

# Germany's *Drang nach Südosten* and the Marketing of Southeastern European Agricultural Products in the Interwar Period

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Athens, late 1929. Dr. Otto Deffner expresses his frustration in unambiguous terms as he writes a letter to the organizers of the Leipzig Fair back in his home country, Germany. As honorary representative of the Fair in the Greek capital, Dr. Deffner recently approached the Department of Foreign Trade and Exhibitions, established by the Greek Ministry for the National Economy. His purpose was to encourage a state-endorsed, more substantial participation by Greece in the next edition of the Fair. When he made his case before the Greeks, he did not fail to mention that neighboring Bulgaria was putting in some remarkable work in order to promote Bulgarian tobacco among the German public. Deffner did not bring up Bulgarian tobacco by chance. A tobacco variety known as *Oriental* was Greece's most important export, while Bulgaria was one of its main competitors. At that time, Greece's tobacco sector was in a deep state of crisis, as its export markets shrank against the backdrop of the Great Depression. Much to the German's exasperation, however, the staff at the Department of Foreign Trade and Exhibitions did not look particularly interested in his proposition.

"It is not just a lack of money," Deffner writes in his letter, "but also of understanding and willingness to work ... That the exports of Greek products could increase by participating in the Leipzig Fair, that the calamities that tobacco is enduring could at least be partially alleviated, etc. is completely irrelevant to the civil servants. The most important thing is to

cash their salaries at the end of the month without doing any kind of work.”

It is not my intention to come to the defense of any civil servant. Yet, I do think that this little episode of unmet expectations exemplifies an interesting development that was unfolding in the interwar period. This was the time when systematic efforts by southeastern European institutions to actively promote agricultural exports started to take place or, at least, to be reasonably expected. This happened in a context of increased German interest in the region (*Drang nach Südosten*, or thrust towards the southeast), which took the shape of barter agreements involving German manufactures, and southeastern European raw materials. It also took the shape of intensified cultural and institutional exchanges between Germany and southeastern Europe.

The purpose of this paper is to describe, and account for, the efforts that German, Greek, Bulgarian and Turkish actors made for the promotion of southeastern European agricultural products in Germany in the interwar period. More concretely, the paper focuses on the participation of Greece, Bulgaria and Turkey in the Leipzig Fair, and a number of other initiatives undertaken for the marketing of the region’s arguably most important export to Germany: Oriental-type tobacco. Such initiatives included the establishment of cooperative companies and industrial facilities, as well as new forms of state intervention in the market. The picture that emerges from this analysis is one of path dependence. By this I mean that different countries took different approaches to the same problem, depending on the institutions that already existed before the crisis of the 1930s. This study also reveals that the consensus over the legitimate scope of foreign economic policy was in flux, at a time of great economic and social upheaval in southeastern Europe.

The historical research that I am presenting today is informed by archival material kept at the Saxonian State Archive in Leipzig and the Diplomatic & Historical Archives of the Greek Ministry of Foreign Affairs, as well as contemporary publications related to Oriental tobacco

trade.

Before presenting the concrete findings of my research, let me clarify a key concept. What do we mean by Germany's *Drang nach Südosten* in the interwar context? The term was first used, to my knowledge, in 1916 by German Orientalist and geographer Hugo Grothe, in a book that discussed the opportunities that "Turkish Asia" offered to the German economy.<sup>1</sup> Grothe made the case that the cultural penetration of Turkey would serve the purposes of increased economic interaction and mutual enrichment. In the interwar period, the German interest in strengthening economic and cultural ties with southeastern Europe became more intense after the winners of World War I stripped Germany of its colonies. The region could provide, it was hoped, new avenues for increased international standing, and for economic development that would not require colonial control.

Unlike the economies of other Western powers, the German one had little to offer in the form of direct investment or loans to the southeastern European governments. It could offer, however, a large sales market for raw materials and foodstuffs. Such a market became indispensable to those states in the 1930s. Some aspects of the *Drang nach Südosten* have already been explored in the existing historiography. According to Schröder, for instance, Nazi diplomatic successes in the region, such as the weakening of the French-sponsored Little Entente, were possible because Yugoslavia and Romania could not do without exporting to Germany.<sup>2</sup> In recent years, historians have revisited the German *Drang nach Südosten* of the interwar period, uncovering dimensions of it that go beyond the volume of international trade, and the competing security interests of the European powers. A series of works explore the academic and business interest associations that furthered the German

<sup>1</sup> Grothe, Hugo. *Türkisch Asien und seine Wirtschaftswerte*. Frankfurt am Main: Henschel, 1916.

<sup>2</sup> Schröder, Hans-Jürgen. "Südosteuropa als „Informal Empire“ Deutschlands 1933-1939 Das Beispiel Jugoslawien." *Jahrbücher für Geschichte Osteuropas* 23, no. 1 (1975): 70-96.

engagement with southeastern Europe.<sup>3</sup> The research that I am presenting here today is a contribution to this literature, in the sense that I look at a series of actors that promoted trade and knowledge between southeastern Europe and Germany, specifically with regard to agricultural products. One such actor was the organization behind the Leipzig Fair, which in this period invited southeastern European countries, with varying degrees of success, to participate in the event by exhibiting agricultural goods. But there were others, such as the cooperatives of Bulgarian farmers, the factories that the Turkish tobacco monopoly opened in Germany and elsewhere, or the Greek-German Chamber of Commerce, to name a few.

Having primarily rural economies, the countries of southeastern Europe faced serious crises when the downturn of the 1930s undermined international demand for their agricultural exports. Certain dimensions of the story are relatively well-known, such as the economic effects of beggar-thy-neighbor policies or the socio-political instability that characterized the interwar years. Less well-known are, in comparison, the new policies and institutions that emerged in these countries with the purpose of overcoming the crisis of export-oriented agriculture in a context of high barriers to trade, monetary crisis, and the spread of new ideas about advertising and consumption. Of particular interest in this regard is Oriental-type tobacco, the most important export crop in Turkey, Bulgaria and Greece at this time. This variety, which only these three countries exported before WWII, was a basic ingredient in the types of cigarettes smoked in Germany until the postwar period. Until the “invasion” of the German cigarette market by the American blend type after WWII, German smokers stood out among their peers in other industrialized countries as showing a strong preference for Oriental tobacco. Hence the importance of that market for Greece, Turkey and Bulgaria.

While it was a vital source of employment, tax revenue and hard currency in the exporting

<sup>3</sup> Gross, Stephen G. *Export Empire: German Soft Power in Southeastern Europe, 1890-1945*. Cambridge: Cambridge University Press, 2015. Freytag, Carl. *Deutschlands »Drang nach Südosten« : Der Mitteleuropäische Wirtschaftstag und der »Ergänzungsraum Südosteuropa« 1931-1945*. Vandenhoeck & Ruprecht, 2012.

countries, Oriental tobacco was not a basic foodstuff, and was therefore subject to formidable pressures in a situation of generalized economic crisis. What also makes the crop particularly interesting as a case study in the promotion of agricultural products at this time is that the consumer product made of tobacco, i.e. the cigarette, has traditionally been at the forefront of developments in the field of advertising.

One of the many manifestations of the rise of professionalized advertising in the interwar period was the proliferation of fairs where the general population would be familiarized with new products. To be sure, commercial fairs were by no means a completely new phenomenon. One can trace the roots of many of them to several centuries ago. Somewhat more recently, in the nineteenth century, fairs gained relevance as a site where the magnificence of recent technological achievements and the grandeur of national cultures could be displayed and appreciated. The main innovation in the interwar period was that international fairs became periodical as opposed to exceptional, one-time events. They also became a venue for the exhibition of national economies as opposed to displays of specific items of particular interest. In the interwar period, the organizers of the Leipzig Fair, one of the most famous to this date, became keen on securing the participation of countries understood to be of particular interest for the German economy. In the vision of Germany's interwar *Drang nach Südosten*, southeastern Europe featured as a source of raw materials and foodstuffs that would, in exchange, import German manufactures.

In the internal correspondence of the Leipzig Fair organizers, one notices their frustration when it comes to addressing their southeastern European partners. They often refer to the apparently common misconception that agricultural products such as eggs, tobacco or dried fruit did not belong in an international fair. In other words, there seemed to be different conceptions of what was worth exhibiting. While the German organizers wanted agricultural products and raw materials that might interest the German industry and final consumers,

southeastern Europeans seemed more interested in projecting an image of modernity and *westernness* that could hardly be conveyed, they seemed to believe, with such products.

In the case of Greece, from the mid-1920s onwards some organized business interests, such as those represented by the Tobacco Leaf Merchant Federation or the Greek-German Chamber of Commerce, started to call for the participation of their country in fairs, in Leipzig and elsewhere, for the purpose of promoting Greek agricultural products. They also called for sustained state support for this sort of initiative. In 1928, the Greek state established the Offices for the Protection of Greek Tobacco and charged it with, among other tasks, the promotion of the crop overseas.

The Greek-German Chamber of Commerce in Berlin organized an exhibition of Greek products, including tobacco, at the Leipzig Spring Fair of 1926. It was the first time that a Greece-specific stand was put together at Europe's most famous fair. The Greek participation in the event included an association of agricultural cooperatives from Drama, which displayed tobacco leaves. Once the Tobacco Offices became systematically involved in the promotion of Greek tobacco, the agricultural cooperatives stopped playing any significant role in exhibitions of this kind. The first exhibition in which the Tobacco Offices participated was a tobacco fair in London in 1927 (Illust. 1).<sup>4</sup> The Greek stand in London already presented some features that one would encounter in other events in Leipzig, Brussels, Bari, Milan, Budapest, or Salonika. Imagery evoking classical Greece was deployed in combination with tobacco leaves, presented in an *ad hoc* format for the exhibition (see Illust. 2 for a later example from the Leipzig Fair). The boxes containing the leaves were very different from the tobacco bales used in the industry, since the purpose in the exhibitions was to display the leaves for the general public.

An important feature of Greece's participation in this fair, and others, was that a representative of the trading firms' interests would take on the role of expert. He would

4 All illustrations will be displayed in a PowerPoint presentation at the conference.

receive the most important visitors, such as politicians and diplomats, and sometimes also give talks about Greek tobacco. A man that played this role multiple times in the interwar period was Achilleas Mantzarēs, the first Secretary General of the Tobacco Merchants Federation of Greece. Another one was tobacco merchant V. Grēgoriadēs. Since the representatives of the merchants controlled the Tobacco Offices that were in charge of the promotion of tobacco, it is not surprising that they would influence the process to their own advantage. They often exploited the opportunities offered by the fair for closing deals with cigarette manufacturers, although the organizers of the fairs explicitly discouraged such behavior. More generally, in the case of Greece we can speak of a merchant-friendly approach to the promotion of tobacco and other agricultural products. The state would not undertake commercial transactions that would bypass the trading firms, or support agricultural cooperatives that attempted to do so. In this regard, the Greek case differs sharply from the Bulgarian one.

In the neighboring country, organizations like the Bulgarian Agricultural Bank and agricultural cooperatives were in charge not only of promoting tobacco internationally, but also participated in the direct sale of tobacco overseas. At the 1937 and 1938 editions of the Leipzig Spring Fair, for instance, Bulgarian tobacco was presented under the banner of agricultural cooperatives, with photographs of Bulgarian peasants harvesting the leaves (see Illust. 3). In contrast, Greek cooperatives would not participate in international fairs outside of Greece. Influential figures like Achilleas Mantzarēs himself were of the opinion that cooperatives should stay away from trading in tobacco, and leave that to the merchants instead. Merchant organizations were able not only to get the state on board with financing the Tobacco Offices, but also to use state resources to shape the flow of market information in ways that favored merchants over agricultural co-operatives.

Unlike Greece, Bulgaria had a strong agrarian movement with comparatively large, active

agricultural co-operatives. Bulgarians even voted Aleksandar Stamboliyski, a progressive agrarian, into the office of Prime Minister in 1919. Bulgarian co-operatives would make large joint sales of the tobacco that their members produced. Even after the violent end of Stamboliyski's agrarian government in 1923, peasant co-operatives and the Bulgarian Agricultural Bank intervened decisively in the value chain. A well-documented example is that of the cooperative Asenovgrad Krepost<sup>5</sup>. Cooperative and state-owned banking also had a longer trajectory in Bulgaria than in Greece. In Bulgaria, cooperative banking developed rapidly soon after WWI, and came to represent a significant portion of the national credit market. In 1933, the Bulgarian Agricultural Bank opened a sales office in Dresden, at the time one of the main centers of the German cigarette industry, with the purpose of marketing tobacco without the participation of intermediaries. In Greece, in contrast, no proposition for a deeper involvement of farmers' co-operatives or the Agricultural Bank of Greece by making large collective sales ever materialized.

The Greek approach to the promotion of tobacco exports also stands in contrast with its more étatist Turkish counterpart. The state monopoly on tobacco, which the Turkish Republic had inherited from the Ottoman empire, opened cigarette factories in Switzerland and Germany as a direct outlet for the crop (Illust. 4). The Turkish state monopoly was more interested in selling cigarettes directly to final consumers, rather than promoting tobacco as a raw material for foreign manufacturers. The reason probably had to do with the fact that leaf exports, unlike cigarette manufacturing, were not within the exclusive jurisdiction of the Turkish monopoly, and was carried out by private, largely foreign interests.

That the exhibition of tobacco, and agricultural products more generally, was not just about spreading market information becomes evident when we look at internal reports on such exhibitions. National prestige was also at stake. In 1929, the Tobacco Office of Kavala

<sup>5</sup> Neuburger, Mary. *Balkan Smoke Tobacco and the Making of Modern Bulgaria*. Ithaca: Cornell University Press, 2013.



reported on Greece's third participation at the Leipzig Fair as follows:

We can be proud of our participation, given that no Balkan state, except us, managed to participate at this trade fair, despite their continuous attempts. Greece exhibits its products together with the Great Countries, among which are Great Britain, America, Russia, France, and Italy.

The Greeks were not the only ones who seemed concerned about the impression that their country could give abroad. A report of the National Office of Foreign Trade tells us the following about the Greek pavilion at the Leipzig Fair of 1937: The Greek pavilion was located next to those of Bulgaria, Romania and Yugoslavia. The Bulgarians and Romanians helped out in the process of putting the Greek pavilion together, while constantly asking the Greeks to let them borrow some items from their exhibition so that they could put them in their own. One would say that promoting products that actually came from Bulgaria and Romania was not the only priority for them, but also to present Bulgaria and Romania *as countries* under a favorable light. The available archival material shows clearly that nobody wanted to have their country give a bad impression, at least not when compared to other countries.

The Turkish Association for the National Economy and Savings was charged by the Turkish government with organizing Turkey's participation at the Leipzig Fair of 1931. The Association addressed the organizers by letter, asking for information on a number of details, including whether Greece was going to participate as well, and requesting pictures of the neighboring country's stands in previous editions. Eventually, Turkey also became a stable participant in the Fair, and promoted both agricultural products and manufactures such as carpets.

An interesting example unmet expectations with regard to the promotion of Turkish products is a vessel that sailed under the name of *Kara Denis*. It was chartered by the Turkish

government in 1925, and examined by Mustafa Kemal Atatürk himself before its departure from Istanbul. The *Kara Denis* visited number of European port cities, displaying Turkish products, and even a promotional film about the Turkish economy. When one of the employees of the Leipzig Fair Administration visited the ship in Hamburg, he was somewhat disappointed. Many of the products displayed were not suited for export, although tobacco was part of the exhibition. On display were, for the most part, the type of products that Turkish peasants would consume. The ship even carried an orchestra that performed on Hamburg's Town Hall Square. The real purpose of the exhibition, the German thought, was to depict Turkey under a favorable light rather than fostering foreign trade.

In this brief presentation, the institutional development around the advertising of agricultural products from southeastern Europe in Germany in the interwar period appears as part of a broader process of intensification of cultural and economic exchanges. Most importantly, this development was the result not only of the German *Drang nach Südosten*, understood as an initiative driven by German actors. It was also shaped decisively by the political conditions in southeastern European countries: a more purely state-driven affair in the case of Turkey, more reliant on the representatives of organized business interests in the case of Greece, and more responsive to the demands of the farmers' cooperative movement in Bulgaria.

We should think of the story outlined here as the beginnings of the "national branding" of agricultural products in southeastern European nations, a topic that is still relevant today in Europe and beyond. As an example, I shall mention the much discussed case of feta cheese: is Greece's claim to an exclusive right to marketing cheese under this name legitimate? In the period that I have analyzed here today, national pride and the projection of one's country as modern seemed more of a priority than today's claims to historical heritage and authenticity. This applied to the organizers of southeastern European stands at the Leipzig Fair and

elsewhere, as much as the German organizers themselves. The latter were keen on representing their country's rapprochement to the region as an egalitarian one, in which agricultural products were as worthy of display as Germany's sophisticated manufactures. Today, almost a hundred years later, we might want to think about how the categorization, presentation and promotion of agricultural goods might be best pursued in a time of great challenges for agriculture, climate change, food insecurity, and geopolitical turmoil. Our hopes for a better future might entail new notions about what is a good agricultural product, what is good in it, and how it should relate to the endless other products that humankind makes.