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A WEEK OF THE WORLD

CAMILLO CASTIGLIONI

AMONG the overnight Cræsusés that war and post-war profiteering produced in Austria, two names stand out above all others: Siegmund Bosel, the youngest and most successful of these adventurers, and Camillo Castiglioni, his chief rival. The latter has now become the hero, or the villain, of the most sensational financial scandal since the war.

A Vienna correspondent of *Kölnische Zeitung* gives the following brief summary of Castiglioni's career: —

Camillo Castiglioni, the son of a Trieste rabbi, was an unknown man eight years ago. He was then a minor employee of the Sempert Rubber Works, without either influential connections or property. He began to contract for deliveries to the Austro-Hungarian army with borrowed money. Like thousands of other army contractors, he made quick profits and rapidly enlarged his operations. But these contracts were not what made him a billionaire. He became a billionaire through the fall of the crown. He bought securities right and left, either on time payments or with borrowed money. He then paid in depreciated crowns for what he had bought

for good crowns. The more rapid the depreciation of the currency and the poorer other people became, the wealthier he grew. So he suddenly discovered himself one of the richest of the new rich.

Meanwhile he had extended his operations still further by acquiring interests in great industrial undertakings. Having elected to become an Italian citizen when Trieste was annexed to Italy, he bought heavily into the Fiat Company, thereby acquiring a controlling interest in the greatest Austrian iron and steel works, the Alpine Montangesellschaft. The Italians lost money by the operation, but Castiglioni, who got Stinnes to buy the Alpine shares from the Italians, is still president of the latter concern. He was soon the controlling owner of a series of electric and chemical works and paper mills. As his business continued to expand, he became president of the Vienna Deposit Bank [which has since failed and whose officers are under indictment] and made that institution an instrument for his financing. He no longer confined his ventures to Austria, but systematically extended his activities to all the Succession States.

After leaving the Deposit Bank, he founded an institution of his own and indulged in the luxury of running three unprofitable Vienna newspapers as his

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mouthpieces to the public. His art collection was soon one of the most valuable in Vienna. He placed more than twelve billion crowns at the disposal of Max Reinhart to rebuild the Josefstädter Theatre. Now and then he had slight misunderstandings concerning large sums owed for taxes and customs duties, but he was a master of compromise. Probably his Italian citizenship helped him not a little in these difficulties. [The Italian Embassy at Vienna is alleged to have interested itself in his affairs.] . . . He is said to have intimate connections with Mussolini, and only a few months ago was honored with the highest Italian order.

Taxes and customs duties? By staving off these bills, which mounted to billions in the steadily depreciating currency, he was able to pay them eventually in money worth but a fraction of its value at the time the bills were actually due.

Neue Zürcher Zeitung thus describes Castiglioni at the height of his success: —

We saw him last at the opening night of the 'Actors' Theatre in Josefstadt, under the direction of Max Reinhart.' He sat in a box — black, massive, double-chinned, bull-necked, his eyes sparkling merrily with a sense of triumph, and with good humor toward everyone. At his side was a wonderfully beautiful young woman — the former actress Iphigenie Buchmann. Hovering around the box in the brilliantly lighted background was his staff of 'General Representatives,' as the leading officers of his firm were called. He sat there, with his Nero's head and Caesar's pose, receiving the bows of Max Reinhart when he was called before the curtain by the enthusiastic audience at the end of the third act. *Ave Caesar!* Each bowed to the other — the king of the stage to the money king of Austria, who had bought the private car of ex-Emperor Charles for his personal use and traveled in it by special train whenever he visited Berlin, Budapest, or Milan.

The ebb in Castiglioni's fortunes began with the sudden rehabilitation

of the franc last spring. A correspondent of *Vossische Zeitung* describes his quick decline as follows: —

Castiglioni's gigantic fortune was made during the years of inflation by vast operations in mark and crown credits. When the currencies of Central Europe were stabilized, Castiglioni neglected to unload his debts in time. They were rapidly increased by heavy interest-rates, while the securities for whose purchase they had been incurred shrank abruptly in value, often to a tenth of their former nominal worth. Added to this was the collapse of last spring's franc speculation, in which Castiglioni had engaged on an immense scale.

In other words, Castiglioni was the victim of what one writer calls 'inflation mentality.' He imagined the franc would repeat the history of the crown.

With his waning fortunes and prestige, enemies and rivals hastened to attack him, and he is now a defendant against criminal charges in the Vienna courts. Meanwhile all his property, including great quantities of securities, palaces and country estates, and an art collection said to be worth between ten and fifteen million dollars, has passed into the hands of an Italian bank, which is undertaking to liquidate the affairs of the fallen financial dictator.

Castiglioni gambled . . . against the League of Nations, against the Dawes Plan, against a return of stable currency, against the reconstruction of the continent. This bold campaign of a speculation Caesar, of a Ludendorff of inflation, against the business welfare of Europe has met a final and disastrous defeat.

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THE TROUBLES IN GEORGIA

LAST September sensational reports flooded the Continental and British press to the effect that a general revolution had broken out in Georgia