepared to face an emergency threat. Still, by 1913, Chilean officers were regularly trained and commanded by German troops, with some of the best graduates of the Military Academy in Santiago being sent to Germany for several years of more training.

With increasing trade between Germany and Chile in the 1890s, Chile saw many German deliveries, including the shipment of arms, come through its largest port, Valparaiso. The custom receipts increased dramatically from 19.4 million marks in 1881 to 39.7 million in 1891. By 1901, Valparaiso was generating 72 million marks in

trade.⁵⁶² Through the assistance of Ambassador Gutschmid, German arms technicians flocked to Chile to service the new weaponry and instruct the Chileans in its use and care. Körner entrusted the inspection and acceptance of the Krupp guns to his closest associate, Colonel Boonen Rivera. The ambassador assured the Colonel that the Foreign Office would guarantee that he would receive a cordial reception every time he visited in Essen.⁵⁶³ Indeed, in September 1892, Colonel Rivera, General Estanislao del Canto, and Colonel Florencio Baeza were welcomed with a lavish banquet upon their arrival in Essen.⁵⁶⁴

Krupp was not the only German to profit from the arms trade in Chile. Körner also encouraged the Chilean government to purchase small arms from other German manufacturers. With the assistance of the German Foreign Office, and its diplomats in Chile, the Deutsche Waffen- und Munitionsfabriken AG (DWMF) became the main supplier of guns and ammunition to Santiago. Following its initial deal to rearm Chile in 1894, the DWMF received a second order in 1895 for thirty thousand Mauser rifles, and ten thousand carbines. In the end, this order would earn the Berlin firm over two million marks.

These deals for Mauser rifles and equipment, however, were only the first phase in a massive program to sell arms to Chile, as Santiago would require additional weapons and equipment for its military due to the military missions which Körner led during this period. Due to this high economic potential, however, Germany's rivals also

⁵⁶² Wickens, *Hundert Jahre Deutscher Handel*, p. 127.

⁵⁶³ Gutschmid to Foreign Office, 19 September 1891, *PA-AA, Lieferungen der Firma Krupp*.

⁵⁶⁴ Adolf Lauter to Frau Krupp, 10 September 1892, *HAK-FA*, 3C11.

wanted a part of the market. Austria-Hungary, for example, took great lengths to weaken Germany's hold on the Chilean market. As a result, competition erupted between the two countries and their firms. One of the clearest cases of this rivalry led to an artillery duel in 1907.

In January 1907, Johann Baron von Styrcea became Austria's ambassador to Chile. At this time, he discovered that Germany's preeminent role in Chile was beginning to erode. In particular, he noticed that War Minister Ramón Antonio Vergara was anxious "to emancipate the Chilean army from the purely Prussian direction in which General Körner had taken it."⁵⁶⁵ As a result, the ambassador urged the Austrian Foreign Office to invite the Chilean Military Mission in Berlin to visit Pilsen and Steyr.

In June 1907, Colonels José María Bari and Tobías Barros Merino toured the Skoda Works at Pilsen, where they tested the firm's mountain and field artillery. Other members of the mission would soon follow them there. Right before the Chileans arrived, the DWMF also received word of the Austrian interest in Chile "from a member of the Chilean Military Mission in Berlin."⁵⁶⁶ The firm, of course, was referring to Körner. The new director of the DWMF, Max Kosegarten, at once notified the German Foreign Office of the pressure that the Austrian diplomats in Chile "were mounting in favor of Austro-Hungarian industry."⁵⁶⁷ Moreover, he reminded it that up to that point in time, the DWMF supplied Chile with everything it needed: "Mauser rifles, bullets for

⁵⁶⁵ Styrcea to Alois Lexa von Aehrenthal, 26 June 1907, *Haus-, Hof-, und Staatsarchiv*, Vienna, *Gesandtschaftsberichte* 1.

⁵⁶⁶ Max Kosegarten to Foreign Office, 1 June 1907, *PA-AA*, R 16650.

⁵⁶⁷ Kosegarten to Foreign Office, 5 June 1907, *ibid.*

them, machine guns, materials for a powder factory.”⁵⁶⁸ Kosegarten also demanded that Berlin prevent “a change of mind” in Santiago, and requested that it “respectfully instruct” its envoy in Santiago to assist the company in its struggle.⁵⁶⁹ Within forty-eight hours, the Foreign Office contacted Ambassador Hans Baron von und zu Bodman to “work on behalf of German industry,” and act as he saw necessary. Immediately, the ambassador raised the issue with the Chilean government, who subsequently instructed its mission to end its visit to Skoda and return to Berlin.⁵⁷⁰

Bodman clearly recognized the importance of the situation. In January 1908, he dispatched Legation Secretary Hanno Count von Welczek to survey potential Chilean military needs. Choosing Welczek was an important move on the ambassador’s part for he had married a daughter of former President Balmaceda, and had excellent contacts not only to the current government, but also to opposition parties in Chile.⁵⁷¹ Welczek also had a strong interest in seeing Germany succeed in Chile since he was an investor in the German-South American Mining and Land Syndicate at Berlin. He and Bodman were convinced that lower ranking officers, along with German tailors, blacksmiths, mechanics, and skilled craftsmen working in Chile, could be expected to work endlessly on behalf of German industry.

Due to these efforts, in July 1908, Bodman sent Chancellor Bülow a lengthy list of the munitions that Chile could be expected to order in next five years. As part of this

⁵⁶⁸ Ibid.

⁵⁶⁹ Ibid., PA-AA, R 16650.

⁵⁷⁰ Bodman to Bernhard von Bülow, 29 September 1907, *ibid.*

⁵⁷¹ Bodman to Bülow, 30 January 1908, PA-AA, R 16651.

list, he noted that Santiago would require mountain and field guns, which would amount to about twenty-five million marks. Although there was no guarantee that the Chilean government would favor German companies, Bodman was confident that, “simply on the basis of gratitude, German industry would be given a monopoly over these orders.”⁵⁷² Ultimately, Chile did offer the arms contract to Germany, although it was not solely out of appreciation, and cultural affiliation towards Berlin. During the artillery tests, not only did the German weapons outperform its rivals, but the Chilean Military Commission, which was to select the new guns, included Körner, who, without a doubt, sided with the German product.⁵⁷³

Along with Chile, a German military mission was also sent to Bolivia beginning in 1901. Much like Chile in 1891, Bolivia was struggling due to internal and external problems. In 1898, Bolivia was beset by its own Civil War. Although the war only lasted for one year, and it brought a change in the ruling party, the Liberal Party seized control from the Conservatives in the name of regionalism and federalism, little actually changed, and internal strife remained.⁵⁷⁴

La Paz was also relatively weak in terms of its foreign policy. In 1895, the Bolivian government attempted to reach an acceptable treaty with Chile to conclude the

⁵⁷² Bodman to Bülow, 22 July 1908, *ibid.*

⁵⁷³ Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 160.

⁵⁷⁴ For more on the Bolivian Civil War, or “Federal Revolution,” see Waltrud Q. Morales, *A Brief History of Bolivia*, (New York: Facts on File, 2003); Rex A. Hudson, Dennis M. Hanratty, and Thomas E. Weil, *Bolivia: A Country Study*, (Washington D.C.: Library of Congress Federal Research Division, 1991); and Rebecca Earle, *Rumours of War: Civil Conflict in Nineteenth Century Latin America*, (London: University of London, 2000).

War of the Pacific.⁵⁷⁵ Under this proposed agreement, it was suggested that if the former Peruvian provinces of Arica and Tacna were ceded to Chile, then Bolivia would receive Arica, or another equivalent port on the Pacific, in exchange for Bolivia yielding Antofagasta to the Chileans. Needless to say, Peru, an ally of Bolivia during the war, was irate, and as a result, the relations between the two nations soured. Ultimately, the negotiations between Chile and Bolivia broke off with the outbreak of the Bolivian Civil War.⁵⁷⁶

Due to both the internal and external struggles that his country faced, President José Pando, who was an officer in the army and was very interested in military matters, sought to reorganize the Bolivian army, which was no better in 1900 than it was 1885, at the end of the War of the Pacific. It lacked barracks and military schools for training officers and NCOs, as well as basic clothing and equipment. There was also no single organization or teaching method for the army that was nearly 2500 men. The men in the officer corps had little education and almost no military knowledge.⁵⁷⁷ In comparison, the soldiers and officers in Bolivia were similar to those in Chile and Argentina in the mid-1880s, right before German military missions began to occur.

Initially, the Conservatives in the government had attempted to reorganize the army in 1894. Since Chile wanted to recruit a German military mission to train its army,

⁵⁷⁵ The fighting ended in 1884, when Bolivia and Chile signed a truce, but neither side had signed a formal to end the hostilities.

⁵⁷⁶ Bolivia also had boarder issues with Brazil, stemming from boundary ambiguities in Acre. For more on Bolivian territorial disputes, see, Morales, *A Brief History of Bolivia*.

⁵⁷⁷ Michahelles to Auswärtigen Amt, 1 June 1902, PA-AA, R 16469.

the Bolivian government looked towards the French for help, based upon the long-held belief that the French army, and its method of training, was better.⁵⁷⁸ In the end, however, the Bolivian request did not come to fruition as the government was not willing to meet French financial demands. Adding to President Pando's unease in requesting a mission from France was the fact that currently Paris was assisting Peru with its own military mission. With both La Paz and Lima still quarrelling over the territory of Antofagasta and the port of Arica, there was a fear the members of the French mission would inform Peru about the readiness of the Bolivian army.

As a result, in May 1900, just as the talks with Paris were postponed, the Bolivian ambassador in London contacted the German ambassador, Graf Paul Wolff Metternich, with a request to send four German instructors to Bolivia. Due to the complex relations between Bolivia and Chile, whom the Germans were currently training, however, the Kaiser, when he learned of the request, rejected it.⁵⁷⁹

Seemingly unable to obtain help from either Paris or Berlin, Bolivia did not lose hope. The Bolivian ambassador in Paris, Macario Pinilla, tried his luck with the French one more time, stating that his government wished to model its army after the French because its tactics were well-formed, its army one of the best in the world, and, perhaps most importantly, due to the sympathy that existed between Bolivia and France, whose

⁵⁷⁸ For more regarding Bolivian efforts to recruit a French military mission, see *Etat Major de l'Armée de Terre* (hereinafter cited as *EMA*) to *Ministère des Affaires Etrangères* (hereinafter cited as *MAE*), 9 March 1894, *MAE*, Bolivie 8, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 96.

⁵⁷⁹ Paul Wolff Metternich to AA, 11 May 1900, *PA-AA*, R 16468.

origin is from the same people and system of government.⁵⁸⁰ To underscore his petition, Pinilla encouraged the French ambassador, Belin, to accept his proposal. Belin realized that helping to build the Bolivian defenses would help to consolidate a warm friendship between the two countries and would be the greatest benefit to France's influence and interests.⁵⁸¹ Shortly thereafter, the French government declared its readiness in principle to send a military mission.

At the last moment, however, President Pando broke off negotiations with France over the proposed mission and engaged the Germans instead. There are several factors why such a switch occurred. One reason was due to the success and good results that Chile had achieved with its army in using German instructors. The other motive was that the government believed that the instability of the Bolivian national character could be settled with military education through the appointment of German officers as the heads of the cadet and military schools.

Realizing that such a decision would upset the French, President Pando contacted their envoy. He explained that the Bolivian army was not yet ready for such qualified instruction, such as a French military mission would require. As such, it was decided that two German officers would spend the next year preparing the Bolivian army, after which Bolivia would gratefully welcome a French military mission.⁵⁸² Having shown respect to French sensitivity, the Bolivian War Department then requested six more

⁵⁸⁰ Macario Pinilla to MAE, 26 October 1900, MAE, Bolivie 8, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 98.

⁵⁸¹ Belin to MAE, 10 November 1900, *ibid.*, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 98.

⁵⁸² Belin to MAE, 15 March 1901, *ibid.*, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 98.

officers and eight non-commissioned officers from Germany. Three would help organize the General Staff and the rest would instruct the infantry, cavalry, and artillery. The Bolivian government also asked the Foreign Office to help in the recruitment of active officers. Just as in 1901, however, the Foreign Office rejected an offer of *official* assistance, partially because the finances of the Bolivian government were in poor condition and partly because, due to the tense relations between Bolivia and Chile, the German Foreign Office did not want to sour relations with the latter.⁵⁸³

Regardless, there were still unofficial attempts made at reforming the Bolivian army under the leadership of the inactive German officers, who had agreed to come to Bolivia. Under Ploto, a retired German lieutenant, Bolivia established the *Escuela de Clases*, an NCO school, where he developed an active and lively curriculum. After only a year, the school had already experienced a considerable upswing through his teaching, such that one of the Bolivian national newspapers, *El Comercio*, enthusiastically celebrated Ploto as the “Bolivian Körner.” Furthermore, based upon this observation about the German lieutenant, the article speculated that he, and the other instructors, would succeed shortly in converting the 2500-man Bolivian army into one of the most modern armies in South America.⁵⁸⁴ At the War College (Escuela de Guerra), part of the coursework that the soldiers undertook was on tactics and military history, which the ex-Prussian Captain Vacano taught. President Pando, who was considered very pro-German, thoroughly supported such education.

⁵⁸³ Notiz des Referenten, 1 December 1902, PA-AA, R 16470.

⁵⁸⁴ Anlage zu Bericht Nr. 57, 2 July 1901, *Bundesarchiv*, Berlin, R 29056.

With the establishment of the first German military mission to Bolivia in 1901, the German arms industry, much like in Chile a decade earlier, found a foothold to sell German arms. For companies such as Krupp, however, they faced stiff competition from the Schneider-Creusot and other French arms manufacturers. This was mainly due to the fact that following the Bolivian presidential election in 1904, the new president, Ishmael Montes favored the French, whose army he saw as the best in the world, and whose weapons he believed were better built. Indeed, due to a clever press campaign in 1905, Schneider was able to gain a significant victory against Krupp, knocking the latter from its position as the canon supplier for Bolivia.⁵⁸⁵ The following year, the Krupp Works suffered another blow during training exercises. While the Bolivian gunners were holding target practice, a number of the Krupp's produced guns suffered significant damage. Adding to the embarrassment was the fact that many of the parts for these "new" weapons were cannibalized from older models, making the weapons appear old and not durable. When these facts became known, the Bolivian press led anti-Krupp campaigns.⁵⁸⁶

Just as problematic, in 1904, the unofficial German military mission came to an abrupt end, when President Montes ended it. As a result, a majority of the German instructors left the country, an action which, as the German ambassador Johann Friedrich Wilhelm von Haxthausen reported to the Foreign Office, many Germans, especially

⁵⁸⁵ *Militärwochenblatt*, 1905, Nr. 147; Haxthausen to AA, 23 December 1906, PA-AA, Berlin, R 16474; Report of Captain Thewaldt to Hacke, 5 December 1905, PA-AA, Berlin, R 16473.

⁵⁸⁶ Haxthausen to AA, 23 December 1906, PA-AA, Berlin, 16474; Brück to AA, 29 May 1906 and 30 May 1906, *ibid.*

those connected to heavy industry, actively regretted due to the loss of influence with the Bolivian government.⁵⁸⁷ The only German officer who remained in Bolivia at this time was Captain Vacano, who was recently promoted to a major. He retained his post as the director of the military school, where he continued to exercise a limited German influence on the Bolivian army.⁵⁸⁸

With Germany no longer instructing the Bolivian army, Montes re-opened negotiations with France regarding training its army. The French government readily agreed, and with a military mission established in Bolivia, French industry began to flock to Bolivia, particularly from the leaders of the Ordinance Department of Santa Cruz, who strongly supported Schneider-Creusot. All was not lost for Krupp, or the Germans, however. The French mission was only good until 1909, at which point the Bolivian government would negotiate a new one, and there was no guarantee that it would renew the French contract. This was particularly important as Bolivia would be electing a new president in 1908, and the winner would determine who would train the Bolivian army. Thus, August Lothar Brück, the German Minister Resident in Bolivia (1905-1906), and Haxthausen, Minister Resident (1906-1910) spent the years between 1904 and 1908, attempting to garner favor for Germany, and the German arms industry.

In 1906, when Brück learned that the Fernando Guachalla, a liberal politician who had the best prospects of becoming the next Bolivian president, was planning a trip to Europe, the Minister Resident recommended that all German industrial companies

⁵⁸⁷ Haxthausen to *Auswärtigen Amt*, 23 December 1906, *ibid.*; *Hamburger Nachrichten*, 11 May 1906.

⁵⁸⁸ Brück to AA, 24 January 1905, PA-AA, R 16473.

who wanted to do great business in Bolivia later to encourage him to visit them in Germany.⁵⁸⁹ He also suggested to the two major German banks, the Deutsche Bank and the Diskonto, to take similar steps. Furthermore, he advised current, and potential, businesses working in Bolivia concerning Guachalla's visit. To help Krupp recover from their previous embarrassment, Brück urged him to invite the Bolivian politician to Essen to tour his factories, as well as to show him the beauty of Villa Hügel. Recognizing that Bolivia would offer a good market for other goods, Brück also proposed to the heads of the DWMF, the Borsig-Werke, a railroad company, and Siemens & Halske, a communications and engineering company, that they ask Guachalla to visit their companies in hopes of signing contracts with him to establish factories in Bolivia.⁵⁹⁰

To help expand the pro-German attitude of Bolivian politicians, in 1908 the Foreign Office, at the encouragement of Haxthausen, suggested to Albert Ballin, the director of the Hamburg-Amerika-Linie, that he invite the current Bolivian president, and his potential successor, General José Manuel Pando, to Kiel for Kieler Woche during their European visit. While Ballin readily accepted this proposal, as he was excited by “the trade and shipping circles walking hand-in-hand with the government,” he also suggested that other industries should participate in the “social treatment of outstanding foreign personalities”, much like the Krupp had already done.⁵⁹¹

Concurrently, in La Paz, Haxthausen hosted dinners and numerous receptions, much to

⁵⁸⁹ Brück to AA, 23 March 1906, PA-AA, Berlin, R 16747.

⁵⁹⁰ *Hamburger Nachrichten*, 11 November 1906.

⁵⁹¹ Ballin to AA, 29 May 1908, PA-AA, Berlin, R 16744.

the annoyance of the French ambassador, Emile Joré, who had no such funds to do so. The purpose behind these events was to outdo the French competition and sway influential Bolivian politicians to favor the Germans when it came to buying weapons and, more importantly, in choosing whom would train the Bolivian army. By the end of 1908, the prospect for Krupp, and other German arms businesses, was very favorable.

With Montes' presidency ending in 1909, however, the questions of whom would succeed him, and whether the Germans or the French would reorganize and arm the Bolivian army, was still unsettled. Within a short span of time, ambassadors of Paris and Berlin made offers to Montes concerning the deployment of military missions. The president, however, delayed in accepting either offer, stating that he needed to consult with his possible successors before deciding. In principle, however, he favored the French offer.⁵⁹²

Regardless of the assurances from Montes, the French Foreign Minister, Théophile Déclassé, expressed concern that just like in 1900, Germany would again beat out France concerning the reorganization of the Bolivian army. As a result, he urged the head of the South American division, Conty, to warn the French ambassador in La Paz to not be overzealous. By early 1909, with continual assurances from Montes, Ambassador Joré, was convinced that Paris had no reason to worry.

What Joré, he did not know, however, was that in April 1909, Montes had approached a member of the German embassy saying that he wanted to “recruit German

⁵⁹² Emilé Joré to MAE, 13 August 1908 and 27 September 1908, MAE, Bolivie 8, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 101.

instruction officers for the Bolivian army.”⁵⁹³ Part of the reason for his sudden switch was because the Bolivian government had not been satisfied with the French reform attempts. As border disputes with Peru were still unresolved, Montes believed that the Bolivian army needed a fast and thorough reorganization, which he believed a German mission could provide, particularly given its successes in Chile.⁵⁹⁴ As a result, when Bolivia’s newly elected president, Eliodoro Villazón, who was pro-German and already expressed a desire for a German military mission, took over in October 1909, he formally invited German officers to come to Bolivia, and thus ended the competition between Berlin and Paris.⁵⁹⁵

Even though France no longer had a military mission in Bolivia, it still fought to keep control over supplying the Bolivian army. Although President Villazón preferred German instructors to train his country’s army, he favored French arms, as he believed that were more durable and reliable. As a result, in 1909, he assured the French charge d’affaires, Camas, that, even though previously his government had purchased 10000 Mauser rifles from DWMF, any remaining army contracts would be sent to the Bolivian Military Commission in Europe to decide whether it would be purchased in Paris or Berlin. Fortunately for the French, Colonel Santa Cruz, who had supported French training of the Bolivian army, headed the commission. It was assumed, then, that the arms contracts would fall to French firms.⁵⁹⁶ Camas himself also tried to help this

⁵⁹³ Beer to AA, 3 April 1909, *PA-AA*, R 16475.

⁵⁹⁴ Haxthausen to AA, 4 September 1906, *PA-AA*, R 16474.

⁵⁹⁵ Haxthausen to AA, 4 October 1906, *ibid.*

⁵⁹⁶ Haxthausen to AA, 6 October 1909, *PA-AA*, Berlin, R 16475.

predisposition by suggesting that Paris would assist Bolivia in building a state bank and would assume any loans which would affect the purchase of arms. This was a strategy which Germany had undertaken in both Peru and Chile with great success.

The German Ambassador, Haxthausen, however, recognized what the French were attempting and therefore, suggested to his colleagues that the Krupp Firm should discreetly send its “able and energetic representative in Buenos Aires”, the well-known Herr von Restorff, to La Paz.⁵⁹⁷ Furthermore, he advocated that DWMF, Krupp, and other interested companies should “make known in as much detail as possible the achievements of German weapon technology” to the Bolivian Commission in Europe.⁵⁹⁸ The enthusiastic report of the Bolivian consul in Germany, Sanjines, showed that this policy was, at the very least, partially successful. In his report, he not only praised the beauty of Krupp’s guest hotel, the “Essen Hof”, but he also highlighted the high performance of Krupp and its factories.⁵⁹⁹ As a result, the Commission selected the German contract and, in addition to the 10000 Mauser rifles already purchased, the Bolivian government bought a further 15000 rifles and ammunition, one and a half million cartridges and sixteen Maxim machine guns.⁶⁰⁰

With arms trading now favoring the Germans, the German Foreign Office returned its attention towards sending a military mission. Thus, in January 1910, it forwarded an official request from the Bolivian government to Ambassador Haxthausen,

⁵⁹⁷ Haxthausen to AA, 6 October 1910, PA-AA, Berlin, R 16477.

⁵⁹⁸ Ibid.

⁵⁹⁹ Report of Sanjinés, 12 May 1910, Archivo General del Ministerio de Defensa Nacional (MdDN), Bolivia, B-5, 1908-1910, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 105.

⁶⁰⁰ Notiz über die bolivianische Armee, 6 September 1911, PA-AA, Berlin, R 16478.

in which it expressed its desire to adopt German tactics and organization.⁶⁰¹ In it, the Bolivian ambassador, Busamante, expressed that he saw “through the influence of the mission, a means of promoting our [Bolivia’s] prestige in the country,” which would benefit it economically.⁶⁰² Haxthausen agreed, and advocated the Bolivian proposal to the Foreign Office because he believed that Germany would also profit.⁶⁰³

Following the German ambassador’s endorsement, negotiations between Bolivia, led by its newly appointed ambassador, Dr. Salinas Vega, and Germany, led by Secretary of State for Foreign Affairs Wilhelm Eduard Freiherr von Schoen, began in Berlin. Initially, the talks proceeded smoothly for Salinas, as Schoen assured him that it would be easy to obtain the constant of the emperor. Indeed, Wilhelm II was not averse to comply with the Bolivian requests, particularly since the leaders in the Foreign Office, based on Haxthausen’s recommendation, supported the mission due to the positive impact it would have on German influence in Bolivia.⁶⁰⁴

With so much overwhelming support from Germany for the military mission, the discussions with the Foreign Office appeared rapidly to reach its conclusion. In early June, however, when it learned that the Bolivian Military Commission wanted to buy weapons from Schneider-Creusot, the meeting quickly came to a halt. Germany was accustomed to an arms monopoly in South America, and believed it was betrayed when it learned of Bolivia’s intentions. Although negotiations were tenuous for several weeks,

⁶⁰¹ Daniel S Busamante to Haxthausen, 19 January 1910, *PA-AA*, Berlin, R 16476.

⁶⁰² *Ibid.*

⁶⁰³ Haxthausen to AA, 31 January 1910, *ibid.*

⁶⁰⁴ Secretary of War Josias von Herringen to AA, 17 June 1910, *ibid.*

by the middle of July, Wilhelm II finally agreed to dispatch a military mission to Bolivia.

Given the large number of requests from other countries for German officers, such as Brazil, Nicaragua, China, Chile, Turkey and Serbia, the War Ministry was limited as to whom it could name. Ultimately, it chose Major Hans Kundt, whom his superiors valued highly, as the head of the mission. Accompanying him was his brother, Captain Goetze, who served as an instructor for the infantry, Lieutenant Frederick Muther as the director of the military school, Lieutenant Rochus von Rheinbaben, as instructor of the cavalry, Captain Rinke for the artillery, and thirteen other non-commissioned officers from various branches of service.

Initially, Bolivia's neighbors did not receive news of the arrival of the German military mission well. Despite the good relations between the Chile and Germany, a "distinct displeasure" was noted.⁶⁰⁵ Relations with Peru and Paraguay were also worsening, and the German mission only increased tensions, and put the German Foreign Office in a tight position. Nonetheless, the German instructors still received strong support, both from Berlin and the newly appointed German ambassador, Wilhelm von Sanden, who previously was the Consul General in Argentina.⁶⁰⁶

⁶⁰⁵ Erckert to AA, 26 February 1911, PA-AA, Berlin, R 16478.

⁶⁰⁶ Both Germany and Bolivia accepted Sanden's appointment as ambassador/minister resident with great expectations. Not only did he speak perfect Spanish, but he also was married a daughter of Ernesto Tornquist, who was well-known amongst Argentinean bankers, and worked as a representative of the Krupp family in Buenos Aires.

As the head of the mission, Kundt supervised the training of the troops. One of his first measures he took was to introduce the Prussian field-gray uniforms for use in parades and field exercises. He also reorganized the General Staff based upon the Prussian model and defined the role of the Ministry of War.⁶⁰⁷ He and Sanden were both in agreement that, in addition to their military tasks, the members of the mission would also “fulfill a political and diplomatic mission” that would stand “in service of the Empire.”⁶⁰⁸ In 1911, as part of this mission, Kundt, with the support of the German ambassador, convinced the Bolivian government to spend more than half a million marks purchasing war materials from German firms. In 1912, the order was increased to around two million marks, and in 1913, an order of thirty million cartridges and a cartridge factory, with a value of more than two and a half million marks, was placed with the German firm Karlberg AG in Eveking.⁶⁰⁹

After just a few months, the Bolivian government, led by President Villazón, boasted about the zeal and diligence of the German instructors. In October 1911, the President attended a military exercise as a spectator. Recognizing the power of the instructors, he promoted them accordingly – Majors Goetze, Rinke and Muther to lieutenant colonels, Kundt as the Chief of the General Staff.⁶¹⁰ Part of the reason that

⁶⁰⁷ *Hamburger Nachrichten*, 11 August 1911.

⁶⁰⁸ Sanden to AA, 11 August 1911, PA-AA, Berlin, R 16478.

⁶⁰⁹ Salinas Vega to AA, 29 August 1911, *ibid.*; AA to Sanden, 20 November 1913, PA-AA, Berlin, R 16480.

⁶¹⁰ Sanden to AA, 10 August 1911, PA-AA, Berlin, R 16478.

the mission found so much success was that Kundt and the instructors gave the Bolivians confidence in their military capabilities.⁶¹¹

The German mission, and its influence, gained further strength in fall 1912 when the Bolivian government, due to the popularity of Kundt, promoted him to Brigadier General.⁶¹² The results of such a promotion, Sanden reported, meant a “painful defeat” for French supporters in Bolivia. He also predicted that this would reduce their impact in the future, and would strengthen the position of the German officers.⁶¹³

Sanden, however, may have slightly overstated the current, and future, German position in Bolivia. In 1912, Montes replaced Villazón as president. Knowing that in the past, Montes supported them, the French tried to capitalize on this change in government. Even before he took office in mid-1913, they were already trying to obtain assurance from him that the contract of Kundt and the other members of the German mission would not be renewed.⁶¹⁴ France’s attempts also received support from the Bolivian Minister of War, and Bolivian officers who did not trust their German counterparts. In accordance for these efforts, Paris was certain that in July 1913, the contract for the German mission would not be renewed.⁶¹⁵

⁶¹¹ Ibid.; and AA to Sanden, 20 November 1913, Berlin, R 16480.

⁶¹² Sanden to AA, 20 November 1912, *ibid.*

⁶¹³ Ibid.

⁶¹⁴ Message from the American Division of Quai d’Orsay to the Foreign Minister, 8 April 1913, MAE, Bolivie 9, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 110.

⁶¹⁵ Note for the Cabinet Staff from the Director of the Department for Policy and Trade, 24 July 1913, MAE, Bolivie 5, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 110.

The Germans, however, did not sit idly by as France tried to improve its position. Already in the summer 1911, Wilhelm Hermann, the manager of the Bolivian concession area of the German-Argentine company Staudt, suggested to Sanden that the “Imperial government show the Bolivian ambassador in Paris, and most likely next presidential candidate, General Montes, some attention,” as was done in the case of the ex-Argentine President Firgueroa Alcorta.⁶¹⁶ Sanden agreed and explained to the Foreign Office that “as experience has shown...attention from Germany quite effectively is a heavy counterweight,” against the efforts of France and Britain, both of which were expending their efforts in convincing Montes to turn against Germany⁶¹⁷

With Sanden’s message clear, Kundt sought to sway Montes towards the German side. His plan was to invite the Bolivian General to military maneuvers in Germany, during which time he would be considered an honored guest. Vacano, one of the German instructors, also described to the future president the benefits that the Bolivian army had received from German instruction and added that those advantages would soon be found in the army. In his reply to Vacano, Montes already was in favor of continuing the German army training at least for another ten years “because the criterion, the proceedings, and the general plan of... Kundt must suffer no change.”⁶¹⁸

Still, in 1913, when Montes officially took over the presidency, it was uncertain whether the German military mission would continue. According to a report from a

⁶¹⁶ The wife of the head of the Staudt company was a good friend of Wilhelm II. At the same time, the *Deutsche Bank* was working with Staudt in Buenos Aires.

⁶¹⁷ Sanden to AA, 6 September 1911, PA-AA, Berlin, R 16479.

⁶¹⁸ Translation of a letter from Montes to Vacano, 2 October 1911, *ibid.*

representative in La Paz, Schneider-Creusot informed the French Foreign Office that no new funds would be provided for the German military mission, and that only Kundt would remain as an instructor.⁶¹⁹ Adding to Paris's confidence was the fact that the Bolivian government was in the process of negotiating a loan of 400000 pounds with the French bank, *Credit Mobilier*. France saw this as a perfect opportunity to convey to the Bolivians that, in return for financial support, they should not renew the German mission, and that their officers should be sent to France for training.⁶²⁰

Although everything appeared to favor the French, in the end, their actions were too late. At the end of November 1913, the Bolivian government made the decision to extend the contracts of Kundt and nine other German instructors by one year, and to allow two more General Staff officers to arrive from Germany in 1914. Although such actions created a very tense foreign and political situation for Bolivia, the decision to allow the German mission to continue was necessary. First, relations with Chile had worsened since 1910 due to La Paz's desire to once again have a port on the Pacific Ocean. The fear that Chile might restart its war with Bolivia helped to create an agreement amongst the political parties in Bolivia to keep consistency in the training of the army.⁶²¹ Furthermore, at this time, the Liberal party, who had dominated politics since 1902, feared a coup d'état from the Republican opposition. With Kundt as the

⁶¹⁹ Schneider to MAE, 27 August 1913, MAE, Bolivie 9, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 111.

⁶²⁰ Schneider to MAE, 21 October 1913, MAE, Bolivie 9, cited in Schaefer, *Deutsche Militärhilfe an Südamerika*, p. 111.

⁶²¹ Hinz to AA, 10 February 1914, PA-AA, Berlin, R 16481.

head of the Bolivian army, however, the Liberals believed that they were safe from political challengers.⁶²²

By eve of World War I, it was clear that Germany was successful in reorganizing the Bolivian Army. Such efforts were recognized throughout the world as even the U. S. ambassador to Bolivia, Horace Knowles, remarked that given the difficult working conditions, the Germans had done a very good job. Moreover, he believed that the United States had missed a great opportunity to gain prestige and expand trade.⁶²³ Part of the reason why France struggled in re-gaining any advantage against the Germans was because it was not until the end of 1913 that it recognized that the influence of the German military mission extended beyond just the military sector. Indeed, the mission also affected the social, and perhaps most importantly, the economic field in Bolivia – a fact that the Americans also recognized.⁶²⁴

The situation in Bolivia by 1914 mirrored those of Chile at the same time. In terms of their outward appearances, the armies of both countries mirrored Germany's. Regarding their fighting capabilities, however, the Chilean and Bolivian armies were far below. In the case of Bolivia, while the process of reorganizing its army began in 1910, by the outbreak of World War I, such action was incomplete. Certainly, the confidence in the capabilities of the army was high, but had Bolivia faced the threat of war with Chile, or any of its other neighbors, its prospects were not good as many of the soldiers had little more than basic training. Still, Bolivian officers were regularly sent to

⁶²² Sanden to AA, 18 May 1914, *ibid.*

⁶²³ Horace Knowles to Secretary of State, 24 January 1913, NARA, M. 644, I. 824. 20/3.

⁶²⁴ Bericht, 30 April 1914, *Bundesarchiv-Berlin*, Süd- und Mittelamerika Nr. 8.

Germany to receive more training and, particularly after World War I, continued to support the efforts of Kundt, who would remain in Bolivia until the mid-1920s, and help to increase confidence in the Bolivian army that would last until after World War II.

While the situation in Chile and Bolivia followed a similar pattern (establishing a military mission, sending German officers abroad to train the soldiers, opening trade with the respective armies), the circumstances regarding Brazil were different, particularly owing to the large support for the French which came from the Brazilian intelligentsia and politicians. Still, Germany, and its diplomats assigned there, were committed to establishing an arms trade in Brazil, although they struggled in their initial forays.

Just as in other countries throughout South America, Krupp relied upon the Foreign Office and military attaches for assistance in selling arms in Brazil. Between 1902 and 1905, then, Krupp was able to avoid defeats through the help of Field Artillery Captain Reinhold von Restorff, whom the Kaiser himself sent on his behalf. In 1902, for example, Brazil held a closed competition for an arms contract, which both Schneider-Creusot and Krupp were seeking to win. Following the practices that were detailed in the Krupps' handbook, Restorff leaked rumors in the Brazilian press about Peruvian plans to conquer rubber areas in the Amazon basin.⁶²⁵ This invasion, the rumors stated, would

⁶²⁵ Due to growing competition with other arms dealers in 1900, Krupp created an in-house handbook for its representatives to use while serving abroad, especially in South America. This handbook detailed Krupp's "art of the deal," which instructed the representatives to display tactful behavior and make a confident impression. These men were also taught to familiarize themselves with local customs, and to learn the local language.

threaten the border not only between Peru and Brazil, but also the Bolivian-Brazilian boundary. More importantly, Peru was ready to act on this plan with the assistance of Schneider guns.⁶²⁶ Due to Restorff's intervention, Brazil feared that the purchase of the French guns would indirectly assist Peru. As a result, Krupp was awarded the contract without any further testing.⁶²⁷

Following his successes in Brazil, Krupp transferred Restorff to Argentina to assist with concluded an arms deal there. While the captain was in Argentina, however, the German chargé d' affaires in Brazil, Wilhelm von Hacke, called upon him to return to Brazil. The German ambassador, recognizing how persuasive and successful the captain was, needed his help, as Schneider-Creusot was about to send a French naval officer to Rio de Janeiro, which would "make stiff competition for Krupp for new orders of war material."⁶²⁸ The Kaiser willingly granted the request of the Foreign Office for Restorff to go back to Brazil, and to continue to assist Krupp interests in both places.⁶²⁹

The more that German arm merchants succeeded in Brazil, the more the Foreign Office intervened to promote the sale of arms there. In 1909, when news broke that France had invited Brazil to station a military attaché in Paris, Gustav Krupp, the new head of Krupp, approached Emmerich von und zu Arco-Valley, the German ambassador in Brazil, for assistance. Realizing the importance of the situation, Arco-Valley wrote to

⁶²⁶ Charles Maitrot, *La France et les Républiques Sud-Américaines*, (Impr. De Berger-Levrault: Paris, 1920), p. 20f.

⁶²⁷ Restorff to Admiralstab (Naval Staff), 2 February 1905, Bundesarchiv-Militärarchiv-Freiburg (hereinafter cited as Militärarchiv), F 5094/II.

⁶²⁸ Krupp to Richthofen (AA), 4 July 1903, PA-AA, Berlin, Argentinien Nr. 1, vol. 3; Restorff to Generalstab (General Staff), 27 August 1905, Militärarchiv, F 5094/II.

⁶²⁹ AA to Krupp, 20 February 1904, PA-AA, Berlin, Argentinien Nr. 1, vol. 4.

the Foreign Office and advised, “this is clearly a way to increase French exports. Germany should do the same.” Berlin, wishing to support Krupp and continue to see a growth in trade, agreed with the Ambassador and, soon thereafter, an attaché was invited to Berlin as well.⁶³⁰

As the arms trade in Brazil grew, the German Foreign Office also attempted to strengthen and professionalize the Brazilian army in hopes of further increasing German influence. Young reformist officers in Brazil, who had a great admiration for the Germany army, also sought assistance from Berlin to train their army. Initially, Brazil allowed Germany to establish maneuvers, remove incompetent officers, and restructure the classes at the military school. As a result, by 1902, the first Brazilian officers were admitted to the German army, albeit with great reluctance.

This unwillingness towards training Brazilian officers stemmed from the Kaiser and continued for several years, culminating in 1906 when Wilhelm II stated that, because of their strong connection to Britain and France, whom he viewed as Germany’s biggest rivals, “one cannot trust these people, they are so-called French or English.”⁶³¹ When his comments appeared in the press, Treutler, the current German diplomat in Brazil, tried to intercede with the Brazilian Foreign Minister, Rio Branco, who felt slighted by these statements. After much trying, however, he was unable to soothe the Foreign Minister, and the German attempts at training Brazilian officers appeared to stall. Luckily, the Foreign Office, led by Treutler, recognized the use of military

⁶³⁰ Arco-Valley to AA, 6 July 1909, Berlin, PA-AA, R 1766. See also Biel to AA, 4 September 1909, *ibid.*; and AA to Arco-Valley, 11 September 1909, *ibid.*

⁶³¹ Treutler to AA (Marginalia), 12 November 1906, PA-AA, R 16528.

influence abroad, particularly when one looked at the successes in Chile and Argentina, and they fought to continue to train Brazilian officers. As a result, by the beginning of 1907, the Foreign Office was able to convince the Kaiser to no longer fight against a German military mission to Brazil, and to send officers there.

On the Brazilian side, the driving force to obtain a German mission to instruct its troops was Rio Branco.⁶³² As Brazil was still in negotiations with Peru concerning unresolved border issues that stemmed from the War of the Pacific, its Foreign Minister was closely watching Peru's efforts to modernize its army with French instructors. Moreover, he was keenly aware of the military reform, which the Germans were leading in Argentina, and feared that if Brazil did not modernize its army, it would fall behind and could easily lose territory to its neighbors and leave itself open to attack.

On the surface, it seemed clear that Brazil would seek to undertake a mission with the French. The overall strength and history of the French army, and the success of the French mission to instruct the police forces in Sao Paulo, impressed the Brazilian politicians, in particular Hermes da Fonseca, the minister of war.⁶³³ Rio Branco, however, during his time as a consul and ambassador in Europe, observed the Germans and a rising, self-confident Reich, which was expanding into all areas, impressed him.⁶³⁴

⁶³² Rio Branco's actual name was José Paranhos. He was the Baron of Rio Branco, a Brazilian city and the capital of the state of Acre which is located in Northern Brazil. Emperor Pedro II of Brazil granted Paranhos his title in November 1889, a few days before the proclamation of the Brazilian republic. Nonetheless, he chose to be referred to by the title throughout his life, despite government prohibition, because of his monarchist beliefs and out of respect to his father, who held the title before him.

⁶³³ Treutler to AA, 29 April 1908, PA-AA, Berlin, R 16529.

⁶³⁴ Jose Maria Bello, *Historia da República* (Rio de Janeiro: 1964), p. 226, cited in Gerhard Brunn, "Deutscher Einfluss und Deutsche Interessen in Der Professionalisierung Einiger Lateinamerikanischer

As a result, he believed that German educators were more appropriate to infuse a military spirit in the Brazilian soldiers, and he worked intently towards bringing in German instructors.⁶³⁵

Initially, Rio Branco sought to gain the support of da Fonseca for his plan. He had high hopes that the minister would agree to his plan as he was continuing the reforms that his predecessor, Marshal Mallet, had started.⁶³⁶ Still, like most senior officers, da Fonseca was initially against using foreign instructors to train Brazilian soldiers. His opinion began to change, however, after seeing the success of the French in Sao Paulo. As a result, Rio Branco saw his chance, and he reached out to current German envoy, Franz von Reichenau, to invite the Minister of War on a trip to Germany to observe the German military.⁶³⁷

Reichenau strongly supported this plan, and arranged an invitation from the German military cabinet for da Fonseca to attend the autumn parade in Berlin. Together with Lieutenant Auer von Herrenkichen, who commanded the German delegation, Reichenau endeavored to create personal contacts with the military circles at the Brazilian maneuvers in 1907 in order to easily and naturally exert German influence and

Armeen vor Dem 1 Weltkrieg (1885-1914)." *Jahrbuch für Geschichte Lateinamerikas*, vol. 6, no. 1 (1969): 278-336, p. 315.

⁶³⁵ Georges Clémenceau, *Notes de voyage dans l'Amérique du Sud. Argentine, Uruguay, Brésil*, (Paris: 1911), p. 212.

⁶³⁶ For more on the reforms of da Fonseca, see Frank McCann, *Soldiers of the Patria: A History of the Brazilian Army, 1889-1937*, (Stanford: Stanford University Press, 2004); Rex A. Hudson, ed., *Brazil: A Country Study*, (Washington D.C., GPO for the Library of Congress, 1997); and Bello, *Historia da República*.

⁶³⁷ Reichenau to AA, 25 May 1908, PA-AA, Berlin, R 16529.

to counter the French.⁶³⁸ As a result, in May 1908, da Fonseca and General Medes de Moraes received an invitation from Wilhelm II inviting them to the fall parade of the Gardekorps (Guard Corps) in Berlin, and the imperial maneuvers in Alsace.⁶³⁹

The invitation had its desired effect as it lifted the German reputation in Brazil. Most of the newspapers reported that the invitation thrilled and flattered the nation and was the topic of conversation for several days in Rio. It was seen as an extraordinary honor to Brazil because it was directed towards the first non-European war minister. Only a few newspapers, such as *O Seculo*, was against the invitation, arguing that France would perceive it as an insult. Berlin could not be happier with the results. In his report to the Foreign Office, Reichenau wrote, “the effect of the imperial invitation is so welcoming for us here, and the mood arising from it is so satisfactory and favorable, that one would have to say that more would have been less.”⁶⁴⁰

The Autumn Parade of Guards in Potsdam, and the imperial maneuvers in Alsace, impressed da Fonseca, and he became very enthusiastic about the German military. While he was in Germany, commercial groups, especially arms dealers, actively pursued meetings with the Brazilian minister of war, gatherings which Reichenau and the Foreign Office helped arrange. The Krupp family hosted da Fonseca at Villa Hugel, and led him on a tour of their armament factories. In Hamburg, the city

⁶³⁸ Reichenau to AA, 23 September 1907, *ibid.*

⁶³⁹ Walter von Hülsen, 18 June 1908, *ibid.* Mendes de Moraes was a commander of the military region in Rio de Janeiro and was also an admirer of the German Empire and its Kaiser. Branco had proposed that he accompany da Fonseca for strategic purposes in hopes that Moraes would exert a positive influence on the Brazilian president.

⁶⁴⁰ Reichenau to AA, 13 July 1908, *ibid.*

hosted a brilliant reception with a harbor cruise for him, and the Chamber of Commerce prepared a banquet.⁶⁴¹ Needless to say, no expense was spared in trying to impress da Fonseca.

For Rio Branco, and the German Foreign Office, da Fonseca's visit fulfilled their purposes, as the minister of war returned a staunch supporter of German military institutions. At a reception upon his return, he could not contain how impressed he was, as he repeated stories about his visit. He constantly used the words "perfect", "amazing", and "wonderful" to describe the discipline of the German army and its people. He even went so far as to state that, "the Germans are our friends, they devote a great interest to Brazil, ask about everything, show enthusiasm to us, and believe in our future."⁶⁴² The press also built upon the enthusiasm for Germany, In the *Jornal do Commercica*, for example, it energetically demanded a commitment for German instructors.⁶⁴³ Happy to see such press coverage, Reichenau wrote back to the Foreign

⁶⁴¹ Gustav Adolf von Götzen to AA, 8 October, 1908, *ibid.* Götzen (1866-1910) was a German explorer and member of the Foreign Office. Before joining the Foreign Office, he studied law and political science in Paris, Berlin and Kiel. In 1885, he joined the *Ulanen-Regiment* and became an officer in 1877. From 1890 to 1891, he served as a military attaché in Rome before travelling to Asia and Africa. Between 1893-1894, Götzen made several famous expeditions in present day Rwanda. Following his return, in 1896, he was sent to Washington DC as a military attaché, where he stayed until 1898. In March 1901, he was assigned as the Governor of German East Africa, where he remained until 1906. While Governor, he dealt with the Maji Rebellion in 1905. In 1906, he returned to Berlin and worked on German colonial policy as a member of the German Colonial Society (Deutschen Kolonialgesellschaft). Two years later, the Foreign Office appointed him as the royal Prussian envoy and minister plenipotentiary for the Hanseatic cities and Mecklenburg. He remained in Hamburg in this post until his death in 1910.

⁶⁴² *A Impresa*, 8 November 1908.

⁶⁴³ *Jornal do Comercio*, 20 July 1908. Articles also appeared in *League Marítima*, October 1908. and *A Impresa*, 8 November 1908.

Office encouraging it to convince the government to send a mission to Brazil to inspire more good will and help bolster trade even further.⁶⁴⁴

At this point, Rio Branco thought that the time had finally come to recruit a German mission to Brazil. In making inquiries, he wrote to Reichenau, saying that because of the excellent impressions that the war minister received in Germany, the resistance of the old officers and veterans would now be broken., and that a German mission would be well received.⁶⁴⁵ In Germany, the opinion was also positive, with Wilhelm II declaring his consent and allowing any army officers, who were interested, to join the mission.⁶⁴⁶

As a result, in 1908, the Brazilian government authorized a budget for the following year which included a German mission. With support from the government, and the populace, the situation appeared promising. The mission did not start auspiciously, however. In May 1909, da Fonseca resigned as the Defense Minister to run for president. The clashes that followed his candidacy barely allowed any room to continue the negotiations which had only just started. Making the situation only harder was the fact that da Fonseca's opponent, Rui Barobosa, did not favor any missions to train the military. Therefore, the pursuit of Rio Branco's objectives depended upon whether the former Defense Minister won the election.

⁶⁴⁴ AA to Reichenau, 24 August 1908, *PA-AA*, Berlin, R 16529.

⁶⁴⁵ Reichenau, 7 November 1908, *ibid.*

⁶⁴⁶ Military Cabinet to AA, 27 July 1908, *ibid.*

In the end, however, da Fonseca was able to defeat Barbosa on the ballot of 1 March 1910. Several weeks later, after da Fonseca took office and the new government was formed, Brazil agreed to the demands of the German government to support its mission. As a sign of good faith, the new president planned to visit Germany in July during his upcoming tour of Europe. Germany, however, on the advice of Michahelles, the new German ambassador, delayed in granting its approval of the mission. He recommended that Berlin should personally announce its agreement to da Fonseca when he visited during his upcoming tour of Europe. Doing so, he explained, would give the Brazilian president the feeling that the mission recruitment was due to him and the personal relations he made during his trip in Germany. This in turn would provide the German officers with his support in the future.⁶⁴⁷

Michahelles travelled to Berlin ahead of da Fonseca's July arrival to prepare for his visit. The Brazilian president arrived in Danzig (present day Gdansk), where Wilhelm II met him and treated him with great kindness. As the German ambassador later remarked, the Brazilian president was "delighted with what he had seen, particularly the naval parade, which he had viewed on the imperial yacht 'Hollenzollern.'"⁶⁴⁸ At a breakfast several days later, which the Secretary of State hosted and where he met with Chancellor Bethmann-Hollweg, da Fonseca remarked that he was "very satisfied with everything he had been through."⁶⁴⁹

⁶⁴⁷ Michahelles, 1 July 1910, PA-AA, Berlin, R 16530. In truth, Fonseca's influence was not as great as he thought, as he agreed to a contract that already was accepted.

⁶⁴⁸ Michahelles, p. 134.

⁶⁴⁹ Ibid.

The Kaiser, Chancellor, and other government officials and businessmen continued to meet with da Fonseca while he was in Germany. At the invitation of Wilhelm II, he visited the autumn palace of the Guard Corps and, that evening, participated in a parade at the Royal Castle. Michahelles also attended the event, at the behest of the Kaiser. While there, Wilhelm pulled him aside, and they spoke at length about the situation in Brazil. During their conversation, the Kaiser expressed that “the Marshal [da Fonseca] had pleased him very much,” and because of this, he ordered the ambassador to “develop good personal relations with him.”⁶⁵⁰

Although da Fonseca’s trip to Europe was hardly finished, Wilhelm II, = and the German government, were thoroughly pleased with the president’s visit. As a result, Berlin approved of a mission to Brazil and prepared to send a German contingent of a major, and nineteen captains, who were assigned mainly to the military districts of Rio de Janeiro and Rio Grande do Sul.⁶⁵¹ When the news appeared that a German military mission was being sent to Brazil, however, the French press released a storm of indignation, which “greatly annoyed [da Fonseca] and only made him appreciate the friendly reception he had found in Germany.”⁶⁵² This was good news to Michahelles, and the Foreign Office, since he was leaving for France to attend maneuvers in “open displeasure over the agitation of the French press,” which only would continue to convince da Fonseca to support a German mission.⁶⁵³

⁶⁵⁰ Ibid.

⁶⁵¹ Note from AA, 25 June 1910, PA-AA, Berlin, R 16530.

⁶⁵² Michahelles, p. 134.

⁶⁵³ Ibid.

The situation appeared favorable for Germany, especially with the support of the Brazilian President and Foreign Minister. Nonetheless, there was still much opposition in Brazil towards a German military mission. Several high-ranking officers in the Brazilian army, including a few generals, opposed the mission believing that the agreement was an insult and a sign of their own incompetence, which would lead to a moral resignation within the ranks.⁶⁵⁴ There was also resistance from those in the army and government who still supported the French. In 1909, the Brazilian Defense Minister, General Carlos Eugenio de Andrade Guimarães, issued a report concerning the German mission. Within it, it was mentioned that Brazil had a strong linguistic and cultural connection to France. This, many senior officers concluded, indicated that Brazilian soldiers would more easily adapt to French way of training than the German.⁶⁵⁵

France itself was also highly critical of the German mission, and envisioned the German instructors suffering many difficulties. Paul Walle, who travelled to Brazil in 1910 as a special envoy for the French government, remarked that German officers training Brazilian soldiers would only bring problems, particularly due to the differences in national character between the two. As Walle noted, the German training methods - brutality, lack of empathy, and conceit - would create a very bad situation for its officers as the Brazilians, while good-natured, were excessively proud. As such, one needed to be kind and use persuasion for them to follow orders.⁶⁵⁶

⁶⁵⁴ *Der Urwaldsbote*, 30 August, 1911.

⁶⁵⁵ Brunn, *Deutschland und Brasilien*, p. 320.

⁶⁵⁶ *Ibid.*, p. 321.

Germany, however, could not fully capitalize upon the troubles which plagued France and were unable to overcome the opposition in Brazil. Pressure from Paris continued to impact the Brazilian attitude. Due to fear that Brazil could lose necessary loans from France, the government never issued a clear statement as to which side it favored. Instead, it sought only to keep both the German and French supporters happy through flattery and conciliation.⁶⁵⁷ As Walle remarked, the forces in the government were equally distributed and no side seemed poised to exert its will.

Regardless, Rio Branco worked tirelessly to convince the Brazilian government to support a German military mission.⁶⁵⁸ The constant fluctuation of support from the president did not help matters, and, over time, thoroughly disappointed the Germans. Even with all these difficulties, it still appeared as though Germany would still send a mission. In 1911, against fierce opposition, particularly from Deputy Barboza Lima, a state budget, which gave the authorization to recruit the mission, was passed in Congress. The Senate, however, fought a very contentious battle over it.⁶⁵⁹ In the end, the Senate passed the budget, but it was to little avail. The president was too weak to stand up to the opponents of the plan, and Rio Branco, who would have been able to enforce it, died soon after the budget was passed.⁶⁶⁰

⁶⁵⁷ General Consul (Rio de Janeiro), 15 September 1910, PA-AA, Berlin, R 16530.

⁶⁵⁸ Michahelles to AA, 30 June 1912, PA-AA, Berlin, 16532.

⁶⁵⁹ Note to AA, 6 April 1911, PA-AA, Berlin, R 16531.

⁶⁶⁰ Michahelles, Report to AA, 18 December 1911, *ibid.* See also 12 December and 31 December 1911, *ibid.*

Before the outbreak of World War I, due to the supremacy of German arms and military equipment industry, South American parades appeared to be little more than an arms exhibition for the Reich. While the nations in South America, particularly Chile, Brazil, and Bolivia, might only have been a small part of German industry, the sums they totaled were significant at the time, and took a prominent place in the overall trade between Germany and Latin America. Between 1910 and 1913, Krupp alone supplied the South American nations with guns valued at 115.4 million marks. By 1912, deliveries to Chile reached a value of sixty million marks; in Brazil, by 1913, carbines and pistols were the second most imported German goods. In Bolivia, from 1910 to 1912, Berlin was able to increase its exports from 17.4 percent to 30 percent of the total Bolivian imports. Thus, Germany was at the forefront of countries exporting there, even in front of Britain, the United States, and France.⁶⁶¹ With the help of the German military to conquer, or at least gain a larger share, of the Bolivian market, Berlin was able to move into second place in trade with Bolivia, right behind London.

In turning the South American militaries into a German copy, they became a fertile ground for the sale of German weapons and arms. They wore German helmets, tunics, knapsacks and billhooks, carried Mauser rifles and pistols, and manned Krupp mountain and field guns and howitzers. By 1914, in Chile, for example, one in every four Chilean officers had been trained in Germany. Due to these efforts, German businessmen had a significant advantage when it came to winning contracts to sell arms:

⁶⁶¹ O. Preuße-Sperber, "Zur Handelsgeographie des spanischen Amerika, Bolivien", *Mitteilungen der Iberio-amerikanischen Gesellschaft* II (1919): p. 165.

“the younger generation of Chilean officers trained in the German system” and had become the Reich’s apostles. As Ambassador Bodman, stated to Bülow in 1908, “German military training had changed the national character.”⁶⁶²

Due to the military missions, and the efforts of the ambassadors acting on behalf of the Reich, the German arms industry, particularly Krupp, remained nearly unchallenged in places such as Brazil, Bolivia and Chile. The power of the German commercial-diplomatic-military nexus reaped many benefits for Germany in its efforts of globalization. In an era where extending one’s power across the globe was paramount, Germany’s ability to embrace a new policy of development allowed it to extend its global outreach.

⁶⁶² Bodman to Bülow, 30 January 1908, PA-AA, R 16651.

CHAPTER VII

CONCLUSION – GERMAN LEGACY IN SOUTH AMERICA

On the eve of World War I, German influence in South America was starting to bear fruit, particular in Chile, Brazil, and Peru. German businesses, such as the Krupp Works and the Deutsche Bank, were turning profits, albeit in many cases it was only slight, and German communities in these countries were finally taking root and growing. Even during World War I, German influence was clear. The German government, through its diplomats, leveraged its control to obtain safe harbors for its ships to refuel and repair, to provide necessary resources, especially nitrates, saltpeter and wheat, to assist with keeping the German armed forces well-equipped and running. For German businessmen, settlers and emigrants, members in the Foreign Office, and diplomats in South America, they believed that they could find success throughout South America and expended as much energy as they could in establishing, and fostering, projects that would entail it.

With the advent of World War I, and Germany's ultimate defeat, however, the situation changed, making it hard to evaluate how successful it was in developing itself, and the countries in South America, as Germany increasingly sought to demonstrate itself as a global power. Nonetheless, these early efforts at globalization and developmentalism laid the groundwork for power projection during the latter half of the twentieth century. Although Germany did not finish, or truly succeed, in exerting its

control in South America, its policies and plans of development and early globalization that the German diplomats enacted, and the Foreign Office supported, had far reaching effects on the way forward for how Germany looked to re-integrate itself into the global community post-1945. These ideas and policies also have been the basis for today's Germany as it becomes one of the major leaders on the global stage, and in Latin America. As a recent report from the Foreign Office stated regarding Latin America, particularly regarding economic opportunities, "Our bilateral economic relations with Latin America have a long tradition: German companies have had subsidiaries in the region for more than 100 years and enjoy a high standing, while German immigrants have contributed to economic development in the region."⁶⁶³ Moreover, today's German government argues that its development policy and its role as a leader in globalization, is just as important, if not more so, than its other governmental policies

German interactions in South America at the end of the nineteenth and early twentieth centuries were an example of a new form of imperial rule, one that operate outside of the framework of the classical model built on territorial control, and marked by distinct boundaries.⁶⁶⁴ Between 1880 and the First World War, Germany's colonial links and its wider global interlinkages increased. A number of different groups, first and foremost the vociferous proponents of Weltpolitik such as Bulow, Tirpitz, the Foreign Office, and the representatives of the numerous nationalistic groups, supported these connections. Broad swathes of the educated bourgeois were the most important

⁶⁶³ Auswärtiges Amt, *Germany, Latin America and the Caribbean: A Strategy Paper by the German Government*, (Berlin, 2010), p. 33.

⁶⁶⁴ Stoler, "Reconfiguring Imperial Terrains."

propagators of a global consciousness around 1900, and they too supported it.

Weltpolitik was also a private capitalist program for global market acquisition, and for that reason, entrepreneurs, industrialists, and businessmen advocated for it.⁶⁶⁵ Although agricultural groups were more reticent, their business decisions were influenced greatly by the development of a world market, and poor workers had a high share in the migratory movement during this period.

In economic terms, by 1914, Germany was highly involved in the process of globalization – in many areas, only Britain exceeded it in its involvement.⁶⁶⁶ The use of the term “world economy” and the establishment of the Kiel Institute for the World Economy in 1911 are indications that contemporaries were very aware of this. By 1914, foreign trade made up 34 percent of national income (approximately three percent came from Latin America). This was a level that Germany only attained again in the 1960s. In the years leading up to 1914, the German Empire, led by the efforts of the Foreign Office and its diplomats, particularly in South America, became “the most dynamic, and soon, in many markets, the most important exporting power.”⁶⁶⁷ This affected the foreign-trade balance and also helped to determine which areas of manufacturing grew most strongly.⁶⁶⁸ The electrical, metal, and nitrate industries produced large amounts for

⁶⁶⁵ Woodruff Smith, *Ideological Origins*.

⁶⁶⁶ Cornelius Torp, *Die Herausforderung der Globalisierung. Wirtschaft und Politik in Deutschland, 1860-1914*, (Göttingen: Vandenhoeck und Ruprecht, 2005).

⁶⁶⁷ Niels Petersson, “Das Kaiserreich in Prozessen ökonomischer Globalisierung,” in Sebastian Conrad and Jürgen Osterhammel, eds., *Das Kaiserreich transnational: Deutschland in der Welt, 1871-1914*, (Göttingen: Vandenhoeck und Ruprecht, 2004), pp. 49-67.

⁶⁶⁸ Harm G. Schroter, “Auslandsinvestitionen der deutschen chemischen Industrie 1870 bis 1930,” *Zeitschrift für Unternehmensgeschichte*, vol. 35 (1990): pp. 1-22; Walter Wetzel, *Naturwissenschaften und chemische Industrie in Deutschland*, (Stuttgart, 1991); Gottfried Plumpe, *IG Farbenindustrie, 1904-1945*, (Berlin, 1992); and Walter Teltschik, *Geschichte der deutschen Großchemie*, (Weinheim, 1992).

exports – nearly 35 percent of the nitrate industry’s production was focused on exports.⁶⁶⁹ As a result of Germany’s transition to an industrial economy, imports of raw materials became more and more important. Wool was imported from Australia and South Africa, wheat from the USA, Russia, and Chile, and saltpeter and fertilizer from Chile, Bolivia, and Peru.

Almost three-quarters of German exports went to Europe, mostly to Britain, and while Argentina, Brazil, and Chile never reached this level as trading partners with Germany, they still became increasingly important. Investment projects, such as the Baghdad and Arica-La Paz railways, were also designed to gain international prestige.⁶⁷⁰ While there was not as much capital investment in areas like South America as there was with Britain, the fact remains that Germany made a conscious effort to bring these zones into their international economic interlinkage.

Foreign policy during the Wilhelmine period was also affected by the broadening of developmental and globalization policies. Many political decision makers, especially in the Foreign Office, regarded it as an established fact that the system of European equilibrium had been superseded by one of world equilibrium.⁶⁷¹ The British example, or rather the concern about the political and economic dominance of London, played a

⁶⁶⁹ Antje Hagen, *Deutsche Direktinvestitionen in Großbritannien, 1871-1918*, (Stuttgart, 1997); and Christopher Buchheim, “Deutschland auf dem Weltmarkt am Ende des 19. Jahrhunderts: Erfolgreicher Anbieter von konsumnahen gewerblichen Erzeugnissen,” *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, vol. 71 (1984): pp. 199-216

⁶⁷⁰ Boris Barth, *Die deutsche Hochfinanz und die Imperialismen: Banken und Außenpolitik vor 1914*, (Stuttgart, 1995).

⁶⁷¹ Heinz Gollwitzer, *Gefahr: Geschichte eines Schlagworts. Studien zum imperialistischen Denken*, (Göttingen, 1962), pp. 243-253.

role.⁶⁷² German interest in globalization, and becoming a world power, was to a large extent an attempt to break British hegemony and make Germany a world empire that would, according to widely held hopes, pay its part in determining world events.⁶⁷³ Territorial expansion was on the agenda, and Berlin looked for any opportunities to gain land and, just as importantly, influence, across the globe. Important foreign policy issues now often involved locations outside of Europe – Venezuela, the Chinese Boxer Rebellion, the War of the Pacific, Samoa.

All of these conflicts had local causes and are evidence of the expansion of German politics around the turn of the century. The fact that the most German diplomats supported the Foreign Office's efforts to foster policies of development and globalization only increased Berlin's efforts to become a world power. Still, these events also need to be situated within European power politics, which remained the Kaiserreich's primary concern. This is particularly true of Germany's colonial policy, which was both directed at Britain and France and, at the same time, was part of a collective European project despite the national rivalries involved.

Large sections of Germans experienced globalization through migration, both domestically and internationally. Domestic migration, mainly from rural areas to the developing industrial centers, was one of the most significant social phenomena of the

⁶⁷² On the general subject see Paul M. Kennedy, *The Rise of the Anglo-German Antagonism, 1860-1914*, (London: 1980).

⁶⁷³ Peter Winzen, *Bulows Weltmachtkonzept: Untersuchungen zur Frühphase seiner Außenpolitik, 1879-1901*, (Boppard, 1977); Wolfgang Mommsen, *Großmachtstellung und Weltpolitik: Die Außenpolitik des Deutschen Reiches 1870 bis 1914* (Frankfurt, 1993); and Klaus Hildebrand, *Das vergangene Reich: Deutsche Außenpolitik von Bismarck bis Hitler*, (Stuttgart, 1995).

nineteenth century and was a major contributor to transforming society. This internal migration was linked to an increase in mobility that did not stop at national borders. As a result, collective German memory associated the Wilhelmine era with mainly the third, and largest, wave of emigration. Between 1880 and 1893, almost two million Germans emigrated, primarily to the Americas. One of the objectives behind acquiring overseas colonies was to redirect this “loss of national energies” to the prospective territories of “New Germany.” In the case of South America especially, the German Foreign Office, and pan-Germanist groups, hoped to capitalize on this large-scale emigration. They sought, through the diplomats abroad, to foster the settlers’ ties, particularly their feelings of cultural identity (Deutschtum). to the German nation as a means to increase its presence and influence in Brazil, Chile, Bolivia, and Argentina, among others. Moreover, in this context, the Foreign Office, and its diplomats, sought to use the Malthusian ideas of overpopulation and worry about German Lebensraum (“living space”) to garner support for German settlers and their communities outside of Germany.

The general impression of expansion also had its effects culturally and ideologically, both on the German populace and on the people in other nations. At home, references to the “world” became almost universal: Weltpolitik, world economy, world powers, world empires. Woodruff Smith has described the competing, but also complementary, concepts of Weltpolitik and Lebensraum as ideological components of

German modernism that developed under the conditions of globalization around 1900, and whose effects were felt into the 1930s and beyond.⁶⁷⁴

Outside of Germany, the Kaiserreich was not only an exporter of industrial goods, it was also global in terms of its cultural and social effects abroad. In many countries, including in South America, Germans took over institutions, translated them and appropriated them. Schools especially were the starting-point for a process of intellectual transfer that brought the German model across the globe. The ideas covered both organization and institutional structure, as well as the development of disciplines and areas of studies, along with providing an education to the populace, which included the local populace, mainly members of modernizing elites, and German settlers. Not only was the system of German education exported, but also areas of studies such as medicine, language, sociology, and history.⁶⁷⁵ German influence was not just limited to education and teaching. After Prussia defeated France in the Franco-Prussian War, Prussian military advisors were in demand around the world, and particularly in Asia and South America. Jacob Merkel prepared the Japanese army for its victory over China in 1895, and Emil Korner assisted Chile in defending its borders following the War of the Pacific.

Just as important, for latecomers, and newly emerging nations, such as those in South America and Asia, Germany was seen as a model for modernization. Nation-states

⁶⁷⁴ Smith, *Ideological Origins*.

⁶⁷⁵ Marc Schalenberg, ed., *Kulturtransfer im 19. Jahrhundert*, (Berlin, 1998); and Wolfgang Schwentker, *Max Weber in Japan: Eine Untersuchung zur Wirkungsgeschichte, 1905-1995*, (Tübingen, 1998).

viewed Germany as a means for development that would bring them into the present, while also holding onto their traditions. It was this role as a modernizer which the German Foreign Office, and its diplomats, seized upon as it fostered a policy of development to help increase its influence across the globe.

Perhaps more than anything, it was German efforts of development and modernization which were most in demand in South America, and which underscored its efforts of globalization prior to the outbreak of World War I. Just as important is the fact that the German diplomats and their actions, especially in South America, were necessary for fulfilling the desires of the Foreign Office. It is difficult to deny the undercurrents of “informal imperialism” present in the policy-making of the Foreign Office and the actions of its diplomats in South America.

“Nation building” and developmentalism were a large part of German globalization, and colonization, efforts, and these ideas went hand in hand with extensive territorial rule in the classical imperial version that flourished during the nineteenth century. Instead of control over, and development of, a large dependent territory, authorities in South America limited their efforts to building a base there from which a larger informal presence was erected and maintained. This form of imperialism was less expansionist and territorial than intensive and concentrated. In his work on Japanese-controlled Manchukuo, Prasenjit Duara, describes this phenomenon as “new imperialism.”⁶⁷⁶ Imperialism has thus moved in a different direction, weakening the link

⁶⁷⁶ Duara, “Imperialism of ‘Free Nations,’” p. 212.

between empire and nation building. While this shift has been most clearly evident since the Cold War, it originated earlier. Twentieth century empires still invoke a rationale of benevolent transformation, but the nature of the rationale has changed. As a result, the imperial vision of the new imperialism was different from earlier visions and was much more global in its outlook.

The efforts of the German diplomats in South America also reveals the possibilities of an evolving policy, and space, that was both imperial and non-imperial. Throughout South America, German societies, and influence, continued to emerge and change – through migration, exile, and trade, it became a complex and highly diffuse zone of contact. Within these contact zones, imperial agency, particularly on the part of the German diplomats, was produced, attracted, contended with, and negotiated among the various German settlers, diplomats, businessmen, nationalistic groups, and the German Foreign Office, as well as the Chilean, Brazilian, Bolivian and Peruvian governments, social groups, and networks. Chile, Brazil, Bolivia, Peru, and Argentina, among others, became places for projecting German power in Latin America, as well as a areas where experiments in commerce and communication emerged. These developments challenged Germany to move beyond the formal imperialism of the previous century as it competed to control global resources and become a Weltpolitik.

These early efforts of development and globalization also impacted German policy post-1945, and, more broadly, influenced development throughout the globe. In this new era, Germany, decimated by two World Wars and the effects of Nazism, found itself on the sidelines on the global stage. While it desired to be more global, its path to

such status was murky. Imperialism and colonialism were no long a path to global power status, and so Germany needed to seek a new way to re-assert itself into the global community. During this period, the leading nations of the world, in particular the United States, viewed policies of development as a method to rebuild the world. For Germany, which experienced these methods first-hand, its attempts at globalization in the nineteenth century, and its development policies, provided a template for how it could achieve re-integration into the world and, ultimately, become a leading player in global affairs. As a result of these efforts, Germany has, once again, become a leader both in European, and world, politics.

This is not to suggest that such a path was easy. Much like in the pre-World War I era, central structures and conflicts emerged in social, political, economic, and cultural relations that have and continue to affect Germany. For this reason alone, the effects and repercussions of global and colonial interactions during the late nineteenth and early twentieth centuries are of particular importance to study and examine.⁶⁷⁷ Moreover, by understanding the consequences – both positive and negative – of past development efforts, such studies can contribute to current policy debates about foreign aid and bring attention to the potential ramifications of those actions.

⁶⁷⁷ Paul Nolte, „1900; Das Ende des 19. Und der Beginn des 20. Jahrhunderts in sozialgeschichtlicher Perspektive,“ *Geschichte in Wissenschaft und Unterricht*, (1996), vol. 47: pp. 281-300.

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