

# **Austria and Prussia**

## **German unification in the nineteenth century**

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Comparative History

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## **Contents**

<u>Introduction</u>	<u>5</u>
Thesis	5
Motivation	6
Historiography	7
The comparative method	8
Sources	9
<u>Chapter I - State &amp; Politics</u>	<u>11</u>
1.1 Introduction	11
1.2 Prussia and Austria in Germany (1815-1850)	11
1.2.1 The era of Metternich	11
1.2.2 After the revolutions	13
1.3 Implications of the 1848 revolutions	14
1.4 Customs Unions and the Zollverein	16
1.5 Prussia and Austria in Germany (1850-1871)	20
1.6 Conclusion	24
<u>Chapter II - State &amp; Society</u>	<u>25</u>
2.1 Introduction	25
2.2 The German Question	26
2.3 Nationalism among the non-German population	28
2.4 Social classes	31
2.5 Citizens in government	36
2.5.1 Education	36

2.5.2 Parliaments and constitutions	37
2.5.3 The modern military	39
2.6 Conclusion	40
<b>Chapter III - State &amp; Economy</b>	<b>42</b>
3.1 Introduction	42
3.2 The role of the state	42
3.3 Taxation in agriculture and industry	45
3.4 Industrialization	46
3.5 State finance	49
3.6 Banking	52
3.7 Conclusion	54
<b>Conclusion</b>	<b>56</b>
<b>Biibliography</b>	<b>63</b>

## Introduction

### Thesis

'Do interests (...) suffice to make a nation? I do not think so', the nineteenth century French philosopher Ernest Renan (1823-1892) noted in 1882. He concluded: 'Community of interest brings about trade agreements, but nationality has a sentimental side to it; it is both soul and body at once; a *Zollverein* is not a *patrie*.'<sup>1</sup> Renan was probably correct to insert the word 'suffice' in his first statement, but his second statement is a curious one considering that ten years earlier, ten miles from the Paris university where Renan gave his lecture, the Palace of Versailles had witnessed the creation of a new Empire. There, in 1871, King Wilhelm I of Prussia was proclaimed Emperor Wilhelm I of the German Empire (*Deutsches Reich*) after a short war between a coalition of German states and France (1870-1871).

However, not all German states were part of this coalition. Most notable among the absentees was Austria, the old centre of the traditional imperial Habsburg dynasty of the Holy Roman Empire. Prior to its abolition in 1806, the Holy Roman Empire had included virtually all German states which totalled hundreds of small counties, duchies, free cities and kingdoms. The Napoleonic Wars of the early nineteenth century had reduced the number of German states to 39, and it was a plurality of these states that formed the German Empire. An Empire that did not follow the borders of the former Holy Roman Empire, nor the borders of *Großdeutschland* (Great Germany), a concept that envisioned the unification of all German-speaking regions. Instead, the new Empire followed, save for a few minor exceptions, the borders of the Prussian-led *Zollverein*; the northern German customs union that had been created in 1834. A *Zollverein* may not be a fatherland in the way Renan described it, it did seemingly form the basis of a European empire. How did this happen? The key to understanding this issue is the changing balance of power between the German states; primarily between the Austrian Empire and the Kingdom of Prussia.

The Napoleonic Wars sent the German states careering into the nineteenth century and led to the disbanding of the Holy Roman Empire under French pressure, something which

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<sup>1</sup> Ernest Renan, *Qu'est-ce qu'une nation?*, Sorbonne 11 March 1882. The original French passage is as follows: "La communauté des intérêts est assurément un lien puissant entre les hommes. Les intérêts, cependant, suffisent-ils à faire une nation ? Je ne le crois pas. La communauté des intérêts fait les traités de commerce. Il y a dans la nationalité un côté de sentiment ; elle est âme et corps à la fois ; un *Zollverein* n'est pas une patrie." (English translation courtesy of The Cooper Union: [http://www.cooper.edu/humanities/core/hss3/e\\_renan.html](http://www.cooper.edu/humanities/core/hss3/e_renan.html))

'provoked remarkably little contemporary comment'.<sup>2</sup> Anticipating the French threat to his imperial status, Emperor Franz II assumed the title of Emperor of Austria in 1804 in order to 'deprive Napoleon of a possible weapon for his German ambitions and to safeguard Vienna's position'.<sup>3</sup> It prompted the German historian Thomas Nipperdey to start his seminal account of modern German history with the phrase: '*Am Anfang war Napoleon*'.<sup>4</sup>

Following the defeat of Napoleonic France, the European powers created the German Confederation (*Deutsche Bund*). The Kingdom of Prussia called for a Confederation with a strong executive through which Prussia and Austria could dominate its proceedings, but Austria blocked these initiatives. Austria's efforts to weaken the Confederation had the inadvertent effect of creating a political vacuum with regards to 'customs harmonization and federal security policy'.<sup>5</sup> The lack of initiative at the level of the Confederation, together with its own fractured constituent regions, drove Prussia to exploit these openings and to independently assert its influence over other German states, culminating in what historian Christopher Clark has called a 'German policy'.<sup>6</sup> Did the Prussian initiative on these issues result in its leading role in the German unification of 1871?<sup>7</sup> Nineteenth century nationalistic historians often claimed it did, while modern historians have downplayed its effects. Nevertheless, it was one of the factors that, between 1815 and 1871, played a part in Prussia's emergence as a rival to Austria's position amongst the German states. How this kingdom attained its position of primacy among the German states and led the nineteenth century German unification, surpassing one of Europe's oldest great powers in the process, is the question that is to be answered in this research.

## Motivation

The thesis statement is formulated as it is to keep the research focussed on the political and socio-economic changes and conditions in Prussia in comparison to those in Austria with regards to their effects on German unification. While still a broad subject, it is not all

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<sup>2</sup> Christopher Clark, *Iron Kingdom - The Rise and Downfall of Prussia 1600-1947* (London 2006) 295-296.

<sup>3</sup> Robin Okey, *The Habsburg Monarchy c. 1765-1918* (London 2001) 70. The fact that he was Emperor of two different Empires (at the same time), is the reason he is referred to as both Franz II and Franz I.

<sup>4</sup> Thomas Nipperdey, *Deutsche Geschichte 1800-1866 - Bürgerwelt und starker Staat* (München 1985) 11.

<sup>5</sup> Clark, *Iron Kingdom*, 388-391.

<sup>6</sup> David Blackbourn, *History of Germany 1780-1919: The Long Nineteenth Century* (Oxford 2003) 72; Clark, *Iron Kingdom*, 391.

<sup>7</sup> Clark, *Iron Kingdom*, 388-391.

encompassing. The most obvious subject that has been kept in the background is that of the military campaigns. The military has played a large part in the historiography of Prussia, and even in Prussia's self-image: during the reign of Friedrich II (r. 1740-1786), his minister Schrötter famously said that '[Prussia is] not a country with an army, but an army with a country.'<sup>8</sup> The role of the military in the unification of Germany in the nineteenth century is evident; two swift military campaigns, in 1866 and 1870/1871, both led to abrupt and dramatic changes in the power balance among the German states. However, the Prussian army did not exist independently of the state - and its activities needed to be paid. Standing armies are expensive, and are a significant burden on state finances. Though Prussia could field armies comparable in size to Austria during the Napoleonic Wars, it could do so only for a short time at great cost to the rest of the state. It was the reason Friedrich II had used the term 'artificial power' to describe the position of Prussia among the European powers.<sup>9</sup> These limitations seemed to no longer apply during the 1860s and 1870s, and Prussia was not only able to assert itself as the dominant German state, but was also able to lead the way to German unification - a Germany without Austria. This required more than military victory, and it is on these changes that this research is focussed; the changes that made the Prussian answer to the German national question acceptable to the majority of the other German states.

## Historiography

Following the German unification of 1871, nationalist historians such as Heinrich von Treitschke (1834-1896) involved themselves in the writing of Germany's 'national history'. During the early 20th century, the First World War did much to discredit the nationalist and self-congratulatory historiography, and the Second World War solidified much of the critique about these interpretations. After 1945, the supposed autocratic and militaristic tradition of Germany, and Prussia in particular, was said to be the cause of the misery of the two World Wars. This gave rise to the *Sonderweg*-theory promulgated by historians such as Hans-Ulrich Wehler (b. 1931), who claimed that the German states had a unique and troubled political modernization compared to other European states. This dominant trend in historiography has changed somewhat from the 1980s onward. Some of the historians who have sought to provide context and nuance to Prussian and German history are Christopher Clark (b. 1960) and David Blackbourn (b. 1949), who has challenged the *Sonderweg*-theory in his 1984 book

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<sup>8</sup> Samuel Mitcham, *The Rise of the Wehrmacht: the German armed forces and World War II, Band 1* (2008) 1.

<sup>9</sup> John Breuilly, *Austria, Prussia and Germany 1806-1871* (Harlow 2002) 22.

*The Peculiarities of German History: Bourgeois Society and Politics in Nineteenth-century Germany*.<sup>10</sup> Comparative historical research into the German nineteenth century unification has also been done, most notably by John Breuilly. Austrian historiography is more limited, though Austria is often included in accounts of German history prior to 1871. One of the more authoritative modern works on Austrian history is Robin Okey's *The Habsburgs Monarchy c. 1765-1918*.

### **The comparative method**

To illustrate and better understand the different developments of Prussia and the Austrian Empire in the German context this research will use a comparative methodology. Comparative historical analysis dates from at least the eighteenth century, and was the methodology used by writers who shared 'a commitment to offering historically grounded explanations of large-scale and substantively important outcomes'.<sup>11</sup> This does not mean that an attempt is made to formulate theories of 'universalizing knowledge', instead, comparative history focusses on 'specific sets of cases that exhibit sufficient similarity to be meaningfully compared with one another'. The outcomes of comparative historical analysis therefore 'remain grounded in the histories examined'.<sup>12</sup> The specific kind of comparative historical analysis used in this research is that which is defined by James Mahoney and Dietrich Rueschemeyer as being concerned 'with causal analysis, an emphasis on processes over time, and the use of systematic and contextualized comparison'.<sup>13</sup>

This means that, while less detailed than narrative history, and examining a smaller sets of cases than the social sciences, comparative historical analysis adopts a middle way that combines qualitative and quantitative research.<sup>14</sup> This combination is expressed in the form of Boolean algebra, associated within the social sciences with Charles Ragin. By using 'presence/absence conditions', variables are made into binary data that can be applied to a so-

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<sup>10</sup> First published in 1980 in German: *Mythen deutscher Geschichtsschreibung: Die gescheiterte bürgerliche Revolution von 1848*.

<sup>11</sup> James Mahoney and Dietrich Rueschemeyer, 'Comparative Historical Analysis: Achievements and Agendas', in: James Mahoney and Dietrich Rueschemeyer (ed.), *Comparative Historical Analysis in the Social Sciences* (New York 2003) 3-4.

<sup>12</sup> *Ibidem*, 8-9.

<sup>13</sup> *Ibidem*, 10.

<sup>14</sup> Charles C. Ragin, *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies* (Berkeley 1987) 16-18.

called truth table that list possible combinations of the causes, and the historic outcome of these combinations. For example, if a research has three variables (A,B,C) but a similar outcome regardless of the presence or absence of B, there is no causal relation between variable B and the specified outcome.<sup>15</sup> In this way, it is possible to identify variables, or conditions, as either irrelevant, sufficient, or necessary for a specified outcome.<sup>16</sup>

In this research two cases with broad variables are examined. The method promulgated by Ragin is therefore not fully applicable, as a strict Boolean approach would oversimplify the results of the research, while further specification of the variables is unsuitable given the limited number of cases. Before describing how the variables will be used in the conclusion, it is important to define the 'outcome' of the comparative historical analysis against which these variables will be measured. As the thesis concerns the changing relation between two states and their role among the German states, the outcome can be described as 'takes a leading role in German unification'. The variables discussed will be assigned a value based on their contribution to this outcome. This value will be either +, to indicate that the variable has contributed to the state in question taking a leading role in German unification, or -, to indicate that the variable has diminished the role of the state with regards to unification. If no significant change can be said to have resulted from a variable, the neutral +/- will be used.

This research has been done variable-centered, rather than case-centered. The limited number of cases has made this the more appropriate form of comparative analysis. The variables have been divided into three categories, all of them discussed in relation to the state; politics, society and economy. These categories have been chosen because they each saw significant developments over the course of the nineteenth century, and between 1815-1871 in particular, that shaped the German unification.

## Sources

Comparative historic research is often indebted to the historical research of other historians, and it is no different in this case. Save for a few exceptions, this research is based on secondary literature on the subjects discussed, while the methodology is based on Charles Ragin's *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies*. The background on Prussian and Austrian history was provided by Christopher Clark's *Iron*

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<sup>15</sup> Ragin, *The Comparative Method*, 86-89.

<sup>16</sup> *Ibidem*, 23-30.

*Kingdom: The Rise and Downfall of Prussia 1600-1947*, David Blackbourn's *History of Germany 1780-1918: The Long Nineteenth Century* and Robin Okey's *The Habsburgs Monarchy c. 1765-1918*, each of which features an extensive treatment of the issues discussed in this research. John Breuille's *Austria, Prussia and Germany 1806-1871* is a comparative work, and served as a starting point for the variable selection as well as the delineation of the historical periods discussed. Further works and articles contributed additional information; all of which are included in the bibliography. The differences in the historical works on these two states means a direct comparison is not always possible, which will be most significant in the chapter on economic development, where data for both states is not always available, while Austrian development has 'previously been badly underestimated'.<sup>17</sup> A final note on citations: cited information can often be found in multiple sources, and to avoid unnessasery clutter, only the most applicable work has been entered into the footnotes.

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<sup>17</sup> Breuille, *Austria, Prussia and Germany 1806-1871*, 89-90.

## Chapter I

### State & Politics

#### 1.1 Introduction

In discussing the German re-unification in 1990, historian Imanuel Geiss made the point that 'only the Germans, when they come together politically in a (national) state, automatically become overnight the strongest power in their region'.<sup>18</sup> For centuries, other European powers had been content to see Germany fractured into smaller polities. So much so that a French diplomat proclaimed the Treaty of Westphalia of 1648 'the finest jewel in the King of France's crown', as it all but guaranteed German disunity. The Holy Roman Empire that had preserved German disunity in one form or other for almost a thousand years was shattered by France in 1805, when Napoleon Bonaparte marched his French armies into Germany and defeated first Austria at Austerlitz and then, in 1806, Prussia at the battles of Jena and Auerstedt.

After the defeat of France in 1814/1815, political leaders sought to prevent the emergence of a new dominant power that could upset the European balance of power. Especially the dissolution of the Holy Roman Empire in 1805 called for a clarification of the political situation in Central Europe. To that end, the German Confederation (*Deutsche Bund*) was created. Austria would lead the German states in creating a buffer between France and Russia that would ensure European stability. In this chapter, we shall see that this stability started showing signs of eroding almost from the moment it was created.

#### 1.2 Prussia and Austria in Germany, 1815-1850

##### 1.2.1 The era of Metternich

In 1815 the German Confederation was created to enforce the new balance of power in Europe. The kingdom of Prussia, which had acquired significant new territories in western Germany (Rhineland and Westphalia), wanted it to have a strong executive, but Austria rejected these attempts after disagreements over Prussia's attempted annexation of Saxony. Austria regarded expansion of Prussia into Central Europe as weakening its own position among the German states, and as a possible threat to the new European equilibrium.<sup>19</sup>

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<sup>18</sup> Imanuel Geiss, *The Question of German Unification 1806-1996* (London 1997) 19.

<sup>19</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 24-25.

Because its credibility as 'the defender of legality and tradition' formed the basis of Austria's role in the European order, the Austrian Klemens Wenzel von Metternich (1773-1859) wanted to exert a 'moderating influence on European affairs'.<sup>20</sup> This had been one of his Primary objectives at the 1815 Congress of Vienna, and was aimed both at keeping France and Russia from influencing central Europe as Napoleon had, and at suppressing the influence of revolutionaries and nationalists in German politics, thus protecting the position of Austria and the Austrian monarchy. To accomplish these aims, Austria had to work with other German states.<sup>21</sup> Metternich maintained that strong relations with Prussia was most important, even though the conflict over Saxony had resulted in a compromise that prevented Austria and Prussia from having a majority vote within the Confederation.<sup>22</sup> However, strong relations with Prussia threatened to make Prussia Austria's equal. For Metternich this was undesirable, since Austria's primacy 'had both symbolic and practical significance for the Habsburg Monarchy' because it enabled Austria to compel the Confederation into supporting Austria's non-German affairs in Italy and the Balkans.<sup>23</sup>

Following 1815, Prussia followed Austria's lead, and there was little reason not to: in the east, Russia was contained through Metternich's 'restraining alliances', and in the west, the Netherlands provided a large buffer to French aspirations. These settlements came under some strain during 1830, because of the July Revolution in France and the Belgian proclamation of independence. Nevertheless, the objective of the Prussian-Austrian cooperation continued to be met; preventing constitutional governments from forming, and the repression of 'radical, liberal and national movements'.<sup>24</sup>

This apparent calm obscured a fundamental difference between the two German powers. If both had been reluctant to accommodate trends of modernization and liberalism in the late eighteenth century, France's invasion forced the issue, prompting Prussia to make 'a flight to the front'.<sup>25</sup> Austria had reacted more reluctantly, and a second defeat by the French in 1809 did much to discredit the cautious. Prussia rejoined the war against France at Austria's

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<sup>20</sup> Roy A. Austensen, 'Struggle for Supremacy in Germany 1848-1864', in: *The Journal of Modern History*, Vol.52 No.2 (June 1980) 224.

<sup>21</sup> Ibidem, 224.

<sup>22</sup> Ibidem, 204-205; Breuilley, *Austria, Prussia and Germany 1806-1871*, 24-25.

<sup>23</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 203-205; Blackbourn, *History of Germany 1780-1919*, 71-73.

<sup>24</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 28-32.

<sup>25</sup> Tim Blanning, 'Napoleon and German identity', in: *History Today*, Vol.48 Issue 4 (April 1998) 39.

side in 1813, and the French defeat led to two opposite conclusions: for Prussia it seemed to prove that the reforms had been a success, but for Austria it seemed to justify that their return to 'the old ways' after 1809 had been the right choice, a conclusion shared by the conservative Austrian Emperor Franz I.<sup>26</sup>

### 1.2.2 After the revolutions of 1848

On April 28th 1849, Friedrich Wilhelm IV of Prussia rejected the imperial crown offered by the revolutionary Frankfurt Parliament, labelling it a '*Krone aus der Gosse*'. But this was not an end to Prussia's aspirations to a greater role in German affairs. On the same day the king proposed the formation of a 'League of Kingdoms' that would replace the German Confederation.<sup>27</sup> Bavaria and Württemberg rejected it, but Hannover and Saxony showed an interest. An election for a parliament in Erfurt was held in early 1850, but it lacked popular support and was seen as a Prussian tool. Hannover and Saxony left the Union, and called for a stronger German Confederation.<sup>28</sup> Austria added to the confusion by proposing that the entire Austrian Empire should join the Prussian-led customs union, the *Zollverein*, from which it had until then been excluded (see 1.4, below). Austria's minister Schwarzenberg admitted the plan was a '*Popanz*', a bugbear, meant to force Prussia into negotiations about the state of the German Confederation.<sup>29</sup>

The matter was further complicated when the Grand Duke of Hessen-Kassel turned back changes brought about by the 1848 revolutions and left the Union. Austria vowed to support Hessen-Kassel should it appeal to the Confederation for aid. When it did, Prussian forces marched into Hessen-Kassel claiming to defend the supposed 'constitutional' Union. Austria took a stand, threatened to go to war over the issue and pointed out that it had the support of the Russian Empire. After much debate, in which the Prussian conservatives agreed with the Austrian position,<sup>30</sup> Prussia gave in and retreated from Hessen-Kassel.<sup>31</sup> The event, which came to be known as the Humiliation of Olmütz, named after the place in which the

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<sup>26</sup> Blanning, 'Napoleon and German identity', 38-40.

<sup>27</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 56-58.

<sup>28</sup> *Idem*.

<sup>29</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 223.

<sup>30</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 151-152. Otto von Bismarck, then a member of the Prussian *Landtag*, lamented the fact that 'Prussia [played] the role of Don Quixote for parliamentary celebrities'; Bismarck's speech to the Prussian *Landtag* on the Olmütz Agreement, December 3rd 1850.

<sup>31</sup> Hans Joachim Hahn, *The 1848 Revolutions in German-Speaking Europe* (Harlow 2001) 184-185.

agreement was signed, led to the reinstatement of the German Confederation along pre-1848 lines.<sup>32</sup> Given Austria's assertion of primacy, its failure to take the initiative in reforming the Confederation seemed curious even to contemporaries like the Bavarian prime minister Von der Pfordten who concluded that 'The fight for control of Germany has been settled and Austria has lost'.<sup>33</sup>

### 1.3 Implications of the 1848 revolutions

In Austria the revolution of 1848 forced Metternich to resign, but the changes resulting from the formation of the new Schwarzenberg/Bach ministry proved short-lived. The constitution providing a strong central executive headed by the Emperor and a ministerial council and minister-president was never put into practice. Schwarzenberg's death in 1852 only hastened the process; the ministerial council was replaced by 'a weak ministerial conference presided over by the foreign minister, while the emperor took upon himself the entire burden of policymaking'.<sup>34</sup> The subsequent creation of an imperial council opened the doors for the return of pre-March officials. Though Metternich had left Austria altogether, his ideas had not. Indeed, 'after 1848 Schwarzenberg, Buol and Rechberg consciously attempted to continue the essential features of Metternich's German policy'.<sup>35</sup> The year of the revolution also saw a change in monarch: Ferdinand I abdicated in the fall, making place for his nephew Franz Joseph II. The 'somewhat unimaginative young man', as historian Robin Okey termed him, seemed at first glance a throwback to the courts of centuries past.<sup>36</sup> However, what came to be known as the 'Bach-system' was firmly in the young Emperor's hands, who actively sought to recreate the absolutism of his predecessors. Ten years later, in 1858, Bach 'complained that Austria's internal affairs had become paralyzed'. With the empire on the brink of bankruptcy, Bach's spirits were so low that "after a conversation with Bach, one Austrian diplomat commented simply, 'It seems hopeless'".<sup>37</sup>

The resignation of Metternich convinced Friedrich Wilhelm IV of Prussia and his advisors that they had to respond to the unrest in Berlin. The king 'agreed to publish royal

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<sup>32</sup> Blackbourn, *History of Germany 1780-1919*, 178-179.

<sup>33</sup> Breuille, *Austria, Prussia and Germany 1806-1871*, 58.

<sup>34</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 198-200.

<sup>35</sup> *Ibidem*, 222-223.

<sup>36</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 158-160.

<sup>37</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 200-202.

patents announcing the abolition of censorship and the introduction of a constitutional system'.<sup>38</sup> The government that emerged from the tense situation in March proved highly unstable. Between March and October, three prime ministers attempted to reconcile the new assembly and the king, but all failed. The king and his advisors had seen enough, and appointed the conservative Brandenburg. On December 5th the assembly was officially dissolved and a new constitution was announced.<sup>39</sup> Though the constitution was not the result of a popular assembly but of a royal edict, it was nevertheless popular among 'liberals and moderate conservatives'. Prussia was now a constitutional state, and 'new channels of communication opened up between the administration and powerful lobby groups of liberal entrepreneurs'. The result of which was "an amalgamation of old and new elites based not on an identity of interest, but on a 'negotiated settlement', from which both sides could draw benefits".<sup>40</sup>

The existence of a parliament freed Prussia from the State Indebtedness Law that had been enacted in 1820 and had limited public spending by inserting a clause that required the approval of a 'national assembly', the United Diet, for any increase of the Prussian state debt. Despite the United Diet not being a hotbed for radicalism, the Prussian monarchy had maintained that "concessions toward 'democracy' [were] to be avoided at all costs".<sup>41</sup> But the new parliament was happy to follow the government's lead in increasing public spending: 'we now stand at the government's side and will always approve the funds required', one deputy said.<sup>42</sup> In chapter III, we will see how Prussia allocated its public spending to certain sectors of the modernizing economy at the same time, Austria's spending will bring it to the brink of bankruptcy.

Perhaps the most striking difference between Austria and Prussia during the revolutionary years of 1848-1849 is the reaction to its national aspirations. Whereas the Prussian Prime Minister Bodenschwingh had proclaimed that 'The king wishes that there should be a German national flag' and that 'Prussia should place itself at the head of the movement', Austria had faced the effects of nationalism from a different perspective.<sup>43</sup> It had

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<sup>38</sup> Clark, *Iron Kingdom*, 471.

<sup>39</sup> *Ibidem*, 481-482.

<sup>40</sup> *Ibidem*, 502-503.

<sup>41</sup> Richard Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866' in: *The Journal of Economic History*, Vol. 26, No. 4, The Tasks of Economic History (Dec. 1966) 488.

<sup>42</sup> Clark, *Iron Kingdom*, 504, 342.

<sup>43</sup> *Ibidem*, 472.

clamped down on Hungarian revolutionaries, but rather than submitting to imperial rule, the revolution erupted in a war of independence that lasted throughout 1849 and was only put down after Russia came to Austria's aid. The scale of the war prompted the later British prime minister Temple to state that by 'continuing the fight till the end, Austria is crushing her right hand'.<sup>44</sup> Because of these experiences, 'Austria opposed any moves towards a national state', fearing either a removal from the German political community, or the breakup of its empire along nationalist lines.<sup>45</sup> Austria, its government asserted, had 'a thousand year old right as the premier German power' which it was 'not prepared to surrender'.<sup>46</sup> Prussia, however, 'was interested in such moves if it could control them'.<sup>47</sup> In a Prussian circular, sent to its envoys at the seats of other German governments dated January 23rd 1849, it was announced that 'the royal government recognizes its duty now as before in continuing to advance along the path taken in summoning the German National Assembly'.<sup>48</sup>

Though a generalization, it is nevertheless noteworthy that the national question created a situation in which Prussia, as the largest state in northern Germany, stood to gain from German nationalism that favoured further unification while the Austrian Empire was under threat of being divided along nationalistic lines. The further implications of the ascent of nationalism onto the political stage will be discussed in chapter II.

#### **1.4 Customs Unions and the *Zollverein***

Before the Napoleonic Wars, the hundreds of small German states had all levied fees on importation and exportation of goods and for historic, political and geographic reasons, many states also had numerous internal trade barriers. Since no significant precedent for policy on these issues existed in the Holy Roman Empire, discussions about tariff policy and customs unions were absent from the deliberations of the German Confederation. Nevertheless, the Prussian reformers of 1807 attempted to address the issues of 'customs regulations and toll and excise revenue' and to create a Prussian tariff-free zone.<sup>49</sup> Manufacturing groups, too,

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<sup>44</sup> János B. Szabó, 'Hungary's Ill-fated War of Independence', in *Military history*, Volume: 16, Issue: 3 (August 1, 1999) 41.

<sup>45</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 53, 141-144.

<sup>46</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 161.

<sup>47</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 53, 141-144.

<sup>48</sup> *Ibidem*, 141-143.

<sup>49</sup> Clark, *Iron Kingdom*, 318-319.

urged the Prussian government to remove internal tariffs, but also called for the economy to be shielded from exports from France and Britain.<sup>50</sup> It was precisely this fear of cheap exports from other German states that made it impossible to garner Austrian support for trade regulations in the German Confederation.

Prussia moved to abolish its internal tariff barriers in 1818,<sup>51</sup> and set out to bridge the geographic gaps between parts of the kingdom by bringing surrounding states into a Prussian customs union (*Zollverein*), a process which was accomplished by 1831, when Hessen-Kassel joined. By this point, the *Zollverein* had long outgrown its original objective of bridging the gap between parts of the Prussian kingdom and had changed into a political tool that Prussia could use to influence other German states.<sup>52</sup> As such, it may be said that its expansion 'can be explained largely in terms of Prussian-German power politics'.<sup>53</sup> The Prussian diplomat Eichhorn made this clear in 1828 when he discussed the acceptance of Hesse-Darmstadt into the *Zollverein*: 'Even if (...) the financial and state-economic advantages are more on the side of the Archduchy than Prussia, the inequality created thereby presents the prospect of winning a greater political influence over the Archduchy and of making it more dependent on the system of Prussia.'<sup>54</sup> This dependency grew fast. When Hesse-Darmstadt complained about what it saw as unfair concessions to Bavaria and Württemberg in a 1829 treaty, it was summarily rebuffed.<sup>55</sup>

Prussian caution in dealing with Bavaria and Württemberg is understandable, as 1828 had seen the rise of three major custom unions. In the south (Bavaria, Württemberg), the north (Prussia, Hessen-Darmstadt), and a third in the middle (Hannover, Brunswick, Nassau,

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<sup>50</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 32-34.

<sup>51</sup> Not much attention was given to external tariff barriers, which were traditionally low:  $\pm 8-12\%$ , compared to  $\pm 45-55\%$  in the United Kingdom and  $\pm 25-35\%$  in Denmark. The lack of a coherent, state-wide policy makes it impossible to recreate meaningful figures for Austria; Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (New York 2003) 17. Table 2.1, 'Average tariff rates on manufactured products for selected developed countries in their early stages of development (weighted average, in percentages of value)'.

<sup>52</sup> Frank B. Tipton, 'Government and the economy in the nineteenth century', in: Sheilagh Ogilvie and Bob Scribner (ed.), *Germany, A New Social and Economic History* (London 2003) 117-118.

<sup>53</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia', 487.

<sup>54</sup> David T. Murphy, 'Prussian aims for the Zollverein, 1828-1833' in: *Historian*, Vol. 53 Issue 2 (Winter 1991) 285, 18p.

<sup>55</sup> *Idem*.

Hessen-Kassel, Frankfurt-am-Main, Saxony and the small Thuringian states).<sup>56</sup> Prussia immediately suspected Austrian involvement in the creation of this 'Middle German Commercial Union', prompting the Finance Ministry to inform the Ministry of Foreign Affairs that it suspected the union 'has much more the aim of resisting a wider expansion of our customs system'.<sup>57</sup> It is primarily for this reason that nationalist historians such as Treitschke and Droysen portrayed the *Zollverein* in an anti-Austrian light. More recently, historians have pointed to numerous instances in which Prussia took care not to antagonize Austria, and suggested that it instead attempted to create a tighter (German) bulwark against the perceived French threat of old.<sup>58</sup>

The Middle German Commercial Union proved a thorn in Prussia's side, and its Ministry of Foreign Affairs denounced the union and hinted that 'the Prussian government retains no general reluctance toward the same sorts of hostile measures'.<sup>59</sup> Meanwhile, the union was proving largely ineffective. Drawn together by their refusal to submit to a Prussian-led union, the states found it difficult to reach agreements on other issues. In May 1829, Prussia reached the aforementioned agreement with Bavaria and Württemberg, and before long some of the smaller members seemed ready to cave under Prussian pressure. The first two to do so were Gotha and Meiningen; which meant a road could now be built to link the northern and southern unions. The encirclement of the middle union was complete when Prussia reached an agreement with the Netherlands about shipping on the Rhine in 1831, and connected its western and eastern provinces by accepting Hessen-Kassel into the northern union. Its obstructionist power broken, the Middle German Commercial Union collapsed. Hannover, supported by Austria and Britain, made a final attempt to prevent the *Zollverein* from taking root by suggesting to start negotiations within the German Confederation, but Prussia made it clear that there were to be no more negotiations. One year later the southern union of Bavaria and Württemberg was absorbed into the northern *Zollverein*.<sup>60</sup>

Austria's suggestion in late 1850 to incorporate the Austrian Empire into the *Zollverein* had been used to force Prussia to consider more moderate solutions to the problems of the German Confederation following the revolutions of 1848, and was not seriously pursued.

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<sup>56</sup> William Otto Henderson, *The Rise of German Industrial Power* (Berkeley 1976) 34-36.

<sup>57</sup> Murphy, 'Prussian aims for the *Zollverein*, 1828-1833'.

<sup>58</sup> Blackbourn, *History of Germany 1780-1919*, 72, 86-87. And: Murphy, 'Prussian aims for the *Zollverein*, 1828-1833'.

<sup>59</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 220-221.

<sup>60</sup> Henderson, *The Rise of German Industrial Power*, 35-36.

When a crisis in 1851 over the entry of Hannover threatened to split the *Zollverein*-members, Austria attempted to stir the situation. But it had significantly less leverage over the smaller states on economic matters than Prussia, which had little trouble mobilizing the economic interest groups against their own governments whenever they showed signs of leaning towards the Austrian position.<sup>61</sup> Schwarzenberg's attempts to change the state of the *Zollverein* thus failed, in part because Austria was unable to provide a coherent alternative.<sup>62</sup> Shortly after, the new Austrian Foreign Minister Buol, sought a quick solution to the *Zollverein*-issue, seeing it merely as 'a political matter' and showing 'little interest in the complicated economic questions involved'.<sup>63</sup> Buol's negotiations with Prussia resulted in a trade and customs treaty in 1853. On one point Prussia would not give an inch: Austria could not immediately join the *Zollverein*, which had by then also '[taken] on the responsibility for international tariff negotiations'.<sup>64</sup> The treaty left the door open for a possible entry in 1860, but it was clear that when it came to economic matters it was Prussia's word that carried the most weight.<sup>65</sup>

The conflict over the *Zollverein* was not simply a matter of Prussia using its economic power over the other states to keep Austria out, though this may at times have played a part in considerations, it should also be noted that Austria failed to provide an acceptable alternative to the other German states and maintained economic policies that made integration into the *Zollverein* impossible. Roy Austensen writes: 'The middle-sized states (...) were generally unwilling to follow Austria's conservative, antinational policies. Moreover the price Vienna would have had to pay for their support was to take a much more flexible attitude toward the demands of liberals and nationalists and to offer a viable alternative to the Prussian *Zollverein*. But Austria was a dynastic, multinational state with a protectionist economy and could not afford these concessions.'<sup>66</sup>

By keeping Austria out of the *Zollverein* for at least another decade, Prussia seems to have denied Austria its chance of restoring a certain degree of balance to the German political and economic landscape. When negotiations were reopened in the 1860s, Austria had suffered military defeat in Italy, had introduced a constitution that had given more influence to an

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<sup>61</sup> Blackbourn, *History of Germany 1780-1919*, 141.

<sup>62</sup> Breuille, *Austria, Prussia and Germany 1806-1871*, 58-60.

<sup>63</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 206-207.

<sup>64</sup> Blackbourn, *History of Germany 1780-1919*, 141.

<sup>65</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 222.

<sup>66</sup> *Ibidem*, 223.

'Austrian German business community' disinclined to face German competition, and economic differences between the eastern half of the empire and the northern German states had only increased.<sup>67</sup> In 1862, the newly appointed Minister President Bismarck 'took a firm free trade line (...) to ensure agreement with France and the exclusion of Austria from the *Zollverein*'.<sup>68</sup> But these negotiations with France proved an opportunity for Austria to involve itself in the *Zollverein*, and it successfully encouraged the objections of the southern German states. Prussia, Austria's Foreign Minister claimed in a letter to his emperor, 'deliberately continued to proceed in such a way as to make it impossible to the Imperial Government ever to realize the Customs Union, which by the treaty of February 1853 was set as Austria's and Prussia's common aim'. He feared that a renewal of the *Zollverein* and the adoption of the new treaty with France would lead to Austria's 'permanent exclusion from all share in guiding Germany's policy'.<sup>69</sup> He also recognized that Austria was unable to offer an alternative to Prussia's *Zollverein* and that only further reductions to Austria's tariffs would 'make it possible (...) to prove to Prussia that no economic barrier lies in the way of a German-Austrian Customs Union'.<sup>70</sup> Faced with these enduring obstacles to the adoption of the French treaty, Prussia and Bismarck made 'it clear that, if necessary, Prussia would leave the customs union and negotiate separate agreements with non-German states'.<sup>71</sup> This threat convinced the other *Zollverein* states to accept the Prussian proposal, leaving Austria excluded from the *Zollverein* without the prospect of a more favourable resolution in the immediate future.<sup>72</sup>

### 1.5 Prussia and Austria in Germany (1850-1871)

From 1850 onwards the reinstated German Confederation and a common anti-revolutionary policy created an awkward calm in German politics, but the relationship between Austria and Prussia had changed. Austria's seeming inability to shape the German Confederation as it saw fit, as it to a large degree had done in 1815, revealed an equality between Austria and Prussia that had not existed before. At the same time, Prussia's failure to push through its Union policy in northern-Germany indicated that whatever the Prussian ideas about German

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<sup>67</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 66-67.

<sup>68</sup> *Ibidem*, 71.

<sup>69</sup> Report of Rechberg to Franz Joseph, May 1864, in: *Ibidem*, 160-161.

<sup>70</sup> *Idem*.

<sup>71</sup> *Ibidem*, 71.

<sup>72</sup> Blackbourn, *History of Germany 1780-1919*, 184, 188; Clark, *Iron Kingdom*, 523.

unifications, the rest of the German states, including Austria, were not about to let Prussia have its way.<sup>73</sup>

The most important political developments of the 1850s took place on the international stage. More specifically, while Prussia maintained a policy of neutrality, Austria involved itself in two wars, and severely damaged its international position as a result. Three changes in the European balance of power complicated Austria's position. First, Napoleon III of France was 'determined to upturn the 1815 settlement' and stirred unrest in Austria's Italian provinces. Second, Prussia was reluctant to follow Austria's lead, and sought a more independent stance. Third, Nicholas I of Russia became involved in 'a scheme for the partition of European Turkey'.<sup>74</sup> Austria attempted to salvage something from the Crimean War (1853-1856) by siding with France and Britain against its traditional Russian ally, but also refusing military action. Austria thus 'reaped the disfavour of both sides'.<sup>75</sup> Napoleon III continued to rattle the Austrians over the issue of Italian nationalism, and in 1859 Austria 'allowed herself to be provoked into declaring war'. What was expected to be 'a quick knock-out blow against Piedmont' turned into a disaster when France joined the war, resulting in an Austrian defeat at Solferino in the largest European battle since the Napoleonic Wars, and the loss of Lombardy.<sup>76</sup> Determined to maintain its role among the German states, Austria was again drawn into war in 1864, this time together with Prussia, to 'prevent the integration of the majority German duchies of Schleswig-Holstein into the Danish state'.<sup>77</sup> While singing the praises of a 'true German policy' under the united leadership of Austria and Prussia, Bismarck nevertheless sought to obstruct Austrian policy concerning the two duchies.<sup>78</sup> Tensions between Austria and Prussia culminated in January 1866 when a nationalist event in Holstein prompted Prussia to accuse Austria of ignoring the Convention of Gastein that had divided the duchies between Austria and Prussia. In Berlin Bismarck privately described the Austrians as blocking Prussia's 'natural and justified' mission to lead Germany, and a consensus was formed that war was inevitable.<sup>79</sup>

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<sup>73</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 58-60.

<sup>74</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 173.

<sup>75</sup> *Ibidem*, 174.

<sup>76</sup> *Ibidem*, 175.

<sup>77</sup> *Ibidem*, 186.

<sup>78</sup> Clark, *Iron Kingdom*, 532.

<sup>79</sup> *Ibidem*, 530-533.

While Prussia tightened relations with a Russia still incensed over the Austrian 'betrayal' of the Crimean War, it also negotiated with the Italians and Hungarians, and attempted to secure French neutrality with promises of territorial compensation.<sup>80</sup> The situation came to a head when Italian troop movements triggered an Austrian and Prussian response. In May, the Confederal Diet demanded a Prussian explanation for its mobilization, followed by Austria passing formal control of Schleswig-Holstein back to the German Confederation. Events unfolded quickly in June 1866; in the first week of the month, Prussia marched its troops into Holstein. On June 8th, Prussia reached an agreement with Italy.<sup>81</sup> Austria reacted by calling for a mobilization of the Confederation against Prussia on June 11th, which was accepted on June 14th, prompting Prussia to declare that it now regarded the Confederation as dissolved. The war became official when Italy declared war on Austria on June 19th 1866.<sup>82</sup>

Austria's defeat at Königgrätz on July 3rd 1866 ended the war after its first major battle, as Austria was quick to sue for peace.<sup>83</sup> The deciding factors behind Prussia's victory will be discussed in brief in later chapters, while we shall now limit ourselves to the reasons for Austria's quick surrender. First, Austria was fighting a defensive war - and it did so mostly on its own. The Confederation had raised an army of 150,000 men that shared neither training experience nor a command structure and refused to take action before Prussia invaded another state, relinquishing the initiative in the war.<sup>84</sup> Second, it was unclear what Austria wanted to achieve by prolonging the war, and whether the risks weighed up to the possible rewards. In continuing the war, Austria faced the possibility of a repeat of the Hungarian revolution in 1848-1849 (a possibility encouraged by Prussia) and given the strength of the Prussian military at Königgrätz, the prospect of taking significant quantities of territory from Prussia seemed dim while other Austrian advances into Germany meant an invasion of its own allies.<sup>85</sup> When Prussia offered a peace settlement that guaranteed no territorial losses in

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<sup>80</sup> The Russian poet Fyodor Tyutchev famously insisted that no 'Austrian Judas' should be allowed to attend the funeral of Tsar Nicholas I, who died in 1855; Nicholas V. Riasanovsky and Mark D. Steinberg, *A History of Russia* (Oxford 2005) 357.

<sup>81</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 76-77. The agreement would last for as long as it took for both parties to make territorial gains.

<sup>82</sup> Clark, *Iron Kingdom*, 534-535.

<sup>83</sup> The battle is sometimes referred to as the Battle of Sadowa, the German name of the nearby village of Sadová.

<sup>84</sup> Clark, *Iron Kingdom*, 536.

<sup>85</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 77-78.

Germany at the price of the official end to the German Confederation, Austria accepted the Peace of Prague, signed on August 23rd 1866.

The risks had not weighed up to the rewards primarily because the risks seemed real and immediate while the rewards were vague and uncertain. Robin Okey has even downplayed the importance of the war: 'That Bismarck resorted to war (...) seems less important than that he had well prepared the diplomatic ground for the military outcome he had long envisaged. For Austria faced the looming contest alone.'<sup>86</sup> David Blackbourn further comments by highlighting Austria's awkward relation with Prussia: 'The great irony of the Austrian position, as well as the central weakness, was the fact that its principal ally, Prussia, was also its archrival in German affairs'.<sup>87</sup>

After the war of 1866, Franz Joseph had to deliver on his promise to the Hungarians for a new constitution, which they had made a requirement for their support against Prussia. The new constitution 'conceded internal autonomy to Hungary', but the *Ausgleich* of 1867 maintained that in international affairs the Austrian-Hungarian Empire would act as one. This gave considerable influence to the Hungarian nobility which was reluctant to 'reverse Austria's setbacks in Germany'.<sup>88</sup> Austria also found little support for its predicament among other European powers. Possible French support became untenable when Prussia rejected promises it had made to France before the war in return for neutrality and published the 'demands for territorial compensation' of the French. These stirred up anti-French German nationalism to such a degree that it became impossible for Austria to side with France.<sup>89</sup> Prussia meanwhile led the way in transforming the military alliance of 1866 into a federal state, the *Norddeutscher Bund*. Though attempts were made to incorporate the southern German states, this proved unsuccessful until after the 1870/1871 war with France, and even then it took 'federalist provisions for significant internal autonomy' to convince the southern states to join the new German empire.<sup>90</sup>

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<sup>86</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 186-187.

<sup>87</sup> Blackbourn, *History of Germany 1780-1919*, 187-189.

<sup>88</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 81-83.

<sup>89</sup> Idem.

<sup>90</sup> Idem.

## 1.6 Conclusion

The German Confederation that had for 50 years seemed one of Austria's biggest strengths was weakened by a Prussian unwillingness to commit to it exclusively, especially after 1848.<sup>91</sup> Prussia's refusal to adopt the Austrian position in the Crimean War and its reluctance to back Austria in the Italian War of 1859 were clear indications that Prussia was both willing and able to make its own decisions and, perhaps more importantly, that it had not forgotten the lessons of the Thirty (1618-1648) and Seven Year's Wars (1756-1763) which had demonstrated the danger that faced a Middle-European power like Prussia; encirclement and isolation. That Otto von Bismarck had learned that lesson well is obvious from oft quoted statement: '*[M]eine Karte von Afrika liegt in Europa. Hier liegt Russland. Und hier liegt Frankreich, und wir sind in der Mitte, das ist meine Karte von Afrika.*'<sup>92</sup>

The political developments highlight three major themes. First, the German Confederation started showing signs of internal division from the moment it was created. Austrian disagreements with Prussia over Saxony resulted in a voting system that did not give Austria and Prussia a majority within the Confederation, thus making a dualist policy unstable and increasing the importance of the other German states. Second, Prussia was able to expand its internal abolition of tariffs into the *Zollverein* from which it was able to keep Austria excluded. Though its economic benefits have been exaggerated and it did not always result in political support of its members for Prussia, it did create a situation in which Prussia was seen as being able to competently lead the affairs of an international organisation. In combination with more a favourable reaction to the revolutions of 1848 increased support for a Prussian led solution to the national question. Third, Austria was unable to formulate an answer to the national question that preserved its Empire and also allowed for the creation of a German national state. After 1850, it attempted to prevent the creation of a German national state and was involved in multiple wars in defence of its non-German interests, but rather than increasing support for the Confederation this strengthened support for the nationalists that favoured a *kleindeutsch*-solution, a Germany without Austria.

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<sup>91</sup> Roy A. Austensen, 'The Making of Austria's Prussian Policy, 1848-1852' in *The Historical Journal*, Vol.27 No.4 (December 1984) 861.

<sup>92</sup> Klaus Hildebrand, *Deutsche Außenpolitik 1871 - 1918* (München 2008) 13-14.

## Chapter II

### State & Society

#### 2.1 Introduction

In this chapter we shall highlight a number of the most significant societal developments between 1805 and 1866, and see how their pace and scope differed between Prussia and Austria and how they affected the national question.

Modern usage of the term nationalism has often been traced back to the French and American revolutions of the late eighteenth century, but the term has a Prussian origin. *Nationalismus*, as it was called by Herder (1744-1803), announced 'the arrival of a new ideology which proved to have an explosive force'.<sup>93</sup> The conviction that culture and language defined a nation led 'the great surge in creativity in German-speaking Europe to be woven into a nationalist narrative'.<sup>94</sup> Though nationalism was most widespread among intellectuals and writers<sup>95</sup>, the late eighteenth century also saw a realignment of German monarchs, traditionally influenced by French court-culture, with the nationalist ideology. Early nationalism was recognized by authors such as Arndt (1769-1860), who noted: 'People began to take a pride in the name 'German' and in German culture and the German way of life, and

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<sup>93</sup> Timothy C.W. Blanning, *The Culture of Power and the Power of Culture: Old Regime Europe 1660-1789* (Oxford 2002) 260-262. Blanning makes the point that some modern historians (among which Hans-Ulrich Wehler) have misinterpreted the writings of Herder, claiming that his use of the term was pejorative. Herder's original statement as cited by Blanning is as follows: '*So jede zwei Nationen, deren Neigungen und Kreise der Glückseligkeit sich stossen - man nennt Vorurtheil! Pöbele! eingeschränkten Nationalism! Das Vorurtheil ist gut, zu seiner Zeit: denn es macht glücklich. Es drängt Völker zu ihrem Mittelpunkte zusammen, macht sie vester auf ihrem Stamme, blühender in ihrer Art, brünstiger und also auch glückseliger in ihren Neigungen und Zwecken. Die unwissendste, vorurtheilendste Nation ist in solchem Betracht oft die erste*'. Blanning points out that, in some recent translations, the phrase '*man nennt*' is omitted - even though it is the 'crucial phrase' in the argument.

<sup>94</sup> *Ibidem*, 260-261.

<sup>95</sup> Van Creveld: 'Herder himself went on record as saying that nothing was so ridiculous as the pretensions of any one nation to superiority, let alone claims of political domination (...) His attitude was typical for German intellectuals of his day.' In: Martin van Creveld, *The Rise and Decline of the State* (Cambridge 2007) 194.

this pride would have cast invisible ties around the whole *Volk* and created a unity of consciousness if the French Revolution had not intervened'.<sup>96</sup>

## 2.2 The German Question

German nationalism in the nineteenth century was characterized by an anti-French streak that owed much to the Napoleonic Wars.<sup>97</sup> Throughout the nineteenth century, unrest in France such as the July Revolution in 1830 and the 1840 Rhine Crisis (which gave rise to a number of nationalistic songs, among them '*Das Deutschlandlied*', the current German anthem<sup>98</sup>) was met with a strong German reaction and anxiety that emphasized the need for German unity.<sup>99</sup>

The question of how German unity should take shape came to a head at the revolutionary Frankfurt parliament in 1848. The representatives, who were 'overwhelmingly educated in a common high culture' (prompting detractors to dub the parliament the *Professorenparlament*, 'Professors' parliament') initially defined the German nation based on the German language. This presented a number of problems, not least of which was the fact that the German Confederation contained areas in which non-German languages were most prevalent, and that, in some cases, areas where people did predominantly speak German belonged to other states. One of these areas was the Danish province of Schleswig. Claiming Schleswig to be indivisible from the German Holstein, the Parliament insisted on including it in the German nation. When Germans in Schleswig involved themselves in an uprising that favoured independence from Denmark, the Danish authorities clamped down on the German movement. Prussia, acting with the approval of the Frankfurt parliament, came to the aid of the Germans and forced the Danish military out of the province. Incensed that Prussia was accommodating the revolutionaries by acting militarily on behalf of the nationalist cause, Russia threatened to 'liberate' the Danish province. Without consulting the Frankfurt

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<sup>96</sup> Blanning, *The Culture of Power and the Power of Culture*, 262; Cited from Mathys Jolles, *Das deutsche Nationalbewußtsein im Zeitalter Napoleons* (Frankfurt am Mein 1936) 70.

<sup>97</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 13.

<sup>98</sup> The melody of the *Deutschlandlied* was first written in 1797 by the Austrian composer Franz Joseph Haydn (1732-1809) for the anthem to Franz II, the last Holy Roman Emperor and first Emperor of Austria, titled '*Gott erhalte Franz den Kaiser*' ('God Save Emperor Francis'). The anthem, in some form or other, remained in use until the end of the Austrian monarchy in 1918.

<sup>99</sup> Vejas Gabriel Liulevicius, *The German Myth of the East: 1800 to the Present* (Oxford 2009) 79-81.

Parliament, Prussia accepted a proposed armistice August 1848 - exposing the inability of the Parliament, which wanted to continue the conflict, to enforce its decisions.<sup>100</sup>

Questions surrounding the borders of the German nation conspired with revolts in northern Italy and Hungary to bring Austria's majority non-German territories to the centre of debate. Three equally problematic solutions were discussed in Frankfurt; include all of Austria's territories, include only German-Austria, or completely leave Austria out of the German nation. The first was thought to be unacceptable because including millions of non-German Austrian citizens would defeat the purpose of a German nation. The second was seen as equally undesirable, as it would fracture the Austrian Empire and give Prussia far too much influence within the new German nation. The third, would also place Prussia in a dominant position but would additionally leave the German nation divided between at least two states. For the nationalists this was unacceptable as well. The debate gave rise to a compromise known as the *grossdeutsch*-solution ('great German') in which the Austrian Empire would be divided between German (including Bohemia) and non-German regions; the German Austria would join the German nation while the non-German regions would still be ruled from Vienna through a personal union with the Habsburg-monarch. Austria rejected this decision and 'undermined' the position of its own envoy to Frankfurt, Anton von Schmerling.<sup>101</sup>

The changing situations in Prussia and Austria opened the way for a new compromise. The new Prussian constitution issued by the king gave 'considerable powers to a parliament that included a democratically elected lower house', while in Austria the monarchy attempted to restore its rule.<sup>102</sup> These developments increased support in the Frankfurt parliament for a *kleindeutsch*-solution; a German nation without Austria. This eventually led to the Frankfurt parliament offering an imperial crown to the Prussian king, and Austria's consequent withdrawal from the Frankfurt Parliament. Although the crown was rejected, Friedrich Wilhelm IV nevertheless continued his support for further German unity, a political position so unacceptable to Austria that it eventually led to a standoff, and what came to be known as the Humiliation of Olmütz (see chapter 1.2.2).

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<sup>100</sup> Clark, *Iron Kingdom*, 492-493; John Breuilly, 'The German national question and 1848', in: *History Today*, Vol.48 Issue 5 (May 1998) 14-17; Geiss, *The Question of German Unification 1806-1996*, 43.

<sup>101</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 181.

<sup>102</sup> Breuilly, 'The German national question and 1848', 19-20.

### 2.3 Nationalism among the non-German population

In discussing the effects of nationalism in Germany, Prussia and the Austrian Empire, and their effects on questions of nationalism and unification, the statistics presented in the following diagram (see below) will provide some context as to the relative population sizes of the different German states.<sup>103</sup>

Austria's relation to its non-German subjects in the east was troubled, though generally not to a degree that threatened the stability of the Empire. Most prominent were the Hungarians, or more specifically Magyars (its majority ethnic group). Though often at odds with Austria in the Diets, their commitment to Austria remained strong throughout the Napoleonic Wars, despite French attempts to incite a Hungarian revolt.<sup>104</sup> The Hungarians, meanwhile, had their own issues with what they considered minority nations, whose national aspirations were dismissed based on that criteria. Nations supposedly had minimum standards with regards to size and history; Slovaks, Romanians and others were thus not seen as proper nations, but could instead aspire to recognition of their 'nationality'. Mixed in with the discussions about nationalities were issues of language, religion, and politics, which more often than not overlapped each other, creating a highly complex situation that, from about the late 1820s onwards, tended not towards unification but to unrest and further differentiation.<sup>105</sup>

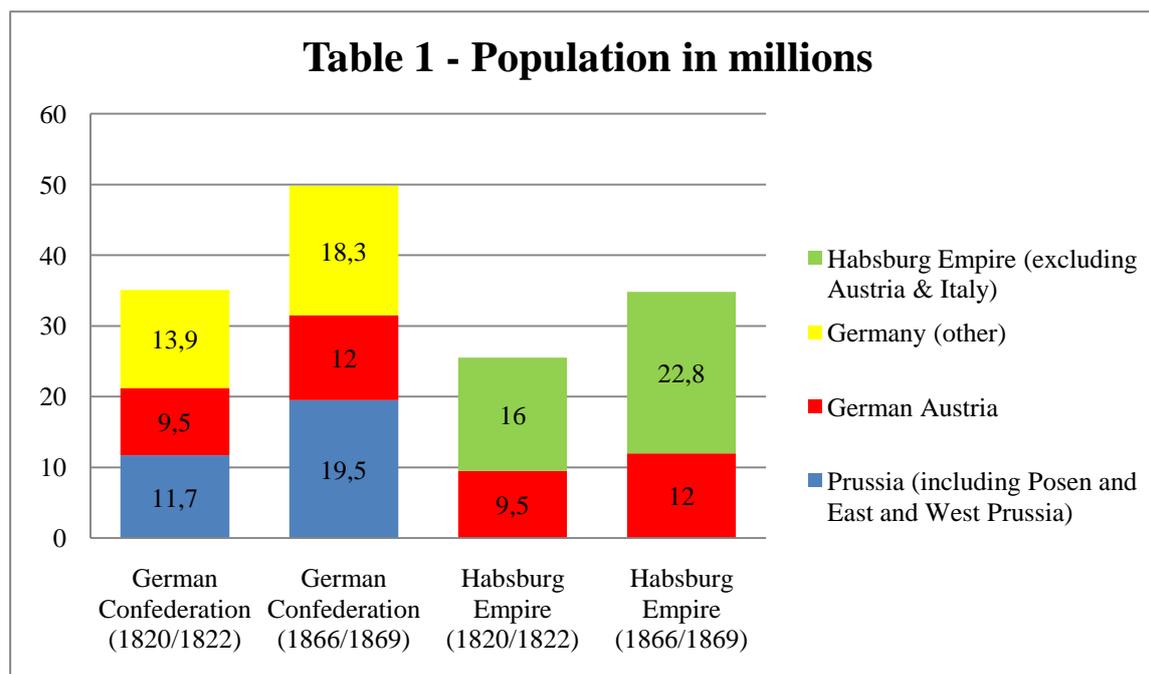
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<sup>103</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 100; the data from the diagram is from this source.

Breuilly states to have collected the material from 'a range of sources'.

<sup>104</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 19-21, 70-71.

<sup>105</sup> Ibidem, 122-124; Péter Hanák, 'A National Compensation for Backwardness', in: *Studies in East European Thought*, No. 1/2 'Nationalism and Social Science' (June 1994) 37-38.



The main group of non-Germans in Prussia were the Poles. In comparing the effects of this with Austria's Eastern-European subjects, a few issues stand out. First, there were significantly fewer Poles in Prussia than non-German Austrians in the Austrian Empire. As shown above, in the 1860s the Austrian Empire counted 34,8 million inhabitants, 22,8 million of which were non-German (65.5%). In Prussia, out of a total of 18,5 million only 2,2 were Poles (11.9%).<sup>106</sup> Second, the view of the Prussian monarchy was that the Poles were simply 'Christian subjects of the Prussian Crown', as were the Germans and Lithuanians., and Prussian policy following 1815 had been generally favourable to Polish nationality and language.<sup>107</sup> Third, the Poles were themselves divided between a number of states, the most important of which was Congress Poland under personal union with the Russian Empire. The Polish nationalists thus found themselves the object over which Prussia and Russia maintained their relationship; as at the Alvensleben Convention of 1863 where it was decided the two would 'collaborate in the suppression of Polish nationalism'.<sup>108</sup> Fourth, after Polish nationalism had surged in the wake of the November Uprising of 1830 in Congress Poland,

<sup>106</sup> Clark, *Iron Kingdom*, 576. This figure, which shows Poles in Prussia accounting for 12% of the population was actually a small decrease compared to 1815, when 800.000 Poles had made up 15% of the Prussian population: Liulevicius, *The German Myth of the East*, 68.

<sup>107</sup> Clark, *Iron Kingdom*, 410, 582; Liulevicius, *The German Myth of the East*, 67-69.

<sup>108</sup> Clark, *Iron Kingdom*, 523.

Prussia 'abandoned the policy of conciliation' and adopted non-specific administration of the provinces. However, it was not until 1848 that *Germanisierung* ('Germanization') became a subject of discussion in Berlin, and it would take until after the German unification in 1871 before Germanization-policies were significantly pursued.<sup>109</sup> As a result, Polish nationalism that favoured independence no doubt existed, but was not as potent a force as similar movements were in Italy and the eastern half of the Austrian Empire.

While perhaps not of great influence in isolation, demographic changes in the German states strengthened these and other developmental trends (Table 1). The diagram above highlights the most significant: the German Austrian population, in terms of percentage, was shrinking both within the German Confederation and within the Austrian Empire itself. In the 1820s it accounted for 27% of the population of the German Confederation and 37% of that of the Austrian Empire. By the 1860s this had dropped to 24% and 34% respectively. In the same period, the percentage of Prussians within the German Confederation rose from 33% to 39%.<sup>110</sup> While the Austrian Empire thus became less German, the population of the other German states was increasingly Prussian.

Socio-economic differences between the eastern and western half of the Austrian Empire exacerbated nationalistic tensions, in part due to the late emergence of a 'capitalist market economy and private property' and the related middle class in the east. Nationalism in western Europe emerged alongside these developments, while in central and eastern Europe 'external influences and internal social dynamics gave rise to the national idea earlier than to civil -middle class- society'. Much of the modernization of the nineteenth century thus came to be seen as western, and as a result, eastern European nationalism was generally characterized by a certain degree of apprehension about the process of modernization, complicating attempts to include these areas in state activities and reforms.<sup>111</sup>

The ascent of nationalism was a necessary, though not sufficient in itself, condition for the political unification of Germany. Germany, however, had not been a well defined concept after the dissolution of the Holy Roman Empire, and the eventual borders of the new state would be determined more by politics than by any social process. Though a generalization, the single German nation was disunited through most of the nineteenth century whereas the

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<sup>109</sup> Clark, *Iron Kingdom*, 579.

<sup>110</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 100.

<sup>111</sup> Péter Hanák, 'A National Compensation for Backwardness', in: *Studies in East European Thought*, No. 1/2 'Nationalism and Social Science' (June 1994) 33-34, 37; Liulevicius, *The German Myth of the East*, 87-88.

united Austrian Empire contained a number of nations which gradually came to assert themselves. Nationalism in the German states thus tended towards integration while nationalism in the Austrian Empire tended instead towards autonomy or even independence. In addition, when Austria sought to prevent German unification and employ the German Confederation in defence of Austrian interests 'which they could not maintain or convincingly claim were vital German interests', it weakened its own position by antagonizing German nationalists who increasingly 'argued that Germany was better off without Austria'.<sup>112</sup>

## 2.4 Social classes

As we have seen above, the demographics of the German states changed during the 19th century. We now turn to the composition of these numbers. The reforms of the Napoleonic era, the ascent of liberalism and nationalism, the industrial growth, etc. all influenced the changing balance of the social classes in Prussia in Austria. More specifically, we shall look at how the societal roles played by these classes influenced the national question.

In 1807 Prussia was 'fighting for its existence', the southern German states were 'forced to come to terms with complicated new acquisitions', while Austria found its territories streamlined by Napoleons military campaigns.<sup>113</sup> Foremost on the minds of the Prussian statesmen Hardenberg and Stein was the desperately needed strengthening of 'the machinery of government and administration'. Blackbourn speaks of the 'intertwined motives - efficiency, social mobilization, emancipation' that were to shake up 'all sleeping forces' of the population.<sup>114</sup> The reforms were revolutionary: the abolishment of serfdom, the repeal of laws preventing class-mobility and the right to own and acquire property.<sup>115</sup> Hardenberg advocated a repeal of ancient noble privilege; trade and enterprise restrictions - revealing the impetus for reform: 'the financial burdens of war, French exactions, and the fiscal crisis they created'.<sup>116</sup> Whereas Stein and Hardenberg were able to reach common ground on these issues and found in king Friedrich Wilhelm III an interested recipient of their advice, Austrian reformers found

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<sup>112</sup> Austensen, 'Struggle for Supremacy in Germany 1848-1864', 223.

<sup>113</sup> Blackbourn, *History of Germany 1780-1919*, 60-61; Hahn, *The 1848 Revolutions in German-Speaking Europe*, 13.

<sup>114</sup> Blackbourn, *History of Germany 1780-1919*, 62-64.

<sup>115</sup> Karl August von Hardenberg, 'Riga memorandum'. Cited in: Breuilly, *Austria, Prussia and Germany 1806-1871*, 113-116.

<sup>116</sup> Blackbourn, *History of Germany 1780-1919*, 54.

themselves in an opposite situation.<sup>117</sup> Unable to agree and faced with the unwillingness of Emperor Franz I, reforms in Austria amounted to little.<sup>118</sup> And as has been discussed, a second defeat at the hands of France in 1809 did much to discredit these cautious reforms.<sup>119</sup>

In Austria the unresolved issues of peasants' status thus continued to fester for decades into the nineteenth century. By 1848 the 'increasingly disputed role of *robot* [unpaid labour]' threatened relations between social classes in the Austrian Empire. Throughout this period opposition to the status of peasants at times acquired a nationalistic tinge, in part because it varied in different parts of the Empire. The emancipation of peasants was finally resolved during the 1848 revolution, following initiatives from Hungary, Bohemia and Galicia, and after the revolutions the new Emperor did not reinstate the 'services of feudal origin'.<sup>120</sup>

Smaller in numbers was the so-called 'middle class', a problematic term, especially prior to 1848 when 'industrial growth was gradual' and limited in scope.<sup>121</sup> Nevertheless, in these ill-defined middle classes in which 'academics played a particularly significant role', two major issues dominated debate during the period from 1815 to 1866.<sup>122</sup> The first was political, as educated and land-owning people aspired to political representation. The second issue was economic, and was one of the driving forces behind the spread of the Prussian *Zollverein*. As we have already discussed the influence of nationalism on the whole of society, and we shall shortly turn to the subject of democratic and parliamentary developments, the economic issues will be highlighted here. Changes in communication and transportation of the early and mid-nineteenth century had a profound effect on society.<sup>123</sup> They allowed, among other things, nascent 'regional divisions of labour' to spread, emphasizing that small states were increasingly 'obsolete or even a hindrance' to regional economies.<sup>124</sup> For the middle classes in the smaller states of Germany, then, there was much to be gained from working towards (economic) integration. Austria, too, would probably have

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<sup>117</sup> Clark, *Iron Kingdom*, 313-316; Okey, *The Habsburg Monarchy c. 1765-1918*, 68-70; Van Creveld, *The Rise and Decline of the State*, 138-139. Van Creveld describes Friedrich Wilhelm III as 'not [having] it in him to oppose his ministers'.

<sup>118</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 12.

<sup>119</sup> Blackbourn, *History of Germany 1780-1919*, 60-61.

<sup>120</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 91-92, 139.

<sup>121</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 37.

<sup>122</sup> *Ibidem*, 38.

<sup>123</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 105; Okey, *The Habsburg Monarchy c. 1765-1918*, 166.

<sup>124</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 105.

benefitted from more closely linking its economy with that of the rest of Germany, and economic motivations must at least in part account for Austria's repeated attempts to either join the *Zollverein* or create a broad new customs union.<sup>125</sup> The concepts, after all, were not unknown in Austria, where even before 1848 'economic liberalism pervaded the upper reaches of the administration itself' and 'a perceptible embourgeoisement of industrial enterprise followed'.<sup>126</sup> Nevertheless, internal divisions limited the possible scope of reforms, like Kübeck's proposals for economic modernization, which were 'sabotaged by the very diversity they sought to overcome'.<sup>127</sup> Industrialists in the western half of the Empire generally feared German competition while in Hungary nationalistic opposition to a customs union with Austria prevented any change.<sup>128</sup>

Increasingly, the growth of the middle-classes came to define modern life, and changes in the middle-classes in turn affected the peasants and the nobility. The result of this was the spread of 'bourgeois values, aspirations and ideals'. This was in part due to the fact that, in contrast to other leading social classes, anyone could, in theory at least, become a successful part of the middle-class. Generally in favour of liberal politics, the middle-classes suffered setbacks in 1848, but at the same time achieved some of the political changes it had been striving for.<sup>129</sup> In Austria, as in other German states, the Prussian reaction to the 1848 revolutions and the success of the *Zollverein* 'helped make her and not Austria the chief focus of German middle-class patriotism'.<sup>130</sup> The lack of governmental policies on many modern issues allowed the middle-classes to form standards of dealing with political, economic and social issues that contributed to the sense that the urban middle-class was indeed a significant social class. It also meant that the middle-classes were often in favour of national unification, and attempted to advance such policies when given the chance, such as during the revolutions of 1848.<sup>131</sup> The most significant difference between Prussia and Austria with regards to the middle-classes is that in Prussia, the standards set by the middle-classes increasingly applied

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<sup>125</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 65-67.

<sup>126</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 83.

<sup>127</sup> *Ibidem*, 95.

<sup>128</sup> *Idem*.

<sup>129</sup> Lothar Gall, 'Stadt und Bürgertum im Übergang von der traditionellen zur modernen Gesellschaft', in: Lothar Gall (ed.), *Stadt und Bürgertum im Übergang von der traditionellen zur modernen Gesellschaft* (München 1993) 1-8.

<sup>130</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 158.

<sup>131</sup> Gall, 'Stadt und Bürgertum im Übergang von der traditionellen zur modernen Gesellschaft', 8-12.

to other classes as well, since, as described below, the Prussian nobility was relatively open and worked alongside the middle-classes in government. Middle-class ideas about the German nation and politics thus played an increasingly important role. In Austria, this was not the case: the high aristocracy that formed the basis of the political system of Austria's monarchy remained clearly separated from the middle-classes and its political convictions.<sup>132</sup>

At the top of the social ladder was the aristocracy, or nobility. The shared history of the Holy Roman Empire meant that the Prussian and Austrian nobility shared many of the same characteristics, though the religious divide between Protestantism and Catholicism meant the Austrian nobility was more involved in religious duties of church administration. Noble privileges were reaffirmed at the Congress of Vienna, and maintained throughout the period covered in this research.<sup>133</sup> Ennobling also continued throughout this period, with most recipients being either an officer or a bureaucrat. This contributed to a growing divide amongst the nobility, between those who were born into the privileged class, and those who were not. The *Hocharistokratie* (high aristocracy), as the first was known, consisted of about 300 families and it is this class that remained at the centre of political and social power throughout the nineteenth century, strictly separate from the other classes and committed to the imperial authority that 'became a symbol of the Austrian identity'. As such, the high nobility was more attached to the monarchy than to the concept of the state.<sup>134</sup> This is not to say this was a homogenous group. Regional differences in led to the nobility taking an interest in processes of agricultural and industrial modernization that ranged 'far-reaching abstinence' to 'intensive engagement'.<sup>135</sup> One of the main problems confronting the high aristocracy during the 1840s and 1850s was the growing and seemingly insurmountable difference between their capitalist interest on the one hand, and their continued desire for an 'organic structure of society', a social structure whose recognition of the special status of the nobility was, together with their financial wealth, one of the foundations of the nobility's position within society.<sup>136</sup> During and after the revolutions of 1848, this position was in places challenged, and the aristocracy was generally in favour of the repressive policies of the 1850s.

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<sup>132</sup> Hannes Stekl, 'Zwischen Machtverlust und Selbstbehauptung: Österreichs Hocharistokratie vom 18. bis ins 20. Jahrhundert', in: Hans-Ulrich Wehler (ed.), *Europäischer Adel 1750-1950* (Göttingen 1990) 146-147, 156; Okey, *The Habsburg Monarchy c. 1765-1918*, 204.

<sup>133</sup> Stekl, 'Zwischen Machtverlust und Selbstbehauptung', 144-145.

<sup>134</sup> Ibidem, 146-147, 156; Okey, *The Habsburg Monarchy c. 1765-1918*, 204.

<sup>135</sup> Stekl, 'Zwischen Machtverlust und Selbstbehauptung', 155.

<sup>136</sup> Ibidem, 158.

The constitution of 1861 restated the privileged position of the nobility, and guaranteed its influence.<sup>137</sup> Defeat at the hands of Prussia in 1866 forced onto the Austrian monarch a more permanent solution to the problematic position of Hungary within the Empire. The creation of the dual-Monarchy of Austria-Hungary in the *Ausgleich* of 1867 owed much to continued existence of 'the institutions of a self-conscious nobility' and its apprehensions about both (democratic) liberalism and monarchical centralism.<sup>138</sup>

In Prussia, reforms of the early nineteenth century had led to a situation in which land, not the family that owned it, was seen as privileged. Entry into the noble Estate (*Ritterschaft*) was thus based on property, not birth. The abolishment of laws restricting the trade in rural land led to a sharp decline of the number of estates owned by nobles. This created a situation in which a 'relatively broad social constituency' was able to 'channel liberal political pressures' through the provincial Diets.<sup>139</sup> This does not mean that the nobility necessarily lost political power and influence, but that these were no longer a given and that in working in state functions, the Prussian nobility was, in some ways, competing with the bourgeoisie and thus measured by bourgeois criteria. The Prussian nobility was a more open system than the nobility of Austria, with its insistence on noble ancestry dating back generations. It is therefore more accurate to characterize the bias of political policy in Prussia as being biased towards vested agricultural interests rather than towards nobility, a situation exacerbated by the introduction of the Prussian three-class franchise system (*Dreiklassenwahlrecht*) in 1849 which reinforced 'the influence of the conservative rural interest to the point where far-reaching reform of the system became impossible' and 'thus immobilized itself'.<sup>140</sup>

In attempting to reconcile this relative openness with the characterization of the Prussian state as a reactionary, conservative and aristocratic bulwark against social and political reform, Gunter Heinickel has written about the "increasing differentiation between 'Nobility' and 'Elite'" within the upper reaches of Prussian society.<sup>141</sup> The position of the aristocracy was further complicated by the weak basis of their noble status. As Bismarck pointed out in 1863: '*unsere Aristokratie fehle das Geld, um, wie in England, Massen zu*

<sup>137</sup> Stekl, 'Zwischen Machtverlust und Selbstbehauptung', 157-159.

<sup>138</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 187-190.

<sup>139</sup> Clark, *Iron Kingdom*, 408-409.

<sup>140</sup> *Ibidem*, 561.

<sup>141</sup> Gunter Heinickel, 'Adelsidentität nach der Ständegesellschaft: Der preußische Adel in adelspolitischen Bildern und Vorschlägen um 1840', in: Heinz Reif (ed.), *Adel und Bürgertum in Deutschland: I, Entwicklungslinien und Wendepunkte im 19. Jahrhundert* (Berlin 2000) 59.

*leiten und eine Ansehen gebietende Macht zu sein*'.<sup>142</sup> Additionally, the Prussian aristocracy was, on multiple occasions, too internally divided to place itself alongside the monarch as a partner for conservative policy against an increasingly politically active (academic) bourgeoisie.<sup>143</sup> Prussian nobility was most influential in the military, which remained a bastion of pro-monarchical *Junker* conservatives throughout the nineteenth century. Since the military answered not to parliament, not even after 1848, but only to the monarch, this ensured that despite its disadvantages, the Prussian nobility nevertheless had considerable influence within the state.

## 2.5 Citizens in government

By the end of the eighteenth century an early form of modern bureaucracy had spread throughout almost all of Europe. It was in this period that philosophers such as Hegel came to the conclusion that 'the bureaucracy itself *became* the state, elevating itself high above civil society and turning itself into the latter's master'.<sup>144</sup> Two related issues will be discussed; the education of citizens, an important requirement for employment in the state's bureaucracy, and the participation of citizens in politics through parliaments and a growing demand for constitutions.<sup>145</sup>

### 2.5.1 Education

Despite some early attempts to increase the number of children attending school, it was not until 1808 that a department of education was created in Prussia. After the wars, hundreds of schools were opened throughout Prussia so that 'by 1837, 80 percent of Prussian children were attending school', the result of which was that 'by mid-century 80 percent of the adult population were literate'.<sup>146</sup> The revolutions of 1848 convinced Friedrich Wilhelm IV that

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<sup>142</sup> Hans-Christof Kraus, 'Militärreform oder Verfassungswandel? Kronprinz Friedrich von Preußen und die "deutschen Whigs" in der Krise von 1862/63', in: Heinz Reif (ed.), *Adel und Bürgertum in Deutschland: I, Entwicklungslinien und Wendepunkte im 19. Jahrhundert* (Berlin 2000) 214.

<sup>143</sup> Heinz Reif, 'Adelserneuerung und Adelsreform in Deutschland 1815-1874', in: Elisabeth Fehrenbach, *Adel und Bürgertum in Deutschland 1770-1848* (München 1994) 228-230.

<sup>144</sup> Van Creveld, *The Rise and Decline of the State*, 142-143.

<sup>145</sup> Blackbourn, *History of Germany 1780-1919*, 75.

<sup>146</sup> Van Creveld, *The Rise and Decline of the State*, 213. The Prussian number was high even by European standards, as by 1850 only 50 to 65% of the British and French adult population were literate.

educational developments had led to an 'irreligious wisdom of the masses' and during the 1850s a campaign to 'produce citizens, unquestioning in their loyalty to the royal family and to state religion' was embarked upon that placed less focus on the humanities, and more on the natural sciences.<sup>147</sup> While the content of education changed, it continued to spread so that in the 1860s 'only one in ten [Prussian army recruits] had failed to receive any schooling'.<sup>148</sup> This in a marked contrast to the Austrian Empire, where 'in 1867, 66 percent of recruits were recorded as illiterate'.<sup>149</sup> This might not have mattered were it not for 'the beginning of the modern in matters of war' which placed a greater importance on an educated military.<sup>150</sup> Austrian governmental involvement in education had started, like in Prussia, in the late eighteenth century.<sup>151</sup> By 1834, 93 percent of children in Bohemia attended school - though higher than the Prussian total, it must be kept in mind that Bohemia is not an average Austrian province that accurately reflects the situation in the rest of the Empire, in which the percentage was lower - a situation further complicated by Austrian insistence on German-only education in the 1850s. Nevertheless, it shows that education and literacy in the Austrian Empire, while not as widespread as in Prussia, was spreading throughout the nineteenth century more or less in line with other European countries (see notes).<sup>152</sup>

### 2.5.2 Parliaments and constitutions

Constitutionalism in its modern form first appeared in the southern German states during the Napoleonic Wars and were seen as 'an instrument for integration, a means of legitimizing new revenue, a platform for defending reforms, and a device to check the ruler while neutralizing aristocratic discontent'.<sup>153</sup> This last point proved difficult because most reformers were themselves aristocratic, a problem Blackbourn calls 'the self-limiting aspect of reform from above'.<sup>154</sup> Eleven German states nevertheless adopted constitutions after 1815, and Friedrich

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<sup>147</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 188.

<sup>148</sup> Van Creveld, *The Rise and Decline of the State*, 213. The Prussian number was high even by European standards, as by 1850 only 50 to 65% of the British and French adult population were literate.

<sup>149</sup> Harvey J. Graff, *The Legacies of Literacy: Continuities and Contradictions in Western Culture and Society* (Bloomington, IN 1991) 296.

<sup>150</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 91.

<sup>151</sup> Okey, *The Habsburg Monarchy c. 1765-191*, 35.

<sup>152</sup> *Ibidem*, 79, 162.

<sup>153</sup> Blackbourn, *History of Germany 1780-1919*, 59.

<sup>154</sup> *Ibidem*, 64.

Wilhelm III had announced that Prussia, too, would soon have its own constitution. But no such constitution was adopted because Metternich successfully pressured Prussia into abandoning the idea.<sup>155</sup> Political life continued, however, and in 1830 revolution in France triggered unrest in many German cities and states. In the years prior to the 1848 revolutions, liberals were joined in the political debate by radical-democrats, early socialists and others.<sup>156</sup>

The revolutions of 1848 saw parliaments formed not only in Frankfurt, but in Berlin and Vienna as well. Though these would eventually be dissolved by the military, they were then reconstituted and the monarchs were convinced (by Schwarzenberg in Austria, and by Brandenburg in Prussia) not to adopt strict reactionary policies. Nor had the revolutions been without effect; in Austria Metternich was removed from office, who more than anyone else was the embodiment of pre-1848 reactionary conservatism to which the liberals objected.<sup>157</sup>

Friedrich Wilhelm IV famously rejected the imperial crown of Germany offered to him by the Frankfurt assembly, and thereby its proposed constitution. The king then proclaimed a constitution that he and his advisors had designed.<sup>158</sup> It provided for a parliament with an elected lower house and meant that the king now ruled constitutionally.<sup>159</sup> In Austria, no constitution was adopted after Franz Joseph 'withdrew the (imposed) constitution of 1849' in 1851 and set out on a program of neoabsolutism in which he sought to 'rule personally'.<sup>160</sup> The effects of this were most severe in Hungary, where the Emperor 'abolished the ancient Constitution of Hungary and reduced the kingdom to the level of a simple Austrian province'.<sup>161</sup> Not only did the Austrian move towards neoabsolutism encourage German liberal support for a Prussian-led solution to the German question, it also created a situation in which Austrian liberal tendencies could not be properly channelled. The Prussian parliament 'provided a basis for a liberal direction of policy before any major crisis; Austria only moved in such a direction as the result of such a crisis'.<sup>162</sup> In Austria, a constitution came only after

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<sup>155</sup> Blackbourn, *History of Germany 1780-1919*, 91.

<sup>156</sup> Clark, *Iron Kingdom*, 411-412; Blackbourn, *History of Germany 1780-1919*, 93-95, 98-101.

<sup>157</sup> Blackbourn, *History of Germany 1780-1919*, 115-120, 130.

<sup>158</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 92; Blackbourn, *History of Germany 1780-1919*, 119.

<sup>159</sup> Blackbourn, *History of Germany 1780-1919*, 171-173.

<sup>160</sup> Hahn, *The 1848 Revolutions in German-Speaking Europe*, 181; Blackbourn, *History of Germany 1780-1919*, 172.

<sup>161</sup> Alexander Matlekovits, 'The *Ausgleich* Between Austria and Hungary', in: *The Economic Journal*, Vol. 8 No. 29 (March 1898) 17.

<sup>162</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 67-68.

military defeat in 1859 when 'rebuilding confidence' became a priority for the Austrian monarchy, but the constitution of 1861 was fragile and opposed by the Hungarian nobility (the Hungarian Diet was suspended in August 1861) and only half-heartedly accepted by the Emperor.<sup>163</sup> It would take the 'disastrous' war against Prussia to 'convince the statesmen in Vienna that it was not possible to govern Hungary despotically'.<sup>164</sup> Prussia nevertheless experienced a crisis when Wilhelm I became regent and relaxed some of the reactionary policies. As a result, 'liberals flooded into parliament at the 1858 elections', setting the stage for the struggles over military reforms that were to grind Prussian politics to a standstill. The crisis was resolved by the appointment of Otto von Bismarck as Minister President, and his subsequent ignoring of parliament.<sup>165</sup>

The results of these developments in relation to German unification were threefold. First, the parliament in Prussia did, despite its flaws and restrictions which liberals and radical democrats opposed, allow for a channelling of liberal and bourgeois sentiment into the state apparatus. Second, this did not happen in Austria, where the situation was further exacerbated by Hungarian opposition to both the neoabsolutist rule of Franz Joseph and Hungary's diminished status within the Empire after 1849. Third and last, the Prussian king's willingness and the Austrian emperor's refusal to adopt a constitution and answer, at least in part, to an elected parliament, strengthened the case of those liberals and nationalists that favoured the formation of a German nation under the auspices of Prussia, while further alienating them from Austria.

### 2.5.3 *The modern military*

The emergence of a modern army, and the national character this imbued on the armed forces were the two of the major social developments in the nineteenth century military. Though the comparison of military statistics provides some insight into the war of 1866, numbers alone cannot explain its outcome.<sup>166</sup> In modern historical accounts of the period, this key factor is ascribed to the influence of the Prussian General Staff (*Großer Generalstab*). The General Staff was able to make full use of the modern tools which were present in the 1860s, and

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<sup>163</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 65.

<sup>164</sup> Matlekovits, 'The *Ausgleich* Between Austria and Hungary', 17.

<sup>165</sup> Blackbourn, *History of Germany 1780-1919*, 177.

<sup>166</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 76. Modern estimates of the paper strength of the Austrian and Prussian armed forces in 1866 are about 275.000 and 215.000, respectively.

whose potential Austria failed to exploit to the same degree. Breuille describes it as 'a new dimension of military warfare - operational planning and its implementation'.<sup>167</sup> Though Austria had a General Staff, it had never given it the importance and authority that its Prussian counterpart enjoyed by the early 1860s. Indeed, Austria started cutting parts of its General Staff during the 1850s.<sup>168</sup> It was in large part the effective use of the General Staff that allowed Prussia to enter the war of 1866 with the often acclaimed Dreyse needle-gun (*Zündgewehr*), the technically advanced weapon that was Prussia's answer to the Austrian experience of ineffective rifles during the Italian War of 1859. Austria itself, by contrast, adopted the less-advanced but successful tactics its French adversaries had used.<sup>169</sup>

## 2.6 Conclusion

As we have seen, developments on a societal level gradually, but profoundly, changed the situation of both the Prussian and Austrian state. Three things especially stand out; first, Prussia became, to a much larger degree than before, an integral part of 'Germany'. Intellectual and artistic nationalism combined with an increasingly educated middle class that looked beyond the borders of the sometimes small German states, creating a situation where national unification not only seemed possible, but also desirable. The issuing of a constitution in the wake of the 1848 revolutions meant that Prussia was, at least for a decade, able to streamline liberal politics in a constructive way, a process strengthened by the acceptance of middle-class ideas within the state. Second, with the advances in Germany, the split between east and west that was at the core of the Austrian Empire became ever more pronounced - in no small part due to the Austrian Emperors' conservative, often reactionary, stance towards his non-German subjects. This contributed to a situation in which societal movements in Eastern Europe that, in Germany tended to favour integration and unification, became infused with a nationalistic tinge that instead tended towards further national autonomy or even independence. Austria's move towards neoabsolutism in a period that saw liberalism and constitutionalism on the rise in almost all other German states is evidence of the different attitudes of the German states, which meant that Austria was increasingly moving into the position of being the obstacle to German unification without credible alternatives of its own

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<sup>167</sup> Breuille, *Austria, Prussia and Germany 1806-1871*, 98.

<sup>168</sup> Dierk Walter, 'Roon, the Prussian Landwehr, and the Reorganization of 1859-1860' in *War in History*, Vol.16 Issue 3 (July 2009) 296.

<sup>169</sup> Clark, *Iron Kingdom*, 536-538; Breuille, *Austria, Prussia and Germany 1806-1871*, 98-99.

design. Third, as the almost successful bid for independence of Hungary in 1848-1849 showed, the Austria Empire was far less stable than it had looked after 1815. As Austria became further bogged down in attempts to preserve its Empire it turned its attention to the south and east, away from Germany, from which it became increasingly alienated.

## Chapter III

### State & Economy

#### 3.1 Introduction

As we have seen in chapter I and II, the French invasions of 1805 and 1806 forced the states of the former Holy Roman Empire into a process of reforms and modernization, touching areas of politics, society and government itself. In this chapter we shall focus on the economic and industrial developments prior to 1866, on how they changed the economies of the states and the role played by the state in industrial projects, how the states themselves financed their activities, and how these issues contributed to the finding of an answer to the national question.

#### 3.2 The role of the state

In Prussia the repeal or relaxation of old restrictions on trade and enterprise during the Napoleonic Wars did much to 'kindle a sense of independence in the nation'.<sup>170</sup> Crucially, 'it was the Prussians who grasped that modernization demanded not the protection of the peasantry but the emancipation of the landlords'.<sup>171</sup> Prussia at the time had an almost exclusively agrarian economy to the extent that some modern historians have labelled it 'an industrial backwater'.<sup>172</sup> The entrepreneurs of the time added that Prussia had 'inadequate markets' and no sufficient 'supporting enterprises' to justify significant private investments. The state, they argued, should provide a better physical and financial infrastructure. Examples of how to go about were readily available, as Prussia experienced the so-called 'advantages of backwardness'.<sup>173</sup> Entrepreneurs wielded little power in Prussian politics however, which was dominated by landed aristocracy whose 'major concern was with their estates, both as sources of revenue and as the basis of their political and social ascendancy', and could count on little

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<sup>170</sup> Blackbourn, *History of Germany 1780-1919*, 63.

<sup>171</sup> Blanning, 'Napoleon and German identity', 39.

<sup>172</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 484.

<sup>173</sup> *Ibidem*, 484-485.

support as a result.<sup>174</sup> On the contrary, private investments in railroads during the 1830s were 'held up by the suspicious government out of a concern for (...) vested interests'.<sup>175</sup>

Much of this changed in the aftermath of the 1848 revolutions. Between the late 1840s and the early 1870s historians speak of an 'explosive stage of industrialization' characterized by the heavy industries based on coal, iron and steel that created the foundations for the industrialized economy of the late nineteenth century. As such, the culmination of the described developments will take place after the German unification, and are thus not discussed.<sup>176</sup> At the very centre of Prussian industrialization was the railway, as Prussia had neither the major rivers nor the canal building that had preceded the railways in other countries.<sup>177</sup> State support for private railways came mostly in the form of subsidies and 'the assumption of planning costs'; it would not be until the 1870s that the majority of the German railway came to be owned by the state, although the mines on which much of the industrializing economy depended often were.<sup>178</sup> Blackbourn notes that it is 'striking how reactionary regimes of the 1850s fostered industry (...) in the name of social stability', but states that the idea of a 'depoliticized decade' should not be overstated.<sup>179</sup> The 'great flood of investment' continued throughout the 1850s and spread to related industries such as mining, entrenching the characteristic 'emphasis on heavy industry and large-scale organization' of Prussian industry.<sup>180</sup>

The Austrian state in the period after the Napoleonic Wars has often been characterized as conservative to the point of being reactionary. With regards to economics, however, this was not necessarily the case as 'economic liberalism pervaded the upper reaches of the administration'.<sup>181</sup> The Austrian *Hofkammer*, which was intricately involved in matters

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<sup>174</sup> Blackbourn, *History of Germany 1780-1919*, 140; Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 486-487.

<sup>175</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 487.

<sup>176</sup> Blackbourn, *History of Germany 1780-1919*, 135-137.

<sup>177</sup> *Ibidem*, 140. Prussia had rivers, of course, but as Blackbourn notes, while '[Prussia] extended a vast distance from east to west', its major rivers 'flowed from south to north'.

<sup>178</sup> *Ibidem*, 140-141.

<sup>179</sup> *Ibidem*, 176; Richard Tilly, 'Public policy, capital markets and the supply of industrial finance in nineteenth-century Germany', in: R. Tilly, R. Sylla and G. Tortella (ed.), *The State, the Financial System and Economic Modernization* (Cambridge 1999) 135.

<sup>180</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 485-486.

<sup>181</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 82-83; Hahn, *The 1848 Revolutions in German-Speaking Europe*, 182-183.

concerning the state and industry, declared that 'all kinds of compulsion and restriction are the mortal enemies of industry' and found support for such views among Hungarian reformers like the aristocratic István Széchenyi who called on his compatriots to 'Bless a thousand times the ashes of Smith and Young and their immortal works'.<sup>182</sup> Entrepreneurs nevertheless encountered numerous difficulties, one of which was the intricate system of regional tariffs (see chapter 1.4). Another major problem was the availability of credit from Austria's state and private banks, most of which 'tended to confine their loans to the state and the wealthiest families'. Farmers faced similar problems, and were often forced to choose between continuing their subsistence farming without any real prospects for growth or selling (parts of) their land.<sup>183</sup> The 'cyclical view of history' of Metternich played an important part in the inability of the Austrian government to identify 'the beginnings of irreversible economic change'.<sup>184</sup>

Like in Prussia, the aftermath of the 1848 revolutions opened the way for reforms such as the emancipation of the peasantry (1853). The modest growth of agricultural production ( $\pm 2,4\%$  in Austria,  $\pm 1,2\%$  in Hungary) suggests the switch to paid labour did not cause the major upsets that some had feared, and others had hoped for.<sup>185</sup> The construction of a railway network had more significant effects, first under state control and then, when the costs of the railways became too high in the mid 1850s, in private hands, so that by 1860 the percentage of railway owned by the state plummeted to 'insignificant proportions'.<sup>186</sup> At the same time, the state retreated from large sectors of the economic sphere as it brought its policies 'into line with *laissez-faire* precepts' and abolished previously erected internal tariff barriers (1850) and sought a closer relations with the German *Zollverein* (1854).<sup>187</sup> Though it may be argued that the latter was mostly political, or even symbolic in nature (there were many exceptions in the proposed agreement, and trade between the two economic zones was 'relatively low'<sup>188</sup>) it

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<sup>182</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 82-83. Adam Smith (1723-1790) was a Scottish writer most famous for writing one of the first modern works on economics, '*An Inquiry into the Nature and Causes of the Wealth of Nations*' (1776). Arthur Young (1741-1820) was an English writer on issues related to agriculture and economics.

<sup>183</sup> *Ibidem*, 86-88.

<sup>184</sup> *Ibidem*, 81.

<sup>185</sup> *Ibidem*, 167. The figure for Hungary is an estimate, and there is some doubt about whether or not the assumptions on which the calculations were based are correct. See Okey, 171.

<sup>186</sup> *Ibidem*, 169.

<sup>187</sup> *Ibidem*, 170.

<sup>188</sup> *Ibidem*, 170-171.

nevertheless illustrates an attempt at a mostly hands-off approach to economic matters so that by the late nineteenth century, the Austro-Hungarian Empire had a common market in which 'the *free mobility* of production factors functioned effectively, the regulating principle of *comparative cost of advantages* was asserted, which at that time led to the *complementary specification* of the different branches of production'.<sup>189</sup>

Though these changes were relatively significant, they were also mostly confined to the domestic economies of Prussia and Austria. It is thus mainly in the area of what was, technically, international trade that the economic developments had an influence on the national question. Entrepreneurs and workers both came to regard the political divisions of the German nation as an obstacle to their economic pursuits, and once these were relaxed as under the *Zollverein*, as increasingly meaningless.

### 3.3 Taxation in agriculture and industry

During the Napoleonic Wars, increasing state spending required an increase in tax revenues. Hardenberg insisted that these increases would be accompanied by 'the promise of constitutional government'. An 1820 edict thus stipulated a 'legal ceiling' on government debt, and required the consultation of the United Diet in the case of future increases.<sup>190</sup> This set the stage for decades of debate in which the issues of tax reforms and constitutional government became (ostensibly) intertwined, both serving as either the means or the ends for differing political interests of the time. Richard Tilly points out that 'fiscal policies (...) favourable to industrialization were major casualties of this polarization'.<sup>191</sup> This situation remained largely unchanged until after the revolutions of 1848, which '[allied] the interests of the bourgeoisie and the ruling coalition against an emerging labouring class'.<sup>192</sup> It would, however, not be until 1861 that the controversial land tax was adapted 'in favour of the more industrialized parts of Prussia'. Though the changes were significant, these parts of Prussia, which included Rhineland, Silesia, Saxony and Westphalia, still accounted for 61% of the land tax yield in

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<sup>189</sup> Péter Hanák, 'A National Compensation for Backwardness', in: *Studies in East European Thought*, No. 1/2 'Nationalism and Social Science' (June 1994) 42.

<sup>190</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 487-488.

<sup>191</sup> *Ibidem*, 488

<sup>192</sup> *Ibidem*, 496

1864 - down from 75% in the period between 1821-1838.<sup>193</sup> Nevertheless, these changes reflected 'the Crown's recognition of a new "balance of social forces"'.<sup>194</sup>

Similar tensions between social groups plagued reform in Austria where the aristocracy feared for the 'security of large estates' if the state was to concede too much to a 'bourgeois programme'. Okey concludes that 'the two elements in the ruling circles thus frustrated each other's developmental strategies', deepening the split and frustrating reform and economic growth.<sup>195</sup> In addition, the sense of injustice that spread in the 'more backward lands' about the equal levels of taxation to better off regions such as Bohemia led to a large scale refusal to pay direct taxes. The situation was especially troubled in Hungary, where in 1859 only 13% of direct taxes 'were being collected without force or threat of force'.<sup>196</sup> Old 'fiscal privileges' in Hungary and other eastern parts of the Empire further reduced the amount raised in taxes.<sup>197</sup> The dire situation of the Austrian state's financial situation would not be solved in the period discussed in this paper, with major reforms coming only at the end of the nineteenth century, after the *Ausgleich* of 1867.<sup>198</sup>

### 3.4 Industrialization

Prussian industrialization invariably conjures up images of coal mines, heavy industry, and above all, thousands of miles of railway crowded by steam engines. While all of these things happened at one point or other, changes were often so gradual that modern historians have started to avoid the term 'Industrial Revolution'.<sup>199</sup> Coal, iron and steel nevertheless 'formed the leading sector' of the period between 1849 and 1875, at the end of which coal output had increased by 800%, raw iron output by 1400%, steel output by 5400% and the combined horsepower of steam-powered machinery increased to over 2000% of the 1849 levels to an

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<sup>193</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 494.

Brandenburg, Pomerania, Posen and Prussia accounted for the rest of the land tax yield; 25% between 1821-1838, up to 39% in 1864. Tilly notes that 'representatives of the older provinces fought tax reform consistently' and points to the issue of tax reform as one of the reasons for the dismissal of the 'liberal Hansemann ministry of 1848'.

<sup>194</sup> *Ibidem*, 494.

<sup>195</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 172-173.

<sup>196</sup> *Ibidem*, 171.

<sup>197</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 95.

<sup>198</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 340.

<sup>199</sup> *Ibidem*, 81.

estimated 380,000.<sup>200</sup> Its relatively late industrialization allowed Prussian industry to adopt more modern technologies from the onset, and as a result, the coal mines of the Prussian Ruhr were both 'larger and more capital-intensive' than its British counterparts.<sup>201</sup> Linking these developments together was the German rail network, which grew 'from 4000 miles in 1852 to 24,000 in 1873', during which it 'consumed about half the output of the iron industry' while 'coal provided a half of [all] railway freight'.<sup>202</sup> Blackbourn emphasizes two points concerning the railways; first, 'backward linkages - the stimulus it gave to the producers of capital goods' and second, 'the crucial importance of construction'. This further highlights the 'primacy of capital goods' in this period. As we have seen, the Prussian state was at first hesitant to support the industrial economy and the railways that linked it together, but became a major investor during the 1850s and 1860s. Additionally, state policies that had hindered industrial growth were relaxed to favour 'industrial and commercial development'.<sup>203</sup>

Industrialization undoubtedly changed the German states, but it is important not to overstate both the scale and the effects of the changes. Though 'the giant smelting works (...) [are] the convenient symbol of German economic growth', this was not at all common in the period discussed in this research. During the 1870s, 'almost two-thirds of those engaged in manufacturing still worked for firms employing five people or fewer'.<sup>204</sup> Additionally, over 50% of the labour force remained active in agriculture until the 1880s and agricultural facilities accounted for a similar percentage of construction during the 1850s and 1860s. The 'growing economic specialization' and thus 'growing economic division of labour' accentuated the differences between countryside and towns, and between regions as well.<sup>205</sup> Railways played their part in this development, as 'changes in transportation and technology redrew the regional map', in no small part influenced by the energy sources that fuelled the industrialization. This led to a 'starkly uneven regional character of German industrialization'.<sup>206</sup>

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<sup>200</sup> Blackbourn, *History of Germany 1780-1919: The Long Nineteenth Century*, 136-137. The average horsepower of each engine did not increase significantly; from c. 29 in 1849, to c. 31 in 1875 (In 1849, c. 19,000 HP was spread out over 650 engines. In 1875, nearly 12,000 accounted for c. 380,000 HP).

<sup>201</sup> *Ibidem*, 136-137.

<sup>202</sup> *Ibidem*, 137.

<sup>203</sup> *Ibidem*, 137-141; Clark, *Iron Kingdom*, 530-531.

<sup>204</sup> Blackbourn, *History of Germany 1780-1919*, 142.

<sup>205</sup> *Ibidem*, 143-144; Breuilly, *Austria, Prussia and Germany 1806-1871*, 56.

<sup>206</sup> Blackbourn, *History of Germany 1780-1919*, 143-144.

In Austria the industrial and technological advances of the nineteenth century also left their mark on the country's economy. Comparisons between the Austrian Empire, Prussia and other German states suffers from a number of complications. First, as most historical work is done with the benefit of hindsight, 'long-run statistical series (...) take the territory of the German Second Empire (...) and compare this with the territory of the post-1867 Habsburg Empire'.<sup>207</sup> Secondly, accumulated statistics often leave out the regional nuances that were as present in the Austrian Empire as they were in Prussia and the other German states. This is especially relevant for Austria, in which regional differences were more significant than in Prussia. Bohemia and Austria (the province) for example, did not differ significantly from most German states. In short, Austria *did* industrialize and Austria *did* experience steady economic growth throughout the period between 1820 and 1866 to an 'extent that has previously been badly underestimated'.<sup>208</sup> Nevertheless, Breuilly claims that 'no one seriously denies Prussian economic superiority in 1850'.<sup>209</sup> This apparent contradiction can be explained by the qualitative difference between the two economies and their relation to the state, the military applicability of the economic developments being the most important factor in this relation. So while Austria continued to outpace Prussia in, for example, cotton-spinning production, well past 1850, it was unable to keep up with the growth of the Prussian coal, iron and steel production as well as the growth of its railway network, which had been almost equal to Prussia's in 1841 in length (c. 350 km). In subsequent years the growth slowed so that between 1847 and 1865 the length of the Austrian railways was at all times generally half that of the Prussian (by 1865, Prussia measured c. 6895 km of railways in operation, while Austrian totalled c. 3698).<sup>210</sup>

The major difference between Austria and Prussia in this regard is twofold. First, the fact that Prussia was a geographically divided state necessarily brought its growing infrastructural networks into contact with other German states, both directly, such as Hessen-Kassel, and indirectly through the *Zollverein*. Where these railways stimulated economic growth, these were thus intertwined with Prussian economic activities, and as by the early

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<sup>207</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 89-90.

<sup>208</sup> *Ibidem*, 89-90.

<sup>209</sup> *Ibidem*, 90.

<sup>210</sup> *Ibidem*, 101. Breuilly notes that one of his cited authors claims higher numbers for the Austrian railway network, but that he has 'not discovered any other authority which gives such high figures for Austria' and furthermore 'cannot locate [the] source' for these claims (p. 101); Okey, *The Habsburg Monarchy c. 1765-1918*, 82.

1860s more than half of the non-Austrian Germans were Prussian (see chapter 2.3) this was increasingly true in general. Second, while the western regions of the Austrian Empire and the lost Italian provinces were generally comparable to most other German states, trade between these states and Austria was hampered by political decisions, most notably the maintenance of tariffs and the inability, or unwillingness, of Prussia and Austria to come to terms over the *Zollverein*. There existed thus a growing economic and industrial gap between Austria and other German states, diminishing Austria's political position and making a German nation without Austria seem increasingly feasible.

### 3.5 State finance

'[Prussian] governmental expenditures', Richard Tilly notes, 'did not necessarily depend upon anticipated budgeted revenues'.<sup>211</sup> To cover its costs, the Prussian state turned to borrowing on the (international) capital market. Its ability to do so depended in on its favourable credit standing. The Napoleonic Wars and the spending that accompanied it had ruined Prussia's credit standing, but almost two decades of 'limiting expenditures and retiring debt' meant that by the late 1830's Prussia had regained a 'very strong' position. Uncertainty during the 1840's led to a slump, but the constitutional reforms enacted after 1848 gave Prussian debt a popular mandate and did much to repair the damage done to Prussia's credit standing. This situation remained unchanged during the 1850's, and even during the 1860's, when debt financed military expenditures against the will of both middle class popular opinion and the lower legislature.<sup>212</sup>

Statistical analysis of the Prussian fiscal situation, especially in the first half of the nineteenth century, is marred by the arbitrariness of the state's publications: only five times between 1815 and 1847 did it submit to pressure and publish its budget. In fact, before 1848, 'many governmental departments reported only their net revenues'. Contemporary scholars estimated that the published figures were 'at least 60%' below their actual value.<sup>213</sup> The increased amount of available statistics from 1848 onwards reveal two major trends: a significant overall increase in state spending, and a shift in the distribution of funds. State spending in fixed 1913 prices reveal the period 1815-1848 to have been more or less stable, with a few outliers, between 4,0 and 5,0 Thaler per capita. This climbed steadily in the

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<sup>211</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 495-496.

<sup>212</sup> *Ibidem*, 496.

<sup>213</sup> *Ibidem*, 491. It was the statistician Friedrich von Reden who, in 1856, formulated the 60% estimate.

following years, from 6,0 in 1853 to 7,5 in 1866, by which time it had almost doubled since 1821.<sup>214</sup> The percentage of governmental spending on national debt and military changed remarkably little during this period,  $\pm 10\%$  and  $\pm 30\%$  of expenditures respectively. The largest shift was the result of increased 'expenditures by the ministries of Commerce and Industry' and spending on mines and railways. These 'commercial' expenditures accounted for only 16% of the total in 1821, a percentage that had grown to 31% by 1866.<sup>215</sup>

National-income figures first became available in 1851, and show that 'almost no change in the ration of governmental spending to national income can be registered' in the two decades between the 1848 and 1866.<sup>216</sup> As we have seen, taxation had for a long time been at the centre of social-political tensions, this continued after 1848 as the new legislature claimed a role in the taxation policies of the state. It is in this period that the percentage of total revenues raised by taxes started to drop, and the monarch asserted his 'independence of constitutional fiscal controls'. The percentage, unchanged between 1821 and 1848 at 66%, dropped to 56% in 1856, and again down to 49% in 1866, reflecting 'some of the hollowness of the constitutional changes'.<sup>217</sup> It's also important to note that by the 1870s the Prussian state had purchased 'all the important private [railways]' and that 'the net proceeds of these railways not only entirely cover the exigencies of the [state] debt' but also yielded 'a very considerable surplus, which serves instead of taxation to cover other State expenses'.<sup>218</sup> Even before the purchase of private railways the Prussian financial situation was positive, as its debt had stabilized at about 290 million Thaler, with an annual state revenue of 240 million.<sup>219</sup> This situation prompted Bismarck to boast that Prussia could 'wage the Danish War [of 1864] twice over without needing [loans]'.<sup>220</sup>

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<sup>214</sup> Tilly, 'The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866', 492. 'Per capita spending, 1913 prices (Thalers): 7,0 (1821), 5,1 (1829), 4,7 (1838), 4,9 (1847), 3,8 (1849).'

<sup>215</sup> Idem.

<sup>216</sup> Idem.

<sup>217</sup> Ibidem, 493.

<sup>218</sup> Adolph Wagner, 'The Public Debt of Prussia', in: *The North American Review*, Vol. 175, No. 548 (July 1902) 136; Gustav Cohn, 'State Railways and State Revenue in Prussia', in: *The Economic Journal*, Vol. 9, No. 33 (March 1899) 94-97.

<sup>219</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 102.

<sup>220</sup> Clark, *Iron Kingdom*, 531. Bismarck was responding to entrepreneurs who presented the Prussian state with 'lucrative offers to privatize government enterprises or buy out the state-owned shares of semi-public companies'.

Boasting about the financial situation of the state may have been possible in Prussia, in Austria this was not the case. The prestigious role played by Austria in the European settlement of 1815 belied its 'endemic financial problems' and its fragile political situation. The Napoleonic Wars were not the first crisis of the Empire, and Austria 'had seemed on the verge of extinction in the mid-eighteenth century'.<sup>221</sup> In 1811 Austria issued a new paper currency that had a nominal value of only 20% of the currency it replaced, as 'war-induced inflation' continued to plague the state's financial situation.<sup>222</sup> After the wars, Austria had to maintain 'a much wider range of diplomatic commitments than Prussia which made it difficult to retrench'. More importantly, the Austrian economy 'provided fewer resources for taxation' and the social-political situation 'blocked possible sources of revenue'.<sup>223</sup> The financial situation only worsened during the 1850s, primarily because of the 1859 war in Italy which raised the national debt to 1.670 million Thaler by 1865 while the state revenue totalled only 292 million.<sup>224</sup> The Austrian state had to restore its credibility in order to take on additional debt at sustainable rates, and like Prussia had, Austria looked to constitutional reform to do so, leading to the troubled introduction of a constitution in the early 1860s, as was discussed above. Austria, which was already spending 26% of total state revenue (40% of regular revenue) on 'servicing public debt' (more than double the percentage Prussia paid; see above), was confronted with rising interest rates on new loans and found itself forced to 'sell increasingly valuable securities such as state-owned railways'.<sup>225</sup> The Austrian state's fiscal policy 'amounted to a series of expedients to avoid bankruptcy' which was 'unwilling and technically largely unable to tax capitalist income', and the often discussed 'tax-yield hike' during the 1850s (from 150 to 280 million by 1858) seems less significant when compared to the nearly 260 million spend in 1855 on the military alone.<sup>226</sup> The war of 1866 and its aftermath pushed state spending to decade-long highs (public expenditures more than doubled from 1857 to 1867, to 668 million Thaler; over 220% of revenue collected the year before), as Austria's financial position remained troubled to the point of being unsustainable by the state's seeming inability to bring its international political stance in line with the socio-economic

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<sup>221</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 72-73.

<sup>222</sup> *Ibidem*, 73.

<sup>223</sup> Breuilley, *Austria, Prussia and Germany 1806-1871*, 95

<sup>224</sup> *Ibidem*, 102.

<sup>225</sup> *Ibidem*, 95; Okey, *The Habsburg Monarchy c. 1765-1918*, 172.

<sup>226</sup> Okey, *The Habsburg Monarchy c. 1765-1918*, 172.

capabilities of the Empire.<sup>227</sup> The problem of Austria's international political stance was exacerbated by the forced reduction of military spending, which required a reduction of the size of the armed forces, as well a reduction of 'the scale and frequency of exercises'.<sup>228</sup> In 1866, the Austrian armed forces numbered 275.000 soldiers,  $\pm 63\%$  of its 1850 total. The 1866 Prussian army numbered 214.000 soldiers,  $\pm 163\%$  of its 1850 total. In combination with the technological superiority of the Prussian rifles and the generally higher standard of training, this did much to even the odds of the 1866 war, and explains at least in part why Prussia did not submit to Austrian pressure as it had in 1850.<sup>229</sup>

Breuilly and others have pointed to Paul Kennedy's *The Rise and Fall of the Great Powers* and his term of 'imperial overstretch' to conceptualize this state of affairs.<sup>230</sup> Such a 'grand theory of rise and fall' has recently come under some criticism for its focus on 'what historians of the French Annales school called *la longue durée*, the long term' by economic historians such as Niall Ferguson (1964) who stress the 'complex nature' of great powers who continuously operate on 'the edge of chaos' where 'a relatively minor shock can cause a disproportionate - and sometimes fatal - disruption'.<sup>231</sup> In the context of this research, sudden events and developments did have an effect on Prussia and the Austrian Empire, but long-term processes also had influence; some because of their gradual nature, others because they limited the number of options Prussia and Austria had to react to events.

### 3.6 Banking

The middle of the nineteenth century may, in terms of infrastructure, be characterized by the railway networks that slowly started to envelop the European continent, it also saw the growth of two other forms of infrastructure: communication and banking, and the three are closely connected. For it was the new electric telegraph and the first postage stamps that facilitated 'commercial and financial contacts' at a speed and frequency than had been possible in the past. The 'more flexible banking system' that developed from the (late) 1830s onwards was

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<sup>227</sup> Breuilly, *Austria, Prussia and Germany 1806-1871*, 65, 102.

<sup>228</sup> *Ibidem*, 95

<sup>229</sup> *Ibidem*, 102.

<sup>230</sup> *Ibidem*, 67.

<sup>231</sup> Niall Ferguson, 'Complexity and Collapse: Empires on the Edge of Chaos', in: *Foreign Affairs* (March/April 2010)

able to provide 'unprecedented investment sums'.<sup>232</sup> David Blackbourn notes that 'giant smelting works supported by the joint-stock bank: that is the convenient symbol of German economic growth after 1850'.<sup>233</sup> As we have seen, the German economy did not change overnight, and the same was true for finance and during the 1830s and 1840s 'money flowed into agriculture, state paper (...) but, for the most part, it did not flow into industry'.<sup>234</sup> Starting private banks lent 'mainly to local entrepreneurs whom they knew personally', while 'long-standing mercantile networks' that had sustained the merchants of the early nineteenth century became involved in industry as merchants-turned-industrialists were a significant group during the middle of the century.<sup>235</sup> New forms of investment did form, and among these were the mentioned joint-stock banks who were 'geared to industrial investment', as well as the joint-stock companies that 'raised public capital' to finance their activities. In time, these organizations would become the centre of 'German industrial capitalism' with its characteristic 'close ties and interlocked directorships between banks and industry'. During the 1850s and early 1860s, however, this was not yet the case.<sup>236</sup>

As we have seen, credit for private companies and citizens was a continuous political issue, for there was either too little or too much, according to different groups of people.<sup>237</sup> In Austria, the National Bank (created after the Napoleonic Wars with the purpose of financing 'the withdrawal of the already devalued currency of 1811') became a permanent organization which 'lent largely to the state'. The state, in turn, clamped down on regional Estate banks which it regarded as a 'threat to government credit', and refused to open local branches of the National Bank in places such as Croatia.<sup>238</sup> More significant was the fact that 'funded public debt (...) replaced the personal debts of princes', the latter having been the case through most of Europe before the nineteenth century.<sup>239</sup> Prussia had two so-called 'royal banks' following the Napoleonic Wars which, with the 1820 law requiring a popular mandate for increased debts, kept held a firm 'line on paper money issues' and was anxious to prevent the

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<sup>232</sup> Robin Okey, *The Habsburg Monarchy c. 1765-1918* (London 2001) 166; Blackbourn, *History of Germany 1780-1919*, 141.

<sup>233</sup> Blackbourn, *History of Germany 1780-1919*, 141-142.

<sup>234</sup> *Ibidem*, 141.

<sup>235</sup> *Ibidem*, 142.

<sup>236</sup> *Idem*.

<sup>237</sup> *Ibidem*, 178.

<sup>238</sup> Okey, *The Habsburg Monarchy*, 86, 171.

<sup>239</sup> Tilly, 'Public policy, capital markets and the supply of industrial finance in nineteenth-century Germany', 135.

accumulation of a debt that 'could be viewed as a violation of that law'. A cautious attempts to evade some of these strict restraints was made in 1846 when the newly founded, and supposedly private, joint-stock Prussian Bank was allowed to issue bank-notes. It would, however, not be until 1856 that the bank adopted 'a high-growth policy' under pressure from other German states, whose increasing number of bank-notes became common currency within Prussia. The Prussian state first banned 'the use of non-Prussian bank-notes in Prussia' and greatly increased the 'statutory ceiling on the note circulation of the Bank of Prussia'. As by then Prussia was, certainly economically, the single most important of the German states this decision made notes issued by the Prussian Bank the standard within the German states. It also shifted the focus of private commercial banks towards 'the less liquid section of the financial sector', and, coupled with a guarantee from the Prussian Bank to act as a lender of last resort, made them 'more willing to bear the risks of capital market transactions'.<sup>240</sup>

The most significant development in this sector, in so much as it relates to the national question, was the fact that Prussia was able to dictate the use of its own currency in international trade that involved Prussian parties, thus setting a standard in German economic affairs. It was able to do so because of its demographic size, political importance and economic strength and leadership in the *Zollverein*, and thereby gave further impetus to the *kleindeutsch*-solution to the national question.

### 3.7 Conclusion

Industrial and economic development in the nineteenth century changed Prussian and Austrian society, as well as the role of the state in economic affairs. However, it was not always evident that these changes strengthened the cause of national unification, or enabled the states to pursue such a policy. Both Prussia and Austria continued to set tariffs and own the major mines in their territories, but generally favoured a liberal economic policy that did not emphasize the role of the state in economic affairs. One major exception to this were the railways, especially in Prussia. Though in private hands until after the German unification, the Prussian state played an active role in the planning phases of construction. Austria had a similar policy, but its financial situation limited the extent to which it could maintain this in the 1850s and 1860s. This was in part due to its inability to collect taxes throughout the Empire, and continued tensions between aristocratic landowners and bourgeois entrepreneurs. In Prussia these tensions existed as well, but the 1848 revolutions helped to align the

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<sup>240</sup> Tilly, 'Public policy, capital markets and the supply of industrial finance in nineteenth-century Germany', 137.

industrial and political interests, resulting in a shift of taxation away from industrialized regions such as the Rhineland and Westphalia.

Industrialization was a regional development in both Prussia and Austria. In Prussia, this contributed to the growth of the rail network and the *Zollverein*, which grew to include most of the German states by the 1850s. It proved more difficult for Austria to abolish its internal and external tariffs, and over time, this separated it from the increasingly integrated economic zone of the *Zollverein*. In other cases, the combination of natural resources and the technology of the industrialization simply favoured Prussia over Austria, such as with the large coalfields of the Ruhr in western Prussia. Though this was a disadvantage, Austria's main economic concern in this period of the nineteenth century was its failure to control its spending, particularly on the military. It created an unstable financial situation that forced Austria to make political concessions in the form of a constitution, and to reduce its spending on infrastructural projects and the military so that by the 1860s the total number of its armed forces did not significantly differ from that of Prussia, which had traditionally been unable to support such a large standing army. This was due to Prussia's strong financial position, in part a legacy of its decades of frugality between 1820 and 1848. By the 1850s, the political, industrial and economic strength and influence of Prussia allowed it to ban the use of non-Prussian banknotes in Prussia, thereby making the Prussian-issued notes the unofficial standard currency of large parts of the *Zollverein*.

## Conclusion

This thesis has sought to provide an answer to the question proposed in the introduction. By discussing the changes of politics, society and economics in the German states in general, and Austria and Prussia in specific, the reasons behind the changed balance of power within 'Germany' with regards to possible political unification have been examined. In this concluding chapter, we will first discuss the results of the comparative analysis, and discuss how these situations influenced the settlement of the national question that led, in 1871, to the creation of the German Empire.

First, a brief restatement of the method and goals of the comparative method is in order for the interpretation of the following tables. Using Boolean algebra, a dataset of binary values can be used to create a formula of presence/absence-requirements for a specified outcome, this allows the identification of both the necessary and sufficient conditions of that outcome. In this case, the two cases (the states), and the broad variables (the sub-chapters), this approach is not fully applicable. Therefore, values will be given to the variables that indicate whether or not these variables contributed to the outcome, which was defined as 'taking a leading role in German unification'. Note that this does not contain a date, a matter to which we shall return shortly.

**Table 1 - Dataset of State & Politics**

	Prussia	Austrian Empire
Political influence on German politics	-	+
Political influence favouring German unification, prior to 1848	+/-	-
International position in 1850	-	-
Implications of 1848 revolutions on national question	+	-
Economic integration favouring German unification	+	-
Political influence favouring German unification, 1848-1866	+	-
International position in 1866	+	-

The above table shows the variables considered in the research, and the values given to their influence on the specified outcome. Prior to 1848, Austria was the primary power among the

German states, and Prussia was generally willing to follow its lead in national and international issues, especially when those issues could be characterized as anti-revolutionary. Austria and Prussia worked together within the confines of the German Confederation in an effort to preserve the peace of 1815. Nevertheless, the Confederation did not cover all political issues, and over the decades, Prussia formed its own independent policies, most notably concerning customs and tariffs. Prussian political influence thus grew and improved its ability to 'take a leading role in German unification'. Note that this was not inevitable, but possible. Austrian efforts in German politics centred mainly on the Confederation, and can thus not be said to have enhanced Austria's chance of doing the same.

Austria and Prussia were on the brink of war in 1850, following Prussian attempts to create a Union to replace the Confederation. With the support of Russia, Austria was able to pressure Prussia into accepting the reintroduction of the Confederation. Though the Punctation of Olmütz was a diplomatic success, the restoration of the Confederation as it had been before 1848 indicated that neither Prussia nor Austria was able to bring about the reforms of the Confederation it had wanted to. Therefore, neither state can be said to have furthered its position with regards to unification based on its international position in 1850. Prussia lacked the allies to enforce its initiatives in an armed conflict, but the Austrian alternative seemed more concerned with opposing Prussia than a genuine attempt to create a new political framework.

The course of the 1848 revolutions, and their effects on the political organisation of the state, is the first case where a clear difference between Austria and Prussia is present. The nationalistic fervour that swept across the continent led to the Prussian king being presented with an imperial crown, while the Austrian emperor had to rely on Russian support to quell a persistent Hungarian bid for independence. Adopting some of the rhetoric of the nationalistic movements, the king of Prussia secured his own position with the help of the military, but was also quick to introduce a constitution that contained some concessions to the liberal revolutionaries, thereby strengthening the case of those who argued that Prussia should take the lead in a unification of the German nation. In Austria, the new emperor embarked on a policy of neoabsolutist rule and sought to suppress supposed revolutionary initiatives of political reform. Prussia thus strengthened its position in the now political debate about the national question, while Austria had to concede ground on the issue.

The Confederation did not concern itself with customs and tariffs, allowing Prussia to take the initiative on these matters, which it did shortly after 1815. This eventually led to the

official creation of the *Zollverein*, which had grown to include most of the non-Austrian German states by the time of the 1848 revolutions. These economic bonds gave Prussia considerable leeway with other German states, which came to increasingly depend on the economic integration offered by the *Zollverein*. Prussia was keen to keep Austria out of its union, and despite some successful attempts to frustrate the workings of the customs union, Austria was unable to provide a convincing alternative to the *Zollverein*, because it had not succeeded in bringing its customs policies in line with those of the other German states. The customs unions that emerged over the course of the early nineteenth century were thus a herald of the future borders of the German and Austrian-Hungarian Empires, and significantly strengthened the possibility of a Prussia bid for primacy among the German states.

Though the Confederation had been restored, the 1850s revealed that it had lost much of its already limited influence and significance. Austrian involvement in two wars that seemed not to concern the German nation, and Prussian refusal to support Austria in both cases, weakened the position of Austria, even more so because both wars ended in a form of defeat for Austria, the Crimean War mainly political, the 1859 war in Italy also militarily. By attempting to employ the German states in defence of non-German interests, Austria furthermore antagonized those nationalists that favoured a solution to the national question without Austria, thus weakening its position.

As a direct result of Austria's involvement in the wars of the 1850s (the Crimean War, and the War in Italy), it faced the confrontation with Prussia of 1866 on its own. This created a situation in which Austria had few to no positive goals it could hope to achieve by fighting the war, while the threats seemed concrete: Russian threats to its territories on the Balkans and French threats to its Italian province. Austria was thus quick to sue for peace, but Prussia's strong international position meant its demands could be strict, as Russia welcomed a weakened Austria and Great-Britain was convinced a strong united German nation would prove a more effective bulwark against French aspirations than the disorganised Confederation had been. When Prussia thus demanded an end to the Confederation, Austria accepted.

**Table 2 - Dataset of State & Society**

	Prussia	Austrian Empire
Cultural & socio-economic homogeneity	+	-

Nationalism	+	-
Influence of peasants favouring German unification	-	-
Influence of middle-classes favouring German unification	+	-
Influence of aristocracy favouring German unification	+/-	-
Education	+	+/-
Parliaments and constitutions	+/-	-
Modern military	+/-	+/-

In matters concerning state and society, a similar image appears. Over time, developments in Prussia increased its potential ability to take a leading role in the unification of the German nation, while in Austria, these societal factors either complicated Austria's position in this debate, or were of little influence on the national question.

Most obvious, the lack of cultural and socio-economic homogeneity of the Austrian Empire proved an obstacle to developments and reforms of all kinds, while in Prussia only the Poles formed a significant minority group. Prussia was thus always more German than Austria was, and demographic changes meant that Germany was also becoming more Prussian and less Austrian while the Austrian Empire was becoming less German. Though these trends should not be overstated, they nevertheless help illustrate why the *kleindeutsch*-solution became increasingly acceptable. Education and literacy played some role in this, as well, as the Prussian social community spoke, read and wrote in German, just as the other German states did. In Austria, this was not the case for large parts of the Empire, thus widening the gap between these regions and an increasingly integrated German nation. In this research, a distinction has been made between German and Eastern European nationalism, most notably Hungarian. German nationalism led to Prussia being 'merged into Germany', as Christopher Clark has phrased it, a development that favoured the emergence of Prussia as leading the way towards political unification. In the Austrian Empire, both these types of nationalism proved problematic; Hungarian and Slav nationalism because they threatened the stability of the empire and at times advocated independence, German nationalism because, even more so than the aforementioned types of nationalism, increasingly drove Austria to a choice between accepting a German nation without Austria, or a split between the German

and non-German parts of the Empire. Austrian insistence on avoiding both these outcomes by frustrating attempts to create a German nation did much to strengthen the position of those that argued for a Germany without Austria.

Part of the Austrian refusal to accommodate the German nationalists can be traced to the existence of a socially and politically influential high aristocracy, consisting of a small number of German-Austrian and Hungarian families which had for generations been attached to the Habsburg monarchy rather than the Austrian state. They thus had little concern for nationalistic arguments and disapproved of political changes that threatened the position and status of the monarchy. In Prussia, the more open character of the nobility meant that more liberal and middle class arguments found their way into the state apparatus, strengthening the representation of those educated and property owning segments of the population that favoured national unification. Nevertheless, despite its earlier adoption of a constitution, the Prussian political system ensured that agricultural and military interests dominated, and Prussia thus did not necessarily take a pro-active stance on this issue. What it did accomplish, however, was that nationalists were generally more favourable towards Prussia following the introduction of the constitution, thus increasing support for the *kleindeutsch*-solution.

**Table 3 - Dataset of State & Economy**

	Prussia	Austrian Empire
The role of the state in economic affairs	+/-	+/-
Taxation, ability to fund the state	+/-	-
Industrial developments favouring German unification	+	-
State finance	+/-	-
Banking	+	-

Evaluating whether or not certain economic developments contributed to the ability of a state to take a leading role in the process of political unification was more complex and ambiguous than those in politics and society. On the whole, however, three issues stand out: First, the Prussian customs union was a distinctly international organisation, and thus led to greater degrees of political and economic cooperation between its members, while the Austrian customs union was a domestic organisation. The two otherwise generally adhered to the same

ideas of reducing state-imposed restrictions on industry and trade that sought to reduce the role of the state in (internal) economic affairs. Second, the financial situations of the two states resulted in two different approaches to economic development. Austria, forced by unremitting financial problems to reduce its role in the industrial and economic sphere, relied on private investors for the development of infrastructure, most notably railways. Prussian railways were in private hands as well, but the Prussian state's healthy financial situation allowed it to take a big role in the planning of the railway network that spanned large parts of northern Germany, and required cooperation with other German states to function properly. Third, and most significant, Prussia was successful in keeping Austria out of the *Zollverein* it had created, thereby splitting the German nation into two distinct economic zones that disregarded other forms of internal divisions such as the split between Protestantism and Catholicism. Of these two economic zones the non-Austrian was by far the most important in terms of industrial production and economic growth and in which Prussian banknotes had become the accepted standard currency. This strengthened, perhaps not necessarily Prussia, but certainly the idea among the German nationalists that the German nation could exist and prosper without Austria.

### **Concluding remarks**

The perceived success of national states such as France and Britain around the turn of the century gave nationalism in other parts of Europe, such as in the German states, a sense of urgency. Nationalism and its political corollary, the formation of a national state, were no longer ideas discussed by artists and authors, but a goal to be achieved in the realm of politics. After the Napoleonic Wars it fell to Austria and Prussia to propose an answer to this 'national question'. Austria's favoured answer came in the form of the 1815 German Confederation, an association of states led by Austria in which Prussia would have a strong second, but second nonetheless, position. But by 1848 this solution was increasingly showing signs of weakness: it was conservative and reactionary, failed to address issues such as interregional and international trade, and sought to stifle nationalistic calls for greater German unity and cooperation such as during and French unrest in 1830 and 1840.

Although the revolutionaries of 1848 did not immediately succeed in their attempted changes of the German political system, they opened the way for Prussia to pursue its own alternative to the national question, and, given the reaction of Prussia to the revolutions on issues such as constitutionalism, made nationalists and liberal revolutionaries more favourable

to its designs. Prussia thus proposed the Union, which showed similarities with its customs union, the *Zollverein*, from which it had been anxious to exclude Austria. Though Austria was able to force Prussia into accepting a reinstatement of the Confederation in 1851, the two states blocked each other's reforms, and the Confederation increasingly became an instrument to sway the Third Germany in those cases where Austria and Prussia could not reach agreement. At the same time as Austria increasingly alienated itself from German nationalists due to its involvement in non-German issues in Italy and the Balkans, Prussia had a second instrument with which to influence the smaller German states: the *Zollverein*, which had gained significance in the wake of infrastructural and industrial developments that contributed to what was becoming an integrated social and economic region. By the 1860s, a Prussian-led unification that excluded Austria thus seemed both possible and desirable to an increasing number of Germans, and eventually came into being following two wars in 1866 and 1870/1871.

But the question of why Austria was excluded from a unified German national state cannot be answered by pointing to those factors favouring a Prussian-led solution alone. Austria's situation reveals that the German national question was as much an 'Austrian question'. The Austrian Empire was not a nation, nor was it, in many aspects, a state. It was a monarchy and an empire, and nineteenth century nationalism destabilized the Austrian Empire to the point of open revolt and bids for independence, as with the Hungarian Revolution of 1848/1849 and the Italian War of 1859 and Italian involvement in the War of 1866. Talk of German unification from 1848 onwards contained an explicit demand for a change in the organisation of the Austrian Empire, but the Austrian monarchy, and the Austrian-Hungarian aristocracy that supported it, continuously refused all such proposals. Under these conditions, a German national state could not incorporate the German-Austrians, and provided both German nationalists and Prussia the opportunity to implement the *kleindeutsch*-solution to the national question. One obstacle remained, but as military defeat had forced Franz II to accept the dissolution of the Holy Roman Empire in 1806, so did military defeat force his grandson Franz Joseph I to accept the dissolution of the German Confederation in 1866. In 1867, the federal state of the North German Confederation was created, transforming the Prussian military coalition into a political entity. But it would take another war and another military coalition, against the French enemy of old, before the southern German states were convinced of Prussia's answer to the national question.

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