

## *An Adriatic Shipping Dynasty: The Cosulich Family*

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The central focus of this paper is the reconstruction of the evolutive dynamic of a 150-years old shipping company, underlining its long lasting strengths, but also the flexibilities and the capacity to adapt to a changing and challenging environment.

Along this peculiar history, cognitive capital has had a crucial role, along with the family's ability to preserve (and substantially innovate) a specific "vision" of the maritime business. Through different generations, the family's leading personalities were able to assign a strategic mission to themselves, and some subordinate tasks to the others key members of the family (usually brothers), aligning the different life choices and focusing the development (and successive use) of the family's human capital towards specific goals.

Two main dynamics stand out from this picture, and require a deeper understanding: the family's ability to produce innovation (both in technological and in organizational terms) and their proactive attitude towards the full exploitation of the opportunities available inside the environment, adapting the family's resources to preserve the highest possible level of control of the business.

The desired profitability of the business, in fact, wasn't ever perceived only in pecuniary terms, as the mathematical result coming from the combination of the different firms' balance sheets. Actually, it was a mix of material gains, personal satisfaction in terms of status and recognition, and the achievement of a firmer establishment of the family business, with special regards to the need to pass it to the next generations. The skills used during such a composite process acted both endogenously (technology, management, human relations) and exogenously. From this point of view, very important were the capitalization of a web of local social connections, the development of a "relational capital" with the institutions in two very particular situations (the Habsburg Empire and Fascist Italy), and the improvement of high-level interactions with their maritime business partners.

Whenever possible, and along different generations, the Cosulichs avoided any sort of exchange within the open market, relying especially in personal formal and informal ties with their business associates. This form of business was successful because its three core elements (the family tradition, the institutional ties, the good firm performances) were all very welcome inside the two political environments surrounding the ascending phase of the Cosulich entrepreneurial experience: the late Habsburg Empire and Italy during the Fascist period. In both cases, maritime communications were a badge of national pride, as a key instrument in order to foster the extension of the national economic presence abroad (commerce, but also emigration, diplomacy, geopolitics, etc.). In this light, the "portfolio of resources" the Cosulich family owned was considered strategic, and their firms worthy of a public sustain as extended as to keep them safe from the most dangerous market fluctuations. The organizational ability of the family members was good enough to keep the business running without shocks, assuring at least the first steps of the long lasting family business. When the environment changed, the intangible legacy of the past (social and relational capital, business skills and the direct knowledge of the international markets) was useful in order to reinvent the firms, and to draw new perspectives for the business, explaining the last part of the longevity of this almost unique form of family business.

## 1 – The family and the business

The founder of the "triestino" branch of the Cosulich family was Antonio Felice, the cadet heir of a dynasty of captains and ship owners already active for generations on the island of Lošinj, on the Eastern rocky side of the Adriatic Sea. He was born in 1816, at a turning point in the history of navigation in the Eastern Mediterranean. The Napoleonic wars had just ended, the Republic of Venice had disappeared and the Habsburg maritime imperialism was emerging in its place. The transfer of the Adriatic maritime leadership from Venice to Trieste would have been so slow to embrace almost the entire century, with a setting so uncertain as to be questioned by the results of the First World War. But, at that time, it was clear the upper Adriatic Sea was no more a Venetian reserved commercial space, and that the brightest perspective was the Habsburg one.

In the years of his apprenticeship, Antonio Felice Cosulich followed the traditions that the environment and the family transferred to him: he became captain of a ship, he married choosing within the circuit of the families of maritime captains, he had seven children who started all maritime lives, and professions. Together with the older brothers, he owned some "carats" (or fractions of property) of some brigantines and ran a mixed activity of captain-small shipowner, typical of the island of Lošinj, in these years a sort of microcosm in its own right. An island too small and too poor to feed all its inhabitants, that island almost seemed to push its inhabitants in two directions: towards the sea to get hold of what to live, and towards each other in search of mutual solidarity, almost genetics, to optimize the use of the (scarce) available resources.

In 1854, the outbreak of the Crimean war interrupted for a few years the traditional succession of journeys on the usual routes, and the eastern Mediterranean became the crossroads for the traffics connected with the war.

In increasing order of profitability, there could have been ordinary transports for combat troops (weapons, ammunition, provisions); furthermore, there could have been favorable transport opportunities for all those goods that an army normally consumes, but which are often not provided along official channels (alcohol, tobacco, etc.). Finally, there was a good presence of Austrian ships in the lucrative smuggling trade that supplied the Russian ports of the Black Sea.

Actually, we do not know in which of these trades was engaged Antonio Felice Cosulich, but certainly he was able to collect a substantial sum in a short time, so to stay on his own at the end of the war, and have built in 1857 his first full property boat: the bark "Fides".

It was a simple, versatile and relatively economical vessel. The beginning of the business of Antonio Felice was therefore marked by prudence, and by the willingness to undertake a wide range of business, whenever a profit would be possible. Two characteristics that would have remained distinctive even for his descendants.

The activities of Antonio Felice were inherited by his eldest son, Callisto, born in 1847. Since his early age he became a captain on his father's ships. It was Callisto who decided to abandon Lošinj, now a marginal center for the Adriatic maritime economy, and take the double jump from the island to Trieste (at that time the undisputed capital of the Habsburg Adriatic), and from sail to steam shipping.

## 2) The double jump into the modern era of shipping

The arrival in Trieste took place in 1889, in a period of rapid expansion of Trieste's maritime economy, which shortly thereafter would have lived without special trauma the abolition of the free port extended to the whole city (1891), a decision that liberalized the maritime transport market. The

abolition of the customs exemptions actually was accompanied by a series of measures with which the Austrian government intended to foster the establishment in Trieste and Fiume (Rijeka) of new industries, linked to ships and trade.

The first relocation of the business, from a small island to the maritime capital of the Habsburg Empire, was both an evolutionary response in front of the worsening of the business conditions, and a strategic choice, aimed at the adoption of higher organizational and technological levels.

In the last quarter of the XIX century, the shipping market was quickly expanding, and the barriers to the entry inside the maritime business were easy to overcome. Those who could get sufficient capital, had the right knowledge and were lucky enough to resist the first difficulties could fully participate in the benefits of the ascending cycle, but taking great care in identifying the precise sector within which to specialize, to avoid the inevitable fluctuations of the market. The ‘ecological niche’ of Antonio Felice Cosulich became too small to sustain the growing family, so the move to the regional capital and the adoption of more sophisticated forms of business were an indispensable step for the survivorship.

The transfer to Trieste reveals for the first time a distinctive character of the entrepreneurial culture of the Cosulichs: in need to deal with the crisis of their traditional sector of activity, they reacted by expanding their business, renewing the technology used and entering the most promising markets at the time. As we will see, such an attitude would have been repeated after the First World War, and also in the second half of the Twenties. During the twenty-five years between the abolition of the Trieste custom exemptions and the outbreak of the First World War, the number of the ships calling at the port of Trieste doubled, the tonnage quadrupled,<sup>1</sup> and the entire local economic system benefited from the sparkling maritime activity.

*Austrian fleet and navigation, selected years (1885-1901)*  
(000 tons)<sup>2</sup>

	Austrian merchant fleet				TOTAL TONS	National flag in Austrian ports			
	sail		steam			Tons. entered	%	Tons. cleared	%
	# ships	Tons	# ships	Tons					
1885	8.768	165	120	77	242	6.041	86,47	6.022	86,35
1890	9.778	108	135	87	195	7.751	88,35	7.739	88,35
1893	10.887	90	144	97	187	8.557	89,91	8.548	89,85
1894	11.140	84	139	95	180	8.479	89,32	8.461	86,99
1896					196				
1898	12.134	62	174	146	208	11.592	91,41	11.591	91,37
1899	11.928	58	183	161	219	12.025	91,37	12.014	91,38
1900	12.440	53	199	190	244	11.898	91,05	11.898	91,02
1901	12.713	53	211	226	280	12.281	91,55	12.281	91,50

The table clearly shows some trends: first of all, the serious crisis experienced by the sail shipping in the second half of the Eighties, when the Cosulich family decided to move to Trieste. From the mid-Nineties began the development of steam navigation, in close correlation with a 1893 Austrian law, which favored the ships flying the Austrian flag in the ports of the Monarchy. The sail

1 Cfr. *L'economia triestina nell'anno...*, Trieste, various years.

2 Royal Meeker, *History of Shipping Subsidies*, «Publications of the American Economic Association», 1905, p. 116.

navigation remained active in the form of a myriad of small ships dedicated to short sea shipping and specialized transport, especially in Istria and Dalmatia. The commercial mobility market split in two: on one side, the greater and faster steamers for the international connections, and on the other the local redistribution of goods, still based on small sailboats.

It was an extraordinarily favorable period for the maritime transport activities. Callisto had no difficulty either in obtaining sufficient capital to build a fleet, nor in finding ways to employ the ships in such a way as to make them sufficiently profitable to repay the creditors. Immediately after the arrival in Trieste the family fleet was enriched by the first steamers: the «Antonio Felice Cosulich», and above all the «Elena Cosulich» of 1,700 tons. As far as we can see, the profitability of these first steamships was so high that it allowed the fleet to increase, and at the same time to diversify the family activities into some collateral branches.

In 1900 the first regular line was opened with North America, for the transport of cotton, and in the following years it was an exponential overlapping of interrelated initiatives. For the management of the fleet, in 1903 the "Austro-Americana" company was established; in 1904 the new company entered the continental pool for the transport of emigrants; in 1907 the Monfalcone shipyard was established. Almost every year the fleet was enriched with new ships, most of them built in Scotland in trusted shipyards. For passenger transport, in 1905 the "Sofia Hohenberg" was introduced into the fleet, built by the Lloyd Triestino Arsenal, which began the emigration service firstly for New York, and since 1907 for Buenos Aires. The first true transatlantic of the fleet was the "Martha Washington", built in 1907 in Scotland by the Russell & Co. yard in Port Glasgow (the engines came from Rankin & Blackmore, of Greenock). It weighed 8.312 gross tons, it was more than 140 meters long and could travel at 16 knots. Originally, it had 60 first-class, 130 second-class and 2,000 third-class passengers capacity. She was therefore a ship destined mainly for the transport of emigrants, on the Trieste-Patras-Palermo-New York route, with visits to Naples and Barcelona.

The most important investment, however, was what the Cosuliches did on themselves, on their families, and especially on the younger generations. The founders of the Trieste branch were the brothers Callisto and Alberto, and in particular the numerous male descendants of Callisto, who had a total of twenty children,<sup>3</sup> guaranteed for a long time the family a close control over the different activities in which it would be engaged, partly thanks to a shrewd matrimonial policy. But the most careful attention was directed to the education and training of young Cosuliches. Firstly a formal nautical education,<sup>4</sup> followed by a long training at sea and abroad. Then a rooky period at the lower ranks of the family business and finally the access to higher positions.

The activity had to be restless, considering that in 1897 the Cosuliches were owners of seven steamers and four sailing ships, with an average age of 17 and a half years and a little more than 1,500 tons, while in 1901 the ships had become fifteen, all of recent construction. The average age was drastically reduced to four and a half years, while the average tonnage had risen to over 3,000 tons. The fact that in 1901 the Cosulich fleet no longer counted any ship built in Lošinj, should be noted. Only emotional ties remained with the island of origin, while business had completely alienated the family from their homeland.

In just fifteen years, the Cosulich family climbed all the steps of the maritime career: from trampers and sailors in search of a profitable payload, to managers of a Steam Navigation Company, with scheduled services among some of the most dynamic ports.

The main financial support for the Cosulich shipping business came from the center of the Habsburg Empire, the Wiener Bankverein, one of the leading Austrian financial institutions, and an

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3 Oscar, Antonio Nicolò (who married a Gerolimich), Augusto, Guido, Giuseppe and Alberto, called "Albertino" to distinguish him from his uncle.

4 Cfr. *L'Istituto tecnico nautico «Tommaso di Savoia, Duca di Genova» nel bicentenario della sua istituzione 1754-1954*, Trieste, 1954.

important instrument of the policy of accelerated development carried out by the Habsburg ruling groups in the years preceding the Great War.

A sum of different elements can explain the very rapid rise of the Cosulich business. At the highest level, the prodigious growth of the Austrian maritime activities and foreign trade on the one hand, and, on the other, the geostrategic interest on the part of the Monarchy to quickly fit out with modern technology, to assure Austria a non-secondary position in the ranking of nations, during the last stage of Imperialism.

This was the background for the financial ties with the Viennese banks, a new intervention by the State in the maritime market, and the decision taken by Callisto Cosulich to become also a shipbuilder, as a premise to extend further his activity in passenger transport.

In 1907, the decision to begin the construction of a new Shipyard in Monfalcone was particularly important, because it occurred in close connection with a series of measures that the Austrian government had enacted in order to minimize the importation of ships from the United Kingdom. In its early days, the shipyard was considered a mere appendage of the shipping company, which remained the stable cornerstone of the family activities. A further step forward was the first really challenging construction: the steamer "Kaiser Franz Josef I", designed and built in Monfalcone (launched in 1911), to develop in great style the transportation of emigrants to North America. A second large steamer was under construction, when the outbreak of the First World War not only led to the abandonment of the plants, but paralyzed almost all the branches in which the family operated.

At the end of the Great War, the business landscape had completely changed, both outside and inside the family. In fact, Callisto died a few days before the armistice was signed, while imperial Austria-Hungary dissolved and Trieste for some times remained under a provisional administration. The continuity in the management of the family businesses was ensured by the large number of Callisto's sons, who joined their uncle Alberto in making his dreams still operative. But the actual task required a complete re-imagination of their activities within such a changed landscape, and above all to transform their business from the one of former enemies to collaborative new subjects of the Kingdom of Italy.

### 3 – The Italian period

In 1918, Alberto Cosulich assumed the Presidency of the shipping company, renamed «Cosulich - the shipping company of Trieste» to try to erase the Habsburg past. He succeeded in getting the idea of selling to the new Government the *escamotage* that Cosulich was an Italian company "in the spirit", even if until 1918 it was subordinated to the Austrian capitals and heavily dependent on loans granted by the Imperial government; he was named Cavaliere del Lavoro in 1919. He started the negotiations with the Italian interim administration for the recovery of the company's fleet, and to try to get reimbursement for the huge damages of the war. The operation would have been partially successful. Moreover, the close ties that almost all the most prominent members of the family were able to weave with the rising Fascism, both at the local level and in the capital, has to be remembered. Not surprisingly, among other tasks, Alberto was also the first President of the Federation of Fascist Shipowners of the Eastern Adriatic.

Meanwhile, the sons of Callisto specialized in the management of the various activities: Alberto at the top of the Shipping Company, Augusto at the Shipyard of Monfalcone, while Oscar is usually associated with the strategic planning of family business, together with the establishment of new ties with the Italian maritime world. Oscar was in fact Vice President of the Shipowners' National Committee, member of the High Council of the Merchant Marine, member of the Council for the national economy and of the Commission for the reform of the codes.

To continue the implementation of their expansive strategy, and to participate in the exceptional moment that the maritime world market was experiencing, the Cosulich Shipping Company had to resort to bank financing to increase its capital from 24 to 40 million lire. This time, the main guarantor of funding was the Banca Commerciale Triestina, which had absorbed a large share of the legacy left by the Viennese banks. The new strategy developed in two stages: a first provisional phase, in which the resources would be directed to a simple strengthening of the fleet (it was also assumed the reacquisition of some steamers sold during the war), while within a few years the transition would have made the Cosulich group truly avant-garde, with the adoption of the Diesel propulsion.

The dividends distributed remained quite high even in the 1920s: 10% in 1921, 8% in 1922, 12% in 1923, when the share capital was increased from 60 to 150 million lire. In 1924 the dividend was 8%, with a net profit in the social balance sheet exceeding 16 million lire, an 8% dividend also confirmed in 1925, despite a new capital increase.

*Cosulich Shipping Company - main indicators (1913-1925).<sup>5</sup>*

		1913	1919	1920	1921	1922	1923	1924	1925
Trieste lines	Goods (q)	4.895.585	1.026.994	2.109.375	1.782.553	1.769.488	2.505.070	3.694.315	3.710.935
	Passengers	46.075	4.066	30.922	17.125	6.753	14.161	8.303	7.518
All lines	Goods (q)	10.944.876	1.823.359	4.207.202	4.369.988	5.415.076	6.808.914	9.079.223	8.862.683
	Passengers	99.635	47.218	69.344	43.667	23.594	34.786	24.441	26.280
Total mileage		1.604.977	462.186	555.222	682.877	784.389	908.108	1.063.615	1.005.104

Part of the profits was used for a renewal of the fleet, with a sharp turn in the strategy. If before the world war the accent was placed on the large passenger steamers, in the early Twenties it was aimed at small tonnage merchant ships: cheaper, more versatile and easy to use, thanks to a precocious adoption of the liquid fuel. In 1922 were introduced into the fleet the steamers Lucia (6,099 gross tonnage), Dora (5,400 tsl), Alberta (6,141 tsl), Laura (6,099 tsl) and the twins Teresa, Clara and Ida (each for 6,131 tsl), all built in Monfalcone. The use of new ships was planned on the commercial line for North America, with an initial evident preference for freight transport compared to passengers. The ultimate goal was to respond to the difficulties of the moment (rising costs, declining traffic and above all a strong increase in international competition) by choosing the path of technological innovation.

Probably, it was shared within the family the choice to face the new challenges of the post-war world maritime market completing a further technological evolution, with a precocious bet on the Diesel motorships.

The "new" Italian Cosulich group initially entered the field of liquid fuel engines by reconverting the old "Kaiser Franz Josef I" (now renamed "President Wilson"), but very soon two completely new ships were conceived, for the time in a quite revolutionary way: «Saturnia» and «Vulcania». These were prestigious ships, innovative both from a technical and stylistic point of view, with interior solutions that made them famous and popular even among foreign travelers.

But both ships ended up being a costly investment for the company balance sheets, in a period (we are now in the second half of the Twenties) in which the customers for class travel were scarce, while the transport offer was grown.

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<sup>5</sup> Yearly relation *Cosulich Società triestina di navigazione*, various years.

Slowly, the Cosulich shipping company ended up in a vicious cycle, made of rising bank debts and falling revenues, which would have brought it first into the orbit of the Banca Commerciale Triestina, and finally into the already crowded portfolio of the Banca Commerciale Italiana. It was in this environment, and with the aim to react against the profound crisis of profitability, that took shape the hypothesis of the corporate merger of 1928-1930, which put the Cosulich at the top of a large part of the Julian maritime economy, with a fleet of over 450,000 tons. More or less one third of the entire Italian oceangoing fleet.

But, across the end of the 1920s and the beginning of the 1930s, many factors interrupted this favorable trend. In 1926, the revaluation of the lira known as "quota 90" hit badly the Italian foreign trade; in 1929 the Wall Street crash worsened the conditions of the entire world economy. Moreover, between 1930 and 1933 the main financial support of the Cosulich group entered a phase of instability, ended with the complete acquisition of the bank by the State.

On the local level, one focal point was the extension to Trieste of the special law for Naples, in 1928.<sup>6</sup> The granting of special subsidies and public contributions slipped the entire local productive apparatus towards the area of the assisted economy, turning it away from market competition.

Internally, the family had to face another generational transition, exactly when the first motorships of the new generation were launched.

With the sudden death of Oscar in 1926 the family lost the most active and capable intellectual among the Callisto's heirs, while the following year, in the summer of 1927, Alberto, brother of Callisto and co-founder of the shipping-shipbuilding group, also died in Trieste. At the death of Alberto, five sons of Callisto remained active at the top of the company, almost all still born in Mali Lošinj: Antonio (born in 1875), Augusto (1877), Guido (1887), Giuseppe (1888) and Alberto II (born in 1891). At least until after World War II the management of the family business was collegial, within a distinction of tasks never too rigid, but that substantially divided the available forces between the two main strands: the shipping management and the shipbuilding. Guido emerged as a representative element especially in the period after the Second World War.

The generational turnover occurred in an already critical moment, due to the unfavorable economic conditions, in Italy and in Europe, and even crucial for the fate of the company, which had focused a large part of its resources on the two prestigious, luxurious but also expensive motorships Saturnia and Vulcania. They gained a good success with the public,<sup>7</sup> and managed to produce profits even in the years of the crisis.

For the company the two ships were an important investment, both from the point of view of the initial commitment, but even more if we consider that their construction actually costed as much as 24 million lire more than expected, in years in which the income derived from the maritime activity was very uncertain.

Saturnia and Vulcania represented excellent vehicles for some propaganda messages, in relation both to the majesty of the interiors and to the technical prestige of being, at the time of launching, the two largest motor vessels in the world. In the Society's Report for 1926, the news of the launch of the Vulcania explicitly assumes the characteristics of an invitation to political power to evaluate with a benevolent eye the needs of the shipping company. Also for this reason, the link with the funds that the Mussolinian State destined to national maritime development became increasingly determining, in strict relation with the Fascist ideal to achieve for Italy the rank of great Mediterranean power.

The technological leap in the fleet, and the search for economies wherever possible, however, were not sufficient to save the Cosulich shipping company (and the entire group) from an increasingly massive exposure to the financing banks.

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<sup>6</sup> Cfr. rdl 10 agosto 1928 n. 2260.

<sup>7</sup> Andrew Oscar Coggins, *What Makes a Passenger Ship a Legend: The Future of the Concept of Legend in the Passenger Shipping Industry*, PhD thesis, Virginia Polytechnic Institute and State University, Blacksburg (VA), 2004, p. 47.

*Some budget values of the Cosulich shipping company (1919-1927, Italian lire).<sup>8</sup>*

Year	Profits	Dividends	Social Capital	Reserves
1919	3.318.865	10%	24.000.000	15.470.279
1920	8.650.149	15%	60.000.000	58.184.453
1921	8.260.669	10%	60.000.000	60.271.371
1922	6.221.436	8%	60.000.000	62.100.000
1923	10.004.660	12%	60.000.000	63.300.000
1924	16.013.140	8%	150.000.000	36.700.000
1925	26.649.580	8%	250.000.000	40.000.000
1926	16.930.746	6%	250.000.000	45.500.000
1927	14.039.549	5%	250.000.000	46.996.861

The company, very exposed to the banks, was also in a difficult market position. Re-elaborating the transport data for the period 1922-1928, a relative stationarity of the indices emerges, with a recovery in passenger traffic only after the introduction of the new motorships, and a fluctuating trend in freight transport.

*Cosulich shipping company: Indices transport activities, 1922-1928 (1922=100).<sup>9</sup>*

	1922	1923	1924	1925	1926	1927	1928
cargo/miles	100	108,61	123,65	127,73	124,61	107,88	117,87
passengers/miles	100	127,35	76,39	86,92	90,54	119,38	158,88

All in all, it is very likely that a not very sustained development of the traffic has undermined the ability of Cosulich Shipping to honor its commitments towards the financiers.

A first attempt to overcome the crisis led to the creation of a giant conglomerate, which collected all the companies of the maritime branch financed by the Banca Commerciale Italiana in the former Austrian provinces of Italy. Starting from 1928, the group included Lloyd Triestino shipping company, the Cosulich financial company, the Cosulich shipping company, the Trieste and Monfalcone shipping yards, the Adria shipping company (Fiume), SISA (Italian company for air services), and some smaller other firms. The managers of Cosulich shipping company were placed at the head of this group, with an almost limitless control, if we exclude the presence of the Bci trustees inside the Boards of Directors.

The first public passage was a painful slimming cure for the Cosulich shipping company: its balance sheet for the year 1928 declared losses equal to just under 214 million lire. A significant part of this loss came from the downward revision of a number of items in the budgets, which evidently did not realistically describe the value of the social fleet and the shares of other companies.

<sup>8</sup> Yearly relations *Cosulich Società triestina di navigazione*, various years.

<sup>9</sup> Yearly relations *Cosulich Società triestina di navigazione*, various years.



*Some revised values from the Cosulich shipping company balance sheet, 1928.*<sup>10</sup>

Fleet	-	79.843.084
Securities	-	76.400.000
Properties	-	2.350.000
Credits	-	10.300.000
Losses and charges to be settled	-	27.505.747
TOTAL WRITE-DOWNS	-	196.398.831
Total losses 1928		-213.746.888

To conclude the agreement, the guarantee that the Cosulichs offered, and that the Bci accepted, consisted almost exclusively of the political support that the industrialists from Trieste could mobilize, supports that would have allowed them to emerge from the crisis thanks to a substantial increase in public subsidies. The stronger guarantee was then provided by the Government, which once again intervened in Venezia Giulia in order to use its maritime structure to sustain the ambition for an international projection of the entire Italian economy.

Along with the shipping company, between the Twenties and the Thirties, also the other primary branches of the family's activities developed. First of all, the shipyard of Monfalcone, rebuilt after the complete destruction suffered during the Great War on a triple area, and equipped with leading technological solutions, so as to make it the greatest shipyard in the Mediterranean.

In this period, Guido Cosulich gained the task of managing the Lloyd Triestino shipping company, where he transferred the choice favorable to the Diesel motorships. Thus the «Victoria» was born, which the great naval architect Nicolò Costanzi recalled as his most successful realization. In the meantime, the seaplanes Cant Z came out of the Officine Aeronautiche di Monfalcone, and they were used by Sisa-Italian air services company, the first operator in Italy for a regular air link. At that time, all these companies were all under the control of the Cosulich family.

In 1930, the BCI launched a new plan, with the aim to stabilize the trembling maritime economy of the Venezia Giulia region. This time, the basic idea was to separate shipbuilding from navigation, creating separate companies and trying to sell part of the shares to private entrepreneurs. Again, also this plan did not work, and in 1933 the whole system managed by Cosulich and the Italian Commercial Bank became part of the State owned sector of the Italian economy, through the IRI.

All the exponents of the Cosulich family remained in their seats inside the various companies (Presidents, CEOs, managers) but they became simple salaried managers, having lost even the weak shareholder control that in the past had allowed them to behave as if they had been the bosses. From that moment on, the IRI, with a control capacity close to 90 per cent both in the shipping and in the shipbuilding sector, became the real master of the fate of the Trieste maritime economy. In 1936, when the entire Iri fleet was reorganized within the Finmare holding, Antonio Cosulich was called to the vice presidency, and held that position for twenty years.

During the difficult transition years, the leading figure was Augusto, who activated his extensive networks of personal relations to procure the indispensable orders for the shipyard, and after World War II he managed the reconstruction and the restart of the production. In his personal life trajectory we recognize the effects of the decisive passage of the Thirties, with the loss of the direct control over the former family-controlled group, and the reutilization of the skillfulness of the family members within the state industry. The change in the marriage strategies adopted for the three daughters of Augusto may also be a revelation: the first-born married the Count Carlo Mancini, Maria Luisa the Count Carlo Wiansson and the last, Doretta, married Francesco Colonna prince of Pagliano.

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<sup>10</sup> Relation *Cosulich Società triestina di navigazione, 1928*, Trieste, 1929, p. 10-11.

The tradition of close endogamy within the major families of shipowners was thus completely subverted, in search for a more close relationship with the national social elite.

The years 1928-30 made the Cosulichs reach the zenith of their business history, but the period was also the beginning of a long decline, which however was not without important achievements. Between 1932 and 1933 the two new service ships «Neptunia» and «Oceania» entered service with South America, with a quite good success even in an increasingly difficult market. In July 1933 an important consolation came from the «Neptunia», which defeated in a speed race on the routes of South America the German steamer «Cap Alcona», considered at the time the fastest ship on those seas.<sup>11</sup>

*Cosulich shipping company: Indices of the transport activities, 1929-1935 (1929=100).*<sup>12</sup>

	1929	1930	1931	1932	1933	1934	1935
cargo/miles	100	91,98	84,14	69,99	68,64	65,29	59,60
passengers/miles	100	105,08	79,33	79,25	93,62	105,61	78,74

Trying to recover, albeit partially, the profitability of the transport services, the frequency of trips on the usual routes was reduced, with a reduction in the miles covered, and a consolidation of ground services within the enlarged Italia shipping company (based in Genoa), that gradually absorbed the Cosulich shipping company.

*Some budget values of the Cosulich shipping company 1926-1935 (millions Italian lire).*<sup>13</sup>

Year	Capital	Profits	Amortization	Dividends
1926	250	16,7	6,4	15,3
1927	250	13,3	7,8	12,6
1928	250	- 213,7	17,7	---
1929	400	0,1	---	---
1930	400	24,1	21	22,8
1931	400	- 2,3	---	---
1932	400	- 5,3	---	---
1933	400	- 34,8	---	---
1934	150	---	8,6	---
1935	150	---	18,4	---

The drastic capital cut decided in 1934, by 250 million lire, mainly referred to a reduction in the value attributed to the fleet (from 408 to 290 million lire), to a write-down of almost 88 million lire of the value of securities and equity investments (made up at the time mainly by Lloyd Triestino shares), and the balance sheet liabilities accumulated during the previous years. The Cosulich shipping company was therefore "deflated" by removing everything that was not strictly related to the shipping activities, that was accumulated over time.

11 *Porti, cantieri e navi d'Italia*, Giorgio Roletto ed., Brescia, Vannini, 1934, p. 468.

12 Yearly relations *Cosulich Società triestina di navigazione*, various years.

13 Iri historical archives, «Relazione sulla Cosulich, soc. triestina di navigazione» [1936], Iri nera, b. 74, f. «Cosulich», p. 3.

#### 4 – The state-ownership period

The ironic fate of the Cosulich family wanted in fact that the disappearance of the company, after so many troubles, coincided with the final reorganization of the company, and its resettlement over sound economic basis. The profitability improved on almost all lines, due largely to the success obtained on the Atlantic lines by the four motorships, on which Cosulich had invested so much resources to be overwhelmed.

As a consequence of the quasi-bankruptcy of the Banca Commerciale Italiana, the Cosulich group entered into the orbit of the state-owned industry, in 1933. But this change in the ownership did not interrupt the family programs, even if its leading exponents were no longer the representatives of the property, but salaried executives. The real turning point came with the Second World War, which sunk a large part of the Italian fleet, while the aerial bombings reduced to debris the Monfalcone shipyard.

*Cosulich shipping company: the official (certified) results of the last years.<sup>14</sup>*

		Hendite della navigazione (1)	Spese traffico passeggeri e merci (2)	Spese di navigazione	Utile lordo	Senserie, provvig. e spese funzionamento Agenzie	Saldo
Nord America	(1933)	63.885	15.250	41.230	7.405	8.060	- 655
	)1934	53.433	12.850	31.160	9.423	6.030	+ 3.393
	(1935)	41.833	9.831	24.880	7.122	4.550	+ 2.572
Sud America	(1933)	39.442	7.144	22.885	9.413	3.450	+ 5.963
	)1934	41.591	7.118	24.850	9.623	4.230	+ 5.393
	(1935)	42.736	6.623	23.926	12.187	4.510	+ 7.677
Nord Brasile	(1933)	664	229	2.919	- 2.484	90	- 2.574
	)1934	2.873	959	6.598	- 4.684	310	- 4.994
	(1935)	1.951	584	3.128	- 1.761	230	- 1.991
Crociere e viaggi straordinari	(1933)	12.913	2.274	6.381	4.258	2.012	+ 2.246
	)1934	13.379	3.032	7.408	2.939	1.511	+ 1.428
	(1935)	7.067	1.383	4.314	1.370	822	+ 548
Noleggi Africa Orientale	(1933)	23.933	2.649	12.226	9.058	-	+ 9.058
	(1934)	116.904	24.897	73.415	18.592	13.612	+ 4.980
	)1935	111.276	23.959	70.016	17.301	12.081	+ 5.220
Somma	(1933)	117.520	21.070	68.474	27.976	10.112	+ 17.864
	(1934)	-	-	104	- 104	-	- 104
	)1935	-	-	1.395	-1.395	-	- 1.395
dedotte oneri per permanenze in porto	(1933)	-	-	1.607	-1.607	-	- 1.607
	)1934	116.904	24.897	73.519	18.488	13.612	4.876
	)1935	111.276	23.959	71.411	19.906	12.081	3.825
Totali	(1933)	117.520	21.070	70.081	26.369	10.112	16.257

(1) esclusa la sovvenzione sulla linea Nord Brasile ed il contributo speciale

(2) escluse senserie, provvigioni e pubblicità

The maritime side of the Cosulich strategy had therefore proved itself fully successful, but the financial costs, in extremely difficult years, had been prohibitive, and had condemned the company. The project, however, remained vital, and the Cosulichs managed it within the newborn state owned enterprises.

From our point of view, the phase during which the various members of the Cosulich family were recognized as having some (residual) autonomous entrepreneurial responsibility was also closed. The technical experience accumulated by family members over decades of apprenticeship and unique experiences made them valuable even within the state industry, where they continued to play

<sup>14</sup> *Ibidem*, p. 8.

extremely important roles in shipbuilding and new shipping companies, including Finmare, the very company that had erased the family flag from the oceans.

The Italian state-owned shipping holding finally succeeded in giving a stable form to the national maritime transport market, and imposed a stable and qualified management on the shipping companies, and above all in planning precise strategies for the long term. Within the general framework, the permanence in the public industry of a strange kind of "state family capitalism" allowed to the Cosulich third generation a set of managerial roles so representative that they were considered the leaders of the companies they directed up to the Fifties. But, at the same time, they were the last of their kind. After the Second World War, the Cosulich third generation was a sort of transition figures, inside the management of some public enterprises of the maritime sectors. They retained the nautical capacity and the experience of the sea wolves in a period when a new (for them incomprehensible) maritime-financial-managerial logic was affirming itself.

Slowly, the third generation brought the Cosulich's presence into public industry to its end. In 1949 Augusto died, and in the following years the disappearance of the other brothers led from time to time the abandonment of one or the other branch of activity. In 1957 Antonio died, in 1960 Giuseppe and in 1962 Guido. Among the male sons of Callisto only Alberto remained, and he spent some time guiding what remained of the Cosulich economic empire.

## 5 – Towards the present day.

After the war, however, for a short time alongside the "old" Cosulichs engaged as managers in the recovery of the old group of companies, a new generation began to operate, giving birth to a renewed autonomous business experience, which is lasting up to our days.

Actually, the connecting link was Giuseppe, the youngest of the sons of Callisto. In the fatal 1929 he had inaugurated the New York office of the Cosulich Line, and had continued to manage the activities of the shipping company abroad, first in Shanghai, and then in South Africa. In 1946, he re-established in Trieste an independent company named "Fratelli Cosulich", with offices in Genoa, Naples and Palermo.. In those years, Giuseppe gave a decisive impulse to restart an autonomous activity, initially as marine agents of the Home Lines, and then progressively extending his interests to the other sectors.

The agreement with the Home Lines shipping company was particularly important. Home Lines was a company registered in Panama but operating from Genoa starting in 1946, for passenger transport to the Americas. It was formally owned by a Greek shipowner, Eugen Eugenides, who however acted using the experience and knowledge of the Cosulichs, who thus indirectly returned to the maritime market as shipbrokers. At the beginning, the Home Lines operated with some old ships, partly refitted, which in the post-war emergency conditions were able to generate profits. Not surprisingly, the two most famous ships of the new company were closely linked to the construction site of Monfalcone, renewing the family ties: in 1953 the Homeric was completely refitted, and in 1963 a new construction was launched, the Oceanic. She was renamed "the ship of the future" at the time: it was the first all-cruiser ship launched in Monfalcone.

Since the Fifties, Fratelli Cosulich began to appear on the international maritime markets, providing crews for the new rising shipping companies. After all, as some of them remembers, it was largely the same people who composed the crews of the now ex-family fleet, who, driven by the difficult economic conditions of the time, presented themselves at the Cosulich offices in Trieste and Genoa in search for an occupation. Cosulich took the opportunity to progressively enter the most promising markets, such as the ocean oil platforms, becoming over time one of the main suppliers of specialized personnel worldwide.

A new branch of activity began in 1969, consisting in refueling ships anchored in ports. This service developed rapidly, leading Cosulich to be the main operator in some of the major European

and world ports, with offices in Genoa, New York, Singapore, Hong Kong and Tianjin, but ramifications spread throughout the world. Fratelli Cosulich has also specialized in the representation in Italy of some state shipping companies, for countries like Iran, Tunisia, Ethiopia and China, with a specialization in container logistics.

Since 1994, the progressive privatization of Italian port activities has seen Cosulich (together with the some partners from the Far East) playing a pioneering role in the management of maritime terminals, also thanks to the experience developed near Genoa, in Voltri, but extending the terminal operators activities to Naples and progressively to other ports.

From the representation of foreign airlines, the tourism sector has developed in various ramifications, and along technological progress, the entry into information technology, with particular regard to the needs of the maritime sector.

Fratelli Cosulich today performs both shipping and logistic functions, taking care of services such as crew management, fuel supplies for ships anchored in major ports, container shipments and handling, catering, cruises and travel, airlines, IT (with particular regard to navigation services) and more.