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Title of Thesis/Dissertation:
Continental Policy and Weltpolitik German Relations With Continental Western Europe 1890-1914

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Acknowledging that the conventional approach of diplomatic history cannot adequately explain international relations and that they are to a large extent conditioned by economic factors, as decisions in foreign policy are by domestic considerations, this study examines aspects of these interdependencies in the light of Germany's relations with Western Europe. The findings corroborate recent conclusions of other historians that German weltpolitik, demanded by large sections of the public as the basis of the empire's final position in a future world balance of power, was essentially a prestige policy for domestic reasons. It was intended to cement the caesaristic rule and the established class society dominated by feudal conservative agrarians and socio-politically conservative industrialists by diverting public attention from pressing questions of political and social reform to issues in foreign policy. It was accompanied since 1897 by attempts to rally the state-supporting bourgeoisie against the proletariat, since 1909 by efforts to integrate social democracy in the given order. German imperialism was also largely a policy of pegging out claims for the future, when the empire's political and economic power would allow an active overseas policy on a larger scale. It was the perpetual dilemma of weltpolitik that domestic demand for capital outstripped its formation. French and Belgian capitalists gave considerable financial assistance to German ventures in third countries and to German exports to South America. Since 1900 also French short-term funds were provided until all support was withdrawn in the Agadir crisis of 1911. The realization that weltpolitik at a time when the world had largely been divided up exceeded Germany's strength led to the tentative pursuit of the concomitant programme of a mitteleuropa under German domination, either as an economic association or as the result of a re-arrangement of political alignments, as a stepping-stone to the status of a world power. While the naval programme dictated the avoidance of a confrontation with Britain, attempts to separate France from Britain - any closer entente was precluded by the
question of Alsace-Lorraine - or to arrive at an arrangement with Russia were as characteristic of this Continental policy as the efforts to establish some form of closer relationship with the smaller neighbouring states. Nationalists and moderates demanded an extension of Germany's Continental basis using economic and geopolitical arguments. Their concepts appeared to be supported by the concentration of German exports of commodities and capital in Europe and by an increasing economic interdependence in Western Europe as it manifested itself in the exchange of German coke for French ores (since 1907), in the availability of French capital (until 1911), in Belgium's role as an international rallying ground of capital, and in the importance of Antwerp and Rotterdam to German trade and shipping. German industries established subsidiaries and acquired shares of ore mines in France. Belgium attracted German merchants (in the 1880's) and navigation lines, financiers and metal trading companies. German engagements in Holland and in the Dutch and Belgian colonies were low. French, Belgian and Dutch investments in Germany were remarkably high, but did not have the importance obtained by the assembly and refining plants of German works in France.

In this period of neo-mercantilism, spiralling customs duties and increased nationalism there was little prospect of a closer union of Continental Europe. The Austrians rejected it, the free-trade Dutch and Belgians showed concern for the maintenance of their political and economic independence, and under the pressure of public opinion and the chamber the French government introduced defensive economic measures. This political and economic "encirclement" led to increased aggressiveness in Germany. In 1913/14 the radicalization of public opinion was sustained by the government in a systematic psychological preparation of the country for war with Russia and France in an effort to rally the entire nation against the external enemy and to secure Germany's freedom of action on the basis of the further survival of the established order.
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  Excursus: Belgium's foreign financial relations
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VII. A brief outlook on war aims
Conclusion

List of abbreviations

Bibliography
A) Unpublished sources
B) Published sources
  I. Documents, speeches
  II. Statistics, yearbooks, addressbooks etc.
  III. Periodical publications and newspapers
    1) Periodical publications
    2) Journals
    3) Newspapers
    4) Annual reports, etc.
  IV. Memoirs, letters, diaries
C) Literature
  I. Contemporary
  II. After 1918
Introduction

This study suggested itself at a time, when interest in the history of Wilhelmine Germany was focused on war aims and, ensuing from it, on the question of continuity of pre-war policies and objectives in the First World War. At that time Germany's political and economic relations with her Western neighbours had not yet been the objects of modern historical research, in so far as publications were concerned, on the basis of the now fully accessible primary documentary material and in the light of questions and approaches other than that of traditional diplomatic history. The present work should be seen as an attempt to study German relations with France, Belgium, the Netherlands and Luxembourg not only for their own sake, but to assess their relevance in the context of general issues - some of which have either been slighted by general historians or neglected by economic historians - while also using the analysis to shed some light from a geographically and thematically restricted basis on more fundamental issues. It has been attempted to avoid rash judgements by extending the examination over a longer period of time, giving consideration to long-term economic and political developments.

The major sources of guidance and inspiration were, in the context and far beyond the initial stages, Fritz Fischer's work and Hans W. Gatzke's monograph on the "German drive to the West". There were, with the exception of a number of important articles by Jacques Willequet and his book "Le Congo Belge et la Weltpolitik", no extensive cohesive studies on German relations with Belgium. Horst Lademacher's examination of the problems of Belgian neutrality which touches upon some of the diplomatic questions was published late in 1970. German-Dutch relations had hardly drawn any attention, although various aspects had been dealt with in a survey of Dutch foreign policy by C. Smit, the editor

2) Hans W. Gatzke, Germany's Drive to the West (Drang nach Westen), A study of Germany's Western war aims during the First World War, Baltimore 1950. Now, on the basis of archival sources, Frank Wende, Die belgische Frage in der deutschen Politik des Ersten Weltkrieges, (Schriften zur Auswärtigen Politik, Band 7), Hamburg 1970.


4) Horst Lademacher, Die belgische Neutralität als Problem der europäischen Politik, (Veröffentlichungen des Instituts für geschichtliche Landeskunde der Rheinlande an der Universität Bonn), Bonn 1970.

5) C. Smit, Hoogteij der Neutrailiteitspolitiek, De buitenlandse politiek van Nederland 1899-1919, Leiden 1959. The only recent German study (another one is apparently in progress at the University of Cologne), making use of the files "Niederlande" in Bonn, although only for conditions at the turn of the century, is Konrad Schilling, Beiträge zu einer Geschichte des radikalen Nationalismus in der Wilhelminischen Ara, 1890-1909, Diss. phil., MS., Köln 1968, 93ff.
of the documents of the Dutch foreign ministry. Relations between France and Germany had been the subject of a few brief and, even in their time, hardly adequate dissertations in the history of German diplomacy 6), but also of the outstanding studies by M. E. Carroll on public opinion and foreign affairs. 7) Embedded in a larger context they are of course intrinsic to all major works on international relations before 1914 on which this author had to rely quite heavily in his tangential and eclectic assessment of general trends and specific aims in German foreign policy. 8)

6) the best is M. Zapp, deutsch-französische Annäherungsversuche und ihr Scheitern in den Jahren 1890 bis 1898, Diss. phil., Leipzig 1929.


Dissatisfied with the white spot and also with the results of the work of diplomatic historians, Pierre Renouvin, the doyen of French modern historians, took the occasion of a publication in honour of G.P. Gooch, the British historian, who in 1923 had pioneered with the first study on German-French relations before 1914, to advocate a more realistic approach which would yield "profound explications": to study the forces which shaped the evolution of the relations between the two countries and to determine the influence of "demographic conditions, economic and financial questions, and also of the spiritual forces and currents of sentiments." 


cial relations between France and Germany in their world-wide confrontation from 1898 to 1914. Unlike Guillen, Poidevin restricted himself deliberately to the economic field, primarily, so may be assumed, for practical reasons, as the scope of the task and the wealth of material presented by him would have made it impossible to comply fully with the implications of the concept of "histoire totale." There is, it seems, still room for this in a sense complementary study, although some duplication is unavoidable. Luckily, the contingencies of the quest for relevant material allowed both authors to work often on documentary bases not available to or not inspected by the other.12)

The superiority of the concept of "histoire totale" over traditional diplomatic history is beyond any doubt, since the latter permits in the majority of cases merely a glimpse at the surface of the historic process, yielding interpretations which are again in need of further explanations. In Germany the "Ranke - renaissance" since the late nineteenth century 12a) induced students of history to be content with


12) Both authors were granted permission to inspect nearly all material available in the central archives. Private and state archives in Germany were not used by Poidevin who in turn found material in French archives not consulted by this author. - For the present study great benefit was also derived from an unpublished state examination thesis kindly put at the author’s disposal by Gerhard Krüger, Das französische Deutschlandbild von 1900 bis 1914, thesis MS., Hamburg 1965 who pays considerable attention to French assessments of Germany’s economic strength and to French reactions to German industrial and financial investments in France, questions which were only touched upon in passing by Gilbert Ziebura, Die deutsche Frage in der öffentlichen Meinung Frankreichs von 1911-1914, Berlin 1955.

an examination of phenomena in the forefront. Critical and dissenting voices were mostly suppressed at a very early stage in the "Methodenstreit" about Karl Lamprecht and Richard Ehrenberg. The study of social and economic development in modern times was either detached from that of "politics" and foreign relations and restricted to a few all-though eminent specialists or did, particularly with students of general history not find any attention at all. The grotesque identification of social history with socialism stigmatized all sincere efforts until only recently. The concept of the "primacy of foreign politics" as remote from all social and domestic struggle met with hardly any opposition from within. In the late stages of the Weimar Republic scholars like Eckart Kehr, Alfred Vagts and G.W.F. Hallgarten fought a hopeless battle 13) against the forces of an apologetically and nationally motivated historiography of a variety of schools and against the discretionary powers of

the professors who, as E. Kehr saw it, could not free themselves from their protestant bourgeois origins and whose social security after ten to twenty years of self-financed unsalaried lectureship made them callous to and unaware of the socio-economic problems of the day and of the more recent past.\textsuperscript{14}"

There has admittedly always and everywhere been a reluctance to follow "new" approaches, but in spite of all methodological traditionalism it cannot be denied that the situation in twentieth-century Germany was not at all conducive to explorations into the economic and socio-political conditions of external relations and their correlation, in the manner of Kehr, with foreign policy. It was only in the nineteen-sixties that (to mention the trail-blazers) Helmut Böhme, Fritz Fischer, and, with a different accentuation, Hans Rosenberg and Hans-Ulrich Wehler resumed work on the foundations laid by Kehr and Vagts, by Rudolf Ibbeken and, significantly enough by also only a very few non-German historians as for instance Pauline Anderson,\textsuperscript{15} to pursue a "not


merely horizontal but vertical plus horizontal" investigation (A. Vagts).\textsuperscript{16} The objective is not totality - which is illusionary anyway - and it is also not the realization of Renouvin's concept of \textit{histoire totale} - which has never been delineated clearly and has to all appearances to be placed between Kehr and the ''total'' approach - but an attempt to arrive at more meaningful explanations by means of the cognitive method of correlating the conduct and objectives of foreign policy with the constitutive forces of political life (persons, social groupings, institutions, economic factors) and to close the gap between foreign and domestic politics and to overcome compartmentalization in historical science.\textsuperscript{17}

For the present study this approach involves

i) an analysis of political and economic relations between Germany and Western Europe; an examination of the objectives pursued by the sovereign and his government and equally of the conceptions and aims of economic associations, individual industrial leaders, political parties and organizations, with consideration, in so far as possible and feasible, of ''public opinion'';

ii) a cross-section through domestic and socio-economic, in the present case primarily of economic, conditioning factors;

iii) the correlation of i) and ii).

The gathering of facts and the understanding of domestic issues has been greatly facilitated by the reorientation of scholar-

\textsuperscript{16} Vagts I, p.VII,-similarly Hallgarten in the introduction of vol. I of his \textit{Imperialismus}

ly interest in the late nineteen-sixties. For a generation Th. Eschenburg’s monograph of 1929 had been the only study on aspects of domestic politics; the revived interest in the field shown at the history seminar at the University of Kiel at the beginning of the fifties was only short-lived. Another dozen years, 1957-1969, were again dominated by one study, H.G. Zmarzlik’s analysis of the first five years of the era Bethmann Hollweg; H. Ohlmann’s dissertation on the New Course under Caprivi remained unpublished; fifteen decisive years were largely left unaccounted for. The outstanding dissertations by Peter-Christian Witt, focusing on financial policies, and by Dirk Stegmann on the Sammlungspolitik have now closed two of the most noticeable and heavily felt gaps. Others remain, in particular in the vast area of economic development and economic policies, where in spite of the invaluable compilation and preparation of data

18) Theodor Eschenburg, Das Kaiserreich am Scheideweg, Basse mann, Bülow und der Block, Berlin 1929.
21) Peter-Christian Witt, Die Finanzpolitik des Deutschen Reiches von 1903 bis 1913, Eine Studie zur Innenpolitik des Wilhelminischen Deutschland, (Historische Studien, Heft 415), Lübeck und Hamburg 1970; Dirk Stegmann, Die Erben Bismarcks, Parteien und Verbände in der Späphase des Wilhelminischen Deutslands, Sammlungspolitik 1897-1918, Köln und Berlin 1970. For a survey of the studies on aspects in German domestic politics 1890-1914 cf. the introductory overviews in these two studies. In a more conventional approach: Manfred Rauh, Föderalismus und Parlamentarismus im Wilhelminischen Reich, (Beiträge zur Geschichte des Parlamentarismus und der politischen Parteien, Band 47), Düsseldorf 1973
by W.G. Hoffmann and his school\textsuperscript{22}), a not inconsiderable part of the task of gathering factual information is still left to the general historian. Studies on the social development and social policy are sparse.\textsuperscript{23}) Important questions in economic history are only now under investigation\textsuperscript{24}) and contemporary accounts and the specific work of Arthur Spiethoff's school of economics in the Republic of Weimar remain for the time being the principal secondary sources and guidelines in the interpretation.\textsuperscript{25}) During the preparation of this study the lack of any modern monographs on Germany's commercial and customs policies made itself felt repeatedly. Also here the basic and decisive aspects have now been dealt with, from specific points of view in the context of their studies, by Witt and Stegmann who have also more to say on the general political background, on economic development

To these must now be added Heinrich August Winkler, \textit{Pluralismus oder Protektionismus?}, Verfassungspolitische Probleme des Verhandlungsens im Deutschen Kaiserreich, Wiesbaden 1972 and above all Dieter Groh, \textit{Negative Integration und revolutionärer Attentismus}, Die deutsche Sozialdemokratie am Vorabend des Ersten Weltkrieges, Frankfurt und Berlin 1973. In his attempt to fit his analysis in the larger whole Groh gives a generally excellent interpretation of background conditions, but presents numerous errors of fact and judgement on the economic situation.

\textsuperscript{22}) Walther G. Hoffmann, Franz Grumbach, Helmut Hesse, \textit{Das Wachstum der deutschen Wirtschaft seit der Mitte des 19. Jahrhunderts}, Berlin, Heidelberg, New York 1965. (Some of the material has to be used with caution.)

\textsuperscript{23}) Karl Erich Born, Staat und Sozialpolitik seit Bismarcks Sturz, Wiesbaden 1957 (frequently criticized for inadequacies); Wolfgang Köllmann, Zur Situation des Faches Sozial- und Wirtschaftsgeschichte in Deutschland, in: \textit{Wissenschaft, Wirtschaft und Technik, Studien zur Geschichte, Festschrift W. Treue}, (ed. by K.-H. Manegold), München 1969, 135-146


\textsuperscript{25}) As "Studien zur Überzeugung in ..."
and economic associations, pressure groups and parties than the few individual monographs before them. Superfluous to say that they also cover considerable ground in the largely unexplored political-economic field, which has, again with a few recent exceptions, been more or less the reserve of

26) Stegmann corrects a number of errors of both judgement and fact in Hartmut Kaelble, Industrielle Interessenpolitik in der Wilhelminischen Gesellschaft, Centralverband Deutscher Industrieller 1895-1914, (Veröffentlichungen der Historischen Kommission zu Berlin beim FMI-Institut der FU Berlin, Band 27), Berlin 1967, the only monograph on an industrial association. For the Agrarian League see now, superseding all older studies, Hans-Jürgen Puhle, Agrarische Interessenpolitik und preußischer Konservatismus im wilhelminischen Reich (1893-1914), (Schriftenreihe des Forschungsinstituts der Friedrich-Ebert-Stiftung, B: Historisch-politische Schriften), Hannover 1967.---Introductory to the problems: Thomas Nipperdey, Interessenverbände und Parteien in Deutschland vor dem Ersten Weltkrieg, in: PVS 2/1961, 267f. Gerhard Schulz, Über Entstehung und Formen von Interessengruppen in Deutschland seit Beginn der Industrialisierung, ibid., 124f and Wolfram Schmitter, Staatsverwaltung und Interessenverbände im Deutschen Reich 1871-1914, in: Wirtschaft und Wirtschaftsgeschichte, Festschrift für G. v. Eynern, 1967, 452ff. All are very general and conspicuous for the absence of specific documentation which would have been easily available (even without consulting the archives), and either methodically inadequate (Schmitter) of abounding with errors (Schulz). Indispensable is now the "handbook" Die Bürgerlichen Parteien in Deutschland, 2 vols., Berlin 1966-1970, containing also extremely helpful articles on interest groups (some already published previously in the journals of the universities) which do not have a parallel in West German publications, where Thomas Nipperdey, Die Organisation der deutschen Parteien vor 1918, (Beiträge zur Geschichte des Parlamentarismus und der politischen Parteien, Band 18), Düsseldorf 1961 is still the essential work.---An introduction to the history of the Pan-German League is Alfred Kruck, Die Geschichte des Alldeutschen Verbandes 1890-1939, (Veröffentlichungen des Instituts für europäische Geschichte Mainz, Band 3), Wiesbaden 1954; now on the archival basis, but concentrating on the Navy League: Schilling, Beiträge. Not obtainable was E. Hartwig's dissertation (Zur Politik und Geschichte des Alldeutschen Verbandes 1891-1914, Diss. phil. MS., Jena 1966).
historians in the DDR. With regard to the national and international relations within and between the various branches of industry the wealth of contemporary material and many excellent contemporary interpretations, together with the, by nature hagiographic but very informative anniversary publications of industrial companies and banks appear to warrant the assumption that the conclusions presented in this study are in their majority not only of a tentative nature.


While aversion to socio-economic and structural analysis is gradually diminishing and has on occasion prompted swings in the opposite direction, there has arisen a new interest in the relation of history to theory, mainly under the influence of developments in related disciplines, in particular the recent "Positivismusstreit" among German sociologists on the theoretical foundations of the social sciences. These explications\(^{29}\) have been followed with interest, but opinion among historians is divided on the practicability or even the legitimacy of the application, or at least the utilisation, of political, social and economic theories to historical studies as much as it is on the necessity of an explicit formulation of the mode of investigation.\(^{30}\) Compared with some recent articles,\(^{31}\) the present study has been conducted along rather conventional lines, in part to avoid "forcing the historic process into the procrustean bed of categories of the political


\(^{31}\) cf. e.g. some of the contributions in *Das Kaiserliche Deutschland*, Politik und Gesellschaft 1870-1918 (ed. by Michael Stürmer), Düsseldorf 1970.

and social sciences" (F. Fischer)\(^{32}\), but also on account of the mostly low empirical value of economic theories and models. It does not seem particularly wise to disregard the exceptions economists usually take to each other's models and to the conceptions underlying their theories. Simon Kuznets has described their function as of a primarily auxiliary nature to assist the scholar in his efforts "to orientate himself properly among the variety of data". In this sense they are an indispensable analytical instrument especially to the non-economist historian who is, however, warned time and again that on account of the treatment of "non-economic variables" as qualifying exceptions only fragments of the theories can actually be applied to historical realities.\(^{33}\) A consensus on the value of models cannot be expected among empirical economists and economic historians, but the argumentation that there is not and cannot be any theory to provide an adequate point of departure for disentangling and explicating empirical material is evidently not without foundation. Even then the outsider is not only amazed at the near-complete lack of reference to social and political developments\(^{34}\), but also


\(^{35}\) Kuznets, op. cit., 67.-Furt W. Rothschild, Marktform, Löhne, Außenhandel, Beiträge zur Wirtschaftstheorie und Wirtschaftspolitik, Mainz 1966, 60: Nine out of ten authors concerned with the study of oligopolistic markets manage to say not one word on imperialism!-"while pure economists set great value on the formally faultless treatment of problems of equilibria in an ideal situation, Marxism has never lost sight of development and of social change which can hardly be treated adequately by static calculation." Hans Albert, Marktsoziologie und Entscheidungslogik, Ökonomische Probleme in soziologischer Perspektive, Neuwied 1967, 18 and 497ff.
at for instance the exclusion of all general political considerations from traditional models of foreign trade and the theory of international monetary movements, and he is particularly astonished at the disregard of models of economic growth for social developments, the shifting of economic and political power, and, among further factors, for foreign trade and international political relations. The issue—under the aspects of "history and theory"—of an integration of economic history and economic theory (which

35) cf. mainly Gottfried Haberler, The Theory of International Trade, with Its Applications to Commercial Policy, New York 1956, 2nd ed. 1950;—Horst Bockelmann, Zur Kritik der klassischen Tradition in der Außenhandelstheorie, Frankfurt 1958;—R.E. Caves, Trade and Economic Structure, Models and Methods, (Harvard Economic Studies, vol 115), Cambridge, Mass. 1960, and the convenient survey by Gottfried Haberler, A Survey of International Trade Theory, Princeton, N.J. 1961.—Most of these observations apply also to contributions by economists (few as they are), purporting to study the impact of foreign relations on international economic relations. Very uncritical, although criticizing all others, is Peter Bernholz, Außenpolitik und internationale Wirtschaftsbeziehungen, Frankfurt 1966, (Frankfurter wissenschaftliche Beiträge, Rechts- und Wirtschaftswissenschaftliche Reihe, Band 22); Alfred Zelander, Politique extérieure et politique du commerce extérieur, Paris-Genève 1957.—Much the same characteristics show in the studies of economic history, mainly monetary and financial history, done by economists (see in this study in connection with the policies of the Reichsbank) with the noteworthy exception of of the outstanding work by Oscar Nongenstern, International Financial Transactions and Business Cycles, Princeton, N.j. 1959.

is at present of far greater concern to non-German scholars is 37) of course an old one and reminds of the "Methodenstreit" and the revival of the discussion in the 1920's by Werner Sombart, followed by others 38), but emphasis has recently been shifted, primarily in the United States and in France, while the discussion has not yet been taken up in Germany, to a new style economic history usually associated with the labels of "new economic history", "quantitative history, or "serial history". Of particular relevance to the present study is the work of members of the "Institut de Science d'Economie Appliquée" (ISEA) in Paris, analysing the development of the French national economy over an extended period of time "under particular consideration of the underlying movements of long duration". Jean Marczewski, one of its major promoters and a former collaborator of Simon Kuznets in his studies on economic growth, regards "quantitative history" as a "history of masses" and insofar (1) in contrast if not opposition to the "history of heroes" and that of "instantaneous facts". 39) The claim to a history of masses shall not be disputed; Marczewski is in fact solely concerned with quantitative aggregates (and the results of his laborious work are stupendous in-

37) The complete issue of JEH 17/1857 is devoted to the theoretic and programmatic aspects of the question.
spite of the criticism brought forth against his method of compilation), qualitative changes in the structures of economies and societies appear to be irrelevant. Output is everything and man plays no part at all (hence the anti-hero effect). The question whether history without man, even as "economic history", is any history at all is suppressed before it arises. The value to the general historian of the data collected and prepared by the "new economic historians" is of course beyond all doubt.

While these considerations are in the main responsible for the more conventional approach in the study, they should, however, not obscure the author’s indebtedness in particular to the suggestions of those who have been fighting the "compartmentalization" in the social sciences in a broad sense and in history in particular. 40)

A brief note on the source material.

The unpublished material used for the study is deposited in the central archives in West and East Germany, France and Belgium and in a number of state archives and private archives in Germany and Belgium. The archives in Luxembourg have either not yet been opened to research or remain closed.\(^{41}\) The files of the Dutch foreign office were (in 1969) not yet transferred to the Rijksarchief, but an evidently considerable part has been published by C. Smit.\(^{42}\) Some gaps in the presentation could obviously have been filled with material from the state archives in Karlsruhe, Stuttgart, Lübeck and in Berlin-Dahlem; it appears, however, that most of their files would merely have duplicated the evidence gathered elsewhere or would largely have been of a peripheral relevance. It is nonetheless deplorable that they had to be omitted. For a variety of internal reasons some material in the archives consulted could not be made available for examination. Personal papers which form the foundations of comprehensive biographies were either not inspected or did not


yield anything of interest beyond the material published.43) In the case of the Eulenburg papers no reference will be made to the publication by John Röhl which appeared while this study was in progress.44) Inquiries at the information offices of industrial corporations and associations showed that many archives were destroyed in the Second World War45), that some do apparently not have any relevant material46), while the collections of others begin only at a later date in the 20th century.47) The basis on which a Fritz Hellwig could work in the 1930's is lost. In Belgium determined efforts are made to centralize companies' papers in the state archives in Liège. By 1969 they did not yet contain material of interest to this study.

The author wishes to seize the opportunity to express his really deep gratitude to the ladies and gentlemen of the archives he visited for their assistance and cooperation which was generally far beyond the usual services.


44) The material available in BA Koblenz consisted in the main of typewritten copies.

45) e.g. Stumm, Röchling, Disconto-Gesellschaft, Norddeutscher Lloyd, CVdI, chamber of commerce Rotterdam

46) e.g. Krupp, Phoenix-Rheinrohr, de Bary

47) e.g. Verband Deutscher Reeder, Hamburg-Amerika-Linie

48) Fritz Hellwig, Carl Ferdinand Freiherr von Stumm-Halberg, Heidelberg und Saarbrücken 1936

N.B. Of the contemporary newspapers The Rheinisch-Westfälische Zeitung, Kölnische Zeitung and Frankfurter Zeitung were consulted in various university libraries (per annum, although in no case for the entire period). All other newspaper material was found in archives with the exception of occasional volumes obtainable in Hamburg, at the WWI biiel and HWA Hamburg (where most of the serial publications were inspected); particularly valuable is the collection of clippings of the statistical division of the former Reichsbank, deposited in DZA Potsdam.
I. The economic pre-conditions.

1.) Economic development of Germany and Continental Western Europe, 1880-1913.

The domestic structure of nations and their relations with each other depend on the respective state of the development of their productive forces. In the second half of the nineteenth century the characteristic features of the, in modern terminology, process of economic growth were determined by industrial expansion and the extension of commercial relations. Prussia-Germany, by Western standards economically backward in the 1830's and 1840's, experienced its industrial "take-off" (Rostow) in the period between 1850 and 1873, not unassisted incidentally, at least regionally and sectorally, by French and Belgian technology and capital. By the end of the century the German Empire had been


Jean Naréchal, La contribution des Belges et des Français à l'essor de la grande industrie allemande, in: Revue Universelle des Mines, 8me série 13/1937, 517f. - Foreign investments constituted, however, at no time more than approximately 5% of the total capital in German industry; cf. K. Borchardt, Zur Frage des Kapitalmangels in der ersten Hälfte des 19. Jahrhunderts in Deutschland, in: JbNS 173/1961, 401f.
transformed to the most advanced industrial nation on the Continent: 4) the new "centre of gravity" (Hillgruber) which had been formed in 1871 had made use of its economic, political and military potentials and had attained a "semi-hegemonic position" (Dehio) on the Continent a generation later, 5) conditioned by the long-term economic and social as well as socio-political effects of the industrial revolution, the far-reaching secular event in the nineteenth century. After the "great spurt" (Gerschenkron) in the second third of the century and the temporary falling-off during the long cyclical depression in the seventies and early eighties the expansion of existing and the establishment of new enterprises was intensified since the mid-eighties. The depression was an international phenomenon but particularly severe in those countries in which the industrial breakthrough had occurred or was to occur at a relatively late date. In the long run, however, Germany, like the United States, did not suffer from the handicaps but benefitted from the advantages of being a late-comer. By comparison with the rates of growth in the United Kingdom, the dominating industrial world power well into the seventies, and in France, the industrially leading country on the Continent during at least the first half of the century, industrial production in Germany and in the United States took an unprecedented development, reflecting the usually observable disparities of economic growth.

4) In the early eighteen-nineties Caprivi was the first to officially acknowledge Germany as an agrarian and industrial country.

The growth of industrial production (1913=100)\(^6\)
(traditional estimates)

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>France</th>
<th>U.K.</th>
<th>Russia</th>
<th>U.S.</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>14</td>
<td>26</td>
<td>34</td>
<td>8</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>1870</td>
<td>18</td>
<td>34</td>
<td>44</td>
<td>13</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>1880</td>
<td>25</td>
<td>43</td>
<td>53</td>
<td>17</td>
<td>17</td>
<td>26</td>
</tr>
<tr>
<td>1890</td>
<td>40</td>
<td>56</td>
<td>62</td>
<td>27</td>
<td>39</td>
<td>43</td>
</tr>
<tr>
<td>1900</td>
<td>65</td>
<td>66</td>
<td>79</td>
<td>61</td>
<td>54</td>
<td>60</td>
</tr>
<tr>
<td>1910</td>
<td>89</td>
<td>89</td>
<td>85</td>
<td>84</td>
<td>89</td>
<td>88</td>
</tr>
<tr>
<td>1913</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Shares of the leading industrial nations in world industrial production (in per cent):\(^7\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>France</th>
<th>U.K.</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>13</td>
<td>10</td>
<td>32</td>
<td>23</td>
</tr>
<tr>
<td>1890</td>
<td>14</td>
<td>8</td>
<td>22</td>
<td>31</td>
</tr>
<tr>
<td>1900</td>
<td>16</td>
<td>7</td>
<td>18</td>
<td>31</td>
</tr>
<tr>
<td>1910</td>
<td>16</td>
<td>7</td>
<td>14</td>
<td>35</td>
</tr>
<tr>
<td>1913</td>
<td>16</td>
<td>6</td>
<td>14</td>
<td>36</td>
</tr>
</tbody>
</table>

While the indeces for Germany, the U.K. and the U.S. may be subject to revisions, but can at the present time not be proved inaccurate, the traditionally accepted data for France have recently been called in question. The analysis by

\(^6\) VhfK Sonderheft 31: Entwicklungstendenzen der deutschen und internationalen Industrieproduktion 1860-1932; Rolf Wagenführ, die Industriewirtschaft, Berlin 1933, 18. - The estimates given in the table are roughly corroborated in the standard work by Folke Hilgerdt, Industrialization and Foreign Trade, (League of Nations), Geneva 1945. Most other surveys are based on Hilgerdt. - The figures for Germany are also nearly identical with those given by Hoffmann, Wachstum, 193, 390. (For France see n. 8ff. below).

Markovitch suggests a much slower growth in the years after 1895 and would increase the index for 1895 from 60 to 70, that for 1900 from 60 to 75. Although his findings are in general not indisputable, the revised index appears far more realistic than former assessments. General developments in France since the 1890's would then resemble the trend in the U.K. more closely than that in Germany. The increase in industrial output in 1905-1913 as against the average in the preceding decade would not have been 40.1\% but 29.9\%, harmonizing also with the impression of contemporary observers of an "industrial retardation in France." The rates of growth in industrial production would then be: (in \%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>U.K.</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865-1874</td>
<td>59.9</td>
<td>34.6</td>
<td>17.0</td>
</tr>
<tr>
<td>1875-1884</td>
<td>36.6</td>
<td>23.2</td>
<td>17.7</td>
</tr>
<tr>
<td>1885-1894</td>
<td>49.2</td>
<td>16.4</td>
<td>16.2</td>
</tr>
<tr>
<td>1895-1904</td>
<td>41.0</td>
<td>20.7</td>
<td>21.3</td>
</tr>
<tr>
<td>1905-1913</td>
<td>45.1</td>
<td>18.0</td>
<td>20.9</td>
</tr>
</tbody>
</table>

1885-1894  35.4  40.1
1895-1904  47.8  52.6
1905-1913  57.8  73.7

9) 40.1%: Kuczynski, JbWG 1968/III, 405 (Hilgerdt, 132f.) - 20.9%: Tihomir J. Markovitch, L'industrie Francaise de 1789 à 1964, Conclusions Générales, (Cahiers de l'ISEA, AF 7), Paris 1966, 203. -- Much can and has been said against Markovitch's presentation of only decennial averages! --For contemporary voices cf. Krüger, Deutschlandbild, 80f.

10)For the purpose of comparison (decennial averages, irrespective of the business cycles) the rates have been computed from the indeces in Hoffmann, Nachstum, 390-393.
The rates of growth in total output, dubious as the concept may be, are at least of some illustrative value. Kuznets has estimated the average increases per decade for the entire span from 1870 to 1913 as: 11)

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>24.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>33.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>16.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>30.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It can, however, be said with a certain amount of safety that Germany and the U.S. were - viewed globally - the only two leading economic powers whose shares in world production and also in world trade did not diminish. Belgium (where the industrial take-off had occurred at a much earlier date than in the German states) was the only country whose rates of growth bear, among the industrialized countries, any comparison with the development in Germany. The rising share of Belgium and Holland in international trade reflects of course to a considerable extent also the economic performance of their German hinterland.

Shares in world trade (at current prices): 12)

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>France</th>
<th>U.K.</th>
<th>Holland/Belgium</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1881-85</td>
<td>10.4%</td>
<td>10.7%</td>
<td>19.1%</td>
<td>8.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>1886-90</td>
<td>10.9%</td>
<td>10.0%</td>
<td>18.5%</td>
<td>9.8%</td>
<td>9.7%</td>
</tr>
<tr>
<td>1891-95</td>
<td>11.0%</td>
<td>9.2%</td>
<td>18.0%</td>
<td>10.2%</td>
<td>10.5%</td>
</tr>
<tr>
<td>1896-00</td>
<td>11.9%</td>
<td>8.5%</td>
<td>17.5%</td>
<td>11.0%</td>
<td>10.2%</td>
</tr>
<tr>
<td>1901-05</td>
<td>11.6%</td>
<td>7.6%</td>
<td>16.4%</td>
<td>11.4%</td>
<td>10.5%</td>
</tr>
<tr>
<td>1906-10</td>
<td>12.1%</td>
<td>7.6%</td>
<td>12.2%</td>
<td>11.1%</td>
<td>10.3%</td>
</tr>
<tr>
<td>1911-13</td>
<td>12.2%</td>
<td>7.5%</td>
<td>14.1%</td>
<td>11.1%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

10a) Markovitch, L'Industrie (AF 7), 203

Average annual growth (in%) of industrial output in U.K.:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1847/53-1854/65</td>
<td>3.5%</td>
<td>1875/83-1884/89</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td>1854/60-1861/65</td>
<td>1.7%</td>
<td>1884/89-1890/99</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>1861/65-1866/74</td>
<td>3.6%</td>
<td>1890/99-1900/07</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>1866/74-1875/83</td>
<td>2.1%</td>
<td>1900/07-1908/13</td>
<td>1.5%</td>
<td></td>
</tr>
</tbody>
</table>
An excellent illustration of the disparities of economic growth can be found in the development of the respective gross national products (at current prices): 13)

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>(million francs)</td>
<td>22,299</td>
<td>27,235</td>
</tr>
<tr>
<td>1875-1884</td>
<td>22,299</td>
<td>27,235</td>
</tr>
<tr>
<td>1885-1894</td>
<td>27,800</td>
<td>27,321</td>
</tr>
<tr>
<td>1895-1904</td>
<td>38,725</td>
<td>29,094</td>
</tr>
<tr>
<td>1905-1913</td>
<td>58,100</td>
<td>38,035</td>
</tr>
</tbody>
</table>

The increase per head of population was 100% in Germany as compared with approximately 40% in France 14) - a reflection undoubtedly also of the interrelation of economic and population growth. Under the "two-children system" the population of France virtually stagnated after 1871, that of Germany increased steadily, turning into a veritable "population explosion" in the 1890's with an increase of 800,000 to 900,000 per annum, when emigration petered out and became a completely negligible factor.

Population (in millions): 15)  

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>France</th>
<th>Belgium</th>
<th>Holland</th>
<th>U.K.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>45.095</td>
<td>37.450</td>
<td>5.500</td>
<td>4.013</td>
<td>30.650</td>
</tr>
<tr>
<td>1890</td>
<td>49.241</td>
<td>38.380</td>
<td>6.041</td>
<td>4.538</td>
<td>33.913</td>
</tr>
<tr>
<td>1900</td>
<td>56.046</td>
<td>38.900</td>
<td>6.655</td>
<td>5.142</td>
<td>37.925</td>
</tr>
<tr>
<td>1913</td>
<td>66.978</td>
<td>39.700</td>
<td>7.605</td>
<td>6.144</td>
<td>42.538</td>
</tr>
</tbody>
</table>

14) Computed by the author (supported by the figures for the net social product in Hoffmann, Wachstum, 825/26), per head in Germany 1875-400 M, 1912-800 M, in France 1875-700fr., 1912-1000fr.
The aggregates alone explain little and a sectoral analysis is indispensable. At the First International Conference of Economic History in Stockholm in 1960 many participants emphasized the inadequacy of the "rather simple" post-Keynesian neo-classical models of economic growth and their assumption that economic development was its sole explanation in the development of the supply of production factors. The former emphasis on single factors like capital (Harrod and Domar, although they state explicitly and by contrast with others that their models do in no way intend to describe the actual process of growth), or resources (Huntingdon and Parker), or technology (Solow) in their isolation has given way to a revived accentuation of the relevance of the development of "leading economic sectors" or "cycle leaders" or, so the most precise definition by Simon Kuznets, "leaders in economic growth and cyclical expansion." The

16) First International Conference of Economic History/Prémière Conférence Internationale d'Histoire Économique, Stockholm-Paris 1960, esp. the contribution by L. Cochrnan (p.9f.: "A historical approach to economic development").

17) On the older models cf. any economic textbook.—Simon Kuznets, Economic trends and business cycles (1947), in: id., Economic change, Selected Essays in business cycles, national income and economic growth, New York 1953, 125ff.—for Rostow e.g. Process of Economic Growth, 126f., conforming with the basic work by A.O. Hirschman, The Strategy of Economic Development, New Haven, Conn. 1958.—Among the more recent contributions above all Wassilij Leontief, Input-Output Economics, New York 1966,—Walther G. Hoffmann (ed.), Beiträge zur Wachstumstheorie, Tübingen 1969.—A variation of the concept is introduced by Marczewski, Introduction, 148 as "industries motrices".—Also Perroux’ efforts (reflected essentially in a collection of his articles as François Perroux, L’Économie du xxᵉ siècle, 2nd ed. Paris 1964) to grasp the disparities of economic growth and the disequilibria in national and international economic relations together with the variety of the phenomena of "economic power" which are ignored by the "balanced growth" theories in his concept of "pôles de croissance" and "growth inducing
superiority of the concept is evident: the "primary growth" in the leading sectors, following a pattern of input-output relations, is transmitted to others sectors of the economy and will, in a network of intersectoral relations, stimulate general economic activity, but also create new disequilibria in the form of a "sectoral overshooting" which will in the end lead to another downswing in the rates of growth in production. These "areas of innovation" - the term was coined already by Joseph Schumpeter, although his concept of innovations, as distinct from inventions, is quite evidently too narrow in the technical sense employed by him - were coal mining and iron production in the decades after 1850. 18) They maintained key positions in the European eco-

nomies until 1914 (and beyond) and appeared frequently in the centre of the ideal type of imperialism. Since the 1880's the decisive impulses and stimuli to new economic growth were, however, provided by the chemical and electrical industries. They were joined, around the turn of the century, by the combustion engine and the motorcar industry which were of early significance in the United States, soon also in France, but gained importance in Germany at only a relatively late date and could be considered as a leading sector only after the World War. 19) Germany's domination in the chemical (dyestuffs) and electrical industries (machinery, motors), her extremely strong position in coal mining and in the production of iron and steel offer, in the light of the theory of the leading sectors and related conceptions, a reasonable and rather satisfactory (though by no means exhaustive) explanation of her industrial supremacy at the time of the outbreak of the First World War and of the retardation of growth in Britain and France where industrialists failed to innovate on a large scale or did it very late, sometimes apparently too late, and where capitalists were reluctant to

19) Malcolm MacLaren, The Rise of the Electrical Industry During the 19th Century, Princeton, N.J. 1943. J. J. Beer, The Emergence of the German Dye Industry, Urbana, Ill. 1959. As a striking illustration of the rise of the French motorcar industry: exports totalled 1.75 million francs in 1899, 138 million francs in 1906.---There is no reason to insist on the identity of cycle leaders in various countries in a given period of time. Wehler, Bismarck, 52f. (following, it seems mainly Schumpeter in his emphasis upon the "motor", i.e. the combustion engine) is subject to revision; so is his critique of Lüthge in: Wehler, Theorieprobleme, in: Festschrift H. Rosenberg, 75 n. 11 (although Lüthge's suggestion of optical industry (!) as a leader is radically absurd.) One of the other few recent works in general history to take notice of the concepts of innovations and cycle leaders is Wolfgang Mommsen, Das Zeitalter des Imperialismus, (Fischer Weltgeschichte, Band 28), Frankfurt und Hamburg 1969, 49, 52 (but, without committing himself Mommsen lists the combustion engine and three pages later machinery as major cycle leader.).
invest in new industries. By comparison with Germany the chemical and electrical industries in Britain and France were very insignificant and the companies and factories in the two countries were either German or American and Swiss subsidiaries.20) In the long run, Britain also fell behind in the production of iron20a), and, inspite of large orders for the British-controlled railways in all parts of the world even in the export of rails, since producers had found it more profitable to adhere to traditional products and techniques which reduced their competitiveness.21)

Production of pig-iron (as the basic product, in millions of tons) and national shares (%) in world production:22)

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>France</th>
<th>U.K.</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>0.479-6.5%</td>
<td>0.898-12.1%</td>
<td>3.889-52.6%</td>
<td>0.834-11.3%</td>
</tr>
<tr>
<td>1870</td>
<td>1.346-11.1%</td>
<td>1.178-9.7%</td>
<td>6.057-50.6%</td>
<td>1.691-14.0%</td>
</tr>
<tr>
<td>1880</td>
<td>2.692-14.7%</td>
<td>1.725-9.4%</td>
<td>7.876-43.0%</td>
<td>3.895-21.3%</td>
</tr>
<tr>
<td>1890</td>
<td>4.625-16.8%</td>
<td>1.962-7.1%</td>
<td>8.028-29.2%</td>
<td>9.347-34.0%</td>
</tr>
<tr>
<td>1900</td>
<td>5.470-20.2%</td>
<td>2.714-6.5%</td>
<td>9.013-21.7%</td>
<td>14.010-33.4%</td>
</tr>
<tr>
<td>1910</td>
<td>14.793-22.4%</td>
<td>4.043-6.1%</td>
<td>10.173-15.4%</td>
<td>27.742-42.0%</td>
</tr>
<tr>
<td>1912</td>
<td>17.853-24.8%</td>
<td>4.872-6.8%</td>
<td>9.160-12.6%</td>
<td>31.214-41.0%</td>
</tr>
</tbody>
</table>

20) German dyestuff production in 1913 amounted to 137,000 tons, inclusive of the production of subsidiaries abroad, traditionally estimated at 10,000 tons. Switzerland produced 10,000 tons, the U.K. 5,000, France 2,000 tons. (Svennilson 290).

20a) While additional benefits accrued to the German companies from large orders for the electrical companies and the sale of otherwise useless coal tar at lucrative prices to the chemical firms (while receiving in return all the benefits from their inventions and techniques).


22) Preference has been given to two important contemporary compilations: Ernst Günther, Die internationale Stellung der deutschen Eisenindustrie, in: Schm.Jb. 38/1914, 319f., Die wirtschaftlichen Kräfte Deutschlands(Ed. Dresdner Bank), 1-1913, 20; 2-1914, 15/20, 3-1917, 30/31; Svennilson, 257.

Export of rails (Günther, loc. cit., 315):

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>U.K.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870/80</td>
<td>163</td>
<td>296</td>
</tr>
<tr>
<td>1881/85</td>
<td>182</td>
<td>627</td>
</tr>
<tr>
<td>1896/90</td>
<td>139</td>
<td>705</td>
</tr>
<tr>
<td>1891/95</td>
<td>118</td>
<td>427</td>
</tr>
<tr>
<td>1906/10</td>
<td>383</td>
<td>476</td>
</tr>
</tbody>
</table>
As Germany started very low, the production of pig-iron increased by 1288% from 1870 to 1913 as against 74% in Britain. Production of steel in Germany reached the British output in 1893; German pig-iron production was ahead of that of Britain for the first time in 1903 - a widely proclaimed "victory". German output in steel ingots and castings was half of the British in 1880 and doubled British production in 1908. While Germany's share in world steel production rose from 14.6% in 1880 to 25.2% in 1913, that of the U.K. fell from 30.9% to 10.4%. Again the development in Germany was equalled (and, depending on the period selected, surpassed) by the United States (29.7%; in 1880; 42.3% in 1913), and to some degree, by Belgium. The share of France had been declining all the time since 1860, but began to rise again slightly after the turn of the century. French pig-iron production, however, which had been one third of Germany's in 1900 was only one fourth in 1913. In steel, the relations improved slightly from a little below to a little above 25%. It may be added, in anticipation of the more detailed analysis, that the lack of adequate coal resources in France which has often been held responsible for the widening gap had little to do with the actual problems. Britain's dominating position in coal mining remained uncontested even by Germany: in 1890 Britain produced 149 million tons as against 47 million tons in Germany. In 1900 and 1913 the relations were respectively: 229:109 and 292:190 million tons.

23) WWI Kiel, GDK-Eingabe 1915, 2.
24) after Svennilson, 260 and Die wirtschaftlichen Kräfte (cf. n.22). In 1880 Germany produced 733,000 tons of steel; the U.K. 1,316,000 tons; France 389,000 tons. By 1900 German output had risen to 6.5 million tons as against 5.0 million tons in the U.K. and 1.6 million tons in France. In 1913 the relation was, in the above order, 17.6 - 7.8 - 4.7 million tons.
25) Svennilson 252
Also the supremacy of the British textile industries remained unchallenged with their 56 million spindles in 1914 compared with 36.5 million on the entire Continent, and with a cotton consumption that was 150% that of Germany's and France's combined. Unbroken was the position of the British merchant marine, although the efforts of the Hamburg and Bremen shipowners—soon in control of the world's two largest navigation companies—considerably weakened the former British near-monopoly.

In 1913 the three great powers shared in European production in approximately the following manner:

<table>
<thead>
<tr>
<th></th>
<th>Pop. coal</th>
<th>manufact.</th>
<th>steel</th>
<th>machines</th>
<th>cotton consumpt.</th>
<th>chemic. prod.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>21</td>
<td>34</td>
<td>32</td>
<td>46</td>
<td>48</td>
<td>19</td>
</tr>
<tr>
<td>U.K.</td>
<td>13</td>
<td>52</td>
<td>27</td>
<td>20</td>
<td>27</td>
<td>43</td>
</tr>
<tr>
<td>France</td>
<td>12</td>
<td>7</td>
<td>13</td>
<td>12</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>

26) ibid., 142/143
27) ibid., 153’'1900: U.K. 11.5—Germany 2.2 million gross tons 1913: U.K. 18.3—Germany 4.7 million gross tons
28) ibid., 16, some of the data are again not entirely reliable. In view of these relations Walt Rostow's observation (Stages, 59) that both Germany and France reached the stage of their "full economic maturity" simultaneously around 1910 (Britain in 1850, the U.S. in 1900) is difficult to accept.
2) Economic Growth in Germany and the concept of the "long waves".

Business conditions in the last thirty years of the nineteenth century were characterized by cycles of short upswings, sharp crises and long depressions—after 1895 by relatively brief recessions and longer periods of revival. On the basis of a reliable set of data—which have actually always existed for output in Germany's major branches of industry—an approximate consensus among analysts on the long-term developments which, in a short-run analysis, tend to be obscured by business fluctuations may reasonably be expected. The conclusions arrived at are, however, on occasion rather stupefying. Depending on the theoretical inspiration of the investigator as to which period should be declared one of acceleration or retardation of the rates of growth, the estimates are in extreme cases diametrically opposed to each other, sometimes, and by necessity, even at variance with the data supplied by the authors.

The indexes for total industrial production in Germany (industries and the trades) are given by Hoffmann as:

30) It should be borne in mind that the study is here concerned with economic growth over an extended period of time.—As an illustration for extremes: Rosenberg, Große Depression, 40 and members of the (former) Institut für Konjunkturforschung (e.g. Rolf Wagenführer, Die Bedeutung des Außenmarktes für die deutsche Industriewirtschaft, Die Exportquote der deutschen Industrie von 1870-1936, Sonderhefte des Instituts für Konjunkturforschung, Nr. 41, Berlin 1936, 43) agree on a turning point in the early/mid nineties, but disagree on what happened before and after. For Wagenführer the tempo slackened noticeably after 1890; for Rosenberg the growth rate after 1890 is 50% higher than before. Wagenführer's interpretation is hardly supported by the index compiled by himself (on Rosenberg further below), as it is apparently unavoidable, if it is attempted to squeeze everything into "series". A variety of instructive examples can e.g. be found in Bouvier, Profits (classification, p. 270).

31) Hoffmann, Wachstum, 39ff.
(1913=100)

1871 - 20.6
1873 - 26.2 (depression starts)
1874 - 27.4
1879 - 27.2 (depression ends)
1880 - 26.1
1883 - 29.3 (recession)
1885 - 30.7
1887 - 33.4 (revival)
1890 - 39.9
1891 - 40.8 (recession starts)
1891 - 40.8 (recession starts)
1893 - 43.1
1894 - 45.4
1895 - 48.9 (revival)
1898 - 55.8
1900 - 61.4
1901 - 58.7 (depression)
1903 - 64.8 (revival)
1907 - 78.7
1908 - 78.0 (recession)
1910 - 85.5
1912 - 97.2

The indices show an increase by 50% for 18 years from 1872 to 1890 and for 11 years from 1890 to 1900 (inclusive of the depression in the first half of the nineties), equally for 10 years (omitting the recession after 1900) from 1903 to 1912. They also show a growth rate of

10% for 14 years 1873-1886
33% for 5 years 1886-1890
33% for 8 years 1890-1897
33% for 8 years 1897-1904/05
33% for 8 years 1906-1913
50% for 9 years 1886-1894

In these classifications particular attention has been given to cyclical fluctuations. The two calculations can, of course, by augmented by others, but care should be taken to start on a basis of percentage rates and not with a selection of years. All of them would support the conclusion of a very distinct retardation of growth (i.e. stagnation) during the unusually severe cyclical depression from 1873 to 1879 and the recession from 1882/83 to 1885/86. There is, at least with regard to production, no evidence for a continuation of the retarda-
tion beyond 1886 -- to the beginning of the revival in 1895 as has been suggested by some -- and no sign at all of a slackening of growth after 1890 (i.e. actually 1895) or even "danger signals" in the development after the turn of the century.\textsuperscript{32} After 1886, Germany's rates of growth in production were nearly equal to those of the "take-off" period, and, in his own terminology, Alexander Gerschenkron is inclined to consider it a second "great spurt".\textsuperscript{33} Hoffmann's indices do not support the impression of many a contemporary German economic journalist and some economists between 1900 and 1914 that there had been a "short boom" around 1889, but that the "krach" of 1873 had actually been followed by "22 years of depression" -- again at least insofar as production is concerned. Germany's growth rates in production were surprisingly steady after 1886.

After the First World War other economists -- some socialists already shortly before 1914 -- extended this concept of a "Great Depression" and an ensuing period of preponderant prosperity to a general system of alternating up- and downswings of prosperity and depression. It was put forth most forcibly by N. Kondratieff in 1922 (and adopted, among others,


\textsuperscript{33} cf. Gerschenkron's critique of Rosenberg in JEH 28/ 1968, 154 and again id., Continuity, 406. Gerschenkron's figures of an average growth of 4.5\% p.a. for 1882 to 1896 and 3.1\% p.a. for 1896-1913 are slightly manipulated and do, in their selection of dates, not say very much against the Rosenberg thesis of "1872-1890". It would, however, seem impossible to object in any form to Gerschenkron's emphasis upon the importance of increased industrial output throughout the second half of the eighties. For corroborating aspects (which will be discussed in the context further below) see A. Jacobs und H. Richter, Die Großhandelspreise in Deutschland von 1792 bis 1934, in: Sonderhefte des Instituts für Konjunkturforschung, Nr. 37, Berlin 1935, 45. W. Gehlhoff, Die allgemeine Preisbewegung 1890-1913, in: SVS 149/1, 1928
also by Joseph Schumpeter), determining: a first wave from 1780/90 to 1844/51, a second from 1844/51 to 1890/96 and a third wave starting around 1896—the, in Schumpeter's terminology, "neomercantilist Kondratieff"—, with the downswings from 1810 to 1851 and from 1873 to 1896 and the upswings from 1851 to 1873 (coinciding in Germany with the "great spurt" of industrialization) and from 1896 to 1913, coinciding with the transition to the qualitatively new stage of "corporation capitalism". With a few exceptions the theory has been either rejected or, more frequently, completely neglected by German economic (not to speak of the general) historians. 35) The first and for more than twenty years only


35) From Jürgen Kuczynski, Das Problem der langen Wellen und die Entwicklung der Industrie warenpreise in den Jahren 1820-1930, Basel 1934, who does, however, admit the validity of the third Kondratieff (ideological aspects of Marxism and party lines are of no immediate interest in the present context), to the recent general studies in economic history in which the concept does not appear at all, so e.g. Heinrich Bechtel, Wirtschaftsgeschichte
study on the concept and its usefulness to the historian was an article by Hans Rosenberg in 1943. Not uninfluenced apparently by the reprint of Arthur Spiethoff's now famous article on "Crisis", Rosenberg resumed his investigations with an application of the concept to Central European history at the time of Bismarck. He was, in his acknowledgement of the existence of long swings, followed by H.-U. Wehler. Among economists the concept has always been controversial. Apart from the question of the cyclicity, which is of no immediate interest to the historian, the existence of long-term fluctuations, as distinct from the trade cycle, has been disputed from the very beginning. A re-analysis of Kondratieff's material and findings by Oparin brought the conclusion - which has since been reinforced by other economists of various ideological affiliations - that long waves can be observed in the movement of prices and interest rates only but not in the physical series as such, and that long-term swings of retardation and acceleration in the rates of


economic growth do not exist. For Germany their argumentation is supported by the most recent production index given above. The development of Germany's net social product also does not suggest a turning point in the nineties. It stagnated, at market prices, after 1874 and gathered new momentum in the mid-eighties. It doubled from 1895/96 to 1912 - but did so also from 1884/86 to 1904, inspite of the crisis in agriculture which lasted, insofar as prices were concerned, until approximately 1906. A comparison on the basis of 1913 prices does not introduce any modifications; there was an increase by 50% from 1886/87 to 1898/1902 and from 1895/96 to 1909/11. 38)

It has been said that also a "Kuznets-cycle", a "medium wave"

38) The following periods, all ranging from 8 to 10 years, with business cycles overlapping each other, show an increase by 33% (at market prices in current prices):

1884/86-1892/94, including the recession 1890-1894
1890/92-1900/02, including the recession 1890-1894 and 1900/02ff.
1896-1904, including the recession 1900/01-1903
1900/02-1908/09, including the recession 1907/08
1905-1913

The most prominent data are selected below in a) market prices at current prices and in b) 1913 prices (in millM.):

<table>
<thead>
<tr>
<th>Year</th>
<th>a (Million)</th>
<th>b (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>12,876</td>
<td></td>
</tr>
<tr>
<td>1874</td>
<td>19,544</td>
<td></td>
</tr>
<tr>
<td>1879</td>
<td>16,678</td>
<td>18,874 (1880)</td>
</tr>
<tr>
<td>1884</td>
<td>18,540</td>
<td>22,712</td>
</tr>
<tr>
<td>1886</td>
<td>18,935</td>
<td>24,142</td>
</tr>
<tr>
<td>1887</td>
<td>19,280</td>
<td>24,558</td>
</tr>
<tr>
<td>1890</td>
<td>23,676</td>
<td>27,754</td>
</tr>
<tr>
<td>1895</td>
<td>25,254</td>
<td>32,079</td>
</tr>
<tr>
<td>1900</td>
<td>32,448</td>
<td>36,466</td>
</tr>
<tr>
<td>1906</td>
<td>40,643</td>
<td>44,299</td>
</tr>
<tr>
<td>1909</td>
<td>44,358</td>
<td>47,512</td>
</tr>
<tr>
<td>1913</td>
<td>52,440</td>
<td>52,440</td>
</tr>
</tbody>
</table>

Source: Hoffmann, Wachstum, 825ff., cf. ibid., 507ff. for the net social product in factor costs at current prices.

ranging from 22 to 23 years in duration, would be an adequate illustration of Germany's economic development. This observation by a non-economist historian rests on a rather shaky ground. In contrast to the Kondratieffs' primary and secondary secular movements and other similar short and medium swings (e.g. those of Wardwell) or, to complete the semantic confusion, the "trend cycles" of Arthur Burns are extremely complex mathematical constructions, employing not only differing conceptions but also techniques (and agreeing only on the basics such as the nearly obligatory decennial "decyclations" and the inevitable use of Gauss' least-square method of fitting curves), which may - or may not - be illusions.

In one of his first studies on economic growth Walther G. Hoffmann detected long waves in industrial production in the United Kingdom - ranging from fifteen to one hundred years in duration, without any apparent synchronization of output and

39) Wehler, NPL 14/1969, 360f. What Wehler does not say is that Kuznets' "swings" (the term preferred by Kuznets himself) have nothing whatsoever in common with cycles à la Kondratieff.

40) Kuznets, Secular Movements, passim (for definitions etc. particularly 320f.) - Charles A.R. Wardwell, An Investigation of Economic Data for Major Cycles, Philadelphia (1927 11), who claimed to have detected major cycles of a duration of 9.72 years for Germany (and 11.5 and 15 years for the U.K. and the U.S. respectively). - Arthur F. Burns, Production Trends in the United States since 1870, (Publications of the National Bureau of Economic Research, No. 23), New York 1934. - On the possibilities open to mathematical operations cf. Schelle, 123f. (rather curious is Wehler). - The insecurity of the hypotheses is best illustrated in a paper by Moses Abramovitz, an outstanding expert on economic growth, with the suggestive title "The passing of the Kuznets-cycles", in: Economica 1968, 349f. For Abramovitz the Kuznets-cycle has "had its day" (p.367) insofar as post-World-War I developments are concerned, but retains its validity for the pre-1914 period, at least for the U.S. Kuznets himself has been an extremely cautious propagator of his findings.
with very little correlation between output in consumer goods and producer goods. Although some of his findings have meanwhile been corrected, his suggestion "that the average length of life of fixed capital equipment is not without influence upon these rythmical long-term fluctuations" \(^\text{41}\) has not lost in attraction. In the emphasis upon the disparities of economic growth and in conjunction with the concept of the "cycle leaders" and the "areas of innovation" it appears to offer a reasonable and realistic assessment.

The perception of specific cyclical long swings is furthermore not facilitated by the fact that foreign trade and the development of the national economy do not move together.

The share of Germany's exports and imports in the net social product (at market prices in current prices); \(^\text{42}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports (%)</th>
<th>Imports (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880/84</td>
<td>17.7</td>
<td>17.4</td>
</tr>
<tr>
<td>1885/89</td>
<td>15.4</td>
<td>16.2</td>
</tr>
<tr>
<td>1890/94</td>
<td>13.1</td>
<td>17.0</td>
</tr>
<tr>
<td>1895/99</td>
<td>12.8</td>
<td>16.5</td>
</tr>
<tr>
<td>1900/04</td>
<td>14.4</td>
<td>17.5</td>
</tr>
<tr>
<td>1905/09</td>
<td>15.3</td>
<td>19.2</td>
</tr>
<tr>
<td>1910/13</td>
<td>17.5</td>
<td>20.2</td>
</tr>
</tbody>
</table>


\(^{42}\) Hoffmann, Wachstum, 151; similarly W.A. Lewis and P.J. O'Leary, Secular swings in production and trade, 1870-1913, in: MSE 23/1955, 128-132 (the other results of the article are of an extremely general nature and hardly support the contention of long swings).
The share of exports in the social product declined until the turn of the century and regained ground after 1900; that of imports did not show a specific trend until the mid-nineties, but rose, together with exports, after 1900. The volume of external trade increased in the 1870's until the end of the depression in 1878/79, for both exports and imports. It was followed by a relative stagnation of imports for four years, a sharp decline after 1852 and a definite revival in 1887 with a steady and uninterrupted upward move until 1913. Exports fluctuated until the mid-nineties and rose rapidly after 1895 - the year which contemporaries were to apostrophize as "Germany's entry into the world economy". 43) British and also French foreign trade experienced a roughly similar development. British exports suffered severely in the depression from 1890 to 1895, but showed another uninterrupted strong spurt from 1898 to 1914. 44)

43) Hoffmann, Wachstum, 529f., 537f. It may be illustrated by a selection of data in five year intervals of the indices of the export/import volumes, i.e. indices of the values divided by the respective price indices, however uncertain some of the results appear to be. Among the older surveys cf. particularly Wagenführ, Aussenmarkt, 43f. and F. Soltau, Statistische Untersuchungen über die Entwicklung und die Konjunkturschwankungen des Ausserhandels, in: Wirtschaft und Statistik, Ergänzungheft 2, 1926, 15f., with the attempt to correct the values given in the official statistics (on this cf. Hoffmann, Wachstum, 529f.). cf. the remarks on the German trade statistics further below; it may be observed here in general that for most of the period under discussion the prices were fixed for the entire year to a basis determined by a committee of experts in February and were therefore often out of relation with realities. (Since 1906 exporters had to declare the values of certain exports; it was made obligatory for all exports in 1911, for imports only in 1928).

1913=100

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports/Imports</th>
<th>Year</th>
<th>Exports/Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>17.7</td>
<td>1895</td>
<td>35.8</td>
</tr>
<tr>
<td>1875</td>
<td>20.8</td>
<td>1900</td>
<td>44.7</td>
</tr>
<tr>
<td>1880</td>
<td>22.4</td>
<td>1905</td>
<td>58.2</td>
</tr>
<tr>
<td>1885</td>
<td>25.9</td>
<td>1910</td>
<td>77.4</td>
</tr>
<tr>
<td>1890</td>
<td>29.8</td>
<td></td>
<td>88.3</td>
</tr>
</tbody>
</table>
Although foreign trade may economically be considered as only one aspect of interregional trade, the variety of influences of a political-economic nature to which imports and exports are subject, advise extreme caution in relating them to the overall pattern of economic growth. The experience between the two world wars, when international trade suffered substantial losses, while "internal trade" expanded, corroborates the conclusion — which is for instance also supported by the so-called crisis-exports — that a correlation between foreign trade and the general economic development may be assumed but should not always be expected. 45) The

44) Albert H. Imlah, Economic Elements in the Pax Britannica, Studies in British foreign trade in the nineteenth century, Cambridge, Mass. 1958, 164/165, - S. B. Saul, Studies in British Overseas Trade 1870-1914, Liverpool 1960, 98, 131/132. British exports increased by an average of 5.5% p.a. between 1898 and 1913 as against an average annual increase by 2.5% from 1873-1898. The increase was at any rate slower than that of world trade and the British share dropped from 18.5% in 1886-90 to 12.2% in 1906-10 (14.1% in 1911-13; Kuznets, Modern Economic Growth, 307). - French exports rose, measured by business cycles, beyond 1878 until 1886, even by 43% in 1879-86 as compared with 1868-78; the rates of growth per cycle fell drastically after 1886 to 12% in 1887-1895, 13% in 1895-1903, 11% in 1903-1908 and recovered only hereafter, to 19% in 1909-1914, (Kuczynski, Lage Arbeiter, Bd. 33, 147). The French share in world trade, which had been 10.0% in 1886-1890 fell to 7.6% in 1901-13, and 7.5% in 1911-13 in spite of the accelerated growth (Kuznets, Modern Economic Growth, 307).

shares of exports and imports in the net social product indicate on the other hand the importance of foreign trade as a leading sector in the German national economy.

The most distinctive secular trend in the "Great Depression" was the fall of prices. It was only around 1896 that the erosion stopped for the majority of products and turned into a secular upward swing. In Germany wholesale prices had reached their peaks in 1872/73 for consumer goods with an index of 125 on the basis of 1913 = 100, for producer goods with one of 145. Prices of consumer goods dropped gradually and consistently with only occasional and very few breaks to a low of 65 and 66 from 1894 to 1898 and experienced an equally gradual rise to 80 in 1905 and 100 in 1913. The movement of consumer goods was roughly similar, although of course much more subject to business conditions and fluctuations. Their prices fell - interrupted in 1880 - to 64 in 1886, rose with improved business conditions to 88 in 1890 and fell back to 67 in 1894, experienced their consolidation around the turning point in the mid-nineties and climbed steeply to 106 in 1900. The following recession was reflected in another fall to 82 in 1902, but ever after wholesale prices for producer goods oscillated around and above to 90-point mark.46) In the basic material industries the price of coal started to climb after 1887. The fall in the early nineties never reached the lows of the seventies. The price of iron rose at the same time but fluctuated rather violently.47) On the whole, however, the deflationary process in the prices of iron and coal in Western Europe came to a halt ten

46) after the indexes in Jacobs-Richter, 45. For details cf. also Wehler, Bismarck, 75f.
47) Although it is not clear what "wholesale" prices for coal and iron are, a few illustrations taken from the Jacobs-Richter index (63,95) shall follow.

Price-index for Ruhr bituminous coal:

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1874</td>
<td>130</td>
</tr>
<tr>
<td>1878</td>
<td>39</td>
</tr>
<tr>
<td>1881/87</td>
<td>45/46</td>
</tr>
<tr>
<td>1889</td>
<td>70</td>
</tr>
<tr>
<td>1890</td>
<td>84</td>
</tr>
<tr>
<td>1891</td>
<td>81</td>
</tr>
<tr>
<td>1892</td>
<td>70</td>
</tr>
<tr>
<td>1893</td>
<td>60</td>
</tr>
<tr>
<td>1896</td>
<td>73</td>
</tr>
<tr>
<td>1900/01</td>
<td>84</td>
</tr>
</tbody>
</table>
years before the general consolidation. Although the general turning point around 1896 is obvious enough in the

<table>
<thead>
<tr>
<th>Year</th>
<th>Price-index for iron (Ruhr/Upper Silesia)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1873</td>
<td>170</td>
</tr>
<tr>
<td>1879</td>
<td>69</td>
</tr>
<tr>
<td>1882</td>
<td>88</td>
</tr>
<tr>
<td>1886</td>
<td>60</td>
</tr>
<tr>
<td>1888</td>
<td>70</td>
</tr>
<tr>
<td>1890</td>
<td>90</td>
</tr>
<tr>
<td>1893/95</td>
<td>72/73</td>
</tr>
<tr>
<td>1897/98</td>
<td>81</td>
</tr>
<tr>
<td>1899</td>
<td>102</td>
</tr>
<tr>
<td>1900</td>
<td>131</td>
</tr>
<tr>
<td>1906</td>
<td>97</td>
</tr>
<tr>
<td>1909</td>
<td>78</td>
</tr>
<tr>
<td>1911</td>
<td>87</td>
</tr>
</tbody>
</table>

After the establishment of the coal syndicate in 1893 it was claimed that the list-prices of the syndicate and also the few official listings of wholesale dealer's prices were "good for the moon". For an adequate illustration of these complaints and the daily press was full of them see especially the articles by Otto Hue in the socialist journal Neue Zeit. The recovery of prices in the eighties had at any rate nothing to do with national sales policies. It had an international character and started in some countries as early as 1887/88.

So already Simon Kuznets, *Secular Movements in Production and Prices*, New York 1930, 237ff. - In detail esp. Léon Dupriez, *Die Einwirkungen der langen Wellen auf die Entwicklung der Wirtschaft seit 1860*, in: NA 42/1935, 1ff. and the results of the wide range of studies conducted by the Institut des Sciences Économiques (ISE) in Louvain. Among these mainly: P. Loots, *Les mouvements fondamentaux des prix de gros en Belgique de 1822 à 1913*, in: Bulletin de l'ISE, 5:1933, 23ff.-A. Wirail, *L'évolution économique de la sidérurgie belge de 1830 à 1913*, ibid., 5/1933, no.1, 31f.- id., *L'évolution économique de l'industrie charbonnière belge depuis 1831*, ibid., 6/1934, no.1. There are no comparable studies for the development in Germany, but enough information is in Édouard de Bivort de la Sandée, *Des rythmes séculaires d'expansion des industries houillères européennes dans leurs rapports avec les prix et les coûts de production*, in: Bulletin de l'Institut de Recherches Économiques et Sociales (Louvain, 11/1939, no. 1. It try to suggest (as Jacobs-Richter) that it was in no way different. The Belgian studies distinguish explicitly between the downward movement to 1886, an upward trend from 1886 to 1900, and another, less pronounced and very fluctuating downward trend from 1900 to 1913; resumed again in C. Reuss, E. Koutny, L. Tychon, *Le progrès économique en sidérurgie*, Belgique-Luxembourg, Pays-Bas, Louvain 1960, 123. The downswing in
Sauerbeck-Jevons (U.K.) and Richter-Jacobs (Germany) indeces, but it is also certain that a long price-wave is not a uniform phenomenon but composed of various series of "dissimilar sensitivity" (Dupriez)⁴⁹); the general European trend in the price of iron was slightly downward from 1900 to 1913 (but maintained higher by syndicate policies in Germany); grain prices in Germany, particularly of wheat, continued to fall long after the general consolidation and began to rise (steeply!) only ten years later.⁵₀

Many industrial companies survived the great price-fall - it is still uncertain in how far general overproduction was "in the end" responsible for it - and escaped liquidation only by drastic cutbacks in production costs and wages, by laying off workers and employing new techniques and inventions. A substantial amount of the capital invested was saved by the dynamic entrepreneur as innovator (in Schumpeter's sense).⁵¹

Iron-prices after 1900 was, however, subject to so many fluctuations and obscured by a variety of individual factors and cartel policies that a specific classification is hardly warranted. Since prices and profits may stand in a certain relation to each other, it is interesting to note that Bouvier, Mouvements de profits, 270, and similarly also Marczewski and Léon speak of long swings of profits in France, in the form observed by them they do, however, not at all coincide with the Kondratieffs, but also not with e.g. price-movements in Germany and in the U.K.

1855-1864 acceleration
1885-1894 retardation
1895-1913 acceleration

⁴⁹) Dupriez, WA 42, 12

⁵₁) cf. the generally excellent but by no means faultless account given by David Landes, Technological Change and Development in Western Europe, 1750-1914, in: CEHE vol. VI/1, Cambridge 1965, 477f; now also in a slightly revised and expanded separate edition as The Unbound Prometheus, Cambridge 1969.
Still—prices, dividends and stock-quotation persevered in their downward trends; for the heavy industries again only into the mid-eighties.52)

<table>
<thead>
<tr>
<th>Price of Ruhr-coal per ton in M.</th>
<th>Quotation Harpener Bergbau</th>
<th>Quotation Phoenix puddle/Thomas iron p. ton in M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>7.35</td>
<td>148</td>
</tr>
<tr>
<td>1873</td>
<td>15.00</td>
<td>122</td>
</tr>
<tr>
<td>1875</td>
<td>7.80</td>
<td>40</td>
</tr>
<tr>
<td>1878</td>
<td>5.00</td>
<td>46</td>
</tr>
<tr>
<td>1881</td>
<td>5.48</td>
<td>86</td>
</tr>
<tr>
<td>1886</td>
<td>5.60</td>
<td>79</td>
</tr>
<tr>
<td>1887</td>
<td>5.62</td>
<td>82</td>
</tr>
<tr>
<td>1888</td>
<td>6.04</td>
<td>103</td>
</tr>
<tr>
<td>1889</td>
<td>8.48</td>
<td>134</td>
</tr>
<tr>
<td>1890</td>
<td>10.72</td>
<td>159</td>
</tr>
<tr>
<td>1891</td>
<td>9.86</td>
<td>142</td>
</tr>
<tr>
<td>1894</td>
<td>8.00</td>
<td>146</td>
</tr>
<tr>
<td>1899</td>
<td>9.37</td>
<td>202</td>
</tr>
<tr>
<td>1902</td>
<td>9.60</td>
<td>169</td>
</tr>
<tr>
<td>1905</td>
<td>9.49</td>
<td>213</td>
</tr>
<tr>
<td>1909</td>
<td>10.87</td>
<td>212</td>
</tr>
<tr>
<td>1912</td>
<td>11.41</td>
<td>183</td>
</tr>
<tr>
<td>1913</td>
<td>12.09</td>
<td>172</td>
</tr>
</tbody>
</table>

(all prices with reservations)

Closely related to the development was the readiness to invest new capital and to retain a higher share of profits for reinvestments.53)

52) Source: Ernst Adolph, Ruhrkohlenbergbau, Transportwesen und Eisenbahn tariffpolitik, eine geschichtliche Betrachtung, Berlin 1927, 15/16

The formation of stock-companies, very often taken as the indication of the propensity to invest capital, is not a safe criterion. The "offene Handelsgesellschaft" (partnership), the "Gewerkschaft" (in coal mining) and in particular the limited liability company (GmbH.) offered numerous attractions and advantages (low stamp duties, no publication of balance sheets) to small and medium-sized firms and enjoyed great popularity in the eighteen nineties and the first decade of the twentieth century. The reorganization of such companies as stock corporations distorts the statistics and the number of reconstitutions and the amounts of capital involved escape all statistical compilation. Even before the modification of the limited-liability-companies act and before an increase of stamp duties to nearly those paid by stock corporations, the share of factually new companies in newly formed stock companies was estimated at less than 20\% \textsuperscript{54)}, i.e. 80\% of all "new" formations were without any effective economic value. In view of the absence of other information capital investment can only be illustrated by the "book values" of investments in industry and the trades: \textsuperscript{55)}

\begin{table}
\begin{tabular}{cccc}
<table>
<thead>
<tr>
<th>Year</th>
<th>Average Yearly Investments</th>
<th>1871-73</th>
<th>1874-85</th>
<th>1886-90</th>
<th>1891-94</th>
<th>1895-00</th>
<th>1901-04</th>
<th>1905-13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>750</td>
<td>470</td>
<td>1180</td>
<td>840</td>
<td>2080</td>
<td>1570</td>
<td>1840</td>
</tr>
</tbody>
</table>
\end{tabular}
\end{table}

\textsuperscript{54)} e.g. Alfred Lansburgh, Die Börse und ihre Besteuerung, in: Die Bank 1909, 505
\textsuperscript{55)} Hoffmann, Wachstum, 259/260.

The figures pertaining to the formation of stock-companies, as released by the Imperial Statistical Office, are conveniently reproduced in two standard works: Jakob Riesser, Die deutschen Großbanken und ihre Konzentration im Zusammenhange mit der Entwicklung der Gesamtwirtschaft in Deutschland, 3rd ed., Jena 1910, 109.
The total paid-in capital of industrial stock-corporations (exclusive of banks, insurance and similar companies and of railways) made no progress at all during the devastating seventies, reflecting the liquidation of many insolvent firms (1873: 1,167 million marks; 1886: 1,096 million marks). It doubled from 1873/1880 to 1886 (2,200 million marks), again from 1886 to 1896 (4,171 million marks) and also from 1896 to 1905 (8,043 million marks). Industrial debentures increased from 195 million marks in 1882 to 479 million marks in 1890, to 1,668 million marks in 1900 and 3,604 million marks in 1913.

The total net capital of stock corporations amounted to 1,850 million marks in 1882 and 3,604 million marks in 1886. It soared to 3,761 million marks in 1890, and from 4,107 million marks in 1894 to 8,827 (1) million marks in 1901, reaching

and in Spiethoff II, table 2. For the paid-in capital of stock corporations cf. Hoffmann, Wachstum, 773/774.

After the "Gründerjahre" from 1871-1873 with 928 new companies, their formation dropped a number of 318 in 1874-1879, the amounts involved from 2,800 million marks to 284 million marks! 627 new companies with a capital stock of 688 million marks were constituted from 1880-85. In the second "great spurt" from 1886-1890 investments in 1,061 "new" stock companies totalled 1,099 million marks. Average yearly investment after 1895 was 190 million M., with 245 million M. p.a. in 1901-1913, but 375 million marks a year in 1895 to 1900, and a total of 2,248 million marks for the six years 1895 to 1900, of 2,468 million marks for the nine years 1905-1913. Investments were extremely low during the cyclical recession after 1900 and did not exceed an average of 140 million marks p.a. for 1901-1904. (The officially listed figure of 300 million marks in 1903 includes the conversion of Krupp to a stock-corporation). A comparison with investment in the "entire industrial sector" indicates that expansion after 1895 was much steadier than suggested by the figures for the stock-corporations.; cf. also E.W. Axe and H.M.Flinn, An index of general business conditions for Germany, 1898-1914, in: The Review of Economic Statistics 7/1925, 263f.
The process would unquestionably have been much slower without the assistance of the German great banks. From 1895 to 1911 credit advanced by banks to industry increased 7.1 times; the sum total of credits effecting growth in national income only 2.6 times. Only a large increase of the share capital of the joint-stock banks could meet the strong capital needs.


59) Capital stock of leading German joint-stock banks:

<table>
<thead>
<tr>
<th>Bank</th>
<th>1872</th>
<th>1895</th>
<th>1900</th>
<th>1908</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Bank</td>
<td>30</td>
<td>100</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Dresdner Bank</td>
<td>9,6</td>
<td>85</td>
<td>180</td>
<td>200</td>
</tr>
<tr>
<td>Disconto gesellsch.</td>
<td>30</td>
<td>115</td>
<td>170</td>
<td>200</td>
</tr>
<tr>
<td>Schaffhausen</td>
<td>16</td>
<td>60</td>
<td>145</td>
<td>145</td>
</tr>
<tr>
<td>BHG</td>
<td>16</td>
<td>65</td>
<td>100</td>
<td>110</td>
</tr>
<tr>
<td>Darmstädter</td>
<td>26</td>
<td>80</td>
<td>154</td>
<td>160</td>
</tr>
<tr>
<td>National Bank</td>
<td>45</td>
<td>60</td>
<td>80</td>
<td></td>
</tr>
</tbody>
</table>

Germany's leading ten joint-stock banks had a combined capital of 514 million marks in 1893, 632 million marks in 1890, 746 million marks in 1897, 902 million marks in 1899/1901 and 959 million marks in 1902. The jump from 1893 to 1897f. was at least as much influenced by the stock-exchange act of 1894 as by "pure economic" factors (cf. below).
demand for credits. The development must always be seen against the background of the secular trend in prices. The rise in wholesale prices in Germany by 50% from 1895 to 1913 and the credit expansion were accompanied by rising interest rates and caused a change in the distribution of spending power in favour of investment. The rise and fall of profits concomitantly with the prolonged periods of increase and decline in prices may be indicated in a selected list of net earnings - relative to the stock capital - of German stock corporations (in % of the nominal capital):

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal</th>
<th>Iron</th>
<th>Machinery</th>
</tr>
</thead>
<tbody>
<tr>
<td>1872</td>
<td>20.52</td>
<td>13.61</td>
<td>2.93</td>
</tr>
<tr>
<td>1879</td>
<td>1.95</td>
<td>3.96</td>
<td>8.46</td>
</tr>
<tr>
<td>1883</td>
<td>5.60</td>
<td>4.73</td>
<td>9.34</td>
</tr>
<tr>
<td>1885</td>
<td>2.97</td>
<td>3.94</td>
<td>6.34</td>
</tr>
<tr>
<td>1888</td>
<td>5.39</td>
<td>6.34</td>
<td>8.58</td>
</tr>
<tr>
<td>1890</td>
<td>17.85</td>
<td>9.10</td>
<td>12.40</td>
</tr>
<tr>
<td>1894</td>
<td>4.09</td>
<td>3.57</td>
<td>7.45</td>
</tr>
<tr>
<td>1896</td>
<td>9.07</td>
<td>7.15</td>
<td>15.14</td>
</tr>
<tr>
<td>1899</td>
<td>12.40</td>
<td>9.07</td>
<td>12.91</td>
</tr>
</tbody>
</table>

As "profit is the immediate incentive which ... stimulates economic activity ... and results in ... a higher rate of industrial growth" (Kuznets) the table is a dependable guide to the process. It is again only realistic to give due weight to the development since the mid-eighties. The rise in net earnings after 1895 was to a degree conditioned by the rising costs of raw materials and the relative increases in reserves, although the statement has as a global observation to be taken with some reservation: quite apart from unquantifiable elements no account is taken of some quantifiable ones as the concentration of production in a small number of large corporations in the qualitatively new stage.

60) On the socio-political effects below. For the depression after 1873 cf. Rosenberg and his conclusion that it was "an era of cheap, easily negotiable government loans (that) facilitated authoritarian rule and weakened the influence of parliaments." -- Long-term German investment was in this period not turned away from foreign to home channels as Rostow (British Economy, 59) claims for Britain (which has, however, also been disputed by others, cf. Saul, Trade, 132).

61) Wagon 175f
62) Kuznets, Secular Movements, 212
63) Hoffmann, Wachstum, 502/503
of "corporation capitalism". 64) Capitalists were induced to retain a much larger share of their earnings for reinvestments than they had done in the past. The not-distributed income amounted to (in mill. m.):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1871 - 75</td>
<td>108</td>
</tr>
<tr>
<td>1876 - 80</td>
<td>79</td>
</tr>
<tr>
<td>1881 - 85</td>
<td>84</td>
</tr>
<tr>
<td>1886 - 90</td>
<td>161</td>
</tr>
<tr>
<td>1891 - 95</td>
<td>164</td>
</tr>
</tbody>
</table>

Although profits realized remain secrets, the indications are that they moved at least in conformity with disclosed net earnings. It has been argued that the price movements, the volume of foreign trade, the migration of people from the country to the cities are quite sufficient proof that, apart from the structural crisis in agriculture and the fall in the rent of agricultural land, capitalists did not fare badly since the mid-eighties, for "how could such a great expansion have taken place, if profits had not been normal?" 66)


66) Jørgen Pedersen - C. S. Petersen, An Analysis of Price Behaviour During the period 1885-1912, Copenhagen and London 1938, 14ff. - Stock quotations for German industrials corroborate the statements for Europe in general and Denmark in particular. The authors are also not able to detect a "great depression". The rise in prices after 1895 is seen as attributable to (not caused by) monetary factors (as against the then prevalent dogma of the influence of the gold supply-factor as e.g. in W. Woytinski, Das Rätsel der langen Welle, in: Schm.Jb. 55/1931, 1ff.) and to a growing scarcity of natural resources (since the upward movement was, esp. after 1900, "led" by raw material prices); the price fall in the seventies is seen as a result of overproduction and lower costs; cf. 136 ff.
It can be said with some confidence that a rising price level "implies" larger profits and effects the relative duration of the business cycle, i.e. it prolongs the period of prosperity and shortens the period of depression. Historically, the quickening progress in the capital goods industries led to a rise in employment and income, generating in turn an increasing demand for consumer goods and pushing their prices up as well. After the great cyclical depression of the seventies, average yearly incomes in industry and the trades showed a general growth trend;\(^67\)(in marks)

<table>
<thead>
<tr>
<th>Year</th>
<th>Money wages</th>
<th>Real wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>506</td>
<td>66</td>
</tr>
<tr>
<td>1873</td>
<td>620</td>
<td>87</td>
</tr>
<tr>
<td>1875</td>
<td>669</td>
<td>96</td>
</tr>
<tr>
<td>1877</td>
<td>565</td>
<td>100</td>
</tr>
<tr>
<td>1880</td>
<td>565</td>
<td>118</td>
</tr>
<tr>
<td>1883</td>
<td>601</td>
<td>128</td>
</tr>
<tr>
<td>1886</td>
<td>632</td>
<td>147</td>
</tr>
<tr>
<td>1870</td>
<td>711</td>
<td>87</td>
</tr>
<tr>
<td>1875</td>
<td>738</td>
<td>96</td>
</tr>
<tr>
<td>1880</td>
<td>843</td>
<td>103</td>
</tr>
<tr>
<td>1883</td>
<td>902</td>
<td>116</td>
</tr>
<tr>
<td>1886</td>
<td>1163</td>
<td>128</td>
</tr>
</tbody>
</table>

Recent investigations suggest that real wages in Germany did not only rise considerably during the price-fall, but that the majority of German workers continued to enjoy a moderate and steady rise in real earnings also in the era of rising prices. While working time per week was reduced real wages per hour increased by an estimated 18% from 1890(1) to 1900 and by 10% from 1900 to 1913.\(^68\) It was largely the result

\(^{67}\) Hofmann, Wachstum, 468f.

\(^{68}\) Wages in Germany (1895=100)
of the rising productivity of labour due to innovations, and the movement of money wages was roughly in conformity with the rates of growth in productivity per man hour for the entire span from 1871-1913 (22.7% per decade). In the period of rising prices and the rising cost of living (intensified since 1906 by the effects of the pro-agrarian Bülow-tariff) the gap between money and real wages widened. Compared with 1895 money wages in 1913 had increased by 63%, while real wages are estimated to have risen by only 25%. The rise in real wages also fell considerably short of the actual increase in labour productivity, while most companies in the majority of branches of industry were able to keep the increase in overall production costs well below the rise in the value of output. Nonetheless pay raises in Germany were higher than in Britain and France. Nominal wages in Britain rose steadily after the seventies, but slower than in Germany; in France the average yearly income rose from 1,000 francs in 1871 to 1,373 francs in 1906/07. An international comparison of...
real wages and spending power is not only extremely problematical but probably impossible in view of indeterminable propensities to save and to consume. Assertions that real wages in Germany stayed far behind those in other highly industrialized countries have to be taken with the greatest reserve. Variations in working-time per week and in the rate of unemployment (for which reliable figures do not exist) introduce additional uncertainties. 72) In France

Long-time series in French wages are well-established for coal mining only, cf. Bouvier, Mouvement, 282, 286, 291 and the two basic works on which others draw: François Simiand, Le salaire des ouvriers des mines de charbon en France, Paris 1907 - until 1902, continued by: Maurice Borgeaud, Le salaire des ouvriers des mines de charbon en France depuis 1900, Paris 1938 and the application of the data to the "long swings" by Robert Marjolin, Long Cycles and capital intensity in the French Coal mining industry, 1850-1914, in: The Review of Economic Statistics 23/1941, 165f. These and Bry, 33f, esp. 342-346 give e.g. the following illustration of nominal wages (per shift) in two coal mines in the Pas-de-Calais ("A" in francs) and average wages for miners in Upper Silesia, the Ruhr and the Saar (in this order in "B" in marks), (1 mark = 1.25 francs)

<table>
<thead>
<tr>
<th>Year</th>
<th>&quot;A&quot; (francs)</th>
<th>&quot;B&quot; (marks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>4.22/4.31</td>
<td>2.78/3.75/3.70</td>
</tr>
<tr>
<td>1900</td>
<td>5.03/5.02</td>
<td>3.57/5.16/4.11</td>
</tr>
<tr>
<td>1905</td>
<td>4.82/4.76</td>
<td>3.50/4.84/4.29</td>
</tr>
<tr>
<td>1910</td>
<td>5.37/5.33</td>
<td>3.91/5.37/4.50</td>
</tr>
<tr>
<td>1913</td>
<td>5.73/5.68</td>
<td>4.71/6.47/5.18</td>
</tr>
</tbody>
</table>

The share of total wages in the value of coal mined remained rather steady in France, Belgium and the Ruhr, but fell by about 10% in the Saar and Upper Silesia. An interpretation is difficult in view of the variations of values and qualities, the exhaustion of mines, innovations, capital intensity etc. cf., with detailed lists and cautious conclusions, above all Manuel Saitzew, Steinkohlenpreise und Dampfkraftkosten, in: SVS 143/II, 1914, esp. 174-177.

72) Although, according to Sidney Webb, in 1914 the situation of the working class was particularly bad in Britain (Georges Haupt, Der Kongresss fand nicht statt, Die sozialistische International 1914, Wien, Frankfurt, Zürich 1967).- J. Kuczynski has estimated that the average rate of unemployment was approximately 2% in Germany, 2 to 3% in the U.K. and between 6.5 and 7% in France (the latter figure is extremely unlikely, but is of course conditioned by the statistics used), Kuczynski, Geschichte/33-I, 118.
the drag of the rising cost of living on real wages was apparently more pronounced than in other countries. French wholesale prices took a course similar to that in Germany and Britain, with the double trough in 1887 and 1896, but tended to rise somewhat steeper after 1900 from 100 to 110 in 1907 (105 in Germany) and 119 in 1912 (112 in Germany). The experience of "la vie chère" after 1907, as contemporaries called it, was, however, by no means restricted to France alone. The recent re-examinations of price movements in France and the analysis of the variety of trends underlying the general rise show, although with numerous qualifications, that there was a slight lag in the recovery of prices in industrial products and that profits did apparently perform long swings of their own. Although it is impossible to bring all results into agreement with each other, the international conformity of general movements is well-established - a fact which greatly facilitates the study of inter-European relations. Wholesale prices in the United States kept pace with the European development.

73) Marczewski, L'industrie (AF 4), CXXXIII: between 1905 and 1913 nominal wages in Paris rose by 13.5%; real wages fell by 3.4%.


Industrial prices (Markovitch AF7), 170: (1938=100)

His decennial averages distort realities: 1875-1884: 106.3; 1885-1894: 99.2; 1895-1904: 94.5 (1); 1905-13: 100

For long swings in profits (coal, metallurgy, machinery) Bouvier, Mouvements, esp. 171, 270 (and cf. above). The periods of acceleration 1855-1884 and 1895-1913 do not square with the Markovitch price-analysis (and others, for that matter); in general cf. P. Combe, Niveau de vie et progrès technique en France (1860 À 1929), Paris 1956.

P. Hairouch, Niveaux de développement de 1810 à 1910, in: AF 20/1965, 1091f.

75) 1880-117, 1885-102, 1890-102, 1896/97-81 (minimum), 1900-100, 1906-111, 1913-121
while the American and European business Cycles were since the mid-eighties completely out of step with each other.

While the question of the existence of cyclical long swings of approximately equal duration has to all appearances to be answered negatively insofar as industrial output in Germany and Britain in the second half of the nineteenth century is concerned, it has recently been questioned by "serial historians" with regard to France. Markovitch's findings

76) Cf. the rates presented by Saul, Myth, 37, this chapter above n. 10. Although it had often been "felt" that the idea of a Great Depression in Britain might not quite correspond with realities (cf. the guarded language of Rostow, British Economy, 7 and 59), but also his influence (inspite of it—on Rosenberg), the only economic historian in outspoken opposition has been S.B. Saul (in his recent and brief Myth, but already in his Trade-1960–90f. and particularly 192 vs. the Rostow-thesis concerning the flow of investment).

of an acceleration of growth after 1895, with a growth rate of 17.7% from 1875-1884, 16.2% from 1885-1894, 21.3% from 1895-1904, 20.9% from 1905-1913 (unfortunately again only in decennial averages), have been called in question by Marczewski and Crouzet for whom the retardation of growth in output continues through the nineties to the end of the cyclical depression in 1904.77)

The concept of the long swings opens tempting vistas to the historian - particularly in their correlation with the outbreak of wars78) - but all pioneering scholars have been compelled to introduce numerous qualifications inflicting considerable damage on their theses.79) In view of the economic data avail-

77) Markovitch, AP 7, 263 and cf. his geometrical annual means on p. 324. M's decennial averages mask of course all meaningful short-term variations in growth and cover important turning points. This tendency is strengthened by his somewhat arbitrary differentiation between dynamic, progressive and declining industries. - J. Marczewski, Introduction, and id., Le produit physique de l'économie française de 1789 à 1913, Comparaison avec la Grande Bretagne, Cahiers de l'I.D.E.A., AP 4, Paris 1965. - F. Crouzet, Essai de construction d'un indice annuel de la production industrielle française au XIXe siècle, in: AE 25/1970, 56f. - Markovitch's figures, which are sometimes extremely difficult to interpret seem on the other hand to support Crouzet's arguments in at least and primarily three branches of industry - iron and steel, chemistry and ore mining. It must, however, not be overlooked that the French chemical industries in that period were dominated by the subsidiaries of foreign corporations and that the manufacturing process in France consisted mostly of a simple refinement of products "prefabricated" in Germany or Switzerland. It should also not be forgotten that the development in iron ore mining was closely related to the discovery of large deposits in the area of Brierly shortly before the turn of the century. (in addition cf. also Markovitch AP 7, 139; id., AF 6, table 2; Bouvier, mouvements, 270.

78) Imbert 316-319, but also a brief allusion in Lehr, Primat, 28 (Klassenkämpfe und Rüstungspolitik im kaiserlichen Deutschland).

79) In substance, though not in the details, agreeing with Böhme's judgement in Prolegomena, 18-22. - In his Große Depression Rosenberg does in fact not carry his investigation beyond 1880 and reduces his basis actually to the cyclical depression in the seventies, employing the cover-
able the choice of 1890/95 as point of departure for the present study is one of mere practical convenience. 1896 is not seen as a secular turn or a "watershed in the economic history of the industrialized countries of the West,\textsuperscript{80}\) and emphasis is given to the common experience of the disparities of economic growth in the capitalist system in their manifestations of overcapacities, overproduction and crises and to the synchronization of the basic short-term cyclical fluctuations as "international cycle" as a result of the expansion of trade and the intensification of international economic relations.

The construction of a depression-imperialism before 1895/96 and of an upswing-imperialism for Germany's officially proclaimed \textit{Weltpolitik} after 1897 rests on extremely shaky

ing-up technique (cf. S.B. Saul's general remarks on the "strait-jacket") of introducing the magic term "great depression" on every other page. In his brilliant \textit{Bismarck und der Imperialismus} Wehler escapes, but only on occasion, into a two-phase trend period rather than abandon the concept. His study reaches to the mid-eighties and it seems also here that his conclusions are completely valid for the devastating seventies and the traumatic fear of a repeat, when another downturn loomed in 1882 (stressed in this manner by Wehler himself). Some other very recent studies introduce Kondratieff's as chronological delimitations without using (or reflecting on) the concept. So the economic-historical studies by Poidevin, VII (but never again) and e.g., Bode von Borries, \textit{Deutschlands Außenhandel 1826 bis 1856}, Eine statistische Untersuchung, zur Frühindustrialisierung, (Forschungen zur Sozial- und Wirtschaftsgeschichte, Band 13), Stuttgart 1970, 213. Cf. also the unreflected reception of the model in the reviews of Rosenberg's and Wehler's books by general historians and in the articles written after the idea had been ushered in by Wehler (e.g. Andreas Hillgruber, \textit{Zwischen Hegemonie und Weltpolitik}, Das Problem der Kontinuität von Bismarck bis Bethmann Hollweg, in: \textit{Das kaiserliche Deutschland (M. Stürmer, ed.)}, 195, and Volker Berghahn, \textit{Der Tirpitz-Plan}, 1971, 129ff.
ground. 81) When contemporaries after 1900 referred to 1896-97 as the years of Germany's entry into "world politics" and the "world economy" - a conception which was encouraged by the official and semi-official propagandists - their judgements were in the main founded on the observation of the figures of Germany's foreign trade and were conditioned and distorted by the controversy over the tariff revision (1898-1902) and the fight for the naval law of 1900 which was motivated with an improved protection of Germany's "overseas" (in reality: sea-borne) trade. In the case of commentators shortly before the outbreak of the First World War the same impression was generated by the new phenomenon of prolonged cycles of prosperity, attributable to moderate inflation, in which recessions appeared as mere interruptions of prosperity. Impressive "records" in production - presented as absolute data while rates of growth drew less attention - compared favourably with production data for the competing national economies. There was no doubt that output in Germany's key industries rose much faster than in Britain and France; the fallacy was the failure to relate increases in present production to those achieved in the past. The gradual transition from an agrarian to a predominantly industrial state 82) and the transformation of industrial relations under "corporation capitalism" 83) reinforced the position.

81) In this sense Wehler, Bismarcks Imperialismus und späte Russlandpolitik unter dem Primat der Innenpolitik, in: Das Kaiserliche Deutschland (Stürmer, ed.), 236/237. The section, which cannot easily be reconciled with the first chapter of Bismarck und der Imperialismus, was omitted from the reprint of the article in id., Kriseherde.

82) In 1880/84 48.2% of the working force were employed in agriculture, 29.6% in the industrial sectors (exclusive of services and the trades); in 1895 both were approximately equal at slightly below 40% each. After Hoffmann, Wachstum, 35 , whose modern classification allows, however, only rough guesses.

3. Aspects of the concentration of production and capital.

General overproduction and the impact of cyclical depressions led to increased efforts on the part of the industrialists to mitigate their predicament by a reduction of competition.

F. Kleinwächter, Die Kartelle, Innsbruck 1883, the major study on pre-monopolistic cartels found worthy successors twenty years later, and under corporation capitalism, in the works of Siegfried Tschierschky, the editor of the Kartellrundschau, and Robert Liefmann. -S. Tschierschky, die Organisation der industriellen Interessen in Deutschland, Göttingen 1905 (and other works), -R. Liefmann, Kartelle und Trusts, Berlin 1905 (and subsequent editions, under slightly varying titles, until 1934). As indication of the spectrum of interpretations. F. C. Huber, Die Kartelle, Stuttgart 1904 (the first of the more important works); Hermann Ahlwardt, Die Vertrustung Deutschlands, Leipzig 1913; Henry Voelcker, for some time director of the steel works union on account of his insight, contributed a number of shorter treatises, so: Vereinigungsformen und Interessenbeteiligungen in der deutschen Großindustrie, in: Schw. Jb. 33/1909, 1375f. -Representative of moderate socialist interpretations are the works by Richard Calwer, their "industrial expert", so Kartelle und Trusts, Berlin 1906; for the liberal Munich school: Th. Vogelstein, die finanziellen Organe der kapitalistischen Industrie und die Monopolbildung, Tübingen 1914; penetrating: Samuel Saitzew, Horizontal und Vertikal im Wandel der letzten Jahrzehnte, Jena 1927. - In the English language only (and extremely adequate, though not free of exaggerations): U.S. Federal Trade Commission, Report on Cooperation in American Export Trade, Part II, Washington, D.C. 1916. - An adequate recent historical modern monograph does not yet exist; the papers delivered by Maschke and Treue, the leading business historians, in the 1960's are of an extremely general and vague nature and in some of their aspects pure apologies: E. Maschke, Grundzüge der deutschen kartellgeschichte bis 1914, (Vortragsreihe der Gesellschaft für westfälische wirtschaftsgeschichte e.v., Heft 10), Dortmund 1964; -W. Treue, Konzentration und Expansion als Kennzeichen der politischen und wirtschaftlichen Geschichte Deutschlands im 19. und 20. Jahrhundert, (Vortragsreihe ..., nebst 12) Dortmund 1966. - For guidance the historian will turn to the analyses of the contemporary situation by the Berlin school (H. Arndt). - The best historic presentations are in Helga Nußbaum, unternehmer gegen Monopol, and in J. Kuczynski, Geschichte Arbeiter, Bd. 14: Zur Frühgeschichte des deutschen Monopolkapitals und des staatspolitischen Kapitalismus, Berlin 1962.
They were successful, wherever their products were characterized by a uniformity of quality and properties, i.e. primarily articles of mass production and of a relatively simple composition (coal, iron and iron-products, cement, matches). Sales conventions and agreements were to reduce pressure on prices. Of decisive importance were by nature the cartelization and syndication of output in the basic materials industries (coal and iron). 85) Regional and short-lived arrange-

85) For a first orientation: Walter Hermann, Entwicklungsliniien montanindustrieller Unternehmungen im Rheinisch-westfälischen Industriegebiet, Dortmund 1964. — Interest in the history of the coal and steel syndicates was revived in the nineteen-sixties, cf. e.g. among the more comprehensive works Dieter Wilhelm, Das Rheinisch-Westfälische Kohlensyndikat und die Ober Schlesische Kohlenkonvention bis zum Jahre 1932, Diss. Erlangen-Würzburg 1966 or Gisela Schleifenbaum, Die Zusammenschlüsse im Bergbau und in der eisenschaffenden Industrie des Siegerlandes seit der Jahrhundertwende, (Siegerländer Beiträge zur Geschichte und Landeskunde, Heft 14), Siegen 1965. — By contrast with the many specific articles on aspects of the histories of individual works (in Tradition), these studies do not draw upon the still uncapped wealth of material in the private and state archives and do, inspite of the diligence of the authors, hardly go beyond the equally diligent contemporary studies (e.g. — cf. the bibliography and the context below: O. Stillich, W. Goetzke, W. Jutzi, E. Altmann, H. Voelcker, M. Liefering, R. Passow, K. Goldschmidt, K. Wiedenfeld, P. Sauerländer, O. Dartz, and after 1918: K. Bergmann, A. Troß, A. Schmitz, A. Klotzbach, P. Ufermann, P. Köpper, P. Osthold;) cf., however, the material used in H. Böhme, Emil Kirdorf, Überlegungen zu einer Unternehmerbiographie, in: Tradition 13/168, 282f.n. 48, 55, 56. —

The present study draws heavily on the in all probability singularly outstanding work (based in part on direct personal investigations) by Hans Gideon Heymann, Die gemischten Werke im deutschen Groß-Eisenverke, (Münchener volkswirtschaftliche Studien), Stuttgart und Berlin 1904, with the — in 1904 remarkable — conclusion of a non-socialist (H. was a member of the liberal Munich school): "Germany's coal, iron and steel (Montan-) industries are ripe for expropriation" (p. 278). Further in particular: Heinrich Rammstaedt, Die Konzentration in der Eisenindustrie und die Lage der reifen Walzwerke, Jena 1906, — August Zöllner, Eisenindustrie und Stahlwerksverband, Leipzig 1907, — Alfred Pilz, Die Hüttenzechen-
ments in the 1880's - Siegerland pig-iron convention 1882/83, Westphalian puddle-iron convention 1882-1884, Rhenish-Westphalian rolling-mills association 1887f., and similar groupings in Upper Silesia and in Lorraine, as well as the Westphalian coke syndicate of 1890 and the briquette sales association of 1891 (attempts in the late seventies had been unsuccessful) - assumed permanent forms and more distinct traits in the 1890's. In 1893 the Rheinisch-Westfälisches Kohlen syndikat (RWKS) appeared as the first consolidated cartel of crucial importance. The geographic concentration of production, the impact of the cyclical depression and the energy of Emil Kirdorf, the head director of the Gelsenkirchener Bergwerks-Gesellschaft (GEBG), brought the syndication of 85% of coal output at the Ruhr for a period of ten years. When the cartel was renewed for another ten years in 1903, it comprised 98.7% of production, and although the share dropped to 93.85% in 1910, the RWKS exercised a virtual monopoly in Western and Central Germany and most of Southern Germany.


86) after Dt. Ök. 1517, 27.1.1912, 42.
as a number of the few outsider mines were affiliated with coal consumers in the iron and steel, and the chemical industries and did not produce for the market. Only Northern Germany, inclusive of Berlin, (but here already in competition with Silesia) remained the domain of cheaply transported British coal.

To varying degrees the statutes of the alliances clearly favored the larger corporations; representation in the administrative councils of the syndicates corresponded with the individual shares in total production, while prices were generally fixed in consideration of the profit margins of the weaker members, allowing extra-profits to those able to produce cheaper and with the financial resources for large-scale innovations. The West German iron-works found their congenial organization in the Rheinisches-Westfälisches Roheisensyndikat (1896) and the Halbzeugverband (1895, for semi-finished products). The works in Upper Silesia and in the Southwest retained their regional organization. In 1914, one year after the reconstitution of the coal syndicate, the cartelization of the German heavy industries was completed with the formation of the comprehensive Stahlwerksverband A.G. (SWV) under the direction of Emil Kirdorf's brother Adolf of

87) Walter Däbritz, Bocsumer Verein, Düsseldorf 1934, 292f.,
Arthur Klotzbach, Der Roheisenverband, Ein geschichtlicher Rückblick auf die Zusammenschlußbestrebungen der deutschen Hochofenindustrie, Düsseldorf 1926,
88) For the beginnings: Stahl und Eisen (hereafter: StuE) 1895/1, the official organ of the Northwestern group of the Verein deutscher Eisen- und Stahlindustrieller (hereafter: VdEST).
the Schalker Hütten-Aktienverein. The SWV was at the time the largest European private enterprise with a combined capital of more than 1,100 million marks in 1914, employing more than 200,000 workers, and surpassed at all only by the complex of the Prussian-Hessian state railways. The works in Silesia and in the Saar/Luxembourg/Lorraine were associated in the form of subdivisions. The latter had already been organized by the Koblenz iron-trading firm of C. Spaeter & Co. in 1901 in the Lothringisch-Luxemburgischer Stahlwerksverband, the first of its kind in Europe.

The frequently asserted nature of cartels as "children of distress" - so by Kleinwächter, their first analyst in 1883 (who had to judge them intuitively), and by a string of bourgeois cartel apologists ever after; so, by nature, by syndicate representatives (most fervently by Emil Kirdorf at the famous meeting of the Verein für Sozialpolitik in Mannheim in 1905), but also in the official cartel inquiries shortly after 1900 - has frequently been called in question or at least been considered as "not entirely beyond all doubt,"

mainly on the grounds that they not only continued to exist, but were also renewed or even newly formed in times of prosperity. It is impossible to dispute that cyclical depressions accelerated, facilitated or occasioned the formation of cartels, but it is equally evident that the overall objective

was in any case, as it had always been obvious to Marxists, to halt the "falling rate of profit" 90) - admitted by the cartellizers behind closed doors as a policy "to reduce the divergence between risk of capital and profits as far as possible", or plainly as "the realization of high prices." 91) A flexible system of shares and quotas was to meet another divergence, that of supply and demand, allaying all apprehensions of the kind that the works would have to moderate their prices "so that the demand for our products will not decline in consequence of too high prices." 92) In return the cartels (and their apologists) promised a stabilization of the entire national economy and a smoothing of the business cycle - a prospect which appealed for socio-political reasons also to the government in its endeavours to escape social unrest through full employment. Already Kleinwächter praised cartels as the adequate instruments to weather economic crises, and for a considerable length of time also Lujo Brentano, a professed liberal and soon one of the leading representatives of the socio-political reformers among German economists, tended to regard cartels as "parachutes for crises." 93) Until the cartel-enquête extremely little

91) Theodor Willy Stadler, Kartelle und Schutzzoll, Berlin 1933, 67. For answers given and positions taken in the cartel inquiries cf. DZA I-RdI 7157 (Quotation: 209) and 7557 (quotation 237, both in 1902).
92) Annual report of the Rheinische Stahlwerke (usually very frank and honest), JbE 1899/2, 995.
was known of the statutes of cartels and of the effect of their organizations and policies. 94) When information had become available, Brentano did not hesitate to revise his judgement in a form which was completely acceptable to for instance an Eduard Bernstein. The usual socialist assessment of the "plunder syndicates" as "means of enrichment" 95), was shared in substance, though not in language, by some of the more prominent members of the progressive liberal parties, and was entirely endorsed by those sectors of the bourgeoisie which felt and were victimized by the coal and pig-iron syndicates, 96) and, on a more academic-scientific level, by Georg Gothein, the vice-chairman of the anti-protectionist Handelsverbrauchsgesellschaft and a leading left-wing liberal whose former position as "Oberbergrat" in Breslau and whose personal financial engagement in industry was not a bad legitimation for his criticism. 97) Franz Eulenburg, to whom we owe the most penetrating contemporary analysis of the depression 1901-1903, was unable to detect at the time any "crisis-protection" properties in cartels 98) and was, shortly after, seconded, inspite of divergent opinions on other aspects of cartel policies, by S. Tschierschky and R. Lieffmann, the two

94) Nussbaum, Unternehmer, 8/9
96) Nussbaum, Unternehmer, passim
97) Georg Gothein, Die internationale Regelung der Eisenzölle, (Volkswirtschaftliche Zeitfragen, Heft 216), Berlin 1906.
98) Franz Eulenburg, Die gegenwärtige Wirtschaftskrise, Symptome und Ursachen, in: JbNS 3.F. 24/1902, here 361ff. and cf., as probably the best corroboration, Theodor Vogelstein, Die Industrie der Rheinprovinz 1888-1900, (Münchener volkswirtschaftliche Studien), Stuttgart und Berlin 1902 and also J. Steinberg, Die Wirtschaftskrise 1901, Ihre Ursachen, Lehren und Folgen, Bonn 1902. - For the influence of the banks, i.e. its absence in the crises, e.g. St. Wiewiorowski, Der Einflüß der deutschen Bankenkonkonzentation auf Kriserscheinungen, Berlin 1912, (and in general n. 89 above).
leading cartel specialists.99) There was in fact, even at the height of the crisis in 1901, not any social unrest in the industrial centers100): failing firms were immediately absorbed by the larger corporations, whose business policies were also primarily responsible— but acting indirectly via the cartels—for the relatively insignificant slackening of industrial output. Interdependencies in the organization and structure of many large companies, in particular in the modern iron- and steel-works, advised full-scale rather than restricted production101). Additionally, the fear of managers and executives that well-trained workers which had been laid off would not return to their former positions made work-stoppages not only extremely hazardous but also unprofitable.

99) For Tschierschky and Liefmann cf. n. 84 above., also: Rolf Wagenführ, Konjunktur und Kartelle, 60ff. (although maintaining the exact opposite on p.151); Nuhs 38ff.—Surprisingly mild at a time, when cartels were attacked by consumers from all sides and found their defense only in themselves and in a rather lame support given by the government, is Rudolf Hilferding, Das Finanzkapital (1910), Wien 1923, 374: Cartells do not offset the effects of crises, they shift them off to non-cartellized industries. 

100) The estimates are difficult to judge, let alone to corroborate. Exclusive of partial lay-offs and short-time work they are given by Kuczynski (e.g. vol.12, 135) as: 1.5% in 1899, 2.5% in 1900, 7% in 1901; 3% in 1902.—Bry, 326 gives an average of 98.9% employment for 1896-1900; 93.3% in 1901, and always above 97.1% in the following years. On the basis of Bry, Hoffmann, Wachstum, 205 and Stat. Jb. DR 1914,3 cf. Mitt 384 (for 1895-1903: 0.4, 1.2, 1.5, 6.7 2.9, 2.7%).

101) (cf. in more detail in the context below), e.g. Heymann, 38ff,—for the Southwestern area Otto Bösselmann, Erzbergbau und Eisenindustrie in Lothringen-Luxemburg, in: SVS 106/1903, 1f (which has, however, to be taken with caution, since the figures supplied by the interested parties proper are taken at their face values).—N.B.: The SWV did of course not yet exist in the crisis 1901-03, but so did its 41 forerunners.
The outlet for overproduction was the "world market" - in reality the few markets not protected by high tariff barriers. In a recession the West and Southwest German industries depended heavily upon the Dutch, Belgian and the vast British markets. Concerned observers often asked what German producers would do, if the "safety-valve" of the British market would no longer take the pressure off the German "steam boiler". On the protected domestic market prices could, at least for the majority of syndicated products, be kept at relatively high and steady levels. The policy of selling dear at home and cheaper abroad, realizing higher aggregate profits on the basis of increased output and a consequently considerably reduced production cost per unit, and the constant undercutting of the prices of foreign competitors - only in an extremely severe situation did it take the form of an actual "dumping" - was of course also used by the same competitors. Prices of syndicated products in Germany were generally determined by the world-market price plus customs duties plus freight charges, but were easily adjustable to circumstances and locations. They rested in an, occasionally complete, reduction of free competition among domestic producers and in a network of contracts imposed upon customers, binding their freedom of decision. The exported over-production which guaranteed the extra-profits was sold, depending on the situation in the regional markets, at, below or above world-market prices.\[102]\) In account of the simultaneity of busi-

ness fluctuations in Europe so-called "crisis-exports" did only on occasion mitigate the problems of overproduction. In the pronounced depression of 1901/02 - to mention the most noteworthy example - German iron-works "dumped" their pig-iron in large quantities on the British and Belgian markets, although the latter was experiencing a most severe slump - but were in a position to do so only, because the American economy was, as usual since the eighties, completely out of step with the European cycle and in the midst of a boom in which domestic iron-manufacturers were unable to meet domestic demand. Some German pig-iron was exported directly to the United States, the bulk was sold at very low prices to British and Belgian steel works where it was processed and exported to North America. The situation was so abnormal that German works found it profitable to reduce the processing of pig-iron in their own mills and to increase exports to unprecedented dimensions.\(^1\)

The policy hinged upon tariff protection in Germany: the tariff changed its function from that of a protection of freely competing producers to that of a consolidation of an inland monopoly, \(^2\) or, as Hilferding expressed it, "the former means

\(^1\) historical perspective; Rolf Sonnemann, Die Auswirkungen des Schutzzolls auf die Monopolisierung der deutschen Eisen- und Stahlindustrie, 1879-1892, Berlin 1960, useful despite of exaggerations and gross misrepresentations. - For the domestic scene also: R. Bonikowsky, Der Einfluss der industriellen Kartelle auf den Handel in Deutschland, Jena 1907.

of protection against the conquest of the domestic market by foreign industries has become a means for the conquest of foreign markets by domestic industries." 105)

The actual relevance of exports - which were in the majority of cases not effected by individual works but by the sales offices of the syndicates - was similar to that of the tariff and consisted, via the lowering of production costs per unit, in guaranteed maximum profits from sales at home. In the SWV it mattered little to the individual member where its products were sold, as it was paid a fixed list-price 106) for the quota allotted by and supplied to the cartel. Over-proceeds were distributed according to the amount of crude steel consumed, granting the works sufficient elbow-room in their dispositions, and, in addition, a completely free hand with regard to the sales of the more refined and labour-intensive so-called "B"-products. 107)

Here also organization and statutes favoured the better-equipped and cheaper-producing larger plants. These conditions provided, as they were most probably intended to do, a strong impetus to the further concentration of production. The revised statutes (1903) of the coal-syndicate contained the

is to all appearances untenable. Cartels - and other organizations under different names but with the same effect - existed also in free-trade countries. It is also difficult to see in how far Germany's "natural" monopoly of coal - a bulkgood of a relatively low value on which freight charges weigh heavily in over-land transports - can be related to tariff-protection.


105) Rudolf Hilferding, Der Funktionswechsel des Schutzzolls, in: N.Z. 1903/II, 257 (with the argumentation p.276 that protective tariffs are the most important instrument in the promotion of cartels.)

106) corresponding with the average costs of transforming crude steel into the respective finished articles.

107) after A. Hoesch, A3b4, 40-board meeting of October 1903.
provision, often referred to as a "constructional flaw", that coal mines whose output had been syndicated were not to be sold to non-members, thus defending cartel interests against outsiders, and facilitating, on the other hand, the amalgamation of coal mines and foundries to new giant complexes, the smelter-mines. These conditions increased, however, also the rivalries between individual cartel members. Prominent industrialists like Hugo Stinnes and August Thyssen - the latter a cartel enemy on principle anyway - made it their policy to establish works or acquire plants outside the syndicate to meet cartel pressure with counter-pressure, although also they were by necessity compelled to join the syndicates with the larger part of their production. 108) This horizontal expansion complemented cartellization only a short time after the syndicates had been consolidated and long before the process had been completed. At the same time, and more important, the horizontal movement was overlapped by a completely new vertical trend: the formation of trusts 109), controlling the entire production process from the raw material to the finished article, often inclusive of transportation and marketing of the products. Before 1914, the


109) Board meeting Hoesch A. G., 7.4. 1904, A. Hoesch A 3b4, 62: "The endeavour to combine enterprises which are related to or complementary to each other, or to annex smaller and larger ones has - apart from the at the moment frequently dominating question of cartel quotas - in the end the same objective as has the formation of associations and the pooling of entire branches of industry for the purpose of concerted action; internally, the elimination of needless competition which is detrimental to both parties and externally, action under the motto of "union is strength", these are the marks characteristic of economic life in our days. The trend is observable in all countries which must maintain their positions in the world markets."
"trustmakers", as they were respectfully called in the contemporary economic journals, inaugurated the era of the "diagonal" private enterprise, expanding into fields which had little or no relation with the original area of their business activities. These developments threatened in the end to break the influence and even the organisation of the cartels. Since 1910 observers spoke of the "twilight of the cartel-gods", although it was not (and is not) possible to say conclusively whether the trusts - controlled by individual entrepreneurs or dominated by a few principal shareholders - or the cartels were the dominant forces in the last years of Imperial Germany. The trusts were at any rate advancing rapidly; in the heavy industries, where the terms coal mine, iron foundry and steel plant were used in one breath and were actually used interchangeably; in the chemical industries, where for technical, financial and patent-right reasons production was concentrated in a very few companies, organized, since 1905 and 1907, in two "triple-alliances", extending their influence also over preceding and processing stages; and in the electrical industry with its condensation, since the crisis of 1901/03, in two giant corporations (ADG and Siemens), the latter branches of industry in which the diversity of products never suggested only one central organization. 110) The effect on consumers was very much the same.

110) Relevant specific aspects will always be found in individual sections throughout this study. - There is as yet no recent comprehensive analysis, but these relations have been described in legions of contemporary studies. The best surveys are now given in the works of general (and not specifically economic) historians, as for instance Fritz Klein, Deutschland von 1871/98 bis 1917 (Lehrbuch der deutschen Geschichte, Band 9), Berlin 1961 (and other publications by DDR-historians, incl. J. Kuczynski), and Fritz Fischer, Griff. The most recent compilative monograph on German industry in historical perspective contains little on concentration: Hans Nauersberger, Deutsche Industrien im Zeitgeschehen eines Jahrhunderts, Stuttgart 1966.
Wilhelm Röpke, the liberal economist, has characterized them as "privileges, exploitation, paralysis of the market, distortion of the economic process, accumulation of capital, concentration of power, industrial feudalism, restrictions on supply and production, creation of chronic unemployment, increase of the cost of living and intensification of social conflicts, lack of economic discipline,...", "a list of the sins of monopolies" 111) which is in fact a full catalogue.

The concentration of production in giant corporations 112) and the combined effect of trusts and cartels lent of course enormous support to Germany’s economic superiority over her competitors, particularly those unable or reluctant to follow a similar course.

Of decisive importance was the assistance given by the German great banks, permitting continued expansion at rather steady growth rates. In return the dimensions of the industrial


112) In view of the unreliability of individual production statistics and the variety of methods of investigation and classification, it is virtually impossible to give data other than the number of industrial works and the number of workers employed in small (1-5), medium-sized (6 to 50) and large (more than 50 workers) companies. After A. Sartorius von Waltershausen, Deutsche Wirtschaftsgeschichte 1815 bis 1914, Jena 1920, 463f.: (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Factories</th>
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<tr>
<td>1882</td>
<td>95.8</td>
<td>3.8</td>
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<tr>
<td>1895</td>
<td>92.6</td>
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<td>1907</td>
<td>89.9</td>
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</table>

During the 25 years from 1882 to 1907 the number of workers nearly doubled. Nothing could illustrate concentration better than the small number of large companies, employing nearly 50% of the industrial labour force.
corporations and their scope of activity offered the banks not only excellent and easy profits from the issues of shares and debentures, but also a relative security of investments and working capital. In 1907, for instance, the earnings from industrial transactions and holdings amounted to 10.5% of gross profits in the case of the Deutsche Bank, 15.5% for the Darmstädter Bank, 18% for the Berliner Handels-gesellschaft (BHG) \(^{113}\) which had, however, a somewhat unique position among the banks (with particularly close connections to the electrical - AEG- and heavy industries). In Rhineland-Westphalia relations between banks and industry had assumed larger dimensions in the end-phase of the "great spurt", coinciding roughly with the period of "nationalization" of the companies created by French and Belgian capitalists. Until the eighteen-eighties the Ruhr had, however, very much been the domain of "local" banks - the Essener Creditanstalt, the Bergisch-Märkische Bank and above all the Schaffhausen'scher Bankverein in Cologne as the bank of the iron manufacturers.\(^{114}\)

Liaisons such as that between the Disconto-Gesellschaft and the GEAG or the Dortmunder Union, the bank's "child of sorrows", since the 1860's were the exception and became characteristic only towards the end of the century. The appearance of the Berlin great banks in Western Germany in the nineties was, however, determined not only by business conditions, but also by far-reaching changes in German banking and stock-exchange

\(^{113}\) Riesser, 308. Indispensable is Jeidels, with an excellent and convenient summary on pp. 250–271; in general also Wilhelm Hagemann, Das Verhältnis der deutschen Großbanken zur Industrie, Berlin 1931 (and cf. the literature listed in the preceding chapter). Individual relationships are listed and analysed in Robert Lieffmann, Beteiligungs- und Finanzierungsgesellschaften, Jena 1912, 95f. (and four subsequent editions).

\(^{114}\) Riesser, esp. 383ff., 492ff., 506f. - Fürstenberg, the "principal" of the BAG spoke of a "main's ring", Carl Fürstenberg, Die Lebensgeschichte eines deutschen Bankiers, 1870-1914, (herausgegeben von seinem Sohn Hans Fürstenberg), Berlin 1931, 266.
regulations, introduced in 1894 in the form of higher stamp- and stock-exchange duties (with a further revision upward in 1900) and above all by the stock-exchange act of 1896, a pro-agrarian measure with "anti-capitalist" tendencies, consisting in the main of the prohibition of the trade in futures and the regulations that most transactions at the exchanges had to be effected in cash. As predicted by most bankers, it caused a serious weakening of the German exchanges (Berlin and Frankfurt), driving many transactions to foreign places, and resulted, in the long run of at least equal importance, in formerly unknown money demands. The clause of spot cash transactions restricted the scope of action of most smaller and medium-sized financial institutions and bankers many of whom preferred annexation to a large bank to liquidation and complete annihilation.

It was mainly this merger process which caused the large banks to increase their capital stocks: Deutsche Bank from 100 to 150 million marks (1895-1897), Discontogesellschaft from 75 million marks in 1889 to 115 million marks in 1895 and 130 million marks in 1858, etc. Among the victims were


117) Ernst Loeb, Die Berliner Großbanken in den Jahren 1895-1902 und die Krise der Jahre 1900-1901, in: SVS 110/1903, 82/83, Staab, 13, Ernst Leinemann, Die Berliner Großbanken an der Wende des Jahrhunderts, in: JbNS 3.F. 20/1900, 86f. In recent historical accounts of banking in Germany the stock-exchange law has been very much neglected. Nussbaum, Unternehmer gegen Monopole, 132 refers to it, but regards its "alleged" influence on concentration in banking as a pretext and cover-up of bankers. This is most certainly not justified and Riesser's view, approaching the question from another angle,
the Bergisch-Märkische Bank, which was absorbed by the Deutsche Bank in 1897, and, although only in the crisis of 1901/03, when the process of expansion and concentration in German banking was fully underway, the Essener Creditanstalt and the Duisburg-Ruhrorter Bank. With these acquisitions the Deutsche Bank entered into close relations with leading capitalist families in Rhineland and Westphalia, with the Haniel, the Böningers and the Funkes, and gradually established itself as the major financial power behind the concentration movement in the coal, iron and steel industries, in close cooperation as well as sharp competition with other Berlin financial institutions. Symptomatic was the following series of events: when the BMI accelerated its drive into coal mining and established close relations with "Hibernia", "Konsolidation" and the Harpener Bergbau A.G., which had usually cooperated with the Schaaffhausen'scher Bankverein, Schaaffhausen pulled out of coal completely, "leaving" its expert on coal mining, director Klönne, to the BMI. In 1900 he joined the board of directors of the Deutsche Bank, making it a condition that both banks coordinate all their future industrial transactions -"only in close agreement and with equal rights" - , enabling the Deutsche Bank to extend relations also to other companies (Harpen, GEAG, and also Thyssen). 119) Schaaffhausen had meanwhile concentrated its energies on smelters, foundries and steel works - to such a
degree that the bank was one of the driving forces behind the formation of the SWV, forcing the recalcitrant directors of the "Phoenix" into the union by a concentration of shareholders' votes at the crucial assembly. The right to represent shares deposited by third holders increased the effect of the industrial policies of the banks (by contrast with former times, when they merely showed an interest in augmenting the number of their industrial clients), in particular on concentration in industry.\(^{120}\) The development revealed at the same time a number of inconsistencies and contradictions. Banks took a strong interest in industrial concentration to increase their influence at the expense of rival banks, while the process did in fact lead to a progressive elimination of competition between them, as nearly every new industrial combination was effected by a consortium of banks behind the respective enterprises. While extending their activities in the industrial field the banks had, on the other hand, to accept a rising influence of industrialists on their own industrial policies and affairs. In the early stages of the process at the turn of the century, when this development was still uncertain, Thyssen and Stinnes for instance, working at the time hand in hand, attempted to obviate a possible dictatorship of the Berlin banks by creating a bank of their own. The Rheinische Bank did, however, not flourish and had, in the end, to be reorganized and consolidated by the Düsseldorf Bank; but this was already at a time when Thyssen and Stinnes knew how to deal with banks effectively by having all of them work for them simultaneously. Many of their transactions were carried out with the assistance of the Deutsche Bank; Deutsche Bank and

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118) Jeidels 260/261, Riesser 388, 492f.
120) For this and the following, unless otherwise indicated, Jeidels, 268f.
Dresdner Bank were hitched together to bring the GBAG, at least for a short time, into the Thyssen-Stinnes empire, breaking at the same time the preponderance of the Disconto-Gesellschaft in the company and forcing the bank into the orbit of her two rivals.  

At the meeting of the Verein für Sozialpolitik in Mannheim in September 1905 Emil Kirdorf, who had just won the fight for the independence of his company against the trustmakers, declared that if some said "that the great banks, that high finance controls our industry, I have to deny this here categorically. Never has the influence of the great banks on industry in the Rhineland and in Westphalia been so small as it is now. On the contrary, one can say today, if these words may be used: the great banks court industry, but not the other way round."  

A director of the Deutsche Bank confirmed confidentially: "When Thyssen comes to see us, our heads swim at the thought of all the great plans he wants to realize with our money," and after such a conference another director could merely comment that "this man disposes of our millions as if they were his own."  

An adequate illustration of these relations was the fact that the pooling of interests between the Dresdner Bank and the Schaffhausen'scher Bankverein in 1904 was "suggested" by a group of industrialists under the leadership of Stinnes.


122) SVS 116/1906, 285. -In a letter to Maximilian v. Harden, the editor of the Zukunft Kirdorf wrote from Karlsbad on 18.5. 1905 that "the determining decisions are now much more influenced by industrialists than by bankers" and argued that already the recovery of the mining-industry, brought about by the coal syndicate, has emancipated this industry from the former financial dependence on the banks." A. GBAG 200 oo, cf. Böhme, Kirdorf in: Tradition 1969, 23.

A manifestation of these interrelations was the system of interlocking directorships, \(^{125}\), in which it was relatively unimportant which side provided ideas and impulses, \(^{126}\) and it is indeed difficult not to accept its much criticized definition by Rudolf Hilferding as "finance capitalism," \(^{127}\):

"Finance capital is the concentration of capital. The formerly separate spheres of industrial, commercial and banking capital are now under the joint control of high finance in which the masters of industry and banking are united in close personal unions. This concentration is based on the elimination of free competition among individual capitalists by the large monopolistic combines. Naturally, this changes also the relations of the capitalist class with the state."

\(^{124}\) To some extent via Schaaffhausen's "community of interests" with the Mittelrheinische Bank in Koblenz and Duisburg, with Stinnes on the supervisory board. The bank financed mainly the activities of the trading firm of Spaeter & Co., the founder of the Rombacher Hüttenwerke, the most important works in Lorraine. Also the Thyssen-group was affiliated with the bank.

\(^{125}\) Number of seats held by banks on the supervisory boards of coal mines and smelters:

<table>
<thead>
<tr>
<th>Bank</th>
<th>1903</th>
<th>1912</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Bank</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>Disconto Ges.</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>Dresdner Bank</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Schaaffhausen</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>BHG</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Darmstädter</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Nationalbank</td>
<td>-</td>
<td>13</td>
</tr>
</tbody>
</table>


Conversely, industry was represented on the supervisory boards of the banks ( 1:08): Deutsche Bank-4, Disconto-Gesellschaft-4, Dresdner Bank-11, Schaaffhausen-15, BHG-15, Darmstädter Bank-4 (Rieser 463).

\(^{126}\) so Jeidels, 269.

The second major branch of industry attracting the banks was the electrical industry with its excellent rentability.\footnote{128) Number of supervisory board positions held by banks in 1903: Deutsche Bank-14, Discontogesellschaft-6, Dresdner Bank-6, Schaffhausen-2, B.H.G.-10, Darmstädter Bank-8,-Eulenburg. \textit{loc. cit.}}

Also here the concentration of production (AEG and Siemens) and capital (mainly B.H.G and Deutsche Bank) resulted in closer relations between competitors. Unusually close were the ties between B.H.G and AEG, with Walther Rathenau as one of the principals of the bank, in a form that Emil Rathenau could justly pride himself on having never been "dependent" upon banks.

Very close were also the ties in many fields between AEG and Siemens, after the complete separation of the two companies had taken place only in 1894; and finally between B.H.G and Deutsche Bank in a partial union of their interests as financiers of the Siemens and Halske group.\footnote{129) \textit{Jeidels, 266f,-Liefmann, \textit{op. cit.}, passim and particularly instructive and valuable: Felix Pinner, \textit{Emil Rathenau und das elektrische Zeitalter}, Leipzig 1918, 209f.- Hans von Sothen, \textit{Die wirtschaftspolitik der AEG}, Diss. Freiburg 1915, 87f.- R. Bertold, \textit{Die Konzentrationsbewegung in der deutschen Elektroindustrie und die Großbanken}, Diss. Berlin 1922,-Waldemar Koch, \textit{Die Konzentrationsbewegung in der deutschen Elektroindustrie}, München 1907,-Erich Koether, \textit{Vertrustung und Monopolfragen in der deutschen Elektrizitätsindustrie}, Mannheim und Leipzig 1913.}} Finance capitalism in this sector found a very distinct expression in the joint creation of financing or holding companies for the industry, primarily in Switzerland and Belgium. The development was different in the third cycle leader, the chemical industries.\footnote{130) \textit{The dye-stuffs works, with the highest number of positions held by banks on the supervisory councils of chemical companies in 1903 (in parantheses the total number of positions held in the electrical, coal, iron and machinery industries): Deutsche Bank-2 (27), Discontogesellschaft 1 (22), Dresdner Bank 1 (18), Schaffhausen 2 (32), Darmstädter Bank 3 (24), B.H.G o (23), after Eulenburg, \textit{loc. cit.}}}
profits of all German manufacturers, naturally enjoyed the full support of the banks, but maintained a financial self-sufficiency that set them apart from most other corporations. The liaison between them and the banks remained extraordinarily loose.131)

There remain some rather curious remarks in the annual report of the Dresdner Bank for 1908 which have been frequently seen as an indication of the intention of the banks in general to reduce their industrial engagements or have been used to dismiss Hilferding's conception of "finance capital" as a mirage. After the brief but vehement recession of 1907/1908 the bank expressed the belief that the impact of "economic conditions in industry" on banking would be considerably smaller in the future.

"The movement towards concentration and the formation of associations in industry, particularly in the so-called heavy industries, has undeniably made the same more independent of the banks. With the increase in our national wealth, or on the other hand, the economic task of taking the initiative in the formation of industrial enterprises through financial engagements does no longer devolve upon the banks in the measure it has done in the past. Although this will mean, as it became apparent in the recent peak prosperity, a reduction also of the chance of unparalleled and large yields from industrial transactions and engagements, this loss will be very much off-set in times of reverses by the reduction of the engagement of the banks in the distribution of risks." 132)

131) Rolf Grabower, Die finanzielle Entwicklung der Aktiengesellschaften der deutschen chemischen Industrie und ihre Beziehungen zur Bankwelt, Leipzig 1910.- The above statements are confirmed also in BASF-Archiv, Engere Kommission des Aufsichtsrates, passim.

132) Annual report of the Dresdner Bank for 1908, cf. e.g. Gehr 67 (and against the Hilferding-thesis Helmut Craezer, Das Finanzkapital, Eine Kritik des "Finanzkapitals" von Rudolf Hilferding, Diss. phil. Jena 1923.- In a descriptive study, which neglects unfortunately the wealth of contemporary quantitative and interpretative material, E. Eistort, Die Beeinflussung des Wirtschaftswachstums in Deutschland ..., maintains (here after the summary on p. 178): "The promotion of economic growth in the industrial sector through bank credits increases strongly after 1895, but ceases already in 1908 and impedes the further growth in industry .." This may have been true in individual cases but is certainly, as the discussion further below will show,
This account, aimed at share-holders and the general public, actually eludes interpretation for the total lack of supporting evidence, but it appears that it was less an indication of a changing attitude - the industrial engagements of the Dresdner Bank always ranked lowest among the six top banks, while its industrial portfolio in fact increased in the following years 133) - than of conflicts with industrialists (probably even as a "warning" to them) and in the main probably nothing but a simple direct reaction to a strong agitation in 1907/08, which also reached the Reichstag, against the concentration of power in Germany's economic life and against the cartels in the basic industries 134) whose sales policies - supported by the banks! - weighed increasingly on all domestic consumers, mostly on the export-oriented finishing industries 134a), and called forth their demands (supported by the radical wing of the agrarians) for a strict not true globally; for data cf. also Hoffmann, Wachstum, 728f.

133) In subsequent reports the question was never touched again. Schaffhausen, at the time affiliated with the Dresdner Bank in a "community of interests", held nearly double the number of seats on the supervisory boards of industrial corporations and remained, as all other banks, always silent on these relations.

134) cf. now esp. Nussbaum, Unternehmer gegen Monopol, 186.

134a) cf. Jeidels in 1905, op.cit., 271: "If the hypertrophic development of certain heavy industries is indeed a characteristic feature of the present situation of German industry and when the great banks, by nature, promote this process, this reveals a third contradiction. The striving of the great banks for concentration and a purposeful direction of industry is inconsistent, when it is restricted to certain industries and causes an increasing lack of coordination in other places." Jeidels pointed in particular to the fact that after the depression of 1901/03 the finishing industries, which had usually been the first to show signs of recovery, remained in their slump, while coal mines and iron-foundries paid dividends for 1903 not far below those distributed in peak years. - It may be noted here that the cartels in the iron industries granted export gratifications to other cartellized consumers for their exports made from iron, in part to appease the cartel-
supervision of cartels by the state.
In the Reichstag debates representatives of the Imperial
offices and Prussian ministries - the latter the authorities
responsible for the actual centre of industrial concentra-
tion in the empire - were virtually alone in their de-
fense of cartels, however lamely they argued their point
in view of the strong opposition. The attitude of the Prus-
sian state ministry had never been a secret. In the past
numerous ministers had favoured concentration more or less
openly. Von Rheinbaben, minister of finance from 1901 to
1910, returned from a visit to the United States, enthu-
siastic not only of trusts but also of cartels. Von Möller,
minister of commerce from 1901 to 1905, who liked being
considered "one of the great industrialists" (he was the
owner of a medium-sized iron-foundry in Westphalia, but
not an enemy of the large works on Ruhr and Rhine), re-
peatedly praised cartel in public, more emphatically than
any of his colleagues dared to do. The overall attitude

135) Prussia, comprising approximately 2/3 of the territory
and population of Germany, concentrated also at least
2/3 of the industrial and financial power. In 1910,
2539 of Germany 4579 joint-stock companies, with a ca-
pital of 8,270 (of a total of 13,200) million marks
were located in Prussia. (after StüE 1910/2, 2087).
More important was, however, the concentration of
banking in Berlin and the existence of two of the
three centres of heavy industry.

136) Germany was at the time largely regarded as the home
of cartels and syndicates, the United States as the
country of trusts, a conception which was true of the
nineties but persisted until long after 1900, irre-
spective of recent developments (and inspired pub-
lications did their part in trying to convince the pub-
lic that German cartels were "morally superior " to
the ruthless North American combines). - cf. a collection
of contemporary material in BHStA-MH 11297
of the government towards cartels has recently been characterized as "friendliness" and in any event as "neutrality"; while its attitude towards other, particularly the vertical combinations, was not free of inconsistencies; so in the famous (but still not quite clarified) Hibernia-affair in 1904, when Mörler secretly entrusted the Dresdner Bank with the purchase of shares of the Hibernia-A.G. coal mining company, allegedly to forestall gigantic trust-plans and to exercise a moderating influence upon the price policies of the coal-syndicate (or, as others maintained, to share in the benefits), but changed the course completely, when the operation was thwarted by the concerted actions of the other great banks and the industrial corporations. As Europe's largest entrepreneur (domains and forests, railways and coal mines) the Prussian state had interests at stake which conflicted not only with political and socio-political considerations, but also with the tax yield from the earnings of the large corporations. These conditions explain a number of the


138) Although much has been written on the case, also the most recent account could not give a conclusive answer; Helga Nussbaum, Ein neuer Hintergrund der Hibernia-Affaire, in: JbWg 1963/III, 226f. — for other examples below.

139) A study on "Prussia as entrepreneur" (along the lines of Hans Joachim Minkler, Preussen als Unternehmer, 1922-1932, (Veröffentlichungen der Historischen Kommission zu Berlin beim Führer der FU Berlin), Berlin 1965) is overdue. — H. Kubitschek, Zu Tendenzen des staatsmonopolistischen Kapitalismus in Deutschland vor dem ersten Weltkrieg, in: JbWg 1963/II, 103f. is only a cursory sketch. — For the income of the empire and the federal states see Hoffmann, Müller et al., Volkseinkommen 32 and 82 and the data given below in n. 144.
more apparent contradictions in the government's cartel policies, to a degree also its cartel-neutrality as at best the mutual neutralization of those factors.

Price conventions and similar agreements had been acknowledged as legally binding by a decision of the Imperial Court of Justice in 1897 on the grounds that

"if prices of products in an industry fell so as to render a profitable operation impossible, the ensuing crisis is ruinous not only to the individual but to the economy in general and it is therefore in the interest of the general public that prices in a branch of industry are not permanently and unduely low." 140)

Considerable sections of the public were, however, by no means convinced of the soundness of the judgement of the supreme court. In 1899 the Centre was the first political party to respond to the complaints of the consumers, espousing in particular the cause of the textile industries in the German Southwest which were traditionally oriented towards the party. A motion Lieber-Pichler for an inquiry into the effects of the cartels on the national economy was supported by the nationalliberals and even surpassed by the agrarian wing of the party under Heyl and Criola, the representatives of the "Worms corner", who moved that syndicates "of a proven monopolistic nature" be supervised by state commissioners. 141)

While the industries concerned faced all charges with an air

140) after StuB 1897/2 and now: Fritz Blaich, Die Anfänge der deutschen Antikartellpolitik zwischen 1897 und 1914, in: Jb.f. Sozialwissenschaft 21/1970, 127ff, on the basis of printed and published material only, with a, to this author, inadequate point of departure and inquiry, neglecting above all also the socio-political considerations although they had already been discussed (in 1966 on the basis of archival material) by Helga Hussbaum, Unternehmer gegen Monopole, csp. 127ff.

141) R.T., 1o. L.P., II. Sess., 1900/01, Drucksache No. 81 (Lieber-Pichler), No. 34 (Heyl-Criola).
of innocence\textsuperscript{142)}, the Prussian state ministry had already, and independently of the parliamentary motions, agreed upon the necessity of interministerial discussions and approved of the vote of Thielen, the minister of public works, who had, primarily in his capacity as head of the railway administration, begun to show signs of exasperation at the increase in the price of coal, rails and other railway material.\textsuperscript{143}) Thielen argued that

"the direct interest of the state in the preservation of healthy economic conditions has never been so great as at the present time at which the state itself has become an entrepreneur on such a large scale. I am also of the opinion that there have never been such large resources of power available to the state as now, if it would only make use of them in its capacity as a consumer and a producer."\textsuperscript{144)}

But with one exception neither he nor his colleagues went beyond such general statements and allusions. Only Brefeld, Müller's predecessor as minister of commerce (and to be retired soon), held that a more detailed discussion might

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|}
\hline
Year & Total & Railways & Mining & Domains/Forests \\
\hline
1895 & 588 & 434.2 & 9.9 & 45.8 \\
1897 & 639 & 474.9 & 12.9 & 46.0 \\
1899 & 653 & 471.8 & 20.8 & 46.9 \\
1901 & 634 & 415.5 & 38.2 & 56.1 \\
1903 & 726 & 510.7 & 18.4 & 63.1 \\
\hline
\end{tabular}
\caption{Prussia's revenues (in million marks):}
\end{table}

\textsuperscript{142) Wilhelm Beumer, secretary of the Verein für Wahrung der wirtschaftlichen Interessen in Rheinland und in Westfalen ("langnamverein") and general secretary of the Northwestern group of the VdEST reduced the campaign to a "disappointment" of the general public that the cartels failed to act as parachutes in the crisis 1900f, as it had generally overrated cartels as "promising points of departure for a new organization of economic life."-Stue 1903/1, 11.- The coal syndicate deemed it wise to replace Schiller's "beneficent is the power of fire, if checked and watched by man" which had been set in golden letters above the fire-place of the syndicate's new conference-room by the more innocuous motto "union is strength".-DZA I-RdI 7153, 10.

\textsuperscript{143) The vote has to be seen against the backdrop of Prussia's revenues (in million marks):}

\begin{itemize}
\item Total: 86, 93, 102, 111, 121 million marks.
\item Communities: 86, 93, 102, 111.
\item Source: Hoffmann, Müller et al., Volkseinhebungen, 82.
\end{itemize}

\textsuperscript{144) VotumThielon, 26.9.1899, DZA I-RdI 7153, 45f.}
lessen "the menace of a generally harmful exploitation of the power accruing to the cartels." The idea of a supervision was actually ruled out from the beginning, for even Thielen gave the assurance that the syndicates in the heavy industries were, after all, well known to the railway administration and that he had usually got along with them quite well.  

In spite of the decision in favour of interdepartmental meetings preparatory work was hardly progressing at all. When Brefeld, under the pressure of the interpellations in the Reichstag, asked the RöI a few months later for relevant material to assist him in forming his own judgement, Posadowsky replied with the rhetorical question

"whether it would be advisable to approach a discussion of the cartel question before the completion of the deliberations on the customs tariff bill. I am not in a position to escape the apprehension that the opening of the question at the present moment would be suited to create uneasiness in the industrial circles concerned on whose cooperation the Imperial administration will depend in the impending quarrels about our commercial policy and that it would increase the present antagonism between the opposing interest groups. An accentuation of these antagonisms seems at present undesirable for reasons of a general nature."  

The "Sammlungspolitik"—to anticipate some of the discussions further below—, the relying of the state-conserving forces which was hoped to cover the chronic socio-political structural crisis of Prussia-Germany and to permit the maintenance of the existing equilibrium was not to be endangered and it appeared senseless to provoke big industry, when its support was required to just higher grain duties through the Reichstag. The impact of the economic recession, a vio-

145) More on Thielen's relations with industry below in the context of railway tariff policies.
146) DZA I-RöI 7153, 23., 1., 54f., 108ff., quotation: 66.- The material has already been presented in detail in Nussbaum, Unternehmer gegen Monopole, 187ff (curiously enough Thielen's vote is missing), also with a just emphasis on the considerations for "Sammlungspolitik".
lent reaction of the public to the excessive price of coal in 1900/01 and the continued attacks of the parties on the left in the customs issue made a further procrastination inadvisable. In 1902 a cartel inquiry got eventually under way. The results were rather inconclusive and upset neither the government nor the cartellized industries in any way, and they were also able to weather the second storm in 1907/08 in the same manner. The cartels now developed a new public image, proving their "indispensable necessity" to Germany's export performance, which assured them also of at least the neutrality if not the support of large sections of the liberal commercial circles, although they continued to warn in their own interest of "too high monopolistic aspirations", when the increase of protection provided by the new customs tariff threatened to plug the "safety-valve" and the influence exercised by the import of competing foreign products.

Conditions in Germany shall be thrown into relief by a brief comparison with the concentration and organization of business interests in France and in Belgium. Judgements of the performance of French industry have always rested on the characteristic trait that by far the largest part of the medium-sized and large companies were privately owned and that the "spirit of the family" entailed - a variety of reasons have been adduced - a striving after a steady and not necessarily high or maximum income and meant

148) DZA I- RdI 7154f., cf. Nussbaum, Unternehmer, 19of.-- HStA Düsseldorf 10673, 3374, on the situation of the "pure" rolling-mills in particular and the feeble attempts of the regional authorities to improve their lot without angering big industry.
149) e.g. minutes of the general meeting of the VdEst, 27.10.1904, A. Hoesch-DH.U 1080, 5, - chamber of commerce Hamburg (Robinow) to Deputation for Commerce and Shipping, 24.4.1902, A.HK Hamburg, Anlagen 1902, 305a.-- annual report HK Hamburg, Jahresberichte, 1904, 6.
in fact a renunciation of expansion on a large scale, a disregard for the cultivation of markets and a reluctance towards the risk of innovations. The situation was in part also conditioned by the zero-growth of the population, the lack of workers and the difficulty of expanding the domestic market (at least under the conditions of the capitalist system). The French proclivity towards saving, the phenomenon of the petit rentier, the preponderance of small-holders and petite bourgeoisie, the relatively stable stratification of society and the absence - by contrast in particular with Prussia - of a proletarization of the peasantry and of a migration from the country to the cities found their natural reflection in the economic development of France in the latter part of the nineteenth century. 151) The few incentives

that remained to expansion were nearly eliminated by the revival of a pronounced protectionism and many a contemporary observer had the impression of a deep sleep behind a thick thorn hedge of tariffs out of which French industry did frequently not even wake, when foreign companies jumped the tariff wall to establish subsidiaries in France. Traditional methods of production and the restriction of the financial basis in the main to the capital resources of the entrepreneur excluded not only large-scale innovations, but acted as growth-inhibiting factors also in retarding the establishment of new industries. The only potential cycle leader in the French economy of the turn of the century was the motorcar industry (handicapped initially by the production of luxury—rather than outspoken consumers' articles). The chemical and electrical industries were, insofar as they existed at all, dominated by the "refinement"-factories of foreign corporations, with Thomson-Houston for a long time as the only large-scale enterprise in the electrical sector. The heavy-industrial complex of Schneider-Creusot was alone in bearing any comparison with the German corporations and trusts.

A most decisive factor was the manner of financing business and industry, mostly in the form of self-financing from reserves and undistributed earnings (reflected in phantastically high quotations of the shares of certain joint-stock companies), as the long-established great banks as the Banque de Paris et des Pays-Bas had a greater interest in pursuing more remunerative ventures abroad. An extensive

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152) cf. Bouvier et al., Mouvements de profits, passim.
financial policy in the manner of the German entrepreneurs was out of the question. After 1900 Schneider & Cie. was the only company to come close to the German archetype; by contrast with the average French industrial corporation it found the backing of a powerful banque d'affaires, the Union Parisienne, created in 1904 by a syndicate of seven members of the haute banque protestante with the explicit purpose of financing industrial enterprises. The creation of financial institutions devoting their attention specifically to industry and business at home had been started shortly after 1900 with a new Crédit Mobilier Français as a reconstitution and amalgamation of a number of banks, followed by the Banque Française pour le Commerce et l'Industrie, directed by Rouvier, a former minister of finance who was to become prime minister in the next year. Although (or because) the Parisbas, the Comptoir National and the Société Générale were well represented on their administrative boards, both banks did not do particularly well. The Rouvier-bank in no way lived up to the professed intention of turning "inward"; its business in France consisted actually only in closer relations with a few Paris-based transportation companies, and even after Rouvier had returned to his bank in 1906 and had been able to intensify its business most of the transactions were abroad, very much along the lines established by the two predecessors of the institution (the Banque Internationale and the Banque Française de l'Afrique du Sud). And quite similar were those of the other banques d'affaires, among which the old-established Société Générale pour favoriser le développement du commerce et de l'industrie en France (originally a deposit bank!) had an equally misleading cognomen. Henri Germain, the director of the Crédit Lyonnais, the third large bank, absolutely refused to engage his house in the financing of French industry. In 1903 he replied to a stockholder who was irritated at the bank's policy and requested a stronger involvement in industrial ventures at home that he had "illusions"
as the profits would be "zero". Before approximately 1910 only two French banks of importance could be said to attend primarily to the needs of industry: the Société Nancéienne and the Banque Renault. Both were provincial banks in the new industrial centre in Meurthe-et-Moselle in the East—and it appears that both were also quite able to meet most demands for credits in the area.

The opponents of the investment policies of the French great banks held that the export of capital did not benefit the national economy at all, since most debtor countries did not, as should have been expected, in return place orders with French industrial companies—mainly because the failure of the same banks to support them resulted in their inability to compete and to produce for exports. It was, however, apparent that the reserve of the financiers towards investments at home was also conditioned by entrepreneurial attitudes. While the national wealth increased by 5,000 million francs a year, the population remained stationary; new investments of capital at home were bound—for the lack of people to profit from new opportunities of employment—to stimulate demands for higher wages which French capitalists were not willing to pay for "competitive reasons". Even the small part of the capital increases employed at home could be kept at their levels only by a far-reaching elimination of foreign competition. French protective tariffs appear thus as "the natural complement" to the given unfavourable conditions of production. At the same time protection pre-

vented French capital from realizing returns in the natural form of commodities. French annual imports were on an average at least 2,000 million francs lower than the annual interest on capital invested abroad. The lack of opportunity for investments at home in turn prevented an influx of returns in cash, meaning, that they had again to be capitalized outside France. From another angle it could equally be said that French capital was sent abroad to reduce its supply at home. While in Germany labour supply outstripped the accumulation of capital - the natural population increase was 1.5% per annum, tens of thousands left the country for the cities -, while capital was hardly able to meet demands, while capitalists after 1900 invested mainly at home (some of the results of the discussion below may be anticipated) and nearly all branches of industry produced more than the domestic market could consume under the given conditions of income distribution, while Germany imported more than she exported, virtually the opposite was true for France. While industrial, commercial and banking capital merged into finance capital in Germany, relations between banks and industry in France remained generally extremely lose, even though signs of a change in the industrial policies of some great banks and industry began to appear in 1909/10. Bankers took naturally also very little interest in the organization of industry, which was, however, also not of a concern to others. In most sectors the absence of any larger corporations and of serious overproduction problems did not invite attempts at syndication. French legislation, both in the code civil and the code pénal did not permit cartellization, but it appears that it was not the major obstacle. Cartel agreements continued to be outlawed until 1914, although certain regulations of the code pénal were hardly ever applied after the turn of the century and were tacitly considered abrogated, but it was also evi-

dent that the law could be dodged easily, provided the re-
sources and means could be supplied to do so. These require-
ments were met in only two lines of production: in the glass-
industry led by the powerful combine of Saint-Gobain, and in
the iron- and steel-industry with a handful of larger works
and with suitable points of departure in the long-establish-
ed employers' association of the Comité des Forges and in
the L'Union des Industries (created in 1900), both do-
minated by Schneider-Creusot and the French works of the de
Wendel family. The Comité des Forges was headed by Robert
Pinot, the leading administrator of Le Creusot, who was to
use his influence to coordinate the marketing of products.
A common sales office existed since 1876 under the name of
Comptoir métallurgique de Longwy, a rather loose organization
for the centralization of inland sales, without, of course,
the power to fix prices and quotas. Increased output of the
few larger corporations after the turn of the century, a spurt
in the export of iron-products and the effect of the German
prototype created a desire for the formation of a central
agency also for sales abroad and in 1905 the Comptoir d'ex-
portation des fontes de Meurthe-et-Moselle was established
to contest the neighbouring markets in Belgium, Switzerland
and Italy. A similar organization for the marketing of crude

155) Representative of the rather diffuse and uninformative
French cartel literature (which, for obvious reasons,
borrowed heavily from German and Belgian authors): A.
Raffalovich, Trusts, cartels et syndicats, Paris 1903,-
H. Prévost, Les ententes entre producteurs en France,
(thèse) Paris 1904,- Paul de Roux, Les syndicats
industriels de producteurs en France et à l'étranger,
Paris 1912.- Very helpful are two contributions by Paul
Arndt, Das Kartellproblem in Frankreich, in: F.Z., Nos.
275 and 276, 4./5.10.1903.

156) cf. the official publication of the association: Comité
des forges de France, La sidérurgie française, 1864,
1914, Paris 1914.

157) L'Union des Industries métallurgiques et minières, de
la construction mécanique, électrique et des industries
qui s'y rattachent - similar to the Westphalian "long-
name association".
or finished steels did not exist. A few years earlier leading iron-works had begun to expand into ore-mining (in the case of the de Wendel works it had always been an integral part), a few years later also into coal-mining, inaugurating, although still rather diffidently and against numerous difficulties, the era of "mixed works" also in France, without being able to parallel the development in Germany in any way. French industry never experienced the effects of overproduction in the manner felt by German industries. Protected by the tariff-barrier it remained largely domestically oriented, without, however, being in a position to monopolize the home market. Production in many branches of industry did not meet demand. It was a polemical exaggeration when Francis Delaisi - as one of the most pronounced opponents of French heavy industry and of its armaments section in particular, quite aware of the problems - spoke of the "economic Malthusianism" of an industry which he considered "a bourgeois affair working placidly behind the shelter of protective customs tariffs", renouncing expansion for the sake of an only apparent security, but it was essentially nevertheless quite


159) It must of course not be overlooked that Westphalian and Southwest German smelters had in their entire development been favoured also by geographic conditions, inclusive of the location of raw materials and production works to each other. The situation in France resembled, however, that in the Southwest insofar as the coal pits were located far away from the smelters and were, moreover, firmly in other hands, depriving producers in both areas of the chance of a considerable reduction of production costs. On details and the corresponding question of the supply of Rhineland-Westphalia with ore cf. below.
It was only in the years immediately before the outbreak of the World War that an unusually high number of blast furnaces and smelters was under construction in France.

In its structure, organisation and production and marketing policies industry in Belgium occupied an intermediary position between the German and French models, with an increasing proclivity in the direction of an emulation of the German type. Large corporations like Solvay in the chemical, Val-St.-Lambert in the glass, and Vieille Montagne in the zinc industry, monopolizing on occasion the small home market, were more numerous than in France; the mixed giant combines in the heavy industries like Cockerill, Ougrée-Marihaye and Espérance-Longdoz with a control of production from ore and coal to the finished steel-product were equal to many a German corporation; and some Belgian trusts were unrivalled in their specific fields. Banks in Brussels and Antwerp and also provincial institutions in for instance Liège were closely affiliated with industry. The two leading great banks,


161 The basic sources are: Die Hauptindustrien Belgiens, (Auf Befehl Seiner Excellenz des Herrn Generalgouverneurs in Belgien, Generaloberst Freiherrn von Falkenhauzen im Auftrage der Abteilung für Handel und Gewerbe bei dem Generalgouverneur in Belgien, herausgegeben von der Landesstelle Belgien für Rohstofferhebung), Teil I: Bergbau und Hüttenwesen, Teil II: Industrie der Metallverarbeitung, Teil III: Die Textilindustrien, München 1918-1919 (part II was not published; the material is in DZA I); not so informative is the pre-war series Etudes sur la Belgique, Bruxelles, Leipzig, Paris 1913, in the present context esp. G. Nibelle, Les industries métallurgiques in pt. III/3.
the all-powerful Société Générale de Belgique (with Baron Baeyens as "gouverneur" and a host of former ministers of finance on the board of directors) and the Banque de Bruxelles, a joint-stock institution with extremely dispersed holdings (and a considerable engagement of German bankers and financiers) saw their main task in the creation and financing of industrial enterprises.\textsuperscript{163} The Société Générale was engaged, either directly or through the 17 financial institutions affiliated with it, in all branches of industry, with emphasis upon coal mining and metallurgy, and was in a position to observe and influence most transactions unless industrialists succeeded, like Cockerill, to maintain their freedom of action and decision by leaning upon a consortium of medium-sized banks.\textsuperscript{164} In the early twentieth century finance capitalism was as characteristic of Belgium as it was of Germany. In the

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  \item and Laurent Dechesne, Les syndicats industriels en Belgique, in pt. III/7; important is also Belgien Volkswirtschaft (in Verbindung mit Karl Bittmann, ...), Karl Rathgen, herausgegeben von Hans Gehrig und Heinrich Waentig, Leipzig und Berlin 1918, - J. Lewinski, L'évolution industrielle de la Belgique, Bruxelles 1911, and Jean Lescure, Aspect récents de la concentration industrielle, Bruxelles 1909.
  \item esp. Georges de Leener, Les Trusts en Belgique, Bruxelles 1902 (ff.).
  \item There are no satisfactory works on banking in Belgium; most of the information in the present study has been taken from material gathered by v. Lumm as German general commissioner for the banks in Belgium during the First World War, contained in DZA I-NL Lumm and various files of the RdI. - The published monographs are of an extremely general nature: H. Van der Kalk, De betrekkingen tusschen banken en industrie in Belgie, Haarlem 1932, - Walter Meynen, Das belgische Bankwesen, Berlin 1911, - R. Ulens, Les banques d'émission, Bruxelles 1908 (on the equally general works by B.S. Chlepern cf. below). - The Banque de Bruxelles was, among others, engaged in 26 tramways, 17 public utility companies (electricity, gas), 9 coal mines, 4 railways, and a number of colonial enterprises and financial trusts. (DZA I-NL Lumm 79 and ibid., RdI 2804, 102f.)
\end{itemize}
Belgian version it meant, however, a distribution of weights in favour of the financiers as the actual promoters of the process of expansion who never relinquished control of their creations in Belgium or of Belgian companies operating in other countries (mainly Russia, China and South America), relations which were in a way determined by the small size of the country and a number of clients that was still manageable. Interlocking directorships between industry and banks was not typical of Belgium, although Belgian stock-companies were, on the French model, directed by the administrative council and supervisory council composed by the major stock-holders.¹⁶⁵) Bankers and financiers were, if also the Antwerp merchants are included in the category, the dominating figures in Belgium's economic life. Colonel Thys who, in close collaboration with Léopold II., created and controlled most Belgian ventures in the Congo at the head of the Compagnie du Congo pour le Commerce et l'Industrie as the parent company, and Baron Empain, the head of a number of Belgian electrical and construction companies and builder of the Paris Métro and the "luxury city" of Heliopolis in Egypt, were hardly entrepreneurs in the strict sense but bankers and financiers with strong speculative proclivities. Also the Coppée's who played for a time a most important role in Belgian coal mining were a family of bankers. All of them profited from - and were to a degree most probably responsible for - a very lax economic legislation: until the spring of 1914 Belgian stock-exchange regulations had notorious loopholes and duties of all kinds were extraordinarily low.¹⁶⁵a)


¹⁶⁵a) Ch. Resteau, Les sociétés anonymes devant les lois belges, Bruxelles 1913.
The relations extending via banks from one company to another greatly facilitated the concentration of production. By 1904 Belgian heavy industry, the dominating branch in the national economy, consisted of already, and at the same time only, 46 "mixed" works, only two "pure" furnace works and a dozen of rolling mills of mostly small capacities (with stock-capitals between 1 and 2 million francs). Cartellization in Belgium occurred largely in response to developments in Germany. Syndicates in the industry were extremely fragile, subject to slightest business fluctuations - the usual argumentation that the low import duties prevented a stricter organization is only a partial explanation - an existed "off and on". In the heavy industries the syndication of half-finished articles, rails and ingots took the form of loose agreements which were frequently not kept at all, but were at least always readily available as prophylactic instruments. A pig-iron syndicate was created on the German model in 1904 but did not last since the 16 mixed works produced under normal conditions not even enough pig-iron for their own processing divisions and had to import from Germany and Britain and were willing to accede to a request for a dissolution brought forth by the two blast-furnace works which were equally unable to keep their contracts. The formation of the steel-works union in Germany in 1904 caused the Belgian works to organize the sales of their production (inclusive of quotas) in the Comptoir des Aciéries Belges in 1905, mainly with the objective of reaching an arrangement with the SWV on the demarcation of their spheres of interest. In coal mining syndication had been attempted in the basin of Charleroi in the eighteen-nineties but had met with the opposition of the major producers, while the mines around Liège under the pressure of stiff competition from Aachen and the Ruhr overcame similar difficulties in the formation of the Syndicat des Charbonnages Liégeois in 1897. Persistent German pressure kept the
cartel intact for fifteen years until it broke into two groups in 1912. 166)

In the light of the later development the organization of capitalism in Germany represented, in masses as in implements, the most advanced stage. It will be left to a specific context and sectoral analyses to show how the quantities and tools were employed and in which manner they brought their influence to bear on Germany's relations with Western Europe and in how far they were constitutive factors of foreign policy.

II. Weltpolitik and foreign relations.

1.) Imperialism

The inconclusive debate on the nature of imperialism and the relativity of the individualizing theories of "nationalist imperialism", "political imperialism" and "economic imperialism" has led some eminent scholars to a mellow resignation that it was and is probably "a bit of everything" (W. Langer).


The number of articles concerned with theories of imperialism are legion; noteworthy in their objective approaches: Heinz Maus, Imperialismus, in: Handwörterbuch der Sozialwissenschaften, Band 5, Stuttgart, Tübingen, Göttingen 1956, 158f., and Lutz Köllner, Stand und Zukunft der Imperialismustheorie, in: Jb.f. Sozialwissenschaft 11/1960, 103ff.; cf. now the listings in the extremely critical survey by H.-U. Wehler in the introduction to Imperialismus, (H.-U. Wehler, ed.), (NWB 37), Köln und Berlin 1970 and as Probleme des Imperialismus, in: id., Krisenherde, 113f. Here, in his Bismarck, 21ff., 492ff. and in the article Bismarcks Imperialismus, in: id., Krisenherde, 135ff., Wehler offers a brilliant analysis in combination with his own suggestions. Far behind his consistently superb presentation is Tom Kemp, Theories of Imperialism, London 1967, which is, however, in turn superior to all other monographs in the English language (as e.g. the well-known contributions by D.K. Fieldhouse; cf. mainly id., Imperialism, in: EHR 14/1961, 187ff.); the same is true of the relation of the Wehler-edited German reader to its English and American predecessors.-Wehler's conception of imperialism has recently been attacked rather violently by Winfried Baumgart in his inaugural lecture (Zur Theorie des Imperialismus, in: Das Parlament, Beilage B 23/1971), but misses the actual point without offering an illuminating alternative conception. (cf. also his controversy with Wehler in Militärgeschichtliche Mitteilungen 1971/72 and 1972/II, 196-206). B. is more conciliatory, advocating a multi-sectoral analysis in Deutschland im Zeitalter des Imperialismus, Frankfurt 1972, 32f.
a diagonal conclusion which is in its awareness of the complexity of the issue more successful than some recent attempts in which one of the elements is usually slighted or entirely dismissed from discussion. The history of the concept suggests a general characterization of imperialism as the relationship of a hegemonial state to peoples or nations under its control in either a direct form—mostly as "colonialism" in the restricted sense of a domination of non-white overseas areas—or as the indirect and informal rule of developed industrial nations over less developed parts of the world (Britain's "informal empire" in South America) or, less frequently (and in the main omitted from historical and theoretical analyses) although more directly related to the original meaning, as a form of caesaristic rule over a large empire, as a policy of conquest towards neighbours. In all cases it was a conscious and deliberate employment—the political will is quite enough as a criterion—of state-controlled or state-supported instruments of power in the struggle for a stronger political and economic position, mainly either by military conquest and the establishment of "protectorates" or by the export of capital and commodities to secure "spheres of influence."

cf. now the latest survey, with contributions of varying quality (mostly modelled on the British example), R. Owen-B. Sutcliffe (eds.), Studies in the Theory of Imperialism, London 1972, esp. the article by H. Magdoff, 144ff.

2) cf. e.g. the reviews of P.E. Robinson-J. Gallagher, Africa and the Victorians, London 1961


Defore the turn of the century it had become apparent that industrial nations were each other's best customers; and it would also be absurd to regard the export of industrial and financial capital only as the attempts to exert influence abroad, however much both were determined by the same objective conditions that led to imperialistic polices. The existence of a power differential and a certain pre-disposition "which regards expansion over the world as necessary and desirable" 5) are obviously further indispensable criteria. In this light also efforts to draw smaller and less powerful - mostly neighbouring - countries into the sphere of a stronger power can have imperialistic objectives. The contiguous expansion of the United States and Russia in the nineteenth century would serve as examples as the Austrian "ersatz-imperialism" in the Balkans, without retreating to the view of the "new imperialism" in the late nineteenth century as simply a continuation of old rivalries among the great powers or to the differentiating interpretation as the manifestation of an extreme nationalism 6) which have been criticized repeatedly 6a) not only for neglecting not only the decidedly new economic and socio-political impulses of the period, but for failing to explain why imperialism sprung into existence only towards the end of the nineteenth century. Already contemporary, primarily Marxist writers were baffled by the phenomenon which they attempted to explain in the main as a function of economic develop-

5) so Schieder, 85 , to which all authors from H. Friedjung, Das Zeitalter des Imperialismus, Bd.1, Berlin 1919 to J. Kuczynski, Studien zur Geschichte des deutschen Imperialismus, 2 vols, Berlin 1948-1950 and most recently Heinz Gollwitzer, Europe in the Age of Imperialism, 1880-1918, London 1970, would subscribe.

6) the latter now again in a modern version, without overlooking in any way the socio-economic factors and taking full account of the present state of research: Wolfgang J. Mommsen, Der moderne Imperialismus als innergesellschaftliches Problem, Versuch einer universalgeschichtlichen Einordnung, in: Der moderne Imperialismus, (W.J. Mommsen, ed), Stuttgart 1971, 14f. cf. n25 below.

6a) A critical survey of the most recent discussions was
The emphasis laid by Hilferding, Luxemburg and Lenin on features endogenous to capitalism as keys to an understanding of the movement of expansion is still of an eminent topical interest.

The industrialization of the Continent broke the British monopoly in the world markets and replaced it with a system of competing national economies seeking protection against each other behind growing tariff walls to facilitate the exploitation of the home market and increase their competitive position on third markets which gained in importance to the degree to which the dynamics of the capitalist system and problems of overcapacity and overproduction required outlets for both capital and commodities. The quest for new markets and business opportunities was supported by the interventionist policies of the state, and behind the partitioning of the world among the leading industrial nations there was everywhere, in the words of the English radical-liberal John Hobson

"the economic pressure of a sudden advance of capitalism which cannot find occupation at home and needs foreign markets for goods and investments."


7) Brief and instructive, Wehler, in: Imperialismus (NWB 37), 39f.

Hobson concluded his analysis with the, now famous, observation:

"It is not the industrial progress which demands the opening of new markets and areas of investment, but mal-distribution of consuming power which prevents the absorption of commodities and capital within the country." 9)

Although much has been said against the theory of "under-consumption" or "oversaving" which had actually been discarded in the eighties 10), the conception of the, in modern terminology "sustaining" nature 11) of the export of capital as an instrument of anti-cyclical policies was reassessed and reasserted fifty years later by students of British investments in the decades before 1914. 12)


12) L.J. Zimmermann and F. Grumbach, Saving, Investment and Imperialism, A reconsideration of the theory of Imperialism, in: W.A. 71/1953 II, 1f., (with the observation
Economic conditions in Germany were different, calling less for an export of capital than of commodities. A steadily expanding economy offered remunerative employment, and demand for capital always outstripped its supply, while production by far exceeded consumption. The neo-Marxist argumentation that the falling rate of profit as a result of an increase in the proportion of capital invested in machinery—the effect of the innovations—compelled capital to turn to underdeveloped areas to realize more satisfactory returns does at least in the deduction not correspond with that the same results would have been obtained through increased government expenditures—but these specific measures were hardly applied anywhere in the first decade of the twentieth century; cf., in spite of some divergencies, also A. Cairncross, Home and Foreign Investment, 1870-1914, Cambridge 1953, esp. 187ff., and The Export of Capital from Britain 1870-1914, (A.R. Hall, ed.), London 1968.

These relations have not always been given the proper attention, and the lumping together of exports of capital and commodities in international comparisons has often obscured the specific aspects of Germany's position. The observation does of course in no way undervalue the importance of the export of capital also to Germany.

The restriction of the discussion to whether the transition from a capitalism of free competition to one of cartels and trusts constituted a decisive characteristic of imperialism is rather irrelevant in view of the actual developments (cf. above). For R. Luxemburg and her disciple F. Sternberg (who was also a student of Oppenheimer's school) the view of imperialism as a stage of capitalism made the question superfluous (and it is virtually omitted from Die Akkumulation des Kapitals). The opposing view, held by Hilferding (finance capitalism as "capitalism in the control of banks and in the service of industrialists"—Finanzkapital, 336) and by Lenin (Imperialismus, 206: The cartels have become one of the foundations of economic life. Capitalism has become Imperialism) are, although claiming general validity, modelled on the German experience only—which they assess accurately, restricting, however, in fact German Imperialism to the weltpolitik since the late nineties! More important is Lenin's general premise that the material base of imperialism lies in uneven economic growth.
German realities. "Amplificative" in nature, exports of commodities - they became a constant feature also in the so-called basic-material industries - were the results of the endogenous tendency towards overcapacities; not a flight from a specific cyclical crisis, but a strategy of obviating the global impact of the cyclicity of economic movements and of reducing the general lack of stability of the capitalist system.\(^{15}\)

Both Hobson and the neo-Marxists - the latter inspite of all the vehement controversies within their circle on whether imperialism represented a policy of capitalism or, in a mechanistic evolutionist interpretation, an intrinsic stage in its development (Hilferding vs. Luxemburg)\(^{16}\) - discerned above all the function of imperialism as an instrument of domestic policies in the service of the "export of the social question" \(^{17}\), a concept which has recently been re-emphasized by a number of modern historians, frequently in the connotation of "social imperialism" \(^{18}\) as "an outward

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15) Classic Karl Marx (\textit{MEW} VI, 272f.):"The market has therefore to be extended, and its relations and the conditions regulating them increasingly take the form of a natural law independent of the producer and become more and more uncontrollable." - Cf. Max Weber, \textit{Wirtschaft und Gesellschaft, Grundriss der verstehenden Soziologie}, Tübingen 3rd ed., 1947, 2. Halbband, 623f (now also 1964), holding that the extent and manner of political expansion are determined by the respective economic structure.

16) The debate on the debate has actually not led anywhere and has moved either in circles or into meaningless, so e.g.:"One can also reverse this formula and say that imperialism became capitalism only in a certain and late stage in its development." Moritz Julius Bonn, Der Einfluß ökonomischer Theorien auf die auswärtige Politik, in: Festschrift für Georg Jahn, Berlin 1955, 17.

17) Very pointed is Sternberg, \textit{Imperialismus}, 175: "Imperialism is not just a question of rising the rate of profit, but it prevents the economic crisis and the ensuing socialist revolution." - On Hobson: Schröder, in: \textit{Imperialismus} (\textit{NWB} 37), 104f.

18) J. Schumpeter was one of the first to use the social imperialism, although in a more restricted form:"An imperialism, in which entrepreneurial circles and other elements try to win the workers by social-political concessions which seem to depend on the success of export monopolism, this is what could be called social imperialism." J.A.
diversion of domestic problems with the objective of maintaining a conservative socio-economic and political status quo" (Wehler). In Germany it found an adequate expression in the acquisition of colonies by Bismarck in 1884/85 (much as he would have preferred an informal empire) and in Bülow's Weltpolitik and Tirpitz's Flottenpolitik, embedded in the coalition of the actually divergent interests of Westphalian big industry and East Elbian agriculture in the "alliance of rye and iron" (Societas Leonina" (H. Böhme)) in a "solidarity protectionism" (Hans Rosenberg) against foreign competition and the rising proletariat at home and in its continuation as Miquel's Sammlungspolitik, accompanied by social legislation as prophylaxis and legitimization and by economic legislation as compensation and corroboration. Imperialism was, on the other hand, largely understood as nationalism in the era of a "world economy" and a consequent continuation of the Schumpeter, Zur Soziologie der Imperialismen (1919), in: id., Aufsätze zur Soziologie, Tübingen 1953, 137 n. 32, but this is the only occasion on which the term occurs and the essential elements of Schumpeter's conception do not indicate that this form of "social imperialism" was of any particular relevance to him. His "unhistoric abstraction" - so very correctly Murray Greene, Schumpeter's imperialism, a critical note, in: Social Research 19/1952, 453f. - centers on the well-known presentation of a "by nature peaceful" capitalism and the interpretation of imperialism as an "atavism" stemming from and belonging to the feudal pre-capitalist past and rooted in the irrational sentiments of feudal and military classes and his general characterization of "imperialism (as) the objectless disposition on the part of a state to unlimited forcible expansion". -- References to other conceptions of "social imperialism" can be found in Bernard Semmel, Imperialism and Social Reform, English Social-Imperial Thought 1895-1914, (Studies in Society, No. 5), London 1960, 13f. (Semmel himself stresses the line of continuity from social imperialism to the fascist movements.)

19) H.-U. Wehler, Bismarck und der Imperialismus, 112f., and revised as id., Sozialimperialismus, in: Imperialismus (NWB 37), 83f., (the quotation is from Wehler's introduction to this reader, p. 18.), -- cf. also Schieder in: Handbuch der europäischen Geschichte, Bd. 6, 5f.: "Imperialism is the only outlet for domestic changes and transformation,..." and Böhme, in: Moderne Imperialismus, esp. 52f.
formation of the nation state \(^{20}\), with emphasis on the expansion of German influence not only overseas but also on the European Continent. The ruling classes encouraged this conception \(^{21}\) within the frame and for the purpose of their efforts to maintain the "shell of a conservative authoritarian state with its neo-feudalistic structure of society" by means of a continuation of the nineteenth-century Prussian method of the revolution from above to escape the revolution from below (Wehler). \(^{22}\)


21) Recognized again, as most of the other constituent elements, by socialist contemporaries; cf. e.g. in the place of others, Karl Radek, *Der deutsche Imperialismus und die Arbeiterklasse*, Bremen 1912, 80: "Through the deployment of nationalism, the enormous means of power imperialism provides (to capital), it hopes to hold its ground against all dangers."

In its manifestation as economic-political nationalism, on the indispensable foundations of the bureaucratic, political and military instruments of power provided by the state, 23) imperialism inaugurated an era of neo-mercantilism - "a new era of mercantilism has set in", was the observation of Max Sering, the economist, at the turn of the century 24) - in which "statebound" capitalisms (Lenin) and their "beggar-my-neighbour"-policies increased international frictions 25), not only on account of the repercussions of increased com-


25) Wolfgang J. Mommsen's interpretation (in: Der moderne Imperialismus) of imperialism as an extreme form of nationalism born in the main by those classes which had been or were carried to the top in the course of the industrial development and his assertion (p. 19) that "only in conjunction with political expectations and desires of a nationalistic tinge (did) economic motives contribute to the increase in imperialistic passions of the time (and) not in objective needs of capitalism for overseas markets as such" is in certain aspects self-evident; as a whole it is an extremely stimulating but equally questionable theory, as it fails to take full account of the economic motivations and necessities - objectively correct as his observation on overseas markets is - and of the efforts of the ruling classes to overcome the chronic socio-political instability by propagandistic and psychologic efforts. (cf. also quite similar Böhme, ibid., 50).
petition for control of non-capitalist territories (the argument advanced above all by Rosa Luxemburg), but even more so on account of direct competition between developed countries on the markets of other developed or strongly developing countries, inclusive of their own domestic markets, with a first culmination in the defamatory "made in Germany" campaign in Britain in the eighteen eighties. These considerations weighed heavily with imperialists in all countries. Particularly noteworthy was Jules Ferry's speech before the chamber of deputies in 1884 that in the industrial era social harmony was very much a matter of markets and Cecil Rhodes' famous alternative, formulated in 1895, that if civil war was to be avoided one had to become imperialist, 26) equally important the association of economic with domestic considerations.

Under the impact of the severe depression in the seventies nearly all European industrially well-developed or developing countries, with the exception of the United Kingdom, the Netherlands, and, to a large degree, also Belgium, followed the German example of 1879 in their commercial policies and increased their import duties on industrial commodities, neglecting the interests of the lighter, mostly export-oriented industries and of commerce. The re-orientation was reinforced by further increases in the 1890's - now, however, also with the exception of Germany, where the necessity to export was felt most strongly and was acknowledged as such by the government - and was in full swing, with a spiralling

26) This is hardly the place to repeat the findings for other countries, cf. e.g. Wehler, in: Imperialismus (NWB 37), 86ff., with a brief sketch of "social imperialism" in Britain, France and the United States. The term "market" should here be understood in a broad sense; in France the export of capital was largely what the export of commodities was to Germany. cf. now Gilbert Ziebura, Interne Faktoren des französischen Hochimperialismus 1871-1914, Versuch einer gesamtgesellschaftlichen Analyse, in: Der moderne Imperialismus (Mommsen, ed.), Stuttgart 1971, 85ff., esp. 118 on the export of capital as the specifically French variation of informal imperialism and its function in the cementing of the upper and middle classes.
effect, after the turn of the century, now led again by Germany whose marked increases of the import duties on cereals gave Austria and Russia (and others in their wake) an additional excuse for speeding up their industrial take-off behind higher, occasionally exorbitantly high tariffs.

A few years after the First World War A. Löwe characterized these general pre-war conditions in a vivid manner:

"Animosity in competition is getting more and more vehement. In the struggle of dumped products and capital, political expansion, the acquisition of colonies, foreign investments and trade preference attain the greatest importance. Every means is employed to achieve the objective; in the end also wars. Under the constant threat of war the atmosphere created by export monopolism produces a tendency towards economic autarky and an additional imperialistic interest in the mere consumptive process of war as such." 27)

In spite of all polemical exaggeration - characteristic of socialist and left-liberal analyses in the nineteen-twenties - Löwe's assessment is unquestionably superior to many so-called "bourgeois" apologetics. Dangerous, and often leading to untenable monocausal explanations, is, however, a farreaching identification of any economic expansion with imperialism. These views have frequently and justly been criticized by traditional economists, although a number of them in turn overshot the mark in their assertions of a transition around the turn of the century to "internationalism". 28) The judgement was in the main founded on the

27) A. Löwe, Zur ökonomischen Theorie des Imperialismus, in: Wirtschaft und Gesellschaft, Festschrift für Franz Oppenheimer, Frankfurt/Main 1924, 192

28) Carried to extremes at an early date in a, today more than unbearable, systematization in stages by Rudolf Kobatsch, Internationale Wirtschaftspolitik, Wien 1907, 383ff., classifying the "principles of international economic politics" as 6) "nationalism" for the middle of the nineteenth century; for the second half as 7a) "continentalism" and 7b) "imperialism"; for the years around 1900 as 8) "internationalism" as a "reaction" to the principles dominating in the preceding fifty years.
formation of international cartels of which, according to the best information available to contemporaries, 1 was known to have existed before 1890. In 1901 their number was given as 6. They had increased to 15 in 1903 and 35 by 1906. In 1910 75 of them could definitely be established; estimates for 1913/14 spoke of several hundreds 29), although the process was in no way so distinct as it was to become after 1918. The community of interests of state-bound ("national" in contemporary terminology) producers across all political borders was seen as a guarantee of peaceful cooperation among the nations merging eventually in the elimination of all rivalry and the partitioning of the world by arrangement rather than war. The realities were a little different. International cartels were extremely unstable and most of them did not last long.30)

A similar belief in the reduction of frictions and of the danger of war through capitalist expansion and the interrelation and interpenetration of business interests was expressed since the fall of 1911, in the general context of the reconciliation of the centre and right wings of social democracy with the nation-state and with capitalism as promoters of the standard of life also of the working class and under the specific impact of the peaceful solution of the second Moroccan crisis, by leading German socialists and also by Jean Jaurès in France. The latter

29) Berhnhard Harms, Volkswirtschaft und Weltwirtschaft, Jena 1912, 254ff, the most comprehensive contemporary survey, from rails to patent fasteners.
30) "...Until one of the partners either feels strong enough to break the monopoly and attempt as universal robber to out-compete the others or succeeds in securing a larger share by the mere threat of such an action." —Jürgen Kuczynski, Die Bewegung der deutschen Wirtschaft von 1800 bis 1946, Berlin und Leipzig, n.d. 11of.,—cf. Lenin, op. cit., 257/258. (to be resumed in a later context).
envisaged the "beginnings of a capitalist solidarity (on the) principle of capitalist expansion without territorial monopoly, without industrial monopoly, without a tariff monopoly." In a speech to the Reichstag Bebel saw "the best guarantee for the maintenance of world peace ... in the international capital investments. These investments make war so dangerous to both sides that it would be sheer madness, if one of the governments pushed matters too far because of Morocco."

Before 1900 Karl Kautsky had already anticipated various elements of Schumpeter's concept of imperialism; at the end of 1913 he presented a more definite vision of the near future in which strong national cartels cooperated in international harmony towards a peacable "ultra-imperialism." Curiously enough both the theorists and the majority of their numerous critics paid little attention to the phenomenon of finance capitalism which permitted German businessmen to promote their interests in other countries in the form of a "security capitalism" (R. Liefmann).

Germany's major problem was in any case overproduction. In 1895, one of the leading mouthpieces of German industry, gave, as so often in the past, prominence to the "plain truth" that in the search for outlets for overcapacities...

"only countries in the possession of flourishing colonies are in a position to enjoy an assured and regular export of their surplus production, because sales to foreign countries will be more or less unsteady and fluctuating." 33)

While it became in the following twenty years apparent that Germany's colonies were more a liability than an asset 34) the problem of finding "assured markets" remained as pressing as ever in view of the facts that more than two thirds of German exports went to countries which increasingly tried to curb their imports. The establishment of subsidiaries abroad and the acquisition of shares of competing foreign joint-stock companies by German capitalists followed by necessity. The formation of, in contemporary terminology, "international corporations" was more symptomatic of an intensive "international" (and uni-lateral) interlocking of economic interests than the international cartel and constituted for the time the most modern and most effective answers that could be given by the more powerful companies to at least some of the general problems immanent in capitalism, but did not solve the dilemma of the numerous medium-sized and small works in the lighter finishing industries which were particularly export-oriented, while they were, on the other hand, especially severely affected by the price policies of the national cartels in the basic material industries.

33) Deutsche Volkswirtschaftliche Correspondenz (DVC) 50, 25.6.1895, a paper very close to the CVdL—for the eighteen seventies and eighties cf. Wehler, Bismarck und der Imperialismus, passim
34) As an objective historical assessment see the tables in Grover Clark, The Balance Sheets of Imperialism, Facts and Figures on Colonies, New York 1936. For contemporary judgements the presentation further below.
As a universal phenomenon imperialism in its "classical" form of an either direct or indirect control of underdeveloped and developing overseas areas by fully industrialized nations manifested itself as one policy of capitalism (after Kautsky). In the case of Germany colonial territories became increasingly irrelevant to producers; to the individual industrialist regular production was of paramount importance and the export of industrial capital, demand for which continued to be strong at home, was in fact kept to a minimum by the establishment of mere assembling plants and refining factories abroad to sustain the rates of growth at home and to reproduce the entire process on a higher level. Reaction to such a "peaceful penetration" was nevertheless strong in the countries affected and contributed, together with the measures taken against the influx of foreign products, to a deterioration in inter-European relations in a manner comparable in the long-term impact to that of major political crises. The conflicts arising from economic rivalries and the clashes of specific business interests overseas were more spectacular but in view of the subordinate relevance of these areas to Germany in the majority of cases of hardly noteworthy economic and only temporary political repercussions.

Weltpolitik, the officially pronounced German form of imperialism since the late eighteen nineties, can hardly be explained as a mere function of capitalist interests. H.-U. Wähler's recent correlation of Germany's acquisition of colonies in 1884/85 with the Great Depression is convincing - the concept of the long swings does actually not have much bearing on these findings - in its emphasis upon the psychological impact of the "factors immanent in the capitalist system" upon businessmen in the form of a traumatic fear of a repetition of the severe crisis of the seventies and, on the part of the government, as the attempt to preserve the socio-
political status quo in part by preventing increased social unrest through a steady and full employment of the workers, but in the main as a deflection of attention from the problems at home, as a policy of integration and assimilation, as a policy of "social reform" in a state which could not afford reforms without the danger of a destruction of the entire edifice. This primacy of considerations of domestic politics dominated also the efforts of Miquel, Bülow and Tirpitz to weld "national politics and supranational economy" (H.C. Schröder) together. They were as such undoubtedly not caused by fluctuations in economic life, whether of a short-term or of an alleged long-term nature, but were as much conditioned by them as were the decisions in the world of business. It was another matter that industrialists and bankers concentrated in their expansion on the more immediate geographic vicinity and gave weltpolitik, conceived already primarily as a propagandistic effort, fully the nature of a "prestige policy". But also in this form imperialism in the German Empire remained "the field in which the bourgeois parties accommodated themselves to the state, its structures and its needs." 35)

2) Germany's position, 1871-1890: Relations with Western Europe and aspects of their foundations.

The outcome of the war of 1870/71 established a new constant in the calculations of the European foreign ministries: The Treaty of Frankfort made France the natural point of crystallization of any anti-German combination. It is generally acknowledged that also Bismarck founded his foreign policy on these premises, while he was at the same time hoping to be able to contain republicanism and to isolate the French Republic by a pronounced alignment towards the two conservative East European powers. There has been less agreement on the nature and relevance of the factors contributing to the maintenance of a nearly permanent state of tension between Germany and France until 1914. Without dogmatizing the conceptions of "revanche" and "irreconcilability", it appears safe to say that the prevalent contemporary German


37) cf. e.g. Pierre Renouvin, Histoire des relations internationales, VI, Paris 1955, 17

38) Official German-French relations were, by all standards, unique. In their trips to Petersburg French prime ministers and foreign ministers studiously avoided to pass through Germany. With the exception of a private meeting in Paris between Hanotaux and Hohenlohe (who continued to spend his holidays like many other German princes at the Riviera also during his chancellorship) they never met their German counterparts face to face.

notion of France as the hereditary enemy since at least the
Thirty Years' War and the days of Louis XIV - "our born hered-
ditary enemy in the West", so Crown Prince Wilhelm to Bismarck
in 1888 40) - was in its significance at least equal to the
idea of "revanche" as was the conception, entertained by the
German Bildungsburgerum for generations after the crisis of
1840, of an unbridgeable gulf between the German and the
West European "idea of the nation". As the product of 1870/
1871 "revanche" underscored the fatality of the military-
political decision of the establishment of a "glacis" against
France and a Reichsland Alsace-Lorraine to secure the adhesion
of the South German states to the new Empire. 41) Already in
August of 1870 Karl Marx noted in London that an annexation
of Alsace and Lorraine would be
"the most unfailing means to convert the coming peace into
a mere armistice until France will have recovered and will
be able to demand the return of the lost territory,"
and two years before this observation Bismarck himself had
stated that a permanent Prussian occupation of Strasbourg
and Metz would be impossible,
"for the French will eventually get new allies and then it
could get bad."
In 1870, however, he acknowledged the demands for an annex-
ation and encouraged them by directions from the press office
with the argumentation that
"French bitterness would exist in the same measure, if they
came out of this war without a cession of territory... Already
our victory at Sadowa roused bitterness in France; how
much more our victory over themselves." 42)

40) Wilhelm to Bismarck, 10.5.1888 (underlined in the origi-
nal), Otto von Bismarck, Gedanken und Erinnerungen, III,
Stuttgart und Berlin 1921, 138.
41) Robert I. Giesberg, The Treaty of Frankfort, A study in
diplomatic history, September 1870-September 1873, Phil-
adelphia 1966.- On the recently renewed discussion of
the war aims of 1870: Walter Lipgens, Bismarck, die off-
entliche Meinung und die Annexion von Elsaß und Lothringen,
1870 in: HZ 199/1964, 31f.,-Lothar Gall, Zur Frage
der Annexion von Elsaß und Lothringen 1870, in: Ibid.,
205/1968, 265f.,-W. Lipgens, Bismarck und die Frage der
Annexion 1870, in: Ibid., 206/1968, 568f. (on the econo-
ic aspects cf. briefly below in the section on the rela-
tions between the German and French heavy industries).
Alsace and Lorraine were not forgotten in France, however much the lapse of time and the coming into maturity of a new generation unquestionably contributed to a reduction of the most acute feelings of animosity and however much the republican governments discouraged militant nationalism (although primarily for reasons of domestic politics). For at least the years after 1890 there is no evidence that the loss of the "Marches de l'Est" ever figured prominently in practical considerations at the Quai d'Orsay (although also here the true feelings were seldom concealed), and it was to a large extent German attitudes and policies towards Alsace-Lorraine which did most to keep the "question" alive, irrespective of the German insistence that the peace treaty had settled the issue once and for all and that it had assumed a strictly internal nature. The non-integration of even the primarily German-inhabited Alsace into the Empire inspite of all Reich-German permeation of the Reichslande and their suspended position as Germany's "Western Poland"

42) Karl Marx in MEW, Bd. 17, 268 (like Foch fifty years later), Bismarck to Bernstorff 21.8.1870, Bismarck, Gesammelte Werke, VI b, No. 1755 after Taylor, Struggle, 217 (for whom Bismarck was closer to the truth). For Bismarck in 1868 cf. Deutschland im Ersten Weltkrieg, Bd.1, 63 (after: Graf Alexander Keyserling, Ein Lebensbild aus seinen Briefen und Tagebüchern, zusammengestellt von Freifrau Helene v. Taube, Bd.1, Berlin 1902, 545).


44) on the development of the political and constitutional aspects (which are only of occasional relevance to the present study) cf. the very good study by H.-U. Wehler, Elsass-Lothringen von 1870 bis 1918, Das Reichsland als politisch-staatsrechtliches Problem des zweiten deutschen Kaiserreichs, in: Zs. f. die Geschichte des Oberrheins, 109/1961,133f., repr. in Wehler, Krisenherde, 17f.
(Marx) and "Western marches" between the two powers was only suited to call forth reminiscences and to work for "patriotic" circles in France and in the Reichsland.

Bismarck's efforts to secure the position of the Empire in Europe and to complete what the British called the "German Revolution", the filling of a relative power vacuum by a strong nation state, were in the initial stages possible only with the consent of Tsar Alexander II. and then through agreements with the conservative powers. His policy of an isolation of republican France and specifically the concept of "oderint, dum metuant" were put to the first severe test in 1875, when he attempted to externalize the pressure of domestic problems and discontent against an allegedly ill-disposed hereditary enemy. French purchases of cavalry horses in Germany and in Austria and the reorganization of the French army by the addition of one battalion (from three to four) to a regiment exploded under his direction into the "war-in-sight" crisis, which haunted the memories for nearly two generations. Bismarcks pulled all the stops in his constant intimidations and allegations to attempt to divert French public attention from the "hole in the Vosges" to the rich plains of Belgium and a partitioning of the country between France and Holland and finally, the promise of a German support in colonial expansion overseas.

45) Bismarck to Arnim (Paris), 2.2.1873, GP 1, 96


47) Bismarck to Hohenlohe (Paris), 3.5.1875, GP 1, 171: "We can always bring to attention that France has for three centuries, whenever she felt sufficiently strong, always taken the initiative in raids and attacks upon Germany."

48) Winckler, 18f.

49) Bülow to Hohenlohe, 30.4.1875, GP 1, 168, Bismarck to Wilhelm I., 31.8.1879, ibid., 3, 455.
against France was at the time actually ruled out by Bismarck's strong aversion to any war which was likely to have far-reaching socio-political repercussions, against the wish prevalent in military circles for a preventive war to settle accounts forever. Moltke, the chief-of-staff, had envisaged it as early as the spring of 1871. Bismarck shared the view\(^50\) that as soon as the French nation felt again strong enough any government would be compelled to "declare war on us"\(^51\), but was increasingly concerned about the "fight between the revolution and the monarchy. War, whether victorious or not, will unleash the revolution in more than one country."\(^52\)

His attitude was quite apparently not uninfluenced by the impact of the severe cyclical depression in the seventies\(^53\) which also formed the objective backdrop to his asseverations, so for instance in 1877, that he did not desire any further "acquisition of territory"\(^54\).

The "war-in-sight" crisis had, on the other hand, also revealed first signs of a relative isolation of Germany and a, however faint, understanding between France and Russia,"not surprising" to the chancellor to whom in 1878 "Russian-Prussian friendship (had) been lost two years ago.\(^55\) In addition, the antagonism between Austria and Russia in the Balkans increased the pressure on Germany's position, making a definite option for Austria nearly inescapable.\(^56\) In this

\(^50\) Karl-Ernst Jeismann, Das Problem des Präventivkrieges im europäischen Staatensystem mit besonderem Blick auf die Bismarckzeit, Freiburg und München 1957, 83ff.

\(^51\) GP 2, 294

\(^52\) Herbert Bismarck to Wilhelm I, 10.11.1887, ibid., 5, 1127 Anlage (although these were guiding rules for the talks the emperor was to have with the Tsar, they are extremely illustrative in their pointedness), for the seventies cf. Böhme, Großmacht, 438.

\(^53\) So the quite plausible theses of Kehr and Rosenberg.—E. Kehr, Klassenkämpfe und Künstigungspolitik im kaiserlichen Deutschland, in id., Primat, 98: "No great power goes to war with an economy under the feet worn out by a latent crisis ... ."

\(^54\) cf. n. 50 above

\(^55\) Böhme, Großmacht, 439
situation Bismarck for the first time contacted the Foreign Office in London.

When the 1875/76 crisis abated in the spring of 1877, after a climax at the end of January of the year, and Bismarck's second feeler in the direction of obtaining an alliance with Britain or securing at least her neutrality in a Continental war had been rejected in London, the basic switches had been thrown determining the future course of Germany's foreign policy. Bismarck opted for Austria and a complementary "Mittel-European" association as guarantees of Germany's European position and against "revolutionary dangers", French "revanche" and Russian "panslawic expansion".57) The Congress of Berlin and the Russian "box on the ear" only reaffirmed the development, however much the chancellor reassured the officials in the Wilhelmstraße that the overall aim of his foreign policy continued to be the creation of a constellation "in which all powers except France will need us, but are, so far as possible, kept from forming coalitions against us by the force of their relations with each other." 58)

At the same time his support of French colonial expansion as yet another element in his policy of diversions began to take concrete forms. At the congress he encouraged Waddington, the French foreign minister, to take Tunis.

The decisions leading to this more pronounced foreign orientation are thrown into a stronger relief against the background of the Empire's changing economic and socio-political foundations. The depression from 1873 to 1879 called forth increased demands of primarily the heavy industries for a more effective tariff protection 59), while agriculture, already visibly affected by industrialization and the flight of labourers from the country to the cities, began to suffer since the mid-

56) Langer, European Alliances, 61ff., 76ff., 102ff., Böhme, Großmacht, 437ff., and cf. n. 46 above
57) ibid., 442ff.
58) GP 3, 455
59) this and the following after the relevant sections in Böhme, Großmacht and Wehler, Bismarck und der Imperialismus, and Rosenberg, Große Depression, passim. Among the monographs here especially Ivo N. Lambi, Free Trade and Protection in Germany, 1868-1879, Wiesbaden 1963.
seventies under the influx of cheap overseas grain, brought about by a considerable fall in ocean freight rates and creating a crisis which turned out to be of a structural nature and not a transitory phenomenon at all. In a solidarity protectionism advertised as the "protection of national labour" the East Elbian agrarians and the captains of industry in the West guaranteed each other an "adequate" rent from their estates and "adequate" returns on their capital investments against foreign competitors, while— and these non-economic motivations predominated in what has been called a "secondary integration" (W. Sauer) after the unification from above—rallying around the throne to defend the traditional social order against the "revolution" (i.e., any democratic reforms) with the continued assimilation of a bourgeoisie ready to abandon their emancipation ideals of the mid-nineteenth century to avoid the political emancipation of the fourth estate. In the international perspective Germany's transition to protectionism in 1879 and Bismarck's largely pro-agrarian commercial policies were bound to have long-range repercussions. Opponents of the new orientation never tired of warning, but at a time when an anticyclical policy and a steering by way of government expenditures were virtually unknown and the rules of the international gold standard (to which Germany had switched only a few years earlier) did not permit independent monetary policies, the regulation of competitive conditions by means of tariff adjustments appeared nearly universally as the only effective


Under the impact of spiralling import duties German-Russian relations in particular deteriorated steadily throughout the eighties. Russia was hit hard by the introduction of grain duties in Germany in 1880 and their pronounced increases in 1885 and 1887 to a level - 50 marks on a ton of wheat or rye - five times that of 1880, while German exports of manufactured goods to Russia were impeded by the Russian gold-duties, in effect since January 1877, and additional increases by 10% in 1881 and 1884 respectively and by another 20% on most vital articles in 1885. 62) Russia further took defensive measures against German entrepreneurs in the country which represented also by objective standards an obstacle to the industrialization programmes of the Russian government. At the same time French financial assistance in the reduction of Russia's internal debt prepared the way for an increasingly francophile Russian foreign policy, accentuating Germany's isolation and threatening to confirm also the other of Marx' predictions that "France together with Russia will fight Germany." 63)


In view of such a possibility, however remote it appeared to most observers at the time, Holstein argued in the fall of 1884 that Bismarck make use of the formation of an ad hoc colonial entente with France, (as a result of the Empire's first moves as a colonial power) and of Perry's opportunistic disposition towards an arrangement with Germany and reorient German foreign policy towards a lasting cooperation with France. The suggestion was rejected at once by Herbert Bismarck, Holstein’s superior, with the familiar and popular argument that France would never become a friend of Germany, but was only waiting to attack her once she had found strong allies. A closer relationship between Germany and France would furthermore only alienate Britain, while - and here Herbert Bismarck again expressed a widely held belief the prime champion of which Holstein himself was to become fifteen years later - any Anglo-French agreement for an aggressive purpose was considered impossible.  

The colonial entente had in fact a merely ephemeral relevance and the basic problems between France and Germany continued to simmer under the surface of officially correct but otherwise extremely cool relations until they erupted again in the Schnaebel affair and, after a war of revanche against Germany and an alliance with Russia had been widely discussed in the French public in the summer and fall of 1886, in the Boulanger crisis of 1887. In the same year another of Bismarck's pro-agrarian measures, the Lombardverbot, drove Russian securities from Berlin to Paris, intensified the process of the replacement of German interests and investments in Russia by French ca-

pital and accelerated the orientation of Russia's economic
and commercial policies on Paris, resulting in part eventually
in the conclusion of the military and political treaties of
1892 and 1894.65)

In his discussions with Holstein Herbert Bismarck admitted
that "one has to temporize" in Germany's foreign policy. This
was also done in the crises of 1887. Bismarck succeeded only
with difficulty in checking the demands of the general staff,
of Moltke and his assistant Waldersee, for a preventive war
and stretched out feelers to London for the first time since
1876/77 66) to prepare the ground for any contingency. He stated
his readiness "to support every anti-French English interest"
and to pave above all the way for Britain in Egypt67), for,
so reiterated Herbert Bismarck even after the fall of Boulan-
ger "that we shall have war with France in a few years, soon-
er or later, this can be foreseen and is inevitable." 68) The
chancellor himself made full use of the war psychosis of the
early months of 1887. In his speech before the Reichstag on

65) cf. above n.63
66) cf. Fischer, Krieg,87
67) Bismarck to Reuß (Vienna) 7.3.1887, AA Bonn, Deutschland
137 secr., Bd.1, 4. All other motives, such as the alleged
preparation for an era of British influence under Fried-
rich III. and the controversy over the septennat of the
spring of 1887 were of minor and secondary importance.

Interesting the conception of Hohenlohe, the Stadthalter
in Alsace Lorraine (to Holstein, 16.12.1886): referring
to the conviction prevalent among the generals in Straß-
burg that war with France would come soon, he suggested,
since he doubted that Russia would permit "the complete
annihilation of France as we need it", a continuation
of the policy of diverting French attention from Alsace-
Lorraine to North Africa, tying Egypt "as a club to France
which would forever handicap her in moving freely. ... Can't we set Russia at India and France at Egypt? We
would then have peace in both directions and would not
have to spend money on war." (H.Rogge, Holstein und Ho-
henlohe,Stuttgart 1957, 264/265.)

68) Herbert Bismarck to the ambassador in Constantinople,
26.10.1887, AA Bonn, Deutschland 137 secr., Bd.1, 66/67.
January 11 he turned strongly against the advocates of a preventive war with the argumentation that it was impossible to "gain insight into the cards of divine providence", while availing himself of the opposition to the septennat and the proposed increases of the army to dissolve parliament and to forge the so-called "cartel" of the state-conserving parties to secure his bonapartist régime. At the end of the year - after the enactment of the Lombardverbot, but also after the signing of the temporizing secret re-insurance treaty with Russia in June - he confided to the Prussian minister of war that he was convinced that in the not too distant future Germany would have to fight the combined armed forces of France and Russia and that this would unquestionably be "the outbreak of the war for our existence." 69)

There is a curious fatalism in Bismarck's judgements of the effect of his own foreign policy. Remarks, mostly in the form of marginal notes, that "the war with France will come anyway" are numerous 70). The annexation of Alsace-Lorraine was irrevocable and it mattered little when the crisis of 1887/88 was heightened by a more effective sealing off of Alsace-Lorraine from France by the introduction of a compulsory passport-system in the spring of 1888. Hohenlohe, the statthalter in Straßburg, and Münster, the ambassador to Paris, protested in vain against "this obnoxious and truly Russian measure" bound to promote also the severing of vital commercial relations between the Reichsland and France. 71)

69) 30.12.1887, after Wehler, Krisenherde, 180; cf. also Kumpf-Korffes and Wolfgang Windelband, Bismarck und die europäischen Großmächte 1879-1885, 602f. and 409/410 for Bismarck's statements five years earlier that the danger to Germany was in the future in the "Russian-French coalition and the question whether or not England would be a party to it, and his remarks about French enmity "which no human power can remove."

70) so GP 4, 832 n.2.

The measures were extremely provocative, but the Bismarcks were hopeful that the inevitable war could be deferred until 1891 when the German armies would have been supplied with improved ammunition. The argument may have been designed for use against Moltke and Waldersee and their continued pressing for a preventive war against either Russia of France or both, but was as illustrative of Germany's precarious position as were the plans of the general staff. Not only Bismarck was in a position to say "My map of Africa is in Europe. Here is Russia and here is France, and we are inbetween." A two-front war appeared as a distinct possibility and the re-insurance treaty rather "anodyne" (Herbert Bismarck).

Again Holstein suggested a clear and determined option, this time in favour of Austria and Britain. Early in 1889 Bismarck for the third time proposed some form of an Anglo-German alliance; again his proposals were "left on the table" in the Foreign Office in London (Salisbury). A German orientation towards Britain, even more desirable to Bismarck in his last year in office, was, however, increasingly difficult to achieve, not in the least on account of Germany's entry into the "scramble for Africa" (which was also in part responsible for the naval question between the two countries after the turn of the century) however much it facilitated the resumption of the talks on an acquisition of Heligoland by Germany and its realization in 1890 in

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72) Bismarck to H. Bismarck, 5.11.1888 and note by Bismarck 18.11.1888, AA Bonn, Deutschland 137 secr., Ed. 1, 122f. and 127

73) (Bismarck, Gesammelte Werke, VIII, Berlin 1926, 646)

74) Peter Rassow, Die Stellung Deutschlands im Kreise der großen Mächte 1867 bis 1890, 1959, 226H. Bismarck to W. Bismarck: "It will always be sort of a pressure on the Tsar and will, when things really get serious, probably keep the Russians away from us for another six to eight weeks than they would do without it."


exchange for Zanzibar. It has been observed\textsuperscript{77}) that on the
premises chosen by him Bismarck hardly had the opportunity
of the clear option Holstein had been thinking of. However
much he would have preferred not to annex Alsace-Lorraine
or to acquire colonies\textsuperscript{78}) the decisions made out of consi-
deration for the preservation of Prussia-Germany's socio-
political system dangerously restricted the elbow-room of
German foreign policy.
At the same time Bismarck's continued protestations of Ger-
many's "territorial saturation"\textsuperscript{79}) appeared more and more
dubious to many contemporaries and were in fact increasingly
undermined by the rates of growth in industrial production
since the mid-eighties. When Bismarck said, as is reported
but not confirmed, that this pressure and Germany's domi-
nating economic position on the Continent would, for instance,
compel Holland "to annex itself" to the Empire\textsuperscript{80}), he acknow-
ledged the objective situation as he did in his calculations
of a war on two fronts. So did his successor Caprivi in his
periodic predictions that the two-front war would come in
the next spring and his open acknowledgement before the public
of Germany as an "agrarian and industrial state". While the
war clouds were gathering and the apocalyptic shadows of an
intensification of the class struggle at home escorted Bis-
marck to Friedrichsruh, it devolved upon General Caprivi to
lead the Empire out of the impasse in international relations,
to secure new outlets for industrial production and to attempt
a solution of the basically unsolvable problem of "preserving
the conservative-agrarian basis of the Hohenzollern monarchy
in the age of industrialization and industrial mass societies."\textsuperscript{81})

\textsuperscript{77) Wehler, Bismarck, 495, again in id., Rußlandpolitik, 255.}
\textsuperscript{78) id., Bismarck, passim.-Hartmut Pogge von Strandmann, Do-
mestic origins of Germany's colonial expansion under Bis-
marck, in: Past and Present, 42/1969, 140f.}
\textsuperscript{79) In the Reichstag-speech of January 11, 1887.}
\textsuperscript{80) A. Vandenbosch, Dutch Foreign Policy Since 1815, A study
in small power politics, The Hague 1959, 275.}
\textsuperscript{81) M. Stürmer, Revolutionsfurcht und überseeische Expansion
im Zeitalter Bismarcks, in: NPL 15/1970, 196.}
3) Commercial policies and foreign relations, 1890-1894

In the major European producer countries economic growth in the eighties, and especially in their second half when industrial output and in particular that of basic materials was accelerated at a higher than average rate, was — it appears — not accompanied by a corresponding increase in foreign trade. While the reduction of railway freight-tariffs in the United States and of trans-Atlantic shipping rates were to their part responsible for a strong increase in European imports of grain and allowed the total volume of world trade to grow — although at a rate considerably smaller than in the preceding years — the values of exports from European countries stagnated during the continued price-fall for most finished articles for approximately a decade from the mid-eighties to the mid-nineties.

On the basis of 1913=100 export values showed the following relative development: 82)

<table>
<thead>
<tr>
<th>Year</th>
<th>World</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1876-80</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>1881-85</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td>1886-90</td>
<td>44</td>
<td>51</td>
</tr>
<tr>
<td>1891-95</td>
<td>48</td>
<td>51</td>
</tr>
</tbody>
</table>

Exports revealed a marked upward trend after 1895 to an index level of 57 for world exports and 61 for European exports. In France and in the United Kingdom the share of exports in the total physical product declined. It was hardly noticeable in France where the average share of 19.0% for the decade from 1875 to 1884 fell to 18.9% in the following ten years, but very pronounced in Britain where the share of 46.0% in 1871 and 46.3% in 1881 dropped to a low of 40.8% in 1891. 83)

The absolute values of British exports, however, continued to grow, although only slightly in an era of generally declining prices; the absolute values of French and also German exports, on the other hand, remained rather steady over

82) Svennilson 292
83) Marczewski, Introduction, 121
a period of at least ten years.

Germany's exports were, in million marks at current prices:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (millions of marks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>2923</td>
</tr>
<tr>
<td>1881</td>
<td>3029</td>
</tr>
<tr>
<td>1882</td>
<td>3224</td>
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<tr>
<td>1883</td>
<td>3259</td>
</tr>
<tr>
<td>1884</td>
<td>3190</td>
</tr>
<tr>
<td>1885</td>
<td>2854</td>
</tr>
<tr>
<td>1886</td>
<td>2974</td>
</tr>
<tr>
<td>1887</td>
<td>3137</td>
</tr>
<tr>
<td>1888</td>
<td>3207</td>
</tr>
<tr>
<td>1889</td>
<td>3165</td>
</tr>
<tr>
<td>1890</td>
<td>3327</td>
</tr>
<tr>
<td>1891</td>
<td>3176</td>
</tr>
</tbody>
</table>

while imports, which had amounted to 2803 and 2873 million marks in 1880 and 1886 respectively, reached 3264 million marks in 1888 and 3990 million marks in 1889.

During this period the price indices of export commodities fell by 14%, those of imports by 16% to 17% (13% in 1889). Export prices followed cyclical fluctuations rather closely. They rose until 1883, dropped markedly, by 21%, in the four recessionary years from 1883 to 1886, and rose again with the boom at the end of the eighties. Import prices fell steadily until 1888 - in 1887 those of grain were 35% below their levels in 1880 - and recovered slightly in 1888/89.

An exploitation of these price relations in favour of Germany's trading position - export prices of metal wares for instance fell by 20%, those of textiles by 16% - was, however, largely prohibited by the increase in the import duties on cereals from 10 marks a ton in 1880 to 35 marks in 1885 and 50 marks in 1887. At the same time the share of grain in total German imports fell from an average of 11.3% in 1880/1884 to 8.2% in 1885/1889 and would have been even lower had the poor German harvest of 1889 not necessitated additional purchases abroad.

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84) Hoffmann, Wachstum, 520-524
85) after the series of data in *ibid.*, 162/163, 522, 526, 607, 613. - The aspects under which Germany's foreign trade is seen here are not discussed in the only monograph of German export performance in this period: S. Richter, *Die Struktur des deutschen Außenhandels von 1872-1892*, Diss. oec. (MS), Halle 1961. -- A preliminary correlation of the indices of export prices and import prices of various goods with their shares in foreign trade does apparently not permit the application of a thesis advanced by Conrad Zweig for the United Kingdom
An inflation of the values of foreign trade and the adjustment of prices in 1889 to the level of 1880 is of more than a mere academic interest. As figures of foreign trade by quantities are generally not available and those which can be obtained are in the majority of cases and for a variety of reasons not suited for comparison, such a price adjustment is virtually the only indicator eliminating the "illusion" of an absolute stagnation in exports. The question of whether in a period of generally declining prices and expanding output with lower production costs exports were less profitable escapes all analysis and any far-reaching deduction rests on shaky ground. There remains in any case the contemporary perception of an unsatisfactory export performance. Germany's balance of trade - which impressed observers most of all, to some extent because estimates for income from services and returns on investments were that her trading position was favoured on account of the stronger fall in import prices, particularly those of grain. Conrad Zweig, Strukturwandlungen und Konjunkturschwankungen im englischen Außenhandel der Vorkriegszeit, in: W.A. 30/1929, II, 75* and cf. Imlah, Pax Britannica, 166f.* The import of grain into Germany declined, while prices receded by more than one third. In the 1890's, when lower import tariffs had gone into effect, the value of German cereal imports rose by more than 50% while import prices rose by 15%¹- Exports in textiles and metal wares/machinery - constituting among themselves from 50% to 60% of German exports in finished articles - remained from 1885 to 1895 steady in their total value in the case of textiles (while export prices fell by 40%) and rose, in the case of metal wares, by 17% (while export prices dropped by 20%). The conclusions invited to be drawn are extremely difficult to verify, if at all.

86) Expressed in prices of 1880 the volume of exports would have risen from 2,900 million to 3,700 million marks in 1888 and 3,500 million marks in 1889 (at current prices: 3,200 and 3,160 million marks respectively). In 1880 prices the values of imports would have amounted to 3,800 and 4,500 million marks in 1888/89, as against 3,260 and 3,990 million marks at current prices. A comparison of the "inflated" balances of trade is to no further avail.
not included in the official statistics — turned unfavourable after 1887 (and remained so until 1913). In the specific situation of the eighties this was, however, in reality less a sign of a maladjustment than of a return to prosperity. The share of exports in the gross national product was 16.3% in 1880 and also in 1887. It dropped to 15.0% in 1888 and to 14.1% in 1889, while the absolute volume of exports was, in 1888 and 1889, only 9.7% and 8.25% higher than it had been in 1880. From 1880 to 1890 industrial production increased by 53%, the gross national product by 19% from 1880 to 1888, by 25% to 1889. The development of the new leading sectors and rising real wages caused an increased consumption at home of producers as well as consumers goods. In 1890, however, exports jumped ahead, indicating another recession which threatened to clog the outlets of the overexpansion of production during the second great spurt. A pronounced feeling of insecurity gained ground, originating, as the liberal Rudolf von Gneist, professor of constitutional law, observed in "a sensing of the instability of profits due to the business fluctuations in our not yet terminated era of mass production" and intensified by the conjunction of a variety of constellations.

The French decision to terminate the system of commercial

87) after the data in Hoffmann, Wachstum, 520 and 390ff., An- dic, 421.
88) Desai 36: on the basis of 1895=100: 82 in 1880, 87 in 1885, 98 in 1890.
89) From 1880 to 1890 iron exports remained relatively steadi- y, coal exports rose faster than production and consumption at home (but so did export prices in relation to those in the domestic market!). For the entire period of these ten years the output in the metallurgical industries increased by 70%, exports by 76% — for the years 1886-1889 production rose by 34%, exports by only 17%. Textile production increased by 70% in ten years, exports by 19%, etc.—after Hoffmann, Wachstum, 340ff., 520ff., 604ff.
90) Against the background of 1880 exports increased by 7.3% to 1887, 9.7% to 1888, 8.25% to 1889— but 13.7% to 1890.
91) quoted in Rosenberg, Große Depression, 129.
treaties, mainly for reasons of domestic politics and in the service of the programme of the "protection of national labour", and to return to an autonomous tariff evoked prospects of world-wide commercial warfare, of a tariff war of all against all and the closing of foreign markets to Germany at a time when they were particularly needed. In the spring of 1890 Count Berchem, the under state secretary in the AA and director of its commercial division and as "the grey eminence of German-Russian commercial policy" with a considerable influence on Bismarck’s foreign policy observed in a basic memorandum that the continually declining share of exports

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92) Böhme, Großmacht, 445 n.153
93) Berchem’s "Denkschrift betreffend den Ablauf der Handelsverträge im Jahre 1892", dated 25.3.1890 is quoted in Horst Ohlmann, Studien zur Innenpolitik des Reichskanzlers Leo von Caprivi, Diss. phil. MS, Freiburg 1953, 145f, the only specific study on these aspects after 1945. In addition John A. Nichols, Germany after Bismarck, The Caprivi Era, Cambridge, Mass. 1958, although the by far best and virtually always overlooked discussion of Caprivi’s commercial policies is still Vagts I. Very much to the point are also the concise observations by Ibbeken.—Some of the older studies are still extremely relevant. Fresh as ever are the contemporary analyses by Walther Lotz, here in particular Die Ideen der deutschen Handelspolitik von 1860-1890, in: SVS 50/1892 and id., Die Handelspolitik des Deutschen Reiches unter Graf Caprivi und Fürst Hohenlehe, 1890-1902, in: SVS 92/1901, 47f.—A. Zimmermann, Die Handelspolitik des Deutschen Reiches vom Frankfurter Frieden bis zur Gegenwart, 2nd ed., Berlin 1902, J. Holländer, Der deutsche Zolltarif von 1902, in: Schm.Jb. 37/1913, 283f.—The basic general works: W. Gerloff, Die Deutsche Zoll- und Handelspolitik von der Gründung des Zollvereins bis zum Frieden von Versailles, Leipzig 1920, Bernhard Harms, Die Zukunft der deutschen Handelspolitik, Bd.1, Jena 1925, J.B. Esslen, Die Politik des Auswärtigen Handels, Stuttgart 1925,—All other works are little satisfactory, cf. the critical list given by Wehler, Bismarck, 507.—As H. Rittershausen, Die deutsche Außenhandelspolitik von 1879-1948, in: ZfGS 105/1949 offers only four pages on the years from 1890 to 1914, the following to studies still offer at least some assistance: Ulrich Gerber, Deutschlands Zoll- und Handelspolitik seit der Einleitung der Schutzzollpolitik durch Bismarck im Jahre 1879, Berlin 1924 and Hans-Otto Fuchs, Die Handelsvertragspolitik des Deutschen Reiches von 1893 bis 1914, Rechts-
in Germany’s foreign trade called for energetic action.94)

When the trade figures for 1890 were released in the following spring, they showed in fact an improvement; but in the following years, until 1894 inclusively, the recession manifested itself also in another marked decline in German exports95) and tended to confirm the apprehension that Germany would either be choked with overproduction or be compelled to produce less.96) Although it was impossible to say conclusively how far the preparation for the new customs

94) It may be assumed that Berchem was not thinking only of the absolute trade figures but primarily of the generally detectable trend of the fall of the share of exports in total production since at least the late seventies, with the exception of the export of coke (Hoffmann, Wachstum, 158f.); Wagenführ, VhK, Nr. 41, 43 speaks of a trend period until around the turn of the century, but fixes the beginning in 1885 (which is not borne out by the data).

95) German exports in million marks at current prices, Hoffmann, Wachstum, 520:

<table>
<thead>
<tr>
<th>Year</th>
<th>1887</th>
<th>1888</th>
<th>1889</th>
<th>1890</th>
<th>1891</th>
<th>1892</th>
<th>1893</th>
<th>1894</th>
<th>1895</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3137</td>
<td>3207</td>
<td>3165</td>
<td>3327</td>
<td>3176</td>
<td>2954</td>
<td>3092</td>
<td>2961</td>
<td>3318</td>
</tr>
</tbody>
</table>

96) The situation may be illustrated by the indices of production of some selected industries1 1913=100:

<table>
<thead>
<tr>
<th>Industry</th>
<th>1887</th>
<th>1888</th>
<th>1889</th>
<th>1890</th>
<th>1891</th>
<th>1892</th>
<th>1893</th>
<th>1894</th>
<th>1895</th>
</tr>
</thead>
<tbody>
<tr>
<td>mining</td>
<td>30.6</td>
<td>32.8</td>
<td>34.0</td>
<td>35.4</td>
<td>36.6</td>
<td>36.3</td>
<td>37.3</td>
<td>38.5</td>
<td></td>
</tr>
<tr>
<td>metals</td>
<td>34.9</td>
<td>38.6</td>
<td>42.3</td>
<td>42.4</td>
<td>38.9</td>
<td>42.3</td>
<td>47.2</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>chemicals</td>
<td>20.1</td>
<td>20.6</td>
<td>23.5</td>
<td>24.3</td>
<td>25.6</td>
<td>27.1</td>
<td>28.6</td>
<td>30.9</td>
<td></td>
</tr>
<tr>
<td>textiles</td>
<td>57.7</td>
<td>59.7</td>
<td>68.5</td>
<td>64.8</td>
<td>65.1</td>
<td>66.3</td>
<td>68.7</td>
<td>72.0</td>
<td></td>
</tr>
<tr>
<td>all industry</td>
<td>33.4</td>
<td>35.2</td>
<td>38.7</td>
<td>39.9</td>
<td>40.8</td>
<td>41.7</td>
<td>43.1</td>
<td>45.4</td>
<td></td>
</tr>
</tbody>
</table>
tariffs in some other European countries affected Germany's exports—they caused restrictions as much as pre-imports—Berchem urged that Germany be prepared for the worst and attempt to avert a universal tariff war by a re-orientation of the European commercial system.

"The system of protective tariffs—good as its services may have been—is in the long run untenable as an exclusive standpoint, for as soon as it is universally applied it will lead to the complete seclusion of the individual states and to the destruction of the original worth of the principle of the most-favoured nation." 97)

In his constructive proposals Berchem remained true to the traditional pro-agrarian policy, in spite of some concern about the likelihood of a Franco-Russian understanding. Any changes in commercial policies were ruled out. In their place Berchem recommended the extension of the inner market through reciprocal preferential treatment and an eventual customs league or association of the four Central European powers—the triple alliance of Germany, Austria, Italy plus France—with common external duties and the joint negotiation of commercial treaties with third countries. France was to be included for considerations of both an economic and political nature: to gain an "assured market" (which did not seem impossible in view of the signs of an industrial retardation in France and her dependence upon imports of coke and coal), to relegate the issues of Metz and Straßburg to the background and to "moderate France's intimacy with Russia." Russia was to be isolated politically and deprived of all her staple exports to Germany with the exception of

97) Öhmann, 145f.—This study is unfortunately, like the books by Vagts, not easily obtainable and probably for this reason hardly ever referred to. Barkin 47, for instance, knows the document only in the original but omits the most important points of the 60-page memorandum. The evidence given in a number of other recent studies for the "Mitteleuropa"-concepts in the AA under Caprivi can hardly be considered as such and consist of a fragment of a sentence from Waldersee's notes.—On the strong anti-Russian sentiments in the AA and among German diplomats (Bulow in Petersburg, but also, it should be added, Münster-Merneburg in Paris) cf. Fischer, Krieg,87f.
timber and rye which could only with difficulty be obtained elsewhere in the quantities needed. Cereals were to be purchased in the main from the ally Austria-Hungary. The new system was to fill the void left by the termination of the France-centered network of treaties and would, by including France herself, also have eliminated most of the disadvantages accruing from article 11 of the peace treaty of Frankfurt, regulating — at the request of the French delegation incidentally — commercial relations between the two countries on a most-favoured nation basis, covering foreign trade, shipments in transit, customs procedures and reciprocity in the treatment of each others nationals. Although textually restricted to the preferences granted by one of the contracting parties to Britain, Belgium, Holland, Switzerland, Austria-Hungary and Russia, the article had in fact been given universal validity by both sides. Berchem did not comment on the implications of the clause, but in the context of his deliberations it appeared rather obvious that an arrangement would be made within the frame of the customs league that would permit the full implementation of his anti-Russian tendencies. The latter showed with equal clarity also in his well-known judgement of the re-insurance treaty as incompatible with the triple alliance and as a German surrender to Russia in times of peace. His conception was fully endorsed at the AA and did not fail to impress Caprivi.

The nucleus of the Berchem-proposals, an economically cooperating or even united and politically co-ordinated Central Europe, was neither unique nor new. Under the impact of the cyclical recession and the higher customs tariffs in France and Russia and above all the new (1890) MacKinley tariff in the United States with its exorbitantly high duties (up to 48% ad valorem) attention in Germany began to focus on the

98) Reichsgesetzblatt 1871, 230/231, cf. also Giesberg
99) e.g. Wächter, 196/197
idea of a Central European Customs Union. In the Reichstag debates in December of 1891 the ultramontane Reichensperger emphasized the utility and necessity of the formation of such a coalition; the social-democrat Singer (a manufacturer of cigars) spoke of a "constitution of the United States of Europe" and Möller, the authority of the nationalliberals on commercial questions, and Lieber, the leader of the centre-party, arrived at similar conclusions. The discussion resumed, as all were aware, projects ventilated in similar circumstances in 1878/79, when not only the majority of German economists - from the protectionist Richard von Kaufmann to the free-trader Lujo Brentano - and, at the time of the conclusion of the dual alliance, their Austrian colleagues (Guido von Baußnern, Alexander Peez, A. Matlekovits), but also leading French representatives (Molinari and Leroy-Beaulieu) had spoken on behalf of such a union to combat the effects of the depression. While free-traders saw in a lose economic

100) Ernst Francke, Zollpolitische Einigungsbestrebungen in Mitteleuropa während des letzten Jahrzehnts, in: SVS 90/1900 (Beiträge zur neuesten Handelspolitik Deutschlands, Erster Band), 198f.- On Müller, an industrialist in Westphalia and later Prussian minister of commerce and his support of the Mitteleuropa-concept, Heidrun Walther, Theodor Adolf von Möller, 1840-1925, Lebensbild eines westfälischen Industriellen, Neustadt/Aisch 1958, (Bibliothek familiengeschichtlicher Arbeiten, Bd. 25), here: 152.

101) Böhme, Großmacht, 443,528f., 552/553, 587, 596-604.- Wehler, Bismarck und der Imperialismus, 109f.- The Mitteleuropa-concept has been given particular attention in the monograph by Henry Cord Meyer, Mitteleuropa in German Thought and Action, 1815-1945, The Hague 1955, with emphasis upon the thoughts and a definite under-scoring of the action. Disappointingly uncritical are the nine pages in Jacques Droz, L'Europe Central, Evolution historique de l'idée de "Mitteleuropa", Paris 1960, 153-161 (with a restriction of the discussion to relations between Germany and Austria and a dangerous reduction of the argumentation to the work of the outsider Lagarde). - A very brief survey is contained in W.O. Henderson, Mitteleuropäische Zollvereinspläne, 1840-1940, in: ZfGS 122/1966, 162f. Closer to the truth (to follow the summary in English) is Janusz Pajewski, Mitteleuropa, ... Poznán 1959. Very informative is W.
association or commercial alliance the first step towards an elimination of the new tariffs (which had not even gone into effect), protectionists insisted upon "their system" and directed the attention to the disproportion between home production and home consumption. Common to all was the conviction that only an extension of the inner market was able to solve the problems of overcapacities. In the German-French discussion of 1878/79 the motivations were of an economic nature exclusively. Paul Leroy-Beaulieu was undecided whether he preferred a Franco-German economic alliance or a Latin Customs Union on the model of the Latin Monetary Union and would obviously have welcomed any proposal that made sense quite irrespective of the state of political relations. In a remarkable ballon d'essai the banker Péreire stated that "although a political alliance... (would) not be realizable for a long time to come,... a commercial alliance... (would) not be irreconcilable with our patriotism." 102

In the summer and fall of 1879 Bismarck himself had - primarily under the impression of the constellation of the European powers and the nightmare of another Kaunitz coalition - accepted the fundamentals of the proposals in an attempt to extend the basis of his political option for Austria to

Halbenz, Handelspolitische Zusammenschlußbestrebungen in Mitteleuropa im 19. und ersten Drittel des 20. Jahrhunderts, Diss. phil., KS, Hamburg 1949. - The indispensable material is provided above all in L. Bosc, Zoll-allianzen und Zollunion, Berlin 1907 (translation from the French), for the seventies 147ff; in Francke's work (cf. above) and Juda Pentmann, Die Zollunionsidee und ihre Wandlungen im Rahmen der wirtschaftspolitischen Ideen und der Wirtschaftspolitik des 19. Jahrhunderts bis zur Gegenwart, (Diss. phil., Basel), Jena 1917. Useful, or containing material not available elsewhere are (disregarding the flood of World War I literature) Carl von Kresz, Die Bestrebungen nach einer mitteleuropäischen Zollunion, Diss. Heidelberg 1907, Milan A. Todorowitz, Einheitliche Zollgebiete, (Münchener volkswirtschaftliche Studien, Stück 87), Stuttgart 1908, A. Robinski, Die Vorkämpfer eines größeren Deutschland in zollpolitischer Hinsicht bis zum Jahre 1914, Heidelberg 1917, Julius Stern, Mittel-
a close economic cooperation and customs alliance to complete the isolation of Russia and facilitate some form of arrangement with France. Although the idea failed - Austria rejected the reversal of Bruck's Mitteleuropa-plans of the 1850's, as it would have entailed subordination to Prussia-Germany - and although the representatives of Germany's dominating industries came to the conclusion that it was "too early" to consider an implementation of the plans, since the German economy needed time to recover from the depression, Bismarck did not abandon the concept but saw to it that it continued to be pursued as an alternative to his autonomous commercial policy and a way of securing the position of the Empire in Europe.103) The intensity of the deliberations depended mainly upon the state of German-Russian relations and when Russia began again to draw closer to the two central powers late in 1879, Bismarck could again include the frictions between Austria and Russia in the Balkans into his political calculations and for the time being the customs union issue receded to the background. In 1880 the chancellor declined the invitation by Guido von Baßnern to take the lead in "a union of all central European countries in a powerful customs and commercial league", but did not omit to stress that he considered a customs union between Germany and Austria "an ideal objective" not to be lost sight of.104)

Baßnern's argumentation anticipated elements of a theory that was to gain wide acceptance in the next three decades: only an extension of the material foundations would guarantee Germany's existence as a great power beside the autarkic empires of Britain, Russia and the United States. The general trend
towards protectionism and the seclusion of domestic markets brought noticeably co-vibrating political undertones into the discussion in Germany in the eighties. They were— if the brochures by the outsider Lagarde are left out of consideration—forcefully expressed in the publications by Paul Dehn with the vision of a European Union from the Meuse to the Danube and from Sicily to Memel. The conception stirred considerable attention also in other countries. 105) In the economically motivated debates the "American peril" soon established itself as a new catchword. The near-prohibitive protectionist policies of the United States and her "pan-American" endeavours, which could easily be presented as an immediate menace to European exports to South America, provoked the apprehensions of protectionists and the wrath of free-traders. Albert Schäffle, the renowned sociologist, national economist and since 1871 (after ten years of university teaching and a brief intermezzo as Austrian minister of commerce) an influential free-lance writer in the liberal Stuttgart, was among the first to give prominence to this new danger (1886). 106) The pan-American congress for the promotion of inter-American commercial and trade relations which met in Washington from the fall of 1889 to the spring of 1890 served as confirmation. In "initiated circles" it was "felt" that the relatively limited financial power of the United States would not allow a development to a level threatening European exports to all (sic!) world markets 107).


107) so Henry A. Bueck, Der Centralverband Deutscher Industrieller, Berlin 1902, I, 448 (comment in the eighties).
but these evaluations left little impression on the consensus of opinion that the American peril could be checked only by a common front and a concerted action of the European industrial countries against the Mackinley tariff and the "economic Monroe doctrine."

These conceptions also found their reflection in the Berchem proposals. For the time being, however, Caprivi and Marschall, the state secretary of the AA, saw little chance of their realization. Germany depended upon America for her supply with cotton and other industrial raw materials which could not be obtained anywhere else. Memoranda on the excellent prospects of cotton growing in the German colonies in East Africa could only draw the chancellor's sarcastic remark that the German textile industries would then indeed have to wait long for their basic materials.\textsuperscript{108} Direct German measures against the U.S. were out of the question and the European political scene far too opaque for an attempt at a concerted action. Berchem's suggestions, anti-Russian rather than anti-American, were commented by Caprivi, during the first weeks of his chancellorship, as "impracticable at present". Caprivi added, however, that

"the establishment of a certain solidarity in the interest of Central Europe will, in my opinion, turn out to be necessary in the next decades." \textsuperscript{109}

He had nevertheless an immediate interest in sounding the other European governments on their attitudes. In view of the obvious intensification of the intimacy between France and Russia and the development of tensions between France and Germany's ally Italy on account of Tunisia (since July 9, 1890) - inviting again an academic discussion of the prospects and consequences of a war - he was anxious to establish contacts with France and to find a common basis of interests. The occasion for a testing of sentiments in Paris was provided by Ribot's speech before the chamber on July 22 on French customs policies and the international commercial si-

\textsuperscript{108} Vagts I, 21f.
tuation. Applauded by the majority of deputies Ribot declared that he did not think that a European customs union—which was also widely discussed in the French public as a means of fending off the American peril—would be feasible in the near future. The AA did not consider it the last word on the issue and Münster was instructed to observe all reactions and new suggestions with particular care. In Berlin certain hopes were set upon the circulation of ideas advanced in France by the publicist Paul de Leusse, calling for a Franco-German customs union in a defence of common economic interests and as a stepping-stone towards a political rapprochement.110)

Berchem wrote to the embassy in Paris:

"If the idea of Count de Leusse gains ground in France, it will facilitate an understanding with France which we desire so urgently for economic and political reasons; we shall, however, have to keep this wish absolutely to ourselves! Our tactics will rather be to the effect that we give to understand—under the best possible treatment of France—that we are, which would also be in accordance with the actual situation, in a position to damage French exports very severely, inspite of article 11 of the Treaty of Frankfort, by means of a well contrived specification of our tariff. But it still seems too early to mention this idea since it will require a number of preparations." 111)

In the German press Leusse's approach was generally well re-

109) Ühlmann 159f.- Private letter by Kiderlen to Eulenburg (at the time Prussian minister to Oldenburg) 16.4.1890, GP VII, 1543; note by Caprivi, ibid., 1872; Marginal note by Caprivi on a memorandum by Mühlenberg 27.7.1890, Caprivi to Münster 18.7.1890, Vagts I, 24.

110) Paul de Leusse, La paix par l'union douanière franco-allemande, Strassburg 1888,—id., Union douanière agricole du centre de l'Europe, Paris 1890.—Leusse was an Alsation who had opted for France, cf. also Poidevin 98/99.

111) Berchem to Schoen (Paris), private letter 7.4.1890, DZAJ-AA 9383, 26f.—The existence of the letter is indicated, without reference to its contents (1) by Poidevin 98 n. 44 cf. also ibid., n. 38/39 the observation that the first project submitted by Leusse to the German embassy in 1888 had been accepted "favourably" by Bismarck (AA Bonn, Frankreich 105/4, Bd.1)
ceived- with the usual reservations about Alsace-Lorraine-, although its feasibility was questioned in view of "the prevalent political sentiments in France" and French preparations for the new tariff with its high duties on industrial commodities. Leusse's latest plan of 1890 took account of both the French demands for a more efficient protection of domestic industry and the state of German-French relations.

He now satisfied himself with a customs union for agricultural products only, which was to be restricted to France, Germany and Austria (not Hungary) only. In Germany this idea was considered completely unrealistic, and Münster reported from Paris that the embassy was unable to detect any signs of a wider circulation of Leusse's concepts:

"It is at present not advisable, if not entirely impossible, to step forth with proposals of this kind, French tariff particularism and the insane protective system to which most Frenchmen subscribe at this moment clearly indicate that any arrangements with foreign countries and with us in particular would find only few supporters. It would, however, be an error to assume that supporters of a reasonable arrangement do not exist in France. It is my conviction that present sentiments will change in the not too distant future. When the damage America is bound to cause in Central Europe will be felt, when commerce and industry will decline, more attention will be given to the warning voices which are not listened to now." 112)

Also Berchem had predicted that "France's refusal, should there be one, will not be a permanent one." He had pointed out that the general situation of the French economy called for "heroic" decisions; from 1880 to 1890 French foreign trade had declined from 8,501 to 7,784 million francs. France would be compelled to turn to Germany for assistance, if she wished to improve her export performance.

"The day France accepts the idea of preferential tariff relations with Germany and Austria, the political antagonism between us and our French neighbour would be bridged. Other peaceful means leading to its elimination are not available. Apart from domestic considerations and the improved facility and the less dangerous aspects of an arrangement with France in contrast to one with England - in the field of overseas questions it would be advisable, from the political point of view of a rapprochement with France"

112) e.g. Münchener Allg. Zeitung 19.3.90, -Die Post 4.4.90
113) Münster to AA 31.7.90, -Vagts I, 24/25
to attempt to gain France in connection with the approaching negotiations for commercial treaties - either via or jointly with Austria.\textsuperscript{114} Caprivi's judgement of "impracticable at present" was, however, to determine a course of action in which no particular regard was given to German-French relations.

Some top officials in the AA did not conceal that they expected very little from attempts at a German-French rapprochement. To Kiderlen it was evident that Germany would have to give much and would gain nothing. In the interest of the "European balance of power" Britain preferred to see a certain rivalry between Germany and France. As soon as the Foreign Office in London noticed German-French discussions, it would try to anticipate further German moves by making concessions to France in Egypt and in Morocco - much more than Germany could offer. The French knew this well.

"We have to keep the friends associated with us by a common enmity with France. We would lose them, if we flirted with France without being able to prevent arrangements between France and our enemies. Even more utopian is an economic arrangement with France which has recently and rather unnecessarily been ventilated in the press. We will only alarm Italy and achieve nothing. One has only to look at the protectionist movement which dominates three fourths of the French chamber and at the systematic and gradual termination of all commercial treaties."

The revision of French commercial policies\textsuperscript{115) threatened

\textsuperscript{115) Liderlen to Eulenburg (in Oldenburg) 16.4.90, GP 7, 1543
to harm not only economic relations. In decisive moments French protectionists were always in a position to re-activate the "revanche"-concept and to apply it as a lever to achieve their objectives. A strong agitation had been launched by the two powerful organisations of French agriculture and industry, the "Société des agriculteurs de France" and the general union of all French industries for the "protection of national labour". The organisations had been separated in 1880 but were united again by Jules Méline, the exponent of agricultural interests and champion of a "retour à la terre" as preventive measures against the ills of industrial overproduction both from the socio-political and the economic point of view. In view of the continuing structural crisis French agriculture, the most important single sector in the national economy with a share of 65% in the country's productivity, had already been given some support in 1887 in the form of an increase of the import duties by an average of 50% to 60%, benefitting in the main the few large producers without having any noticeable positive effects upon general conditions in the "pays des paysans" where the vast majority of peasants did not produce for the market at all. While these aspects of commercial policies had not disturbed the public in the neighbouring industrial-

Tariff: French agriculture and nationalist economic policy, (Studies in History, Economics and Public Law, Faculty of Political Science, Columbia University, No. 506), New York 1944, usually referred to as the best analysis, but in many respects much inferior to a brilliant contemporary dissertation by Wellimir J. Bajkić, Die französische Handelspolitik 1892-1902, (Münchener volkswirtschaftliche Studien), Stuttgart-Berlin 1904.

118) ibid., 1: "perhaps even stronger than that in Germany before 1879"
120) after Bajkić, 4of., 261ff.:
ized countries and little interest was also taken in the zick-zack course of French agricultural protection in the following years, the sharp rise in the duties on industrial commodities caused apprehensions, anger and also plans for retaliation. Beernaert, the Belgian foreign minister, called the duties downright impudent and the answer of the Swiss government consisted in the declaration of an outright tariff war. Many French chambers of commerce presented both the new tariff and the termination of the current trade treaties - and quite apparently not only for tactical considerations - as directed against Germany specifically, as she profitted from article 11 of the peace treaty, but pursued an autonomous commercial policy which did not grant France full reciprocity. This view was naturally acceded to by the German press which had

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In 1892, French grain duties were reduced; on wheat, as the most important staple, from 50 to 25 francs a ton, to be increased again to 70 francs two years later. It has not been established with any certainty which factors determined the decisions, but they were unquestionably not uninfluenced by considerations for the consumer (as again some years later) and the prospect of social unrest on account of high bread prices and by the violent fluctuations of the price of grain in the world and domestic markets. The European crop failures from 1889 to 1891 caused prices to rise steeply, while they fell again rapidly in the following years, Bajkić, 261f., G. Brandau, Ernteschwankungen und wirtschaftliche Wechselsellenagen, 1874-1912, Jena 1936, 78/79. In view of these conditions a correlation with German commercial policy and Franco-Russian political relations in the formative years of the alliance seems to be unlikely.


Poidevin 92f. On the "complaints and requests" of German producers cf. DZA I-RdI 3040/11 et seq.
been discussing the feasibility and advisability of retaliations long before any details of the French intentions had become known. The discussion accompanied that of the formation of a Central European customs union and the suggestions centered on the economic isolation of a recalcitrant France by means of an exclusive Austro-German customs union. The debate and an ensuing controversy among leading newspapers were at any rate inconclusive and eventually abandoned, when it became certain at the end of 1890 that the French government intended to introduce a double-tariff and to conclude new commercial treaties with the reservation of the minimum tariff for treaty countries only. According to article 11 of the peace treaty this meant of course its automatic application also to imports from Germany. German exports to France which had dropped from 413 million francs in 1879 to 332 million francs in 1888 - a process which must be seen in the context of Germany's generally unspectacular export performance in these years - rose in fact by 5% to the end of 1890 and by another 5% in 1891, while total German exports also rose by 5% in 1890 but fell back to their 1889 levels in 1891.

At the same time also interest in the issue of a Central European union and a Franco-German commercial alliance declined in Germany and for a number of years hardly anything was written or said about them. In France the idea of a European cooperation against American protectionism had been seconded by some newspapers (Temps, Siècle) which had also written favourably on an economic détente with Germany as a first step in this direction, but French public opinion in general was, twenty years after the war, not willing to accept

124) e.g. K.Z. 17.11.89, F.Z. 6.1.90, and the controversy between the two papers.

125) More on these data below. - It is an open question in how far exports to France in 1891 were affected by the impending introduction of the new French tariff, but it may reasonably be assumed that a considerable part of the increase was due to French pre-imports subject to the lower old duties.
a "customs union" with the German Empire. Applauded by the majority of his colleagues, the deputy Charles Dupuy had exclaimed that the idea of a European Customs Union "must not be expressed in a French Chamber". In consideration of "revanche" sentiments, nourished by protectionist circles, no French politician could afford to open a discussion on a German-French commercial arrangement. In their conversations with the German ambassador, who followed his instructions closely and repeatedly dropped a hint that there was "something good" in American protectionism after all since "it was bound to induce the European states to seclude themselves less from each other than from America", the French president Grévy and the foreign minister Ribot usually took shelter behind the prevailing protectionist sentiments in both chambers while agreeing non-committally that a concerted European action was very desirable and expressing their hopes that the protectionist storm in their own and other countries would subside in a short time. Münster was inclined to believe them to a degree. Most leading French ministers were in fact free-traders, but did not dare swim against the tide of protectionism — and, in the relations with Germany, against that of prevalent political sentiments — for fear of sanctions by large and important sectors of the French public.

126) In December of 1890 Lujo Brentano defended the concept at a meeting of the "Landeskulturerrat" of Saxony in Leipzig, but after this no further references can be found for at least some years. Cf. Behmann 162.


128) Noteworthy Münster's letters of 3.5.1891, DZAI-RdI 1963, 111 ("if they wish to remain ministers") and of 18.12.1891, DZAI-AA 9390, 142 on Ribot "whose economic opinions I hold to be much more appropriate than his opinions on foreign policy", but that it was one of the consequences of the "parliamentary system that the leading statesmen follow the majority against their better judgements and have, with their eyes open, to execute measures which they believe to be fatal." (Marginal note by Wilhelm II.: "Yes").
In October of 1890 Ribot nevertheless expressed his readiness to enter into talks on Franco-German commercial arrangements on a very general level. In an "unclear proposal" he suggested that the two governments inform each other on intended tariff revisions (Mühlberg: "on American products?"). They lost, however, all foundation when the French government submitted the tariff bill to the chamber, providing for higher duties on American pork - the importation was at the time restricted by administrative measures - and on a few other items.129)

In the course of a general MacKinley inquiry other European governments had meanwhile asked the AA for an exposition of the German position. Marschall instructed the ambassadors in Vienna, Paris, Rome, London and Madrid to reply, with particular reference to the attitudes in France, that America's "shutting-off policies" had created a general realization of the necessity of "a certain solidarity of Europe against these measures.... An "union douanière" which has been discussed frequently belongs, however, quite apparently to the dreams of the future ("Zukunftsmusik"). Likewise, an arrangement among the European states on positive measures to be taken against the United States seems hardly feasible in view of the conflicting individual interests. There are at present also no reasons for such counter-measures." 130)

A month later Marschall let himself be convinced by Bleichröder and the reports received by the banker from New York that his apprehensions were largely unfounded and that exports to America "would be possible" also in the future and inspite of the MacKinley tariff

129) Münster to Caprivi, 26.10. 1890, Vagts I, 37
130) ibid., 29/30, 25.10. 1890.-To the French chargé d'affaires he had (18.10. 1890) merely spoken of the desirability of an understanding or arrangement between France and Germany, Austria-Hungary, Italy and Spain. (Raindre to A.E., 18.10. 1890, paraphrased in DDF I, 11, No. 86, n.5.)
"because production there has become so expensive that our commodities are, with the American tariff added, still in a position to compete with American production." 131)

Solms reported from Rome that Crispi thought a customs league possible, but only if France participated. Belgian mediation in Paris might help to achieve the objective. 132) But also Caprivi had not been inactive in this respect. At his instigation Constantin Rössler, his press adviser, had written a small brochure, published anonymously in 1890, propagating the idea of a Central European Customs Union and in particular the inclusion of France - all with arguments based upon the Berchem memorandum. 133) Emphasis was given to the peacable aspects of a closer cooperation between neighbouring states, suited to reduce the danger of war to at least such a level that the states adhering to the association would be in a position to reduce their expenditures on armaments. The leaflet contained some remarkable passages - approved by Caprivi - on the question of Alsace-Lorraine.

"History does not know of any other example that two nations were in a position to damage each other to such a degree without permitting the victor to derive any benefits from the damage done to the neighbour. There is no other example in history of two nations in a position to assist each other to such a degree in each and every task set to them in the political as well as in the intellectual field. Is enmity therefore not insanity?"

The possibility of a return of Alsace-Lorraine to France was not ruled out completely.

The general tendency of the brochure was very much in harmony with the conciliatory tenor of German official policies towards France in 1890 and at the beginning of 1891. 134) The emperor invited France to send delegates to the International Conference on Social Legislation to be held in Berlin in March

131) Note by Marschall, 10.11.1890, ibid., 28.
132) Solms to Caprivi, 22.11.1890, Öhlmann 162
133) It was published as "The Future of the Peoples of Central Europe" and was translated into French in the next year by the Alsatian Auguste Lalance who gave as his "dream the rapprochement between France and Germany", Öhlmann 163
of 1890 and to an international medical conference in the summer. The death of Meissonier, the artist, presented him with an opportunity to express his appreciation of contemporary French art; his regard for the national honour of France found its manifestation in the transfer - and with all marks of respect - of the body of Lazare Carnot from Magdeburg to Paris. Passport regulations for the entry of French nationals into Alsace-Lorraine were relaxed and Münster, who had always polemized against them and Bismarck's "brutal" methods, for the first time felt in a position to report that the idea of a "rapprochement" with Germany was gaining ground.\footnote{Münster to Caprivi 19.9.1890, DZAI-RdI 9384, 96f. and cf. his reports in GP 7.} Also French diplomats admitted that the year 1890 had, for the first time since 1870, shown signs of a certain détente. Whatever may have been thought of the effect of the personal courtesies of the emperor, like his colleagues Münster was convinced that the Mackinley tariff had been instrumental in promoting the process.\footnote{e.g., the French chargé d'affaires in Munich, Saint-René Taillandier to Ribot, 10.11.90, DDF I, 8, 205} All observers agreed, however, that a full political reconciliation was completely out of the question. Münster himself in no way speculated on it. Herbette, the French ambassador to Berlin and in these days the favourite object of the emperor's courtesies\footnote{Herbette to Ribot 27.12.90, Jakobs 70/71}, perceived changes but did not see any further prospects. Bismarck, he wrote Ribot, had left not one stone unturned to maintain a permanent state of unrest by provoking border incidents and publicly exaggerating the agitation and propaganda of French patriots and boulangerists to promote the spirit of unity in the German Empire and to suppress particularism. Since Bismarck's fall from power it had become quiet; public opinion in Germany, basically as peaceable as that in France, was dominated by the idea that the French
would in the long run accept the fait accompli of the loss of Alsace-Lorraine. France, so Herbette, had no interest in destroying these illusions. The question of Alsace-Lorraine was also the stumbling block in all French articles concerned with a future United States of Europe, as also Rössler's brochure did not bypass it, although it was ultimately only Caprivi's constant fear of a war on two fronts which had prompted him to seize the vague possibility of an arrangement with France.

"It can in no way be said that the situation in general and our position in particular would be conducive to going in quest of war"; Germany's military preparedness demanded that frictions with other countries be avoided wherever possible.

"War against France alone is enough to strain all our strength, ...One (may) leave the war on two fronts (out of consideration)! One front is already enough. (The) French have 22 corps, at an average of 32 bat(tallions), we 23 of 24. Where is then the superiority?"

The passing of the new army bill - making in the main better use of the resources in manpower - was expected for 1892/93 and until it had been implemented, not until 1891 as the Bismarcks had envisaged, Germany would be passing through a "danger zone". To ease the external pressure Caprivi tentatively followed one of the basic aspects of the Berchem

139) cf. the title of the brochure by E. Worms, "Une Association douanière franco-allemande avec restitution de l'Alsace-Lorraine" published in Paris in 1888 and Leroy-Beaulieu's proposal of a European Customs Union with the restitution of Lorraine and Metz to France and either the neutralization of Alsace or its "Anschluß" to Switzerland with continued membership in the German Zollverein. After fressz 61/62 ( a rich collection is in A.N.Paris F12-7308). Rössler-Caprivi were not isolated in Germany. H. Delbrück as "vir pacificus" discussed in 1891 and again in 1896 the possibility of a return of Alsace-Lorraine to France in exchange for a German acquisition of Luxembourg, or that of Metz for Luxembourg. He himself called it "political dreams".

140) Note by Caprivi 17.7.1890, GP 8, 1872 and his marginalia in Kriegsrüstung und Wirtschaft, Der Weltkrieg 1914-1918 (Reichsarchiv), Anlagen zum ersten Band, Berlin 1930, 76.-On other aspects cf. Nichols 30f.
memorandum: to break the increasing intimacy between France and Russia. When it became evident that France could not be won for an inter-European commercial arrangement, the alternative suggested itself to Marschall: Carry on in the manner of Bismarck by "keeping French forces and attention away from our borders" and to divert French activities overseas, this time to Morocco, although the policy entailed a number of grave consequences, if Britain interfered by offering more and inaugurating an understanding not only between the two West European powers but probably also leading Italy away from the triple alliance and out of concern for her exposed coast line and her North African policy into the French camp.\(^{141}\)

The prospects of an Italian defection increased only two months later with the fall of Crispi, the mainstay of the triple alliance in Rome. At the same time the visit of the Archduke Ferdinand in St. Petersburg aroused suspicions of an Austro-Russian arrangement. It seems to have been Wilhelm II's decision and intention to test French dispositions again and to send his mother, the British-born Empress Friedrich, on an incognito good-will trip to Paris. Münster promised to observe all "additional symptoms of progress in the process of rapprochement" and the Wilhelmstraße set great store in the participation of French artists in a current exhibition in Berlin. But the "journey of the allhighest Argonauts" (Münster) in February 1891 was a disaster, mainly through the fault of the Empress who stayed too long, forget her incognito and provoked French chauvinists who had only been waiting for the occasion, by her obtrusiveness in Paris and her demonstrative visit to St. Cloud (bombarded by her husband's forces!) and Versailles.\(^{142}\) Ill-prepared and improvised as the journey was and questionable as the relevance

\(^{141}\) Marschall to Hatzfeldt (London), 25.12.1890, GP 8, 1914, 424; Marschall to Caprivi 19.2.91, ibid., 1546, 1556, -Rogge, Holstein und Hohenlohe, 349f; quotation: Hohenlohe to Münster 15.3.91, ibid., 354.
of rightist demonstrations appeared to many observers also in view of the efforts of the French government to reduce the possibility of incidents, Berlin replied immediately with the full restitution of the passport regulations on the Alsatian-French border and an article in the semi-official Norddeutsche Allgemeine Zeitung

"let it be known to France ... that Alsace-Lorraine belongs to Germany forever, that a trench separates her from France and that this trench can easily be widened and deepened, if the behaviour of France appears to make it necessary." 143)

Herbette in Berlin considered the situation serious. 144) In April 1891 Wilhelm II, military circles and to some extent also the AA, although it remained externally calm, re-lived the late Bismarck years, discussing the German prospects in a war with France which was to break out soon. 145)

143) after Granfelt 68
144) DUF I, 8, 405ff.
145) Wilhelm II. was extremely excited and ordered the former military attaché to Paris to submit a special report. The AA remained calm and simply ignored(1) the emperor's request to relieve Münster of his post. GP 7, 297f. — on Huene and his inciting reports from Paris cf. Heinrich Otto Meisner, Aus Berichten des Pariser Militärattaches Freiherrn von Hoeningen gen. Huene an den Grafen Waldersee (1888-1901) in: K-BM 15/1937, 958f. For the expectation of war in military circles see Alfred von Waldersee, Denkwürdigkeiten, (H.O.Meisner, ed.), Berlin 1922, II, 172: Waldersee noted already on 2.1. 91 that France would strike soon, while the chancellor held that the peace was not in danger. — Münster somewhat more off guard to Hohenlohe 25.4. 1891(Rogge, Holstein und Hohenlohe, 356): "... but they are not yet ready for war and do not want it without Russki", apparently a reflection of General Gallifet's remark to the Russian general von Loë (transmitted to Berlin by the German military attaché v. Funke on 13.4.91, GP 7, 1415): "I would not start war, but if Russia started, no government would be able to keep France back." Cf. also Jakobs 63 who attaches particular weight to the statement (which, however, hardly justified),— The Grand Duke of Baden was convinced that a war with France would come soon (Hohenlohe Journal 8.4.91, Rogge, Holstein und Hohenlohe, 356); so was the emperor at the time and again in May (ibid., 395f.: 9.5.1891), while he pretended five months later that French references to a fear of war in Germany in the summer were "nonsense"(marginal note on
Official German-French relations were near the freezing point and the AA was far from considering any further measures toward a possible rapprochement. The idea of the Moroccan bait was revived in a slightly modified form. Marschall wished to see France in Morocco, Britain in Tangiers and Sparte and "in perpetual and acute enmity with France", without encouraging them too much. The task did not appear particularly difficult, for, so Caprivi argued, as long as both France and Britain did not have what they desired and what they needed, insecurity would always keep them in rivalry with each other.\(^{146}\)

In the economic field the more modest goal was now the stabilization of commercial relations in Europe, to keep markets from being closed and the rate of economic growth from falling. A closer commercial collaboration of Germany and Austria with the French neighbours Belgium, Switzerland and Italy promised to demonstrate to the French that the road to an autonomous commercial policy and higher import duties was not the right one. Münster noted not without satisfaction that the French ministers were "very much alarmed" about the prospect of a European commercial system centering on Germany and concluded that

"From our German point of view we can actually only wish that they will come to their senses not too soon, that the protectionist fever of M. Méline and the chamber here will not be cured too fast." \(^{147}\)

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\(^{146}\)Münster to Caprivi 14.10.1891, GP 7, 1579.-Even Holstein was not quite sure and felt that Russia and France might interfere at least if there were a "Reichsstreich" and if the federal princes would take position against the emperor. (Holstein to Ida von Stülpnagel 5.8.91; Helmuth Rogge, Friedrich von Holstein, Ein Lebensbekenntnis in Briefen an eine Frau, Berlin 1932, 157).-The archival material would duplicate the references and has not been listed.

\(^{147}\)Münster to Katsfeldt 13.6.91, GP 8, 1919; note by Caprivi for Rotenhan and Holstein 20.7.91, ibid., 1922.

Münster to Caprivi 3.5.91, DZAI-RdI 3963, 111,-Austrian promemoria of May 1891, DZAI-AA 8908, 1555,-Holstein to Ida Stülpnagel, 20.6.91 (Rogge, Lebensbekenntnis, 154)-In the form of an afterthought the Norddeutsche Allgemeine Zeitung regretted in August that France had not shown any inclination to join a European commercial union. N.A.Z. 9.8.1891.
When the tariff war broke out between France and Switzerland at the end of 1891, Wilhelm II. was delighted, for "this sort of war is certain to ruin and duck France more than any other fight with arms." 148) Münster lived to see that the protectionist fever in France did not abate in the following decade and that all governments and parliamentary majorities, irrespective of whether they were conservatively or clerically oriented or comprised even members of the parties on the left, adhered to the policies of 1891/92149), although it had become evident by the turn of the century that there was - all academic and ideological disputes aside- at least some connection between commercial policies and economic growth. In a period in which industrial production increased by 32% and industrial exports by 53%, imports of industrial commodities rose much faster, by 77%.150) It was, in conjunction with other factors, also the Méline-tariff which kept many French industries from expanding on a larger scale and producing quantities of quality producers goods suited to stimulate growth also in other branches of industry.151)

148) Marginal note by Wilhelm II. on Schoen (Paris) to Caprivi 11.12.91, DZAI-AA 9390, 123
149) Impressive examples can be found in Bajkic 425f., 437f.
150) The figures after Marczewski, AF 4, CXXXII.-The impact of the price rise on the import duties did apparently escape his attention.
Imports were, however, which could not be foreseen at the time of the conversion of the ad-valorem into specific duties, less impeded after 1895, when the general rise in the prices of industrial commodities made them weigh less heavily. The effectiveness of the new double-tariff as a means of enforcing reciprocity was negligible. Within a short time the French government was compelled to grant the most-favoured-nation status to all her European trading partners with the only exception of Portugal. The autonomous commercial policy provided, however, a free hand to revise the tariff any time at a short notice - but it caused on the other hand, at least initially, considerable instability in commercial relations, as the duration of the treaties was in most cases restricted to one year. The prospect of some non-renewals hardly facilitated the calculations of French exporters.

During the first years under the Méline-tariff German exports to France were hit hard. They fell by 15% until the end of 1894 and stagnated for another three years until a pronounced improvement in 1898. Germany's total exports, which had been equally lagging, although less markedly in the recessionary years after 1890, jumped already in 1895. It is impossible to determine which individual factors determined the performance of exports to France in these years, but it is also impossible to dispute the negative impact, in whichever form, of the French tariff upon them.152)

In view of the necessity to keep the Central European markets open to German producers, Caprivi's endeavours - growing more pressing as the recession gathered momentum - concentrated meanwhile on the conclusion of a long-term commercial treaty

152) Poidevin 107f., Hoffmann, Wachstum, 520, - Jules Roche, Relations commerciales de la France et de l'étranger: Allemagne, Paris 1898 and cf. below in the context of Franco-German relations after 1897.
with Austria-Hungary which was to provide the point of crystallization of a new European commercial system. Confidentially the chancellor expressed the view that "in the economic machinery of the world Germany only plays a part similar to that of Mecklenburg in the Empire. Only through a union with other states can we fend off the superiority of others, even if protective tariffs have to be sacrificed." 153)

The most convenient effective point of departure was to reinforce the triple alliance with economic stays. It was at the same time, as the hookinley inquiry had shown, the only road open. Lower duties on vegetable, fruits and wine were expected to influence Italy's decision in favour of a renewal of the triple alliance 154), after her financial situation had already been alleviated by the intervention of Germany's high finance in the late eighties, when a campaign against Italian securities had been started in France.

A pronounced reduction of the duties on grain and beef was

153) The acting Hanseatic minister to Berlin, Klügmann, to Mayor Petersen (Hamburg) 13.6.1891, Vagts, I, 41 n.2.- Similarly Klügmann to the three senate on 13.6.92, reporting Caprivi's statement on the commercial treaties: "We need them badly to defend ourselves against the brutalities of America in particular." Ludwing Beutin, Bremen und Amerika, Zur Geschichte der Weltwirtschaft und der Beziehungen Deutschlands zu den Vereinigten Staaten, Bremen 1853, 311/312.- In addition the original material in Stt. Hamburg 132-5/2 AI4.

154) Note by Caprivi 17.7.1890, GP 8, 1872, to the effect that the renewal of the triple alliance by Italy depended actually only on the person of Crispi. After the fall of Crispi and despite of the renewal of the treaties on 6.5.1891 he adhered to his goal of securing the adhesion of Italy by economic means. He declared in the Reichstag (10.12.1891, -RT 1890/92, Bd.V, 3306) that it must be Germany's objective "to open to Italian wine a battlefield in our grounds against the French wines." Caprivi was assisted, expertly and skillfully, by Schraut, the undersecretary for Alsace-Lorraine, cf. Lotz, Handelspolitik unter Caprivi, 94/95.- The hope - if it was really entertained as expressed - of promoting the import of Italian at the expense of French wines did, however, hardly materialize.
to facilitate a closer economic and political understanding with the other two allies, Austria-Hungary and Roumania, to counterbalance a Franco-Russian alliance which was now expected to take shape any day.\(^\text{155}\) The German "sacrifices" consisted then in a reduction of the import duties on agricultural commodities and cereals in particular. The duties on wheat and rye were lowered from 50 to 35 marks a ton which was unquestionably instrumental in securing Austria's consent to a commercial treaty for a term of 12 years which in the main guaranteed German industry the fixing of the Austrian duties and a relatively assured market for a long period.

Caprivi characterized the economic considerations in a succinct formula before the Reichstag:

"Remunerative employment will be found ..., when these treaties will have been completed. We shall find it in exports. We have to export: either commodities or we export men. With our increasing population and without an industry growing in proportion with it we are not in a position to live."\(^\text{156}\)

This policy caused the primarily grain-growing East-Elbian agrarians to protest vehemently. While they continued to suffer from the structural crisis, they also maintained their traditional life-style, often concentrating their interest in farming on the value of their large estates as speculative ventures\(^\text{157}\) and polemicizing against an "excessive

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\(^{155}\) In 1892 Julius von Eckart, the former director of the press department in the AA, anonymously published a brochure under the title *Berliner-Wien-Rom, Betrachtungen über den neuen Kurs und die europäische Lage*, Leipzig 1892, seeing Germany's paramount task in the creation of a commercial and military union of the Central European states. Cf. also Andler, 85ff.

\(^{156}\) *RT* 1890/92, Bd. V, 3307, 10.12.1891.—cf. the discussion, brief as it is, in Ibbeken 159.

industrialization" which made credits more expensive and drew
the labour force from the East German plains to the industrial
cities in the Centre and the West \textsuperscript{158)}, filling furthermore
the ranks of the socialists "by hundreds of thousands" (so
for instance the free-conservative Kardorff, the co-founder
of the CVdI) \textsuperscript{159}) and undermining the social, economic and
political position of Prussia's ruling elites. \textsuperscript{160}) Defend-
ing his policy to the broader public in the face of violent
agrarian attacks, Caprivi emphasized the government's re-
sponsibilities towards the urban workers and necessity of
lowering the cost of living by reducing the price of essen-
tial victuals. An effort, in other words, to bridge the gaps
in society at the expense of the agrarians by promoting in-
dustrial interests. \textsuperscript{160a}) Against the background of Bismarck-

\textsuperscript{158}) Emigration dwindled to negligible dimensions in the
nineties, internal East-West migration increased with the
rates of growth of production. While Germany's pop-
ulation increased from 45 million in 1880 to 49 mil-
lion in 1890 and 56 million in 1896, that of industrial
cities grew in the following manner: Cologne 31%,
Hanover 45%, Frankfurt 60%, Dresden 43%, Leipzig 54%,
Munich 43%, all from 1890 to 1900, and in the heart of the West German industrial
district, from 1880-
1900: Essen 108%, Dortmund 114.5%, Duisburg 124.8%,
Bochum 204.3%. After Köllmann, VSIG 46 and Hellgreve
50/51.

\textsuperscript{159}) to Stumm 25.12.1892; Hellwig, Stumm, 462.

\textsuperscript{160}) Barkin, Controversy, - H. Lebovics, "Agrarians" versus
"Industrializers", Social conservative resistance to
industrialism and capitalism in late 19th century Ger-
many, in: International Review of Social History, 12/
1967, 31f. - R. Klingner, Die Kontroverse Agrarstaat-
Industriestaat, (diss. Halle), Berlin 1931. -Most pro-
nounced are the anti-agrarian positions taken by Max
Weber in already his early studies, by Vagts, Hallgar-
ten and Kehr, by the DDR-historians and the West-Ger-
man "Kehr-Renaissance".

\textsuperscript{160a}) Cf. Engels' judgement of the "increasing conviction of
the Junkers that industry will be unable in the long
run to sustain the import duties on raw materials and
foodstuffs." -Engels to Bebel 19.2.92, NEW 38, 281f.
and also in Blumenberg, Bebel-Engels Briefwechsel, 509.
ian conceptions this was a nearly revolutionary approach menacing the very foundations of Prussian society and the state. At the time of a strong increase in grain prices due to the European crop failures from 1889-1891 which had already led to a number of bread riots in Berlin⁶¹) and demands for a suspension of the grain import duties, Caprivi's policy had been made possible by the disintegration of Bismarck's "cartel" in the spring elections of 1890. It was a foregone conclusion that the chancellor would not only find the support of the socialdemocrats and of the left-liberal so-called radical and free-trade parties with their substantial backing by commercial circles⁶²) but also the adhesion of industrial groups, primarily the lighter industries with their orientation towards exports and their labour-intensive production, to which the lowering of the cost of living meant a slower rise in wages. The national liberals, representing a large section of industry, had furthermore no interest in a revival of the cartel. In the business slump also big industry held their own interests above their coalition with the agrarians, without however compromising the future of the alliance completely. Agriculture was promised and received compensation - in the form of experimental railway tariffs on a sliding scale facilitating sales in Western Germany⁶²a) and the famous import certificates. Deputies affiliated with the CVdI, like the national liberal Möller, voted for the Austrian treaty in December 1891. The CVdI underlined, along with Stumm, the free-conservative "king of Saarabia" and notorious for his tough line in social politics and his uncompromising stand against the socialist movement⁶³).

⁶¹) The price of bread averaged 21.22 marks per 100 kg in 1888, 31.62 marks in the spring of 1891 and 35.15 marks in the fall of the year. — Engelberg, Deutschland 1871-1897, 326.


⁶²a) The measure had, however, soon to be revoked to obtain
throughout 1891 that there was no intention of harming agriculture but that the conclusion of the trade treaties simply hinged upon a reduction of the grain duties. 164) In a letter to the chancellor the CVdI made it clear that the 12-year stability provided by the treaty with Austria and the equally important clause of a non-discrimination against imports from Germany in the Austrian railway tariffs (on a reciprocal basis) were fully appreciated but that "this feeling of stability and security in the calculation of future production costs and marketing conditions cannot really burst forth as long as the representatives of unconditional free trade ... regard the conclusion of the treaties as only the beginning of a new free-trade era ..." German industry would be relieved of the "paralyzing anxiety by the assurance that the Federated Governments intend to adhere to the fundamentals of the economic and commercial policy adopted in 1879 and will offer firm resistance to any attempts of inducing them to abandon the same." 165)

With the passing in the Reichstag of the German-Austrian treaty the foundations of Caprivi's economic and commercial policies and Germany's future trade relations had been assured. The major problem which remained to be solved were German-Russian relations. The "American peril" had receded to the background, for the time being nearly completely. In an exchange of notes of August 1891, known as the Saratoga convention, the German government assured the United States that their agricultural

the support of Bavaria and West and South German agricultural representatives for the treaty with Russia.


164) Best on the proceedings is Lotz, Handelspolitik unter Caprivi, 93. Stumm was absent on account of illness.

165) CVdI to Rk 14.1.92, DZAI-RAI 3040/11, 137. Caprivi's comment that there was no point in entering into any discussions at all, for "they will not believe" indicates that the CVdI approach was not a tactical one and are a confirmation of the interpretation that his policy was an adjustment to the situation - nothing more.
exports to Germany would be subject to the same tariffs granted to treaty-states. Beyond the letter of the convention the U.S. were also accorded all tariff reductions conceded, against equivalents, to other countries from 1892 to 1894.\textsuperscript{166) Relating the results with the objectives and motivations the factors catching the eye are that emigration, undesirable to Caprivi both from the economic and military points of view, receded abruptly since the middle of the nineties and that exports, taken both globally and by the various branches of production, experienced a steep rise after 1895.\textsuperscript{167) It is impossible to furnish conclusive evidence of how far the development was attributable to the Caprivi system, although the opinions of contemporary partisans of "agriculture here and industry there" have even influenced some recent assessments.\textsuperscript{168) The share of exports and imports in the net social product from 1880 to 1914 amounted to:

\textsuperscript{166} The constant issue of friction, the European and American interpretation of the most-favoured-nation clause - the U.S. adhered to a strict direct reciprocity, i.e. concessions granted to other countries were not considered as concessions made to the U.S., did not play any role at all in the convention.

\textsuperscript{167} German emigration which had always been above 100,000 heads per years during the eighties, was 120,000 in 1891, 116,000 in 1892, but dropped to 41,000 in 1894 and levelled off to 25,000 in 1897 and 24,000 in 1899.\textsuperscript{--Barkin 106---} German exports had a value of 3,327 million marks in 1890. They fell to 2,954 and 2,961 million marks in 1892 and 1894 and attained the level of 1890 again with the recovery of business conditions in 1895 (3,318 million marks); they reached 3,757 million marks in 1897, 4,207 and 4,611 million marks in 1899/1900.\textsuperscript{(Hoffmann, Wachstum, 520 and cf. the following notes).}

\textsuperscript{168} The "upswing" of the German economy (inclusive of foreign trade) after 1895 has always been presented by historians, more or less explicitly, as due to the Caprivi treaties, following the first comprehensive basic study by Ross J.S. Hoffman, Great Britain and the German Trade Rivalry, 1875-1914, Philadelphia 1933, establishing another myth in the place of the ignored "long waves".\textsuperscript{-- In a somewhat unbalanced presentation aspects of the impact of the treaties have been described by Barkin 103f. His figures and
The fact that German exports did well under the Caprivi duties and treaties, when the agricultural trading partners lowered some of their duties on industrial commodities, but also under the Bülow-tariff with the full restitution of the grain duties to their old levels and increased industrial tariffs abroad suggests that exports were less affected by the level of the duties than, among other general factors, inferences are, however, quite correct and the recent accusation of a reviewer that he "wildly exaggerated" the influence of the treaties is void of all foundation, although some important additions could have been made by consulting the data given by Hoffmann! Barkin's overall judgement that "it appears that the treaties provided the stability necessary for the German economy" seems unimpeachable.

169) Hoffmann, Wachstum, 151
170) *ibid.*, 531, 538. cf. also the more detailed discussion further above. Two factors have to be borne in mind: the upward price trend after 1895 and the method of ascertaining the values of exports on the basis of February price estimates and the introduction of a new method starting in 1906 (fully implemented for the first time in 1911) which has led to the - only partially justified observation that the value of exports before 1906 is given too high, that of imports too low. (cf. *ibid.*, 528/529, and further details and observations below for the period 1906-1911).
the stability of commercial relations for 12 years which was of paramount importance to the medium-sized factories in the finishing industries as much as to the large works in the basic material industries with their dependence upon steady employment and steady growth and their aversion to and inability of occasional peak performances. The continued protection offered by the modern intervention state permitted at the same time the full exploitation of the home market.\(^{171}\)

Little public attention was given to the treaties with Belgium and the other smaller states, as they did not touch any of the basic issues. Nonetheless the negotiations with Belgium and Switzerland were of great importance not only to the producers in the adjacent parts of Western and Southwestern Germany. Both countries were noteworthy trading partners. Their adhesion to the treaty system permitted above all to exert pressure on France; politically, their neutral status precluded firm arrangements, but it was evident that improved commercial relations would also have a political effect. German relations with both countries had in the past been very friendly (except for one incident on the Swiss border). The ill-humor created in Belgium by the ventilation of the partitioning projects in the German press during the "war-in-sight" crisis of 1875 had been short-lived and had in no way modified the old distrust of France on the part of most conservative Belgian politicians and civil servants belonging to a generation which had experienced undisguised French intentions upon the integrity and political independence of their country. The conservative and clerically tinted Belgian cabinets of the eighties and the mainly aristocratically oriented leading Belgian diplomats showed more sympathies towards the Russian than any other form of go-

\(^{171}\) Contemporary statements of the effect of exports on profits are available, but are, in view of the complexity of the interrelation of factors as well as their evident purposes, of a rather dubious value.
verment, reinforced during the nineties by the anti-clerical policies of the French governments and the fermenting suffrage issue in Belgium. 174)

The negotiations for a commercial treaty with Belgium—conducted jointly by Germany and Austria as desired by Caprivi—proceeded smoothly. The German delegation had only few requests to make, as Belgium’s liberal commercial policy did in no way impede imports. 175) As an industrially developed country lacking in natural resources with the exception of coal and zinc (which were also dwindling away) and without an adequate domestic market Belgium relied heavily upon the import of raw and semi-finished materials and the export of finished products. The Belgian tariff rates of for instance 0.20 francs per ton of pig-iron (as compared with 1.25 francs in Germany and a minimum of 3 francs in France) 177) and of 1 franc on a ton of rolled iron weighed

174) cf. the most recent account given by Franz Petri, Belgien, Niederlande, Luxemburg von der Krise 1867 bis zum Ende des I. Weltkrieges, in: Handbuch der europäischen Geschichte (ed. by Th. Schieder), Stuttgart 1968, VI, 466f.—For the sentiments of Belgian top diplomats, especially the various ministers to London and Paris and of Greindl, one of the most respected Belgian diplomats who represented his country in Berlin until 1912 (!), cf. their published reports in: Amtliche Aktenstücke zur Geschichte der europäischen Politik 1865–1914 (Die belgischen Dokumente zur Vorgeschichte des Weltkriegs), 9 vols, (ed. by Bernhard Schwertfeger), Berlin 1925.


little and Belgium was an important outlet for overproduction of the German and British, on occasion and in certain fields also of the French, iron industries, although it meant in the end an increased competition on third markets, which was, however, of more concern to foreign producers of finished articles in other industries. With regard to their German rivals Belgian industrialists were generally favoured by lower freight charges (on account of the geographic location as much as the transportation policies of the Belgian state railways), lower wages and were far less burdened with public and social charges.

The initiative towards negotiations was taken by Belgium. At the end of March 1891 Greindl, the Belgian minister in Berlin, saw Marschall in the AA and asked him whether the existing most-favoured-nation relationship between Germany and Belgium could not be replaced with a comprehensive commercial treaty. He motivated the step with the new French tariff and presented it as an attempt to assure Belgian products their market in Germany, emphasizing that the reciprocal lowering of specific duties should be done in such a manner as to make it impossible for France to derive any benefit from them. An agreement on these aspects was reached easily. Greindl’s major direct request was another matter: Germany was asked to commit herself not to favour German sea-ports at the expense of Antwerp - as France had just done with the introduction of a surcharge d’entrepôt - by lower railway tariffs or another form of preferential treat-

177) Germany continued to be protected against Belgium’s pig-iron. Although there had never been much of a prospect that Belgium would export pig-iron to Germany in any larger quantities, the Belgian delegates in the treaty negotiations made a, rather shy, request that the German import duties on pig-iron be reduced. (AE Bruxelles 2689-IX).

178) Some details will be given in another context below.
ment. Greindl admitted that this was a substantial measure and offered in exchange that Belgium would agree to build certain railway lines (mostly of a strategic value to Germany, so from Eupen to Dolhain) the construction of which had been refused in the past.\(^{179}\) The commercial department in the AA rejected the request with the argumentation that Belgian exporters were more dependent on the German market than Germany on Belgium and that "German transit trade could easily go somewhere else."\(^{180}\) The judgement was supported by statistical data which could in fact also be used to show the opposite, namely a strong German interest in bringing lagging German exports back to their former levels. They had amounted to 166.6 million marks in 1880 as against only 137 million marks in 1899, representing in both cases 5% to 6% of Germany's total exports. Imports from Belgium were given as 195 million marks in 1880 and 337 million marks in 1889, equal to 7% to 8% of total German imports. The data, and the latter in particular, unquestionably included an undeterminable share of the transit trade. Total transit to and from Germany according to the - notoriously unreliable - Belgian statistics was 279/411 million marks in 1884; 544/544 (?) million marks in 1888. All negative considerations on the German side were at any rate outweighed by the prospect of a trade treaty with Belgium as a means of pressure - and actually the only one - upon France. Greindl's initiative suggested that Belgium would use the tariff positions which would deliberately not be fixed in the future German-Belgian arrangement in negotiations with France to obtain French concessions which would, in view of article 179) DZA II- C XIII 9, no. 9a, vol. 1, 3f.: note by Marschall 19.4.91, Marschall to commerce 3.5.91, note AA (n.d.), commerce to Caprivi 20.5.91, Mentzingen (Brussels) to Rk 19.9.91 -DZA I-AA 8906, 128/129. 180) Note by Johannes, spring 1891, DZA I-AA 8908, 53f., figures after ibid., 140/141.
11 of the peace treaty, automatically also accrue to Germany.\(^{181}\)

The negotiations were apparently conducted under primarily these aspects and the number of reductions in the duties both sides conceded each other was in the end very small. The German negotiators agreed to 39 reductions, the Belgian delegation which had to offer little and to defend less to positions interesting France more than either Germany or Belgium were not discussed at all. Belgian concessions affected mainly the import of beer, pottery and sheep from Germany - the latter, at an average yearly value of 4.5 million marks, at the insistence of the German government as proof that the interests of agriculture had not been neglected.\(^{182}\)

The majority of Belgian refusals were in textiles. The Belgian textile industry, one of the main industrial sectors in the country's economy, was protected only moderately, and in view of an increasing agitation for a transformation of the ad valorem into specific duties the Belgian government declared itself not in a position - which was fully acknowledged by the German minister to Brussels - to consent to a further reduction of the duties on textiles and silks as they were extremely likely to imperil the passing of the entire commercial treaty with Germany in the chamber.

\(^{181}\) This was, despite of "ifs, whens, buts" and obscure wording the tenor of most memoranda, cf. esp. DZAI-AA S\text{9}0\text{8}, 6\text{0}f., memoranda (n.d.) of April and May 1891.

\(^{182}\) The final results have been described in Ehm 2\text{5}f.; Lotz, Handelspolitik unter Caprivi, 8\text{1}f. - Belgian lists of the line of conduct for the negotiators in Brussels in AE Bruxelles 2689-IX. 269\text{0}f. - The AA notified the Belgian foreign office explicitly to reserve positions for future negotiations with France, DZA I-AA 8\text{8}6\text{8}, 4 note AA 12.\text{4}.\text{9}2; AE Bruxelles 2689-IX, note AE for foreign minister 9.2.\text{9}3. - The suggestion that Germany ask for Belgian reductions in the duties on beer came from the Belgian minister in Berlin (DZA I-RdI 3347, 262/263, AA to RdI 31.7.91) to forestall a manifest German desire for a reduction of the Belgian duties on "spirits" (Branntwein) to pacify the distillers in rural Prussia who were allegedly hit hard by the recent changes in the taxation of spirits in Prussia (ibid., 252\text{ff}.). -
ber. 183) The German delegation desisted and the Belgians in exchange agreed to facilitate the importation of sheep. The German reductions concerned mainly agricultural products, in conformity with Caprivi's concern for the urban workers (chicory, fruits and vegetables, the latter now duty-free) 184) and Germany's military preparedness (on heavy draught-horses not bred in Germany and of necessity to the artillery; during the following ten years an annual average of 22,000 horses were imported from Belgium, second only to the 36,000 imported yearly from Russia). 185) The further reductions affected sporting guns, one of the specialties of the region around Liège, and some products of the small-iron industries.

The actual wrestling, most of it within the German offices, was about the transit question. It was important enough as a matter of principles even without consideration of the large volume of transit trade in both exports and imports via Antwerp. The Belgian request for the termination of the autonomous policy of the so-called exceptional freight tariffs to German sea-ports (individually, in the place of flat rates) 186) would have restricted the freedom of decision in the Prussian ministry of public works and would clearly

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182) Details of the negotiations, which are of no direct interest in DZA I-RdI 3348, period reports of the German commissioner who was apparently not fully initiated in the tactical considerations and was one of the very few disappointed with the results ("only 7 reductions", cf. his final report 29.9.91, DZA-IAA8910, 143f.).

183) Several volumes (1) in the files of the commercial department of the AA are filled with material pertaining only to "polishing cloth made of cotton". — Alvensleben to Caprivi 22.11.91, DZA I-IA 8912, 58f., note AA 24.12.91, ibid., 260f.

184) Vegetables were mainly grown in the province of Ghent, one of the mainstays of the governing party; it was also the centre of textile industry and of the movement for the transformation of the Belgian tariff.

have favoured Antwerp which was so much closer to Southwestern and much of Western Germany than either Hamburg or Bremen. It was complained that a considerable part of South Germany's overseas trade was already directed via Antwerp in spite of the "exceptional sea-port tariffs" (so the official classification) to Northern Germany. The Belgian offer of reciprocity was, of course, without value. Greindl revealed the full implications only at a late date: both countries were to bind themselves not to conclude similar arrangements with either the Netherlands or France. At this point all imperial offices and Prussian ministries concerned with the matter forgot their disputes and agreed that a German consent was completely out of the question, whatever the consequences to general political German-Belgian relations. Any advantage derived from an arrangement on the basis of the Belgian proposals would have been in no relation with the material damage to German ports, to the Prussian state railways in their endeavours to attract South German exports to their lines and to German-Dutch relations, quite apart from the loss of the opportunity to exploit the competitive constellation between Rotterdam and Antwerp. The final agreement was a confirmation of the status quo: both governments agreed not to introduce any surtaxe d'entrepot (and both did not have any reason to do so); Germany consented not to extend her preferential import duties on articles

186) The tariffs will be discussed in another section below. It deserves to be noted here that the Prussian railways granted special tariffs to both German and foreign sea-ports individually. Greindl's request was apparently not correctly reproduced in Marschall's note more than two weeks later.

187) This passage makes it clear that the necessity to approach Germany must have been felt strongly and that the proposal was not only prompted by Belgian-Dutch competition for their natural hinterland but also by the French surtax which levied additional duties on goods imported into France via foreign ports.

188) DZA I-AA 8912, passim, esp. 31f., 40, 155ff.
imported by sea (mainly salt, slate and building stones), while Belgium, which did not have any, bound herself not to introduce any. The actual importance of the railway tariff agreement was then primarily, like in the German-Austrian treaty, that both parties promised to treat each other's nationals as "inlanders", without excluding in fact the possibility of differential measures.

The passing of the treaty in the Reichstag was not expected to meet with any particular difficulties. In Belgium, the Chamber of Commerce in Antwerp endorsed the arrangement in all respects, but was rather isolated against a general opposition. The Francophile boulevard press saw Belgium already on the road towards membership in the Zollverein and in the grips of Prussia-Germany, but also moderate voices warned of too close an affiliation with the German Empire either because it might amount to "a veiled entry into the Zollverein" which would be a political mistake or because it would be a commercial error since the future of Belgian trade was not in Germany but in the Balkans and the strongly developing countries overseas (Central and South America). The AA took great pains to instruct the leader of the German delegation "to assure the Belgians that these apprehensions are completely unfounded".

Of a serious nature was the opposition of protectionist circles (insofar as Belgian conditions allowed such a characterization), well-represented in the chamber in particular in defence of the interests of the textile industries, which tied the commercial treaty to their own specific endeavours and threatened to obstruct the

190) after newspaper clippings in DZA I- AA 8910
191) ibid., "Etoile Belge" No. 236, 23.8.91; "Réforme" No. 113, 22.4.91. - AA to the leader of the German delegation 29.8.91, ibid., 98.
deliberations by parliament unless the government consented to the conversion of the tariff and unless the German government gave its approval. The commercial committee of the chamber accepted the treaty by a vote of only 4:3 and the cabinet set great value upon a joint communique to be transmitted to the chamber and entered into the records of the negotiations that the German government granted the Belgian government the right to convert the duties on textiles which had been fixed in the treaty subject to German approval. After the close vote in the commercial committee neither government was prepared to run any further risks. The report to the chamber was assigned to the brother-in-law of Capelle, the head of the commercial department in the foreign ministry and at the end of January 1892 both the chamber and the senate passed the treaty by an in fact overwhelming majority.192)

It is debatable whether the Belgian treaty was a complete success. After the termination of the official negotiations members of the Belgian cabinet continued to emphasize in their conversations with German diplomats how much the new French tariff would harm them. It was in fact passed only on January 11, 1892, but in the summer and fall of 1891 the outcome was not doubtful. Lambermont, the secretary general in the Belgian foreign office, repeated once again that "the French tariff (is) virtually ruinous to some branches of Belgian industry." Beenaert himself told Alvensleben as a generally respected friend of Belgium that the German/Austrian-Belgian

"treaty would always be only a "petit traité", while he had been hoping that through it compensation would be found for the wounds inflicted upon Belgian commerce by French commercial policies and that at the same time sympathies would be turned away from France!"

During the negotiations the German legation in Brussels had repeatedly urged that Germany meet the Belgian requests fully to prevent the fall of the pro-German cabinet and the restoration of French influence. Although much of this was a deliberate overaccentuation, the position of the Belgian cabinet was indeed not particularly secure. The reaction in Berlin to the recommendations is not documented. The commercial division in the AA was at any rate only concerned with the bargaining process as such; the political division abstained from any intervention, but was, as the transit-issue showed, not at all prepared to make any significant sacrifices, either. The press department received only once the instruction to work upon public opinion. In August 1891 the Norddeutsche Allgemeine Zeitung carried an article in reply to the apprehensions of a German intention to press Belgium into the Zollverein or a similar economic federation with the observation that it was only natural for a small country to seek commercial treaties with other countries, particularly so in view of French policies (against which the German-Belgian negotiations were, of course, in no way directed). 194)

193) Mentzingen to Caprivi 2.9.91, DZAI-AA 8910, 11of., -Dto., 2.10.91, ibid., AA 8911, 161, -Alvensleben to Caprivi 15.11.91, Alvensleben to Marschall 16.11.91, ibid., AA 8912, 25f.

194) After newspaper material in DZAI-AA 9387, AA 9388 and A.N. Paris F 12-6442, 6481. A survey is given by Poi-devin 104f. for those carried in French papers, with a reference to the article in the N.A.Z.—In France, those papers and publicists which had previously supported the idea of a European customs union or economic league (XIXe Siècle, Paul Leroy-Beaulieu) blamed the French protectionists for these effects. It is noteworthy that also the French diplomats and consuls in Germany, headed by Heroude, the ambassador, never failed to denounce French over-protectionism. Jacquot, the consul in Leipzig, wrote to Paris that the French refusal to join the projected European customs federation would create a union against her. In addition to Germany's triple alliance partners also Belgium and Switzerland were about to join in a concerted effort to undermine the commercial strength of France. Jacquot to AE 8.12.91, AN Paris, F 12-6442.
The essentials and objectives of German policies - however tentative and long-range they were as "music of the future" - were assessed quite correctly abroad. Wilhelm II, proved himself to be the most ardent and indefatigable champion of the concept. The first concrete evidence dates of 1892, when he told Eulenburg on his Northland trip: "I hope Europe will gradually come to realize the fundamental principle of my policy: leadership in the peaceful sense - a sort of Napoleonic supremacy - a policy which gave expression to its ideas by force of arms - in the peaceful sense." 195)

In subsequent years the Hanseatic representatives in Berlin reported in retrospect repeatedly on the basics of Caprivi's commercial policies and the support it was given in all its aspects by the emperor. In the summer of 1896 Mayor Pauli of Bremen had a conversation with Brefeld, the Prussian minister of commerce, and "gained the impression that the emperor is still clinging to the idea" which had been guiding Caprivi as a long-term objective in his foreign policy.

"It may be summarized briefly that it ought to be the endeavour of the states on the European Continent to come to a customs and commercial union capable of counteracting the obvious English intentions to create a customs union between England and her colonies and also the endeavours of the United States to form a united economic area on the entire American continent. It goes without saying that a disclosure of such far-sighted plans would be likely to thwart their realization from the beginning. They will therefore have to remain unsaid - but nothing will be done that would be working against them, above all not a termination of the commercial treaties by this side."

In 1900 the acting Hanseatic minister to Berlin wrote on the policies inaugurated in 1892: "It was well-known that the emperor was quite in agreement with the guiding ideas of the chancellor and was primarily guided by the conception that the conclusion (of the commercial treaties) would lead to an economic union of the European Continent on the model of the German Zollverein against the growing economic power (sic!) of Great Britain and the United States." 196)

It stood to reason that the leading role in such a league would automatically have accrued to Germany on account of her economic and political power and that the German potential in population, military and industrial resources would have ensured the Empire's hegemony. With regard to Western Europe Caprivi had achieved at least the tangible result of a commercial re-orientation of Belgium, after the ground had been prepared by the French move towards increased protectionism and the proclivities of the Germanophile conservative-clerical Belgian cabinet. The secondary objective of using the German-Belgian trade treaty to exert some form of pressure on France was, however, not attained and with it fell, for the time being, the prospect of either leading France back to a more moderate commercial policy or forcing her to reduce some of the more heavily felt import duties in a treaty with Belgium. At the beginning of 1892, and shortly after the break-off of commercial negotiations with Spain, the French government approached the Belgian cabinet, stating its readiness to conclude a commercial treaty (to be renewed annually) under the terms of which France would grant Belgium her minimum tariff in exchange for a most-favoured treatment of French products in Belgium. Brussels rejected the offer, but was, on the other hand, not prepared for an engagement in a tariff war in the Swiss manner. A royal decree of January 30, 1892 granted France the Belgian conventional tariff under the condition that imports from Belgium were given a most-favoured treatment in France. The French accepted, establishing a relationship that was extremely insecure and could be changed any time. The "conventional element" which

196) Report by Pauli 15.7.96; report by Klügmann 13.10.1900, here after Beutin, Bremen und Amerika, 312. (it is hardly necessary to examine these largely second-hand reports too closely and to point out some inconsistencies, but they are unquestionably a fairly adequate illustration). Before the preferential tariff movement had begun in Britain, "circles close to" the emperor predicted that Europe "would be economically outstripped by America and Asia" unless a common economic area was formed on the Continent.
the French government had promised to retain in commercial relations was completely absent; both countries granted each other most-favoured-nation status not only autonomously but also without any further consultations with each other. Both sides temporized and Beernaert told Alvensleben that this gave him time to reflect on the readjustment of Belgian-French relations.

"It would be very desirable simply to let the new French tariff be effective for some time, for it would unquestionably result in such an increase in prices that it would be impossible to maintain it." 197)

A few weeks later Beernaert introduced a bill providing for the revision of some tariff positions and for additional measures in support of Belgian industrial producers: a reduction of railway tariffs and a cut by 50% in the port duties levied in Antwerp and the lowering of the import duties on cast iron and scrap iron, while increasing at the same time the duties on some items of interest to France which had deliberately not been fixed in the treaty with Germany, affecting mainly slate, silk and textiles (although at a level below that demanded by the interested industries) and giving certain guarantees that they would not weigh too heavily on imports from Germany. In the end, however, none of the, in the main only slight, changes had any noticeable effect. Even trade with France did not suffer to any marked degree in spite of the insecurity of relations and the commercial orientation on Berlin. A year later, at the beginning of 1893, Beernaert admitted to Alvensleben that

"although he was very reluctant to say so openly, Belgian trade with France was still quite satisfactory, as the high customs duties had increased domestic prices to such an extent that Belgian products had remained competitive."

Belgian exports to the United States equally showed little

In Germany the treaty with Belgium drew generally little attention and was also received without much enthusiasm by the Rhenish chambers of commerce who did not omit to stress that most concessions made by Belgium were in the country's own interest and that of Antwerp in particular. The textile industries were rather disappointed and even the West and Southwest German iron industries largely abstained from commenting upon the Belgian reductions. At a later meeting of the VdEST the representatives - some of them obviously still resenting that only few industrialists had been consulted before the negotiations, while the industrial associations had not been asked for their opinions at all - had little praise for it, since the Belgian concessions had been "of little importance." The details of the Belgian treaty were entirely in the shadow of the basic issues. The assurances given by the CVdI at the time of the Reichstag discussions of the treaties with Austria, Belgium, Italy and Switzerland (those with Roumania and Serbia were to follow at a later date) that the system of the protection of national labour inaugurated in 1879 had stood the test was a clear demonstration that it did not have any intention of abandoning the alliance with the Junkers against the fourth estate.
after the business interests of big industry had been secured. The attitude was of particular importance not only in view of Caprivi's pro-industrial course and his recognition of Germany as "an agricultural and industrial state", but but mainly with regard to his "new course" of attempting to use this policy towards an adjustment of socio-political tension and his professed intention of achieving a reconciliation of the "masses of the urban workers" with the existing social order and the monarchy. Already in the government crisis of 1892 it became, however, apparent that the effort would fail, not only, but also because it entailed a pronounced orientation towards the bourgeoisie as the promoter of industrial progress and economic strength.\textsuperscript{201} Elements survived, however, in the commercial treaties. Among them, as Caprivi expressed it to the Hanseatic minister in the summer of 1891, the consideration that "a suppression of socialist agitation would be attained best, if one succeeded in creating calmer and more stable conditions in Europe's economic life by closer commercial relations between the states."\textsuperscript{202}

The agrarians, however, responded to the Caprivi-tariff with their own agitation, and when the good harvests in 1892 caused a marked decline in the price of grain, the radical section took up arms and organized itself in the "Farmers'League" (Bund der Landwirte-BdL) directed against Caprivi's economic policy and the "over-industrialization" of Germany with an anti-semitic invective of the "golden internationale" (February 1893), while the conservative party answered with the equally uncompromising Tivoli-programme of December 1892.\textsuperscript{203}

\textsuperscript{201} Rudolf Stadelmann, Der neue Kurs in Deutschland, in: GWU 4/1953, 525f.
\textsuperscript{202} Klügmann to Petersen 13.6.91, Vagts I, 41.
\textsuperscript{203} cf. above n. 163 and Barkin 60f. -- on the farmer's league apart from Puhle and Tirrell mainly Erwin David, Der Bund der Landwirte als Machtnstrument des ostelbischen Junkertums, 1893-1920. Diss. phil., NS, Wittenberg 1967.
the military bill—returned, as expected, the old cartel parties to a parliamentary majority. The decimation of the radical liberals from 66 to 37 seats increased Caprivi's difficulties of securing the passing of the other trade treaties, notably that with Roumania. While the "alliance of rye and iron", barely held together by the common front against the domestic enemy, was noticeably weakened by the support of all industries for the treaties and the opposition of the conservatives to them, the appointment of Botho Eulenburg (who had, as minister of the interior, been largely responsible for the preparation of the anti-socialist laws in 1878) as Prussian minister president in 1892 signified the beginning of an again strictly conservative course in Prussia, increasing the tension between the state and social-democracy. The success of the socialists in the elections of 1893—they increased their seats from 35 to 44—caused new restrictionary measures to be taken into consideration.

By this time Caprivi, in his rejection of a coup, be it as "Staatsstreich" or "Reichsstreich", was no longer averse to a military showdown with other powers that would hopefully improve not only Germany's position between Russia and France but also the situation at home. At the end of July 1893, fourteen days after the military bill had been passed in the third reading, the chancellor commented Hatzfeldt's report on the possibility of war between France and Britain over the Siam incident and its extension to a general conflagration with the note that

and, although in large sections purely apologetic Ursula Lindig, Der Einfluß des Bundes der Landwirte auf die Politik des Wilhelminischen Zeitalters, 1893-1914, unter besonderer Berücksichtigung der preußischen Verhältnisse, Diss. phil., MS, Hamburg 1954.

"From the point of view of domestic politics war would not be unwelcome, if it could be given a very popular motive. Militarily, it is welcome now as at any other time." 205) A year earlier considerateness for Germany's military preparedness and the judgement of Count Schlieffen, the new chief of the general staff, that "the war with France will be a tough and a long one and only few forces will be available for the defence of the other frontiers of the Empire"

had prevailed upon the chancellor to consider the outbreak of a war on even one front only as most undesirable. Already in his first memorandum of April 1891 Schlieffen ventilated the idea of outflanking the French line of fortresses by an attack through Belgium. 206) Still, both were extremely reluctant to take the initiative, although an occasion could easily have been construed.

German-French relations had hardly improved since the events of 1891 and both sides did not show any particular eagerness to create a better atmosphere. When the French prepared for a Franco-Slavic gymnastic meet at Nancy close to the Alsatian border, Caprivi asked the AA, in the summer of 1892, for advice on how "(we can) express our displeasure to France without declaring war." 207) In the fall of 1892 colonial frictions

205) Note by Caprivi on Hatzfeldt to AA 31.7.93, GP 8, 1753
206) cf. above n. 140, -Kriegsrüstung, 53, -Gerhard Ritter, Der Schlieffenplan, Kritik eines Mythos, München 1956, 20, -Also French military circles took an outflanking of their defence-lines by German troops into consideration; Bernhard Schwertfeger, Der Geistige Kampf um die Verletzung der belgischen Neutralität, Berlin 191, 10ff, -W. Foerster, aus der Gedankenwerkstatt des deutschen Generalstabes, Berlin 1931, 28/29.
207) Note by Caprivi 25.5.92, GP 7, 1584. - It may be noted that Waldersee, no longer with the general staff and out of contact with the AA, viewed the situation very calmly in 1892, in striking contrast to his attitude in the preceding years. He did not think that a war was near and did also not spend any thoughts on the feasibility of a march through Belgium. - Waldersee II, 267, 318.
between Germany and France - a dispute over demarcation lines in the hinterlands of the Cameroons - threatened to attain larger proportions. The basically anti-colonial Caprivi was outspoken in his warnings to the AA not to push matters too far.

"As long as we still have to face the settlement of accounts with regard to Alsace-Lorraine, we shall do well to avoid situations which may lead to embroilments with France in which the position of our allies and moreover also that of England would at least be uncertain." 208)

While Münster in Paris, certain that the military bill would be passed as the "best cold water ... which would very much impede the hand of the French, militarily and politically", smashed his fist on the tables at the Quay d'Orsay "that the inkstands were wobbling" 209), Caprivi preferred to enter into negotiations, against the wish also of the colonial department in the AA. The French responded dilatorily and the talks opened rather late. They were concluded with a treaty on March 15, 1894, after a similar German-British arrangement in November of 1893 had promoted the readiness of a new French cabinet under Casimir-Périer (since December) to reach an agreement with Germany. 210) The Siam crisis, to which Caprivi had reacted so quickly, had blown over without exerting much of an influence on the French decision on the Cameroons question. The stronger were its long-run effects upon German foreign policy.

208) Note by Caprivi 19.9.92, GP 7, 1589
209) August Keim, Erlebtes und Erstrebtes, Hannover 1925, 70. Keim, as general later the president of the Flottenverein and co-founder of the Wehrverein in 1911, was at the time Caprivi's closest military collaborator in the preparation of the army bill. On the general situation and the relative composure of the AA cf. Jakobs 158/159 (although, in the end, with an incorrect analysis). On Caprivi's public argumentation for the army bill (in the Reichstag on 23.11.92 and 11.1.93) and the probability of a Franco-Russian military agreement (although it was ultimately considered immaterial whether one existed or not) cf. GP 7, 418n. and Nichols, op.cit.
Also in 1892/93 Caprivi told Tirpitz, at the time in the high command of the navy, that "only after the psychologically necessary war with Russia, which will be joined by France" could Germany think of creating a strong fleet. Of particular relevance in the present context are neither the technical aspects of the question (which were well known to Caprivi as former head of the admiralty office) nor the conviction of the inescapability of war, but again the correlation with the basic domestic problems. The formation of strong navy plans were already under discussion had to be deferred on account of the likelihood of increased friction with Britain and the necessity of reserving the financial resources available for the army. When Caprivi stated his readiness to go to war at the time of the Siam crisis, he added for the instruction of the AA:

"For us, the most desirable beginning of the next great war would be, if the first shot is fired from aboard an English vessel. We would then be assured of being able to extend the triple to a quadruple alliance. ... Hence: first engage England irrevocably, but then also - depending on whether Russia will join the game or not - let all triple-alliance powers or Italy and Germany proceed. This is what is militarily correct, and we must act diplomatically accordingly." 213)

As in the late Bismarck years the British government - this time the liberal cabinet under Gladstone - reacted extremely reservedly to German feelers. In a fundamental decision Marshall and Holstein concluded that the tactics had to be changed and that they had to wait until they were approached: Germany could wait; the nature of circumstance would compel Britain "to come". 214)

Caprivi's European-centered policy and his preoccupation with the Franco-Russian alliance advised an arrangement with Britain,

212) See the first chapters in Berghahn, Tirpitz-Plan.
213) Note by Caprivi on Hatfeldt to AA, 31.7.93, GP 7,1753 (cf. above n. 205).
but he was unable to assert himself against the forces demanding for Germany "a place in the sun", not only in the public — so in the formation of the Pan-German associations as a reaction to the chancellor's "renunciation of colonial policy" or in the activities of the colonial societies —, but also within the imperial offices. Shortly after Caprivi's feeler in London, German and British interests clashed over Samoa in the fall of 1893 and over railways in Africa in the next year, introducing a new element into international relations for which the seeds had been planted ten years earlier: Anglo-German competition and rivalries. 215)

Official contacts between Berlin and Paris benefitted from the African embroilings. Already the Cameroons issue had evoked some hopes in certain sections in the AA, while the day of the Russian naval visit to Toulon was awaited in a fever of anticipation 216), that colonial questions could be used as a lever against the Franco-Russian tongs, because "the colonial party in France has been downright desirous of approaches to Germany." 217)

Caprivi's anti-Russian conception had by this time, however, already been undercut by the necessity of coming to some form of commercial arrangement with the neighbour in the East, Wilhelm'. II's personal policy did its part in shifting the foundations. In January 1893 the emperor approached 218) Nicolai, the heir apparent, stressing the general identity of the interests of the triple alliance with those of Russia and advertising his endeavours to create conditions conducive to a concerted European action against the Pan-Americanism of

215) Anderson, Background of anti-English feeling, passim.
216) Caprivi to Marschall, GP 7, 1530, -Münster to Caprivi, ibid., 1533
217) Marschall to Wilhelm II. 16.1.93, GP 8, 2021, and also later Marschall to Hatzfeldt 17.4.94, Hatzfeldt to Caprivi 23.4.94, ibid., 2023, 2025 (The term "approach" chosen for the translation reads "Annäherung" which may of course be interpreted in various ways.).
218) Note by Marschall 25.1.93, GP 7, 1526.
the United States which menaced important European markets - though, in fact, hardly those of Russian producers, who suffered mainly from Bismarck's grain tariffs and whose exports were now in an even greater danger of being reduced by the privileges granted to Austria and Roumania in the recent commercial treaties with Germany from which Russia was to be excluded. Russia was at the time contemplating further revisions of her tariff, but promised, a few weeks after the emperor's visit, that German industrial products would not be touched by them, if Russian products were allowed entry into Germany at the tariff rates fixed in the Roumanian treaty of the preceding year. Russia wanted, in other words, either a most-favoured-nation treatment or a trade treaty. In March the AA submitted a list of German wishes with regard to the Russian tariff, but rejected Witte's request, quite apparently as a demonstration of dissatisfaction with the Russian method of spiralling duties, under which German exports to Russia had dropped from 220 million marks in 1880 to 125 million marks. A brief, but acrimonious tariff war followed during which Russia applied the rates of her maximum tariff (which were, on an average, sixty to one hundred per cent above the general duties, while Germany replied with her "Combat rates" levying a surcharge of 50% on imports from Russia. The un-tenability of German-Russian relations on this basis was evident from the beginning. Discussions on a settlement began in October 1893 and ended with the provisional signing of a commercial treaty in February 1894. 219) In a crown council Caprivi defended his decision which signified an end to the Borchem proposals and the original intention entertained by himself and Goering, his closest collaborator in the chancellory, of directing the treaty system against Russia. Caprivi pointed to Germany's languishing industrial exports

219) The development since 1890 after GP 7, 1626ff. - cf. for 1893/94 DZAI-RdT 15168
to Russia and the impossibility of a differentiation against Russian grain which, if not admitted to Germany, would flow onto the world markets, causing an oversupply and a general fall of prices likely to hit German agriculture harder than the reduction of the German duties. The chancellor also accommodated himself to the emperor's desire for a reorientation that would support Germany against Britain and, on the basis of the principle of "monarchic solidarity", against the socialist peril. The crown council was concluded with a generally expressed hope of an improvement of relations between Germany and Russia and a slackening of those between Russia and France."

The commercial treaty and the revocation of the Lombardverbot strongly improved German-Russian relations. After 1890 imports from Britain had taken the first place in Russia's foreign trade. They were soon again surpassed by those from Germany. The simultaneous reintroduction of higher grain duties in France, now even surpassing the levels prior to their reduction, were of additional assistance to Germany. Münster, perceiving that in France "Russia is increasingly vanishing into the Northern mists", did not think that a "true rapprochement" between either Russia and Germany or France and Germany was near, but saw a good chance of terminating at least "this state of war in times of peace" - repeating time and again that "Alsace-Lorraine will be forgotten after some time"-, if the Wilhelmstraße only would break completely with the methods employed under Bismarck and would above all make a serious attempt at bridling the German press. His was a moderate optimism which did not appear unjustified in view also of the hot-house atmosphere in France with the Panama-scan
dal, the assassination of President Carnot in June 1894 and the beginnings of the Dreyfus affair. To Münster this situ-

220) 18.2.1894, ibid., 1666, cf. Treue, Landwirtschaft, 90
221) AA Bonn, Deutschland 142 Nr. 1., secr.
ation imperatively indicated the need for some rest and smoother relations of France with her neighbours. If Russia, did not want war, he held, France would keep quiet, as another 1870 and the victory of "anarchism and socialism" were dreaded little less than the return of a victorious general.\textsuperscript{222)}

Under Hanotaux as foreign minister who directed French activities and public attention again into colonial waters, the prospects for Germany further improved. Britain's African railway project and the revival of the discussion of the delineation of the Congo Basin promised another Franco-German understanding. When the Anglo-Congolese treaty - in violation of the Congo Convention of 1884 - substituted British for Congo Free State territory next to German East Africa, the German government protested not only strongly in London but took the initiative in requesting a common Franco-German stand in defense of the legal \textit{status quo} in Central Africa. Hanotaux was completely willing and prepared to adhere to such an action bound to strengthen also the French position in Africa.\textsuperscript{223)} The so-called "little colonial entente"\textsuperscript{224)} was, however, as ephemeral as its predecessor and did in fact not

\textsuperscript{222)} Münster to Caprivi 12.2.1894, GP 7, 1604,-dtos., 5.7.94, \textit{ibid.}, 1608.-cf. also Herbette to Hanotaux, DDF I, 11, 223 (Münster's reports on the situation retained their tenor-AA Bonn, Frankreich 102, vol. 14f.- and will be referred to only occasionally in this presentation.).- See Michon, \textit{Sof.} on the instrumental value of the Franco-Russian alliance in the combat of socialism and, conversely, the possibility to present socialism as a menace to the stability of the alliance.- There is little new in Th. M. Iiams, \textit{Dreyfus, Diplomatists and the Dual Alliance, Gabriel Hanotaux at the Quai d'Orsay (1894-1898), (Etudes d'histoire économique, politique et sociale, t. XLII), Genève 1962.}

\textsuperscript{223)} Kayser, the head of the colonial department in the AA, approached the French ambassador, emphasizing in particular the need for a common stand against Rhodes' Cape to Cairo plans; Herbette to Casimir-Périer 28.5.94, DDF I, 11, 114.- Hanotaux to Herbette 17.6.94, \textit{ibid.}, 151,- note by Mischall on a conversation with Herbette 13.6.94, GP 8, 2049,-cf. also Brandenburg, 66.
even deserve the qualifying adjective. When Britain gave in to German protests and relinquished the treaty with the Congo Free State, Germany merely adhered to the letter of the agreement with France, quite in accordance with the conception of throwing in Morocco as an apple of discord without actually mingling in the British-French dispute. At the time of Caprivi’s dismissal Marschall was rather confident of future developments, for "already the present state of affairs shows a rapprochement between Germany and France which could not have been foreseen two years ago, and the value of a France no longer irreconcilably hostile to Germany ... is also a very great one for Russia," 224a)

Much was wishful thinking. For the lack of a more material basis and an outspoken German reluctance to make any concessions to the French exchanges of noncommittal courtesies constituted once again the essential aspects of relations. Not all of it was welcome in Paris and considerable effort was spent in a diplomatic wrestling of whether France should accept an German invitation to send warships to Kiel on the occasion of the inauguration of the Kaiser-Wilhelm Kanal in 1895. 225) When the French government finally consented, under strong pressure from Russia, the AA congratulated itself on having scored a major success, while public opinion in France interpreted the decision of their government - on the eve of the 25th anniversary of the outbreak of the war of


224a) Marschall to Hatzfeldt 16.11.94, GP 9, 2162, -cf. also as confirmation Münster to Hohenlohe 27.11.94, ibid., 2165, Hohenlohe to Eulenburg 13.12.94, ibid., 2169.

225) There is a wealth of diplomatic correspondence entirely out of proportion with the relevance of the issue, cf. mainly AA Donn, Europa Generalis 88, Bd. 1, notably Münster to AA 4.3.95 (also GP 9, 2344), 15., 26., 28.5 95, ibid., Bd. 2, - For the French side primarily Hanotaux to Montebello (Petersburg) 27.2.95, Montebello to Hanotaux 8.3.95, Hanotaux to Herbette and Montebello, DDF I, 11, 388-400.
1870/71 and at a time, when the German military attaché in Paris had prepared another charge exploding with the beginnings of the Dreyfus-affair\textsuperscript{226}) - as yet another demonstration of the firmness of the union with Russia,\textsuperscript{227}) as it was soon again underlined by the presence of Prince Lobanoff and General Dragomirov at the French fall maneuvers close to the German border. The event was taken rather calmly by Schoen, the chargé d'affaires in Paris\textsuperscript{228}) while his superiors in Berlin and the emperor in particular viewed it with less composure. Wilhelm II. immediately asked for the completion of the fourth battalions (in the context of the recent army law), for "one cannot just sit and watch how hostile neighbours are tightening the noose", while he was on the other hand about to send the tsar one of "his composed paintings" (Eulenburg) illustrating the "yellow peril" and requesting the Russian ruler to "keep those damned rascals in order and make them sit still", since it was entirely absurd "to fight in Europe instead of for it against the East."\textsuperscript{229}) The emperor's idiosyncrasies and his rôle as "agent provocateur" (Holstein)-"it has unfortunately been proven that H.M. has, for all his brains, been denied the gift of political tact"\textsuperscript{230}) - did certainly not alleviate the task of the AA. The influence of his marginal notes upon the decision-makers in the office will have to be determined on the merits of the individual case\textsuperscript{231})

\textsuperscript{226}) Münster to Hohenlohe 13, 12, 94, - Schoen to Hohenlohe, 9.3.95, GP 9, 2331, 2346 and Ernst-Otto Czempiel, Das deutsche Dreyfus-Geheimnis, München 1966.

\textsuperscript{227}) Carroll, French Public Opinion, 162f.

\textsuperscript{228}) Schoen to Hohenlohe 20.9.95, GP 9, 2320, with the observation that there was "a long way to go" until friendly relations between Germany and France could be established; it would certainly not occur in "the foreseeable future."

\textsuperscript{229}) Note by Eulenburg, beginning of October 1895, GP 9, p. 365/366; Wilhelm II. to Nicolai II. 26.9.95 (English in the original), note by Eulenburg 13.10.95, \textit{ibid.}, 2323, - Eulenburg to Hohenlohe 27.9.95, BA Koblenz, NL Eulenburg 38, 651/652.

\textsuperscript{230}) Holstein to Eulenburg 21.12.95, here after DZAI-NL Holstein 6, 68-71.
it had none on German French relations in the period under
discussion. His slighting of "the in fact existing Franco-
Russian alliance as a quantité négligable" was an "opinion
which He shares only with himself,"[232] his repeated requests
for the retirement of Münster were disregarded and his per-
sonal acts of courtesy towards France were of little re-
levance, as they did not touch any of the basic problems.
The "little colonial entente" of the fall of 1894 and also
the so-called East Asiatic triple alliance of the spring
of 1895 had been of only ephemeral relevance. In China, where
Germany and Russia had been joined in their opposition to
the terms of the Peace of Shimonoseki by France in an attempt
to prevent a Russian extra-tour, the hope of further arrange-
ments was dashed by the question of the Chinese loan.[233] Re-
viewing the general situation, Herbette in Berlin acknowledged
that the atmosphere was not at all conducive to "a policy of rapprochement" by the French side and he advised to avoid
all further diplomatic contact with Berlin on any world-wide
issues.[234]

231) cf. E. Thoma, Der Einfluß der Randbemerkungen Bismarcks
und Kaiser Wilhelms II. auf die deutsche auswärtige Po-
itik, Diss. phil. Tübingen 1930, Lydia Franke, Die Rand-
bemerkungen Wilhelms II. in den Akten der auswärtigen
Politik als historische und psychologische Quelle (Samml-
ung Heitz, Band 1), Leipzig-Strasbourg-Zürich 1934,
P.G. Thilen, Die Marginalien Kaiser Wilhelms II., in:
Die Welt als Geschichte 20/1960, 249f.

232) Holstein to Bülow 8.11.95; Fürst Chlodwig zu Hohenlohe-
Schillingsfürst, Denkwürdigkeiten aus der Reichskanzler-
At the end of September, however, when his adjutant Moltke
had returned from his special mission of presenting the
painting to the tsar, the emperor expressed his conviction
that "the Russians have an "entente" with France"
which was aimed at Germany; marginal note at the end
of September 1895, GP 9, p. 369. Still in December Münster
considered public references to an alliance by French
ministers "hoodwinking". Ibid., 2367.

233) cf. Poidevin 76f.
234) Note by Herbette 27.4.95, MAE Paris, Allemagne NS 26, 5.
-cf. also the note by Humm von Schwarzenstein, councillor
in the AA, 21.4.95, on a conversation with Herbette, GP
9, 2347.
On the German side, the attempts to establish such contacts were, although primarily direct *ad hoc* responses to specific situations, embedded in the general strategy of utilizing the improvement of relations with Russia after the end of the tariff war by enlarging also the surface of contacts with France. Early in the spring of 1894 Caprivi, whose pro-industrial and pro-export policies began already to contribute to the "background of anti-English feeling in Germany" (P. Anderson) and to stimulate demand for new colonial dependencies, ordered an investigation of the feasibility of a "rapprochement" between Austrian and Russian interests in the Balkans and of the possibility of a closer co-operation between Germany and Russia that would "secure an area of colonization in Asia Minor." 235)

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4) The role of Western Europe in Germany's economic preparedness for war, 1890-1898. [236]

Germany's exposure to a two-front war and her dependence on the import of grain - a considerable part of which came from one of the two prospective enemies, except for the disastrous harvest-years of 1891 and 1892, when Russia suspended all exports of grain - invite a brief investigation of the steps taken to secure additional imports from other producer countries and of the importance attached to Holland and Belgium as "pipe-lines" to the outside world in view of the possibility of a blockade of the German coast-line, i.e. in 1890 mainly by the French fleet, while a British blockade was at the time still more of an academic and technical interest.

In the 1870's and 1880's the question of Germany's supply of cereals had been given little attention, both in the public and the imperial offices and state ministries, although it had been included among the official motivations of the tariff bill of 1879 in a mainly tactical appeal to national consciousness. [237] The first direct interest in the question of foreign supplies was, so far as can be ascertained [238],

[236] These aspects of a by far larger problem should be seen in conjunction with Burchardt, Friedenswirtschaft und Kriegsvorsorge, (1968), whose conclusions are occasionally modified, in some cases corrected, and on the whole merely augmented by some new material or seen in a different light, as Burchardt's differentiation between "economics and politics" is methodically untenable.

[237] cf. Burchardt, 155f., Böhme, Großmacht, 537ff.- Plachetka, Getreide-Autarkiepolitik, maintains (as is the major thesis in his argumentation throughout) that the factor of economic preparedness had been decisive in the re-introduction of the grain duties in 1879 (here he follows, although unconsciously, aspects of H. Rothfels' interpretation; cf. Burchardt 115, n. 3) and their increases in 1885 and 1887, see e.g., p. 108: "The securing of the supply of food in case of war had been the far most important objective of the grain-autarky-policy since 1879." The evidence given again and again consists of parts of Bismarck's speeches before the Reichstag. Other evidence does in fact not exist (and Plachetka's dissertation of 1969, based on a wealth of published material that has not been used critically and without any orientation of little value).
taken in 1890, when Kaltenborn, the Prussian minister of war, made preparations for*extensive purchases of food supplies for the army at the time of mobilization,*"to be effected mainly in Belgium, Holland and Britain. 239) The task was to be assigned to pro-German commercial houses in these countries. In the civilian sector the question was discussed at the request of Caprivi in a meeting of the Prussian state ministry at the end of May 1891. 240) The minister of agriculture showed little concern and confined himself to the assurance that the country’s supplies would, under normal circumstances, be sufficient to meet any contingency. Miquel, the minister of finance, pointed out that it would be wrong to attach much importance to the past three years with their crop failures and advocated an extension of the system of the "duty-free transit depots" in which grain was stored duty-free until sold, depending on the nature of the depot, either in Germany or other markets. The six depots that existed in Germany at the time were under constant attacks from the agrarians who regarded them as "price-cutters", and it is not quite certain whether Miquel was sincere in his advice or guided by tactical considerations. Caprivi himself used all arguments available to press for action: the Russian menace to Germany was immediate and imminent, the grain supplies of Southeastern Europe not sufficient to meet German demands, and a blockade of the German coast line in a war was certain. The chancellor ended with the conclusion that although nobody could tell whether grain would be declared a contraband or not the best solution would be in any case, if Holland stayed neutral—which pleased also all those not in favour of the transit depots, but did not promote any decisions. Neither the occasion of

238) Burchardt 162 n. 36,
239) Ministry of war, Military-economic department to AA 13.9.1890, AA Bonn, Deutschland 121 geh. No. 12, Bd. 6
240) ibid., Bd. 8, 31.5.1891, before the Reichstag the chancellor spoke of a blockading line from the Channel to Scotland as a near certainty; 8.3.93, cf. Kehr, Primat, 94.
the meeting nor the nature of the minutes permit any far-reaching deductions. The omission of Belgium by Caprivi was apparently accidental and not deliberate. In view of the absence of evidence to the contrary, except for Schlieffen's budding conception, it has to be assumed that respect for Belgian neutrality by all belligerants was still taken for granted. The emphasis upon the neutrality of the Netherlands would then have covered also all further aspects connected with the Dutch control of both banks of the Scheldt estuary and of access to Antwerp. The hope of Hollmann, the state secretary of the navy, "that a complete blockade would not be realized" modified the chancellor's observations only immaterially.

In a crown council three weeks later 241) the question was touched upon only briefly. Again the attention focused on the increase of the number of grain transit depots, and again no decisions were made. Independently of these proceedings the Prussian war ministry, however, signed a convention with the Austrian War ministry on May 10, 1892, providing for the delivery of grain at the time of mobilization 242) and concluded contracts with two German-owned commercial houses in Belgium and Britain (Schuchard & Co. in Antwerp and Oldemeyer & Hadenfeldt in London) for deliveries of Argentine grain and corned beef in rather small quantities of from 50 to 100 tons.

More energy had been developed in the form of a determined self-help - and an isolated case - by the district commissioner in Alsace-Lorraine for the city of Metz, undoubtedly one of the few larger German communities immediately exposed to military actions. In 1888, 1889 and 1890 the city had commissioned Schuchard & Co. with the purchase and storing of cereals on its own account. Security had been given by the German-controlled Internationale Bank in Luxemburg. When the ministry of war concluded its contracts with the same firm

241) 24.6.91, ibid.
242) Krießrüstung, 204/205.
in Antwerp, the statthalter received word that the deliveries were destined for the army exclusively and that the ministry had no intention of caring for the needs of the civilian population of Metz, as it could be evacuated anyway. The district commissioner of Metz did not renew his contracts with Schuchard. 243) That between the military authorities and the Antwerp house was in fact and for a long time the only positive result of the discussions of an adequate economic preparedness for war. After 1892 the question was apparently no longer regarded as urgent and even Caprivi who had been exasperated at Kaltenborn's relative unconcern about the larger aspects of the issue began to lose interest and gave instructions that the studies of Germany's supply position with regard to foodstuffs be discontinued. 244) Attention was again drawn to it in 1896 in the context of agrarian endeavours - a series of motions by Kanitz - to eliminate "speculation" in grain and have the state monopolize the grain trade. Kaltenborn's successor Bronsart von Schellendorf gave the assurance that the supplies in store in the depots of the army would suffice to meet all the needs of a war lasting about a year, stressing that in the deliberations of the issue of the increase of the number of "civilian" transit depots "the interests of the military administration (should) not be accentuated too much, as all contingencies (had) been taken care of by contracts (with) purveyors in the Netherlands and Belgium." 245)

Still under Kaltenborn the war ministry had indeed entered into negotiations with Bunge & Co., one of the leading houses in Rotterdam. A contract was apparently not signed; the evidence reveals only an arrangement with a German inland navigation company which also operated in Holland providing for 243) primarily after the references in AA Bonn, Deutschland 121 geh, No. 12, Bd. 8, esp. AA to Statthalter 2.11.90 and Consul general in Antwerp to Rk 20.4.95, ibid., Bd. 9
244) Burchardt 18of.
245) Ministry of state meeting 29.1.96, DZA I-Rkz 1129,11of.—cf. Burchardt 18to.
the transportation of Argentine grain from Antwerp to Rotterdam, an operation on which Kaltenborn had insisted without giving any specific reasons. 246) More balanced was unquestionably the judgement of Bronsart's successor Goßler who did not share the optimistic belief that the contracts would not only be sufficient but also realizable in time of war. Like Miquel and Tirpitz, the new state secretary of the naval office, he underscored the likelihood that grain and other foodstuffs would be declared as contraband and desired a more active engagement of German merchants in the matter. 247) Like his colleagues in the state ministry Goßler did not seriously consider the possibility of a blockade. Exceptional positions were taken by Caprivi in 1891 and Tirpitz in 1896 in support of his naval plans. In his crusade for a "home fleet" and as an opponent of the cruiserschool Tirpitz wrote to Admiral Stosch at the beginning of 1896 of a situation in which the land forces of Germany and her opponents would paralyze each other for a longer period of time during which Germany would be cut off from all seaborne supplies and one should not expect "that small states bordering on the sea will keep a hole open for us." 248) The discussions in 1896 and again in 1898—also occasioned by moves of the agrarian interest groups and already dominated by considerations for the naval bill and the new customs

246) Kaltenborn to Caprivi 25.8.91, AA Bonn, Deutschland 121 geh., No. 12, Bd. 8.-The are some curious references to these relations in a letter by Greindl to AE, 30.1.92 (AE Bruxelles, 2689-VI) to the effect that Dutch official circles had asked for Belgian support in obtaining additional commissions. Greindl advised of course abstention.

247) State ministry meeting 16.5.98, AA Bonn, Deutschland 121 geh., No. 12, Bd. 9; DZA I- Rlz 1129, 135f., DZA II-Rep. 90a, B III 2b No. 6., Bd. 135.-Cf. also Hans Herzfeld, Johannes v. Miquel, Sein Anteil am Ausbau des Deutschen Reiches bis zur Jahrhundertwende, Detmold 1938, II, 543.

tariff - were equally inconclusive. With the exception of the
RMA none of the imperial offices and Prussian ministries show-
ed much concern and most of them left it, like the minister
of public works (who was not overly impressed with the possi-
bility that grain would be declared a contraband), with spe-
culations on the "smartness of the profit-seeking Dutch and
Belgians" who would, as they had done in 1870/71, provide Ger-
many with "their own large supplies". 249)
The question of keeping routes open for the supply of industry
with raw materials and for their exports, which played a pro-
minent part in the public demonstrations of the Rhenish cham-
bers of commerce in favour of the navy bill ("loss of billions")-
were 250) not touched upon in the internal and interdepartmental
discussions. The deliberations of 1898 were the last ones for
a long time to come. The basic questions were again discussed
very briefly - without references to either Holland or Belgium -
in 1906/1907; the full discussion did not resume until 1912. 251)
By that time the positions of both the army and the navy and
their strategic planning had been fixed: Belgian neutrality
was to be violated, Holland was to be used as a "windpipe" -
so the younger Moltke. In the decade before the turn of the
century the nightmare of a two-front war had stirred some
more or less pronounced concern in 1890/91. When the most
acute danger was believed to have passed by, interest waned
quickly and the rather general expectation that a war between
highly industrialized countries was, for economic reasons,
bound to be a short one 252) assured also most military circles
that there was little need for further actions. Schlieffen's
warning that a war with France would be long and tough also
began to lose validity in the manner in which Germany's po-
pulation and industrial output exceeded that of France, and
it was Schlieffen himself who incessantly stressed the need
for fast and decisive military actions, as the maintenance
costs of a huge mobilized army would deplete the financial
and economic resources in a short time and bring business life to a standstill.\textsuperscript{253} The problems of a financial preparedness for war were at the time almost entirely neglected.

\begin{itemize}
\item \textsuperscript{249} cf. n. 247 above
\item \textsuperscript{250} Christian Eckert, \textit{Die Seiinteressen Rheinlands und Westfalens}, Leipzig 1900, 24f. (quotation, 29), 5of.
\item \textsuperscript{251} Burchardt 186f.
\item \textsuperscript{252} ibid., 14f.
\item \textsuperscript{253} cf. Kehr, Primat, 90/91 (f.) and further below.
\end{itemize}
III. Weltpolitik and Mitteleuropa, 1897 to 1902.

1.) "New goals" and a consensus.

In a long-remembered Reichstag-speech in 1887 Bismarck had reaffirmed his assertion of Germany's territorial saturation and his intention of continuing his so-called peace-policy. In this and the following year he again opposed the demands of the military for a preventive war against Russia, but the "eccentric conjectures" of Bernhard von Bülow, then secretary at the embassy in Petersburg, with a wide range of war aims of a virtual destruction of Russia-in Europe and the detachment of her western provinces, merely aroused the chancellor's mild criticism that such ideas "must not be committed to paper", while Herbert Bismarck apostrophied them as "carrying owl to Athens". 1) Ten years later, when Bülow became state-secretary of the AA, the conviction that the Second Empire had been left incomplete by its founder had become a credo of large sectors of Prussia-Germany's intellectual elite, of nationally minded politicians and of diplomats, although the latter, well-adjusted to Bismarckian methods, were only now and then invited or courageous enough to express their own opinions. Among them was Count Monts, in the nineties Prussian minister to Munich and later ambassador to Italy, who for instance wrote Bülow in 1895, when the latter was still in Rome, of the "hard reality" that "we are not nearly saturated." 2) The territorial objective was not given on this

2) Monts to Bülow 24.2.95; Bernhard von Bülow, Denkwürdigkeiten, Berlin 1930, I, 36 (the original in BA Koblenz-N1 Bülow 106 is, obviously erroneously, dated 1896). It is readily admitted that the concrete evidence is rather meager; the absence of other material in both archival and published sources does, however, not permit the classification of Monts or even Bülow as outsiders; the evidence available for later years shows that many others shared their views.
occasion, but in a letter to Holstein in 1891 Monts had made it explicitly clear that what Germany needed was "air in the East", as the loss of 100,000 emigrants to the United States per year was too much to bear. Holstein had only replied that he did not understand enough of economics to be able to determine whether or not there would be a "Raumnott" in the future. 3) The problem of "living space" was, however, hardly in the centre of the discussions around 1895 but the necessity to expand and to assure Germany's present position as a "great power" and her future status as a "world power". In academic circles this conception found a most eloquent and forceful expression in the inaugural lecture of the young Max Weber in Freiburg in 1895 in which he would have dismissed the achievement of German unification as a "youthful prank of the nation in its old days" were it not to serve as the point of departure for a "German world-power policy" 4) an attitude which has recently been described as "an indissoluble marriage of the Prussian-conservative idea of the power state with the bourgeois-economic will to expand." 5) It was fully shared by the Kathedersozialisten, the socialists of the chair as the representatives of a large section of German economists 6) who had already provided the doctrinal basis for Bis-

3) Monts to Holstein, 1891; Erinnerungen und Gedanken des Bot- 
4) Max Weber, Der Nationalstaat und die Volkswirtschaftspoli- 
tik, in: id., Gesammelte politische Schriften (ed. by J. 
esp. W.J.Hornussen, Max Weber und die deutsche Politik, 1820-
1929, Tübingen 1959 and id., Diskussionsbeitrag zu "Max 
Weber und die Nachtpolitik", in: Max Weber und die Sozio-
logie heute, Verhandlung des 15. Deutschen Soziologen-
tages, Tübingen 1965, 13of.
5) Theodor Schieder, Das deutsche Kaiserreich von 1871 als 
Nationalstaat, (Wissenschaftliche Abhandlungen der Arbeits-
gemeinschaft für Forschung des Landes Westfalens, band 20), 
Köln und Cpladen 1961, 13.-cf. above all Fischer, Krieg, 
62ff, and also, in a different accentuation, Dehio, Welt-
politik, and largely by way of comparison Wilhelm Schüss-
ler, Deutsche Weltpolitik 1890-1914, in id., ed., Weltmacht-
streben und Flottenbau, Witten 1956,11f.-Rather curious
marck's imperialism and by noted German historians (and publicists) from Hans Delbrück to Otto Hintze and Max Lenz\(^7\) who preached the necessity of ousting Britain out of her "supremacy" and of establishing Germany as an equal factor in the future "world balance of power".\(^8\) In the more popular and economically motivated form the academic version appeared under the label of the "theory of the three empires (Weltreiche)", connecting easily with the discussion in the late

is the case of Werner Frauendienst, Deutsche Weltpolitik, in: Die Welt als Geschichte, 19/1959, if., who was one of the first to face and present material that has usually been brushed aside until Fischer's Griff nach der Weltmacht, but distorted the perspectives so much (inclusive of extremely warped economic judgements) that the result was again also only a "belittling" of the issues.--Very important is an extraordinary unpublished dissertation, written immediately after the Second World War by a member of a family of distinguished historians: Dirk Oncken, Das Probleme des Lebensraums in der deutschen Politik vor 1914, Diss. phil., Ms. Freiburg 1948- extraordinary also in the numerous elements not squaring at all with the future interpretations of the period given by the main supervisor of the thesis- Gerhard Ritter. (The major interpretative factor in Oncken's study is the assertion that Mitteleuropa receded into the background after 1900, and especially after 1905; virtually the opposite was true.)

6) cf. the title Handels- und Machtpolitik given to a collection of their public lectures and articles in demonstration for "Weltpolitik" and a strong German navy, cf., apart from specific studies, A. Asher, Professors as propagandists: the politics of the Kathedersozialisten, in: JCEA 23/1963/64, 282f.-McCelland in: JCH 8/1973, 3ff.

7) Willy Schenk, Die deutsch-englische Rivalität vor dem Ersten Weltkrieg in der Sicht deutscher Historiker, Mißverstehen oder Nachstreben?, Aurau 1967, esp. 124 (f.):-Studien über die deutsche Geschichtswissenschaft, (ed. by Joachim Streisand), (Schriften des Instituts für Geschichte, Reihe I, Band 21), Berlin 1965, II, 99, 226 (the notorious cases of the Baltic-German Theodor Schiemann as expert on German-Russian relations and the "Russian question" and of the Hansa-specialist Dietrich Schäfer shall only be mentioned in passing).

8) Hintze, 469 (Weltpolitik, 1907), stressing that the word "Imperialism", reminding of "universal rule" was not an adequate expression of Germany's aims, "the meaning of German "Weltpolitik" is not a striving for universal rule
eighties and under Caprivi's chancellorship in its references to the "Greater Britain", "All-Russia", and "Pan-America" beside which—so in the place of others the noted philosopher Eduard von Hartmann—"for the next generation only Germany is qualified as the fourth great power." 9)

The emphasis on transoceanic interests was common to all groups—from the pan-Germans to the socialists of the chair, the historians and publicists and politicians, later characterized as "liberal imperialists", who were, however, in these years of orientation close to the ADV or even members like Max Weber and Hans Delbrück, the military historian and editor (as successor to Treitschke) of the renowned Preußische Jahrbücher. 10) Much of this was in response to the officially proclaimed Weltpolitik and the navy programme with the emphasis upon maritime interests. An expansion in Europe had at first glance no place in these demonstrations, already in view of the reactions it would have caused abroad and the apparent impossibility of realizing the objective by peaceful means, while the outcome of a war seemed in the mid-nineties at least extremely uncertain. 11) When Continental expansion was discussed as a desirable aim, it was usually done—except for the forthright ADV-publications—, as for instance by Delbrück,

but a striving for the maintenance of the balance of power in the universal future system of states."—This statement was, however, made at a time, when Germany was already widely suspected of "sinister designs".


in the form of "political dreams" which should not be taken seriously. In the foreign press the vague notions of a European customs union had already evoked the spectre of a German hegemony on the Continent.

"Mitteleuropa" remained - in a variety of forms - as a complementary goal to Weltpolitik. In a famous publication of a series of addresses and public lectures of the Katheder-sozialisten for the propagation of the idea of Weltpolitik Gustav Schmoller stated that "we are confined to our present borders forever" and advocated the establishment of an autonomous German-controlled state in Southern Brazil (where the German element was already well-represented) as an area of settlement and an assured market. In the same volume his colleague Paul Voigt wrote:

"If Germany does not wish to be reduced to a power of secondary importance by the rising great powers of the 20th century ... she will have to convince herself that the extension of the German economic area in the form of a customs union ("Zollanschluss") with the individual neighbouring states and equally through the expansion of our colonial possessions is the most important task set to German economic and commercial policies."

Max Sering, the agricultural economist, spoke of a customs federation of a "143 million people" and did not hesitate to state quite explicitly that there was little realism in trying to separate economic from political power as it was still done by many representatives of an older generation true to

13) The conclusion is evident; Gerhard Ritter, however, Staatskunst III, 15, refuses to draw it.
the distinction Bismarck had taken care to make between them in his addresses.\textsuperscript{15)}

Many of the publications after the turn of the century were characterized by social-Darwinistic elements and the influence of Ratzel's application of the concept of growth as the principle determining life also to the geographic area.\textsuperscript{16)} The demonstrations under discussion, however, were more concerned with political and economic power than with "organic growth". Less aggressive in tenor and, as they often maintained, out of purely economic considerations, the adherents of free-trade supported weltpolitik and performed all it entailed, but continued also to defend the Mitteleuropa-concept as an expression of their ideology.\textsuperscript{17)}

Albert Schäffle, the grand old man, sketched the picture of a Germany bound to be dwarfed ("Verjüngung"), if she did not attempt to escape the "resignation of our economic lilliputianism" through "a holding together of the medium-sized and small Central European states", if possible in a cooperation of "World Britain and Mitteleuropa ...", the European

\textsuperscript{15)} Max Sering, Die Handelspolitik der Großstaaten und die Kriegsflotte, in: Handels- und Machtpolitik, II, 73, 40.-

\textsuperscript{16)} Some examples will be given below, otherwise Oncken 95.-
For Ratzel: Politische Geographie, Leipzig 1897, - id., Das Meer als Quelle der Völkergröße, München 1900, - id., Der Lebensraum, Eine biographische Studie, Tübingen 1901 (= Festschrift for A.Schäffle!). - It is still very debated and uncertain what value may reasonably be given to social-Darwinism as an influential factor. It is obviously difficult, if not impossible, to get hold of the issue, and also the best recent articles offer little further elucidation; H.G. Zmarzlik, Der Sozialdarwinismus in Deutschland als geschichtliches Problem, in: VfZG 11/1963, 246f., - H.W. Koch, Die Rolle des Sozialdarwinismus als Faktor im Zeitalter des neuen Imperialismus um die Jahrhundertwende, in: ZfP 17/1970, 51f. Traditional F. Bolle, Darwinismus und Zeitgeist, in: ZfGG 14/1962, 143f.
Germanic world." The apparent defensive attitude contained all elements of the will to expand and Mitteleuropa was not conceived as a resignation. Protectionist "Fourth Empire"-builders and their anti-mercantilistic free-trade opponents of which there were admittedly relatively few - agreed that German capitalism needed new external markets to survive and emphasized, from Brentano to Voigt, that industrialists and workers alike had an eminent interest in a world policy - in which Mitteleuropa was one aspect but not an alternative - that ensured such outlets for overproduction. Schumpeter described such a conception as "social imperialism". It was important that this view of an interdependence of world policy and social policy provided a meeting ground for otherwise extremely divergent trends within the bourgeois classes - be it that the argument was that only a world policy would permit an effective social policy and contribute to a stabilization of socio-political conditions, be it that world policy was to provide the basis and instruments for a "democratization" of political life and relegate conservative-agrarian interests to the background or be it that Weltpolitik was presented (and sometimes understood) as feasible only on the basis of a social policy satisfying the needs and demands of the working classes. Friedrich Naumann's vision

18) Albert Schäffle, Deutsche Fern- und Zeitfragen, Neue Folge, Berlin 1895, 26-47.
19) For Dietzel's opposition cf. his anti-three-empire article in Die Nation/1900 (cf. above n. 9) and also id., Depression und "Exportdüseler" in ibid., 1902, 11/12.
20) The variety of conceptions and aims can only be touched upon here, but their presentation, even in the most succinct form, appears indispensable, particularly to demonstrate the consensus. Basic Kehr, Schlachtflottenbau, 43f., Much attention has always been given to the national-social Friedrich Naumann (cf. vols 2 to 4 of his Politische Schriften, (Th. Schieder et al., eds.), Köln und Opladen 1964); among the host of studies on Naumann here esp. Richard Nürnberg, Imperialismus, Sozialismus und Christentum bei Friedrich Naumann, in: NZ 170, 525f., William G. Shanahan, Liberalism and foreign affairs, Nau-
of the 80 million people of the year 1925 that had to be fed and accommodated played an important role in the welding of the consensus as did the articles my M. Weber, H. Delbrück and other respected liberals, 21) or Gustav Schmoller's appeals to national consciousness in his exclamation that Germany was no longer willing to be "the nursery and the school-room of the rest of the world." 22)

An inescapable direct manifestation was a movement "away from London" to put an end to Germany's role as a British junior partner and to end German "tributariness to England" with its annual loss of millions of marks to the national economy, to replace the bill on London by the German bill and to render Germany's balance of payments more favourable, to extend the activities of German banks overseas and to create for instance an independent German cable- and telegraph network to get "away from Reuter and his affiliates." 23)

mann and the pre-war German view, in: Review of Politics, 21/1959, 188f.; Jürgen Christ, Staat und Staatsaufsässung bei Friedrich Naumann, Heidelberg 1969, 71f. - Cf. above on Max Weber. - Heinecke supported Weltpolitik in the hope that it would enthuse the nation for the state, win the workers and lead to a liberal-democratic bourgeois Germany (Schenk 60f.)


to construct a strong German merchant marine in German shipyards and ultimately a strong navy capable of defending, as it was officially propagandized, German "maritime interests" and her "overseas" (i.e. all seaborne) trade and of supporting - as a liberal commercial journal put it in view of the fact that the world had already largely been given away - "the freedom of commerce ..., if Germany does not wish to become ruralized (sic!) and to go to wrack and ruin."24) Only few bourgeois representatives stated publicly, like Emil Rathenau of the AEG, that German trade had prospered in the past without military protection and that industrial expansion would also in the future be easily attainable without it. Lujo Brientano, usually outspoken on all matters, contented himself on this occasion with references to the prospect - although in the context not necessarily convincing - that the envisaged return to the high agricultural import duties of the late Bismarck era was about to destroy what the fleet was supposed to protect.25) The general support for the navy by commercial circles and the centres of West Germany's industry26) was commented persuasively by Max Weber:

"German industry and the basis of its existence and its development would be jeopardized, if we are not able to support our economic interests energetically everywhere, if necessary, by a strong military force."

Not stressed here - and deliberately omitted by many propagators

24) Dt. Ök., No. 917, 14.7.1900, 444.
25) Kehr, Schlachtflottertan, 384, 432
26) Berghahn, Tirpitzplan, 139f., 144f., Stegmann 113. - The business motivations are obvious, but it should be underlined, especially against Berghahn (quite apart from his largely faulty and erroneous general economic argumentation) that the supply of the navy with iron products never amounted to more than 1% to 2% of total output and that the actual interest was restricted to the less than a handful of firms with a specific armaments branch! The major attraction was undoubtedly (apart from profits) the stability in calculations provided by the naval law.
of Weltpolitik and a strong navy, were the elements of social imperialism which were given a most prominent expression in the works of Ernst von Halle, inspired and commissioned by the naval office, and also by Gustav Schmoller, when he said in 1900:

"The creation (of a larger navy) will also give our political and national life the buoyancy and animation indispensable to all great eras of progress. What the acquisition of Silesia was for the days of Frederick the Great, the founding of the German Empire for Emperor Wilhelm and Bismarck, Germany's seapower will be for the present generation and that to come. It will lead us back, beyond all petty strife and all the little economic worries of everyday life, to unified action, back to a national German policy in a grand style."

In pursuit of the attempts to bridge the antagonisms in the class-society and to integrate "the nation", national sentiments were mobilized against Britain as the economic and political rival, as the ruler of the seas and of the world markets, which malevolently obstructed Germany's "right" to equality in power status. Hans Delbrück who, like Friedrich Meinecke, entertained the most sincere hope that imperialism would, on the model of Britain, establish the German bourgeoisie as the state-supporting class, gave expression to this "Englandhaf" (Kehr) in a series of articles in 1904, stressing that "we have to take part, if we do not want the world to become English" and glorifying the task as "the great goal of the newly founded German Empire", not only in the interest of Germany's power and position, "but also for the sake of mankind do we have to fight this fight." It was


28) Instructive examples are supplied, although sometimes unintentionally, in Angelika Banze, Die deutsch-englische Wirtschaftsrivalität, 1887-1907, Berlin 1935.

29) Schenk 60f.

30) so in Kehr's basic essay "Englandhaf und Weltpolitik" (1928), in: id., Primat, 149f.
as such a conclusive answer to the alternative he had perceived in 1899 that Germany could pursue Weltpolitik either with or against Britain, "with England means in peace, against England means - by war." 31) Already Eckart Kehr observed that the same social crisis which produced social imperialism, world policy, anti-English feeling and the fleet also compelled the leading classes, and most definitely in the period during which the fleet was still under construction, to renounce a war which could easily have resulted in the termination of their rule. 32)

The economic arguments - mainly those of the necessity of finding outlets for overcapacities in assured and controllable markets - were essential elements in all motivations of Weltpolitik as they had been in the conceptions of imperialism and the European customs union in the Bismarck and Caprivi years. Exports were taken as an inescapable consequence of industrialization and attention focused heavily on external trade as an indicator of the state of the economy and panacea against all chronic and temporary ills of capitalism. Producers had always underlined the desirability and effectiveness of an absorption of surplus production by specific measures of the intervention state, particularly so in the heavy industries and notably in times of recession, when the need for them was felt most pressingly. The state responded extremely reservedly, and even the industrialists requesting an intervention thought of it mostly as a specific anti-cyclical instrument and not a permanent feature of the economy. Apart from orders by the military authorities to whom it was conceded that their long-term planning did not permit an immediate and extensive adjustment to cyclical eco-


32) Kehr, Schlachtflottenbau, 317
nomic fluctuations, hopes were set on the Prussian railway administration. Together with the ministry of war that of public works had in fact alleviated some of the pressure at the end of the eighties and - which was most appreciated - during 1890/91, when the military preparedness of the railway system had been perfected and the iron works had found two years of full employment in the execution of government orders equalling those for the preceding six years combined.  

The usual complaint was, however, that fiscal interests got the better and that government departments preferred to place their orders in times of prosperity, when they were of course welcome, but when there was to particular need for them. The pattern was apparently broken only once. In 1902/1903 Möller, the Prussian minister of commerce and himself owner of a medium-sized iron-foundry in Westphalia, insisted - and Wilhelm II. seconded energetically - that government orders to industry be increased during the recession irrespective of financial considerations and the inescapable deterioration of the already rather unsatisfactory financial state of Prussia and of the Empire.  

In the next recession well-established attitudes prevailed again. Other measures were never seriously considered and also only seldom discussed by economists. As in virtually all other countries the fetishism of exports remained the general answer to the general problem of overcapacities.

In 1895, Germany's economy and foreign trade recovered from the recession which had gone under way in 1890. The rise of

33) Die Zukunft, 1/1892, 560  
34) Möller to Wilhelm II. 31.7 1901 and marginal notes by the emperor, DZAI-Idkz 462, 13. - The Prussian railways ordered additional material at the end of 1902, consisting of 6,000 cars and 400 locomotives, which reportedly guaranteed a full employment in the works affected until November 1904. (Beumer in his report to the Northwestern group of the VdEST 20.12.1902, in: Stue 1903/1, 10.)  
35) Following the votum by Rheinbaben, Prussian minister of finance 15.4.1907 who argued that prices had been increased excessively. DZAI-IdI 15717, 119f.
exports in 1895/96 was indicative of a general improvement of business conditions in Europe. During the following five years German businessmen were able to increase their sales abroad faster than their competitors except for those in the United States, where the business cycle continued to be out of step with the European economy and where the export performance was founded on an entirely different basis.

The development of exports from 1890 to 1899 (1890 = 100): 36

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<tr>
<th></th>
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<tr>
<td>1899</td>
<td>97</td>
<td>152</td>
<td>126</td>
<td>111</td>
<td>118</td>
<td>123</td>
</tr>
</tbody>
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Imports to Germany followed a similar course - 1890: 100, 1895: 100, 1899: 132 -, but increased faster than exports, primarily because of stronger purchases in foodstuffs and industrial raw materials, 37) corresponding with the generally excellent business conditions and an increase in industrial output by 28% in the course of six years (1894-1899), which did, however, not quite reach the 32.5% increase from 1886 to 1891. 38) The development was still very uncertain in 1895/96, but by the summer of 1897 it could reasonably be assumed that the upswing would fulfill all hopes.

36) After Svennilson 292.- It should, however, not be overlooked that the German indexes for 1898/99 are generally too high - although apparently only to a minor degree - on account of a change in the statistical method employed after 1897. Cf. Lotz, Handelspolitik unter Caprivi 195; for the figures Hoffmann, Wachstum, 520, 524.

37) Ibid., 526/527. From 1894-1899 grain imports rose by 53%, those of fruits 100%, meat 135%, dairy products 45%, cotton (etc.) 37%, ores 110%, base metals 200%.

38) Ibid., 392/393.- In whichever way the production data are compared, they do certainly not permit the usual asser-
Both Bismarck and Caprivi had often underscored the influence of "public opinion" upon the government. In a not impartial letter to Münster in 1885 Bismarck stressed the significance of the colonial movement in Germany. "The position of the government on the domestic scene essentially depends upon it; even if it is merely the smallest strip of New Guinea or West Africa."

Caprivi reflected:

"We have to take public opinion much more into consideration than in the days of Prince Bismarck." 39)

For all their relativity both assertions were not only an acknowledgement of the power of public opinion, but equally of the determination to harness it to the interests of the monarchy. Both chancellors responded; the one with the acquisition of colonies, the other with his Mitteleuropa-concept. Both recognized the paramount interest of business circles in the stabilization of the economy through the securing of assured external markets and both attempted to correlate and coordinate the interests of the leading classes with those of the monarchy and of bureaucracy and to retard - although Caprivi, in his, in the Prussian context initially near-revolutionary approach, in a distinctly different manner and an entirely different order of priorities - "the inner emancipation by external expansion" (Wehler). 40)

Under Caprivi 41)

38) tion of a "super-boom" after 1895 (cf. the broader context given in the second chapter of the first part above). -- The increase in production covers in both cases (as given immediately above) considerable periods of recession. During the three to four years of the "second spurt" from 1886 to 1889/1890 production increased from an index (on the basis of 100 in 1913) of 30.8 to one of 38.7 and 39.9 respectively.

39) Bismarck to Münster 25.1.1885, GP 4,758._marginal note by Caprivi 18.7.90, ibid., 7, 1899

40) Wehler, Bismarck und der Imperialismus, 501

41) For the early Caprivi period cf. also the observations of an outsider: Engels to Bebel 19.2.92 in: MEW 38, 281f., presenting the possibility of a conflict as ultimately dependent upon "personal fortuities" only.
the struggle between the agrarian small aristocracy and the commercial-industrial bourgeoisie for control of the legislative machinery\(^{41}\) had brought gains to industrialists and bankers, while the chancellor's concern for social adjustment and industrial growth had "alienated" the East-Elbian Junkers.

The commercial treaty with Russia - this time Caprivi had invited industrial circles to submit their requests - was "hailed with joy" by the CVdI, in particular gratefulness towards the government for having permitted the "active participation" of the experts of "agriculture, commerce and industry",\(^{42}\), while the Bdl took the offensive against the chancellor.\(^{43}\) Before the Reichstag Caprivi and the conservatives accused each other of having split the common front of agriculture and industry.\(^{44}\) The \"societas leonina\" of feudal agrarian and bourgeois industrial barons had nevertheless remained basically intact in its loose framework. Disputes arising from their material interests were to be characteristic also of future years. Most nationalliberal speakers in the Reichstag "tempered their praise" for the Russian treaty\(^{45}\) and the CVdI did not tire of stressing time and again the community of interests between agriculture, commerce and industry - to such an extent that the lighter industries finally seceded in the following year -, not only to camouflage the advantages accruing to them from the arrangement, but primarily to keep the door open for a more pronounced accentuation of their harmonious conceptions with regard to domestic issues. When the new commercial system with its combination of specific treaties and most-favoured-nation agreements had gone into effect

\(^{42}\) VNB 1894, 61
\(^{44}\) \textit{ibid.}, 76.
\(^{45}\) \textit{ibid.}, 79/80.
and Caprivi had left office, the heavy-industrially and Bismarck-oriented Rheinisch-Westfälische Zeitung, stated at the beginning of 1895 that the "era Caprivi-Göring has perished" on account of its anti-agrarian and socio-political "escapades so contrary to Prussian tradition" but would, and until 1904, "unfortunately be survived by the commercial treaties as its most important results." 46) The basis for a full restoration of the alliance had, however, not yet been found and the effect of the Caprivi-treaties, bound to promote Germany's movement in the direction of a prevalently industrial state with all its socio-political consequences, was deeply deplored by conservative - not merely strictly agrarian - circles, inclusive of the liberal-conservative South German Hohenlohe, Caprivi's successor. At the beginning of 1896 he and Posadowski, then state secretary of the treasury, lamented the course taken. Posadowski saw Germany already on the road to the republic, at least a "shadow monarchy" on the British model. Hohenlohe located the root of all evil in Bismarck's protectionist policies which had nourished the infant industries. It remained, however, very unclear also to him how a great-power status was to be achieved under preservation of the socio-political status quo without undermining either the economical-political foundations of Germany's future position or the present social order. 47) Posadowski held that the situation peremptorily called for the restitution of the grain duties to their former levels - a conclusion which in many ways suggested itself from the conservative point of view but had the great drawback that it could hardly be implemented before the expiration of the Caprivi treaties in 1904. It further raised the question of how to appease industry and keep the workers from falling prey to socialism. The question was to be solved by the inauguration of another "new course" in the following year.

46) RiWz. 5.2.(?) 1895
47) Hohenlohe III, 156
The basic considerations were expressed in Holstein’s reflection in the spring of 1897:

"The reign of Wilhelm II. needs a tangible external success which would have repercussions at home. This success is conceivable either as the result of a European war, a hazardous gamble of world historical dimensions, or of an acquisition outside of Europe." 48)

The first solution was that advocated by Monts in his letter to Bülow in January 1895, founded on the conviction that Germany was "not saturated" and correlating the need for "air" with the domestic situation. Monts was strongly in favour of taking a chance and

"to send England into the fire, engage her, Russia and Japan, then one could in God’s name rush upon the French ..., for without it we won’t have any rest, and without an external war we shall ultimately not be able to deliver Germany from her impossible present situation. With this Reichstag and the particularism of the members (i.e. states) everything is bound to go to pieces." 49)

There was, however, as Holstein for instance readily admitted, little prospect of a defensive war, "because nobody wants to do us anything" - it be than that the emperor decided upon a "Reichstreich" in which case the dissolution and reformation of the empire against the will of the federal princes would invite an intervention by France, if not by other powers as well. An act of aggression on the part of Germany without an entirely convincing national argument would, as Holstein feared, show rather "strange surprises" at the time of mobilization in at least the non-old Prussian provinces. 50)

48) Holstein to Kiderlen 30.4.97, EA Koblenz, NL Bülow 92,158
49) Monts to Bülow 24.1.1895, Bülow I, 36
50) Holstein to Eulenburg 4.12.94; Johannes von Haller, Aus dem Leben des Fürsten Philipp zu Eulenburg-Hertefeld, Berlin und Leipzig 2nd ed., 1926, 151. - On the prospects of a civil war and French intervention cf. Hohenlohe in March 1895 (Hohenlohe III, 44/45, 325); the same arguments were used in the spring of 1897 as argument against a coup d'état (cf. further below) and again by Bethmann Hollweg in 1912 (H. Pogge-v. Strandmann and I. Geiss, Die Erfordernis des Unmöglichen, Deutschland am Vorabend des ersten Weltkrieges, (Hamburger Studien zur neueren Geschichte, Band 2), Frankfurt 1965, 32f.).
well informed by Holstein and Eulenburg on many internal proceedings in Berlin, advised against a "legitimistic crusade" against France.

"I would keep the fire-engines ready in the own house and for the security of the own house, but not extinguish the fire at the French neighbour's. At any rate, we can reasonably start a war of principles against France only, if either Russia or England join fully, entirely and without reserve." 51)

While the emperor and the inner circle were on the one hand deliberating plans of a coup d'état to cut the knot of the domestic situation and were, on the other hand, pursuing not yet fully matured plans for a stronger navy 52) and a German foothold in Eastern Asia (1895/96) to polish the prestige of the monarchy in the eyes of the public at home, the AA was working on how - to use Bülow's language - "to attach as many lightning rods as possible." 53) The objective appeared at first glance not particularly difficult to achieve; the question of the Dardanelles had been reopened in 1895 and Britain and France were still engaged in their disputes over Egypt. The further likelihood of difficulties for Britain in South Africa promised to put Germany in the comfortable position of being able to watch the course of events and act as "arbiter mundi" without entering into any agreements that would have tied her hands and which appeared also superfluous in view of the general assumption that in a war the "demolition" of one of the big powers was not to be expected. 54) A policy of a completely free hand turned, however, out to be illusory; the triple alliance partners let it be known that their Mediterranean and Balkan interests pointed in the direction of an

51) Bülow to Holstein 18.9.95, Holstein III, 445. - Bülow to Eulenburg 7.2.95, BA Koblenz, NL Eulenburg 34, 81/82, - cf. also Holstein to Eulenburg, February 1895, Holstein III, 488 and Hohenlohe to Eulenburg 21.2.1895, BA Koblenz, NL Eulenburg 34, 139f.

52) Berghahn, Tirpitzplan, 27f.

53) Bülow to Hohenlohe 28.9.95, BA Koblenz, NL Eulenburg 38, 669f.

54) Note by Rotenhan (on the emperor's ideas) 31.7.95, GP 9, 2318.
orientation towards Britain. The Austrian ambassador warned that if Berlin continued to take the "bullying" by Russia and France, France would "inevitably" get her remuneration which would undoubtedly be Alsace-Lorraine. At the end of 1895 the situation seemed worse. The emperor showed a "lack of tact" in offering Lobanoff his "moral support" in the Oriental question, while at the same time telling Colonel Swaine, the British military attaché, that Britain should have forced the Dardanelles, for he, the emperor, would have made sure that Austria and Italy would have joined the British in action. Wilhelm II. had again played his rôle as "agent provocateur"; Holstein was "completely crushed".

In effect, he pursued a similar programme, but with more tact(ics): to take care of all lightning conductors but plant the major one in Britain to secure the new colonial acquisitions deemed so necessary to the stabilization of the monarchy. The basic strategy had been determined by Holstein and Marschall in 1893 with the failure of Caprivi's feelers to London. It was to be demonstrated to Britain that she was more in need of Germany's support than Germany was of hers. It was a matter of time and patience and of inducing Britain "to come". The tactical considerations were supplied with the development of the international situation - tensions in South Africa, the Egyptian question, the refusal of Britain to lend support to Italy's ill-fated Ethiopian adventures and the Oriental issues. Holstein's conceptions matured to a plan of the formation of a "temporary alliance" between triple alliance and the "Franco-Russians", envisaging as

55) Eulenburg to Hohenlohe 8.8.95, GR 10, 2488, Holstein to Bülow and to Eulenburg 15.10.95, BA Koblenz, NL Eulenburg 38, 719 and 749, Note by Marschall 4.11.95, GR 10, 2494, Eulenburg to Hohenlohe 6.11.95, BA Koblenz, NL Hohenlohe A6, Bülow to Hohenlohe 3.12.95, GR 10, 2566.

56) Holstein to Eulenburg 21.12.95, DZAI-NL Holstein 61: "... so Emperor and Empire are headed towards the abyss", with the admonition to Eulenburg to "attend to it that world history does not some day portray you as the black horseman who was at the side of the imperial wanderer, when he was taking the wrong turn."
possible points of crystallisation the Congo for France, Korea for Russia, a coaling station and commercial privileges for Germany in China, which would also compel Britain to approach Germany.\(^{57}\) The occasion was provided by Jameson's raid into the Transvaal late in December 1895. On January 1, 1896 an instruction was drawn up for the German ambassador in Paris and despatched on the 3rd, one day after Jameson's failure. It was suggested to the French government:

"that it appears possible for Germany and France to cooperate in the settlement of individual present and future questions . . . to great mutual advantage without, however, in any way engaging the entire political future of one of the two parties."

Alsace-Lorraine was of course not a matter for discussions, but also all questions touching upon the status quo in the Mediterranean and in Asia were to be excluded to maintain the frictions between France and Britain and to keep Italy in the triple alliance. Also on January 1, Marschall asked Herbette in how far France would be disposed towards restricting, together with Germany, "the insatiable appetite of Great Britain". Already on this occasion, and before Münster was informed, Herbette pointed to the exclusion of the Egyptian question and refused, subject to the decision of his government, to consider the proposals any further.

On January 7 the French government, preparing the Marchand expedition to the Upper Nile, rejected the German offer which had already been watered down by omitting Holstein's original intention to bait the French with the Congo. The French press, informed by the Quai d'Orsay, refused to consider the German feeler and "Le Temps" wrote that it was impossible for France to contract "alliances against nature."

\(^{58}\) Memorandum by Holstein 30.12.95, GI 11, 2640
\(^{55}\) Hohenlohe to Münster 1.1.96, ibid., 2641 (despatched on the day after the emperor's letter to the tsar, cf. Zapp 81). - Holstein to Bülow 2.1.96 (ibid., 2643): "For the time being it is sufficient, if France and Russia and also England know that we do not have an insuperable aversion
For Münster's personal information Hohenlohe emphasized the objective of the move: to make Britain understand that the chasm between the two Continental groups was not unbridgeable, to demonstrate to her the dangers of a continued isolation and to cause her to join the triple alliance. Münster did apparently never put much faith in the approach and made in his later reports not even the slightest reference to it. There is no indication that the AA ever expected to win France through a "reconciliation" in the colonial field.\(^{59}\) To the French government the omission of Alsace-Lorraine from the constructive proposals was sufficient evidence of the actual intentions.\(^{60}\) Together with the emperor's telegram to Krüger - much as the AA claimed credit for its "mild" version, it was nonetheless more than a by-product of the policies of the office - Holstein's operation had a boomerang effect. It merely prompted the British and French governments to reach an agreement on their respective interests in South East Asia. After only very brief negotiations the French ambassador and the Foreign Office in London signed a treaty fixing the border lines, according to the French request, at the Mekong river. In return, France abstained from any moves in the Transvaal question (but continued nonetheless in the preparation of the Marchand mission). In Berlin, Hohenlohe had to insist to such a grouping". Indirectly, Holstein let this be known to the British government in a conversation with Chirol, the Times-correspondent in Berlin; Holstein to Hatzfeldt, \textit{ibid.}, 26:1 (6.1.96).-Note by Holstein in retrospect 9.12.1900, \textit{ibid.}, 71n.-Herbette to Berthe- lot 1.1. and 2.1.96, \textit{DFI} 1, 12, Nös. 254, 255; Berthe- lot to Herbette 7.1.96, \textit{FAE} Paris, Allemagne NS 26, 5-6.-cf. also Pierre Renouvin, \textit{La politique extérieure de la \textit{III}e République de 1871 à 1904}, (Les Cors de Sourbonne, \textit{mimo} \textit{Paris} 1956, 381f.- On the \textit{Temps} article Marschall to Radolin (Petersburg) 19.1.96, \textit{GP} 11, 2651.\(^{59}\) This has to be stressed in view of most other interpretations to the contrary. It is also not true, as often claimed, that the French government did not reply.\(^{60}\) Berthelot to Montebello 17.1.96, Montebello to Berthelot 25.1.96, Montebello to Nisard (director of political affairs) 7.2.96 et seq., \textit{DFI} 1, 12, 275, 285, 302.
that "everything has to be avoided which is likely to drive France into the arms of England!".\(^{61}\) Although this was largely an argument *ad hominem* to convince Wilhelm II. of the inadvisability of an occupation of Delagoa Bay, the warning reflected some of the actual fears entertained in the Wilhelmstraße. Even Holstein, while in all modesty referring to the effect of his maneuvers as a "small diplomatic success for Germany and a small political lesson to England"\(^{62}\), seriously took into consideration the possibility that Britain would yield to France in Egypt, since Salisbury had given ample evidence of his preference of sacrifices to France to an open conflict. If this happened, Germany would have to turn to Russia. Although Eulenburg, now ambassador in Vienna, repeatedly warned the AA and Holstein personally of the devastating impact of a German-Russian combination on the cohesion of the triple alliance, it appears that Holstein's prognosis was less the beginning of a new constructive policy than a reaction to the failure of his last move. His resignation was reflected in his maxim, reaffirming his initial standpoint and explicitly approved by the emperor, that from now on the triple alliance had to "hold together, keep calm, rely on its own strength and not look for other alliances, be it where it may."\(^{63}\)

In practice this outline manifested itself as a policy of pin-pricks, of attempts at driving wedges between the other powers and securing Germany's power position by preventing France and Russia from arriving at far-reaching arrangements with Britain. In 1896 the policy promised to be successful and the AA was extremely confident that it would also reduce the possibility of a Franco-Russian attack on Germany while maneuver-

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61) Hohenlohe to Wilhelm II. 7.1.96, GP 11, 2618
62) Holstein to Hatzfeldt 10.1.96, ibid., 2629
63) Note by Holstein 20.2.96, ibid., 2637; Hohenlohe to Eulenburg (draft by Holstein) 7.3.96, ibid., 2677 and cf. ibid., 92 n.,—Eulenburg to Holstein, e.g. 31.196, 20.2.96, BA Koblenz, NL Eulenburg 40, 45f., 96f.
ing Britain into a position in which she would eventually be compelled "to come" and "behave less swaggeringly than today." In the emperor's conception a "friendly England" meant that he would "keep an additional card against Russia in hand and have the prospect of obtaining colonial and commercial privileges from England." It also appeared that German "abstention" caused the new French cabinet under Méléine - since April 1896 with again Hanotaux in the foreign ministry - to review the policies of its predecessors. In the summer of 1896 Hanotaux took the initiative - indicated externally to some extent in the replacement of Herbette in Berlin by Noailles - and contacted the German government through two channels. In July the French and German ambassadors in London met for a number of talks and in September Jules Hansen, a Danish born agent of the French government, began to have unofficial talks in Copenhagen with Arthur von Huhn, the Berlin correspondent of the Kölnische Zeitung and one of the internationally most respected German journalists. Hanotaux expressed his "desire ... for a new orientation of French policies" toward a "rapprochement" with Germany, but could not, as Hansen added, "confess (it) publicly". As a point of departure the French foreign minister suggested the formation of an anti-British Franco-German entente in the Egyptian question, "leaving the question of Alsace-Lorraine outside of practical politics." It was fairly evident that the "opportunist" Hanotaux was more interested in a consolidation of the French Central African Empire than in a rapprochement with Germany as an end in itself. The unofficial contacts were ignored by the AA, although

64) Hohenlohe to Hatzfeldt 4.3.96, GP 11, 2870, -Münster to Hohenlohe 13.3.96, 19.3.96, ibid., 2699, 2705, -Radolin to AA 21.3.96, ibid., 2713, -Münster to Hohenlohe 31.3.96, ibid., 2721, -note by Hohenlohe 7.3.96, Hohenlohe III, 191.

65) Marginal note by Holstein on a report by Hatzfeldt 26.4.96, GP 14, 3793, -Wilhelm II. to AA 10.4.96, ibid., 3790.
the reports by von Huhn, who had been instructed that he was acting on his own responsibility, were read with great interest. Hanotaux's advance was interpreted as an attempt at utilizing the alienation between Germany and Britain towards a revision of the peace treaty of Frankfort and it was concluded - so for the information of the ambassador in Petersburg - "that France subordinates all questions to the one idea of revanche."

A Franco-German entente with regard to Egypt was of course one of the worst arrangements the AA could think of, and it appears that Hanotaux's proposals were kept from the emperor's knowledge, as he might at the time have approved of them. In October 1896 he surprised the AA with the conviction that there was a definite need for an alliance with Russia and France to protect the German colonies against Britain. It required the combined efforts of the chancellor and his state secretary for foreign affairs to dissuade Wilhelm II. from the idea until he finally conceded that the move could easily be used by France and Russia to bring pressure to bear on Britain to remove some of the outstanding points of friction between them, while Germany had an explicit interest in keeping them alive. In the end also the emperor was persuaded that an "alliance with France" was an "unnatural combination", but that there "would perhaps be an occasion for cooperation in individual concrete

66) Zapp 86f. (on the basis of GP exclusively); Frankenfeld 80f., Renouvin, IIIe République, 282f.—Documentation in GP 11, 317f., notably: Hohenlohe to Radolin 20.5.96 (2735), Hatzfeldt to Hohenlohe 22.5.96 (2739), Münster (not quite sharing the views held in Berlin) to Hohenlohe 3.7.96 (2854), Hohenlohe to Radolin 8.12.96 (2844)—cf. Courcel to Hanotaux 31.7.96 (DDF I, 12, 435) on his conversations with Hatzfeldt and Courcel's remark that all would have been so much easier, if Prussia had treated France in 1871 as she had treated Austria in 1866.—On Hanotaux's "opportunism" and "pragmatism", cf. Heggoy passim.

67) In view of the deliberate exclusion of Egypt from the German proposals in January, Hanotaux's move is rather difficult to interpret, particularly so, if too much weight is attached to it. There is hardly any documentary material on this "why-not-try-it?"-approach.
cases", although only after the French would have convinced themselves that the Russians were pursuing interests other than those of war against Germany. Nearly inevitably the emperor concluded that "our situation will be a normal one only when we possess a fleet capable of defying the English."  68)
The concrete background to the emperor’s impulsiveness was provided by British "encroachments" in the Persian Gulf, where Wilhelm II. envisaged the establishment of a German coaling station.
The emperor was, however, soon to return to the idea of a "Continental League"  69), as it began to be called, which was to form a most persistent constitutive element in his conceptions, nebulous and inconsistent as they often appeared in the individual case. In the majority of cases anti-British and with an anti-American tinge, on occasion anti-Russian or anti-Asiatic, based on a mixture of economic-political arguments (against Pan-Americanism and a most likely preferential tariff system within the British Empire) blended with racist-"völkisch" notions which had by no means matured to any form of ideology (for a "Germanic supremacy", against the "Slav danger" and the "yellow peril"), it was the conception that Central Europe (sometimes including, then again excluding France) or all of Europe (with or without Russia, on occasion even affiliating Britain) had to be "united" to secure Germany’s position

68) Holstein to Bülow 15.11.96, BA Koblenz, NL Bülow 90, 166f.- Telegram by Wilhelm II. to Hohenlohe 25.10.96, GP 13, 3396.

69) Considerable use will be made in the present study of Hilde Prowaseck, Der Gedanke einer Kontinentalliga gegen England unter Wilhelm II., Diss phil. Jena 1926, Leipzig 1928 (taking scrupulous account of the material then available in GP, but undoubtedly too narrow in the conception of a merely anti-British orientation. The economic factors, which were neglected here, were worked out some years later by Vagts in his indispensable Deutschland und die Vereinigten Staaten in der Weltpolitik. All these
on the Continent and were, in a variety of forms, linked with the ideas of an economically united Mitteleuropa which continued to occupy the emperor's attention.

In the summer of 1895 Wilhelm II invited for instance the Swedish crown prince "to bring" his country into the Zollverein to obviate its absorption by Russia in the case of a dissolution of the union between Sweden and Norway and to protect "the left flank of Germany respectively of Europe."

"All my thoughts and desires and all my ideas in politics are directed towards bringing the German races in the world firmly together, especially in Europe and forging them together ... against the Slavo-Czech invasion."

A year later the impending re-election of McKinley in the United States and the preparations for a new, the Dingley-tariff, caused the emperor to establish contact with the prospective invaders from the East in another effort of "uniting Europe in a customs union in common defence in the fight against McKinley and America, be it with, be it without England," and to drop similar though less direct hints to the French chargé d'affaires in Berlin. All this occurred a few weeks before his sudden insistence upon an anti-British German-French-Russian (purely political, as he saw it) alliance.

In the conversations with their Russian guests in the fall of 1896 on the matter of a customs union, Hohenlohe and Marschall, the locum tenens of the Caprivi era, took great care to stress that a European common economic area was "music of the future" and that all present discussions were of a "mere theoretical nature". Still, the Bavarian minister to Berlin

aspects are unduly neglected in Wolfgang Graf, Die Persönlichkeit des Reichskanzlers Fürst Chlodwig zu Hohenlohe und die Außenpolitik der Jahre 1894-1900, Diss.phil., NS, Heidelberg 1956.

71) Wilhelm II. did not see a dissolution as "imminent", But it "could come any day", in which case Russia, Britain and Denmark would occupy Norway, compelling him to move as well to forestall at least the Danish move, for he could "not tolerate Slavs and Britons in the Germanic North Sea ... without asking me or without my permission." - Hohenlohe III, 45. 104: Hohenlohe Journal 22.2.95; Wilhelm II. to Crown Prince Gustav 25.7.95.
had it from Rotenhan, the under state secretary in the AA, that Marschall was "making propaganda for the idea" within the office. The tsar kept his promise and informed his hosts in Paris of the emperor's ideas. Wilhelm II. had predicted that "the French will make a fine face". The only response, and a very enthusiastic one, came from Goluchowski, the Austrian foreign minister, who gave it prominence in a public speech in the next year. The Ballhausplatz was at the time preoccupied with the possibility of a re-orientation in foreign relations. Goluchowski had already attempted to revive a Mediterranean entente à trois and à la 1887, but had not found open ears in London, on account less of Anglo-Austrian than Anglo-German frictions. He now availed himself of the opportunity and incorporated Wilhelm's II. suggestions in his own plans of a five-power Continental alliance which he presented in Berlin in January 1897. Holstein categorically refused even to consider the idea; any attempt at an arrangement with France was "if not entirely hopeless, so at least dangerous", as the French would, "like the Saxons at Leipzig", only wait for an opportunity to attack Germany in the flank. He saw a slight possibility that France's Mediterranean interests would, under certain conditions, clash with those of Russia, but was not inclined to gamble "in face of the blue waves of the boundless ocean of conjectural politics." He was fully

72) Note by Marschall 7.9.96; Wilhelm II. to AA 9.9.96; note by Hohenlohe 10.9.96, GF 11, 2858-2862; Cf. Vagts I,301; Jerussalimski (somewhat confused and wrong in parts), 298/299.--Soulange to Hanotaux 23.8.96, DDF I,12,446. To a French economist Wilhelm II. said in August, in part disavowing himself: "People speak of the yellow peril. I don't believe in it, but the American peril is near" (and the Russians were not far away).--On the atmosphere in imperial circles and the AA cf. the "Mitteleuropa" reports by the Hanseatic representatives, Beutin 312, also Lerchenfeld to Crailsheim 9.9.96, GehStA München, Ges. Berlin 1967, No. 453.

73) For the French reaction: note by Hanotaux 12.10.96, DDF I, 12, 474, cf. GF 11, 370 n.--On the public discussions with particular reference to the Goluchowski address in 1897: Bosc 338.
shocked and enraged, when Eulenburg reported that Goluchowski had also mentioned the neutralization of Alsace-Lorraine as the price Germany would undoubtedly have to pay. Goluchowski's personal denunciation was in turn denied by Eulenburg, insisting that he had understood the Austrian foreign minister quite well. Holstein did not only express strictly personal feelings, when he wrote Eulenburg in a semi official letter that "Alsace-Lorraine and the graves of the many thousands who laid their lives down for it must not be touched by a German Emperor." 74)

In principle, Holstein and Hohenlohe were firm in their attitudes that a rapprochement between Germany and France was impossible as long as the French public held it as an "axiom that a common political action ... had by necessity to be preceded by a revision of the Peace of Frankfort" and as long as French cabinets did neither have the strength nor the will to oppose such chauvinism. A clash of French and Russian interests in the Near and Far East was likely, but would be long in coming and "until then it appears necessary not to create the impression that we are running after the French. They will come of their own accord when it will be in their interest and when public opinion in France will have satisfied itself of it." 75)

Also Germany's policy towards France remained by necessity

74) Eulenburg to Holstein 13.1.97, Holstein Iv, 593,-Holstein to Eulenburg 22.1.97, GP 12, 3116,-Eulenburg's reports in BA Koblenz, NL Eulenburg 45, 53f.,-ibid.,58f.: Eulenburg to Goluchowski 25.1.97, Goluchowski to Eulenburg 26.1.97, Eulenburg to Holstein 1.2.97 (the latter also in Holstein IV, 598

75) Circular letter 28.1.97, BA Koblenz, NL Hohenlohe A 10 (largely identical with a draft by Hohenlohe published in Hohenlohe III, 296/297),-note by Holstein 27.1.97, GP 13, 3424,-At the same time "suggestions" by the Russian foreign minister for a formation of a larger coalition were not taken up in Berlin, note by Hohenlohe 31.1.97, GP 13, 3425; Hohenlohe to Kadolin 1.2.97, ibid., 3427 (again faulty in the otherwise so useful book by Jerussalimski 343).
that of the free hand\textsuperscript{76}, although the "restlessness" of the emperor time and again produced projects for a variety of combinations and alliances. In February 1897 he was convinced of the necessity of an anti-Russian German-French alliance. France had to be saved for "Europe" as a "Kulturstaat". Such "recommendations" were no longer taken hard by the chancellor whose equanimity contrasted often strongly with Holstein's choleric temper. Hohenlohe repeated that "apart from a few unimportant African questions we have nothing to settle with France and nothing to request of her; Holstein insisted that both France and Britain would come. Until then Germany would "have to turn round a number of sharp corners."\textsuperscript{77}

At the same time, the beginning of 1897, he predicted a continued "muddling through" in domestic politics. The relations of the Conservatives to "this emperor" and the opposition of the federal princes to a "Reichsstreich" together with the danger of a foreign intervention made it increasingly evident that the coup d'état ideas of the emperor - "I do not know a constitution, I only know what I will" (to Admiral Hollmann) - stood little chance of realization. In the AA the emperor was rather openly considered "crazy" (toll)\textsuperscript{78}

\textsuperscript{76} Although the policy of the free hand was also a function of domestic interests, there is little to sustain the argumentation (of mostly DDR-historians) who reduce it to alleged anti-British interests of heavy industry and, following Hallgarten, the anti-Russian disposition of the East Elbian agrarians, (so also Kehr, Primat, 1641)

\textsuperscript{77} Hatzfeldt to Hohenlohe 20.1.97; marginal notes by the emperor GP 12/1, 3104, and similarly on Münster to Hohenlohe 3.2.97, GP 13, 3430 (in this and the following reports Münster underlined a noticeable cooling off of Franco-Russian relations); Holstein to Eulenburg 3.2.97, Holstein IV, 599, - Hohenlohe to Eulenburg 4.2.97, Hohenlohe III, 297, - Eulenburg to Hohenlohe, ibid., (8.2.97), - Eulenburg to Holstein 7.2.97, Holstein IV, 601.

\textsuperscript{78} Holstein to Bülow 5.3.97, 2.4.97, 3.4.97, BA Koblenz, NL Bülow 90, 254, 280f. - cf. also Eulenburg to Bülow, 8.3.97 BA Koblenz, NL Eulenburg 46, 183/184, - Holstein to Eulenburg 3.2.97, Holstein IV, 599, and supporting evidence in two letters by Lerchenfeld to Crailsheim 18.3.97 (nos. 144/145), GehStA München, Ges. Berlin 1086, - additional
and his "coup d'état policy with navy programme" was assessed as without much of a future. The ideas were indeed definitely abandoned only a short time later; the naval programme remained, in conjunction with the renewed emphasis on overseas goals, as an instrument of national integration, pacification and diversion.

Tirpitz, who now became state secretary of the RMA, had written at the end of 1895 that he saw "in the new great national task and the economic advantages which go with it a strong palliative against educated and uneducated social democrats." While he saw in the naval programme an instrument for the promotion of the political and economic strength of the empire and a means of social reform that would provide mass support for German imperialism, it was soon given other features. The history of the naval bill shows that it took in any event some time until the serviceableness of the navy in the context of gunzungspolitik was realized by all circles. The opposition of agrarians and conservatives.

Source material in John G. Köhl, Germany without Bismarck, esp. 234, 252/253, and cf. Berghahn, Tirpitz-Plan, 97f.

79) On the beginnings of the emperor's conceptions: Hohenlohe to Eulenburg 21.2.95, BA Koblenz, NL Eulenburg 34, 139ff. - on the conservative agitation and the preparation of the naval bill A. Hohenlohe to Eulenburg 17.2.95, ibid. 134ff., and BA Koblenz NL Hohenlohe A 2, passim.

80) cf. n. 48 above. - Kolstein to Kiderlen 30.4.97, BA Koblenz, NL Bülow 92, 158

81) Tirpitz to Stosch 21.12.95, Tirpitz, Erinnerungen, 52; cf. the apologetic interpretation in Hallmann 133; on the entire complex Berghahn, Tirpitz-Plan (with reservations, cf. the following fn.)

82) after E. Böhm, who shows clearly that Tirpitz was opposed to a repressive gunzungspolitik (and to the agrarians in whom he saw a declining social class); this corrects Berghahn's thesis markedly! - The force of circumstances compelled Tirpitz to modify his attitude in 1900 (see further below). (According to Baumgart, Deutschland im Zeitalter des Imperialismus, the navy "had merely the vague objective" to break Britain's dominance.)

83) cf. the ultra-conservative Bavarian Baron v. Süßlendorff to Hohenlohe 21.1.97 (Berghahn, Tirpitz-Plan, 232/233) seeing Germany's future in the agrarian population and extreme austerity in everything (except the army). "Our industry is not worth much anyway ... it is the hotbed of socialism ... . We are too late anyway;"
to weltpolitik and the "hideous fleet" continued for much longer and was basically never overcome although suppressed by the necessity of an arrangement.

Caprivi's chancellorship had hardly come to an end, when the CVdI and affiliated circles invited the agrarians to a full restoration of the alliance. 84) When the coup d'etat programme was abandoned in 1897, the policy of the revival of the cartel against the "revolutionary" movement began to take its place. 85) The Sammlungspolitik was given its features by Miquel, the Prussian minister of finance, and Posadowsky, since July 1897 state secretary of the office of the interior and as such responsible for social policy and considerable aspects of commercial policies, to whom it also gave the basic answer to the questions posed in his talks with Hohenlohe at the beginning of 1896 (inclusive of the higher grain duties envisaged by him then). The attacks of the BdL against Caprivi's economic policies continued under Hohenlohe's chancellorship 86) and found convenient objects in Marschall (AA) and Boetticher (RD) as "left-overs" of the anti-agrarian course. The continuing fall of the prices of agricultural products, of the rentability of the estates and the value of

84) See the relevant sections in Stegmann.
85) On the details ibid., 65ff., although marred by Stegmann's erratic to and fro between the months of June and November. The present study pursues a slightly different argumentation, although agreeing in all basic aspects as does for instance, from a different point of view and a shifting of the emphasis Bergmann, Tirpitz-Plan, 231ff.
86) Puhle 230f., Tirrell, passim, Lindig 29ff., Lotz, Handelspolitis unter Caprivi, 134f., Alexander Gerschenkron, Bread and Democracy in Germany, Berkeley 1943, 68f. The BdL did not even spare the Prussian minister of agriculture, Freiherr von Hammerstein-Loxten, who had censured the "danger to the public" in the agitation of the league. (cf. v.Diest-Daber at the 3rd General Assembly of the BdL on 18.2.96: "What the minister v.H. says or does not say, we don't give a damn ... The (v.Hammerstein and v. Bennigsen) may ... us, these ... . After Politisches Handbuch der Nationalliberalen Partei, Berlin 1907, 265, cf. also Peter Molt, Der Reichenstag vor der improvisierten Revolution, (Politische Forschungen, Band 4), Köln und Opladen, 1963. 
landed property\(^87\) led to violent polemics by the "firm rock of agriculture" against the "quicksand of international commerce" and the "international mobile gigantic capital" and to a series of demands for "small measures", as for instance various unsuccessful attempts to base Germany's currency on a bimetallic basis and utilize the differential between the developing silver-currency and the industrialized gold-standard countries with the objective of obtaining yet another premium on the export of grain\(^88\) and notably the nearly completely successful attempt at a revision of the stock-

\(^{87}\) Max Sering, the economist of the agrarians par excellence, contributed his _Das Sinken der Getreidepreise und die Konkurrenz des Auslandes_, Berlin 1894. - For prices and rentability cf. the famous contemporary study by Walter Rothkegel, _Die Bewegung der Kaufpreise für ländliche Besitzungen und die Entwicklung des Getreidepreises_, 1895-1909, in: Schm. Jb. 34/1909, - cf. also Barkin 119ff.

\(^{88}\) DZAT-RdI 15279 (Prussian state ministry), - The major aspects of the fight between bimetallists (primarily the free-conservatives Otto Arendt and W. Kardorff) and the defenders of the gold standard are now conveniently summarized in John G. Williamson, _Karl Heifferich, 1872–1924_, Economist, Financier, Politician, Princeton, N.J. 1971, 33f. - Otto Arendt (MdR 'since 1898), co-founder of the ADV, colonialist, imperialist, protectionist, anti-socialist and "coup-d'État"ist, who saw Germany's major task in breaking Britain's position in the world, represented the electoral district of Mansfeld and the interests of the Mansfeldsche Kupferbauende Gewerkschaft which also mined considerable quantities of silver. During his 25 years of struggle with the gold-defenders Bamberger and then Hefferich, and definitely since the appearance on the scene of the bimetallist Mélène in France, Arendt showed himself (also in the Reichstag) as one of the most ardent partisans of a German-French rapprochement on a silver basis and against Britain's domination and America's ascendancy. - Otto Arendt, _Ein deutsch-französisches Bündnis_, 1892, - on his attempts at a rapprochement in 1894/95 Eulenburg to Hohenlohe 8.1.95, 7.2.95, AA Bonn-Frankreich 102, Bd. 14, - Otto Arendt, _Warum zahlt der Franzose 2%, der Deutsche 5%?_, Berlin 1900, - A. in the Reichstag on 23-1-1903, _RT_ 1903, 7523, and for apparently the last time in _Der Tag_, 326, 7.7.1905. - For details cf. Ernest Hamburger, _Juden im öffentlichen Leben Deutschlands_, 1848-1918, Regierungsräte und Regierungsmänner, Berlin 1918, 18, - Heydtorn, 1868, 258/259, - Bachem VI, 258n., - Schilling, _Juden im öffentlichen Leben Deutschlands_, 1848-1918, Regierungsräte und Regierungsmänner, Berlin 1918, 18, - Heydtorn, 18, - Schilling, adh. n. 31.
exchange act in 1896 \(^{89}\), which were not only designed to support agriculture but to inflict additional wounds upon "commerce". The core of the anti-capitalist endeavours was the "motion Kanitz", presented to the Reichstag three times in the course of 21 months and requesting the nationalization and "monopolization" of grain imports by the government to deliver Germany from American speculators and their attempts to push up prices to levels bound to increase social unrest and promote the revolution. If the motion was not passed - and it was not - agriculture would have to ask for higher import duties on cereals. \(^{90}\) Under Caprivi the agrarians had actually obtained considerable compensations. In 1891 the Prussian state railways introduced a sliding tariff scale favouring grain transports over longer distances (i.e. mainly from East Elbia to Westphalia); the measures threatened to alienate South and Southwest German producers and their governments from Berlin and were repealed in 1894, to some extent also because they failed to satisfy the Junker farmers. In return the government - pressed by the conservatives and most energetically by Stumm, the free-conservative Saar industrialist - removed the so-called "identity proof" for imported and exported grain. The new regulation acted as an export reimbursement in that import certificates were issued for exported grain, malt, flour etc., with a validity of six months during which they could be used towards the duty-free importation of grain, and also, four months after the date of issue, towards the payment of customs duties on so-called colonial products - Exports of grain from Germany began to rise, although only slightly and with a total effect that did again not satisfy the agrarians. Other steps of government intervention consisted in open and indirect

89) in more detail above and below.
90) Adolf Buchenberger, Grundzüge der deutschen Agrarpolitik mit besonderer Berücksichtigung der großen und kleinen Mittel, Berlin 1897, I.A. Zehnter, Der Antrag Kanitz auf Verstaatlichung der "etreideeinfuhr", Heidelberg 1895, on an extremely narrow basis and without consultation of even the most indispensable files in the central archives, Barkin 89f.
export bounties on sugar and brandy \(^\text{91)}\), to which the Hohenlohe era added the ban on the trade in futures under the new stock-exchange act and a number of sanitary regulations in 1897, aimed at a restriction of the import of American

\(^{91)}\) Friedrich Beckmann, \textit{Einfuhrscheinsysteme, Kritische Betrachtung mit besonderer Berücksichtigung der Getreide-einfuhrscheine}, Karlsruhe 1911, 37. - A memorandum on pro-agrarian measures introduced from 1890 to 1896 (ordered by the Prussian state ministry) had the respectable length of 60 pages. DZA I-RdI 15331, - cf. also esp. Witt 42, 46 (for sugar, brandy etc.), and Stegmann 62. - German-French relations were little affected by these regulations. French sugar producers protested vehemently against the increase of the export bounties in Germany (by the sugar tax act of May 27, 1896), although they received considerably higher "compensations" (in 1899/1900 a total of 170 million francs as against 33 million marks in Germany), as they feared for their competitive position in the British market which received the bulk of French sugar exports - the total was estimated at 300,000 tons in 1895, while 650,000 tons of Germany's total sugar exports of 900,000 tons went to British jam factories. The French government showed initially some inclination to defend the interests of French producers, so on the International Sugar Conference in Brussels at the beginning of 1898, but consented, in view of the swelling volume of the bounties, to an international arrangement regulating their complete abolition (against the opposition of the German agrarians) in 1901/1902. (Augé-Laribe 166f., - Witt 42f., - Müller (Paris) to Hohenlohe 30.7.96, DZA I-RdI 3966, 82/83 and e.g. Dt. Ök., 993, 28.12.1901, 695/696; 1013, 17.5.1902, 336; 1280, 6.7.1907, 357/358). - Less important, although not irrelevant to local interests, was the "flooding" of the Southwest German market with French flour in the years 1895/1896, by virtue of the French system of import certificates which permitted the duty-free import of wheat, if the mill bound itself to export a corresponding quantity of flour within a certain period of time. An identity proof was not required. (Petitions by the association of German millers 1896/97, HK Köln, Jahresberichtes 1896, 92. 1897-1900: DZAI-AA 9402, 26f., AA 9403, 25f., 43f., RdI 3970, 22/23; BHStA MH 10098 (7.4.97), Bajkic 305. - Ludwig Holländer, \textit{Die Lage der deutschen Mühlenindustrie unter dem Einfluss der Handelspolitik, 1879-1897}, (Münchener Volkswirtschaftliche Studien, 29), Stuttgart 1898, - Max Jüdel, \textit{Der französische Getreidemarkt}, Karlsruhe 1915.)
beef (motivated with the Texas-fever), of American pork and American fruits (allegedly contaminated with the San-Jose shield-louse). The latter category did not touch upon the particular interests of East Elbia but was considered useful as a demonstration of the community of interests of all agricultural producers.\textsuperscript{92} Conservative representatives in the Reichstag also detected bacteria in American grain, but too few were willing to believe them and for the time being the agrarians had to content themselves with restrictions of the import of geese from Russian-Poland,\textsuperscript{93} which did of course not have any effect on the erosion of the grain prices. Also here the \textit{Sammlungspolitik} opened and cleared the way towards a solution. Already at the beginning of June 1897 Miquel was reported busy and "already trying to undermine the trade treaties."\textsuperscript{94} The alliance of the "productive estates" - signalled in speeches by Wilhelm II. and Miquel in Bielefeld and Solingen in June and July - was expressed in the slogan for the next Reichstag elections as "protection of national labour and fight against political and economic radicalism". By tying the "agrarian question" and the problem of maintaining the position of the junkers in the Prussian-German state to the navy bills - although "these

\textsuperscript{92} on the veterinary regulations DZA I-RdI 17752.- The agrarian movement always underlined that the East Elbian estate owners were farmers and as such not different from the hundreds of thousands of small peasants. American fruits touched mainly the interests of the agrarian wing in the nationalliberal party, especially of Heyl and Oriola from the "Worms corner", and those of Gustav Roesicke, one of the leaders of the BdL who represented, as an independent Reichstag member since 1898, the wine-growing district of Kaiserslautern-Kirchweihbolanden.

\textsuperscript{93} Lotz, \textit{Handelspolitik unter Caprivi}, 149, 151, 157.-Ulrich Teichmann, \textit{Die Politik der Agrarpreisstützung}, Köln-Deutz 1955, 598f., - Vagts I, 207.-Marginal note by Wilhelm II. on Radolin to Hohenlohe 5.8.98, GP 13, 3523, resenting the short-sightedness of the agrarians," which caused immediate tensions between Russia and us! Such a thing must not happen again", echoing his remarks in 1893 that he had "no desire to go to war with Russia because of a hundred dumb junkers." (Waldersee, \textit{Denkwürdigkeiten}, II, 306f.).
Prussian excellencies" did, as Hohenlohe observed in 1898, "not care a rap for the Empire and would rather abandon it today than tomorrow, inclusive of Miquel" 95), -- and to the interests of the heavy industrialists, the fathers of the Sammlungspolitik revived also the old strategy of deflecting attention from domestic issues by a new accentuation of Germany's world political mission. In meetings of the Prussian state ministry at the end of July and in November 189797) Miquel explained the objectives of the policy as "to rouse the feelings of the nation by an engagement with questions of foreign policy and to unite them on a common ground." He had been hoping -- evidently with a reference to his seconding, as mayor of Frankfort, in the formation of the Kolonialverein in 1882 which had been guided by similar ideas98), not to speak of Bismarck's bonapartist attempts -- that colonial

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94) Holstein to Bülow 9.6.97, BA Koblenz Nl Blüow 90, cf. Röhl, Germany without Bismarck, 234. -- Miquel had also been one of the first to welcome the formation of the BdL.

95) Hohenlohe Journal 12.12.98, Hohenlohe III, 474

96) Excellent again Stegmann 66f; with emphasis on the naval aspects Berghahn, Tirpitzplan, 232f., correlating the factors with each other Böhme, in: Der moderne Imperialismus, e.g. 54 (Weltpolitik manipulated as a purely defensive ideology), also Kehr, Primat, 205, 262, 317, with the famous description of the constellation of powers in which "the agrarians conceded the fleet to industry, industry the (grain) tariffs to the agrarians, while both kept the proletariat from the seizure of power," and the singularly bold, although isolated observation by his teacher Friedrich Meinecke, Geschichte des deutsch-englischen Bündnisproblems, 1890-1901, München und Berlin 1927, 6, to the effect that all individual phenomena were aspects of a larger whole; cf. the equally famous remarks by Max Weber (now: Max Weber, Wirtschaft und Gesellschaft, 1964, 673) that external success usually strengthens the prestige and position of the ruling classes at home (v.f. e.g. Stegmann 112).

97) Here mainly after the meeting in November. DZA II-Rep.9ca B III 2b No.6, Bd. 130, 166ff. (29.7.97) and Bd. 131, 258ff. (22.11.97), again Bd. 134, 29off. (19.4.98). -- The November meeting already in Böhme, Großmacht, 316 n.234, Stegmann 65/66 and again Böhme in: Der moderne Imperialismus, passim, esp. 50/51, with a slightly different accentuation.
politics would turn public attention away from domestic issues "to the outside". This had, however, been achieved to only a degree and Miquel pressed for "mitigating political antago-
isms" by presenting "more national questions to the Reichs-
tag", warning that they enjoyed the approval of the proper-
tied (originally: producing) classes." An "agreement on eco-
nomic grounds ...; a national economic policy, especially 
the cooperation of important economic groups would be suited 
to draw the parties closer to each other." Most of the other 
ministers were sceptical of the chances; Hohenlohe even pro-
tested, but Miquel asserted himself, strongly backed by the 
emperor and eagerly assisted by Posadowsky who declared in 
the Reichstag only a short time later that "the new commer-
cial treaties must not be .. copy of the ones in effect now."
The heavy industrial circles accepted the policy almost im-
mediately. The minutes of the meetings of the VdEST and of 
the Verein für bergbauliche Interessen im Oberbergamtsbezirk 
Dortmund recorded "unanimous and enthusiastic applause", when 
speakers conjured up the past as a model of weltpolitik - 
"like one in the days of the Hansa"92) and denounced the 
present "terrorism" of the socialists and social democratic 
party as "a state within a state" and wound up their ad-
resses with Bismarck quotations.100) The agrarians were much 

98) cf. the letter by the president of the association, Ho-
henlohe-Langenburg to Stumm 29.9.1882 (Hellwig, Stumm, 
336f.): "It is my conviction that an adequate formation of 
colonies would be the best conductor for the social 
democratic peril menacing us."

99) Stegmann, esp. 97f.,-ahr, passim.-Evidence is abund-
dant; the material presented here is "new": esp. A.Hoesch-
DHHU 1531,-StuE 1898/2, 778, 1048, 112of.- and R.W.Z. 
203, 25.7.94,-263, 23.9.98, telegram to Wilhelm II. on 
the occasion of the assassination of the Empress Eliza-
beth (of Austria).

100) Representative of others was Beumer's long address to 
the Langnamverein 9. 4.1895 (StuE 1895/1, 434), empha-
sizing the solidarity of the interest of agriculture and 
industry.
slower in coming around, and continued to make their support of the naval programme conditional upon the fate of the motion Kanitz ("ohne Kanitz keine Fähne"). They persisted in their fight on the bimetallist front, in particular against the grain-exporting "silver-lan"d" Argentina by way of provoking a renunciation of the most-favoured-nation relationship through demands for an exorbitantly high import duty on quebracho dye-wood\textsuperscript{101} and extended their opposition to the plans of the government for the construction of a "Mittelrandkanal" from the Rhine to Berlin in which they could only see the opening of yet another gate to cheap foreign grain. With the publication of Oldenburg's "Deutschland als Industriestaat" in 1897 they strongly accentuated their position in the controversy of industrial vs. agrarian state.\textsuperscript{102} Their "export pessimism", however, which saw the only chance of survival in the domestic market and in a "national economic independence" had already been taken account of by Miquel in his emphasis upon the "primacy of the inner market" against that of an "export-oriented world-market policy. The major differences that remained in the field of commercial politics were also soon eliminated by the Prussian minister of finance in the formation of the "Wirtschaftlicher Ausschuß" (WA)\textsuperscript{103}, (economic committee for the preparation of commercial measures).

The decisions of 1897, taken out of domestic considerations, show also that weltpolitik was motivated neither by an assessment of economic necessity nor specific conditions. Much as these elements were underlined in the discussions before and within the public - and the necessity to export remained ba-

\textsuperscript{101} DZAI-RdI 15236; the best published account is in Lotz, Handelspolitis unter C anthrop, 123f., 154.

\textsuperscript{102} cf. Barkin 189f., and his bibliography 279f., esp. the works by Oldenberg, sering, Wagner and their struggles with Lujo Brentano (and cf. further below).

\textsuperscript{103} On the origins and the constitution see Stegmann 69f.; and id., Wirtschaft und Politik nach Bismarck's Sturz, in: Deutschland in der Weltpolitis (Fs. F. Fischer), Düsseldorf 1973, 182 with the observation that only syndication made industry an "equal partner" of bureaucracy.
sically unchanged - a monocausal relation between weltpolitik and overproduction cannot be established.\textsuperscript{104}) German imperialism was to a large extent a strategy of diversion of attention in an effort "to retard the process of social and political emancipation" (Wehler), to paralyze the social effects of industrialization without retarding the process as such in the manner desired by conservative-agrarian circles. Industry and the "hideous fleet" were in fact the means selected to confirm the feudal-agrarian classes in their socio-political positions - incongruities which accounted on the other hand for the extremely fragile basis of weltpolitik, a continuing polarization of political parties along interest lines and the irritating zig-zag course in foreign policy.\textsuperscript{105})

\textsuperscript{104}) So also H. Böhme in: Der moderne Imperialismus, e.g. 51 although on occasion carried off too far in his emphasis on the non-economic causation. The whole socio-political and socio-psychological context has always been underlined by the pioneering H.-U. Wehler (cf. e.g. Krisenherde, 159/160).

\textsuperscript{105}) Basic is Eckart Kehr, Englandhäß und Weltpolitik, in: id., Primat, 149ff.
2) Germany and the Great Powers, 1897-1900.

The transition to weltpolitik entailed by necessity a complication of Germany's foreign policy. The anti-British orientation of the naval programme - "support of our political power and importance against England" as Tirpitz described the objective three days before the emperor's "sammlungs-address"-106), the anti-British anti-capitalism of the agrarians and their abhorrence of Britain as the prototype of the modern industrial state, balanced on the other hand by their extreme dislike of the grain-exporting Russian monarchy; the combination of the pro-British political sentiments of the North German commercial circles with their own and industry's interest in maintaining friendly relations with one of their best customers and major safety valve in a recession but also with their endeavours to improve their competitive position against the senior partner in the world markets; and last not least the trench between Germany and France considerably narrowed the freedom of decision in the AA. In the wealth of diplomatic correspondence concerned with specific situations and questions of strategy and tactics the conditioning background showed only on rare occasions. In his letter to Kiderlen in April 1897 in which Holstein wrote of the necessity for a colonial acquisition out of regard for the domestic situation, he also discussed some of the aspects of its feasibility and that of the naval programme in particular. Russian friendship did not suffice, since the maritime power of Britain and France combined would always be stronger than that of the combined German and Russian fleets. "When we build," - and this was indeed the crux of the issue, although Tirpitz based all his hopes for his systematic long-range plans

on precisely this argumentation to arrive at the opposite conclusion. 

"they will also build, ship for ship. In everything that can be effected with much money and few men, England will always be superior to us. In order to be able to expand at pleasure outside of Europe and to obtain in the end a real object in the place of unbounded hopes, we must get out of this state ... (of relations) with England, at least temporarily. The friendship does in no way have to be an eternal one."

In the present system of alliances and alignments Germany could do very little on her own.

"If England protests against the seizure of a possession, Germany will have to go home quietly - or what do you wish her to do?" 108)

All that Holstein could advocate, however, were limited ententes on a restricted basis and individual points of no concern to Russia. The approach appeared to promise the additional advantage of creating a general constellation in which also Russia would be compelled "to come". Holstein was not at all in favour of a firm anti-Russian alliance as it had for instance been suggested by Münster in Paris, the conservative-aristocratic but also, as he saw himself, anti-barbarian and by conviction anti-Russian former ambassador to London and since the mid-eighties at the head of the embassy in France, who recommended the formation of non-Russian Europe in a "société anonyme for the de-fortification of the Bosporus and the Dardanelles." 108)

The inauguration of the Sammlung- and Weltpolitik coincided with the decision in late-July 1897 of the British government to terminate all commercial treaties as of the end of July 1898. In conjunction with the agitation for a preferential tariff system between Britain and the Empire the announcement caused considerable excitement in Germany and was largely interpreted as a specific anti-German measure in con-

107) Tirpitz pointed in particular to the personnel problems in the Royal Navy, while Germany's compulsory military service would provide enough sailors. Berghahn, Tirpitz-Plan, 288, 314ff.
108) Holstein to Kiderlen 30.4.97, BA Koblenz NL Bülow 92, 158f., parts are illegible.
tinuation of the "made-in-Germany"-campaign in the eighties, and contributed in its own way to the propaganda effect of weltpolitik.\textsuperscript{109} The prevalent view was shared by the emperor in a confusion of hopes, planners and realities.

"After the acknowledgement and (sic!) superiority of German industry its destruction will soon be aspired to by Albion and will undoubtedly be achieved, if the disaster is not obviated energetically and quickly by the construction of a strong fleet. Caeterum Censeo naves esse aedificandas."\textsuperscript{110}

A realistic assessment\textsuperscript{111} was given only by the relatively anglophile commercial circles, so Hamburg's chamber of commerce:

"Great Britain is still immeasurably superior to us in the size of her shipbuilding industry and of her shipping companies, in the development of her railway system, in the housing conditions in her large cities and is in control of enormous markets... in which we share to only a small extent. We should therefore be careful not to underestimate the competitor in such a chauvinistic manner... ." \textsuperscript{112}


\textsuperscript{110} Marginal note by Wilhelm II, on a newspaper article submitted by Monts to Hohenlohe, 31.7.97, - Wilhelm II. to Hohenlohe 1.8.97, GP 13, 3413/3414, anticipating in striking detail the \textit{Saturday Review} article!

\textsuperscript{111} cf. the background in R.J. Hoffman, \textit{Great Britain and the German Trade Rivalry, 1875-1914}, Philadelphia 1933 (still an important basic study and excellent in spite of a completely unwarranted conclusion) and the comparisons drawn by David S. Landes, \textit{Entrepreneurship in advanced industrial countries: The Anglo-German Rivalry}, in: \textit{Entrepreneurship and Economic Growth}, Cambridge, Mass. 1954, disappointing in the disregard for all contemporary material (1).

\textsuperscript{112} HK Hamburg, \textit{Jahresbericht} 1896, 7
In the AA, both in the political and commercial sections, the question was considered from an exclusively pragmatic point of view. As long as Britain did not resort to discriminatory measures — as was done by Canada with the result of a ten-year long tariff war with Germany —, German industry and agriculture (the major staple in Germany's exports to Britain consisted of sugar for the jam factories!) were well advised to pursue their material interests without entering into any public discussions. A long-term commercial treaty would of course have been preferred to the annual and provisional renewal of a most-favoured-nation agreement, but these aspects were subordinate to the major concern of keeping German-British commercial relations from deteriorating for economic as much as political and domestic considerations.¹¹³)

Commercial relations between Germany and Britain were in general extremely close. In 1896 British imports from Germany at 27.538 million pound sterling ranked fourth in Britain's total imports of 441.8 million pound sterling, behind those from the United States, France and the Netherlands (which included unquestionably goods in transit from Germany). Imports of British products to Germany at 536 million marks took second position, accounting for 15.9%, in Germany's overall imports. Both countries were each other's best customers; British exports to Germany (33.985 million in a total of 296.4 million pound sterling) took the first place in the British export statistics as did the 675 million marks, representing 10.5% of total exports, on the German side. Ger-

¹¹³) Bavarian legation in Berlin to the Bavarian state ministry 10.8.1897, BHStA-MH 12c31; in the same file also the discussions in the WA with the full acceptance of the provisional arrangement until the expiry date of the Capripriv treaties, on 3.5.1900, i.e. at a time when the naval bill of 1900 had just been assured of agrarian support in exchange for the promise of higher import duties on cereals. — AA to all the Imperial offices and Prussian ministries concerned with commercial matters 8.10.97; meeting of the representatives of these offices on 25.10.97, meeting of the Prussian state ministry 16.10.97 et seq.;DZA I-RdI 3655, 86f.

¹¹⁴)
many imported from the United Kingdom primarily raw materials, semi-finished products and specific machinery in exchange mainly for sugar, coal and finished articles. As an individual item sugar headed the list with a share of 20%; collectively, finished articles clearly predominated, and the United Kingdom was the by far most important market for Germany's lighter industries. It is certain that only a very small part was re-exported from the U.K.; in 1896 this share was estimated at 6.3% of the total. 114)

While these relations determined the attitude of the AA, they escaped the attention of the emperor, Wilhelm II. insisted on a "Continental blockade" as a foregone conclusion. At the beginning of August 1897 he paid a visit to the tsar and reported home that he "and Nicky ... had ... disposed of the world, so to speak" and that Russia "had consented to bring along France - bon gré, mal gré." Eulenburg was instructed to separate Vienna from London and was prepared to tackle the task, although he considered it none too easy in view of the basically anti-Russian sentiments of the Pole Goluchowski, moderated as it appeared to be by Goluchowski's adhesion to the idea of a European customs union, 115) as it was again accentuated by Wilhelm II. with a pronounced anti-American argumentation. In July and August 1897 also the rallying heavy industrial-agrarian cartel started a violent press campaign against the new American Dingley tariff with duties above the levels of the much attacked McKinley tariff. While they were still pre-occupied with British commercial policies, German newspapers began already to ask for retaliatory action against the United States. The AA remained calm, commenting that such suggestions were "completely

mad" and Posadowsky of the RdI exhorted the representatives of the federal states on various occasions that Germany was heavily dependent upon the United States in petroleum and cotton and the empire was "completely powerless" against the Union.\textsuperscript{116)"

Some papers, among them the \textit{Münchener Allgemeine Zeitung}, which was developing to a South German champion of the Mitteleuropa-concept, underlined for the first time since the Caprivi years the need for a European \textit{Zollverein} or a customs league, - a programme to which on the other hand also Posadowsky could respond with far greater ease, while the AA again found it necessary to cool down the atmosphere and on this occasion even to submit a memorandum, carefully listing all general and specific arguments, underlining that an action did not promise success, particularly if it was carried out "without or even against England." as the emperor suggested. Wilhelm's II. Europa-plans had, as all anti-American projects since at least 1890 had shown, an extremely narrow material and economic foundation, at least in the manner it was envisaged by him. The AA- and this was quite evident - had at the time no interest whatsoever in an anti-British orientation; out of general considerations as much as in view of the intended German occupation of Kiaochou. In September the Russians stretched out a feeler to Berlin. Obutcheff, the chief of staff, suggested in the name of Muraiev, the foreign minister, that the "Continental powers should conclude an offensive and defensive alliance on the basis of and in the interest of the maintenance of the status quo until 1900", for "until then also the French did not wish a disturbance of the peace." The AA - under Bülow as acting state secretary - replied evasively.\textsuperscript{117)\textsuperscript{}} At the end of August Faure,

\textsuperscript{116)\textsuperscript{}} Vagts I, 13of., esp. 140/141 and also 345f.-Guttenberg (Bavarian chargé d'affaires in Berlin) to Bavarian state ministry 23.9.97,BHStA-MH 12031. (The material in St.A. Hamburg has already been presented by Vagts.)

\textsuperscript{117)\textsuperscript{}} Bülow to AA 13.9.97, GP 13, 3451.-The motivation of the Russian move is not clear, but it is quite possible that it did not have any at all.
the French president, had visited St. Petersburg and had availed himself of the occasion to support the position of the cabinet at home with the "momentous words"118) of "les deux nations unies et alliées." Under these conditions Bülow had no use for the Nuraief proposals but to transmit them to London as speedily as possible. Holstein had recommended such a move to improve official relations between Berlin and London, as the emperor's telegram to President Krüger and his idea of an anti-British Continental league had "deprived German diplomacy of its major trump against Russia." Holstein justified the "indiscretion" as "a matter of the political existence of the German Empire" in a situation where a "political pessimist" might well have reason to apprehend that the repeated German suggestions of an economic European union inclusive of France would soon be answered by Russia with the counter-proposal that Germany should make the first step and "remove that political nuisance shoved in like a wedge between France and Germany." Germany would then - "as a barely discernable point on the far away political horizon" - be compelled to declare categorically that any revision of the Peace of Frankfort would be a "certain case for war." 119) Holstein never ceased to be worried about attempts at a revision of the treaty of Frankfort. From his point of view there was little to be gained from efforts to reach an arrangement with France as long as the revanche-idea was still alive. The evidence does not allow an assessment of the impact of this conception on Bülow and Hohenlohe. It is known - though not referred to in any document - that Hohenlohe had a private meeting with Hanotaux in Paris in the spring of 1897 - considering the state of German-French re-

118) On the Faure visit to Petersburg: v. Müller (chargé d’affaires in Paris) to Hohenlohe 27.8.97 (quotation), GP 13, 3446.
119) Note by Holstein 18.10.97, Hohenlohe III, 394; Bülow to AA 19.11.97, GP 13, 3452.
lations an unusual if not extraordinary event - and it may (in view also of Hohenlohe's past) reasonably be assumed that Holstein's calculations where not identical with those of the chancellor.

In the summer and fall of 1897 the emperor in his escapades attempted to enforce a personal foreign policy that was completely disavowed by the foreign office. It is by no means certain that in this period of adjustment to the demands and implications of weltpolitik any of the top officials in the AA had more than a vague conception of the road ahead. Realizing that a world- and naval policy against Britain was an impossibility, Holstein presented himself, and to some rather suddenly, as the only champion of a German-British arrangement. He found the support of Münster in Paris and of Eulenburg in Vienna in particular, although he left it in the last analysis again open whether he meant in fact as so often outspokenly, only a limited agreement on specific points (so on the occasion of the acquisition of Kiauchou as "a symptom of improving German-English relations" for further use to exert pressure on Russia and "diminish Russian self-confidence") or whether, he was not, after all, contemplating a further reaching re-orientation. His resentment of the attitudes expressed by the emperor and the "navy people" was genuine; especially that of Admiral Senden, the head of the Naval Cabinet, who was "too stupid to realize that ... we are cutting off the possibility of drawing closer to England", while "the foreign department" was regarded as "merely the executive organ of Senden's plans." 121)

120) Münster to Hohenlohe 5.10.97, ibid., 3450, dto. 6.10.97
Hohenlohe III, 388: "May God give that our relations with England will improve soon. If the two mainstays of civilization - for that is what Germany and England are - do not harmonize with each other, the barbarians on the Neva and the Seine will be jubilant." -Eulenburg to Holstein 13.11.97, Holstein IV, 631: "I have to confess my growing uneasiness about Russia. Therefore, for God's sake, let us, if possible, draw closer to England."
A few weeks later Holstein had found his confidence again. Kiouchou had been a success in all respects — "our external prestige has been lifted and the general feeling at home has become quite different" (Bülow) — and Holstein felt assured that the odds were again in favour of his policy of the free hand: Britain and France "are both by nature too greedy to be able to get along with each other permanently" — unless Germany committed the mistake of following in their footsteps and driving Britain and France towards each other "through the immoderateness of her own acquisitiveness." 122) Pursuing a moderate world policy "we should not bind ourselves to any side without any immediately compelling reason." 123) Wilhelm II. endorsed the policy in the spring of 1898 by the latest, when Chamberlain made his first "offer of alliance" (an official step by the politically responsible Foreign Office in London was never made). The emperor fully appreciated the colonial advantages and commercial privileges that were likely to accompany such an understanding and to enhance also his personal prestige, but "the Niger and the Gulf of Petshili concern us less than Alsace-Lorraine", and the cementing of the Franco-Russian alliance by an Anglo-German entente weighed more heavily than any success in Weltpolitik. He would still have preferred an alliance with Russia, but after the experiences of the preceding year he subordinated his "restlessness" to the conceptions of his top officials which were again and quite discernibly in full harmony with each other. Bülow confirmed them:

121) Holstein to Eulenburg 10.11.97, BA Koblenz NL Eulenburg 49, 644/645 ("There is at present no Senden in France—Hanotaux is also building bridges to England and the Russians treat him with kid-gloves.") — On Kiaouchou: Holstein to Hatzfeldt 18.11.97, Holstein IV, 633
122) Bülow to Eulenburg 15.2.98, BA Koblenz NL Eulenburg 50, 40/41, note by Holstein 17.2.98, Holstein IV, p.56 n.4
123) Memorandum by Holstein 5.6.98, reflected nearly verbatim in Bülow to Wilhelm II. 5.6.98, GP 14/1, 3802, also Bülow to Wilhelm II. 24.8.98 and memorandum by Holstein 26.8.98, ibid., 3867/3868, — Cf. Brandenburg 141f. and Eyck 218f.
"We must keep our independent position between the two, we
must be the pointer on the scales and not the pendulum
swinging restlessly to and fro." 124) Tirpitz' categorical demand that "all anti-English foreign policy has to rest until we have a fleet as strong as the English" threatened to severely restrict the freedom of the AA and was strongly resented in the office, although it did basically not collide so very much after all with the line of conduct put forth by Holstein and adopted by Bülow. 125) The clash of British and French interests at Fashoda, Germany's own interests in the Near East - as demonstrated in the emperor's journey in the fall of 1898 - and Russia's need of rest" (as indicated in the proposals for a general disarmament conference) made it extremely advisable to abstain from any anti-British steps, in particular not to respond to attempts to draw Germany into an anti-British Franco-Russian action. 126) The Anglo-German agreement on the future of the Portuguese colonies in 1898 seemed to prove that arrangements with Britain were not only possible but also very advantageous.

The general interest of the colonial powers in the future of the Portuguese colonies also led to a brief intermezzo in German-French relations that was not irrelevant in the context but gained its major significance in the manner in which it was recalled by the actors in later years. In the

125) Notes by Hohenlohe 24.10.98, 15.99, Hohenlohe III,464, 497. Tirpitz did also not see any particular advantage in a Russian or Franco-Russian assistance, although he modified this attitude in 1899, calling an alliance with France desirable, but not feasible because of Alsace Lorraine.
126) Marginal notes by Wilhelm II. on Münster to Hohenlohe 9.11.98, GP 14/2, 3911; Bülow to Müller (Cairo) for Prince Heinrich 15.11.98, Ibid., 3920; Radolin to Hohenlohe 20.11.98 (and marginal notes by the emperor), Ibid. 13, 3530,-cf. also Eyck 246f.
spring of 1898 Hanotaux touched upon the subject in conversation and referred to the possibility of a German-French collaboration to keep the African colonies of Portugal from falling under British control. Holstein and Bülow responded evasively, but made a similar overture of their own in June, allegedly to find out whether there was, after the French refusal at the time of the Jameson Raid, still a chance of cooperation in individual cases. A day after the instruction was despatched to Münster the cabinet Mélile resigned over a domestic issue. Hanotaux, out of office, but still present at the Quai d'Orsay received the German note with the observation that he was personally entirely disposed in favour of "marching together with Germany" but was no longer speaking as foreign minister. Delcassé, appointed his successor a few days later, never replied, as the note had neither been given nor addressed to him. Berlin did not renew the suggestion. While Bülow emphasized in his letters to Hatzfeldt in London that the one and only purpose of the move had been to make the British government more amenable to German wishes, Holstein sulked and concentrated exclusively on Delcassé's failure to reply and began to construct his own theories of the particular dangerousness and viciousness of Delcassé, while the new French minister was at the time hardly taken serious by others none of whom anticipated that he would stay in office for seven years. Bülow considered him "a journalist of little importance who does not have any experience at all" and was convinced that French foreign policy would not change and remain largely Africa-oriented with the gratifying result that French public attention would also in the future be diverted from the question of Alsace-Lorraine and from the

127) Bülow (draft by Holstein) to Hatzfeldt 17.6.98, Bülow to Münster 18.6.98, Bülow to Hatzfeldt 22.6.98, GP 14/1, 3813, 3818; Holstein to Monts 10.7.98, Monts 355/356.- Nick 34f., Renouvin, IIIe République, 283/284.
idea of revanche. 128)
A few weeks later Fashoda and the near-isolation of France induced the French press to look beyond Alsace-Lorraine for support against Britain in Germany. Much was spoken of and written about an imminent rapprochement. 129) Münster pleaded not to miss the opportunity and to "reconcile" French public opinion by a complete removal of all restrictions on the freedom of movement across the border into Alsace-Lorraine (at this time only French officers were required to carry a passport), as such a measure would draw much greater attention now than under normal circumstances. Also he did, however, not suggest any basic changes in the principles of German foreign policy. 130)
On the French side Delcassé made full use of a coincidental meeting between von Huhn, the German journalist, and Hansen, the agent of the French government, in December 1898 and attempted to reactivate Hanotaux' indirect approaches to Berlin. In a long conversation with Huhn he suggested the formation of a Franco-German entente against British encroachments. The time had come, he insisted, to bridge the gulf between Germany and France. France was "saturated with colonies" and he, Delcassé, was more than willing to abandon French claims, especially in China, to Germany and to support any German bids for additional naval stations in East Asia. 131)
The German government, for obvious reasons, did not respond. France abandoned Fashoda on November 4, 1898, the question of Bar-el-Ghasal still awaited a settlement and until this

128) Münster to Hohenlohe 28.6.98, AA Bonn Deutschland 135 No.3., Bd.2; dto. 30.6.98, GP 14/1. 268/269n.-Lerchenfeld to Crailsheim, Geh.StA München, Ges. Berlin 1069.
129) Carroll, French Public Opinion, 176f.
130) Münster to Hohenlohe 23.11.98, GP 13, 3555; dto. (and not by the emperor!) 24.11.98, ibid., 3556, and private letter by Münster 24.11.98, Mohenlohe III, 470.
131) Long report by Huhn GP 13, 3558, 5.12.98.- On the meeting with Delcassé on November 21, see also Andrew, Delcassé, 112 n.4.-As a specific study: Friedrich Schimpke, Die deutsch-französischen Beziehungen von Fashoda bis zum Abschluß der Entente Cordiale vom 8. April 1904, Diss. phil. Berlin, Emsdetten 1935, 4ff.
was found - it was arrived at on March 21, 1899 - the French press and Delcassé continued to woo Germany with a variety of proposals of where and how to find compensation for her in exchange for the return of Alsace-Lorraine to France, without which, as it soon turned out, any entente was considered of only academic interest. In November 1898 the deputy Lalance inaugurated the full-scale debate with an article in the "Grande Revue", suggesting the exchange of Alsace-Lorraine for a French colony. The idea was presented as new, but was actually an old concept of the eighties. Similar proposals were ventilated by Delcassé in conversation with an Alsatian-German entrepreneur. In Germany all this was not taken seriously and was discussed very technically and unemotionally; so in a noteworthy exchange of views between the Kölnische Zeitung and the Matin on the feasibility of a return of the Reichslande to France and compensation for the German Empire in Austria after the death of Franz Joseph, or in similar discussions between the Cologne paper and the Figaro in February 1899 on colonial compensations for Germany. The German press was unanimous in the rejection of the French feelers. 132) The "sporadic French yearning for contact" (Metternich) - President Faure himself expressed his desire to meet Emperor Wilhelm personally 133) - had by nature no chance of being appreciated in Germany where Alsace-Lorraine was not a "question" and where - aside from all political calculations -


133) Metternich to Hohenlohe, January 1899, AA Bonn Frankreich 102 Bd. 18, - Münster to Hohenlohe 4.2.99, GP 13, 3561 (the editors omitted the marginal note of the emperor "Prünstchen", on the original in AA Bonn Preußen 1 No. 1 No. 4cc secr.), - Holstein to Münster 11.2.99 (not against it, but regarding a German initiative as impossible); Münster to Hohenlohe 28.2.99 (President Faure died suddenly soon after), AABonn Frankreich 102, Bd. 18.
the Prussian and Bavarian ministries of education recalled
to mind the differences in ideology between monarchy and
republic, between Central European and Western European
civilization, energetically warding off suggestions of
idealismand educators to establish a regular exchange
of letters - which was to be supervised by teachers - be-
tween French and German pupils on account of the "educati-
tonal risks" involved.134)

Still- Fashoda created without any doubt a détente in German-
French relations. It assured that the Dreyfus-affair re-
mained largely a French domestic issue and was not turned
against Germany as it easily could have been done in view
of the heavily compromised position of the German military
attaché in Paris.135) Also the Imperial government abstained
from any interference - both before and after the AA and the
chancellor had knowledge of the true background136) - in ac-
cordance with Bülow's principle that Germany could only gain,

134) Prussian decree of 12.9.99, Bavarian decree of 19.3.99,
AA Bonn Frankreich 162, Bd. 18.

135) Münster to Hohenlohe 29.12.98, Bülow I, 240.-In detail
Czempiel, Dreyfus-Geheimnis, the work of a political
scientist which is, for all its detailed descriptions, open to considerable criticism. Unsatisfied with a purely
descriptive analysis, the author gives post-mortem
advice to the directors of German foreign policy on how
they should have analysed and utilized political trends
in France. Czempiel's thesis that they were unable to
understand because they were prisoners of their un-demo-
cratic and anti-parliamentary ideologies is as absurd
as his assertion that the pre-conception of the "Bündnis-
unfähigkeit" of a republic was responsible for the "fact"
that a rapprochement with France was never seriously ta-
ken into consideration.-The book is full of similar
"pre-conceptions" on the part of the author.

136) The few documents on espionage which found their way into
the political archives - the Heeresarchiv was destroyed
in 1945 - tend to lend support to the assertion of the
Prussian minister of war that the position of the mili-
tary attaché in France in general and for the purpose of
espionage in particular was "not important" and that "mi-
itary espionage is concentrated in Brussels" where mo-
ney could procure "everything" from "professionals."-
Lerchenfeld to Crailsheim 17.12.99 (No. 463), Geh.St.A.
München, Ges. Berlin 1070.
"if the affair continued to fester, to demoralize the army and to scandalize Europe," 137) although not all shared the view. The affair and its ramifications were frequently discussed in the Hohenlohe family and at least Alexander Hohenlohe was of the opinion that Germany would hardly obtain an advantage if confusion in France reigned to such a degree that it could only end in a catastrophe - either in a dictatorship of the Jesuits or in a monarchy. 138) The emperor's feelings were "on the side of justice." 139)

Not unimpressed with the détente-atmosphere Wilhelm II. returned in these months to his former courtesies towards France; some of them with, some without a direct political motivation. During his Northland trip in the summer of 1899 he paid a visit to the French training sailing vessel "Iphé-génie" in Norwegian waters near Bergen. The action had been carefully planned by him, had been worked out together with the French naval attaché in Berlin, and was given full support by Noailles, the French ambassador, and to all appearances also by Delcassé who permitted the ship's captain to set the Imperial standard. 140) These were again a number of "firsts" in the history of German-French relations since 1871, although the visit was of course of a "strictly private" nature and not under the eyes of the public. The allegedly so Germanophobe Delcassé did in 1899 what the allegedly so Germanophile Hanotaux had not dared do four years earlier in the limelight of the opening of the Kiel-canal. The event was given great publicity notably in the French press as an indication of the markedly improved atmosphere in Franco-

137) Bülow to AA 29.9.98, GP 13, 3609
139) It is not clear how much of the information on the activities of Schwartzkoppen, the military attaché in Paris, was withheld from the emperor.-Münster had no idea of them and was outraged when he learned only part of them.
140) Buchard (naval attaché) to Noailles 3.6.99; Noailles to Delcassé 9.7.99, DDF I/15, 202, 39.; Below to Hohenlohe (and marginalia by Wilhelm II.) GP 13, 3570.
German relations\textsuperscript{140a}) and although the exchange of telegrams between the emperor and the president of the republic did not meet with a good press in Paris, both Loubet and Wilhelm II. were quite satisfied\textsuperscript{.} Wilhelm's "plan" had been to inform himself first-hand on sentiments in the French navy, considered of "particular importance", and to sound conditions for a resumption of his plans for a Continental league which he and "the gentlemen of the Tchézénie" had discussed in detail and in full agreement with each other. The event convinced Wilhelm II. that Fashoda had been the turning point in German-French relations and that the road was clear towards a union of the Continent. This view suggested itself also to others. After Fashoda newspapers in Germany, France and Russia repeatedly discussed the prospects of a Continental alliance—although in the majority of cases with a negative conclusion\textsuperscript{141).}

After the exchange of courtesies near Bergen the British press was also alerted and articles in the London papers created the impression that the British in fact seriously believed for the first time in the possibility of a German-French-Russian understanding.

In the AA Bülow and Holstein continued to adhere to their guide-lines. In the context of the call for a disarmament conference in April 1899 they had rejected renewed suggestions by Witte for an arrangement between France-Russia and Germany—as they were also to reject further moves— with the formal declaration that Germany would consent to them immediately as soon as the French and Russian governments were ready to sign a convention in which the three powers collectively guaranteed each other's present political boundaries and territorial possessions. No French cabinet was in a position to make such a declaration. The prospects of a Continental league were

\textsuperscript{140a) Ignotus (pseud.), The rapprochement between France and Germany, in: National Review 23/1899, 89ff.}

rated low in the AA and Fashoda changed little in the assessment. Richthofen, the under state secretary, was very surprised when he received the reports from London on the reaction of the British press to the visit on the Iphégénie. 142)

On the French side, Noailles was convinced that the actual German interest—estimated as "strong"—consisted of arrangements with France on individual questions and also Paul Cambon, the new ambassador to London, held that concerted actions of Germany and France in China for instance—so desirable to the French—were well within reach. These views were too optimistic. Bülow received the "French attempts at reconciliation ... politely but without illusions" and as efforts to use Germany's power for the purpose of fighting France's colonial enemies while France would, after these questions had been settled, feel strong enough to turn against Germany for a "final reckoning" on account of Alsace-Lorraine. Holstein agreed and the course remained unchanged; listen politely to any French proposals and express all hope for a possible future colonial co-operation. 144) Delcassé accepted the realities. During his visit to Petersburg in August 1899 the dual alliance was given a modification it was to retain until 1914: it was now unrestricted in time and no longer tied to the duration of the triple alliance; the objective—formerly the maintenance of peace—included now also the maintenance of the European "balance of power". Delcassé scored a complete success in restoring the cohesion of the alliance after it had been exposed to considerable stress at the peace confe-

142) Radolin to Hohenlohe 2.4.99, GP 13, 3537.—note by Bülow 5.5.99, GP 14/2, 4020; for July ibid., 4022ff.—On similar suggestions from the Spanish side: GP 15, p. 115ff.—Richthofen in conversation to the Hanseatic minister to Berlin; Klügmann to Burchard 13.7.99, St.A. Hamburg 132-1/I CID32, Bd. 20.

143) Noailles to Delcassé 15.2.99, P.Cambon to Delcassé 11.5.99, DDF I/15, 83, 171.

144) Memorandum by Bülow for Prince Heinrich 14.3.99, GP 13, 3566.—memorandum by Derenthall, the acting state secretary, 10.10.99, ibid., 3584.
rence in the Hague at which France had been compelled to side much more with Germany than with Russia. 145)

After his visit to Petersburg Delcassé was able to modify his position towards Germany and to reproach Berlin with having done nothing for the past six months but making vague allusions without formulating the least proposition. France would not make any further advances until the German government clearly stated its position towards Britain. With the outbreak of the South African War in October 1899 such an opening up on the German side was given a particular urgency. Bülow temporized, admitting that "this is a very important matter, but it will take time." The emperor was very frank and told Noailles that he could not do anything at all against a fully armed Britain. At the time of the Jameson Raid things would have been different - but in 20 years, when his fleet would be completed, he would again be in a position to use a different language. 146) Bülow corroborated the general guidelines:

"to await the further development of elemental events, in the possession of a strong navy and under preservation of good relations with the Russian and the English side, with patience and composure." 147)


The policy of the "free hand" was not quite so free as pretended - not for the next twelve years. It was not only a matter of German defencelessness against Britain - "while we are lying before England like butter before the knife" (Bülow) - and of not committing Germany to alliances which were likely to increase the danger of war and deteriorate Germany's position (Holstein), but primarily a matter of Germany's passing through a "danger zone" (Tirpitz) while the fleet was under construction or, as an alternative, the dropping of the navy-plan and all its social-imperialist components. 147a) Repeated Russo-French feelers for a Continental alliance were answered negatively, although Wilhelm II. was not free of the occasional apprehension that the policy of the free hand might also result in Germany's falling between the stools rather than watching events as "arbiter mundi". Political (official) relations between Germany and France froze once again on the level of courtesies. In the early spring of 1900 Delcassé consented to another Russian attempt to force Germany into a common front. The French ambassador followed his instructions "not to refuse any discussions but to avoid showing ourselves too impatient." 148) Some impatience showed, however, in the re-activation of the Hansen-Huhn channel. The German government did not respond. 149)

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147a) Bülow to Holstein 28.11.99, Holstein IV, 72o, -note by Holstein 17.11.99, ibid., 718 and cf. also Berghahn, Tirpitz-Plan, 392f.

148) Bülow to Radolin 3.3.1900, GP 15, 4472, - Radolin to AA 5.3.1900, ibid., 4476 (note by the emperor:"a telegram by Delcassé to Nocailles is sufficient"). - For the French side cf. above n. 146 and e.g. Montebello to Delcassé 17.2.1900, MAE Paris Allemagne NS 26, 13/14.

149) An indirect answer was given in the application of the guarantee clause. "We use this formula ... only when we wish to refuse a limine a proposal in which we know France to be participating" - Bülow to Metternich (London) 31.3.1900 (not despatched), dto. 1.4.1900, GP 15, 4496. - On other aspects see Andrew 174, 269ff.
and Bülow and Holstein remained unaware of Delcassé's specific motivation to obtain Germany's support for a French occupation of Morocco in exchange for compensation to be given to Germany in other parts of Africa. The general French objective was in any case evident.

It was not the last of the feelers stretched out by Delcassé, he continued to be interested in an arrangement with Germany also after March 1900, but in view of the apparent impossibility of inducing Germany into an anti-British front, he from now on intended to gain Morocco with rather than against Britain. A "rapprochement" with Germany on German conditions had always been out of the question. On February 1, 1899 Deschanel, the president of the chamber and as such the third man in the state, gave a speech in the Académie Française in which he refused even to consider the idea of a rapprochement, and Loubet, the head of state, maintained that the actual motivation behind Wilhelm's II courtesies towards France was none other than the desire to obtain a definitive French renunciation of claims to Alsace-Lorraine.

In the public discussions the détente spirit persisted, however, well into the year 1900 (inclusive of the inconclusive debate on the future of Alsace-Lorraine) and was at least in Paris closely tied to the material prospects connected with the world exhibition which was heavily frequented by visitors from Germany, while British tourists largely stayed away. In later years members of the German embassy in Paris regretted vividly that the situation had not been used by the AA and the

150) Andrew 138-140, 151/152, 174, (maintaing that no further contacts were made),-on the public Morocco-discussions Guillen 573f.

151) When Cambon wrote (24.10.1900) that it was an illusion to believe that a rupture between Britain and Germany could be achieved and Germany be used against British ambitions, Delcassé annotated "yes". - DDF I/16, 348.

152) Eulenburg to Hohenlohe 15.2.1900, GP 18/2, 5861 (on conversations with Nigra, the Italian ambassador),Montebello to Delcassé 15.3.1900,MAE Paris Allemagne NS 27,
ageing ambassador. Bülow followed Münster's reports and was optimistic as ever: German-French relations were better than ever before. Holstein was little touched by the French discovery during the "Germanic mass migration" to Paris that "Germans were not born with a spiked helmet and did not only rob provinces and eat choucroute," or by the peculiar French way of flying the German flag in Paris upside down. "We are hated in Russia and also in England. Where are we not? Love alone does not do it, but a sensible policy." As predicted by the German chargé d'affaires pro-German sympathies in the French public cooled down after the exhibition had been closed. The promising development from 1898 to 1900 additional material for 1901 to 1903 (from DDF) in Andrew, Delcasse, 173.- The issue of Alsace-Lorraine was of course never acknowledged as a "question" by the German government, since everything had been settled by the Peace of Frankfort.- The repeated proposals in the French press concerning the future of Alsace-Lorraine (primarily its return to France in exchange for a French colony) drew perforce also the attention of the emperor. His indignation was expressed in numerous marginalia, ranging from exasperation at the treatment of an "integral part of the German Empire ... like an African colony ... per compensationem" to the bitter sarcastic remark: "Much easier is a plebiscite in my favour; I rule for 6 months in Paris, 6 months in Berlin, the empire of Charlemagne is restored and France again united with the Reichslande."- on Münster to Hohenlohe 30.4.1900, AA Bonn Frankreich 111, Bd. 7, resp. on Münster to Hohenlohe 10.10.1900, GP 18/2, 5867.

153) On sentiments during the time of the exhibition: GP 18/2, 5862ff., AA Bonn Frankreich 111, Bde. 6-8.---Retrospective critique by Hans Miquel, AA Bonn NL Miquel, No. 5, p. 2f. and by Larchen in his memoirs, Meine Dreissig Dienstjahre, 1888-1918, Berlin 1931, 38.---In the same year Münster was finally retired, not without a fight and his threat to write his memoirs and have them published immediately in France (AA Bonn Deutschland 171, passim). His successor was Radolin, formerly ambassador to Petersburg and with some relations with French high society, an "important" field which Münster had also neglected, cf. Maurice Baumont, Le Prince de Radolin, in: Mélanges Pierre Renouvin, Etudes d'histoire des relations internationales, Paris 1966, 169f.

154) Bülow to Pückler (Vienna) 22.7.1900, GP 16, 4586.
155) Holstein to Hatzfeldt 23.8.1900, Holstein, IV, 741
155a) Schlözer to Hohenlohe 7.9.1900 AA Bonn Frankreich 111, Bd. 8
had nevertheless not been for nothing. It had a particular relevance in creating a situation conducive to direct economic and financial relations between the two countries.
3) Financial relations between Germany and France at the turn of the century.

Until 1897/98 contacts between German and French banks with regard to direct financial and commercial relations between the two countries were restricted to the most elementary business transactions. While French and German banks had been cooperating in third countries for a long time, neither of them — leaving the banks in Alsace-Lorraine out of consideration — had branches or agencies in the other country, and the French financial houses had been particularly reserved towards both long- and short-term investments in Germany. Many a "friendship" between private bankers had survived the war of 1870/71, so between Bethmann in Frankfurt and the French side-line Bethmann & Cie. (not a branch!) in Paris, between Sulzbach of Frankfurt and Sulzbach of Paris (operating with a German financial engagement until the early nineties), and notably between the Paris Rothschilds and Bleichröder and the Disconto-Gesellschaft in Berlin, reflected for instance in their mutual interests, together with Oppenheim of Cologne, in the Preußische Central-Boden Credit A.G., which had been planned before, created during and legally constituted after the war. The only subsidiary of a German bank in the France of the Second Empire, that of the Darmstädter Bank (created in 1867) did not survive 1871. The same bank, Schaaffhausen and the newly created Deutsche Bank attempted to gain a foothold in Paris at the end of the Gründerkrisis; the Deutsche Bank by taking an interest of 1 million francs in the

156) No account shall be given of the various smaller French banking houses working as representatives of the German great banks; e.g. Carlebach, Walsch & Cie for the Discontogesellschaft, Loewengart & Cie. for the Dresdner Bank; Goebel & Cie. for Schaffhausen etc., see the lists in J.E. Favre, Le capital français au service de l'étranger, Paris 1916, 145ff.
156a) Erich Achterberg, Frankfurter Bankherren, Frankfurt 1956, 47
house of Weiß weiller & Goldschmidt. 158) All of them encountered difficulties in the course of the great cyclical depression and had to be liquidated in 1876/77, 159) and no further developments were recorded during the following twenty years. On occasion the German names of bankers who had been living as naturalized citizens in France for a long time drew the attention of the public, in particular in the "Erlanger affair" in the krach of 1883/84, the failure of the banking house of the Baron Erlanger who also controlled the Crédit Général Français and was in close personal and financial relations with Hohenlohe, the German ambassador to Paris, 160) and in a first wave of an anti-semitic press-campaign in the nineties that gave prominence to the large number of naturalized Germans and Austrians on the board of directors of the large French financial institutions: Emil Ullmann (Comptoir National d'Escompte), Arthur Spitzer (Société Générale), Oskar Lustgarten (Banque de l'Union Parisienne) and others who were excellent bankers but cared in business inspite of all accusations in fact little for their countries of birth and were also in no way successors to the private bankers of German origin (Bamberger, Bischoffsheim, Hirsch) who had - as political refugees and assisted financially by their relatives in the German states - attained leading positions in the Second Empire. 162)

A unique position was taken by the Alsatian banks. The Comptoir de Mulhouse, established in 1848, had been the only regional bank in the area under French rule. 163) On the eve

160) Rogge, Holstein und Hohenlohe, 215f.
161) The opposite is maintained without proof by Herbert Feis, Europe, The World's Banker, 1870-1914, New Haven, Conn. 1930, 196.
162) cf.e.g. Fürstenberg 75,-Kaufmann 182.
163) Karl Strasser, Die deutschen Banken im Ausland, (Etudes économiques, commerciales ..., Fasc. 8), Innsbruck 1924, 66.
of the annexation in 1871 it was joined by two new creations, the Banque d'Alsace-Lorraine with an agency in Nancy and founded mainly by Alsatian financiers and industrialists, and the Banque de Mulhouse with an original share capital of 12 million francs (and the addition of an agency in Epinal in 1877 and in Belfort in 1896). The Banque de Mulhouse was controlled by Schlumberger, the dominating Alsatian textile industrialist, and Swiss capitalists, notably bankers in Basel. The prime objectives in both cases had been the safeguarding of the business relations of the local textile industries with France. For the same purpose French interests were retained in a number of smaller private banking houses, notably Staehling Valentin & Cie. in Straßburg and Mayer & Cie. in Metz. In two cases French banks attempted to secure old relations by the establishment of new agencies. The agency of the Comptoir National d'Escompte in Mülhausen was only short-lived; the three agencies of the Société Générale worked satisfactorily. Under the mounting pressure of an assimilation of the Reichslande to the Empire, the Société Générale decided to re-constitute the agencies, with the assistance of Schlumberger, as a formally independent bank under the name of Société Générale Alsacienne de Banque, usually known as "Elsässische Bank." The occasion was provided by a ministerial decree in 1881 preventing all foreign insurance companies - to avoid an open discrimination of French firms and French retaliation - from operating in Alsace-Lorraine. The


166) Kaufmann 182

167) Bing 469f. - Poidevin 16f. - An agency in Frankfurt was established in 1885.

168)
Société Générale evidently expected its extension also to banking institutions. In the eighties and nineties the Elsässische Bank could only with reservations be regarded as a subsidiary of the Paris bank,\(^{169}\) which remained, on the other hand, however, the only French great bank with a direct representation in the Reichslände. The only other occasion in which French capital was engaged in the creation of a bank in Alsace-Lorraine after the war of 1870/71 was (to an unknown extent) in the small-size Bank von Metz, founded in 1879 with a capital of 1.6 million marks.\(^ {170}\) As links between the German and the French financial markets these Alsation institutions had no importance; their relations with Basel were much closer than those with either Frankfort or Berlin.

After the unexpectedly quick completion of the extraordinary transaction of the payment of the war indemnities in the early seventies neither the political nor economic conditions were conducive to a particularly pronounced interest of French banks in Germany. The situation changed only, and rather suddenly, in 1897/98. In the fall of 1897 German newspapers reported that French banks had for the first time

\(^{168}\) The decree was directed plainly against the French insurance companies only, "because the agents of these companies have displayed an extensive anti-German political activity." A. Hohenlohe to Chlodwig Hohenlohe 17.12. 1899, Mühlberg to Radolin at the end of 1902, DZAI-AA 52,36 and 72f., cf. DZAI-AA 634.

\(^{169}\) At the end of the eighties the Elsässische Bank entered into closer relations with Bethmann in Frankfort, who took 8,000 shares of its capital stock, while the Société Générale controlled only 7,600. The Frankfort-oriented policy of the bank led to frictions with the Paris parent company which lasted for a number of years. They were finally eliminated in 1897, when the Elsässische Bank had overstrained itself and had to turn to the Société Générale for intensified support. On the further development of the relations from 1900 to 1906 cf. Poidevin 207f.

\(^{170}\) HAG 1915/II, 266
in a generation offered substantial amounts at long sight and that it had been taken by various German banks. 171) Throughout 1899 and 1900 considerable sums of short-term money were absorbed by the Berlin money market. 172) In view of the generally excellent business conditions until the late summer of 1900 and the acute tightness in the German market the French interest was most welcome. These short-term movements continued undiminishedly also in the following years. The reason for the sudden appearance can only be surmised, but it appears that the general improvement in political relations between the two countries was instrumental in convincing French bankers of the security of such direct transactions with Germany. The cyclical upswing after 1895, the outstripping of the formation of capital in Germany by demand and the generally higher interest rates provided the attractive material prospects; discount rates in Germany were usually 25% to 50% higher than those in France and while they hardly ever dropped below 3%, the Paris level was hardly ever above, but these conditions were little different from those in the late eighties and early nineties. In 1897/98 French short-term loans to Germany filled a gap caused by the abstention of British banks from granting extensive credits to German banks in view of the stiffening of the London market in the context of the

171) F.Z. 15.10.1897
172) N.E. Weill, Die Solidarität der Geldmärkte, Frankfurt 1903, 23. - Poidevin 20, 176f. - The French chargé d'affaires in Berlin reported in the fall of 1898 (6.10.98) that Berlin had turned to Paris for support and that French banks had supplied 200 million francs, half of it by the Crédit Lyonnais (AN Paris F30-258). The report cannot be verified, but appears exaggerated. In general the observations of the French diplomatic and consular representatives on financial relations abound with wrong informations and unconscious as well as deliberate misinterpretations and have to be taken with much greater caution than has been shown by Poidevin. The correspondents of the Frankfurter Zeitung were in the majority of cases much better informed. - cf. also Karl Helfferich, Der deutsche Geldmarkt 1895 bis 1902, in: SVS 110 (Die Störungen im deutschen Wirtschaftsleben während der Jahre 1900ff., Bd. 6), Leipzig 1903, 3f.
preparations for the South African campaign\textsuperscript{174}) The French banks abstained on the other hand from their usual strong engagements in London until the British-French dispute in the Sudan had been settled and interest rates in Britain had climbed to unusually high levels.\textsuperscript{175}) Berlin was in these weeks before the outbreak of the South African war somewhat neglected, but by this time German-French direct financial relations had already been established on a permanent basis. French banks engaged themselves strongly in the Prussian and Imperial loans of the spring of 1899 and subscribed again on a large scale for the 3½ Imperial loan of 1901 which was over-subscribed four times.\textsuperscript{176}) The circumstances were unique insofar as it had always been the endeavour of the Imperial and the Prussian governments to keep German bonds in German hands; the stringency in the money market in 1899/1900 caused them to turn to additional sources - 180 million marks of treasury bonds were placed in the United States exclusively. Also here it appears certain - and Paul Schwabach of the Bleichröder bank was convinced of it - that the positive response of the French petit rentier was in the main attributable to the atmosphere of détente in general political relations between Germany and France.\textsuperscript{177}) The material conditions were again inviting: A low issuing quotation of 87 1/2 promised a good development and in any case a higher return than on

\textsuperscript{174}) Arthur I. Bloomfield, \textit{Short-term Capital Movements under the pre-1914 Gold Standard}, (Princeton Studies in International Finance, No. 11), Princeton, N.J. 1963, 7 (with explanations that cannot be verified or are in part contradicted by the sparse evidence available); otherwise after French embassy in Berlin to AE 11.4. 1900, AN Paris F30-261. -- Heinrich Bichmann, \textit{Der Zinsfuß seit 1895}, Berlin 1912, 34/35, estimated the pre-1898 British short-term loans to Germany at approximately 500 million marks.

\textsuperscript{175}) Weill 25

\textsuperscript{176}) P. Z. 10, 10, 1900, 7.4.1901, -- aslo Poidevin 190f.

\textsuperscript{177}) Paul H. v. Schwabach, \textit{Aus meinen Akten}, Berlin 1927, 16; P. Schwabach to Baron Alfred v. Rothschild (London) 27.3.1901.
French government bonds.\textsuperscript{178)} The attitudes of the French government and the embassy in Berlin are not on record. Only one consul offered his comment. In 1901 the consul in Stuttgart warned expressly of the engagement of French money in Germany, whether in government bonds or industrials or short-term loans, as it was bound to strengthen the position of the "strongest competitor of French industry." Against the background of the recession he gave a gloomy picture of Germany's immediate economic future and her enormous financial embarrassments the mitigation of which should not be of any concern to French capitalists.\textsuperscript{179)} This judgment was shared by many others. In the early summer of 1901 an imminent "krach allemand" was a major topic in the French press. For some time even most French banks withdrew\textsuperscript{180)} considerable sums from Germany. They were, however, returned by the late fall\textsuperscript{181)} and also the French small capitalist and rentier retained a predilection for German bonds, particularly so after the conversion of the 3 1/2\% French rente to a 3\% paper in July 1902. The new 3\% German Imperial loan was largely "rescued" by the French small investor and also those of 1903 and 1905 drew French subscriptions in spite of the disappointing development of the bonds of 1902 and the general lack of foreign interest in the two subsequent issues.\textsuperscript{182)} With the ex-

\textsuperscript{178)} cf. S.M. 1901/1, 37\% "Why", so Max Schippel asked, "should capital continue to vegetate in nationalistic narrowness?"

\textsuperscript{179)} Lefaitre to AE 27.6.01, AN Paris F 30-258

\textsuperscript{180)} The term "withdrawal" is of course technically incorrect.

\textsuperscript{181)} Dt. Ök., 990, 7.12.1901, 653

\textsuperscript{182)} Karl Kimmich, Die Beanspruchung des niedrigen Kursstandes deutscher Staatsanleihen, (Münchener volkswirtschaftliche Studien), Stuttgart und Berlin 1906, 286, 292/293. According to French sources Germany received in 1902 more than 1,000 mill. francs (Poidevin 185/186). The assertions can again not be corroborated, but in view of the lower discount rates and the estimates of French credits in later years, the sum seems extremely unlikely. Also not verifiable is the statement (ibid., 195)
ception of 1902 the higher German market discount rates\textsuperscript{183} in conjunction with the high rates of exchange\textsuperscript{184} indicated a continued flow of French short-term funds to Germany, mostly in the form of acceptance credit and a so-called "pensioning of bills".\textsuperscript{185} Contemporary estimates of the amounts involved differed widely, but in peak periods German bills pensioned in Paris reached probably, as outstanding total debts, maxima of around 1,000 million francs - a considerable sum which unquestionably lent additional support to industrial growth in Germany even if on an average only around 500 million francs were permanently available at the time.\textsuperscript{186}

The third novum in the period of relative détente was the attempt to obtain the admission of German industrials to the Paris stock-exchange\textsuperscript{187} to facilitate the acquisition of shares by the French public and to reduce the share-holder's risk of being unable to realize them in time at a German place. There had apparently been a lively intercourse between German and French stock-exchanges in the eighties and early nineties until it had been paralyzed by the German stock-exchange act of 1896\textsuperscript{188}, the product of the attacks of the

that the realization of the Imperial loans in France, and also in Austria, was largely responsible for the fall of the quotations.

\textsuperscript{183} The average market discount rates in Paris and Berlin were in 1900: 3.1\%-4.4\%; 1901: 2.4\%-3.0\%; 1902: 2.4\%-2.1\%; 1903: 2.7\%-3.0\%; 1904: 2.1\%-3.1\%; 1905: 2.1\%-2.8\% (to be taken with the usual reservations as mere illustrations).

\textsuperscript{184} cf. the lists and tables in Walther Mahlberg, Der Kurs des Frankenwechsels, in: \textit{Zs. f. Handelswissenschaftliche Forschung} III-1908/09, 397ff.

\textsuperscript{185} From the point of view of the German banks the pensioning of bills meant in practice that they rediscounted bills of exchange in Paris where the rates were lower and ordered them back just before they fell due. It is quite possible that some of the transactions were not entirely "unobjectionable." Cf. Riesser 183/184, K.F. Maier, \textit{Goldwanderungen}, Jena 1935, 46ff.-Poidevin 177ff.

\textsuperscript{186} after the market reports in the \textit{F.Z.}; cf. the data for investments in the industrial sector in Hoffmann, \textit{Wachstum}, 247, with a yearly average between 2,000 and 3,000 million marks.
Prussian agrarians on the agents and brokers of "international commerce". It consisted not only of the prohibition of nearly all trade in futures but a series of strictly enforced regulations directed specifically against the security-exchange rather than the produce-exchange and restricting in particular the circle of persons licensed to transact business at the exchange. The legislation had the effect of also a noticeable weakening of the international position of the leading German stock-exchanges in that an increasing part of the purchase and sale of foreign securities on German account was effected at foreign places, mainly in London and Brussels, loosening also the contacts between Berlin and Paris, quite apart from "the loss of millions to the German national economy".

The effect of the act was increased by higher stamp duties - although most observers agreed that their impact was relatively small by comparison with that of the act itself - from a level of 5 °/oo to 10 °/oo on German industrials and from 5 °/oo to 15 °/oo on the shares of foreign stock corporations in 1894, and a further increase in 1900 to 20 °/oo and 25 °/oo respectively.

Under the conditions the endeavours to procure the listing of German industrials in Paris proved rather difficult. A

187) cf. Poidevin 196f. (Presented here are, with a differing emphasis, only the most essential aspects).

188) Expressed in this manner in a letter by the Bleichröder bank to Havenstein, the president of the Preußische See- handlung, the Prussian state bank, 10.10.1906, DZAIII-Rep. 151 HB No. 1725, 12. Other references could not be found.


190) So on virtually each page in a Denkschrift of the Centralverband des Deutschen Bank- und Bankiergewerbes (in e.g. DZAI-RKz 463); similarly Max Weber (Lindenlaub 29o) and Th. Möller in a meeting of the Prussian state ministry. (No data shall be given here, as it is apparent that they depended on a variety of factors which cannot be unravelled. The discussion of these aspects of the act will be resumed further below.)
small success was achieved in 1900 with the listing of the shares of the Harpener Bergbau A.G. Those of Gelsenkirchener Bergwerks A.G. (GBAG) and Stolberger Zink were added in 1904.191) Gelsenkirchen and Harpen were top speculative papers in Germany and undoubtedly very attractive also to the professionals at the Paris stock-exchange; Harpen and Stolberger Zink had both been created by French capitalists in the time before the unification of Germany and had for a long time been operating with French financial assistance. A considerable amount of Harpen shares had passed into French hands as recently as the late nineties, when the German company had purchased a coal mine in the Ruhr from Belgian and French capitalists. 192) Inspite of these advantageous conditions the three papers did not have a good market in Paris. 193) In the case of Harpen the point of time - shortly before the beginning of the recession - was probably too ill-chosen to give the paper a good start. The chances were furthermore completely marred by the listing in the so-called "free market" only (the coulisse or marché en banque) where transactions were effected by members of "free corporations" and not to the official market of the parquet which was reserved to the monopolistically organized "Compagnie des agents de change". The admission

191) Kaufmann 84,-Poidevin 199f.-Listing was also granted to the shares of the Schlesische Zinkhütten A.G., but this was a different matter since the company in question was an old French creation and continued to be more French than German until 1914 (inspite of the prominence usually given to the financial engagement of Henckell von Donnersmarck in the company).

192) August Heinrichsbaure, Harpener Bergbau-Actiengesellschaft, 1856-1936. Essen 1936, 137.-Franz Mariaux, Gedenkwort zum hundertjährigen Bestehen der Harpener Bergbau A.G., Dortmund 1956, 57f., 127f. - The major French shareholders had apparently no relations with either the French great banks or French heavy industry. The only confidential information that could be found dates unfortunately of 1893 and lists e.g. banking house Camondo & Co., Paris, A.Fauré, Pion-Lebaudez, Ch. Porès, all of Paris; DZA I- BHG Sekretariat 1400a, 14/15, 16/17, 26/27
to the coulisse hardly corresponded with the wishes of the German industrialists and financiers, and Fürstenberg of the Berliner Handelsgesellschaft said so quite openly. In 1903 he was determined to obtain the admission of ABG shares to the parquet in spite of the relatively high stamp duties levied on foreign papers in France, which had for instance deterred the industrial giant U.S. Steel, but also Fürstenberg was without success, possibly because the French banks he had entrusted with the task of making propaganda for the shares either balked at the costs or had been given to understand that the politically relevant French circles were opposed to an admission. Already in February 1901 Delcassé had asked Caillaux, the minister of finance, * to supervise this movement of the introduction of German securities.* 

In the end their admission to the parquet had only one influential supporter in France: de Verneuil, the syndic of the Compagnie des agents de change.

Equally unrealistic were the hopes, if they were in fact entertained at all, that the admission of German govern-

193) The quotations in Paris followed roughly the course in Germany. Harpen was at 1770 at the time of admission, fell to an average of 1282 during the cyclical recession and climbed gradually into the 1600’s (1668 in 1905, 1657 in 1906). After the lists in AN Paris F 30-248.

194) Berlin to AE 3.2.1901, AN Paris F 30-260; Stuttgart to AE, ibid., F 30-258 (17.3.1903)

195) On the in detail extremely complex taxation cf. Kaufmann 237. The duties affected of course French shareholders as much and may well have been one of the major causes for the lack of demand for Harpen shares, so also the judgement by Poidevin 203.

196) Delcassé to Caillaux, 6.2.1901, AN Paris F 30-260. It does not appear that he was consulted on the question of the admission of the Harpen shares.

197) Poidevin 197

198) At the beginning of 1903 Dombois, the undersecretary in the Prussian ministry of finance, and Heiligenstadt, the president of the Preußische Central-Genossenschaftskasse discussed the question of a possible introduction of 3% Prussian consols in Paris. Heiligenstadt was quite sure that "the introduction in Paris will unquestionably effect a considerable rise in the quotation" and pointed to a similar development of the 3%
ment bonds in Paris would have a stabilizing effect upon their steadily corroding quotations. Inspite of all these disappointments to the German bankers financial relations between Germany and France from 1898/99 to at least 1904/05\(^{199}\) were entirely different from what they had been for a generation after the war of 1870/71. Delcassé's increasing opposition to a complete normalization of direct financial relations was rather powerless against the autonomous monetary short-term movements, and already in 1901 the activity of Rouvier, Delcassé's future antagonist, indicated that it was not impossible to expand the basis found to a mutually satisfactory full-scale co-operation. When he founded his Banque Française pour le Commerce et l'Industrie, he would have liked to see an engagement by German capitalists. His view was shared by Radolin, the new German ambassador in Paris; the German great banks, however, showed no particular inclination towards following the invitation, presumably because the venture appeared to be too small and because it was not supported by any of the French great banks (which took a stronger interest, when the bank was reorganized in 1904). Nevertheless a certain relationship was established: A. Kaula of the Württembergische Vereinsbank took a seat on the administrative council of the new Rouvier-bank.\(^{200}\)

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\(^{199}\) The discussion will be resumed below with developments in and after 1905.

\(^{200}\) Mainly after the material in AA Bonn Frankreich 94, Bd.17-in detail already Poidevin 206/207.
4) German-French commercial relations, 1897-1900.

In the same period commercial relations between the two countries were extremely stable.\(^{201}\) German imports from France closely followed the general trend and the share of France in Germany's total imports remained steady at between 5.0% and 5.3% during 1897-1902. In the German foreign trade statistics France always held the fifth place behind Russia, the United States, Austria and Britain and kept slightly ahead of Argentina and India. German exports to France fluctuated between 5.0% and 5.6% of total German exports from 1897 to 1905, reaching a peak performance of 5.9% in 1900, the year of the Paris world exhibition. France ranked eighth among Germany's customers, only marginally ahead of Belgium. The frequent observation that Germany's export performance in the relations with France left much to be desired was not unfounded.\(^{202}\) In the French statistics Germany ranked third as a supplier, behind Britain and the United States; also third as a customer, behind Britain and Belgium, although it may reasonably be assumed that part of the Belgian "imports" from France were goods in transit to Britain or Germany. Germany's share in both French exports and imports was around 10%, with a more distinct differentiation in the years after 1900, when imports to France averaged 9.5% (until 1905), exports from France to Germany 12.0% of the totals.

\(^{201}\) The data will be given as they appear in the official statistics, faulty as they, in particular the French ones, may be. cf. esp. Ives Guyot, *La Comedie Protectionniste*, Paris 1905. Preference will be given to the German statistics which were arrived at rather uniformly during the period under discussion - a major revision in the methods occurred, however, in 1896, so that the figures for 1895/96 and 1897f. are not strictly comparable - eliminating the need for self-constructed "corrected data", as done by e.g. Cameron 524ff. On the relations in the basis year 1897: Jules Roche, *Relations commerciales de la France et de l'étranger: Allemagne et France*, Paris 1898., cf. in particular the extremely thorough and diligent descriptive analysis by Poidevin 107ff., 370ff., with a different emphasis.

The share of the United Kingdom in French imports oscillated around 14.5%\textsuperscript{203}, discernibly ahead of imports from Germany. The structural composition of German and British exports to France was roughly identical and by the turn of the century German and British exporters were strongly competing with each other on the French market with some advantages on the side of the British on account of their generally lower freight charges. In both cases 50 to 60% of sales to France were accounted for, as also in the overall export performances, by finished products. The British dominance in textiles was counterbalanced by a German preponderance in the products of the "new" industries. The most direct confrontation occurred in machinery—a field in which the future was, with the exception of textile and agricultural machines—to belong to the German manufacturers. The initially wide gap between British and German machinery exports to France had been noticeably narrowed by 1900 from a relation of 27 as against 16 million francs in 1895 to one of 29 as against 23 million francs. Competition was also very direct, but developed soon into a division of products and markets, in the major export staple of both: coal. In 1895 it accounted for 17.5% of the total value of British sales and 9.5% of all German sales to France—British exports rose to an extraordinary maximum of 30% in 1900 (conditioned by strikes and the impending introduction of a coal export duty in Britain) and held a stable share of between 20% to 25% in the following years. The share of coal in German exports rose to 11.5% in 1900 and continued to oscillate around this mark within the framework of a steadily expanding export to France. French exports to Germany did not at all reflect the typical features of French exports. Finished articles which constituted 60% of overall exports accounted for only one third of

\textsuperscript{203} Ann. Stat. R. F. 34-1914=15, 824/83
the total value of sales to Germany; luxury articles and fine textiles with the exception of silks were of little relevance; Germany bought mainly semi-finished goods for refinement in German factories.\textsuperscript{204} A major change in the basic structure, however, took place after approximately 1907, when the export of iron-ore from France gained considerably in importance.

The relevance of the most-favoured-nation clause in German-French commercial relations cannot be evaluated conclusively. It evidently assured both parties against discrimination on the part of the other, but the regulation in no way deprived them of all the instruments available.\textsuperscript{205} Contemporaries - so in a famous controversy on the occasion of the reorientation of French commercial policies in 1890/91 - were always able to show the contradictions and inconsistencies in the often unreflected argumentations of the opposite camp. The protectionist Méline-tariff did not impede trade with Germany to any noticeable degree, as the majority of finished articles imported from Germany were of an absolute necessity to France, while the average German consumers goods had never been able to compete with the more refined French products anyway. The later so-famous German commercial travellers and salesmen had at the turn of the century only begun with their infiltration of the French market. Complaints of German producers about the "prohibitively high French tariffs" were not unusual and by nature inescapable.\textsuperscript{206} As long as France was involved in her tariff wars with Switzerland and Italy - those with Spain and Portugal weighed

\begin{enumerate}
\item \textsuperscript{205} Sartorius von Waltershausen, Der Paragraph elf des Frankfurter Friedens, Jena 1915; Ernst Freiherr von Teubern, Die Meistbegünstigungsklausel in den internationalen Handelsverträgen, (Beihaupt I zum VII. Bandes der Zeitsschrift für Völkerrecht und Bundesstaatsrecht), Breslau 1913; L.Glier, Die Meistbegünstigungsklausel, Berlin 1905.
\end{enumerate}
less in competition with Germany - German industry did in fact not lose but gain by French protectionism with the additional prospect of obtaining in the end a number of reductions in the French duties which the republic would have to concede notably to Switzerland, if the conflict was to be terminated at all. This occurred in the summer of 1895, but the three-year-long commercial struggle in the Latin area had given the German industries the chance of breaking the French monopoly in the Swiss market, even if many French products could not be replaced by German goods. The clients gained gradually became customers and more than 2 1/2 years after the end of the Franco-Swiss dispute the German press could still, and without fear of contradiction, extol this major economic victory over France. 207) Similar relations held true, although on a considerably more modest scale, of the triangle 205a) Auguste Oncken, L'article onze du traité de paix de Francfort, in REP 5/1891, 602f.-Bačkić 83, in detail Poidevin 93f. 206) DZAI-AA 9442f. 207) So in the R.W.Z., 308, 6.11.1897.-The Prussian minister of commerce sent a circular letter to the German chambers of Commerce (24.5. 1894), encouraging them to exploit the situation in full depth and advising industrial companies to establish showrooms in Switzerland, to print their catalogues in the French language etc., and informing German producers of their "duty" to employ as much energy and perseverance as possible. It cannot be established, but is unlikely, that the German railways contributed their shares in the form of especially reduced freight tariffs (cf. the complaints and suggestions of Felten & Guillaume to H K Mülheim 4.2.1895, RWA Abt.2, No.10, Fasz.16).-German exports to Switzerland (296.6 million francs in 1890, 242 million francs in 1894, 314.6 million francs in 1898) must of course be seen against the background of general business conditions and export performances. From 1890 to 1894 German exports to Switzerland dropped at any rate by only 20% as against a fall by 50% of French exports to the Swiss. Generally after Grete Eysoldt, Der Zollkrieg zwischen Frankreich und der Schweiz, (Münchener volkswirtschaftliche Studien, Stück 124) Stuttgart 1913, esp. 88-101.-Adolf Lacher, Die Schweiz und Frankreich vor dem Ersten Weltkrieg, Diplomatische und politische Beziehungen im Zeichen des deutsch-französischen Gegensatzes, 1883-1914 (Basler Beiträge zur Geschichtswissenschaft, Bd.108), Basel und Stuttgart 1967, 125ff., Francke 45f.
of German-French-Italian commercial relations.208) These results were, in conjunction with Belgian reactions to the Mélange-tariff (although Belgian-French commercial relations suffered in effect very little), all the more important in view of the fact that these three countries were those in which German producers felt any form of direct and strong French competition. Raymond Poidevin has diligently traced all aspects of world-wide German-French "commercial rivalries" and has shown how little German industrialists in general had to fear and did fear their French competitors, with the exception again of the textile industries.209) In the German public France was after 1890 never considered a serious rival, while both the French public and French industrial and commercial circles were on the other hand apparently rather slow in acknowledging Germany's economic progress. A book by Maurice Schwob, editor of a newspaper in Le Havre, on the German peril (1894) and an imminent "commercial Sedan" on French soil drew, so far as can be seen, no attention at all - in striking contrast with the impact of Williams' "Made in Germany" in Britain a few years earlier - probably because of its evident exaggerations: The rôle of the eye-opener was largely left to the matter-of-fact and almost scientific as well as extremely informative book on the "industrial rise" of Germany by Georges Blondel, published in 1898.210) The book

208) French exports to Italy in million francs: 1881-330; 1890-163; 1898-116. - German exports to Italy in million francs: 1890-141; 1898-157. - Franke 16f., Poidevin 149. - In German-Italian relations the financial elements weighed of course heavier than the commercial ones (closure of the French market to Italian bonds in the late eighties, creation of the Banca Commerciale Italiana etc.).

209) Poidevin 14of., 385f., 793f.
210) Maurice Schwob, La guerre commerciale, Le danger Allemand, Paris 1894, proposing, among others, an extension of the Western part of the Latin Monetary Union to a customs union. - Georges Blondel, L'essor industriel et commercial du peuple allemand, Paris 1898 and already in the third edition in 1900.
was widely discussed and reviewed and readers were apparently fascinated by the entirely correct and excellent analysis of the social and political effects of the process of industrialization in Germany and the development of the port of Hamburg, causing numerous plans for the creation of a similar free-port in Marseilles or one of the harbours on the Atlantic coast. Particular attention was given to German commercial "methods" which had by the time also stirred concern in official and government circles. Eugène Etienne, former under state secretary for the colonies, was not little perturbed by the fact that Germany's trade with some parts of French Black Africa was more extensive than that of the mother country herself. He was apparently one of the driving forces behind the new (1897) customs differentiation between French and foreign products imported to most French African colonies. In view of the factual volumes of trade the measure had little relevance, but was symptomatic of increasing French concerns. In the same year the ministry of commerce

211) Krüger 78f., cf. e.g. Maurice Lair in REP 14/1900, 751 on the lack of reaction to Schwob cf. Paul Valéry in New Review 1.1.1997, resp. in Mercure de France 1.1.1915, 51-66

212) Jean Lescure, professor in Poitiers and well-known economist, later called it a real revelation, in: REP 26/1912,779.

213) On Etienne cf. Sieberg, passim. - On German trade with the French colonies Poidevin 164f., 402f., 798f. - The four or five million marks of German exports to the French colonies were so insignificant that with the exception of the Hanseatic commercial circles (St.A.Bremen; 4,70-38/2 I.C.2.c.) and the shipping lines which were directly affected (notably the Woermann-line, cf. Woermann-Linie to Bülow 2.4.1903, OZM-AA 9494, 13/14, hardly anybody else ever referred to the French practice of differentiation. Germany's exports to the French colonies increased in fact to 10.4 million marks in 1909 and 15.2 million marks in 1913 (imports to 49.2 and 81.3 million marks); cf. Frankreichs wirtschaftsleben und Handelsbeziehungen zu Deutschland, Gutachten im Auftrage des deutschen Handelstages erstattet von der Handelskammer Frankfurt am Main 1910 (Streng vertraulich), 141.
established the Office nationale du commerce extérieure, an information office of small dimensions, which was heavily advertised but little responded to by business circles.\textsuperscript{214} Other small measures met with the same fate, and commerce and industry retained their complacency. A "commercial Sedan" seemed far away.

Until 1898 the relative stability of German exports to France was also an absolute one. During the four years after 1893 German exports to France stagnated — "we have not lost anything, but we do also not make any progress."\textsuperscript{215} They gained ground again in 1898, growing by 8\%, followed by an equal increase in the next year and a marked jump ahead from 360 to 427 million francs in 1900, the year of the Paris exhibition. In September of 1900 the chargé d'affaires at the German embassy reported of large orders obtained by exhibiting German companies, particularly for machinery, and that others would follow.\textsuperscript{216} It is likely that they did, but they could not prevent German exports from slipping again in 1901, the first full year in the cyclical recession, and from making only little progress until its end in 1904.\textsuperscript{217}

\textsuperscript{214} cf. e.g. Mehrens 334/355
\textsuperscript{215} HK Frankfurt, Jahresberichte 1898, 21, also 1899, 18. Rather strange observations for the two years under discussion, but fully true for the following period.
\textsuperscript{216} Schlözer to Hohenlohe 7.9.1900, AA Bonn Frankreich 111, Ed.8
\textsuperscript{217} Exports in machines fell only very slightly. At the time interested parties maintained, however, that the French import duties on machines and on machine tools in particular were so high that they could not be borne by German producers (DZAI-AA9411, 80 and e.g. statements by the HK Cologne ibid., AA6511, 46/47).
5) Belgium and Holland as Western Germany's gates to the world markets and objectives of German policies, 1897-1902.
   a) German-Belgian relations.

In the nineties Waldersee noted in his diary that Bismarck had occasionally spoken of the desirability of a formation of some kind of "insurance association" between Germany and the smaller neighbouring states - Denmark, the Netherlands and Belgium - for the better protection of the Empire. The chancellor had however abstained completely from even the faintest diplomatic overture. The apprehension that feelers would not find "discretion and sympathy" in Brussels and the Hague and the repercussion of such a "provocation" on the international guarantee of Belgium's neutrality deterred him from steps likely to revive the fear of the "Prussian policy of conquest" of the 1860's. The dominant aristocratic circles in Belgium and King Léopold in particular were suspected of a certain inclination towards an alliance with Germany, but it appeared very doubtful that they would ever embark on such a policy. Holland was regarded as thoroughly anti-German. Fears of an annexation by Prussia had indeed never become extinct. "Nevertheless", so observed Adolf von Bülow, the secretary at the German legation in the Hague in 1890, "there is in this country quite a respectable minority which would like to see a firm connection with the Triple Alliance." Many Dutch officers, he maintained, were taken with the "glory of the Prussian feat of arms, the discipline and excellence of our army" and many merchants and commercial houses in Rotterdam and Amsterdam which owed their wealth to their relations with the German hinterland were in favour of a closer union. Relations in general, it was felt, had been markedly improved by British policies towards the Dutch East Indies and the Transvaal and the attitude of the

218) Waldersee II, 309 (entry 24.2.94)
French government in the question of the delineation of the boundary between Surinam and French Guyana. 219) The AA abstained from all moves likely to create suspicion and was particularly chary of any German involvement in the domestic issues of others, above all with regard to the Flemish movement in Belgium where even the smallest indication of official German sympathies would have set off an avalanche of reactions in both low countries, as not only the Walloons but also the Dutch in general were outspokenly opposed to the movement. Berlin was hopeful that the Flemish endeavours would be successful in fortifying "the protective wall between France and Germany", but also that the Flemish leaders would not make "any approaches inconvenient to Germany ... (as) we would not know what to do with them. 220) Berlin did not have the intention to compromise Germany's position by following the example of the French who were - under admittedly quite different conditions - always well represented, also by parliamentarians and cabinet members, at the Walloon meetings. 221) The strategy of the AA was confirmed, when the activities of the ADV in Belgium and the attitude of the league towards the Flemings met with a strong rebuff - for the first time and very strongly in 1897 - by the Flemish leaders. In an open letter to the ADV the Vlaamsche Volksraad wrote that the organisation represented the "Flemish Teutons", members of the Germanic race with the right to determine their future by themselves and no particular inclination towards becoming part of a Greater German Empire. The reply was made on the occasion of an invitation to the Flemish leaders to attend

219) Bismarck to Herbert Bismarck 4.11.1888, AA Bonn Deutschland 137 geh., Bd.1.,-Bülow to Caprivi 15.9.1890, AA Bonn Niederlande 60 geh., Bd.1.- On German-Dutch relations in the period in general cf. Dunck.
220) Metternich (Brussels) to Bismarck 2.10.1889, 29.12.1889, AA Bonn Belgien 63, Bd.2.
the Pan-German congress in Leipzig; the immediate background was provided by a wealth of ADV-articles and pamphlets on the "Low German" question.222) Particularly active were a Dr. Harold Graevell, a German philologist living in Brussels 223) and Theodor Reismann-Grone, editor of the Rheinisch-Westfälische Zeitung in Essen and one of the most prominent members of the ADV. In the summer of 1897 Reismann-Grone, who was apparently the only leading member of the league able to read and speak "low German" - spent several days in Belgium to orient himself and to establish contact with "the Germans at the mouths of the Rhine (sic!), lost (to us)! He informed the AA in detail on his mission and intentions, disavowing Graevell as an irresponsible outsider.224) In the following year the executive committee of the ADV sent Reismann-Grone again to Brussels to prepare the publication of a German-Flemish monthly journal, together with the pan-German Freiherr van Ziegesar, professor at the Athénée, a grammar school, in Brussels.225) The original idea of establishing a "Flemish section" of the ADV was abandoned when the open letter by the Vlaamsche Volksraad left no doubts about its impracticability. It was furthermore vividly opposed by the local


223) Under the pseudonym of Harold Arjuna, so Die Vlaamsche Bewegung vom alldeutschen Standpunkte dargestellt, Berlin 1897 with a rather blunt anti-French basis ("the violation of the Germanic element by the aging cocotte Paris"). Several articles by him were published in Germany in the respected Die Grenzboten.

224) A number of Reismann's memoranda and reports are in AA Bonn Belgien 63 Bd.2.,-cf. there also Rücker-Jenisch to Hohenlohe 16.5.98.--Many of these aspects have already been discussed by Schilling 93f.

225) Ziegesar, apparently also the correspondent "z" of the R.W.Z., died in 1901; his place was taken by his later more famous son Dr. Haller von Ziegesar.
branch in Antwerp (with already 350 members in 1891)\textsuperscript{226} with basically the argumentation also used by the German legation: an interference into a domestic Belgian issue was bound to create suspicions, promote anti-German sentiments - and hurt the material interests of the Germans in Antwerp. Most members of the ADV in Antwerp were merchants; the banker and merchant Albert de Bary, usually known as "the German lord mayor of Antwerp" resigned from his position as head of the local section to prevent a complete dissolution of the group in protest to the intentions of the executive committee in Germany. Under these conditions Reismann's and Ziegesar's new monthly "Germania" was an insignificant undertaking. From the beginnings the editors apparently expected no more than 100 to 150 subscriptions - and they did in fact never exceed 360 francs per annum. The Germania depended probably strongly on Reismann's personal financial means; the German section was written by him as the major "correspondent". Publication of the journal ceased in 1905, as readers could not be found and none of the Antwerp-Germans gave support. The Vlaamsche Volksraad persisted in his rejection of pan-German endeavours in general and those of Ziegesar in particular ("unsympathiek", "a hothead and madcap"). The normal designation of the Flemish language as "Nederduitsch" was replaced with "Nederlandsch" and a sizable donation of German books was rejected in 1903, as it was suspected of having been shipped by the ADV.\textsuperscript{227} Reismann's

\textsuperscript{226} Lothar Werner, Der Alldtliche Verband, 1890-1918, Ein Beitrag zur Geschichte der öffentlichen Meinung in Deutschland in den Jahren vor und während des Weltkrieges, (Historische Studien, Heft 278), Berlin 1935, 33.-The only other local ADV-section in Belgium was in Brussels. Further details could not be obtained.

\textsuperscript{227} Heyse, Revue Guerre, 162,- id., Propagande, 8, 21,-Gottovitch 642f.-Karla Mews, Dr. Th. Reismann-Grone, Gedenkworte zum hundertjährigen Geburtstag, in: Beiträge zur Geschichte von Stadt und Stift Essen, 79/1963, 5f. -- The judgements by Kruck 34 and Schilling 101 that there was no discernible clouding of relations after 1898 is not incorrect, but fail to take account of the fact that "relations" as such did hardly exist ever after 1898;
and Ziegesar's activities were, however, and most probably unknown to them - approved by the German legation in Brussels, in the hope that the paper would abstain from any direct political agitation and be in a position to "import again understanding of German nature and mentality to the Flemish after centuries of French influence have been alienating them from German civilisation." 228)

Germany was indeed as Léon Arendt, the political director of German birth in the Belgian foreign ministry from 1896 to 1912, expressed it fifteen years later, "little known in Belgium". This was in part the result of the work of the Alliance Française and the orientation on Paris of the Brussels boulevard press. "L'Indépendence Belge" was so heavily subsidized by the French and on occasion discernibly inspired by the Quai d'Orsay that it was usually referred to as "Dépendence Belge." The so-called liberal papers were in addition financially supported by Belgian industrialists - notably by Solvay, the "soda-king" - for the propagation of anticlerical and anti-aristocratic attitudes in domestic issues. In questions of foreign relations only the anti-French Catholic press showed a friendly disposition towards Germany - although it was not expressively pro-German - as the country "in which order, discipline and manners reign". It was at any rate not particularly influential and did, allegedly for lack of funds, not maintain correspondents abroad and drew its inspiration on Germany mainly from the Centre-party affiliated Kölnische Volkszeitung (Bachem). Excellent railway connections between Brussels and the Rhineland made the Kölnische Zeitung easily

only few Flemings sympathized with the case of the ADV, cf. J. Behets, De breuk tussen de Vlaamse bewegers en de Pangermanisten, 1897-1907, in: Wetenschappelijke Tijdingen 23/1963, 453f. (Schilling did not consult any works on the Flemish movement, taking all the explosive elements out of ADV-Flemish relations).-cf. a de-Bary inspired judgement of Ziegesar in Algemeen Handelsblad, Antwerp, 16.9.1900 (cutting in AE Bruxelles, Presse 9).

228) Rucker-Jenisch to hohenlohe 16.5.98,--AA Bonn Belgien 63 Bd.2
available at major newsstands, without affecting of course the general public at all. In 1902 Wallwitz, the German minister to Brussels, went in search of a paper to support Germany’s case, restricting his endeavours to large dailies which might be enticed away from their pro-French course. Re established contact with "Le Soir", a liberal and thoroughly anti-German daily, with the largest circulation of all Brussels evening papers, as the editors were said to be amenable to financial offers from any side. They published indeed a number of articles supplied by the legation — the stipulation had been that they must be neither anti-French nor touch upon the Flemish question —, but the liaison lasted for only a brief period of time. It is not known where the money came from. The AA had only small funds for propaganda purposes abroad and was extremely chary of the resources; a connection with other sources in Germany cannot be established. Wallwitz started the action on his own; Berlin was informed, when Wallwitz felt assured of success, but made it quite clear, while endorsing the step, that money was simply not available. The Kölnische Zeitung was after all the "most widely read German paper in Belgium". Wallwitz was probably given some financial support by the Antwerp Germans, although they balked at Wallwitz' grand idea to silence the French voice in Belgium by buying up "L'Indépendance Belge" and letting it die. \(^{(229)}\) These attempts \(^{(230)}\)

\(^{(229)}\) For Arendt in 1912: Lademacher 445; on other aspects Robert Devleeschouwer, Les belges et le danger de guerre, 1910-1914, Louvain 1958, 95f. — On the following cf. also Willequet, Documents... presse belge, passim and id., Dossiers, 12; id., Légaré d'Allemagne, 388f.; Alvensleben to Hohenlohe 26.11.98, AA Bonn Belgien 54 No.4, Bd.1, Alvensleben to Hohenlohe 20.3.98, AA Bonn Deutschland 140 Bd.3, Wallwitz to Bülow 11.7.02; 18.11.02, AA Bonn Belgien 53 Bd.5, Wallwitz to Bülow 28.12.1904, AABonn Frankreich 102, Ed.30. — In Berlin the only direct reaction to the reports consisted of the remark of the emperor that Wallwitz should continue to "tread upon the toes of the Belgians", as the patience of the German
are the only ones on record and most likely the only ones made. As for the AA, all action was restricted to the hope that the governing Catholic party (which stayed in power until 1914) would succeed in curbing the French influence on public opinion in Belgium.

Emperor - a standard marginal note - might well be exhausted one of these days. Marginal note by Wilhelm II, on Wallwitz to Bülow 5.1.1906, AA Bonn Belgien 60 geh. Bd. 4. Wallwitz, every inch a gentleman and regarded as such in Belgium, was particularly enraged at stupidly vulgar articles of the kind: "Regel, Mommsen and Treitschke were the precursors and collaborators of Moltke and Bismarck. All of them were, in various capacities, engaged in a common work and were the propagators of one theory: Pan-Germanism (Le Soir, 4.9.06).

In later years a German journalist living in Belgium offered his services; but this was of course a different matter.

The German minority in Eastern Belgium (around Arlon) and the Netherlands published, without interfering in domestic issues, its weekly "Deutsche Wochenzeitung in Belgien und den Niederlanden." Nothing else could be obtained about the background of this paper or two new creations in 1910 and 1912, the "Brüsseler Zeitung" and the "Deutsche Zeitung für Belgien." The latter two must have been directed at the Reich-Germans living in Brussels and other larger cities and had apparently only a small circulation (their stock-captials were 200,000 and 62,000 francs respectively; Louis Frère, Etude historique des sociétés anonymes belges, n.p., n.d. (Bruxelles 1951), II, 353, 380).

The anti-French disposition was also shared by the majority of the aristocratic and mostly Catholic Belgian diplomats. Relations between the AA and Greindl, who served in his position as minister to Berlin for more than twenty years, were extremely cordial and Greindl made no secret of his pro-German sympathies. Baron Beyens, his successor in 1912, was more critical of German policy and began to develop into the opposite direction. At the turn of the century, however, he harboured as much suspicion against France as any of his colleagues. As chargé d'affaires in Italy he arrived, after an analysis of the domestic scene in France, at the conclusion that the realization of the impossibility of a recovery of Alsace and Metz and the necessity of a success of the ruling powers in foreign policy could easily result in Belgium losing her independence. Beyens urged his government to combat French and republican propaganda on
The King of Belgium himself appeared less a guarantor of German interests than Bismarck had suggested. His frequent sojourns in Paris and his personal engagement in business ventures overseas and numerous financial transactions kept not only the Emperor from putting much confidence in him. Léopold began to arouse new suspicions, when he attempted in 1897 to obtain German support for Belgian imperialism. It has been reported, but can apparently not be verified, that he offered Germany a share in Belgian industrial projects overseas in exchange for support of Belgian plans in East Africa (Eritrea and the Sudan). Berlin obviously did not go along with the invitation and Léopold replied, as a businessman and politician, in his own manner. Two years later Bülow ordered the AA to despatch an instruction to Brussels.

"If the king of Belgium continues to enter into keen competition with us in all corners of the globe and to create the greatest political difficulties, this will not be without repercussions on our attitude towards the Belgian state and is bound considerably to modify our present interpretation of Belgian neutrality."
Wilhelm II. and Léopold met again in London in 1901 at the funeral of Queen Victoria. Léopold attempted to reactivate interest in a German-Belgian cooperation in East Asia, but the emperor dodged the issue and also the AA did not respond, when the king of Belgium tried again with the argumentation that "It is a necessity for us to reach out; my government is entirely weak and rather powerless against the people. We have to try to satisfy the people materially so far as possible and to provide them with a certain "wealth" and prosperity. If we succeed, they will keep quiet. If not, we have to expect rather bad things." 236)

The appeal to Berlin for help once "the storm" was unleashed in Belgium it would easily spread across all of Europe - carried little weight.

Many aspects of the encounter in 1897 remain in the dark and it is also uncertain whether Wallwitz was sent the instruction ordered by Bülow. In the Belgian government the status of neutrality had in any case long been regarded as "imposed" by and in the sole interest of the great powers, 236a) but in no way as a security to Belgium. It does not appear that Bülow's threat carried any serious implications beyond the tactical intimidation, and there is not even any indication that the state secretary had at the end of 1899 any concrete knowledge of Schlieffen's plan which had been worked out in a nearly definitive form in the summer of 1897. 237)

It was apparently only a few months later that the actual significance of the bullying was realized. In May 1900 Schlieffen asked Hutten-Czapski who was on rather close terms with

235) Bülow to AA 28.11.1899, AA Bonn Deutschland 140 Bd.3.
236) Wallwitz to Bülow, 23.5.1901, AA Bonn Deutschland 140, Bd.3- On Belgian activities overseas e.g. Albert Duchesne, Léopold II. et le Maroc, Bruxelles 1965, and esp. the detailed investigations (not yet used by historians) compiled by the economic section in the "Gouvernement" during the First World War on the basis of the Belgian documents (in DZA I, RdI War Series).
236a) Lademacher 300f.
most leading officials to inform Hohenlohe, Bülow and Holstein of the inevitability, from the military point of view, of a violation of Belgian neutrality by German troops in the next general war and to ask for their opinions. The answers given are not known; only Holstein is reported to have replied that if the military thought the measure inescapable, it was the duty of diplomacy to adjust itself to it and make all preparations necessary.\(^{237a}\)

Knowledge of the plan was restricted to a handful of top officials\(^ {238}\) and it is, with the exception of the immediate pre-1914 period, extremely difficult to discern any influence of it on German foreign policy in general and that towards Belgium in particular\(^ {239}\), although the French, British and Belgian press often enough considered a German march through Belgium as a foregone conclusion.

\(^{237a}\) Bogdan Graf Hutten-Czapski, Sechzig Jahre Politik und Gesellschaft, Berlin 1936, I, 371f. - In his memoirs Bülow gives the version that he replied that he would consent only if Belgian neutrality had been violated by another power first (which is, in view of the documentary evidence for later years, very unlikely). Bülow II, 77.

\(^{238}\) Schoen, the ambassador to Paris from 1910 to 1914 and state secretary in the AA from 1905 to 1907, relates in his memoirs that he was never informed (which is quite possible). Wilhelm Eduard Freiherr von Schoen, Erlebtes, Beiträge zur politischen Geschichte der neuesten Zeit, Stuttgart 1921, 190.

\(^{239}\) Andreas Hillgruber, Deutschlands Rolle in der Vorgeschichte der beiden Weltkriege, (Die deutsche Frage in der Welt, ed. by. W. Conze et al., Bd. 7), Göttingen 1967, 18 considers the Schlieffenplan of a "momentous, even catastrophic political effect". This is is in the end of course quite correct, although the suggestion that German foreign policy was confined in an iron cage of plans for military operations is extremely bewildering. -- It may be annotated, out of context, that a violation of Belgian neutrality by the belligerent powers was already at the turn of the century taken very much for granted in government and military circles of the countries concerned, inclusive of Belgium (for details cf. Lademacher and some references further below). -- Attention has been given also to an operational study worked out in the German navy on the emperor’s orders in 1897 of a "lightning stroke" against Antwerp in conjunction with a march into Belgium of the army. Jonathan Steinberg, A German plan for the invasion of Holland and Belgium, 1897, in: HJ 1963, 107f.
b) Antwerp, Rotterdam, the Rhine.

Bismarck's observation that Holland would in time "annex itself" to Germany was shared by many contemporaries who held with Friedrich List - so highly esteemed in the age of neo-mercantilism and always a convenient source of quotations - that "Germany without Holland is comparable to a house whose door belongs to somebody else." A large part of Germany's - and the major part of the Rhineland's and Southern Germany's - seaborne (overseas and European) trade was effected through the ports of Rotterdam and Antwerp. Both were of equal relevance to Germany, although Antwerp attracted, for a variety of reasons, German attention much more than Rotterdam. Not the least among them was that the rise of the port on the Scheldt - only in 1863 the Dutch had consented to lift the river tolls in exchange for financial compensation - offered opportunities to enterprising German merchants that did not exist in Rotterdam or any of the German ports with their old and firmly established commercial houses.

The general expansion of international trade since the eighteen-nineties and the economic growth in the industrial centres of Rhineland and Westphalia found their full reflexion in the extension of port activities in both cities. They not only maintained but improved their competitiveness with Hamburg, although less markedly than the data of the volume of shipping tend to suggest. Precise information on the share of the Dutch and Belgian ports in Germany's foreign trade and on the share of transit goods from and to Germany in their shipping volumes is not available. Many contemporary

240) Distances by rail from Essen to: Antwerp 220 km, Rotterdam 231 km, Emden 255 km, Bremen 258 km, Hamburg 357 km. Information on the development of the Northwest European ports differs considerably and is, individually, very incomplete. A direct basis permitting a comparison does not exist, as the data provide only the net register tons of ships entering the ports. It is not known how much was loaded and unloaded in the individual ports and there are no indications of where the cargo came from or was destined to. It has to be assumed that the data given
estimates are extremely insecure. A comparison of rough guesses, estimates and detailed "calculations" in conjunction with a few cross-references lends, however, support to the assumption that approximately one third of Germany's seaborne foreign trade went via Antwerp and Rotterdam. This corresponded for Antwerp are basically- in terms of shipments - too low. The following list, which is not quite in harmony with many others available, is taken from the studies by Hermann Schumacher, professor of economics at the University of Bonn, who was unquestionably the contemporary specialist on all matters pertaining to Antwerp. The figures are for incoming and outgoing vessels (in NRT at 2.83 cbm); the officially released figures for Antwerp (based on a register ton 13% larger than the usual measurements) have been adjusted to standard norms.

Incoming and outgoing ships in 1,000 NRT:

<table>
<thead>
<tr>
<th>Port</th>
<th>1899</th>
<th>1900</th>
<th>1912</th>
<th>Increase from 1900-1912</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamburg</td>
<td>1870</td>
<td>1299</td>
<td>2494</td>
<td>10216</td>
</tr>
<tr>
<td>Antwerp</td>
<td>2282</td>
<td>11629</td>
<td>23907</td>
<td>12378</td>
</tr>
<tr>
<td>Rotterdam</td>
<td>2096</td>
<td>11721</td>
<td>23176</td>
<td>11455</td>
</tr>
<tr>
<td>London</td>
<td>7116</td>
<td>16701</td>
<td>23050</td>
<td>6649</td>
</tr>
<tr>
<td>Liverpool</td>
<td>6773</td>
<td>11668</td>
<td>20818</td>
<td>9150</td>
</tr>
<tr>
<td>New York</td>
<td>16797</td>
<td>28835</td>
<td>12038</td>
<td>6012</td>
</tr>
</tbody>
</table>

(Hermann Schumacher, Antwerpen, Seine Weltstellung und Bedeutung für das deutsche Wirtschaftsleben, München und Leipzig 1916, 113)

Until the outbreak of the First World War Hamburg held the lead, however slight, over the other Continental European ports.

As an illustration of some of the conclusions arrived at in the present study cf also the following table (after Josef v. Grassmann, Antwerpen, in: Europäische Staats- und Wirtschaftszeitung 1916, 385f.). Entry of ships in 1,000 NRT:

<table>
<thead>
<tr>
<th>Port</th>
<th>1899</th>
<th>1890</th>
<th>1910</th>
<th>1912</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamburg</td>
<td>984</td>
<td>3824</td>
<td>10756</td>
<td>11693</td>
</tr>
<tr>
<td>Antwerp</td>
<td>1604</td>
<td>5203</td>
<td>12454</td>
<td>13568</td>
</tr>
<tr>
<td>Rotterdam</td>
<td>1026</td>
<td>2863</td>
<td>9028</td>
<td>11548</td>
</tr>
<tr>
<td>Bremen</td>
<td>655</td>
<td>1734</td>
<td>3484</td>
<td>4238</td>
</tr>
<tr>
<td>Havre</td>
<td>1206</td>
<td>2159</td>
<td>3430</td>
<td>3582</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>358</td>
<td>1614</td>
<td>2004</td>
<td>2243</td>
</tr>
</tbody>
</table>

(omitting unfortunately all ports on the Mediterranean).
The increases from 1900 to 1912 amounted 105% for Antwerp, 69% for Hamburg, 93% for Rotterdam, 90% for Bremen.
The value of goods transshipped presents equal problems. Schumacher, Antwerpen, 116 presents the following for 1912: Hamburg 8240 million marks, Antwerp 5090 million marks; London, Liverpool and New York ranging from 7860 to 8410 million marks; data for Rotterdam are unobtainable, estimates very unreliable.
to about 20% of Germany's total foreign trade and represented roughly one half of exports/imports via Hamburg (inclusive of transit goods) and double the volume of shipping in Bremen. Individually, Antwerp and Rotterdam took as much of Germany's overseas trade as Bremen and approximately 25% to 30% of the volume of trade in Rotterdam and Antwerp must have been on German account. It is quite possible that their shares in Germany's overall trade were around 17% in 1895 and slightly above 20% in 1913, but this cannot be verified and it appears safer to say that the relations did basically not change very much in the period from 1895 to 1914.\(^241\)

Rotterdam had a specific importance as the port of entry for bulk goods (grain and industrial raw materials); Antwerp's major significance was its rôle as outlet to the world markets for finished industrial products from Western South-western and Southern Germany. With the exception of Hamburg, all ports had their specialties: Bremen in her relations with the United States (50% of German-American trade, 75% of Germany's cotton imports)\(^242\); Antwerp in her relations with the Congo (and Europe's Central market in ivory and diamonds), but even more so in the interests of her merchant houses in Argentina;\(^243\) Rotterdam, apart from the East Indian interests,


\(^{242}\) Beutin, Bremen und Amerika, 158, W. Lochmüller, Zur Entwicklung der Baumwollindustrie in Deutschland, Jena 1906, 37: establishment of the Bremen cotton exchange in 1872 to break the monopoly position of Liverpool.

\(^{243}\) cf. the composition of the South American goods in Antwerp's trade in 1913 (in mill. francs): Grain 770, wool 240, oil seeds 175, wood 130, hides 110, rubber 110 (here after DZA I- RdI 19533, 115).
in the specialisation of two firms - Wm. H. Müller & Co., and Jos. de Poorter - in the transportation of iron-ores. 244)

The predominance of bulk goods in Rotterdam 245), caused to a large degree by the availability of the cheap river-route, was on the other hand also the major obstacle to a full utilization of the natural and geographic advantages. Semi-finished and finished articles from Germany, depending strongly on regular services, were directed mostly to Hamburg/Bremen and Antwerp. Rotterdam was and remained mainly a port for charter- and tramp-shipping. The export-oriented structure of the Belgian economy - an element nearly completely absent in the Netherlands - had always been an open invitation to regular shipping. Return freights were easily available in Antwerp, hardly ever in sufficient quantities in Rotterdam. 246) Attempts to redress the handicap were made only at a late date and were extremely expensive in view of the combined competition by Hamburg and Antwerp, inspite of Rotterdam's generally slightly lower costs. 247) Both Antwerp and

244) Cf. details below; it may be noted here that these specific facilities which were not available at Antwerp induced e.g. Cockerill, Belgium's leading iron-works and in control of a fleet of chartered ore-steamer, to import their iron-ore from Spain via Rotterdam. Cf. the complaints of the Belgian consul from Rotterdam, 1901ff. in AE Bruxelles 2342/III.

245) In 1910 e.g. the percentage of bulk goods in incoming cargo was 84%, as compared with 61% in Hamburg, and 66% in outgoing trade, as against 37% in Hamburg and 32% in Antwerp. HK Hamburg, Jahresberichte, 1913, 19.

246) The relation between loaded and unloaded cargo was, on an average for 1900ff., ca. 50% in Hamburg, 33% (half of it coal) in Rotterdam, but 80% in Antwerp (relations which of course determined rates and profits in a decisive manner). - Schumacher, Antwerpen, 39 and esp. id., Der deutsch-belgische Wettbewerb und seine Regelung, 4 (originally n.p., n.d., als Handschrift gedruckt - Leipzig 1916; then published as Die Lösung der belgischen Frage, Der deutsch-belgische Wettbewerb und seine Regelung, Leipzig 1918), cf. also Kurt Wiedenfeld, Antwerpen im Weltverkehr und Welthandel, München 1915 (contradicting Schumacher, but also often himself; the work is often referred to, but as an evident war-aims publication much inferior to Schumacher's).
Rotterdam were "cheap ports". The direct appeal of Antwerp consisted of low duties, moderate wages for longshoremen, lower f.o.b.-charges and a rather unique loading system under which shipments were directly accepted by the ship's captain until very shortly before sailing-time, permitting last-minute arrangements. The saving in time in exporting via Antwerp was occasionally as much as seven days.\(^{248}\)

The share of the German flag in Antwerp accounted, in 1900 to 1913, for approximately 30\% as against the 45\% taken by the British flag; it was slightly below 20\% in Rotterdam where the British share was around 30\%. The data as such do not express much, but gain some relevance, if the nature of the geographic location of the United Kingdom is taken into account and if they are seen against the background of the usually 50\% dead freight carried by British vessels from and to Antwerp and Rotterdam.\(^{249}\) It is, on the other hand,

\(^{247}\) For these reasons regular shipping continued to prefer Antwerp, although Rotterdam was accessible at any time and more easily, while the winded route of the Scheldt was more dangerous and longer, fog-conditions much more persistent and port facilities crowded and often outdated. Besides the lack of return freight, Rotterdam was, however, also lacking completely in any technical facilities - and this never balanced the fact that transports to Rotterdam were, on an average, from 3d. to 6d. cheaper per ton. - Cf. a detailed report by Ministerialrat Grassmann in DZAI-RdI 1955,84f., here esp. 98n.4a: Antwerpen in Vergangenheit und Zukunft, MS, 1916.

\(^{248}\) Schumacher, Antwerpen, 69f.,137f.,-Beckerath, Seehafenspolitik, 53f.,-Lynkeus, 144f.,-Grassmann, DZAI-RdI 19551.-W. Warsch, Antwerpen-Rotterdam und der Rhein-Schelde-Kanal, Duisburg 1920, 41.-Detailed practical examples in: Die Verkehrs wirtschaft des Antwerpener Hafens, von Paul Ehlers, H. Bultmann, C.Campbell und A.Dublers, Hamburg und Bremen 1915, esp. 25/26, 53, 82.- and also in HK Hamburg, Jahrestheichte, 1913, 19 where it is stated that the unloading of a fully-loaded steamer of 6,000 tons cost twice as much in Hamburg than in Antwerp (due primarily to the fiscal interests of the City of Hamburg which had spent considerable amounts for the creation of docks and the improvement of port facilities, while until shortly before 1913 only very little had been invested in the facilities at Antwerp and vessels were
rather safe to assume that by far the largest part of German foreign trade via Antwerp and Rotterdam was effected in German vessels. Belgium did at the turn of the century not have a merchant marine of her own, in spite of various efforts on the part of Léopold II. His only success - he was apparently not uninterested also in real estate speculations in the port area of Antwerp - was the "creation" of the "Red Star Line" in 1901, with a total of 155,000 BRT and the king as silent partner. The ships sailed under the Belgian flag, were heavily subsidized by the Belgian government, but otherwise wholly owned and operated by -- the steamship division of the Pennsylvania Rail Road Co. of Morgan & Co. 250)

The British consuls in Antwerp and Rotterdam repeatedly wrote reassuring reports for publication that the German flag would

...moored for miles along the quais on the banks of the river. It was nevertheless quite remarkable that the Belgian government, which until 1912 invested 325 million francs in the port, was satisfied with the extremely low return of 1.03% (Schumacher, Antwerpen, 70), while Hamburg and Bremen insisted on full returns and amortizations (cf. a report by Senator Strandes of Hamburg, DZA I-RdI 19533, 121). (St.A. Hamburg 371-8II-XXI A 16 originally contained four volumes on the competitiveness of Hamburg and Antwerp, but unfortunately only that concerned with conditions in 1928ff, has survived.)


250) Schumacher, Antwerpen, 38, 178, Beckerath, Seehafenpolitik, 43, - Bürklin II, 78/79. -In 1899 interested circles founded the "Ligue Maritime Belge", modelled in all its aspects on the German "Flottenverein", but for "commercial" purposes (cf. esp. Belgien Volkswirtschaft, 315). "in view of the high personalities which are the promoters", the league received financial report from numerous industrial corporations (A.V.H. 135, vol 7, 109- in 1903 the company e.g. donated 5,000 francs). The only truly national Belgian navigation line was that of the Deppe concern; it did, however, never flourish and was unable to compete with the Red Star Line, as it did not receive any subsidies. (in detail Berichte der Politischen Abteilung bei dem Generalgouverneur in Belgien in Brüssel, Bericht No. 11: Die belgischen Seeschiffahrtsinteressen, 38f., in: DZA I-RdI 19554, 39.
never be able to replace the British and that German trade via the two ports was in no way expanding as rapidly as that of the United Kingdom.\textsuperscript{25oa}) The bare statistics corroborated the predictions and conclusions. To the German navigation companies it was, however, rather irrelevant whether the tonnage of British ships in Antwerp totalled five or six million annually and their own "only" three to four. Quite apart from the average 50% dead weight of most British vessels calling at the ports - the major relevance of Antwerp to the German shipping companies was its geographic location; it was outside the "wet triangle" of the North Sea and "from no other point of the globe can English merchant shipping be fought so effectively as from this most Western of the large Continental ports of Northern Europe."\textsuperscript{251)\textsuperscript{252}}

The German merchant marine had been very insignificant in the 1880's, but had considerably improved its position. Although it still stayed far behind the dimensions of the British, its total tonnage in 1900 accounted for already 1,942,000 NRT as against 9,280,000 NRT of Britain. In 1913 the relations were 3,154,000 NRT for Germany; 11,879,000 NRT for Britain\textsuperscript{252),} and the German merchant marine had become a most formidable rival to the British companies. Approximately 40% of the British total was tramp shipping; the remaining 6 million tons represented to a not inconsiderable extent obsolete ves-

\textsuperscript{25oa})The published reports have been used very extensively by Hoffman, \textit{Trade Rivalry}, although they are actually rather useless. The few general and superficial observations were outnumbered by revelations that were only unsupported rumours. They are much inferior to the reports sent home by the German and French representatives (also published by the respective ministries of commerce, resp. the RID) not to speak of the superb reports on Rotterdam (\textit{Rapports consulaire sur l'année ...}) by Gustav Müller, of Wm-H-Müller & Co., as Roumanian Consul. (These reports are even too specific for further use of certain aspects of relations with Rotterdam in the present study below).

\textsuperscript{251) Schumacher, \textit{Antwerpen,} 131.\textsuperscript{252) In BRT for 1913: Germany 4,743,00-U.K. 18,274,000-Stat. Jb. 1914, 46, -Svennilson, 153.}
sels operated by small companies and included all coastal navigation of the British flag overseas (mainly in East and South East Asia, while the German representation in the field was rather low). By comparison, the German merchant marine was modern and compact; 40% of the tonnage were concentrated in two companies, The Hamburg-Amerika-Linie (Hapag) and the Norddeutscher Lloyd (NDL) of Bremen. In 1900 the Hapag, under the direction of Albert Ballin, had established itself as the world's largest navigation company; the NDL took the second position.\(^{253}\)

Of the 3.8 million NRT under the German flag calling at Antwerp in 1913, 95,000 NRT (223 ships) belonged to the NDL, 659,000 NRT (226 ships) to the Hapag.\(^{254}\)

The impetus behind the interest of the NDL had been promoted in 1884/85 by the creation of the the state-subsidized postal-steamer service to East Asia - the only occasion on which German navigation lines were ever to receive financial support (much against the will of the directorship of the company) to complete the "solidarity system" of the "protection of national labour" by the promotion of export and industrial interests.\(^{255}\)

To create a favourable impression in Western and Southern Germany after shipyards in Northern Germany had been given the assurance that all postal steamers would be built in Germany,\(^{256}\) the Imperial government insisted that the vessels also call at either Antwerp or Rotterdam, leaving the final decision to the NDL. It was an easy one.

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254) after Grassmann in *Europäische Staats- und Wirtschaftszeitung* (the usually given BRT are less significant).

255) cf. in general Paul Rehborn, *Die deutschen Reichspostdampferlinien nach Ostasien und Australien*, Berlin 1906 - Dieter Glade, *Bremer und der Ferne Osten*, (Veröffentlichungen aus dem Staat Archiv der Freien Hansestadt Bremen, Band 34), Bremen 1966, 77f. - St.A. Bremen, 5,1-B II 36 g/k.-RWA. - Abt. 20, Nr. 96, Fasz 2. - The long and heated Reichstag debates on the issue focused on subsidies and agrarian counter-attacks; the question of the Western European ports was of hardly any significance in the context.
and the steamers began to call at Antwerp once a month.\textsuperscript{257} On account of the languishing exports the only tangible advantage to the company consisted in the establishment of relations with some of the "Antwerp merchant houses. When the contracts came up for renewal in 1897, the government desired that in the sign of \textit{weltpolitik} the service be doubled and the speed of new steamers increased to improve the competitiveness of the lines with the British postal steamers and the heavily subsidized French liners. New and faster NDL-steamers were built in German ship yards - at a time when Ballin still had all his Hapag steamers built in Scotland and Ireland - and the subsidies for the operation of the East Asia line were increased by 1.5 million marks to 5.5 million marks per annum. The NDL again consented to call at Antwerp on each voyage out - from now on twice a month. At the same time it consented, at the request of the chancellor and without an additional remuneration, to service Rotterdam once a month, although the NDL-directors were convinced that they would "in the long run not find any freight there."\textsuperscript{258} The call at Rotterdam had also been requested by the Dutch minister to Berlin and was supported by the German consul in Rotterdam, both arguing that charges and costs were lower there, while in Antwerp

\textsuperscript{256} in the beginning mainly at the Vulkan in Stettin.

\textsuperscript{257} The annual subsidy of 4 million marks hardly paid itself and it is difficult to say in how far the existence of a guaranteed regular East Asia line stimulated German trade with China and Japan. Cargo to these areas totalled 58,000 tons (at a value of 75 million marks) in 1888 and reached 150,000 tons (at a value of 140,000 marks) in 1895.\textsuperscript{256/42/43} Geh,St.A. München BAK 96842/43.

"industrial Belgium (was) competing with Germany."\(^{259}\) The Dutch directed attention also to specific Prussian interests, underlined equally by Western German industrial and commercial circles; the distance by rail from Cologne to the Dutch border was much longer than to Belgium (Cologne to Emmerich 130 km; to Herbesthal 85 km) and the loss in revenue to the Prussian state railways on the line to Herbesthal described as considerable. In conjunction with the now widely used argument that German postal steamers also imported industrial raw materials for Belgium’s industry, general opinion began to swing in favour of Rotterdam. The chamber of commerce in Cologne even had to warn of "an exclusive use of Rotterdam as port of call."\(^{260}\) This was not without reason. In the Bundesrat all federal governments with the exception of Hamburg/Bremen and Saxony favoured Rotterdam over Antwerp.\(^{260a}\) The Prussian representative was apparently instructed to vote with the majority to avoid a dispute with the South German governments over a relatively unimportant issue. The NDL was not particularly happy with the compromise – due ultimately to strong pressure exerted by notably the chambers of commerce in Frankfurt, Offenbach and Mannheim (to some extent as direct representatives of inland navigation companies) – and soon had to ask South German exporters for freight guarantees.

259) Dutch promemoria of 6.11.96, DZA I– AA 6770, 28f.–Perl (consul in Rotterdam) to Hohenlohe 25.2.96, ibid., AA 6782, 32f., dto. 23.12.96, ibid.–AA 6783, 22f.–Dutch commercial circles and especially the chamber of commerce in Rotterdam viewed the question with mixed feelings and feared that Dutch shipping companies would lose out against the NDL.

260) e.g. HK Köln, Jahresarbeiten 1896, 70/71, K.Z.26.1.97; general meeting of the VdEST in: StUE 1898/2, 1121.– The oscillating attitude of the chamber of commerce in Cologne—easily explainable as such—was apparently not uninfluenced by the interests of the Cologne commercial house of Rautenstrach and its side-line in Antwerp. A member of the family was Belgian consul in Cologne, the Antwerp branch provided until 1897 a German vice-consul in the port city. (On some aspects cf. Cartuyvels—Belgian consul general in Colonge — to AE 30.1.97, AE Bruxelles 2341-31/III)–In 1895 the situation was
In addition the Dutch government granted the request for equal treatment with the national Dutch lines, the British P&O line and French Messageries Maritimes with regard to the conveyance of Dutch government officials to the East Indies. When the privilege was soon after restricted to national lines, the NDL found a convenient excuse for discontinuing the service altogether. In 1900 the fast postal steamers were replaced with the slower freighters of the joint NDL/Hapag East Asia service, also calling—and against the renewed protests of the South German commercial circles—at Rotterdam once a month only.²⁶¹)

The Belgian authorities and diplomatic and consular representatives watched the development with greatest interest²⁶²) and did obviously much—more than the Dutch in their concern for the national lines—to attract the NDL. Little is known about the incentives offered, but it is certain that the Belgian government subsidized the NDL with 80,000 francs annually. The only other companies known to have received such or similar payments were, apart from the Red Star Line, the Deutsch-Australische Dampfschiffs-Gesellschaft (Hamburg) and, indirectly, the Danish Furende Dampskibs Selskap! All of them were also exempted from the payment of all beacon and pilot charges.²⁶³)

indeed such that goods loaded by postal steamers in Antwerp were divided rather evenly between articles of German and foreign origin; of the freight unloaded only 25% was to a destination in Germany. During the following five years the situation changed slowly in favour of a preference of German trade and in 1911 more than 80% of the outgoing and nearly 80% of the incoming cargo aboard German postal steamers were on German account.—Grassmann, DZAI-RdI 1955, 96.

²⁶⁰a) Klügmann to Versmann 24.1.98, St.A. Hamburg 132-1/I, AIV c6, Bd. V.
²⁶²) AE Bruxelles 2342, esp. 31/I and 31/III, passim.
²⁶³) Wilhelm Greve, Seeschifffahrts-Subventionen der Gegenwart, Hamburg 1903, 21.—The Deutsch-Australische received 1,500 francs for each voyage made, but was also bound to pay
Rotterdam, no longer served by the postal steamers, was given new attention in 1902. It was rumoured that Morgan, who had just bought up the British Leyland-line, had the intention of extending his control also to German companies. At the suggestion of the emperor Ballin and Wiegand, the directors of the Hapag and NDL, entered, although reluctantly, into negotiations with the Morgan group. They resulted in a number of pooling agreements on North Atlantic freight rates, effective from 1903 until the end of 1911, stabilizing present conditions and preventing the German lines from having their North America-bound steamers call at Antwerp, the domicile of the Red Star Line. The concession did not weigh much, since virtually all North-America trade in German vessels was effected directly from Bremen and Hamburg. The Holland-America Line (HAL) joined the pool. The company had been in financial difficulties for a number of years and saw little chance of surviving as an outsider. It was also

penalties, if it was unable to keep the agreement. - The subsidies to the Danish line were given indirectly, as the Dutch government had officially protested against the assistance given to the NDL.

264) It may be added that the contracts between the NDL and the Imperial government were not renewed, when they expired a few weeks before the outbreak of the World War. The decision was satisfactory to both parties. During the term of the second contract the East Asian postal steamer service had, for the years 1898-1912, resulted in a net loss (subtracting the government subsidies) of more than 7.5 million marks; the Australian line in a loss of 3.5 million marks. - Dt. Ök. 28.3.1914, 233/234.

compelled to ask for financial assistance. In a complex transaction the capital stock was increased from 8 to 12 million guilders. 51% of the total shares were acquired by Messrs. Harland & Wolff in Belfast, which in turn passed 50% on to Morgan’s International Mercantile Company (IMMCO), the other 50% to Hapag/NDL, the partners in the pool. The two German companies found themselves suddenly and rather unexpectedly in the possession of 25% of the share capital of Holland’s leading national navigation company. It was inevitable that all participants developed their own ideas on how the company should operate. In 1907 the German lines demanded an increase of the HAL stock-capital in a manner that would have increased their influence. The proposal was turned down by the HAL directorship and the German companies had to accept their decision; a clear indication, which is also corroborated by the facts for later years, that they were little more than silent partners. They accepted, however, this rôle, in view undoubtedly of the excellent rentability of the capital invested.266)

Some time later - at an undeterminable date, Hapag/NDL acquired also 51% of the share capital - at 60% of the nominal value - of the Dutch, Zuid-Amerika Lijn. The company had been established in 1899 and did not flourish inspite of heavy government subsidies. The rentability continued to be unsatisfactory also after the engagement of the two German lines and the latter withdrew after a short time. Soon after the company was reorganized - according to the German consul "in a pronounced chauvinistic manner" - as Koninklijke Hollandsche Lloyd.267)

266) Nurken 206, - Petzet 96, - Cecil 53 n. 52 (after Hapag-Archiv, Vertragsbuch vol 31., 2of.). "M.G. de Boer, The Holland-America-Line, 1872-1922, Rotterdam 1923, 58/59. - In 1933 the German consul reported, although the actual background and connections were not quite clear to him, that the HAL attempted to obtain a "strongly menacing" German influence by modifying its statutes. - Gneist to Bethmann, 18.3.1914, DZA I-PdK 4453, 145f.
The major attraction to the Hapag was the emigration business of the HAL. It had been admitted to the German emigration market until 1897, when a new law reserved the conveyance of emigrants who had been registered at German "emigration stations" to the two German lines. Since 1891 the AA had been pursuing a "national emigration policy" with the professed aim of directing German emigration to specific areas - in reality to impede it as much as possible, partially in observance of Caprivi's attitude towards emigration as undesirable from the military as well as the economic points of view, partially as a gesture to agriculture with its continued problem of "Leutenent". After 1893/94 emigration from Germany dwindled to 20,000 to 30,000 people a year. The emigration legislation of 1897 affected then primarily the conveyance from Germany of East European emigrants, the mainstays of Hapag and NDL in their "steerage passenger" service. The protection of the lines was, however, far from complete. In 1897 licenses were granted also to eleven foreign companies. The HAL, however, was not among them. In 1900 the number of foreign carriers was reduced to five by decree of the chancellor. Only two of them - the Compagnie Générale Maritime and Morgan's Red Star Line, held a licence for the conveyance of "German" emigrants to the United States via Havre and Antwerp respectively; the other three - Cunard, American Line (also owned by Morgan) and the White Star Line (soon acquired by Morgan) - obtained only permission to carry emigrants who had passed through German control stations from British ports.  


268) Note by the under-secretary Lehmann 30.10.1909, DZAI-Rkz 18/1,4ff.- The apparently only historical study to take account of these economic and political aspects of German emigration is, as so often, Vagts I, 533ff, esp. 546f. (although his judgements are not always acceptable), - cf. Schachner, SV3 108, 57,- Nauticus, 7/1902, 271f.- DZAI-RdI 1486/87 for the details.
government attempted to obtain a franchise by tying the issue to the privilege for the NDL of conveying Dutch officials to East India.\(^{269}\) The request was refused on the grounds that there was no need for an additional carrier.\(^{270}\) The decision was also a major victory of North German over South German interests which feared to lose the monthly service of the NDL postal steamers via Rotterdam and a victory of the Prussian ministry of commerce and the RdI over the AA which saw no cogent reason - both in the political and in the commercial section - why German-Dutch relations should be exposed to frictions over an again relatively insignificant issue.\(^{271}\) The basic attitude of Hapag/NDL in the matter did also not change after the acquisition of the HAL shares. They had now at least a double chance: control of direct conveyance from Germany to North America, participation in that from Rotterdam, handling business not affected by the German control, and to further their considerable interest in the conveyance of emigrants from Germany to points of departure in Britain.\(^{272}\)

\(^{269}\) DZA I- AA 29942, 5f., 36, 45, 63ff., 89/90 (for 1898/99).- The HAL attempted to prove its reliability and trustworthiness by ordering the construction of a passenger liner at a value of 4 million marks from Blohm & Voss in Hamburg - the first order ever placed by a foreign company in Germany. Allthough the ship was to be named "Potsdam" those officials who had always held that the policies of the HAL could hardly be considered pro-German and that the service of the line acted very much as a refuge to deserters from the German armies, were not impressed; also not by the counter-attack of the HAL with the argumentation that if this was so only a German licence could stop this desertion, etc.

\(^{270}\) The Imperial government suggested in turn that it would comply with the wish of the line and the Dutch government, if the Netherlands joined the Berne literary convention and would introduce legislation protecting German industrial patents in Holland. (The Netherlands did at the time, and rather unique in Europe, not have any indication of a patent legislation).

\(^{271}\) Note by Lehmann 30.10.1909, DZA-Rkz 18/1, 5f.-Klügmann to Versmann 8.7.98, ST.A. Hamburg 132-1/1, AIVCö, Bd.V.-cf. also DZA-AA 29942, 156.-Ministry of the interior of the Grand-Duchy of Baden to RdI, ibid. 5off.
The commercial section in the AA attempted in later years to obtain an extension of the licence of the Red Star Line to ports other than Antwerp and to grant at the same time a franchise also to the HAL. But also this bid was not successful. The argumentation that the engagement of the two German lines in the HAL should actually induce them to abandon their opposition missed the crucial point.

272) A variety of reasons, mostly determined by the policies of the emigration agencies induced Russian emigrants to take the trans-atlantic passage from a British port. The majority of them passed, however, through Germany and was, by mutual arrangement of the shipping companies, referred to certain transporters from Germany to Britain. The business was mainly effected by three small German lines which were completely under the control of the Hapag/NDL and usually fed their passengers to the Hapag/NDL liners, when they docked in British ports. - This and aspects of the following primarily after NDL/Hapag to Bülow 13.7.1908, DZAI-AA 29942, 144ff. - There was of course always the possibility that once a licence had been granted to the HAL other Dutch requests would follow. In 1906/07 Wm.H. Müller & Co. of Rotterdam e.g. requested permission to transport transit passengers from Germany via Rotterdam to Britain. This threatened to destroy the system controlled by the Hapag/NDL and the request was refused. - cf. - although not telling the full story - HAL to HK Hamburg 9.2.1906, St.A., Hamburg 371-8II,XXIa12, 6d No.7 and A., HK Hamburg 1906, 159aff.


274) During the period from the late summer of 1908 to 1911 the conditions had been "stabilized". The impact of the economic recession (particularly in the United States where it assumed proportions of a severe depression) weighed heavily not only on ocean freight rates - shipping rates dropped to 66/68 as against 100 in 1898, 112 in 1900 and 72 in 1902-1904 (Hoffmann, Wachstum, 616) - but also on the number of steerage passengers. The Hapag had 142,016 steerage passengers in 1907; 28,155 in 1908; the NDL 125,765 and 38,755 (W.Pupeke, Zur gegenwärtigen Lage der deutschen Seeschifffahrt, in: JbNS 3.F., 41/1911, 75 and Friedrich Lenz, Norddeutscher Lloyd und Hamburg-Amerika-Linie in den Jahren der letzten Krise, in: JbNS, 3.F. 40/1910, 225f., cf. also Wilhelm Böhmer. Die Hamburg-Amerika Linie und der Norddeutsche Lloyd, Berlin 1909).
The three million guilders of HAL-shares in German hands represented at the time the bulk of German capital investments in Rotterdam. The weak point in Germany's relations with the port city was, as Richard von Kühlmann as secretary of the legation in the Hague could still observe in 1908, that German capital and German influence "have made themselves felt to an extraordinarily small degree." Three years later Dietrich von Bethmann-Hollweg, the new second secretary, found himself in a similar situation (which will be characterized in a later context) and felt that it called for a definite new approach. It is of course difficult to determine the constitutive elements of "national influence" abroad and relatively easy only in the case of direct subsidiaries or branches of larger corporations. Bethmann's advice consisted of recommending the creation of a branch by one of the German great banks in Rotterdam and the suggestion that "young and efficient merchants be granted credits by German banks" to enable them to gain a foothold in Rotterdam. Gneist, consul in the port city for many years, was quick to point out that in Holland business was done in Amsterdam, the centre of banking and old-established wealth, that the stock-exchange in Rotterdam was insignificant and that the place as such was not particularly attractive to German banks and capitalists. It is not possible to determine how many German merchants of the kind suggested by Bethmann-Hollweg had established a busi-

All shipping lines concerned with passenger services pooled their interests in 1908 for a period of three years. It was expected that after the expiration of the agreements competition would be stiffer than ever before. -cf. F.C. Brinkmann, Die Entwicklung der Bremer Schiffahrt in den letzten 100 Jahren unter besonderer Berücksichtigung des Auswandererverkehrs, Diss. Münster 1924. 275) Kühlmann to Bülow 26.9.1908, DZA-RdI 4449, 25.-Bethmann-Hollweg to Bethmann-Hollweg 15.2.1911, ibid., AA 5857, 212ff.-Gneist to Bethmann Hollweg 20.9.1911, ibid. 29 of., correcting a number of blatant errors and misjudgements in the spirited memorandum submitted by D. Bethmann.
ness in Rotterdam\textsuperscript{276}, and it is extremely likely that such relations were also completely unknown to the consul. Occasional references in private and business letters indicate that a number of smaller "German merchants" must have been conducting business in Rotterdam exclusively\textsuperscript{277}. The commercial address-books are of little assistance and the German names which appear in the annual listings of Dutch stock-companies - in the majority of cases small and medium-sized firms - would create a wrong impression\textsuperscript{278}. Most of them had been founded in the 1860's and the early 70's and had long been "assimilated" by the naturalization of the owners and engagements of Dutch business-partners. The German consuls frequently deplored this "nationalisation" in the course of which German businessmen had not only become Dutch subjects but had been "alienated from Germanom", in many cases to a degree of open hostility. The second generation in charge of affairs around the turn of the century was "Dutch". Dutch in character and hardly ever considered a German company was also the firm of Wm. H. Müller & Co., the only German establishment of the seventies which had attained a significant position in Rotterdam's commercial life. It had been founded in 1875 by a former director of the Dortmunder Union as mainly a commercial house and agency for a number of shipping lines. Under Gustav H- Müller, the founder's son, business expanded to various fields. It seems that the company

\textsuperscript{276} The records of the chamber of commerce in Rotterdam, probably the only ones which could have shed some light on the situation, were destroyed in the Second World War.

\textsuperscript{277} An illustration is e.g. provided in a letter by Mayor Pauli of Bremen to Goudriaan, the Dutch minister in Berlin (5.2.1902) promoting the candidacy of the son of senator Gröning of Bremen for the position of Dutch consul in Bremen with the argument that he, a resident of Bremen, was the owner of a "well-flourishing business" in Rotterdam (St. A.Bremen -1,70-65/3). No further indications are given and the name Gröning does not appear in any of the commercial address-books.

\textsuperscript{278} for stock-corporations only: Van Nierop & Baak's Naamloze Vennootschappen, used for 1900ff.
and the man were underestimated by most contemporaries in Germany, since the diversity of interests and a complex system of relatively small and in most cases not determinable engagements and sub-interests made it difficult to obtain a coherent view. Müller & Co. was a commercial house, agent for at least a dozen shipping companies and had a respectable fleet of its own with a dozen vessels of a total tonnage of 45,000 NRT in 1910. Three to four of them were engaged in a regular service to the Levent and to Black Sea ports; Müller held a near-monopoly in the sea-borne Roumanian grain trade to Rotterdam; three or four maintained an irregular service to the British Isles and five were specially constructed ore-freighters, running mainly between Rotterdam and Sweden, and Spain and North Africa, carrying ores to Westphalia, often from mines controlled or fully owned by Müller (North Africa, Spain, Sweden, Normandy, and after 1912 also in South America).

The firm had strong interests in the Dutch East Indies and was obviously extremely closely related with the few local industries, brokerage and insurance companies and the local banks in Rotterdam. In total, a commercial house with interests far beyond those of most of the famous merchants of Hamburg and constructed on the model set by the trust-makers Stinnes and Thyssen in Rhineland-Westphalia, sometimes even anticipating aspects of their policies. In his activities Müller was completely oriented towards the needs and interests of the Rhenish-Westphalian hinterland, particularly to those of the heavy industries. He was a member of the Northwestern group of the VdESt and worked in very close, nearly

279) cf. mainly the rather diffuse - information in Van Nierop 1900, 180, 304, 1139, 1466, 1527 and additionally 1512, 638, 665, 1626 (participations and interests are detectable in the names of Müller and Kroeller, the Dutch brother-in-law and partner of Gustav H-Müller, and ultimately his successor). - Some unlisted interests are referred to in a letter by Gneist to Bethmann Hollweg 24.8. 1910, DZAI-RdI 4451, 60/61. - Of interest for the engagements during the World War are the "black lists" in BA Koblenz.
confidential cooperation with the Gutehoffnungshütte (and apparently also other firms) and was — a German citizen. At the legation in the Hague he was considered an "absolutely nationally-minded German who may be called the main representative and promoter of Rhenandom in Rotterdam". When Gustav Müller died in 1913 at the age of 47, his work was fully appreciated only in Rhenish-Westphalian industrial circles. He found little acknowledgement in Berlin, when he established his navigation service to the Black Sea in 1897, the German consul in Bucharest was delighted at the prospect that the return freight for Müller's imports of Roumanian grain — which was mainly destined for Western Germany — would consist largely of Ruhr coal (it accounted for 60,000 tons in the first year of operation) and was already dreaming of a junctim between this export of coal and a German loan to Roumania. As competitor to Germany's Levant navigation line (Levante-Linie) Müller did, however, not find the sympathies of political circles in Berlin and shipping circles in Hamburg. His request in 1905 for a franchise to convey emigrants registered at German emigration stations in transit from Rotterdam to Britain was turned down in Berlin, although it had been strongly backed by the German consul general in Amsterdam who suggested to his superiors that it was in Germany's own and highest interest

280) Files in the archives of the GHH are full of business transacted with and through Müller.

281) Nels (Rotterdam) to Haxthausen (consul general in Amsterdam) 26.7.1905 (copy), St.A. Hamburg 371-8/II XXI A 12, 6d No. 7, with references to the financial support given by Müller to German clubs and German schools in Rotterdam; and, on the occasion of his death, Müller (German minister to the Hague) to Bethmann Hollweg 20.2.1913, DZAI-AA 5859, 15, mentioning Müller's "always open hand" and his "moral support" of Germany in the Second Moroccan crisis.

282) StUE 1913/1, 464 (obituary), also emphasizing the support given to the Germans living in Holland.

to oblige her only stronghold in Rotterdam by a favour that cost so little. 284)

German influence in Antwerp was distinctly different from that in Rotterdam. Already in 1892 Berlepsch, the Prussian minister of commerce observed that

"Antwerp's transit trade with Germany ... is to a large part in the hands of Germany and during the past decade it has been developing away from a foreign forwarding trade to a German trade." 285)

He assumed that "considerable sums of German capital" were invested in Antwerp's commercial houses. The inquiries of the German consuls shortly after 1900 - for the preparation of the third detailed compilation of "Germany's maritime interests" by the RMA - brought estimates of 160 million marks engaged in commercial firms in Belgium. According to an investigation conducted by the Belgian authorities in 1897 the number of commercial houses "directed" by Germany must have been well over two hundred. Approximately half of them were rather insignificant with a total annual turnover of 10 million francs; the turnover of the other one hundred in 1896-97 was estimated at 900 million francs (exclusive of the 55 houses engaged in the diamond business). France had no interests whatever; Britain was, in 1897, represented by 20 firms which were largely agencies of transportation companies and not commercial houses in the strict sense. 286)


285) Berlepsch to Caprivi 20.1.1892, DZAII- Rep. 120 C XIII 9 No. 9a, Ed.2, 126-130 (vote by Berlepsch on the issue of the surtaxe d'entrepôt in the context of the commercial treaty with Belgium).

286) Die Entwicklung der deutschen Seeinteressen im letzten Jahrzehnt, zusammengestellt im Reichsmarineamt, Berlin 1905, 134, - AE to Greindl 18.2.98, AE Bruxelles 2341/31 III, the only Belgian investigation that could be found at all. - The figures given in the RMA-publication
newspapers soon called Antwerp "half a German city" and the British and French consuls were on occasion inclined to believe that this was indeed so,-doctoring time and again the lack of engagement on the part of their nationals.\[286a\] The influence of the German colony in Antwerp is difficult to

do not quite correspond with the information supplied by the German consul general in Antwerp who spoke of 160 million marks engaged in Antwerp and another 50 million marks in commercial houses in the rest of the country.-Pritsch to Bölow, 1904, DZAI-RdI 3376.

\[286a\] The interest of French businessmen and of commercial and navigation circles in Antwerp was extremely low at the turn of the century, reflecting in part the general business mentality, attributable also to the French surtaxe d'entrepôt, levying an additional duty on goods imported to France via foreign ports. Geographically Antwerp had no advantage at all to the French.-The French charter of commerce in Antwerp, the relict of a former period, pressed for the establishment of a joint Franco-Belgian line to East Asia (17.2.1900, A.N. Paris-F 12/7048) to compete the British and German companies but did not meet with any reaction in France at all.-Some modest were the conceptions entertained in the French ministry of war (to commerce 5.12.1901, ibid., F12/7047) providing for the creation of a French-controlled tow-boat company in Antwerp-as all existing firms were said to be German!-to facilitate the import of foodstuffs via Antwerp and the canals in Northern France in time of war.-Carteron, the French consul in Antwerp, flooded the Quai d'Orsay with suggestions. Symptomatic was his demand in 1900 (to AE 31.7.1900, ibid., F 12/7048), when he was informed of the intention of the "Vulkan" shipyard in Bremen and the NDL to acquire a small dockyard in Antwerp, that French industrial circles counter at once by constructing a yard of their own! The French heavy industrialists refused to comply. The decision was sound in all respects. If employment was found at all, the dockyard would hardly have served French interests, and the "Vulkan barge" was in fact not able to survive the recession in the years after 1900. After an appeal for assistance to Schneider-Creusot (suggested by Carteron?) had miscarried, the company had for lack of orders to be liquidated in 1904. The loss of capital amounted to 6.7 million francs (the stock-capital was 4 million francs). Cf. the reports of the German consul between 27.10.1900 and 23.11.1904, DZAI-RdI 3412,4ff and 162ff.-The interest of the NDL in the venture centered on its faction as a "repair-shop" in view of the frequent collisions on the Scheldt. (Wiegand to Prussian commerce 27.10.1900, ibid., 9ff.)
assess. It may have numbered 10,000 in 1890; 15,000 around the turn of the century and probably more than 20,000 in 1913 when the population of greater Antwerp was 300,000. 287) Like his colleagues in Holland the German minister to Belgium felt that German migration to Belgium contributed only little to the promotion of German influence and that most emigrants were "in the long run lost to the German Empire." Wallwitz suggested in 1903, in the context of the negotiations for the renewal of the commercial treaty, that Berlin attempt to obtain a binding promise on the part of the Belgian govern-

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The total of British subjects residing in the country was given at 6,974.

ment that German subjects be put on "an equal footing" - he did not elaborate - with Belgian subjects in the assumption that this would increase their readiness to retain German citizenship and confess their "Germandom" openly in a more pronounced "German community life" for which German schools and German club-life were only poor substitutes.288) Berlin did not respond to such wishful thinking.

A vivid illustration - although by nature open to revision - of the growth of German influence in Antwerp was given in 1916 by a German businessman who had been living in the city since 1867.

"Before the war more than half of the entire business in Antwerp was in German hands. Many of the large Belgian firms which existed 35-40 years ago have gradually disappeared from the stock-exchange and given way to younger German firms. During these 40 years they have steadily increased in number and have a nearly absolute monopoly in the overseas-import business, while in the export business some Belgian firms... have been able to maintain their position. The very important transit business, 3/4 of which are on German account, is mostly in German hands. There were (in 1914) only a few larger English firms as ship-brokers and agencies, and even in this sector they were pushed aside by the Germans. The entire important La-Plata business was in the hands of Germans or of merchants of German origin. The banking business is nearly half German, half Belgian and has, in the past 10 years increased very much in German elements. This mighty German colony in Antwerp, one of the finest Germany has had abroad ..." 289)

288) Wallwitz to Bülow 7.2.03, DZAI-AA 8916, 34/35.-There were three German schools in Belgium (in Antwerp, Brussels and Liège). Those in Antwerp and Brussels included "Gymnasien" with a full programme up to the abitur. It was, however, only in 1913 that the graduating certificates were fully acknowledged in Germany (similarly for Bucharest and Constantinople as the only other German Gymnasien abroad). The German school in Antwerp had after 1900 an average of 600 to 650 pupils. - Hans Wehberg, Der Deutsche im Auslande, (Städtbürger-Bibliothek, Heft 28), München-Gladbach 1914, 21 n. 1, and in general Das Deutsch- tum im Auslände, the periodical publication of the Allgemeiner Deutscher Schulverein zur Erhaltung des Deutsch- tum im Auslande e.V., giving ample proof of the extremely loose relations between the society and the Germans living in Antwerp and Brussels.

Among the leading German businessmen in Antwerp - W. von Mallinckrodt\(^{290}\), D. Fuhrmann, Baron W.v. Mirbach, J. Rautenstrach, Rhodius, Stein etc., the so-called "Germano-Belgian" attention was always focused on H. Albert de Bary (originally von Bary), "the German burgomaster of Antwerp", who had come to the city in 1880 after an "apprenticeship" with the important house of Tornquist in Buenos Aires. His position in Antwerp's commercial life was quite openly regarded as a "national asset" to Germany. His patriotism was never called in question.\(^{291}\) Already in 1888 he had for instance attempted

A major incentive to German merchants were the extremely low taxes in Belgium. Senator Strandes (Hamburg) held that if a merchant in Germany had to pay at least 10% of his income in taxes, it was 1% or less in Antwerp.\(^{-}\) DZAI-RdI 1953, 123.

\(^{290}\) President of the Huilleries Anversois, on the board of four banks and financing companies and of two meat-importing and processing companies, DZAI, RdI 2804; Revue belge des livres, VI, 173, 322; Willequet, Congo, 75. - In the Adressbuch der Direktoren 1913, 688 he was listed (incompletely) as member of the supervisory boards of 13 companies in Antwerp, London and Cologne.

\(^{291}\) e.g. van Linden to Hohenlohe 26.9.96, AA Bonn Belgien 63, Bd.2. - Matthieu to Hohenlohe 25.10.97 DZAI-AA8901. - de Bary's major engagements, mainly after DZAI-RdI 19553, esp. 14ff.: Compagnie des Produits Kemmerich, founded in 1884 with a capital of 14 million francs in 1913 (and 8.9 million francs in debentures); Société Industrielle et Pastorale Belge-Sud-Américaine, 1894, 12.5 mill. francs (30 mill. debentures); Banque Belge de Prêts Fonciers, 1899, 39 mill. (70 mill. debentures); Société Générale Belge-Argentine, 1909, 14 mill. (27.6 mill debentures); Société Foncière Belge-Argentine, 1910, 10 mill. (10 mill. debentures) - the paid-in capital amounted in most cases to 20%; Société Foncière Belge-Candienne, 1911, The Crédit Foncier Argentine of 1906 was a creation of de Bary together with Tornquist and the French Société Générale and the Comptoir National d'Escompte de Paris (R.P. 1909, section Bourse Paris, 75). - The issuing service was in the hands of the Banque d'Anvers on which de Bary had a considerable influence (on this and further details the presentation in the text below) - Ernesto Tornquist in Buenos Aires was equally of great importance to German interests. He was, among others also a long time representative of Krupp of Argentina and opened the road to the actual Krupp-agent Schinzinger, without losing interest in the armaments business. (e.g. Krawels to Caprivi 18.1.92, Consul Buenos Aires to Bülow 25.5.07, DZA I- AA 3110, 8 and 30f.).
to use his influence to create a pro-German disposition of some leading Belgian newspapers.\(^292\) He was one of the founders of the local branch of the ADV in Antwerp and its president until the dispute with the German parent association in 1896/97. He continued, however, to support the various German clubs and associations and the German school in Antwerp with not inconsiderable financial assistance. In the mid-nineties he organized his Germano-Anversois business friends in a "German committee for the promotion of economic relations between the port of Antwerp and its German hinterland,"\(^293\) and organized the first "German Day in Antwerp" in the fall of 1897, with the visit of the most important representatives of West and Southwest German industrial and commercial circles, of lord mayors and mayors and the secretaries of all significant economic associations,\(^294\) highlighted by a festive luncheon on board the Imperial postal steamer "Bremen" of the NDL - de Bary was the agent of the line in Antwerp\(^295\) - which found the full, also financial, support not only of the city of Antwerp but also of the Bel-

\(^{292}\) Willequet, RbPH 1958, 396. - de Bary went to Rotterdam at the beginning of the First World War and died there, without having returned to Antwerp, in 1928. According to his own statement he did not leave any personal papers. The house of de Bary in Rotterdam does also not have any material on the pre-1914 activities in Antwerp.

\(^{293}\) e.g. R.W.Z. 19, 20.1.98, - RWA Abt.5. No. 19, Fasz.6, containing letters of the committee of a later period.

\(^{294}\) R.W.Z. 293, 22.10.97; 294, 23.10.97; 391, 30.10.97 - used by Reismann-Urone, who was among the guests, for the promotion of his own ideas on German-Belgian relations.-Such meetings were held repeatedly at irregular intervals, accompanied by special editions of the Antwerp newspapers and a host of booklets by the chamber of commerce in Antwerp, although never again on the scale of the first meeting. Rotterdam followed Antwerp's example only ten years later, and even then with considerable hesitation. Nels (consul in Rotterdam) to Bülow 22.5.1908 (copy) St.A.Hamburg 371-8/II XIX C10, No. 2, Bd. 1.
ment and King Léopold, all of whom were extremely concerned about the progress made in the ports of Rotterdam in recent years and the immediate danger of losing the German postal steamers to the Dutch.  

At the beginning of 1897 de Bary went to Berlin in the capacity of a commissioned lobbyist in the matter of the postal steamers and attempted to influence Freiherr von Stumm, the Saar industrialist, and Prince von Arenberg, the Reichstag leader of the Catholic Centre party and deputy for the border district of Malmédymontjoie who had been born in Belgium and was of course in close relations with the Belgian d'Arenbergs and often considered more Belgian than German (he lived apparently more in Brussels than in Berlin). Arenberg was willing to support the case of Antwerp but was rather sceptical of the success, in view particularly of the strong pro-Rotterdam propaganda of the inland navigation circles from Cologne to Mannheim.

De Bary did not attempt to conceal his obvious personal interests and let it be known that if the postal steamers ceased to call at Antwerp he would go there, too, to prevent Muller in Rotterdam from reaping all the benefits. - Perl to Hohenlohe 10.11.97, DZAI-AA 6771, 60,- Wiegand (NDL) to de Bary, 26.10.97, AE Bruxelles 2341/31 in general Heinrich Waentig, Der Hafen von Antwerpen und der Norddeutsche Lloyd, in: Der Belfried 1918, 97f.

AE Bruxelles 2341/31 III is full of letters, notes and instructions to the legation in Berlin. The chamber of commerce in Antwerp reacted with extreme aggression to any German petition requesting Rotterdam as port of call for the postal steamers in the place of Antwerp. (Esp. letter and memorandum by the chamber 9.3.97, ibid.)! The chamber of commerce in Frankfurt, the major propagator of a change, was at the point of "declaring war" on the chamber in Antwerp (Mitteilungen aus der Handelskammer Frankfurt am Main, XX. Jg., April 1897, 21).

Note AE 21.10.97 AE Bruxelles 2341/31. Greindl and de Bary felt that a direct intervention by Léopold - as he had done in 1885 - was not advisable. Greindl to AE, 18. 3.97, ibid., 2341/31 III.

de Bary to Lambermont (general secretary in the AE), 20.1.97, AE Bruxelles 2341-31/III, on Arenberg in part, Schwarz, MdR, 255.

cf. n. 296 above, with the observation that the attitude of Cologne was apparently not uninfluenced by the interests of the Rautenstrauchs in Cologne and Antwerp.
It appears that at this point only the general structure of relations and the lack of return-freight in Rotterdam kept Antwerp from falling behind. In the campaign port facilities in Antwerp were generally described as "untidy, unreliable and unsatisfactory" - a verdict which was not entirely out of touch with realities. The alarming reports by the Belgian consul in Rotterdam on new installations in the Dutch port and its increased efficiency caused the government in Brussels to act. The city of Antwerp was reprimanded for having done far too little to render conditions more attractive; the foreign office directed attention in particular to the observation by German navigation companies that facilities in Antwerp had not kept pace with the increase in the volume of trade and underlined the need for a preferential treatment of the NDL. The ministries concerned and the city of Antwerp responded indeed immediately: in 1902 the NDL as "one of the oldest clients" of the port and the Hapag were given the best and "fastest" berths on the Scheldt. In the days of the struggle for survival of the national British lines against the Morgan trust this move caused much ill-feeling and resentment in London.

300) Representative of others is a report by Freiherr von Gienanth, the president of the (private) "German chamber of commerce" in Brussels, stating that he had received numerous complaints, most of which were justified and that the chamber had done its best to advise German companies to direct their exports to Rotterdam. - Schriften der Centralstelle für Vorbereitung von Handelsverträgen, 15. Heft (Bericht ... Generalversammlung...1901), Berlin 1901, 97.

301) AE Bruxelles 2342 passim, stressing the progress made by Rotterdam in the ore and grain trade, i.e. the bulk goods, without entering into any discussion of the structural difference between the two ports.

302) Ministère des chemins de fer, postes et télégraphes (Liebaert) to ministère des finances et des travaux publics, 282.1902, ibid.-2341/31 I, finance (Smet de Nayer) to AE 27.6.1902, ibid.-2342.

303) cf. retrospectively in the general report for the year 1906, BD III, 221-V; - Rautlin 49, - Schumacher, Antwerpen, 37.
There is for the eighteen eighties and nineties hardly any evidence of anti-German feelings in Belgium on account of German interests in Antwerp. A rather comprehensive collection of newspaper clippings in the archives of the Belgian foreign ministry contains only one front-page article in the French-oriented boulevard paper "Les Nouvelles du Jour" under the headline of "Bruxelles sold", listing a few German shops and German-owned hotels in the capital city; Antwerp was not referred to at all. This was in 1887. In Antwerp, an anti-German propaganda was launched only ten years later, occasioned apparently by the efforts of the ADV with regard to the Flemish movement and the extensive programme of the German Day in the city, when the hosting Germano-Andversois made the mistake of giving too many addresses and printing to many pathetic welcomes in the German language. They were fully exploited by the French-inspired Brussels papers - also for lack of any other noteworthy news. While they gave currency to the slogan of "economic Pangermanism" they failed to provoke long-lasting anti-German sentiments and the enunciation of the "German peril" was largely restricted to themselves and the press in Paris.

303a) Les Nouvelles du Jour (Bruxelles), 13.12.1887-AE Bruxelles Presse 9, cf. also Devleeshouwer 87 who was also unable to detect any other evidence.
303b) e.g. Le Soir 21.3.1898. The background shall be illustrated by an excerpt from a welcome address in German (after Rotterdamse Courant, clipping in DZAIAA 8901, 04ff.): "Welcome to this low-German city, the centre of combatant Germandom in the Low Countries! Be welcome and make yourself at home, for this is your large port on the ocean; here you must feel at home, for here you have not yet left the confines of the German homeland, although we have been separated from each other in the course of world history. Say the border not exist in your hearts ... hear our people speak and do not think that we rejoice only because you are visiting us in the interest of trade. This drive to the West means more; tomorrow already it will be announced in all parts of Germany that the Queen of the Scheldt has received you Germans like as true, beautiful and proud low-German virgin who does not want to be excluded from her family heritage by national boundaries. Welcome, German brothers, on
inclusive of the Moniteur Officiel de Commerce in the publication of the reports by the consul in Antwerp.\textsuperscript{303c)}

The attitude of the Belgian authorities induced, apart from other considerations, also the Hapag to base its expanded South-America service - in 1900 the company had acquired the de Freitas line of Hamburg with a specialty in the La Plata trade (a strong point also of de Bary, Mallinckrodt and a few other Germano-Anversois) - on Antwerp as the pivot.\textsuperscript{304)}

The establishment of this and other regular services via the Scheldt - so for instance by the Hansa-Linie to India in 1905 - was, on the other hand, also of advantage to the German ports. The additional freight available in Antwerp permitted not only a regular service, which the Hansa could not have maintained on the basis of freight from German ports only, but also a relative stability in freight rates from Germany.\textsuperscript{305)} These relations were fully appreciated by commercial circles in Hamburg and in its yearly reports the chamber of commerce abstained from even the slightest allusions to these relations. The India-service of the Hansa again underlined the advantageous location of Antwerp. The P & O lines, dominant in the East India trade, attempted to kill the new competitor at one blow and lowered its freight rates. The Hansa was able to withstand the attack and the the banks of the old German Scheldt, here, where Wagner's Lohengrin fought his fight for Elsa of Brabant. Long live Germany." - cf. briefly Dechesne 36.

303c) Moniteur officiel de Commerce, 27.3.97, 27.11900 (the reports in A.N. Paris - F12-7048)

304) Günther Jantzen, Hamburgs Ausfuhrhandel in XX. Jahrhundert, Ein Beitrag zur Geschichte eines deutschen Kaufmannsstandes und des "Vereins Hamburger Exporteure", 1903-1953, Hamburg 1953, 2o. - In the summer of 1900 the Belgian consul in Rotterdam had been almost certain that the Hapag would prefer the Dutch port. 25-6.1900 AE Bruxelles 2342

305) Dt. Ök. 1187, 23.9.1905, 492/493, HAG 1915/1, 642, - Pritsch to Bülow 2.5.1905, DZAI-RdI 3412, 204.
authorities in Antwerp did virtually everything to assist. Also other lines found little reason for complaints; the advice of the German consul to hide their satisfaction and to leave no doubts about their changing to Rotterdam, if Belgian care deteriorated, was – incorrect as it was in part – superfluous. 306) Competition with Rotterdam automatically determined Belgian moves to "show German exporters that they have no reason to leave Antwerp and to go to the Dutch." 307) When the Woermann-Linie transferred its East Africa service from Rotterdam (since 1901) to Antwerp in 1911, it was at once given "one of the best berths, disregarding the requests made by British shipping lines." 308) This pro-German disposition, then, had little to do with the Germano-Anversois, but it is equally evident that they increased German influence in Antwerp as much as they promoted German interests in all parts of the world where they had financial engagements. The centre of their overseas activities was in the La Plata states. The interests in Argentina were the basis of the wealth of many a merchant. Mallinckrodt, König, and Günther owed much to Liebig's Extract Company; Bunge had vast estates in Argentina and de Bary's position was in the main founded upon his thorough knowledge of the Argentine market acquired in the eighteen seventies when he had been working with Ernesto Tornquist,

306) Pritsch to AA 5.7.07, AA Bonn Deutschland 14o Bd. 4,– Pritsch to Bethmann Hollweg 19.6.1o, ibid.–Preussen 1-1 No. 4x, Bd. 2
307) So the basic determination of Greindl/de Bary in the postal steamer issue–Greindl to AE 2341/31 III
308) Belgian consul Rotterdam to AE 16.3.01, AE Bruxelles 2342.–Pritsch to Bethmann Hollweg (copy) 7.12.11, St.A. Hamburg 371-8/II XIX C9, Nr. 13.–At approximately the same time the Fortnightly Review wrote:"There is a German tendency in the commercial circles of Antwerp which is already half a German city, and there is a sort of feeling in bureaucratic circles that Germany would prove a good and possibly an inevitable protector."–Fortnightly Review, 1.9.1911, 471, quoted after Devleeshouver, 210/211.
financier, banker and merchant in Buenos Aires. The stock-capital of the Antwerp merchant houses and of the Antwerp banks was by far not sufficient to sustain all these engagements and operations. The dilemma was solved by the creation of a number of so-called mortgage-banks (Banques Hypothécaires). Large sections of the Belgian nobility, of the Church and also petty capitalists in Belgium, France and even Spain purchased hundreds of millions of mortgage-bonds, providing the capital and receiving the direct interests, while the Antwerp merchants acted mainly as agents for their own transactions. 309) The number of mortgage-banks, and land mortgage-banks in particular, in Antwerp was legion. Most of them were directed by the Germano-Anversois in the interest of their ventures in Latin America.

The actual backbone of Antwerp's trade, however, was banking credit. Acceptance on Antwerp was generally known and always taken, usually and in the main by the banks in Brussels, in considerable quantities by the all-powerful Société Générale de Belgique which entered into very close relations with a number of firms, above all with Bunge & Co. Further assistance was given by the Caisse Générale de Reports et de Dépôts, by some of the Brussels branches of the French great banks (mainly the Crédit Lyonnais and the Comptoir National d'Escompte) and most Belgian private banking houses.

Imports were in the main financed by British credits. French

309) This and the following entirely after a memorandum by v. Lumm (chief of the banking section of the German administration of Belgium during the First World War), 20.5.1917, DZ: I- idI 19552, 49, with the assistance of Revue belge des livres 1933, 223f.--A direct engagement of German capital in these South American ventures is discernible in only a very few cases; the most remarkable was the investment of the approximately 800,000 francs by the three Potsdam "excellencies" v. Mirbach, v. Dirksen and Raschdau (1913) in de Bary's Co. Rurale Anversoise (for agricultural purposes in Argentina)-Bürklein II, 189. (The Germano-Anversois v. Mirbach, de Bary's son-in-law, was apparently a relative of the Mirbach above).
banks acted "rather niggardly" and although the Paris discount rate was virtually always lower than the British, credits granted by French banks amounted to only 10% of those advanced by London and most transactions were in Pound Sterling. German banks were extremely reluctant to give credits on imports other than those destined for Germany - a reluctance that was like that of the French banks of a rather general and characteristic nature and was only to some extent attributable to the usually considerably higher discount rates in Germany. \(^{310}\) The local Antwerp banks gave of course all assistance available. Credits were on easy terms and the merchants free to turn to various banks simultaneously and in a position to obtain blank credits for up to double, even triple of their own capital resources. The banks asserted repeatedly that they were not running any risks; firms like de Bary, Fuhrmann, Kreglinger, Bracht and Mallinckrodt would rather pocket heavy losses than harm a creditor. The wealth of Antwerp was, however, of a very recent date. Most of the foundations had been laid in the seventies and eighties \(^{311}\) and many a transaction would have been impossible without the support given by London.

The German banks with a stronger engagement in Antwerp did not offer direct support to German exports via Antwerp, and restricted their interests to the South American relations of the merchants and the financing of some industrial ventures (which acted in many cases of course also as a stimulus to German exports, although not necessarily via Ant-

\(^{310}\) Even as an isolated case the relation shows quite clearly the illusion of the so often proclaimed pre-war aim of weakening the position of London as clearing house of the world.

\(^{311}\) The accumulation of wealth was on the other hand of course extremely facilitated by the low taxes in Belgium (1% as against the 10% of income paid in Germany; cf. above n.)

The direction of German exports to the four major Continental sea-ports was by nature mainly determined by freight charges on Rhine and Elbe and on the major railway systems— the Belgian and Dutch state railways, the Prussian/Hessian (united since 1896) railways, the Reichseisenbahn in Alsace-Lorraine (administered, like the Prussian railways, by the Prussian ministry of public works) and the railways of the major federal states, notably Bavaria and to a smaller degree Saxony—which were all engaged in strong competition with each other and the waterways under pressure of private-economic, fiscal and national interests.(312) In their struggles with inland navigation on the Rhine(313) the Dutch, Belgian and Prussian railway administrations had reached a number of

312) Many of these aspects were denied by partisan contemporary commentators who declared the measures taken as strictly "private economic". On various aspects cf. here and below Gottfried Zoepfl, Die Finanzpolitik der Verkehrsanstalten, Berlin 1898, id., Auswärige Handelspolitik und innere Verkehrspolitik, Berlin 1900. Railway tariffs could—a truism, but equally denied and overlooked in particular by (economic and general) historians—easily annul as well as intensify the impact of customs tariffs. A true perspective of relations in Germany was given by E. Seidler and A. Freud, Die Eisenbahntarife in ihrer Beziehung zur Handelspolitik, Leipzig 1904. This work provides the general background to the discussion of railway-tariff policies in Germany in the present study, together with the theoretical-historical examinations (with emphasis on the first aspect) by Conrad Roediger, Über die Beziehungen der Gütertarife auf Staatsbahnen in Europa zur Zollpolitik, Diss. Würzburg 1912, S. L. Gabriel, Außenhandel und Eisenbahnübertarifpolitik, Berlin und Wien 1934 and id., Der Gütertarif der Eisenbahnen als Mittel der Außenhandelspolitik, in: JbNS 141/1935, 668f.—The conditions were basically acknowledged by the parties directly concerned, with regard to the starting point of the analysis in the early nineties in particular Schulz (president of the REB) to Boetticher (RdI), 26.5.91, DZAI- RdI 3347, 32f.—Greindl to AE 6.5.92, 23.5.92, AE Bruxelles 2689-XII.

313) The issues are extremely complex, the material often scanty and the questions shall be touched upon only in so far as directly relevant to the study. A number of concise statements in the text for which detailed evi-
agreements in 1878, shortly after the nationalisation of most railway lines in Prussia, on a "tariff system" promising to guarantee operating efficiency to all parties without being detrimental to the one or the other. The objective was, however, realizable only by a restriction to certain transport commodities. The arrangements provided also for some standard kilometric rates for transports between German inland stations and Hamburg/Bremen and Rotterdam/Antwerp. Violations of the agreements were easy and committed by all parties time and again and were usually taken without objections as long as they stayed reasonably close to the letter of the convention which was, after all, so much restricted that it did not menace individual tariff autonomy. Two years later the Prussian railways inaugurated their so-called "seaport policy" with the professed aim of strengthening national ports and national exports by "exceptional sea-port tariffs". In a "letter of principles" to the regional railway advisory councils (composed of the representatives of government and economic circles) Maybach, the minister of public works, emphasized in 1884 the need for a support of German

dence is not given are based on the results of the painstakingly diligent work by Friedrich Schulte, Die Rheinschifffahrt und die Eisenbahnen, in: SVS 102/1905, 301f., 504f. - Industrial circles in Western Germany were by nature interested in keeping competition between rail and river as active as possible; for the period in question cf. e.g. CVdI, meeting 5./6.5.1876, Bueck I, 310. - At the turn of the century, when the issue was further complicated by plans for new state-controlled waterways (Franz Ulrich, Staatseisenbahnen, Staatswasserstraßen und die deutsche Wirtschaftspolitik, Leipzig 1898) the Prussian minister of public works (at the time Thielern, was reported to have suggested rather angrily that it was time that the "Rhine should be filled up". So in the memoirs by Baden's representative in Berlin; Eugen v. Jagemann, Fünfundseibzig Jahre des Erlebens und Erfahrens, 1849-1924, Heidelberg 1925, 165, corroborated in the tendency by many a documentary evidence.

314) e.g. Belgian railway ministry to AE 28.2.1902, AE Bruxelles 2689-IX; DZAI-RVRB, e.g. 602 and 617 b/c passim
315) Prussia administrated also the railways in Hamburg/Bremen.
foreign trade and the German North Sea ports against the competition of Rotterdam and Antwerp.\textsuperscript{316} It was, however, quite apparent that the Prussian intervention on behalf of national interests was also determined by considerations of the rentability of the Prussian railways in an effort to attract a maximum volume of transport to the North German lines and away from Rhine and Elbe, also from the much shorter Prussian lines to the Dutch and Belgian borders (although conflicting with a few other interests) and to counteract Bavarian attempts to gain independence from Prussia in transportation policies by diverting South German exports to either the Bavarian ports of transshipment on the Rhine or the Austrian port of Triest.\textsuperscript{317} Irrespective of individual motivations the intervention effect was there. In 1890 the Levante-Linie was granted specific land/sea through tariffs; the East Africa line was given similar privileges in 1895. They resulted in a monopolization of German trade with these areas by the two German lines and by the two German ports, but remained as such exceptional among the many so-called "exceptional tariffs" which soon dominated the Prussian tariff-system.

\textsuperscript{316} Maybach to Landeseisenbahnbeirat 30.10.84, Handbuch der nationalliberalen Partei, 316.

\textsuperscript{317} Documentary evidence for the early period was not inspected. The most comprehensive monograph on the issue Beckerath, Seehafenpolitik, places in any case too much emphasis on the nationalist policies of the Prussian railways. Also indispensable, although with a lower yield, are Fritz Elsas, Die Ausnahmetarife im Güterverkehr der preußisch-hessischen Eisenbahn-Gemeinschaft, Ein Beitrag zur gegenwärtigen Eisenbahntarifpolitik, Tübingen 1912, Christian Grotewold, Ausnahmegütertarife für den Seeverkehr auf den preußisch-hessischen Eisenbahnen, Bremer 1909. On Bavarian policies Beckerath 154ff., 163n1. The economic sections of the daily press frequently referred to the symptoms of the railway particularism, manifesting itself in a preference of one's own cars and the return of empty "foreign" cars, "pacts" between the Bavarian and Austrian railways against Prussia, between the Prussian and Austrian against Bavaria, deliberate misdirection of cars, circuitous transport routes on the "own" lines, etc.
Specialists have found it difficult to find their way through the maze of tariffs and privileges (often kept "secret") granted in particular to shippers of large transport volumes, but there is sufficient evidence - and certainly for the later period before 1914 - to support the judgement that, without speaking of a "failure" of the sea-port policy, the Prussian railways assisted Rotterdam and Antwerp as much as the German sea-ports.\textsuperscript{318} It was impossible to correct geography; total freight charges by rail to Antwerp and Rotterdam continued to be lower for nearly the entire Rhenish-Westphalian industrial district and for Southwestern Germany and large sections of South Germany\textsuperscript{319}, and the Dutch and Belgian railways pursued their own sea-port policies.\textsuperscript{320} Competitive

\textsuperscript{318} Detailed evidence in Schulte, passim; and cf. the individual cases presented for the years 1895-1900 in HK Hamburg, Jahresberichte 1897, 25; ibid., 1898, 24/25; and the instances related by Theodor Reismann-Grone, Die deutschen Reichländer und das Zollbündnis mit den Niederlanden, (Altdutsche Flugschriften, No. 12), München 1899, 7f.

\textsuperscript{319} As illustration: In 1900 the freight rates for a ton of pig-iron was (from Essen) 8.40 marks to Hamburg, 6.20 marks to Bremen and Emden, 6.52 marks to Antwerp, 4.90 marks to Rotterdam; for heavy industrial articles to Hamburg 11.10 marks, to Bremen 8.30 marks, to Emden 8.90 marks, to Rotterdam 8.00 marks, Antwerp 9.92 marks

\textsuperscript{320} The tariff policies of the Dutch and Belgian railways cannot be discussed in this context. In contemporary and also later accounts given by the German side they were usually much disparaged as a form of unfair and even illegal competition, especially in the yearly reports of the chambers of commerce from Duisburg to Straßburg representing the interests of inland navigation. It appears, however, that both the Dutch "refactiën"-system (of which details are not known) and the Belgian "transit-barrèmes" (cf. the rather broad but also little illuminating discussion of these aspects in a larger context by Georges de Leener, La politique des transports en Belgique, Bruxelles, Leipzig, Paris 1913) were much less "obéiçons" than was maintained. Schumacher, the German specialist on Antwerp held (Antwerpen, 147/148, Deutsch-belgischer Wettbewerb, 17f.) that there was little reason to maintain that the Belgian railways applied lower rates (neither for domestic nor transit transports); similarly a memorandum by him (1916)
tion with navigation on the Rhine remained stiff and in the late nineties Westphalian iron-works began to construct their new plants directly on the banks of the river. Bavarian exceptional railway tariffs to Mannheim on the Rhine as place of transshipment and plans for a canalization of the Main river caused not only displeasure and uneasiness in Prussia\(^{321}\) but left hardly any choice but to cooperate even more intensively with the Dutch - to a smaller degree with the Belgian - railway administrations in the formation of a defensive community against the Rhine. A large-scale intensification and extension of the national sea-port policy conflicted strongly with Prussia's fiscal interests and was resolutely opposed by Miquel as minister of finance.\(^{322}\) The railways were one of the most vital

in DZAIRdI 19524, 248ff., 299ff., although his argumentation (so 254) that the rates hardly covered the operating costs of the railways seems rather unwarranted (except for the Levant-tariff etc.). The Dutch railways furthermore paid commissions to agents for passing on to them their German clients; this move was mainly directed against the navigation companies on the Rhine and it may be held that the competitive situation between the four large Northwest European ports was little affected by it. Cf. again Schumacher, here Die belgischen und holländischen Eisenbahnen und ihre Tarifpolitik, in: Jahrbuch der hafentrautechnischen Gesellschaft, I/1918 (Hamburg), 155.

\(^{321}\) e.g. draft by Budde, Prussian minister of public works, for an instruction of the Prussian minister in Munich, July 1904, n.s., n.d., AA Bonn Deutschland 168 geh, Bd. 3 (with additional material evidence). - On the Bavarian Rhine-Main plans cf. below and the address given by Prince Ludwig in the chamber of the "Reichsräte" 18.12.1891, referring to a projected Bavarian port of transhipment on the Main, that "... if the Rhine boats would be able to go that far, the Bavarian railway administration would be completely independent of all other railway administrations. This would be an advantage which inspite of all the friendly relations we entertain with the other German states ... ."-Beckerath, Seehafentjpolitik, 163 n.

\(^{322}\) Causing Maybach to resign from his post as minister of public works. Thielen as his successor was nearly entirely under Miquel's influence.
sources of revenue and the state of Prussia's finances never particularly splendid. From 1890 to 1895 income from the railways took a pronounced leap ahead (in spite of the recession) and they provided "a richly flowing source of income whose yield has presumably not yet reached the highest mark... (Through it) the finances of Prussia have been spared heavy blows which might otherwise well have been fatal, and at present it is only the expectation of a further favourable development of the yields from the state-owned railways which let financial prospects look tolerably good." 324)

Miquel and Thielen as ministers of finance and public works refused to consider any new requests for "exceptional tariffs". Miquel was to cling to this attitude until his retirement, while he shared, on the other hand, fully the agrarian view

323) Income from the Prussian railways was 88 million marks in 1890, 138 million in 1899, 211 million in 1905. Their share in Prussia's total revenues has been given, here as a mean of various estimates, at 20% in 1885, 33% in 1890, 60% in 1895, to drop to around 50% by 1900 and to maintain this level for some time.-after Jürgen Wolfs- last, Bestimmungsfaktoren wachsender Staatsausgaben dargestellt am Beispiel des deutschen Reichs, 1871-1912, Diss. rer. pol Hamburg 1967, 121, and a detailed table in StuE 1905/I, 118; 1909/II, 1974.-It has been calculated, for the years around the turn of th century, that if the railways had not been nationalised, income taxes in Prussia would have had to be increased 63% to equalize total revenues. (Das deutsche Eisenbahnwesen in der Gegenwart, Berlin 1911, I,384.)- The rentability of the Prussian railways was excellent, inspite of the officially released data. The revised figures show for the period after 1895 a return of approximately 7%, but even this is too low, since the Prussian authorities used to list debts which had long been paid, cf. Franz Ulrich, Preußische Verkehrs- politik und Staatsfinanzen, Berlin 1909, 57f. (the information and interpretations seem to be reliable in view of Ulrich's past as Eisenbahndirektionspräsident in Kassel); cf. Schulte, SSV 102, 489 and M.v. Heckel, Eisenbahnverwaltung und Finanzpolitik in Preußen, in: JbNS 3.F., Bd. 24/1902, 75f.-By comparison the rentabilities of the South German railways in 1896 and 1900: (Prussia 7.16-7.17), Bavaria 4.17-3.38, Württemberg 3.30-2.91, Baden 4.38-3.27, Saxony 5.22-3.87; after F.C. Huber, Auf dem Wege zur Eisenbahnagemeinschaft! Denkschrift im Auftrage des Württembergischen Handelskammertages vom 27. September 1901, Stuttgart 1902, 13.
that the nationalisation of the railways had been a "mistake" since—so it was implied—industry was in a position to avail itself of the instrument much better than agriculture. Under the conditionsthe impact of the seaport exceptional tariffs was too small to have any major effect upon Rotterdam and Antwerp. They were, however, quite sufficient to create considerable opposition in Rhenish shipping circles who protested strongly that they were losing ground "with each kilometer of preferential tariffs for the German North Sea ports" which extended the influence of the Hamburg and Bremen merchants and diverted—so the complaints in the early 1890's—trade from its "natural paths". In an ex-

324) Votum by Miquel 25.5.96, DZAI-Rkz 104, 56f,—ibid., RdI 15319, 14f. (on the occasion of the issue of the introduction of an exceptional tariff for industrial bulk transports, i.e. mainly coal, ore and iron). Cf. in general also Herzfeld, Miquel, 47of.—Reviewing all of Miquels arguments and supporting them: votum by Thielen 6.10.98, as above., meeting of the state ministry 22.1.99, ibid., 181 where Thielen, not without personal relations with Rhenish industry, underlined that his vote should not be interpreted as hostility towards commerce and traffic in general.—cf. also generally Heckel in JbNS.

325) Hohenlohe III, 469 (journal 20.11.1899) on a conversation with Miquel: If the government was not able to call a halt to the demands for lower and additional exceptional tariffs, the state would soon be in an embarrassing situation and in a deficit (leaving open the question of what would have happened, if the lines had not been taken over by the state)—on agrarian attitudes cf. Hans Booms, Die Deutschkonservative Partei, Preußischer Charakter, Reichsauffassung, Nationalbegriff, (Beiträge zur Geschichte des Parlamentarismus und der politischen Parteien, Heft 3), Düsseldorf 1954, 62 (v.d.Groeben in the Reichstag in 1913).

326) HK Duisburg to MdöA 6.4.92, AE Bruxelles 2689 XII,—dto. 9.4.92 in the immensely rich files of the RWI, Abt. 20, Nr. 49, Fasz. 6a/6b; No. 50, Fasz. 8a-8d; No. 54, Fasz. 1; No. 55, Fasz. 10, etc.—only briefly touched upon in Hellmuth Herker, 125 Jahre Niederrheinische Industrie- und Handelskammer Duisburg-Wesel, n.d., n.p. 85/86 (missing the actual point completely).
change of notes, ending in an outspoken war of memoranda, with the chamber of commerce in Duisburg as the centre of navigational and shipping interests on the lower Rhine, the Prussian ministers of public works defended their policies - assisted by Duisburg's most immediate rival, the chamber of commerce in Cologne - as "in the well-understood national interest". In 1900 Duisburg was in fact in the position of presenting evidence to the contrary! It had been admitted in a meeting of the railway advisory council that a substantial number of export tariffs had been introduced with the specific intention of fighting navigation on the Rhine, not the foreign ports. The evidence was corroborated a short time later by the introduction of lower freight rates for transports destined for Rotterdam on the Prussian lines to the Dutch border. The battle between Duisburg and Berlin continued until 1914. While the MdöA insisted on acting in the national interest only, German trade via Rotterdam and Antwerp continued to grow and the German navigation companies increased their interest in the two ports to such a degree that Duisburg in exasperation suggested the removal of all exceptional and special tariffs to Hamburg and Bremen since Rotterdam and Antwerp could hardly be considered foreign ports any longer, reaffirming it with the statement that the bulk of trade in the latter two was on German account or in German hands and that the national Dutch and Belgian commercial

327) HK Köln, Jahresberichte 1901, 403f.; HK Ruhrort, Jahresberichte, 1899/1900, 43ff., and esp. 82ff., in the form of a supplement a long memorandum by A. Wirminghaus, the syndic of the chamber "Der Niederrhein als Einfuhr- und Ausfuhrstraße Rheinland-Westfalens im Wettbewerb mit den preußischen und holländischen Staatsseisenbahnen," Budde, MdöA, to HK Duisburg 3.4.1903, RWA Abt. 2o, No.107, 5a 3 de II+III. Duisburg was supported by, among others, the Langnamverein; cf. also the annual reports of the HK Dortmund, passim.

328) The interested circles "express(ed) their surprise" that the German interests in Holland and Belgium were apparently unknown to the Prussian railway administration
firms had become "merely the forwarding agents" of Rhenish commercial circles.328) These demonstrations were not unfounded329); the Prussian government supported rail-borne trade in all directions - in principle as long as it did not benefit other lines or was not vetoed by the minister of finance. The sea-port policy was soon also influenced by another consideration: Hamburg and Bremen did not belong to Prussia. Besides the naval base in Wilhelmshaven Prussia had only one port on the North Sea: Emden- once flourishing but of inferior importance during the larger part of the eighteenth and throughout the nineteenth centuries. If developed, Emden's geographic location and natural conditions seemed to offer the prospect of the re-establishment of a Prussian window on the world. In the eighties the stateminstry had already begun to reconsider plans of the beginning of the century - which had fully petered out, when the tolls at the mouth of the Rhine had been removed in 1831 - for improving Emden's relations with the hinterland by a canal. The development of the new industrial centre in Westphalia increased its attractiveness in many

although it "pretend(ed) to be acting in the national interest.", cf. e.g. HK Straßburg, Jahresberichte, 1901, 20 (petition to the head of the REB); HK Mannheim to Großherzoglische Generaldirektion der Staatsseisenbahnen in Karlsruhe 21.12.1901, RWA.Abtt. 20, No. 107, Fasz. 5a; HK Frankfurt, Jahresberichte, 1913, 8/9.- In 1914 the chambers of commerce on the upper and lower Rhine formed a "Deutscher Frachtausschuß für das Rheingebiet", see HK Duisburg, meeting 10.6.1914, Ha/GHH 300 1933/17 and Arthur Blaustein (ed.), Die Handelskammer Mannheim und ihre Vorläufer, 1728-1928, Mannheim, Berlin, Leipzig 1928, 180.

329) (cf. also below in the context of the projected introduction of navigation duties on the Rhine). - In 1901 the Prussian railways reduced e.g. the freight rates for iron-ores from Duisburg, Hochfeld and Ruhrort to the blast-furnace stations - but only for shipments that had already arrived by rail. Details in a letter by G. Scharrer in Duisburg (agent for various shipping companies) to Stein (syndic of the HK Duisburg) 19.6.1901, RWA-Abt.20, No. 107, Fasz. 5a.
eyes\textsuperscript{330}) and in 1882 the government presented a bill to the Prussian lower house. It was supported, although not with particular enthusiasm, by the heavy industries (depending on the location of the coal mines and iron works of the individual firms)\textsuperscript{331}, also by the Hanseatic chambers of commerce (the motivations could not be ascertained), but vehemently opposed by the agrarians who vividly imagined Westphalian miners eating bread baked from American and Russian grain and working in mines with timber from Scandinavia as struts. Schorlemer, the leader of the Westphalian agrarians and deputy for the Centre party was completely at odds with the party leader, the Hanoverian Windthorst, who was furthermore one of the few to take open account of the impact of such a canal on German-Dutch relations:

"This canal is the emancipation from Holland ... it is essentially a competition (sic) of Amsterdam, Rotterdam and the Belgian ports with regard to exports." \textsuperscript{332}

He did not go quite so far as others, who visualized sea-going vessels sailing from Emden to the Rhine and bringing the river "into German hands", and was satisfied with giving industry in Westphalia a direct access to the North Sea. The minister of public works proclaimed that with the completion of the canal the "Prussian hinterland of Holland would be free and independent of the latter"; others suggested to use the canal - or only the threat of the construction - to compel the Dutch to deepen their section of the Rhine which they had constantly refused to do.\textsuperscript{333}) The canal plans were, however,


\textsuperscript{331} Spethmann, Große Industrie, 116f., -Wilhelm Treue, Die Geschichte der Ilseder Hütte 1856-1956, Peine 1960,329.- Hoesch was willing to contribute "$10,000 marks at the utmost", meeting of the board 29.11.1887, A. Hoesch A3b1 (Krupp opposed it, as Essen was not touched by the projects).

\textsuperscript{332} Ernst von Eynern (comp.), 20 Jahre Kanalkämpfe, Ein Beitrag zur Geschichte des deutschen Parteiwesens, n.p., n.d. 11/12

\textsuperscript{333} Mertes 28f.
defeated in the Herrenhaus in 1883, where Freiherr von Stumm, an enemy to any canal favouring his competitors, had been chosen to report on the issue. The bill was submitted again in 1886 and passed in the same year inspite of agrarian opposition and effectful speeches by Stumm on the dangers arising from the "glandered horses" pulling the barges on the canal. Work on the canal was begun in 1890 and opponents and supporters prepared themselves for new battles. In the fall of the year commercial and navigation circles in Cologne seriously weighed a variety of plans to deepen the Rhine and make the city a "Rhine-sea-port" beating all competitors from Duisburg to Rotterdam and Emden. Speculations were, however, premature. For reasons of rentability the Prussian state ministry decided not to follow the original intention and the example of the Amsterdam-Merwede canal (opened in 1892/93), but to restrict the dimensions of the canal to boats of maximally 750 tons. More important— the canal was to become a torso without an adequate hinterland and soon known as the "moorland sheep canal"; in 1894 the agrarians succeeded in their endeavours to have it end at Dortmund. Long before the opening in 1899 it had become apparent that it would hardly effect the rise of Emden to an important seaport and that also even the most skilfully devised system of duties and tariffs on the canal would never permit a full rentability.

334) Kanitz 27.5.18896: "The Dortmund-Emms-canal will not increase the price of our products by even one pro mille." Eynern, Kanalkämpfe, 27
335) R.W.Z. 290, 19.10.1890
336) On the general disappointment cf. RWA Abt. 2o, No.58, Fasz. 2: HK Mannheim to Prussian ministries 17.2.94, and ibid., No. 59, Fasz 8, passim.
337) so the navigators on the Rhine, K.Z. 769, 21.9.1894
338) cf. the votes of the Prussian ministers (9.4.97-23.4.97) in preparation of the meeting of the state ministry on 28.4.97, DZAI-RdI 15123, 53-66, DZAI-Rep. 9a BIII 2b No.6, Bd. 129, 142-144. Only three of the iron works—Dormunder Union, Hoesch, Phoenix-Hoerde, all located in amaround Dortmund—were in the sphere of influence
and the unexpectedly high construction costs\textsuperscript{339}) Prussian ministries and Imperial offices alike put up an optimistic front. Work on the port facilities in Emden, estimated to cost as much as the construction of the canal, was to be completed as speedily as possible to achieve, as Miquel underlined it again in 1899 as the most decisive motivation, "independence from the Dutch ports.\textsuperscript{340}) Strategy and tactics are, however, not quite clear: by this time the issues of Emden and the Dortmund-Ems-Kanal had been drawn into the broader controversy over the projected Mittelland-Kanal from the Rhine to the Elbe and to Berlin. It was again fought by the agrarians as yet another inlet for foreign grain which caused Miquel- in his endeavours to secure his position between the conservatives and the emperor who was entirely for the canal - to approach the question so ambiguously that nobody really knew whether he was for or against it.\textsuperscript{341}) Most Prussian agrarians - both in the Conservative and Centre parties - had at any rate become reconciled to the Emden-issue and to the torso of the Dortmund-Ems-Kanal; Emden had hardly any facilities to handle larger quantities of grain and their creation appeared very unrealistic as the dimensions of the canal and the relatively high freight charges allowed the import of grain only as far as Münster.\textsuperscript{342}) Such

of the Dortmund-Ems-Kanal; all others exported and imported via Rotterdam, cf. the memorandum by the Northwestern group of the VdEst, end of 1907/beginning of 1908. A. Hoesch-DHHU 1264, HA/GHH 300 1934/1.

339) The estimates had been around 58 million marks, the actual cost was nearly double this amount. The costs of the extension of docks and port facilities in Emden were expected to be around 80 million marks.


341) Hannelore Horn, Der Kampf um den Bau des Mittellandkanals, (Staat und Politik, Bd. 6), Köln und Opladen 1964, passim.

342) HK Münster to MdöA 2.9.1901, RWA-Abt. 5 Nr. 39, Fasz.9
a canal kindled even agrarian enthusiasm for the (Prussian) port at Emden and Count Ballestrem, the Silesian leader of the Centre Party, stated that he would always support this canal "to give our fine German Rhine also a German mouth" but in view of the missing link between Dortmund and the Rhine the chamber of commerce in Rotterdam was hardly perturbed. The attention given in Germany to the Emden issue was obviously over-inflated, mainly because it had inevitably become part of a larger whole. In the late nineties also the Hapag, the NDL and the chambers of commerce in Hamburg and Bremen followed developments in Emden attentively in view of the predictable consequences of the Mittellandkanal, which would establish a connection from the Elbe to the Weser, the Dortmund-Ems-Kanal and the Rhine. It was generally assumed that it would benefit Rotterdam and Antwerp more than Bremen and increase the competitive power of all of them at the expense of Hamburg, particularly if - as it was feared - the Elbe above Magdeburg was not deepened. The Hapag showed a strong interest in Emden as an additional base against the NDL and requested that exports via Emden be facilitated by a new system of seaport exceptional tariffs "so that the entire complex would become competitive with Rotterdam and Antwerp." In return the company promised to divert a large part of Westphalia's cotton imports from Antwerp and Rotterdam to Emden. Such suggestions were neither welcome at the ministry of public works nor the larger part of the heavy industrial companies, i.e. all those works oriented

344) Alfons Krziza, Emden und der Dortmund-Ems-Kanal, (Probleme der Weltwirtschaft, 8), Jena 1912, 133.-Z.W.Sneller, Geschiedenis van den Steenkolenhandel van Rotterdam, Groningen 1946, 234 n.2

345) Memorandum by HK Bremen, November 1895, similarly 4.9.03, A.HK Bremen F III 42,--HK Hamburg to Deputation for Commerce and Shipping 25.11.98, A.HK Hamburg 1898,1018af. HK Hamburg, Jahresberichte 1895, 29, disputed by e.g. the Zs.f. Binnenschifffahrt 1900,78.
towards the Rhine and Rotterdam. 346)

While the chambers of commerce in Hamburg and Bremen abstained from any public comments on the Emden question, Altona and Harburg, the Prussian port cities on the lower Elbe in the immediate vicinity of Hamburg, but with only insignificant commercial interests, expressed their opinions on three occasions in open letters to the Prussian government in 1899. In the context of the Mittellandkanal controversy they requested that the Rhine be given a German mouth so that the effects of the fact that our longest German river ends in a foreign country will be mitigated as much as possible. ... The Rhine with its large volume of transport contributes next to nothing to Germany’s sea-power and sea-trade. What would Rotterdam, Antwerp and Amsterdam do, if the mouth of the Rhine was not in the Netherlands and how much more important would on the other hand our sea-trade and our merchant-marine be, if the Rhine had its mouth in our North Sea." 347)

They offered an alternative to the Mittellandkanal: a shipping canal of large dimensions joining Emden with the Rhine at Emmerich. Copies of the letters were sent to the ADV and its local sections in the major cities. The objective of a "German mouth for the German Rhine" was not new, but gained in importance and increased in the volume of propaganda at the turn of the century. Others wanted to achieve the same objective by a closer association of the Netherlands with the German Empire.

346) Hapag to MdöA 12.9.1901, Hapag to HK Münster 23.9.01, complaining about the high tariff rates for Emden; RW A Abt.5, Nr.39, Fasz.9.—The Hapag request was seconded by Krupp in Essen (and as such not on the canal), while the southern area, represented by Beumer, underlined their orientation towards Rotterdam and rejected exceptional railway tariffs for Emden as they would discriminate against the inland-ports on the Rhine! (Meeting with railway administrators in Essen 18.5.1900; letter by the Eisenbahndirektion in Essen 19.11.1900—A.Hoesch-DHÜ 1008—on the impact of the conference also RW A Abt.5, Nr.107, Fasz. 5a and HK Münster, minutes of the general meeting 21.6.1900, ibid., Abt.5, Nr.3, Fasz.4 and cf. HK Münster, Jahresberichte, 1900, 30/31.—In 1904 the Hapag effected 25% of trade in Emden (Nauticus 7/1905, 302), the NDL attempted to bypass Emden by a direct service from the Rhenish ports to Bremen (Krizza 175), the Hapag replied with a "special express service" to Emden (Eckert 5).

c) German-Dutch relations, 1899-1902

Rather unexpectedly, so the German consul general reported from Amsterdam in August 1899, the city had become the centre of a movement propagating a customs union of Holland with Germany. The development was remarkable. After 1871 the Dutch public had taken a very cool, although correct, attitude towards Germany and retained a certain apprehension of Prussian aggressiveness. An economic or political association with Germany was furthest from their considerations as they had also kept aloof from the attempts of the liberal Belgian governments until the fall of Frère Orban in 1884 to establish contacts on the question of the feasibility of a Belgian-Dutch union. The pro-agrarian and anti-Dutch commercial policy of the clerical Belgian cabinets in the eighties and nineties fully stifled Dutch interest in any customs-union issue and the country was also little touched by the general European discussions in 1890. In view of these conditions Holland was also rather neglected in German writings on the customs-league and in the nineties the Pangermans were the only group actively campaigning for "closer relations" with the "Low Germans" in the Netherlands who had been part of the German Empire until 1648. The conceptions ranged from a lose customs union.

350) Belgium re-introduced import duties on cattle and meat (which had been abolished in 1873) and strengthened the barrier again in 1895 with a specific direction against imports from Holland, complemented by veterinary regulations and a new prohibitively high duty on margarine, the production of which had just begun to flourish in the Netherlands.
association to a closer constitutional union and in the pamphlets of the so-called "wild" Pangermans, not officially acknowledged by the ADV, to a straightforward annexation. Ernst Hasse, the chairman of the league, and Fritz Bley, in the eighties an occasional editor of the Kolonialpolitische Korrespondenz and in the nineties specialist on Dutch and Boer affairs, led the pen. Hasse held a brief for a Central European Customs Union of the "Germanic peoples" inclusive of Holland and Belgium which was to be fortified by closer constitutional bonds. Bley advocated "Völkerschaftsbündnisse" with Austria and the Netherlands, leaving developments very much to themselves, for "the Dutch do not have to be made Germans; they are already Germans". Hasse anonymously expressed the belief that there was no need to exert pressure on the Dutch (or both "low countries" for that matter) to join a "Greater German Federation", for "they will come on their own, when their political and economic independence cannot be maintained any longer."351)

The events in South Africa may have induced some Dutchmen to reconsider their attitudes towards Germany. In the Transvaal crisis of January 1896 the Utrecht Dagblad wrote, as apparently the only Dutch newspaper, of the desirability of a political and military alliance with Germany and of the necessity of strengthening the Dutch military potential to increase Holland's attractiveness as an alliance partner. The article was little noticed in Germany. The K.Z. and V.Z.

351) Ernst Hasse, Deutsche Weltpolitik, München 1897, 8/9.-(anon.), Großdeutschland und Mitteleuropa um das Jahr 1950, Von einem Alldutschen, Berlin 1893, 13 (Hasse's authorship has been established by Schilling, 48).- Fritz Bley, Die Alldutsche Bewegung und die Niederlande, München 1900 (and apparently already in 1897), esp. 72, similarly in id., Die Weltstellung des Deutschtums, München 1896, cf. Kruck 32. The voices neglected here are conveniently summarized in the excerpts presented in Paul Rohrbach and Martin Hobohm (eds.), Chauvinismus und Weltkrieg, II: Die Alldutschen, Berlin 1919.
reviewed it briefly and favourably\textsuperscript{352}, but no further comments were made until the summer of 1899, when the experience of the Spanish-American war and the likelihood of an English-Boer war let many Dutchmen fear for the safety of their East Indian possessions. Discussions on an alliance with Germany were re-opened by the \textit{Haagsche Courant}, and its endeavours were soon referred to as the "Hague movement", with the suggestion of the entry of the Netherlands into the \textit{Zollverein} and the formation of a "\textit{Germania and Co.}" in which Holland would retain its full independence and sovereignty. The idea was supported by several merchants in Rotterdam but mainly by van der Wal-Bake, the director of the South African Railways, who was also primarily responsible for the efforts to create popular support in Germany for the cause of the Transvaal. This time the entire Dutch press responded. The material interests behind the Hague movement became soon known but were generally disregarded. It appears that the idea of an alliance with Germany was rejected outright only by the ultra-montane press and the \textit{Algemeen Handelsblad}, one of the most influential Dutch dailies. The German press reprinted initially only an article of the \textit{Deutsche Wochenzeitung in den Niederlanden}\textsuperscript{354} which expressed itself against "a customs union with a political tinge", as it would deprive Germany of the neutral Dutch ports in case of war. After a few days the German papers reacted extremely favourably to the Dutch proposals with the basically reasonable assumption that it would mean the establishment of relations similar to those between Germany and Luxembourg. The German consuls

\begin{footnotes}
\item[353] Schilling 103 must be corrected here as in a number of other points.
\item[354] No. 34, 20.8.1899.--The presentation will follow, unless otherwise indicated, in the main the information supplied in this weekly paper (from the cuttings in the files in AA Bonn Niederlande). \end{footnotes}
and diplomats in Holland were convinced that the articles in the Dutch press had not been uninfluenced by considerations for the increasingly closer commercial and economic relations with Germany and were confident that their further development would one day in fact result in a much closer relationship with Holland. For the time being, however, they did not give the Hague movement much of a chance. As fears of a British raid on the Dutch East Indies subsided, the agitation petered out. Letters to the editors of newspapers indicated the waning interest.

The dimensions of the Hague movement compelled the German press, after the initial hesitation, to respond fully, although with tactical reservations. From the Frankfurter to the Kölnische and the Krouzzeitung it was acknowledged as an indication of Dutch sympathies for the German Empire, but rejected without exception as "music of the future". It is impossible to say whether any of these articles were inspired by the AA; they corresponded at any rate closely with the wish of the consul general in Amsterdam to respond neither too enthusiastically nor too reservedly.

The ADV answered largely along the lines established by Hasse in his earlier writings. The lead was at this point, however, taken by Reismann-Grone who propagated the need for a customs union in his R.W.Z. and the Germania in Brussels, backed by purely political-economic arguments in the context.

355) Gillet to Hohenlohe 23.8.99; Brincken to Hohenlohe 27.8 99-AA Bonn Niederlande 59, Bd. 1.
356) The German press mainly after the excerpts presented in A. Sartorius von Walterhausen, Ein deutsch-niederländischer Zollverein, in: Zs. f. Socialwissenschaft, III/1900, 513ff.—otherwise Gillet to Hohenlohe 6.9.99 (plus clippings from the press) AA Bonn Niederlande 59, Bd. 1.—The German consul general in Amsterdam tried to mitigate the unfavourable impression created by the K.Z. and F.Z. articles by providing the German consuls of Dutch nationality with especially prepared material, for which he was reprimanded by Berlin.—Gillet to consuls, September 1899, Bülow to Gillet 17.10.99, ibid.
of the Mittellandkanal-controversy and the preparations for a new German customs tariff. At the ADV-meeting in Hamburg at the end of August 1899, held primarily under the aspects of "national transportation policies", he read the main paper which may have surprised some observers in its emphasis on Germany's "paramount task" to support the Imperial ports and to create a "national trade" with German ports for German goods. If Holland and Belgium did not wish to join the Zollverein, so he declared, Germany would not run after them, but this was, as Reismann admitted confidentially, largely a "tactical" move and a gesture towards Hamburg as the host of the congress and Holland and Belgium. With again purely economic arguments Reismann stressed on the other hand that the creation of artificial obstacles to the flow of exports to Dutch and Belgian ports would only harm the national economy without improving the competitiveness of the German ports. In a concluding diplomatic observation he indicated that railway-, canal-, and general tariff policies might well be the means with which to modify existing conditions. The congress was terminated with the resolution of the executive committee of the ADV that "German transportation policies should favour the ports in the Empire, if a customs union with Holland and Belgium cannot be obtained."

The indications that both countries would "come" were at the time indeed stronger than ever. When the Hague movement fizzled out, some of the German newspapers, notably the K.Z and V.Z.

357) Reismann-Grone, Reichshäfen, passim.-Germania 20.8.99 after Dechesne 52.-Reismann-Grone to HK Duisburg 17.8.99.-RWA Abt 20, Nr.49, 6b, apologizing in advance for the position he would take and stating that he had been assigned the paper for fear that a Hamburg member would polemicize against the Dutch and Belgian, and possibly also the Rhenish ports. This corrects Schilling's assumption that Reismann-Grone and the ADV had certain reservations about a customs union with Holland, cf. Schilling 104f. (with a few apparent inconsistencies).
adopted a sneering attitude towards the Dutch assumption that Germany would by necessity have to accept the Dutch tariff system to assure the adhesion of Holland to the Zollverein. It was at this point at the latest that the futility of further discussions had become evident, leaving the Dutch with the conviction - at least judging by the letters to editors - that there was no third road between full independence and full absorption by Germany. Academic as the discussions may have appeared to some, they brought nevertheless an explosive issue into German-Dutch relations; the Dutch feelers put an end to German reticence to touch these relations. What had been "music of the future" to many in 1899 had become a near-necessity in 1900/1901. A number of German economists and publicists now spoke of the extreme desirability of a customs union with Holland, embedded in the general context of the propaganda for Weltpolitik in its specific aspects of maritime interests and sea-power politics and intensified by a revival of the Mitteleuropa and Pan-Europa ideas in the sign of the recession after the turn of the century and the apprehension that the "American peril" - the boom continued in the U.S. in a cycle again out of step with the European - was more imminent than ever before.

The "boer-ballyhoo" did its part in creating a generally conducive atmosphere in the German public. Sartorius von Waltershausen and Willibald Lexis wrote specific studies on a customs union with the Netherlands. "National", "economic", and "naval" arguments were presented to


358) Vagts I, 357f.

359) Sartorius, op.cit., similarly in id., Die Neustbildung der Vereinigten Staaten, Berlin 1902, where the question is embedded in the broader issue of the Central European customs union against America (for the contin-uity cf. also id., Deutschland und die Handelspolitik der Vereinigten Staaten von Amerika, (Schriften der Zentralstelle für Vorbereitung von Handelsverträgen, II.Heft), Berlin 1898).-W.Lexis, Die Zukunft Hollands und seiner Kolonien, Beleuchtung der Flottenfrage, München 1900.
support each other, although care was taken to keep them separate out of consideration for public opinion in Holland and at home, adding the asseveration that Germany would abstain from any initiative and

"let the Dutch come. We do not need their support, however desirable a closer union with them may be for national and economic reasons. (Germany is) ready to consider any Dutch proposals ... suited to lead the member separated from the family back to the main tribe."

Lexis did, however, not dodge the central aspect that through a customs union Germany would double the coastal strip available to her on the North Sea to that small area located between the English, French and Belgian coasts which may be considered the focal point of all world trade." 360)

In their public lectures for the propagation of the naval bill and Weltpolitik most university teachers took a similar approach but shifted the emphasis to the Dutch East and West Indies. Germany had no intention of pushing the Dutch into a customs union, Schmoller told his audience in January 1900, but if they were smart and did not wish to lose their colonial empire they would come and ask for it.

"We would be able to guarantee the political sovereignty of their country and of their colonies, if they joined our customs-tariff system, granted us bases, in their colonies and made common cause with us in trans-oceanic cables, coaling stations and similar matters." 361)

Among the historians of the Ranke-renaissance Max Lenz wrote similar lines and Karl Lamprecht was virtually enthusiastic about a "German drive to the West" (sic!). 362)

These conceptions - some of them even outdid the plans of the

362) On Lenz and his article "Ein Blick ins 20. Jahrhundert" see Schenk 45; on Lamprecht (Jüngste Vergangenheit (1904), 504,) cf. Sell 284.
ADV - found their way into the two volumes on "Volks- und Seewirtschaft" by Ernst von Halle, the national economist in the service of the naval office, who presented the objectives, aims and motivations of Weltpolitik in their socio-political, economic and international aspects with a singular outspokenness. He opened the second volume of his work with a chapter on "the national-economic and maritime-economic relations between Holland and Germany" and the obligatory quotation from Friedrich List that the door to the German house was in foreign hands and that Holland was actually as much a part of Germany as Brittany and Normandy were parts of France. In words resembling in the opening lines closely those of all imperialists from Max Weber to the ADV he declared:

"The feeling of saturation has subsided and in its place there has emerged (a sense of) the duty to see to it that German interests do not get the shorter end in the great political questions of our time. ... add to this the specific circumstance that Germany now comprises a large economic complex but shows on several sides national and economic borders that will in the long run be untenable politically and militarily for the requirements of the life of a nation in our days."

Germany did not even control her major rivers and major arteries of transportation; a number of the most important commercial centres of German international trade were in foreign hands. This was particularly true of the Rhine and of the Western ports. Some of Germany's dilemmas would be solved in the inevitable liquidation of Belgium and the partitioning of the country into the two "language areas" for annexation by France and Germany. More pressing and more important was, however, an "improvement" of relations between Germany and Holland by "a naval convention and a customs- and commercial union" which would close "a constantly open wound" in the flank of Germany. Holland's "internal sovereignty" would be left untouched. It was all
"The logical consequence of the idea of evolution, ... a categorical requirement for the maintenance of that balance of power which can no longer be considered a European balance and a European concert, but (must be considered) a world balance and an international concert."

If the Dutch did not realize this process of evolution and continued to draw unilateral advantages from their relations with Germany, the message would have to be sent to them by a preferential treatment of Emden and Bremen and of the Belgian ports (which were soon to become German) and by a systematic adjustment of railway freight-tariffs, "digging" the Dutch off from the principal source of their wealth. 363)

This characterization may stand in the place of many others threatening to "dig off" trade, to "divert the Rhine" and put an end to the "snugness of the rentier on the lower Rhine.” 364)

Few of these voices went unnoticed in other countries. The French ambassador in Berlin called them "sensational"; French diplomats in Holland took them very seriously but convinced themselves that the actual menace was small, since Britain and Germany would protect Holland against each other and their ambitions on the Continent and overseas. 365)

Evidence was

363) Ernst von Halle, *Volks-und Seewirtschaft*, II, 1-8, 48f.- The significance of Halle's writings - so often disregarded by historians - has been adequately assessed by Schilling 110ff. 364) The quotations are from an anonymous article "Holland und Deutschland" in: Die Grenboten, 60/1901, 145f.- Outstanding as an example is also an article by Eduard v. Hartmann, the philosopher and major propagator of the "Weltreiche"-theory in the Gegenwart, reproduced in excerpts (mainly those touching on German-Dutch relations!) in the N.A.Z. 11.2.1900.--The anti-semitic and Pangeman MdR Liebermann von Sonnenberg had predicted in the Reichstag, without being contradicted from any side, that the "Low German fellow tribesmen" would look for support in Germany to protect their trade and their colonies against Britain and that Germany would then have to ask for a naval convention and the concession of naval bases in the colonies. 365) Quotation: Noailles to Delcassé 12.4.1902, A.N. Paris F 12-7383; cf. the other French reports in MAE Paris Pays Bas N.S. 4, many of them reproduced in BBP 128, 437f,
found in the reaction of the British press, led by "The Times" with the warning that if Germany had indeed any serious intention of concluding a naval convention with the Netherlands to use the Dutch sea-faring population for the purposes of the German navy, "other powers besides Germany and Holland would feel themselves concerned." 366) The attitude of the Times was rather consistent, from the initial phases of the Boer war until after its end. In 1900, when the more aggressive articles had not yet appeared in Germany and the declarations by Schmoller and Lexis were hardly regarded as particularly menacing in Holland, the Dutch press commented sarcastically upon the concern of the British papers. The liberal-national "Telegraaf" found them "rather amusing" at a time when Britain was about to destroy the Boer free-states; the Rotterdamsche Courant, probably the country's leading political daily, considered them "exceedingly kindly". The result was that the nearly dead idea of a closer relationship with Germany was again put on the agenda in Holland. The German minister was extremely satisfied with the development which would have been inconceivable five years earlier - and regarded it as "pleasing proof that our enemies are continually losing ground here." 367)

German commercial circles largely abstained from an engagement in the revived discussion. In September 1899 the association of merchants and industrialists of Berlin had been contemplating an enquête, but decided to postpone it on account of "other more urgent work." The issue was, however, touched upon in the general meeting of the BdI in the fall of 1900.

366) cf. The Times 16.2.1900, 6.3.1902, and the reports by the British minister to the Hague, BDP 128, 199f.
367) The reaction of the Dutch press after the reports by the British and French ministers to Holland and Pourtalès to Hohenlohe 19.2.1900, AA Bonn Niederlande 59, Bd. 2; dito. 1.3.1900, BDP 128, 37 (AA Bonn England 78, Bd. 13).
It was stated- and corroborated by Wendtlandt, the secretary general of the association - that in the place of new commercial treaties with Belgium, Holland (sic!) and Switzerland the BdI would much rather see a customs union with these countries (which would also induce Austria to join).

It would constitute

"an economically highly important Central European power able to fight successfully against a Greater Britain, a Pan-America." 368)

The yearly reports of the chambers of commerce were silent on the question and in Western Germany only Peter Stubmann, the secretary of the Association of Rhenish Inland Navigation Interests, mentioned the issue in passing, stressing that it would take "quite some time" until a union would be realizable. Nevertheless it appeared evident also to him that it was

"the only means of an emancipation of Western Germany from the economically inconvenient effects of the political developments of our days." 369)

The only other voice deserving attention was that of Prof. G.K. Anton370), concurring essentially with Stubmann. The Dutch press accepted both judgements calmly and respectfully as the opinions of "learned men" (Nieuwe Rotterdamsche Courant). The impartial Dutch reaction was unquestionably due to constant interferences on the part of the Times.371) Considerable resentment was, however, caused by a series of articles in the Grenzboten with the suggestion of digging off either trade or the Rhine. The papers were fully exasperated in 1902 at the book of the "Jingo-Professor" (Telegraaf)

368) Francke 252f., Bosc 262f., 322f.
369) Peter Stubmann, Holland und sein deutsches Hinterland, in ihrem gegenseitigen Warenverkehr unter besonderer Berücksichtigung der holländischen Haupthäfen seit der Mitte des 19. Jahrhunderts, Jena 1901, esp. 124f.-(Stubmann became deputy syndic of the HK in Essen in 1906 and went to Hamburg shortly thereafter to take an important position in the city's commercial life.)
370) Anton, Zollbündnis, passim.-Anton was professor in Jena and during the World War one of the specialists on Dutch questions working for the AA (cf. DZA I-NL Anton; containing unfortunately nothing on the pre-war period.)
Ernst von Halle, compelling the German government to have a "private telegram" published in the Rotterdamsche Courant and the Vossische Zeitung that Professor Halle played no part in public life, that his book was completely unknown and disregarded and that nobody in Germany thought of an absorption of Holland, blaming the misinterpretations on British agitation and the endeavours of the British press to create distrust between Germany and Holland.\textsuperscript{372}

The German government did otherwise, and for obvious reasons,\textsuperscript{373} not interfere in the discussion. The German press may in part have been inspired by Berlin, but evidence does not exist, with the exception apparently of some articles on the naval convention in 1901.\textsuperscript{374}

The position of the AA had been determined long before the Hague movement got underway. In the spring of 1898 a German merchant in Rotterdam (identified as Boden), concerned like many of his business colleagues about the situation and the territorial changes in the Far East in the wake of the Spanish-American war, suggested that the German government prepare a campaign in favour of a customs union with one of the neighbouring states.\textsuperscript{371}

371) Impartial in tone, but in fact rather firm in substance, cf. an article by a Dutchman (S. Van Houten, Deutschland und Holland) in: Die Nation 1900, nos. 35 and 36, that "Germany and Holland have never been so much apart from each other as now."


373) If any evidence is required, it may be found in the "private opinion" of Lusensky, Oberregierungsrat in the Prussian ministry of commerce (on the occasion of the BdI-meeting in 1900, cf. Francke 252f.) that any move on the part of the German government towards an official opening of the question of a customs union with one of the neighbouring states "would rouse the jealousy of the other powers and create the impression that Germany intended to extend her political influence beyond her present borders. Germany would be reproached with endeavouring to extend her political borders within Europe."

374) Departmental note 17.3.1901, AA Bonn Niederlande 59, Bd.2 "we will in a dilatory manner now and then bring an article into the press which will always have to end with the conclusion that the strengthened German fleet will also cover Dutch interests and colonies".
union. The legation in the Hague was instructed that the idea was very attractive but that the propaganda must under any circumstances be started by a Dutch newspaper and in such a manner as to exclude even the slightest suspicion that it might have been launched by Berlin.\(^375\) The commercial section of the AA saw the major advantage of a customs union in assuring German industry of an "absolute monopoly in a valuable market" without touching the interests of agriculture.

"The entire development of the world economy is pushing in the direction of an economic federation of Europe, except for Russia and England. The creation of a customs union between Germany and the Netherlands would be a first step in this new direction."

Difficulties were expected in the question of the constitutional relationship, as Holland would unquestionably not be satisfied with the passive position taken by Luxembourg, and Dutch insistence of full rights would be extremely inconvenient, particularly in commercial legislation in which a Dutch veto could thwart German intentions. All further discussions, even within the offices, were, however considered premature and official German steps in Holland were completely out of the question; the matter needed time and would then probably solve itself in the frame of the expected long-term development of economic conditions and commercial relations in Europe.

"What can be done is merely to ventilate the idea in the press and await the reaction of public opinion in both countries." \(^376\)

Holstein assumed that Holland might under certain conditions show a favourable disposition, but he was, on the other hand,

\(^375\) Mühlberg (draft by Johannes) to legation in the Hague, May 1898, DZAI-AA 9672-3f. It is not unlikely—inspite of all lack of evidence—that the Hague movement fifteen months later was in a direct causal relationship with the suggestions from Rotterdam.

not at all delighted with the prospect of Germany as a protector of the Dutch colonies. It would be a very unpleasant task and Holland would then have to remunerate Germany by the cession of some of her possessions overseas - an "amputation" to which the Dutch government would consent only under the pressure of circumstances. In 1898 such conditions did not exist, and Holstein advised against even the ventilation of the idea in the press. He always held that he did not understand much of economic questions, and also on this occasion he kept himself in the background, leaving the decision to the commercial section in the office. The memoranda were put on file and it remains uncertain - but is extremely unlikely - whether any steps were made. No instructions were despatched to the legation in the Hague.

The marginal notes by the emperor on the issues were legion. He was certain that

"the small planet is eventually bound to come into the sphere of influence of the larger one and belong to it without losing its independent activity."

In the fall of 1899 he gave instructions to foster the Hague movement with "love and friendliness" and to see to it that "flattering and encouraging articles ... without any overdone tendencies" were written in the German papers on the occasion of the imminent visit of the "Dutch queens" to Potsdam, not in the least also with regard to the plan of having the Crown Princess marry a Prussian prince to establish a liaison that would hopefully result in closer political ties. It was only after his meeting with Houston Stewart Chamberlain at the end of 1901 that Wilhelm II. "rediscovered the truth" that the Dutch were "absolute Teutons", but already a

377) Memorandum by Holstein 28.5.1898, ibid.
378) Koerner's filing notice is of 7.4. (if written and read correctly; the year could not be ascertained).
closer relationship between the ruling houses promised a brighter future. The hopes of acquiring "a reliable point of support for our interests" were disappointed, when the House of Orange decided in favour of Mecklenburg-Schwerin and not Hohenzollern, although the choice could have been worse.\footnote{380} The marriage had, in spite of the many thoughts devoted to the problem of how to influence the Dutch royal family without imposing upon them\footnote{381} hardly any impact on German-Dutch relations, as predicted by Hatzfeldt in 1899. But he also held that it "is certain: that the German statesman who succeeds in establishing a firm contractual relationship between Germany and Holland will one day have a great name in history." \footnote{382}


\footnote{380} In his memorandum of May 1898 Holstein had warned of the idea of presenting a Prussian prince to the Dutch people. It would create anti-German sentiments, much more than even the suggestion of a customs union. The apprehensions were not shared by his superiors and at the legation in the Hague.

\footnote{381} The AA had originally intended to select the youngest son of Prince Albrecht of Prussia (regent in Brunswick), without knowing that Orange had already other plans.- Pourtalès, the minister in the Hague, suggested that the German Emperor write a letter to the Queen Mother that, if such a relation was established, he "would watch over the independence and integrity of the Netherlands as an important factor in the present European allignment of the powers." Such a letter was not sent. Cf. the extensive correspondence between the Hague and Berlin in June 1900, AA Bonn Niederlande 53, Bd.1, most of it reproduced in DBP 128, nos. 17, 25, 26 33,34,35 and cf. also Smit, \textit{Hoogtij}, 34f. (concentrating not on political aspects but the future status of the prince consort).

\footnote{382} Hatzfeldt to Holstein 22.4.98, 28.4.99, Holstein IV, No. 679 and p.100 n.
The question of a naval convention hardly drew any interest in the AA\(^{383}\), was given some attention in naval circles in conjunction with suggestions for the acquisition of a naval base or coaling station in Dutch India\(^{384}\) and the use of Dutch sailors in the German navy as also Wilhelm II saw it: "The fleet is none! But we could make good use of the man-power."\(^{385}\) It had apparently little to do with the concept of the creation of an anti-British Continental League.\(^{386}\) Apprehensions in London concentrated on the same aspects\(^{387}\), and it was in fact also a central factor in Tirpitz' calculations that the British would not be able to keep up with Germany, because they lacked in man-power.\(^{388}\)

\(^{383}\) So far as can be seen the issue was never referred to. Monts stated that the AA, and in particular its "old gentlemen" had no interest. Monts to Tschirschky 21.4. 99, Monts 407/408 (and cf. Monts' own asseveration that he would willingly sacrifice the 200,000 Germans in North Schleswig for an offensive and defensive treaty with Denmark to control the North and Baltic Seas).

\(^{384}\) The files of the RMA were not inspected, but would hardly have yielded any other general result, cf. Berghahn, Tirpitz-Plan. - In 1898 Admiral Diederichs of the East Asia squadron had suggested the acquisition of the island of Sumbava (departmental note by the AA, 17.12.98, AA Bonn Niederlande 59, Bd.1). On another specific case (Blakang-Padang in the Straits) cf. Böhm 121/122. - on a naval convention cf. Hohenlohe III, 498.

\(^{385}\) Marginal note by Wilhelm II on Pourtalès to Bülow 13.8. 02 (the first sentence is in English in the original), AA Bonn Niederlande 59, Bd.2, -cf. also Tirpitz to Hohenlohe 1.5.99, Hohenlohe III, 497.

\(^{386}\) cf. Stadelmann 113/114.

\(^{387}\) Salisbury: "If she (the crown princess, resp. queen) marries anyone under the Emperor's William's influence, then Germany will get out of the Dutch some form of Kriegsverein which may enable them to man their fleet with Dutch sailors. His great ambition is to have a fleet but until he gets a maritime population he cannot have a fleet. Some control over Holland is very necessary to him." (Lord Newton, Lord Lansdowne, London 1928, 144/145 quoted after Langer, Imperialism, 427). Similarly in the British press, and well-known to the French, P. Cambon to Delcassé 13.3.1903, DUF II/3, 137. (The most enthusiastic sailors in the Imperial navy were in fact landlubbers.)

\(^{388}\) Berghahn, Tirpitz-Plan, 288, 724ff.
The French consul in Rotterdam, on the other hand, cared little for the possible future development. In his estimation Holland had already been absorbed by the German Empire and had become "just an extension of Hanover and Westphalia." Greindl, the Belgian minister to Berlin, was convinced that the Netherlands had nothing to fear; German policies towards Holland were completely loyal.

The Dutch government and the Dutch public saw, however, no compelling reason for any form of closer relationship with Germany after the Transvaal crisis had blown over without any direct harm to Dutch interests. In Germany the issue was not lost sight of. In a long marginal note the emperor outlined his conception in the summer of 1902:

"The Netherlands are economically, esp. commercially dependent on their hinterland - the German Empire - and have a great interest that the same remains kindly disposed and preserved. Before they can enter into any closer relations with us, they will, however, have to be compelled by the force of facts. This will be done 1) by the development of Emden and the Mittelland-Kanal including the regulation of the Weser, thus diverting trade from Rotterdam, 2) by the construction of a strong fleet in the North Sea which will, as a visible sign of our power at sea in conspectu of the Netherl. ports, rouse in them a feeling of trust and security for their national coast and also for their colonies."

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389) to Hanotaux, 18.1.1897, A. N. Paris F 12-7157, later comments could not be found.
390) Greindl to AE 23.9.99, AE Bruxelles 3027-I
391) The reactions of the Dutch diplomats are not recorded in BBP.
d) Some major aspects of German relations with Luxembourg.

Luxembourg's affiliation to the German customs area also after the creation of the Empire - in 1842 the government of the Grand-Duchy had delegated all authority in the matter to Prussia and also accepted the Prussian ministry of finance as central control board - was given a more permanent basis in the place of renewals at irregular intervals in a treaty of June 11, 1872 by which it was tied to the duration of Prussia's new lease of the Wilhelm-Luxemburg railways. The lines of the company - another system was operated by the Prince-Henri railways - provided the principal North South and East-West routes. They had been built by Belgian capitalists and had been operated after 1868 by the French Eastern railways which abandoned them, when it lost its lines in Alsace-Lorraine. The Prussian lease - officially in the name of the Reichseisenbahn - expired in 1912 and until this date Luxembourg's customs association with Germany was irrevocable. The arrangement was not strictly compatible with the neutrality of the Grand-Duchy, was, however, - as the Luxembourg government underlined - necessary in the interest of the country's economy and found the explicit approval of the guarantors. The Wilhelm-Luxemburg was of considerable economic importance - the volume of transport more than doubled that of the Prince-Henri - and the discussions were always dominated by economic considerations; its actual relevance to Prussia was, however, of a military-strategical nature. This showed clearly, when the question of the renewal of the lease was put on the agenda prematurely at the end of

393) Omitting all private-economic and financial relations which will be presented in the sections on the heavy industries and banking in Western Europe.
395) Rathgeber 6
396) Herre 269
the nineties. The question was opened in 1897, when the administrative council of the railway company refused to consider the request for the construction of a branch line as long as the future of the company was not guaranteed beyond 1912. The Luxembourg government had already rejected another request for a strategically important line (but had not objected to similar intentions of the Prince-Henri) to force the Reichseisenbahnen to meet their obligations under the contract and reimburse Luxembourg for the 8 million francs granted as subsidies to the Wilhelm-Luxemburg or to face a revision of the treaty in fifteen years. While the Prussian ministry of public works refused to pay on the grounds that the lines had not yielded a profit, the Rlz, RdI and AA welcomed the Luxembourg initiative as an opportunity for discussing the entire question of German-Luxembourg relations. Berlin had not been willing to take the initiative itself, but the question had in fact been studied in the imperial offices since 1891. The severing of the personal union with the Netherlands at the time was only too likely to invite speculations and apprehensions of further-reaching German intentions. In the internal discussions on the German side it had been suggested that the Reichseisenbahnen make only the most necessary investments to provoke an initiative. This was apparently not done, as the value of the arrangement was too great to expose it to any dangers. The Prussian minister of war had only to point to the grave consequences, if the lines passed into French or Belgian hands. But also the advantage according to Luxembourg from membership in the Zollverein was so evident that a renewal appeared a foregone conclusion to the French embassy in Berlin and the erection of obstacles to it merely bound to

397) Thielen (as the head of the Reichseisenbahnen) to offices 18.10.97, Thiden to Hohenlohe 4.12.97; Gossler (minister of war) to Hohenlohe and AA 4.12.97, Thielen to Hohenlohe and AA 22.12.97, RdI 4353,1ff.—on some aspects Rathgeber 6, calmes 159f.
cause embarrassments to the French government. 398) After a year of relatively quiet negotiations the railway contract was renewed in November 1902 to expire in 1959. It guaranteed Luxembourg the repayment of the 8 million francs within 16 years and a fixed annual interest of 250,000 francs after 1918399), assuring at the same time the administrative council of the Wilhelm Luxemburg of steady profits. In their bureaucratic jargon the imperial offices and Prussian ministries concerned had "no objections" to these terms. It was readily admitted that political considerations and control of the railways were of such an importance that, if necessary, even financial sacrifices would have been acceptable had Luxembourg demanded them. 400) In view of the —although only slight— possibility that objections and opposition to the treaty might increase in Luxembourg, if the negotiations were drawn out, the government of the Grand-Duchy did, however, not present such requests and gave in on all issues after the railway question proper had been settled. Eyschen, the state minister, succeeded in having the treaty passed not only quickly, but also unanimously. 401)

Speedy negotiations were also in the interest of Germany in view of the preparation of a new Champagne-tax law to help cover the second naval law of 1900 (although more politically than financially). Luxembourg was not legally bound to adopt German taxes, but the state ministry had in the past

398) Prinet (chargé d'affaires) to Delcassé 29.8.1901, DDF II/1, 381, 10.12.1901 (555) and also note p. 659f.—cf. Herre 270.
399) Calmes 161/162—Rathgeber 6
400) RSA (Thielmann) to AA 28.3.1900; RdI to AA 26.4.1900, DZA II-Rep. 120 C XIII 9, No. 17, 18f.
401) Calmes 164/165—There was also some opposition in Germany, supported in the main by Silesian textile industrialists, the producers of slate in the Rhineland—slate production was quite important to the Luxembourg economy and "exports" to Germany — and by Lueg on behalf of the German iron industries (cf. the material in Geh. St. A. München MA 96820), quite evidently within the framework of the struggle of Northwest vs. Southwest, although it is not certain for which individual works he acted as spokesman and what exactly he attempted to achieve.
always done so in its own interest. The actual danger arose from the subsidiaries of a number of French and German champagne firms in Luxembourg which were feared to incite the population against Germany. For this reason the introduction of the bill to the Reichstag was postponed until after the Wilhelm-Luxemburg contract had been passed by the chamber in Luxembourg, and Bülow regretted vividly that once again measures in the interest of German agriculture and sugar producers in particular had to be deferred out of consideration for foreign relations.  

All apprehensions were unfounded; Eyschen had a similar bill passed in Luxembourg in April 1902. In May 1902 both governments signed a champagne-tax treaty. The wish of the imperial treasury for a comprehensive "revenue-community" was, however, not fulfilled, although the potential basis for it was extended, when Luxembourg joined the North German brewing-tax community in March 1907 (but left it again in August 1909), introduced a tax on cigarettes similar to that of the Empire and was to sign conventions with regard to the taxation of illuminants and matches in 1909/1910. Of greater importance was Eyschen's decision to copy the German wine-law of 1909 - his bill was passed in the spring of 1910 - introducing in stages but word for word all German regulations. A wine-law convention was then signed in April 1912. 

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402) Meeting of the state ministry 28.4.1900, DZAII-Rep. 90a B III 2b No. 6, Ed. 140, 259, -RSA to AA 23.7.1900, AA to RSA 29.7.1900, DZA I-AA 8801, 69f. - In May 1900 the German minister resident in Luxembourg had already acted on his own and against the instructions sent by the AA to defend the "legitimate interests" of the German champagne producers (see their complaint about the competitors based in Luxembourg in ibid, 8802, 14) against Mercier & Cie, in particular by suggesting to Eyschen the adoption of the proposed German legislation (to Bülow 23.5.1900, 5.6.1900, ibid., 8801, 46ff.).

403) HuG 29, 31.5.1902, 432

404) DZAII- AA 583o, 8f., 198ff., -ibid., RWM 1002.

405) DZAII-RdI 9794/9795
products would be placed on an equal footing with German-made articles in public calls for tender in Prussia\footnote{406} and in the major federal states.\footnote{407} Relations between Berlin and Luxembourg were otherwise extremely uneventful.

\footnote{406}{Kœrner (AA II) to RdI 10.9.1911; Prussian ministry of war to Prussian foreign ministry 27.3.1911; dto. MdöA 3,4.1911, ibid.,-7466,334ff.}

\footnote{407}{Letters of November 1911-February 1912, ibid.,-7467,2ff.}
6) The Bülow-tariff and the new commercial treaties.

a) Preparations and implications

In the summer of 1901 Wilhelm II. told Edward VII. that economic interests had drawn France and Germany closer to each other. Germany would always find allies in the defense of economic interests; there was "a strong movement in favour of a Continental economic union".\(^{408}\) His threat that Britain would do well to take this into account was made at the time of Chamberlain's "second offer of alliance"\(^{408a}\) and had been suggested by Bülow, now chancellor, with the observation that "we are strong enough and do not have to run after the Russians and the English", seconded by Holstein with the axiom that a British rapprochement with France and Russia was "complete humbug".\(^{409}\)

The policy of the free hand, also requested by Tirpitz in his demand from an abstention from any anti-British measures while Germany was passing through the "danger zone"\(^{410}\), rested on shaky assumptions. Hohenlohe, now retired, did not at all agree with the assessment of the situation in the AA\(^{411}\), and his vision of a new isolation was not shared by Bülow and Richthofen, the new head of the AA, who merely repeated the argumentation of his

\(^{408}\) Memorandum by Wilhelm II. 23.8.1901, GP 17, 5023


\(^{409}\) Bülow to Wilhelm, II. 21.8.1901, GP 18/1, 5390, Holstein to Metternich 21.8.1901, GP 17, 4984, Holstein to Eckardstein 18.2.01, 11.5.01, Eckardstein II, 301, 348, cf. Eyck 281f., Nonger 21ff.

\(^{410}\) Apart from the evidence above cf. note by Hohenlohe 24.10.98 that Tirpitz had said that alliances with Russia and France would not offer any advantage.- BA Koblenz-NL Hohenlohe A 15, also Berghahn, Tirpitz-Plan, 386

\(^{411}\) "We are on bad terms with France and Russia, and the United States are unreliable and unsteady. Why in addition to that fall out with England?".- Journal 5.5.01, Hohenlohe III, 607. The assessment of the situation by the ambassadors was yet another matter, cf. e.g. Radolin to Holstein 14.1.00, Metternich to Bülow 21.2.02, Holstein IV, 758, 799
masters that Britain would come, would have to come.

"In our relations with England the situation will in all probability develop in our favour."

An alliance with Britain would expose Germany to the danger of having to fight a Continental war all by herself.

"If we remain on the present footing with France, we can secure ourselves against the entry of England into the line hostile to us, and if we treat Russia friendly but firmly and not yieldingly or even run after her, we shall, I think, be bedded best."

A British-French-German formation was also not considered advisable on the grounds that France would only wait for the most opportune moment to turn against Germany. Nothing must be done against Russia and the United States likely to drive them into a "most dangerous coalition." 412)

"The anti-British and simultaneously anti-Russian foreign policy of the turn of the century was the foreign-political consequence of Sammlungspolitik." (Kehr) 413)

The domestic constellation and in particular the preparation of a new commercial policy were swinging Germany further in the direction of alienating all other states, inclusive of the smaller nations which the emperor wished to gather around Germany in a Central European customs union. 414) The controversy over the tariff- and the naval bills, the agitation for and against the Mittelland-Kanal and the agrarian demands for veterinary measures restricting the import of live ani-


413) Kehr, Primat, 166.

414) cf. a conversation between the emperor and the French ambassador (to whom he used to be quite frank, cf. above his remarks on the German fleet) at the beginning of 1899, in which Wilhelm II. stressed Germany's interests in East Asia - "the future of commerce is in China" (shortly after the lease of Kiauchou), her disinterest in Africa - "an negro is content with a banana for lunch" - and that "my dream, since I ascended to the throne has been - and this dream is always haunting me - to see the formation of a grand European Zollverein. That, so added the emperor, is the project of Napoléon I, but in reverse."—Noailles to Delcassé 8.1.99, DDF I/15,8.
mals and meat dominated all discussions at the turn of the century and were pulling at the bases of German policies. Preparations for the new tariff\textsuperscript{415}) began in 1897, in the context of the inauguration of the Sammlungspolitik, with the formation of the "wirtschaftlicher Ausschuß (WA) with the representation of industry (CVdI), Commerce (DHT) and agriculture (Deutscher Landwirtschaftsrat-DLR) by five delegates each and the appointment of another fifteen members by the government which reserved to itself all further initiative.\textsuperscript{416}) While the re-inforced alliance of agrarians and heavy industrialists\textsuperscript{417}) was supported in the coming general elections by the government with the slogan of an "effective protection of our productive labour"\textsuperscript{418}), both

\textsuperscript{415}) A detailed monographic study on the Bülow-tariff does not exist. By far the best account has been given in the two recent studies by Witt 65f. and Stegmann 75f.—and more recently equally by Böhm 252f. Still excellent is Vagts I, 188f., very little in Barkin 211f., although central to the investigation—For the background cf. Walter Lotz, Wirkung der gegenwärtigen und Ziele der künftigen Handelspolitik, in: SVS 98/1901, 121f.—id., Zolltarif, Sozialpolitik, "welt- politik, Leipzig 1902.—Wilhelm Gerloff, Die Finanz- und Zollpolitik des Deutschen Reiches nebst ihren Beziehungen zu Landes- und Gemeindefinanzen von der Gründung des Norddeutschen Bundes bis zur Gegenwart, Jena 1913.—specifically, although not yielding much: E. Mühler, Die wirtschaftlichen Grundlagen des Zolltarifes von 1902 und ihre Modifikation durch den Versailler Friedensvertrag, Diss., (NS), Hamburg 1927.—F. W. Beidler, Der Kampf um den Zolltarif im Reichstag 1902, Ein Beitrag zur Geschichte des deutschen Parlamentarismus, Diss., Berlin 1929.—Gerhard Schöne, Die Verflechtung wirtschaftlicher und politischer Motive in der Haltung der Parteien zum Bülowsehen Zolltarif (1901/1902), Diss. Halle 1934 (the title of the dissertation is incomparably better than what follows).


\textsuperscript{417}) Cf. Bueck’s assertion that the representatives of commerce\textsuperscript{(1)} and industry did not have the feeling of being hemmed in by the equal, i.e. actually stronger, representation of agriculture in the WA (DIZ 18, 119 (1897),—Stüb 1898, 38). Against industry and agriculture combined commerce and the lighter industries had of course no chance at all.

\textsuperscript{418}) 11.3.98—DZAI-RdI 3040/11.
the labour-intensive smaller and the export-oriented larger industries (Machinery, chemical and electrical branches), banks and commerce — to some extent already united in the Centralstelle zur Vorbereitung von Handelsverträgen — constituted themselves in November 1900, at the initiative of Hanseatic circles in an attempt to separate heavy industry from the agrarians (which was, however, completely futile), in the Handelsvertragsverein in defence of the Caprivaline with its reduced grain-tariff of 3.50 marks per 100 kilogrammes to keep the cost of living and wages from rising and other countries, not only the grain-exporting markets of German industries, from retaliating. The cartelized heavy industries supported from the beginning the request of the DLR for a grain-tariff of 6 marks, but opposed strongly the demands of the DDL for a duty of 7 or 7.50 marks and reaffirmed their position after the "exceedingly sad result" of the Mittellandkanal-issue. The canal bill had been turned down in the third reading in the Prussian lower house in 1898 and then again in August 1899 together with a Dortmund-Rhine canal linking up with the Dortmund-Ems canal. The emperor was incensed, and Hammerstein, the Prussian minister of agriculture told the Hanseatic minister to Berlin that while he had for five years been attempting to dispose the emperor more favourably to the agrarian conception, all these efforts appeared to be in vain. The rejection of the canal bill had

419) Böhm 252/253

420) Stegmann 76/77, Elm 503, Konstanze Wegner, Theodor Barth und die Freisinnige Verunreinigung, Studien zur Geschichte des Linksliberalismus im Wilhelmremen Deutschland, (1893-1910), Tübingen 1938, 28f, Bürgerliche Parteien II, 1977f, Inaugural address by Siemens with violent attacks on the agrarians and emphasis on the continuation of Caprivi's policies (Siemens, the head director of the Deutsche Bank was the first chairman of the association), in: Dt. Ök., 935, 17.11.1900, 636/637, and Georg von Siemens, Die Handelsverträge, Berlin 1901.

421) Beumer in the general meeting of the Langnamverein, 21.5.1900, StuE 1900/1, 610.
destroyed what had been achieved in other fields. The alliance between the CVdI and the agrarians in the tariff question was, on the other hand, strengthened by the attacks of the Centralstelle against the heavy industries and re-inforced by the reaction of consumers to an acutely felt shortage of coal and extremely high prices in the winter of 1899/1900 (while the coal syndicate continued to sell large quantities to the neighbouring markets,) but also by the discussion of the meat inspection bill which drove the agrarians closer to the CVdI in defence against the rising opposition of consumers and the Hamburg shipping circles and some branches of the lighter industries which feared for their North American markets. The situation was never-

422) Horn 42/43, -cf. the details on the vote by names in AA Bonn Deutschland 168 geh., Ed. 1.- Klugmann to Versmann 13.5.99, Vagts I, n.2 and cf. Lerchenfeld to Crailsheim 20.10.99, Geh. StA München, Ges. Berlin 19070, predicting a bitter end for Miquel, after the emperor had expressed his anger in the suspension of those Prussian Landräte who had been among the "canal rebels" and the dismissal of Octavio von Zedlitz-Neukirch, the president of the Seehandlung.

423) circular letter of the Centralstelle to the German chambers of commerce and industry, March 1899, RWA Abt. 2, Nr. 10, Fasz. 18.

424) The "Kohlennot" would require an additional study, here only: meeting of the state ministry 16.2.1900, DZA II-Rep. 90a BIII 2b No. 6, Bd. 140, 115ff., acknowledging the justification of the complaints.

425) Also heavy industrial circles opposed the bill, cf. the only occasion on which a historian has taken full account of this politically highly explosive issue: Böhm 227ff., and here esp. 233 (of the older studies on more technical details only J.D. Esslen, Die Fleischversorgung des Deutschen Reiches, Stuttgart 1912), DZAI-Rep. 90a BIII 2b No. 6, Bd. 140, 175ff. (7.3.1900), DZAI-RdI 17708, Petition HK Hamburg (similarly Bremen) 3.3.1900, A.Hk Hamburg, Anlagen 1901, 1902 (giving prominence to the impairment of maritime interests which the new fleet was supposed to protect). The "ältesten der Kaufmannschaft zu Berlin" attempted to mobilize all HKs and associations against the bill (cf. various circular letters of 1900 in RWA, Abt. 2o, Nr. 88, Fasz. 13); Westphalian industrialists maintained that such a law would completely ruin their North American markets (Verband Westfälischer Baumwollspinnereien to Hk, n.d-spring 1900).
theless precarious and for some time it looked as if the threat of the Freisinnige Vereinigung under Theodor Barth, the former syndic of the chamber of commerce in Bremen, to vote against the naval bill, if the government supported the resolution of the Reichstag commission on the meat-inspection bill, might also determine the all-decisive attitude of the Centre Party. On his return from a visit to Bremen, where he had been worked upon by senators, merchants and directors of shipping companies, the emperor directed his anger against the "illoyal" and "unpatriotic" conservatives who jeopardized the future of the navy. When the CVdI expressed support of commerce and the lighter industries, AA and RdI feared the worst - either a full-scale conflict between the two pillars of the Sammlungspolitik or a considerable increase for the socialists in the next elections. Hohenlohe was about the only one who remained relatively calm, had few apprehensions - either because or although he did not think very much of the Sammlung à la Miquel anyway - and reasoned that "the conservatives will take good care not to fall out completely with H. M." The argumentation was not incorrect, although the German margarine producers, increasingly menacing the position of butter, failed to understand why lard, grease and "oleomargarine", approved by law for human consumption, should be barred from Germany for sanitary reasons. (Vereinigung deutscher Margarinefabrikanten zur Wahrung der gemeinsamen Interessen, Cologne, to the Bundesrat 6.3.1900.) The butchers declared bluntly that agriculture was only concerned with keeping prices high. (Vereinigung zur Wahrung der gemeinsamen Interessen des deutschen Handels und der Industrie von Fleisch- und Fettwaren, Cologne, to the Bundesrat 5.10.1901, DZAI-AA 8780, 243f.) The RdI was inundated with petitions within a few days (DZAI-RdI 9604-9606). An impartial inquiry showed that in a certain period the number of pigs in Germany had increased by 1 million and that prices had dropped by 25%. The agrarians tied their requests for a closer sanitary inspection of imported articles (and only those!) to the tariff question, demanding also higher import duties on lard (from 10 to 20 marks), butter (from 20 to 50 marks) and margarine (from 20 to 50 marks), etc.-DZAI-RdI 18941, 200.
compromise arrived at on October 1, 1900 was much more agrarian
that Hohenlohe had hoped, although the basically pro-agrarian
Posadowsky in the RDI had taken exception at the agrarian
demands which threatened to alienate the CVdI-affiliated indus-
tries from the DLR-affiliated conservatives and to jeo-
pardize not only the projected tariff but the entire Samm-
lung.427) The meat-inspection bill prohibited the import of
sausages and canned meat as of October 1, 1900, that of for-
eign meat as of April 1, 1903 as the agrarians would not cease
their agitation. In the question of the import of live ani-
mals the door was left open but could be closed any time at
short notice.428) The navy bill had been passed on June 6,
1900, before the meat-inspection bill, and after basic agree-
ment had been reached on the grain duties at the end of April
1900, so that a further debate of the tariff question could
be deferred and all issues dealt with isolated from each
other.429) After the meat-inspection bill had been passed,

426) Hohenlohe, Journal spring 1900 (n.d.), BA Koblenz NL Ho-
enlohe 20 (important other entries are reproduced in
Hohenlohe III, 566-569).-Meeting of the state ministry
9.4.1900, DZAI-Rep. 90a.BIII 2b No.6,Ed.140,20of., and
the votes of the ministers in DZAI-RdI 15515. In 1895
Berlepsch had underlined that such requests had little
to do with the spirit of the commercial treaties.(Ber-
lepsch to Marschall 25.7.95, DZAI-AA 8872, 31ff.,) Posa-
dowsky said the same before the Reichstag 19.3.1900 (Jo-
nes Penzler,H. Ehrenberg, Graf Posadowsky als Finan-
und Handelspolitiker, Leipzig 1907, II, 308/309); the
agrarians could of course not care less.

427) DZA II-Rep. 90a BIII 2b No.6 (14.3.1900),-cf. Böhm 231

428) Esslen 121,-Teichmann 601f,-Böhm 235.-The import of
meat fluctuated strongly between 1900 and 1913 and it
is not possible to interpret the data (Hoffmann, Wachs-
tum, 526) conclussively. It appears, however, that imports
remained in fact rather steady with the exception of 1906/07
and 1912, years of an acute scarcity of meat in Germany.

Meat production in Germany rose in this period by 13.5%
(ibid., 302).- For details of the revision of the origi-
nal resolution of the Reichstag commission cf. e.g. Dt.
ök, 907, 5.5.1900
the time had also come for the actual interdepartmental discussion of the tariff bill and the tariff rates. A firm position was taken from the beginning by the RdI. Already three years earlier, at the time of the inauguration of the Sammlungspolitik, Posadowsky had declared that the new tariff would not be a copy of the Caprivi-tariff, and he had not made a secret of his predilection for a termination of the most-favoured-nation system and a more efficient protection of agriculture by higher duties and the introduction of a double tariff with maximum and minimum rates.\(^430\) A stiff opposition to his intentions was put up by the officials in the treasury department (RSA) – Thielmann, the state secretary took no interest whatever in the question (as in many others concerning the RSA)\(^431\) – and they engaged Posadowsky in extended struggles over mostly technical issues, pushed to the front to cover their feeling that Posadowsky would be successful anyway and that a war of principles would merely be wasting time. Miquel left it open whether he was for or against a double tariff\(^432\), the in-

429) for the deliberate delay cf. DZA I-RdI 15519, passim.- The Bavarian state ministry permitted Lerchenfeld to attempt to influence Reichstag deputies against an increase of the import duties on cereals only, if it did not jeopardize the naval bill. (6.6.1900, – Geh. St. A. München, Ges. Berlin 1071)

430) Stegmann 81f. – Witt 67f. – Herzfeld, Miquel, II, 593. – Prototype of the double tariff system in general was the French Meline tariff of 1892 – although grain was virtually the only item exempted from it. This was usually overlooked even by the opponents of the Prussian agrarians.

431) Klügmann to Burchard 13.10.1900, St. A. Hamburg 132-5/2, AT4: "the secretary of the RSA, basically inclined to devote the smallest possible amount of time to the incumbrances of his office ...". – Cf. Witt 28, judging Thielmann the most incompetent state secretary ever at the head of the RSA.

instrument with which the agrarians intended to kill the hated most-favoured-nation agreements with the grain-exporting overseas countries. Also basically pro-agrarian, the Prussian minister of finance and spiritus rector of the Sammlung, had to take into account the opposition of the CVdI which, by an overwhelming majority, declared itself in 1900 for higher duties on grain but against the double tariff. The commercial section of the AA, headed since 1899 (and until 1913) by the Saxon Koerner, kept itself for the time being in the background. The chancellor himself did not take any initiative, neither in interdepartmental discussions nor before the Reichstag,—very much deplored by those who recalled with nostalgia "the firm personal conviction and eminent force of speech" of Caprivi and Marschall.

All branches of industry expressed themselves against the double tariff which threatened to wreck the entire system of the commercial treaties, but many of them expressed their readiness to consent to grain tariffs "around 5 marks", i.e. the "non-coventional" duty of the Caprivi-tariff. The agrarians manoeuvred but declared ultimately that they would "probably" and "more or less" have to accept the inevitable. When Schwerin-Löwitz of the DLR stated on the other hand at the end of 1900 that there was "today a complete conformity between the authoritative representatives of industry and agriculture", this was in fact quite true also of the pro-

433) Stegmann 82-Bueck's publication "For and against the fixation by law of a maximum- and minimum tariff as basis of Germany's commercial policy" (cf. Dt. Ök., 933, 3.11.1900, 609f.) was in fact a complete rejection of the idea, however carefully the words were chosen. Other statements (some of which will be referred to below) confirm that the CVdI was always an opponent of the double tariff.

434) Klügmann to Burchard 4.11.99 (Vagts I, 187 n.4) reported that Koerner had been chosen as director of section II to provide it with "agrarian stays". Signs of a pro-agrarian attitude of Koerner can, however, not be detected anywhere.

435) Klügmann to Burchard 13.10.1900-St.A.Hamburg 132-5/2 AI4, reproduced in part in Vagts I, 188.
ceedings in the W.A. The CVdI-oriented heavy and textile industries had consented to duties of six marks per 100 kilogrammes of all four major cereals. Any other decision would have jeopardized the Sammlung, and also the maintenance of the tariff-protection of their major products. In the last meetings of the W.A. in mid-October 1900 only a small fraction of the representatives favoured a duty of 5 marks. Posadowsky maintained in his last address that the splendid economic development Germany had seen had been the result of the tariff of 1879 which had not been able to bear full fruit in Bismarck's days so that its full maturity coincided with the period of the Caprivi treaties! These last rhetoric efforts of Posadowsky were apparently not in vain: 21 delegates in the W.A. voted for and only 8 against the double tariff and it was reported that "some gentlemen had in the course of the debate evidently been shaken in their convictions." 437)

At the same time a preliminary decision was arrived at in the government. In an interdepartmental conference on October 27 AA, RSA and the Prussian ministry of commerce fought against RdI and the two Prussian ministries of agriculture and finance a "death-and-life struggle for each morsel of economic policy." 438) Posadowsky and Steemann defended

436) Steemann 83.-For the details, summarized in the presentation above: BA Koblenz, R 12 1/107 (meeting of the executive board of the VdBl, 10.1, 1901) 13f., VMB 88 (October 1900), 89 (February 1901), 66f., 84ff (with tumultuous events in reaction to speeches held by outsiders).-Petitions (until the second wave in the context of the preparation of the commercial treaties): BHStA NH 10071, 10072, 1334ff., StA. Schl. 1, Nr. 24b, Fasz. 44; BA Koblenz, R 2, 2446ff., R 1, Rk. 851ff., and their discussion in the respective discussing commissions DZAI-RdI 18929ff.

437) Eschenburg to the senate in Lippe, st.A. Hamburg 132-5/2, F II 2o, Bd. II, similarly to the KT on 12.12.1900 (10, L.P., 2. Sess., 7, Bd., 317/190). The producers of finished goods adhered to a principle different interpretation of German economic history, irrespective of
the 6-mark tariff for cereals; the minister of agriculture added the argumentation that it was impossible to go any lower, because it was not justified and would not find the approval of the majority parties in the Reichstag. A bill providing for an import duty of 5 marks would result in either the dissolution of parliament or an even higher duty. Both were unacceptable to him. A dissolution of the Reichstag would in no way guarantee a continuation of the present constellation of powers; a higher tariff would create considerable opposition and social unrest. Similar arguments were used by the AA - both under and after Bülow who became chancellor at the beginning of October 1900 - out of consideration for the state of political relations with other countries (grain-duties above those of the Caprivi-tariff were called a "very precarious"measure that would only serve the interests of social democracy in the fight against the present order); higher duties on live animals, which appeared equally inevitable, received the promise of support by the office only, if they were introduced in the place of, or at least mitigating, the "vexating import restrictions" brought about by the sanitary regulations. This position was at the time also supported by the emperor who still resented the defeat of the canal bill and regarded higher duties on cereals - apparently not uninfluenced by Ballin of the Hapag - as a menace to his Weltpolitik. The AA was, however, prepared to make concessions with regard to the most-favoured-nation clause which was so disliked by the agrarians and Posadowsky as granting one-sided advantages to the overseas grain-exporting countries. According to the conceptions of the AA the clause had to be retained for Europe under any conditions, while the different interpretation prevailing in North- and South America might permit

whether they represented small factories (cf. e.g. the files of the HK Koblenz, RWA Abt. 3, No. 10, Fasz. 15), larger corporations or commercial houses (HK Mülheim, RWA, Abt. 2, No. 20, Fasz. 9; HK Duisburg, RWA, Abt. 20, Nr. 29, Fasz. 10, etc.)

438) Wermuth 199
modifications. The meeting ended with a preliminary compro-
mise of a duty of 5.50 marks for wheat and rye and of 3.50
marks for barley, still a pronounced pro-agrarian move.

Lerchenfeld, the Bavarian minister to Berlin, commented on
the situation and on the attitude of the new chancellor in

particular:

"Count Bülow feels and is indeed bound to feel the need for
being on agreeable terms with the agrarians, as it is in
the long run hardly possible to govern against this party
in Prussia."

It was not to be expected that he would,

"taking warning from the fate of his predecessor, turn with
manifest energy against the agrarian protectionist majority
of the Reichstag." 440)

In his memoirs Bülow acknowledged that he was not interested
in commercial policies and rather bored by them, but that
he had taken particular care to convince the emperor of

the necessity of a pro-agrarian policy, largely with

the familiar argument that the flat land with its healthy
living conditions produced better soldiers but was steadily
being depopulated on account of the sad state of German agri-
culture. 442) The argumentation was, in the larger context,
indeed successful. The emperor-modified his attitude, under-
lining the in fact more relevant aspect that the protection
of agriculture meant

"the conservation of the foundations of the officer corps.
He could not let down the sons of the fathers who had bled
for the Prussian crown on the battlefields." 443)

439) Lerchenfeld to Crailsheim 31.10., 5.11., 6.11.1900-Geh.
St.A. München, Ges. Berlin 1071.-for the AA: Herzfeld,
Miquel,II, 616f.,-Vogts I, 172.
440) Lerchenfeld to Crailsheim 6.11.1900, Geh.St.A. München,
Ges. Berlin 1071,-Klugmann to Burchard 13.10.1900, St.A.
Hamburg 132-5/2, AI4.
Klugmann to Burchard 30.1.1907 (St.A. Hamburg 132-1/I
AIV c6, Bd. XIV): RdI and the Prussian ministry of com-
merce have "the greatest influence on the decisions
of the chancellor who does not ascribe to himself an
authoritative judgement in economic questions," - cf.
also Barkin 220/221, giving, however, a strange em-
phasis to Bükow's "anti-industrial education" and the
influence of Wagner.
In January 1901 Bülow announced in the Prussian lower house that the agrarians could count on a better protection. In this general form the declaration was, however, not suited to pacify the agrarians and aroused considerable consternation in the industrial and commercial circles with their strong interest in the continuation of the Caprivi-line. 444)

The agrarians continued in their opposition to the Mittellandkanal 445) and to jeopardize the Sammlung. In May 1901 Bülow decided to keep the canal-bill separate from the tariff question - in the manner in which the latter had been isolated from the naval-bill and the meat-inspection bill - and to submit the tariff to the Reichstag to "pacify the agrarians." 446) The Prussian lower house was closed, the Mittellandkanal dismissed from the agenda and Miquel from office, as he had compromised his position by his pro-agrarian sympathies in the canal-issue and could also not be relied upon in the tariff question. 447) Before his dismissal Miquel had at any rate scored a success in the matter

442) The argument that the land produced better soldiers was always one of the mainstays in the agrarian propaganda, although it had been unmasked with detailed statistical evidence by Lujo Brentano and Robert Kuczynski, Die heutige Grundlage der deutschen Wehrkraft, Stuttgart 1900.

443) Klügmann to Burchard 27.1.1902, Vagts I, 189

444) Bülow on 9.1.1901, on the impact cf. Dt. Ök. 946, 2.2. 1901, 55 and Siemens' letter (4.2.1901) to his son-in-law that the Handelsvertrageverein had not thought that Bülow would be so obliging to the agrarians. - K. Helfferich, Georg von Siemens, Berlin 1923, III, 222, cf. the diary-entry of the free-conservative leader W. v. Kardorff, 9.1.1901: first the grain tariffs, then the canal. - Siegfried von Kardorff, Wilhelm von Kardorff, Ein nationaler Parlamentarier im Zeitalter Bismarcks und Wilhelms II., (1828-1907), Berlin 1936, 345.

446) Miquel was the only one to protest, - State ministry meeting 2.5.1901, DZAIII-Rep. 9oa BIII 2b No. 6, Bd. 142, 206-211, - quotation Posadowsky, ibid., Bd. 141, 160f.

447) Miquel's speeches had been interpreted both ways. On Miquel and the tariff: Lerchenfeld to Crailsheim 7.5.1901, Geh.St.A. München, Ges. Berlin 1073: Miquel would officially have supported a grain duty of 5.50 marks, but would have let known underhand that he personally would have granted more.
of the double tariff for cereals. In the interest of "those powerful industries which have been going hand in hand with agriculture on the foundation of the Sammlungspolitik" Miquel, Posadowsky and Hammerstein had also requested a double tariff for their specific commodities to secure their consent to the pro-agrarian course. Posadowsky in particular warned of driving a wedge between industry and agriculture with reference to the resolutions taken at the end of 1900 by the Northwestern group of the VdEST and by the Langenamverein as the most prominent representatives of the dominant sectors of industry in the Rhineland and in Westphalia that the introduction of a double-tariff for agricultural goods would compel them to ask for a similar treatment of their products, notably pig-iron and some semi-finished articles. But in this case the attitude of the AA prevailed. Posadowsky was isolated in the reshuffled Prussian state ministry: Möller, a member of the CVdI and owner of a medium-sized iron-foundry in Westphalia, as the new minister of commerce and Podbielski, a functionary of the BdL, as the new minister of agriculture had apparently bound themselves to support the policies of the chancellor. Möller remained furthermore true to the traditional line of his predecessors and his personal conviction (as he had expressed it on numerous

448) Herzfeld, Miquel, II, 616f.- Bülow opposed the double-tariff (or pretended that he did). DZA II, Rep. 151 HB, No. 1814, 22.- On the deliberations of the issue in 1900 cf. Witt 66f. The final stages in the spring of 1901 after DZA I-AA 317o, 5f. (departmental note) and 28f. (RSA to Rk 4.4.1901). In their votes the ministry of commerce and the BdI argued that if "the principle of double tariffs and the request for a sufficient protection of cereals" were not taken into account, "the alienation between the parties representing the producing estates, and agriculture in particular" and the government, which had been "increasing from year to year" would develop into a general storm on the government and a bitter fight between government and parliament with all its consequences.

occasions as deputy in the Caprivi and Hohenlohe eras) that "we are unable to feed the yearly increase of 800,000 heads without a development of exports. Commercial treaties are therefore a vital national question and the agrarians can only, but shall be, assisted within the bounds permitted by the tariff." 

Bülow began to look for additional support "against the attitudes of the gentlemen with the Polish names" in Southern Germany. In a conference with their ministers - the Northwest German Hanseatic circles had not been invited - at the beginning of June 1901 he obtained their support of his conception that it was impossible to obtain a renewal of the commercial treaties, and in particular of that with Russia, if the duty on rye was pushed higher than 5 marks and those on live animals were given a prohibitive nature. By way of an "indiscretion" to a Stuttgart newspaper (without admitting his initiative to the state ministers) he then ended the guess-work of the press on the nature of the tariff bill. The minimum duties were projected at 5.50 marks for wheat, 5.00 marks for rye and oats, 3.00 marks for barley. While the DLR continued to ask for the general 5-mark tariff and the BdL agitated for one of 7.50 marks; while the government

450) In a letter to his daughter 5.5.1901, Walther 67/68, as representative of the CVdI in 1900 cf. e.g. K.Z. 908, 19.11.1900.

451) Klügmann to Lappenberg 6.6.1901, Vagts I, 189

452) Bülow I, 531ff., there also on the agreements reached with the imperial offices.-cf. Witt 70.

453) Bülow I, 531ff.

454) On the reactions of the interested circles and their tactical considerations see Stegmann 85f. - The essentials presented above are based on additional evidence in an attempt to avoid duplication whenever possible, for the agrarians cf. Kreuzzzeitung 27.9.1900, 9.1.1901, 23.10.1901, 5.12.1901, .. Deutsche Tageszeitung 23.10.,28.10.1901..., Korrespondenz des BdL 8.11.1900 ("industry at the cross-roads").

455) DHIT Mitteilungen, 41. Jg., 28.9.1901, 3ff and cf. the numerous individual resolutions in RWA, Abt. 2o, Nr. 75, Fasz. 1, or also HuG 12.10.1901.
proposals were rejected by the "free-traders" around the DHT\(^{455}\), they were entirely endorsed by the heavy industries.\(^{456}\) A review of the reports of the chambers of commerce\(^{457}\) and the press confirms the positions taken by the executive committees of the economic associations as they were soon also to be reflected in the debates in the Reichstag: liberals and social democracy\(^{458}\) vs. Centre Party, National liberals and Conservatives with the BöL as outsider on the extreme right wing.

While the "agrarian reactionaries and tariff-war politicians" were outright attacked by the liberal and left-wing press\(^{459}\), the position taken by the CVdI was often received with "shakes of the head".\(^{460}\) After the publication of the bill the CVdI protested "energetically" against "minimum tariffs for cereals only" and requested the revision of the bill. This was largely interpreted as another request for the application of the double-tariff system to also industrial products. Bueck gave it a broader outlook — although for his person only — in an article in the Deutscher Industrie-Zeitung, stating, however guardedly, that minimum duties should not be fixed at all.\(^{461}\) He was immediately disavowed by the CVdI-related Deutsche Volkswirtschaftliche Correspondenz in an attempt to reduce the impact on the various members of the association, whose material interests and conceptions were already divergent enough.\(^{462}\) For at least half a year the CVdI and the Langermannverein continued to oscillate between desires and necessities.

\(^{455}\) Hugo 12.10.1901

\(^{456}\) CVdI-oriented: Essen, Dortmund, Düsseldorf; ambiguous was the attitude of Duisburg, cf. also the comprising review in Nüss Köln, Jahresberichte, 1900, 408 f. – On the daily press the collections in DZA I-RdJ 2950.

\(^{457}\) In the form of a crossection, e.g. F.Z. 21.6.1901, B.T. 13.10.1900, V.Z. 7.8.1902, Freisinnige Zeitung 2.11., 9.11.1901, ... Vorwärts 7., 9., 11., 14., 19.1900, ...

\(^{458}\) Hamburgischer Correspondent 30.5.1901

\(^{460}\) Dt. Ök., 5.10.01, 501; 9.11.01, 625/626; 15.12.01, 683/684

\(^{461}\) after Dt. Ök., 976, 21.8.01, 508, --992, 21.12.01.

\(^{462}\) after the petitions in HA/GHH 300 1073/3
ties, between the need of the continuation of the Sammlungspolitik and the wish to escape the double tariff on cereals.

On October 1, the convention of the CVdI rejected the double tariff system as incompatible with the interests of industry, and demanded also a uniform single tariff for grain. They had also reason to protest the decision of the customs-tariff commission of the Reichstag which, dominated by agrarian interests, rejected the government proposals and increased the duties on agricultural products—from 5.00 to 5.50 marks for rye and 6 marks for wheat (resp. 7.00 and 7.50 marks for the maximum tariff), while reducing some import duties on industrial commodities. The BdL even suggested a reduction of the pig-iron tariff, the noli me tangere of the heavy industries, and insisted that "reason of state" prevail over "considerateness for the domestic democratic agitation." If other countries were not willing to accept the German tariff and to conclude commercial treaties on this basis—so much the worse for them—"for they are certainly the weaker ones and risk a greater loss of markets than we do. Or do they even wish to have the canons speak? Well then, it is to be hoped that the German nation has not in vain been clad in heavy armour for decades to be able to prevent this." The CVdI took an uncompromising stand against the BdL and its agitation, but continued, on the other hand, to ask the league for "trust and confidence" in industry. Tactical considerations and material interests continued to conflict with each other and menace the Sammlung. It did in any case not break down completely, and in February 1902 the CVdI consented to a rise.

463) Stegmann 86/87 does not refer to the attitudes expressed by the CVdI and affiliated circles in 1901, although they were so characteristic of their dilemma. For the detailed requests cf. Zentralverband Deutscher Industrieller, (Streng vertraulich!), Zusammenstellung der beim Zentralverband Deutscher Industrieller von seinen Mitgliedern gestellten Anträge auf Abänderung des Entwurfs eines Zolltarifs vom 26. Juli 1901.

464) Cf. e.g. the extraordinary address (Both in tone and in substance) by Beumer at the beginning of December 1901, StuE 1901/2, 1339-1343.
of the wheat-tariff to 6.00 marks, while apprehending that the move might not be sufficient to prevent the "crumbling off of industrial tariffs." In the late summer of 1902 Bueck expressed relief, when the Reichstag-commission confirmed the present pig-iron duties, and in September 1902 the CVdI protested in fact again against the increase of the import duties on agrarian products and the suggested reductions of industrial duties. The Sammlung was again in danger of breaking down.

The German economy was at the time in the trough of the recession which had begun in the second half of 1900, providing the industrial circles with additional arguments (in particular for the retention of the pig-iron tariff) and again, and rather conveniently, conjuring up the spectre of the "American peril."

This was at this point in the tariff-controversy also done by the CVdI which had initially disputed the ability of the Americans to compete with the German industries and had dismissed the fear of America as the bugaboo of a bearish speculation.

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465) VMB No. 91, 31
466) Stegmann 86/87
467) Long petition by the joint executive board of the BdL to the Bundesrat 1.11.1901, quotation p. 153/154, after a copy in St.A. Hamburg 138-5/2 FII 2f, Bd.2.
468) The term break-down is used in the latest "economic interpretation" by Böhm 257 on the basis of a rather meagre evidence and with little regard to chronological order; against the "social interpretation" given by Kaelble 67 or Puhle 160. It appears, however, that these versions concentrate far too much on the relations between CVdI and BdL (rather than DLs); agrarians and CVdI-oriented industrialists had attacked each other on a variety of aspects of economic legislation in the past and continued to do so also in the future. Cf. various sections below.
469) So Bueck in the meeting of the executive board of the VdEst 10.4.1902, and an extraordinary general assembly on 21.4.1902, called to deal specifically with this matter.
471) VMB 94; 3, 21ff., 52ff.
472) Magnificently presented by Vagts I,369-385
473) Cf. ibid., 349
as the continuation of excellent business conditions in the North American market - and only there - permitted German corporations an "orderly operation", although with "great sacrifices in prices." The anti-American argument was used in particular by the machinery industries to support their requests for stronger protection in view of the prohibitively high - 45% ad valorem - American tariff. The same circles rejected higher duties on cereals with the argumentation of the rising cost of living and ensuing "wage movements" which would automatically cause a rise of the price of their products in the domestic market. After the government proposals had been made public, a large number of industries followed their example. Then the discussions in the Reichstag threatened to be stalemated in November 1902, also a "right wing" in the anti-protectionist Handelsvertragsverein - composed largely of those branches of the export-oriented industries in which a few corporations dominated the home market (mainly the electrical and the chemical industries), opted for the government bill. A year earlier the same groups had argued, together with all other lighter industries, that higher duties on cereals would lead to retaliation in the grain-exporting countries and close valuable markets to German industry. As the development of new subsidiaries of these industries in Russia was to prove, these corporations had still an alternative.


476) cf. Stegmann 88, n.189 for details.
Already at the beginning of 1900 Gustav Schmoller was "veritably frightened" at some of the tariff requests and warned "of the danger of a relapse into mercantilism." Germany prepared herself to emulate Russia, France and the United States, while it was her true interest to fight neo-mercantilism by means of a network of commercial treaties. Together with Walter Lotz he also warned of the negative consequences a new wave of protectionism was bound to have on the idea of a European customs union.\(^{478}\) Economists close to him, like Brentano and Dietzel, but above all Albert Schäffle, were unable to square the upsurge of protectionism with the socio-political and economic objectives of Weltpolitik\(^{479}\), as these "perpetual means of enrichment" and "state dotations"\(^{480}\) would endanger all further social reforms. In the meeting of the Verein für So-

\(^{477}\) Verein zur Wahrung der Interessen der chemischen Industrie, minutes of the general meeting 30./31.5.1900, here after a copy in St.A. Hamburg- 132-5/2, FII 2f., Bd.1.,-Petition of the BASF 1901 (BHStA-MH 11452) with the export figures for dye stuff from Germany in 1897-1899: to the U.S.A. 58.3 million marks, to Russia 18.7 million marks, to France 9.8 million marks. A. BASF- Aufsichtsratssitzungsprotokollemeeting of the board 14.10.1901: If the proposed grain tariffs would go into effect, they would impose a direct burden of 500,000 to 600,000 marks on the company, mainly in the form of higher wages, not to speak of the load attributable to the expected retaliatory measures in other countries. -In general on these aspects Claus Ungewitter, Ausgewählte Kapitel aus der chemisch-industriellen Wirtschaftspolitik 1877-1927, Berlin 1927.

\(^{478}\) Cf., the demonstrations in the meeting of the SVS, Sept. 1901, in SVS 98/1901; Schmoller 264-271; Lotz 146/147,-cf. Claussing in Fs. Schmoller 176,-Schmoller, 20 Jahre Politik, 14,-Walter Lotz, Der Schutz der deutschen Landwirtschaft und die Aufgabe der künftigen deutschen Handelspolitik, (Volkswirtschaftliche Zeitfragen 170/171), Berlin 1900,-id., Zolltarif.

\(^{479}\) Lujo Brentano, Die Schrecken des überwiegenden Industriestaates, Berlin 1901,- id., Die Getreidezölle als Mittel gegen die Not der Landwirte, Berlin 1903,-Albert Schäffle, Ein Votum gegen den neuen Zolltarif, Leipzig 1901 (p.9: "A misfortune to the German nation"); the book was a reprint of a series of articles in the P.Z. which had drawn wide attention), - id., Die agrarische Gefahr, Berlin 1902, for Dietzel esp., Sozialpolitik und Handelspolitik, (Volkswirtschaftliche Zeitfragen 188-190), Berlin 1902.
zialpolitik in September 1901 virtually all socialists of the chair read papers on the tariff controversy. The absolute high-point was provided by Schulze-Geewernitz:

"Should the (present economic) crisis deteriorate into a lingering disease or should it result in a terrible catastrophe on account of tariff wars - then Germany's greatness at sea will have been a short and unreal dream and instead of agitating for the fleet we had better gone for a walk." 481)

The view had initially also been shared by naval circles. Tirpitz had been opposed to Miquel's Sammlungspolitik, as he feared that the new course in economic policies would jeopardize his plans and in September 1899 he had attempted to make this quite clear to the emperor. "The development of Germany to an industrial and commercial state is irresistible like a law of nature." The admiral had attempted an anti-Sammlung, using the fleet as a means to fight increasing agrarian influence, but the course of events pushed him, since the end of February 1900, irresistibly into the Sammlungscamp, when he had to realize that the materialization of his naval plans was impossible without accepting the demands of the agrarians. Similarly, Hanseatic circles had supported the demands for a stronger fleet, in the assumption that it would be composed mainly of cruisers, to promote a liberal commercial policy against the intentions of the agrarians. The enthusiasm of these circles for the navy became extinct, when the direct opposite occurred, when the agrarians scored their success by converting the navy into an instrument of their own policies, and when military plannings concentrated on a battle-fleet. 482)

480) Oskar Stillich, Die politischen Parteien in Deutschland, Leipzig 1908, I, 140; similarly Karl Helfferich in 1901, at the time with the colonial section in the AA, in a number of public lectures in Hamburg, collected as: Handelspolitik, Leipzig 1901, and SVS 98, esp. 259 with emphasis upon the socio-political consequences of an increase in the cost of living, that "the workers ... would be embittered against the existing order."

481) SVS 98, 326
482) Böhm 196/197, 245ff.
The junctim of the naval and tariff bills was generally re-
cognized, but disregarded by nearly all speakers in the
SVS-meeting. Some elements of it were, however, touched upon
by Heckscher, director of the social department of the Hapag,
who took up the current journalistic bonmot in modification
of the emperor’s meanwhile famous address that the future of
the German Empire would be on the seas, the present, however,
with the junkers. Heckscher saw it neither on the water nor,
as the agrarian propagandists promised, in the cornfields. Walther Borgius, the secretary of the HVV, presented Germany
as confronted with the alternative of "a policy of isolation
or a policy of world-markets; there is no third." In the
stalemated situation a year later he found it difficult to
preserve a common front of the HVV, when even Heckscher’s
director Albert Ballin condemned the "extreme artificial ex-
citement about the tariff" and began together with others
on the right wing of the "free-traders" to orient the associ-
ation towards an acceptance of the government bill, after Bö-
low had attempted - although in vain - to gain the support
of Hanseatic merchant circles and their governments for his
proposals.

One easily accessible reference should suffice: Franz
Mehring, Flottenfrage und Reichstag, in: N.Z. 18/1899-
1900, I, 577ff. (31.1.1900), repr. in Franz Mehring,
Politische Publizistik, 1891-1904, (in: id., Gesammelte
Schriften, Band 14), Berlin 1964, 32of.

cf. above all the chapter in Barkin, 131 ff - represen-
tative of the most-noticed works: Adolf Wagner, Agrar-
und Industriestaat, Jena 1901, Ludwig Pohle, Deutsch-
land am Scheideweg, Leipzig 1902, with the famous
"policy of the golden mean".

SVS 98, 64
ibid., 328

Ballin to Francke, 17.11.1902, Peter-Franz Stubmann,
Albert Ballin, Leben und Werk eines deutschen Reeders,

Böhm 258
The deadlock between the government and the Reichstag commission was ended by the Kardorff-compromise, rendering the bill acceptable to the majority of the agrarians by splitting the tariff on barley and reducing the import duty on feed-barley — with unanticipated consequences. Against the ob-

489) The situation at the beginning of the second reading, 16.10.1892, in marks per 100 kg.

<table>
<thead>
<tr>
<th></th>
<th>wheat</th>
<th>barley</th>
<th>oats</th>
</tr>
</thead>
<tbody>
<tr>
<td>present</td>
<td>3.50</td>
<td>2.00</td>
<td>2.80</td>
</tr>
<tr>
<td>government bill</td>
<td>5.00</td>
<td>3.00</td>
<td>5.00</td>
</tr>
<tr>
<td>RT-commission</td>
<td>5.50</td>
<td>5.50</td>
<td>5.50</td>
</tr>
<tr>
<td>motion Heim (Cent)</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
</tr>
<tr>
<td>Wangenheim(BdL)</td>
<td>7.50</td>
<td>7.50</td>
<td>7.50</td>
</tr>
<tr>
<td>Kardorff-comprom.</td>
<td>5.00</td>
<td>5.50</td>
<td>5.00</td>
</tr>
<tr>
<td>after Kardorff 349</td>
<td>feed 1.30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(The higher duties on wheat appeared generally justified in view of the higher expenses of cultivating heavy soils.)

In the spring of 1900 Hohenlohe had given the assurance that the surplus accruing from the duties on cereals would be spent on social welfare. The promise was reflected in the motion Heim of the Bavarian Centre party (with the purpose of achieving a reconciliation of the employee section of the party's supporters) and found its realization in the lex Trimborn reserving the over-proceeds from duties on cereals for a fund for widows and orphans. The major obstacle to the implementation, the clausula Franckenstein, was removed in the course of the so-called small financial reform in 1904. In 1902 the total overproceeds for the purpose were estimated at more than 100 million marks; Posadowsky was even hoping for 140 million marks (meeting of the stateministry 10.2.1902, DZAII-Rep. 90a BIII 2b No. 6, Bd. 144, 154ff.), two thirds of which would be derived from the grain duties. In 1903 estimates were a little more moderate, but still around the 100 million-mark for the total. The statesecretary of the RSA was confident that the sum would be sufficient to permit him to "muddle through" until the time had come for a comprehensive financial reform. These 100 million marks were of extreme importance, inspite of all the restrictions imposed, as "the tax grounds had been grazed". (Klugmann to Burchard on a conversation with Thielmann 1.7.1903, St.A. Hamburg 132-1/I BI a6). In the same year Thielmann told Pauli of Bremen that he expected the tariff to yield 80 million marks, 50 of which would be derived from the duties on cereals. (Report by Pauli, n.d., St.A. Bremen, 4,8-DI PosII No. 3 5e). — For similar estimates by economic journalists cf. Dt.BK. 1041, 29.11.1902, 631/632; for the detailed financial context Witt 73f. — A pro-agrarian regulation facilitating the lucrative export of some kinds of cereals, notably rye, was to change the predictions considerably.
struction of the social democrats and the Freisinnige Vereini-
gung under Theodor Barth, who attempted to delay the decision
beyond the end of the legislative period in June 1903, the
tariff-bill was passed on December 14, 1902 by a two-thirds
majority.\textsuperscript{490)} Bülow also obtained the consent of the Bundes-
rat - which had actually been secured in the conference with
the ministers of the federal states in June 1901 - with the
exception of the Hansa city states which found an additional
reason for their opposition in the retention of the policy
of a nondiscrimination of imports by sea and by land.\textsuperscript{491)}
In the Reichstag the opposition on the left was joined by the
representatives of the BdL, with a view to the Reichstag elec-
tions in the coming summer for which the candidates supported
by the BdL had to bind themselves to continue the league's
fight against industry.
The reaction of CVdI and VdEST was one of disappointment. In
March 1903 Bueck showed the general assembly of the VdEST "how
strongly the hostility of the agrarians towards industry" had
manifested itself in the past year. A number of duties on heavy
industrial products had been reduced - in reality only on seven
commodities affecting agrarian interests like plough-shares,
sickles, pitch-forks -; machinery in particular had been "heav-
vily damaged" and the competitiveness of all iron-industries
would be heavily impaired, if additional reductions were to
follow in the trade treaties. The following resolution by the
VdEST was also endorsed by the CVdI:
"It is to be expected that the Imperial Government will succeed
in obtaining a substantial lowering of the prohibitive tariffs
of foreign states so that the insufficiently protected German
industries will at least be given the opportunity to sustain
competition abroad."
\textsuperscript{490} Holländer, 3rd section, Beidler, passim, Schoene, passim,
Bachem VI, 148ff., Barkin 226f., Vagts I, 190/191, for
the tactics of the government Witt 70/71. -- The vote on the
bill was 202:100.
\textsuperscript{491} Burchard to Lappenberg, already 15.10.1901, St.A. Hamburg
132-1/I AI d7, Bd.5.
In the RdI it was commented that "the CVdI is then of the opinion that agriculture shall foot the bill." It is needless to say that the CVdI gave all assurances of "standing fully on the ground of the protection of the national labour." 492)

492) A. Hoesch-DHHU 1080, 13 (also BA Koblenz, R 13 I/107, Bd. 1), northwestern group of the VdEST to RdI; CVdI to RdI; DZAI-RdI 3040/15, 132f., 153. Stegmann 92 must be modified.
b) The commercial treaties.

In the Reichstag elections in the summer of 1903 voters gave a clear answer to the tariff which was bound to increase the cost of living. The socialists gained 25 seats; all parties which had voted for the Kardorff compromise lost voters and seats. Particularly severe was the punishment meted out to the left liberals for having defected at the last moment. The Centre party, which had refused to enter into campaign arrangements against the socialists, obtained a dominating position. Although it again refused to join a bourgeois common front after the elections and although the conservative camp was divided on the issue of "their" tariff positions for the defence of which the right wing demanded an intervention by the government against social democracy, there was reason to assume that the former tariff-majority would also pass the commercial treaties if it was possible to conclude the negotiations successfully. The overall outcome seemed in the main to hinge upon the result of the negotiations with Russia; but also those with Austria were expected to be most difficult. Although the prospects were by far better for the latter, there was little to remind of the atmosphere of the Caprivi era. In the summer of 1901 Eulenburg as ambassador to Vienna was mildly optimistic, banking his hopes on Austria's commercial dependence upon Germany - which took more than 50% of all exports from the dual monarchy - and on the progressing industrialization of Austria.

493) Puhle 223f., Witt 72, 77f., Lerchenfeld to the Bavarian state ministry 11.2.1903, Ges. St.A. München, Ges. Berlin 1075 (excerpts in Akten zur staatlichen Sozialpolitik in Deutschland, 1890-1914, ed. by Peter Rassow and Karl Erich Born; Historische Forschungen im Auftrage der Historischen Kommission der Akademie der Wissenschaften und der Literatur, Bd. III), Wiesbaden 1959, 136f., and dto. 145; Lerchenfeld to Podewils 28.3.03). The results of the elections had been predicted by many observers; in the place of others cf. the observation by Dr. Wachler to Hutten-Capski 14.9.1902, DZAI-NL Hutten-Czapski 286,1ff.) that "the demagogical presumption of the BdL (was) bound to lead to a catastrophe."
which would increase domestic demand for Hungarian agricultural products and reduce the need for exports, which was indeed rapidly diminishing. The Austrians were expected to reply with higher industrial tariffs, but hardly in the form of an outright retaliation, as Austrian industrialists would see to it that they would not be too high and invite their German competitors to jump the tariff barrier. The government—so Eulenburg—would take a similar stand, as it offered an opportunity for the demonstration of Hungary's dependence on the customs-union with Austria. Eulenburg felt it nevertheless necessary to warn that the negotiations would be concluded with a treaty that would not compromise Germany's relations with her ally "only if we do not go too far." Hopefully only temporary tension would in any case be inescapable. At the same time—the contents of the government bill were not yet known—Alvensleben, the new ambassador to Petersburg, feared the worst for German Russian relations, if the new tariff corresponded too closely with the conceptions of the East-Elbian agrarians, in particular with regard to the double tariff. A minimum tariff for cereals was most likely to jeopardize the conclusion of a treaty, quite apart from the tactical mistake of depriving the German negotiators of their most valuable instrument. 494) Talks with Russia were opened nearly immediately after the tariff bill had been passed in the Reichstag. The guidelines for the German delegation were provided by the minimum tariff on cereals and the requests of both the lighter and the heavy German industries for a reduction of the Russian duties on their products 495) a combination which rendered the position of

494) Eulenburg to Bülow 28. and 30.5.1901, DZAI-AA 8624, 143ff., 196, Alvensleben to Bülow 19.5.01, ibid., 130ff., with the realistic approach that had been characteristic of his reports from Brussels. (The files of the political section of the AA —AA Bonn Deutschland 172 secr. yield very little). For official and non-official Russian reactions in the summer and fall of 1902 see Vogel 41f.

495) cf. the requests of the CVdI in BStA MH 12509; for other industries DZAI-RdI 4973 for 1903, resuming the discussion of 1900/1901, and cf. the information in e.g. Paul Arndt,
the German delegation rather hopeless. The Russians published a new tariff providing for considerable increases especially on products of particular importance to German exporters. The German consul general in Petersburg was outraged; Koerner of the commercial section in the AA could merely observe that Germany had taken the initiative. 496 In the commission for the commercial treaties the struggle between the representatives of the ministries and offices was resumed along old-established lines: Posadowsky, Podbielski and Rheinbaben, Miquel's successor, defended agrarian interests, arguing that the Russians would eventually have to accept whatever Berlin asked for, as they had a much greater interest in a treaty 497 - an attitude which drove Koerner to despair, as it made another tariff war more likely than anything else. 498 The negotiations with Austria were opened after the Austrian tariff-bill with its higher duties on industrial articles, mainly producers goods of the electrical, chemical and machinery industries (inclusive of motor-cars, bicycles etc.) had been passed at the beginning of 1903. The atmosphere was filled with distrust. Bülow suspected and accused the Austrians of attempting to prevent Germany from arriving at any trade treaties at all. 499 The dispute between the delegations was less

Zum Abschluß eines neuen deutsch-russischen Handelsvertrages, in: SYS 92/1901, 1-46 and Vosberg-Rekow, Die Handelsverträge des Jahres 1903, Betrachtungen und Vorschläge, (Schriften der Centralstelle für Vorbereitung von Handelsverträgen, 14. Heft), Berlin 1900.—Of specific importance were the Silesian requests that duties for imports by land be equalized with those for imports by sea (which were generally lower).

496 Vogel 127 (andff.)
497 cf. Vermuth 234.—In the Prussian lower house Rheinbaben underlined the importance of agriculture as the best customer of the German industries, following the current agrarian argumentation with its emphasis on the domestic market (19.1.04, after Treue, Ilsede, 360).
498 Geiger to Riedel (Finance) 12.11.1903, BHStA-MH 12509
499 Bülow to Hammann 21.2.03, DZA-NL Hammann 8, 20, accusing Th. Barth, G. Goethein and other "asphalt politicians of the Handelsvertragsverein" of supporting the Austrian endeavours.
about the duties on cereals - domestic consumption had risen to levels compelling the dual monarchy to import grain, while those Hungarian magnates with an interest in exports had turned to Italian markets in the degree to which Northern markets were threatened to be closed to them - but about hops and the German legislative and administrative measures impeding the import of live animals, which the Prussian agrarians desired to have prohibited altogether. At the convention of the DLR in 1904, held in the sign of the "economic association of the European states and the reform of our present most-favoured-nation treaties", Wangenheim rejected an economic association with Austria-Hungary explicitly on the grounds of the lack of strict veterinary regulations in Austria which would completely ruin German stock-farming during the first week of an economic community. The Posadowsky-Podbielski-Rheinbaben coalition was, however, unable to impose the will of East Elbia on the Austrians. Wedel, Eulenburg's successor, did not question the authenticity of a report that it was felt at the Ballplatz that "an ally had never been brutalized in such a manner as Austria-Hungary by the count Posadowsky." Late in 1904 the negotiations with Austria had to be suspended. At this time those with the other five countries had already been completed. The treaty with Italy required only a few businesslike meetings at the beginning of 1904. The results satisfied both parties, but were of course little reminiscent of the Caprivi treaties. The German duties on wines had been increased considerably and were not an object for discussion;

500) Hops played at the time a prominent role in commercial discussions, so also in those between Germany and France, Belgium and the U.K. The leaders of the German agrarians had insisted on the increase to appease the hop-growers and keep them from agitating against the agrarian demands for higher duties on barley; the effect was magnified by a world-wide overproduction crisis and falling prices since approximately 1903/04 (to 1908). Cf. Wilhelm Linke and A. Rebl, Der Hopfenanbau, Nürnberg 1950, 315.
German concessions in the duties on vegetables, oranges, citrus fruits and a number of industrial commodities concerning Italian specialties were, under the circumstances, accepted as an equitable compensation. The negotiations with Belgium in Brussels were concluded at the end of May 1904\(^504\), the treaty with Russia was signed by Witte and Bülow after two weeks of talks in Norderney in July\(^505\), when the involvement in the war with Japan left the Russians little choice but to accept the German conditions and the bribe of a loan of 500 million marks. Even then Witte was rather reluctant to go to Germany and did so only on the tsar's orders in response to an intervention by the German emperor.\(^506\)

The treaty with Austria was still not concluded half a year later and the delay began to make "a bad impression" (Wil-
helm II.). Bülow was confronted with "two evils". He could not afford to jeopardize Germany's position by alienating Austria at a time, when international relations were extremely strained and economic questions had attained too great an importance in the lives of the nations not to have also political consequences." He could, on the other hand, equally not afford to make important concessions in agrarian questions (as it was also emphasized by the emperor in spite of his inclination to favour foreign trade), in particular not in veterinary regulations, in order not to endanger the passing of the entire treaty system in the Reichstag and of the - curtailed - canal bill in Prussia and the Saarland as such. All this involved of course also his personal position ("Il y va de toute ma position"). The chancellor realized "the eminent importance of keeping the gradually and laboriously acquired trust of the agrarian circles", but as he could not go so far as to jeopardize Germany's "economic relations with the entire civilized world", he had to make arrangements for a compromise in the veterinary question. 507) The treaty with Austria was signed at the end of January 1905, a month after Bülow had secured the support of the Prussian state ministry. All seven treaties were submitted to the Reichstag on February 1 and accepted by the parties of the former tariff-majority. Again Socialdemocracy and the Freisinnige Vereinigung voted against them; the agrarian parties consented, because the "commercial treaties (were) agriculturally good." (W. Kardorff) 508)

507) Bülow to Richthofen 9.1.1905, BA Koblenz NL Richthofen 17,- Bülow to Hammann , n.s., DZA-L NL Hammann 12, 8o,- Bülow before the state ministry 7.1.1905, DZAII-Rep. 9oa BIII 2b No. 6, Bd. 150, 2-3, 26-47.

508) Letter by Kardorff 1.2.1905, Kardorff 358.- The DLR acknowledged "the unmistakable intention ... of gradually reestablishing a parity between agriculture and industry, although numerous and justified wishes of German agriculture have not been taken into account", requesting at the same time again the termination of the expiring most-favoured-nation treaties with the South American states and the U.S.A.-Schwerin-Lüswitz (DLR) to RdI and Rk 27.10. 1905, DZAII-RdI 2949, 61ff.
They guaranteed above all a higher price for the major cereals until the end of 1917. A far-reaching modification had further been introduced in the matter of import certificates: the identity proof was abolished. It took only a short time until the full implications of the measure were realized. In the treaty with Russia the import duty on grain had been fixed at 5.00 marks, on feed barley at 1.30. These conditions permitted the import of a ton of feed barley in exchange for the export of a ton of rye - and 37 marks to flow into the purses of the agrarians. The "business" was extremely lucrative also in view of the fact that the cultivation of rye in the East German sandy-soil region required only low capital investments but yielded maximum returns, making the cultivation of the cereal attractive also to the medium-sized farm.\textsuperscript{509} Even without these unanticipated aspects the commercial treaties appeared to the Centre-party oriented K.V.Z. as a "socio-political work" for agriculture. The K.Z. of the nationalliberal Neven DuMont, on the other hand, saw little reason to be cheerful about a future in which the economic life of the nation would be dominated by the "Posadowsky treaties" and by "the idyll of the patrimonial state in God's own nature," as it had been conjured up so frequently by the state secretary of the RdI. The paper was prepared to delete Germany from the list of the world powers - but that was, so the R.W.Z. held in continuation of its outspoken support of the Sammlung, merely "Brentanian phraseology."\textsuperscript{510}

\textsuperscript{509} This was also true for oats, although in a less pronounced manner. As animal fodder in East Elbia, oats and rye were replaced on a large scale with barley, the importation of which increased from 1.4 million tons in 1904 to 3.1 million tons in 1913. - On import certificates and the consequences (cf. also below): Beckmann, \textit{Einfuhrscheine}, - Plachetka 258, - Haushofer 220f., - Gerschenkron 69/70, - Oskar Baumgarten, Freihandel und Schutzzoll als Mittel der Agrarpolitik in der Zeit von 1860 bis zur \textit{Gegenwart}, Diss. Halle 1935 to list the basic specific references. - The are little or no explanations in many recent works, so e.g. Barkin(1) and Willi Brünker, \textit{Die Selbstversorgung in der deutschen Ernährungswirtschaft seit der Reichsgründungszeit}, rechts- und staatswiss. Diss, MS., Bonn 1959, 27/28; but cf. Burchard 97
A surprisingly uniform attitude was expressed by all commercial and industrial circles from the HVV and DHT to the EDI and CVdI with commentaries ranging from "unfavourable" to "very unfavourable." Bueck, reaffirming the position taken in March 1903, and Beumer did not conceal their disappointment that many positions in foreign tariffs which were detrimental to "German industry" had not been lowered in the treaty negotiations. Beumer even took to the front with the statement that German industry had been harmed twofold by the pro-agrarian course; sales abroad would "be impaired," while production costs would "be increased considerably," as the inevitable rise of the cost of living would necessitate increases in wages, while the German "iron-industrial (tariff-) positions" were "not sharp enough." On the whole, this judgment differed from those of the "free-traders" in only one important aspect: any criticism of the agrarians was studiously avoided, and Beumer admonished his audiences not to resign but to concentrate their efforts on the full commercial and technical development of their facilities, to utilize the "gaps" left in the arrangement of individual positions in the tariff act (which had not been published yet) and to attempt to obtain compensations in the form of a reduction of freight-rates on the state railways and canals. He concluded with the usual assurance that everything would be done to improve the representation of industry in the

Wheat had to be imported in any case, as German wheat-flour had a low content of gluten and did not bake well; but also here a great part of the considerable increase in imports after 1905 was unquestionably due to the switch from the cultivation of wheat to that of rye.

510) cf. the series of articles on the presumable effect on individual industries in KtW, 495, 17.6.05, -510, 22.6.05, -521, 26.6.05, -541, 3.7.05, -562, 10.7.05, -K.Z. 210, 27.2.05, -R.W.Z., e.g. 1230/1904 (written by "an eminent economist in agreement with a well-known industrialist.

parliaments and in the Reichstag in particular to prevent "such blows" from happening again, for - and this was his most direct criticism of the agrarians - agrarian interests would never have been favoured so much at the expense of industry, had not an agrarian majority forced its will upon the government. 511) While the CVdI-related D.V.C. blamed the socialists and left-liberals for having maneuvered the German negotiators into a position in which they were unable to obtain more reductions of foreign import duties on industrial commodities 512), Bueck did on another occasion not conceal that he saw the main reason - confidentially - "in the tendency, traditionally rooted in our leading circles, to favour the interests of agriculture, while paying little regard to those of all other industries." 513) The lighter industries and commercial circles viewed with Th. Barth the new trade treaties as "trade hampering treaties". 514) An enquete of the Verband Sächsischer Industrieller 515) among its strongly export-oriented member firms (in the main: machinery and textiles) drew extremely pessimistic replies. The non-cartelizable lighter industries, comprised mainly of small and medium-sized producers and represented by associations (BDI, Verband Sächsischer Industrieller) whose influence could not

512) D.V.C. 15, 21.2.1905; quoted already in Stegmann 95, n. 219

513) Bueck in the meeting of the executive committee of the VGESt 4.11.1905, EA Koblenz R 13/107 and A. Hoesch-DHHU 1204. - Before the public he took an attitude similar to that of Beumer, so in the meeting of the delegates to the CVdI 5.5.1905, cf. VMB 100, 21 and Bueck's "autobiographical sketch" in Bueck, CVdI (1906), 37, particularly on the rôles played in the W.A.

514) Theodor Barth, Die Handelsb-binderungsverträge, in: Die Nation 1905, No. 22, 290-292. - For the attitudes of other left-liberals cf. e.g. Die Hilfe 1906, No. 52, 3 (Lotz and Naumann), the contributions in Naumann, Politische Schriften (Th. Schieder et al., eds.), vols. 3 and 4; all the publications by Lotz (cf. above and in the bibliography); E.T. 108, 27.2.1906 and 108, 28.2.1906. - The stupendously detailed survey by Georg Gothein, Der deutsche Außenhandel, Berlin 1901, was written with explicit political intentions which also characterize the author's position in numerous other writings in 1905/06 cf. also the globally relevant references in Fritz Mender, Das moderne Zollschatz-
be compared with that of the CVdI and of the iron-industriallists, prepared themselves for the consequences: higher import duties on industrial products in the major foreign markets with a predictable chain reaction in third countries and higher production costs on account of the rise in the cost of living and foreseeable higher prices of the basic materials and semi-finished products of the cartellized heavier industries.

The extreme specification of the...
German tariff (946 positions with 5,400 denominations and classifications) permitted a differentiation of products and the discrimination of countries. This potential instrument of war was, however, hardly used at all - although the opposite was frequently maintained abroad - as it was only likely to invite retaliation abroad. 519) To producers at home this differentiation meant sometimes better protection but could on the whole not make up in any way for the disadvantages. Industry in its entirety was little enthused about the prospects for the next 12 years 520), although it appreciated again the guarantee of a stability in the commercial relations with the major trading countries.

517) The functional change from a protective to an aggressive tariff was underlined by Hilferding, in: N.Z. 1902/03, 274ff. (and similarly in id., Finanzkapital, 2d ed., 1920, 400ff.) and by Lujo Brentano, Die beabsichtigte Neuorganisation der deutschen Volkswirtschaft, in: Süddeutsche Monatshefte, 1904, 255. (cf. above in the introductory chapters on concentration in German economic life).

518) The famous clause 103 which placed a low duty on "imports of large dappled mountain cattle reared at a spot at least 300 meters above sea-level and which have at least a month's grazing at a spot at least 800 meters above sea-level" was hardly representative. The listing of numerous commodities, the duties for many of which had not been fixed in the commercial treaties, contained, on the other hand, essential elements of a certain option against the most-favoured-nation system whose abolition had been demanded by the agrarians since the days of Caprivi.

519) In Germany the question of whether these were or were not "true differential tariffs" drew very little attention.

520) The treaties went into effect on March 1, 1906 - the date had been promised to the Russians and was kept, although fiscal interests prompted the RSA to press for an earlier date (Vogel 184/185) - and expired on December 31, 1917 (the treaty with Austria two years earlier). The same was of course true for the most-favoured-nation relationships; other specific treaties, in their majority "short-term treaties" from 2 to 6 or 7 years, were concluded at later dates (with e.g. Sweden, Portugal).
c) Trade relations with Western Europe, 1900-1905
(in the context of the preparations for the Bülow treaties).

Under generally favourable business conditions and within the stable framework of the Caprivi treaty commercial relations between Germany and Belgium developed in the main satisfactorily to both parties. The progressive revisions of the Belgian tariff of 1895 and administrative measures touched German interests only very slightly and were directed mainly against French flour\(^{521}\), Dutch margarine and butter\(^{522}\) and cattle from both countries.\(^{523}\) All industries, with the exception of the few related with agriculture, continued to operate under the traditional liberal system. Import duties on some industrial raw materials or semi-finished products were even reduced, so on yarns and cast-iron, permitting Belgian producers to increase their competitiveness in the world market, while price-cost relations were further stabilized by the exemption of wheat and rye - the Belgian aristocracy cultivated mainly oats - from the general increase of the import duties on agricultural products.

521) The French mills were at the time a constant source of irritation to their competitors in other countries. They received veiled export-bounties which enabled them to monopolize the French market and to compete strongly in neighbouring areas. In Alsace-Lorraine flour from France was 10% cheaper than flour from the local mills. The end-consumer paid little attention to the fact that the so-called "exploitation-ratio" of flour to grain was lower in the French product. -after: Vorstand des Verbandes deutscher Mühlen, circular letter, 30.10.96; dito. to Rk 9.9.96; letter by a concerned Mülhausen company 30.9.96, all in RKA Abt.2, No.10, Fasz.16. -The situation in the Belgian market was quite similar.

522) Beernaert, the minister-president, protested strongly against the changes and resigned over the issue.

523) Duties were increased in particular on those cattle bred by the large landowners. In the past the smaller peasants had escaped the dictatorship of the magnates by purchasing calves in Holland and lean cattle for fattening in Northern France. ("The Dutch minister was very excited", Alvensleben to AA 6.6.94, DZAI-RdI 3383; 284). -all other aspects: Cock in: Etudes belges; Schumacher, Deutsch-belgischer Wettbewerb, 24f., esp. Cosoln 15f., 31, 56f.
The publications associated with German industry used at any rate the occasion to demonstrate to the Belgians that the present process of a "definitive transition towards protectionism" clearly violated their interests and the "spirit of the Caprivi-treaty" and added the warning that Germany would not tolerate being treated like a minor power. At the same time German commercial circles availed themselves of the competitive situation between Antwerp and Rotterdam and threatened - before the issue of the ports of call of the German postal steamers, and, so far as can be seen for the first time at all - to divert German transit trade to Rotterdam. The chamber of commerce in Duisburg, the major exponent of inland navigation interests, did not fail to join, extolling the advantages of the "natural Rhine" to Rotterdam over the "iron Rhine" to Antwerp. The agitation caused considerable consternation in Belgium, also in view of the support lent to it by the "German chamber of commerce in Brussels". This institution was a private establishment and at the time the only of its kind abroad. It was completely snubbed by official German circles - the consuls naturally regarded it as an illegitimate rival - and received only very little financial support from economic circles in Germany and had in the main to restrict its activities to the distribution of circular letters in which it advertised its existence. The anti-Belgian agitation in the

524) DZAI-AA 8869/8870
525) K.V.Z. 429, 5.7.95, - Le Moniteur des Intérêts Materiels, 60, 28.7.1895, 1821.
526) Circular letter of the German HK in Brussels to German Hks 6.4.95; immediate response by e.g. Felten & Guillaume, the major Rhenish cable works which had always a great interest in the Belgian market to HK Mülheim 10.5.95; HK Mülheim to Rkz 30.5.95, etc, all in RWA Abt.2, No.10, Fasz. 16 (on 2.4.95 Felten & Guillaume had "all cause to be satisfied" with the Belgian tariff revisions). The agitation was "most undesirable" to the AA (AA to the legation and consulate in Brussels 19.6.95, DZAI-AA 8871, 72f.). Fourteen days later the appeal of the German HK in Brussels to the "sister-HK's" in Germany brought a joint petition by numerous German HKs to members of the Belgian senate, predicting "disastrous consequences" (1.7.95,
Rhineland offered the self-appointed German representation in Brussels a welcome opportunity of drawing more attention! Its efforts were indeed warmly responded to above all by the

AE Bruxelles 2689, IX. Here also the reports of the Belgian consul general in Berlin and in Cologne, insisting that the German government, and in the end also the campaigning business circles, would hardly take any steps against Belgium.). Material on the German HK in Brussels can be found in HuG and the R.W.Z. The Deutsche Handelskammer in Brüssel was founded in 1894 and presided by the "industrialist" Freiherr von Gienanth (on the history cf. R.W.Z. 143, 5,6,95; information on Gienanth could not be obtained; his name is also not listed in any of the current business year-books). "Studiously avoided" by the official German representatives in Belgium (report to the general assembly of the Centralstelle für Vorbereitung von Handelsverträgen 1901; 49), the institution found always the moral support of the R.W.Z., although Reismann-Grome was somewhat irritated at the fact that the petitions and memoranda submitted to the Belgian authorities were not in "low German" (e.g. R.W.Z. 234, 28.7.1897). Assistance was also given by the DHT, the head and central organization of the German chambers of commerce, in its periodical publication (since 1894) HuG. Individual HKS were not particularly enthused about "their" representation in Belgium and their response to the circular letters of the HK in Brussels was in the majority of cases less than lukewarm. Financial assistance was scarcely given at all and at the end of 1903 Gienanth announced that the chamber would soon have to suspend its activities. The request for an annual subsidy of 4,000 to 5,000 marks was disregarded by the German government as a matter of principle; it was completely hostile to the establishment of chambers of commerce abroad and was quite satisfied when the only other attempt— in Bucharest— failed after several months of experimental existence in 1902/03! Also the DHT and the individual HKS in Germany declared themselves unable— with very few exceptions— to give financial assistance (cf. all issues of HuG in December 1903/January 1904). A last-ditch attempt of the HK Trier to increase the general annual contributions of the HKS to the DHT and send the surplus to Brussels was rejected by the DHT (HuG, 38, 24.9.04, 756). German merchants in Belgium had never shown a great interest in Gienanth and abandoned it completely in the course of his anti-Belgian campaign; the chamber of commerce in Brussels closed its doors in the fall of 1904, after having existed for 11 years to no particular purpose.
R.W.Z. 527) and the textile industries in and around Elberfeld whose specialties appeared to be adversely affected— to the advantage of their Alsatian competitors—by the recent changes in the Belgian customs tariff. 528) These tariff positions were also the only ones to draw an official German protest, and to provide an opportunity to remind the Belgian government, in the mildest possible manner, that these and other duties had not been fixed in the commercial negociations in 1891 in order to provide Belgium with an instrument for negociations with France. That they would be used against Germany had certainly not been expected. 529) The AA inspired, however, two articles in the CVdI-paper D.V.C. and threatened with a revision of the surtaxe d'entrepôt regulations and of the port of call of the German

Britain and The United States were represented in Belgium each by an official and government-supported chamber of commerce in Brussels. French commercial interests were safeguarded by two institutions, the Chambre de Commerce Française de Bruxelles (since 1885) and the Chambre de Commerce Française d'Anvers, des deux Flandres et du Limbourg. The chamber in Brussels was very much discredited by a scandal in 1899, when Gérard, the French minister to Brussels, and Rolland, the president of the chamber, came to grips with each other over the issue of the employment of a publicly known French spy in the offices of the chamber. cf. AA Bonn Belgien 69, passim and Auguste Gérard, Mémoires, Paris 1928, 349f.

527) R.W.Z. in June and the beginning of July 1895, passim. 528) Petitions by HK Barmen, Krefeld (silk), DZAI-AA 8870, 156f.—HUG 29, 25.5.95, 353,—petition by Elberfeld, R.W.Z., 140, 21.5.95 (with renewed comments on Caprivi's "lack of foresight"). 529) AE Bruxelles 2689, IX: The German minister submitted notes on 16.4.95 and 26.4.95,--Greindl to AE 26.4.95, on representations by Reichardt, the director of the commercial division in the AA, and 26.8.95 on his conversations with Marschall, underlining like Cartuyvels, the Belgian consul general in Cologne (to A.E. 17.8.95) that Germany was also in this matter not expected to take any anti-belgian steps.—In a nineteen-page aide mémoire (à titre non officiel) Greindl noted that a German retaliation, difficult as it was in the context of the network of the treaties, would also hurt other countries and in particular German shipping and navigation interests in Antwerp (to AA, 26.8.1895, DZAI-AA 8872, 17f.). — The Belgian minister of finance (to AE 8.8.95) held that the
postal steamers, but attempted on the other hand also to calm the agitation in Western Germany with the assurance that "any intervention by the Imperial government would be unjustified and at any rate without success." Also the upward revision of the Belgian import-duties on wines caused only a heavy bombardment of the imperial offices with petitions from Southwestern Germany but not an official demarche. It was accepted as inevitable that Belgium was unable to differentiate much between German and French products and could also not be expected to provoke French reprisals in particular against the more than half a million Belgians working, and in their majority also residing, in Northern France.

With a few individual exceptions trade between Germany and Belgium showed an extremely steady development from 1890 to 1900 and compared extremely favourably with commercial relations of Belgium with both France and Britain. These conditions were highly important in view of the fact that these three markets took together two thirds of the Belgian exports to European countries, accounting in turn for about 80% of foreign sales of the strongly export-oriented

considerable Belgian reductions of the duties on cast-iron and semi-finished materials (from 2.50 to 5 francs a ton) and specific textiles manufactured primarily in the Reichland were a clear indication of Belgian bona fides, implying between the lines that these concessions to the influential German industrial interests would silence the anti-Belgian agitation of the less forceful German interest groups. Dvonsleben had several conversations with Smet de Nayer (to AA 13.7.95, DZA-I AA 8871, 136), but nobody (so Koerner to Boetticher 1.8.95, ibid., 137) expected any concrete results from the "private discussions".

530) D.V.C. 21.5.1895 and 25.6.1895,—draft and instruction in DZA-I AA 8870, 152f.
531) e.g. DZA-I AA 8873, 17-33,—DZA II Rep. 120 C XIII 9 No. 9b, Bd. 1, 82-90,—HuG 7, 21.11.1896, 79.
532) So in the argumentation presented by Greindl to Marschall in the preceding year, accepted according to Greindl to AE 26.8.1895, AE Bruxelles 2689, IX and corroborated by Berlin's passivity in this and the following years.
Belgian national economy. In turn Belgium received from Germany, France and Britain one half of her total imports (by value).

The evolution of Belgium’s "special trade" - transit was never fully accounted for - is reflected in the following gross data.

<table>
<thead>
<tr>
<th>Exports to the U.K.</th>
<th>in 1890</th>
<th>in 1900</th>
<th>359 mill. fr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>265</td>
<td>426</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>358</td>
<td>426</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Imports from the U.K.</th>
<th>213</th>
<th>301</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>182</td>
<td>323</td>
</tr>
<tr>
<td>France</td>
<td>316</td>
<td>375</td>
</tr>
</tbody>
</table>

Belgian exports to France decreased until 1899, within the framework of generally stationary French imports but steadily expanding total Belgian exports. In the past Belgium had always been France’s second largest supplier, it now dropped to the fifth position. French exports to Belgium performed slightly better than French exports in general. Germany’s share in Belgian ex-

533) The total of Belgium’s general foreign trade amounted to slightly above 1,000 francs per head of population. It has to be assumed that approximately 40% was in transit, a rate which was only reached by the Netherlands (where, however, the per-capita export figures were of course considerably lower).

ports rose from 18.9% in 1890 (as compared with 19.1% in 1880) to 22.1% in 1900; goods received from Germany constituted 10.9% of Belgium's imports in 1890 and attained 14.7% in 1900 (equalizing again the share of 14.5% in 1880). The progress was remarkable, for in spite of its relative small size the Belgian market figured prominently in German foreign trade. In 1890 Belgium took 4.7% of Germany's total exports; by 1900 the share had risen by approximately 10% to 5.2%, only little less than German exports to France. The shares of Belgian products in German imports remained steadily between 3.6% and 3.8%. Both countries supplied each other with industrial raw materials and semi-finished products as well as producers and consumers goods. Of special significance were Germany's exports in iron-ware and machinery. The latter accounted for 50% of Belgian total imports in the commodity and increased its share strongly after 1897, due primarily to the generally excellent business conditions. But also the reductions in the Belgian tariff had a stimulating effect on textiles – only silks and special fabrics on which the Belgian duties had been increased did not fare well – and on chemical products. Belgian exports to Germany consisted of:


536) after Ehm 27 and 38; Belg. Wirtschaftsleben, 36 and 63. (the sub-divisions given in the German official statistics do not permit such a close-up.)

Major commodities in Germany's exports to Belgium in million marks:
the industrial raw materials lead and zinc (and their by-products such as sulphuric acid), agricultural products (spring potatoes and vegetables, fruits, chicory and heavy draught horses) and finished articles, composed in the main of woollen articles and textile fabrics.

The volume of textiles crossing the German-Belgian border was only partially contained in the official statistics, as it consisted also of a so-called "duty-free frontier-jumping finishing trade" which existed in a similar form also between Saxony and Bohemia and, on a smaller scale, between Western Westphalia and Holland. Many factories in the Aachen region exported semi-finished products to Belgium and re-imported the finished article or had finished materials dyed in Belgian works as far as Verviers. The interdependence of various stages in the production process had its origins in 1816, when a naturally and economically cohesive area had been divided politically. It had been attempted to avoid the rupture of basic business relations by special regulations. These were

<table>
<thead>
<tr>
<th>Product</th>
<th>1897</th>
<th>1900</th>
<th>1902</th>
</tr>
</thead>
<tbody>
<tr>
<td>iron-wares</td>
<td>11.4</td>
<td>28.1</td>
<td>40.4</td>
</tr>
<tr>
<td>machinery</td>
<td>6.8</td>
<td>12.1</td>
<td>13.8</td>
</tr>
<tr>
<td>woollen goods</td>
<td>14.2</td>
<td>18.3</td>
<td>16.8</td>
</tr>
<tr>
<td>cotton fabrics</td>
<td>8.1</td>
<td>10.0</td>
<td>10.4</td>
</tr>
<tr>
<td>silks</td>
<td>6.7</td>
<td>7.4</td>
<td>7.3</td>
</tr>
<tr>
<td>leather-articles</td>
<td>7.3</td>
<td>8.1</td>
<td>7.8</td>
</tr>
<tr>
<td>earthenware</td>
<td>2.4</td>
<td>3.9</td>
<td>3.4</td>
</tr>
<tr>
<td>chemical products</td>
<td>24.5</td>
<td>22.8</td>
<td>22.5</td>
</tr>
</tbody>
</table>

Belgium provided a good market also for low-priced German-made consumer goods (apart from textiles e.g. cutlery) which competed heavily with British products and were able to push some of them (recorded for instance for hats) out of the Belgian market but stood no chance against the better, more refined and more tasteful French articles. The director of the largest German-owned department-store in Antwerp, a subsidiary of the Leonhard Tietz with an annual turnover of 5 million francs, saw as early as 1903 not only little prospect of a change in these conditions but feared furthermore the "imitation" of German everyday products by local industries to such a degree that it promised very tough competition (to the consulate general in Antwerp 26.12.1903, DZA II-Rep. 120 C XIII 9 No.9a, Bd. 3, 302f.). These apprehensions were, however, confirmed only in a very few cases.
still in force 80 years later. In 1895 35 German works participated in the processing trade across the border; many out of tradition, all of them to take advantage of the lower wages in Belgium, which had attracted also glove-makers from all parts of Germany who had their pre-cut gloves sewn in Belgian factories (and also in Bohemia). It was primarily this latter form of the frontier-jumping trade which aroused the anger of the Prussian authorities. The "national loss" was estimated at 500,000 marks a year in wages and another 160,000 marks in customs revenues plus the "moral damage" done by false customs declarations. In agreement with the RdI the Prussian state ministry decided to terminate the treaties of 1816. At the urgent and repeated requests of the chamber of commerce in Aachen and the regional authorities a regional duty-free processing-trade was re-introduced in 1900 on the basis of the status quo ante 1895 with the provision that it would gradually peter out and come to a complete halt by 1915. The issue had stirred a strong commotion not only in the interested industrial circles but, as a matter of principles, also in government circles, most of which bowed, however, to considerations for good-neighbourly relations.537)

Many Germans had furthermore properties, workshops and small factories on the other side of the border, and the commercial

537) DZAII-Rep. 120 C XIII 9 No.9a, Bd.3 passim, esp. Miquel to Brefeld 24.11.96 and HK Aachen to Commerce 4.5.97; Miquel to commerce 27.8.97; Posadowsky to commerce 21.9.98; Miquel to commerce 1.1.1900.-On the glove-finishing trade HuG 1902, 349; 1904, 595/596; 1907, 585 and e.g. ReWZ 23.2.04 (speaking of tens of thousands of gloves a week which were exported directly from Belgium to the United States).-The new regulations issued by the Prussian ministry of commerce provided for a progressive diminution and a complete halt in 1915, cf. DZA I-AA 18645; 18697, 18750.-F. Lusensky, Der zollfreie Veredelungsverkehr, Berlin 1903,-Siegfried Tschierschky, Die Neuordnung des zollfreien Veredelungsverkehrs, Göttingen 1904,-briefly Lotz, Handelspolitik unter Caprivi, 165/166.
relations of the towns of Eupen and Malmédy with small towns and villages in Eastern Belgium were at least as close as those with Aachen — conditions which affected also the position of the German-speaking population in the Belgian province of Limbourg and had also some impact on general Belgian-German relations.538)

538) "Denkschrift über den deutsch-sprechenden Teil von Belgisch-Limburg", DZ 1901, p. 317 f., and the relevant introductory passages in Hein Koepgen, Die Abtretung des Gebietes von Eupen-Malmedy an Belgien im Jahre 1920, (Rheinisches Archiv, Bd. 96), 1966. — Situations in the border district were on occasion unique. The community of Herbesthal-Welkenraedt was located on both sides of a neutralized road; many Prussian customs officials lived on Belgian soil. The community of Moresnet - 345 ha, population in 1900 3,205; of these 1,364 Prussians; 2,080 Belgians, 321 Dutch and 66 "neutrals" — was jointly administered by Prussia and Belgium and usually referred to as "Neutral-Moresnet" — its existence was hardly known to the German public — in distinction to the communities of Deutsch-Moresnet and Moresnet-Belge. The territory was legally — like Haut-Savoie on the Southern shore of Lake Geneva — a left-over of the First French Empire. The legislation of the empire inclusive of the Code Napoléon were still in effect. The future of the area had been left open by the Congress of Vienna, as the disputing parties had been unable to arrive at an arrangement concerning in the main its mineral resources — zinc, lead, and silver — which were mined by the Vieille Montagne, the leading Belgian and the nineteenth century dominating European zinc works. By the turn of the century the resources were nearing depletion and the local parties had come to the conclusion that the time had come to liquidate the international anomaly (cf., e.g., F.Z. 12, 1898 and K.Z. 250, 1.4.1902, all other relevant material in St.A. Koblenz, 403 - 13559/13560). In 1900 the Belgian government informed the Prussian foreign ministry that it was willing to enter into negotiations immediately (Prussian foreign ministry to Regierungsrat Cierden Aachen 30.3.1900, H.St.A. Düsseldorf, Präs. 152/150 Aachen 1533). Until 1914 no agreement could be reached on the territory half the size of a typical East-Elbian estate, primarily because Prussia asked too high a price, confident that the economic orientation of Moresnet towards Aachen was sufficient justification of an "annexation" by Prussia. The opposition of the Belgian government to far-reaching Prussian plans found the support of the majority of the population of Moresnet in the desire of escape military service in Prussia. (Neues Wiener Tageblatt 8.4.1910; unperturbed by Moresnet-demands
German trade with Holland - on the basis of a most-favoured-nation treaty between Prussia and the Netherlands of 1851 - underwent hardly any significant changes in the entire period from 1890 to 1914. Inspite of German veterinary regulations and the increases in German customs duties on some agricultural products of specific interest to Dutch producers there developed no major difficulties. Complaints by German exporters about vexatious Dutch customs regulations and their strict application by customs officials were commonplace, but did in no case lead to official representations and there is no evidence that they did in any way impede commercial relations. The sporadically emerging Dutch protests of a tariff revision - such from 1901 to 1904 under the clerical cabinet de Kuyper and after a liberal interlude again after 1909 under Heemskerk - to open additional sources of revenue for the social reforms promised the electors by the party, were usually echoed in the German press as "Holland's definitive transition towards protectionism" and provoked plans for appropriate retaliation, but had equally no discernible impact on German exports. The general weaknesses of the industrial sector in the Dutch economy and the absence of protective tariffs provided an open market at the very door of Western Prussia's industries - although it was for the same reasons contested by the British competitors. Even smaller German firms were in a position to

to the Belgian government the German press maintained that the opposite was true.) In 1913/14 the Prussian state ministry attempted to increase pressure on public opinion in Moresnet and through it on the Belgian government by creating difficulties of an "administrative nature" (note by the AA, und. d. Juni 1913)-AA Bonn Deutschland 140, Bd. 4). Such actions and reprisals against "anti-Prussian subversive activities" (allegedly financed by Vieille Montagne; Prussian foreign ministry to Regierungspräsident Aachen 30.6.1913, BArch-AA 5144, 54ff.) had been contemplated since the summer of 1911 but had apparently been postponed on account of the protest of the commercial section in the AA which feared Belgian reprisals in the form of administrative obstacles to German exports, a less obliging attitude towards German economic interests in the Congo and restrictive measures in the port of Antwerp aga
profit from business relations reaching back to the pre-industrial era; some of them were reported to have manufactured exclusively for customers in Holland and in the Dutch colonies. It was under these conditions not surprising that German exports to the Netherlands were entirely out of proportion to the actual size of the market. At the turn of the century Holland took slightly over 8% of Germany’s total exports. The share dropped gradually to 6.6% in 1907 to hold steady around 7% until 1914. Dutch exports to Germany consisted primarily of agricultural products to Rhineland-Westphalia (approximately 60% of the total supply), and of some semi-finished goods. Finished articles accounted for less than 1%. The Dutch accepted the Bülow-tariff pragmatically without any major re-monstrances, particularly since a number of the more relevant horticultural products had been taken good care of by the Belgians in the negotiation of the new commercial treaty with

which a Prussian control of Moresnet appeared irrelevant. (memorandum by Stockhammern, June 1911, ibid., 61/62).


540) In 1900 Germany received 33% of imported potatoes, 25% of meat imports and 50% of cheese and 50% of vegetables from Holland. In 1910 resp. 1913: vegetables: 51.6%-53.2%; potatoes 40.8%-51.1%; cheese 62.6%-64.6%; meat 27.8% (in cucumbers 75%, in beans 78%). Quality products like asparagus were nevertheless imported from France.- Heinz Horstmann, Handelsverträge und Meistbegünstigung, Berlin 1917, 61; cf. De Nederlandsche landbouw in het tijdvak, 1813-1913, 462f. (these relations also reflected the Dutch adjustment to the structural crisis in agriculture).

541) The totals for 1903 and 1912:
German exports 394 609 million marks
German imports 206 345 million marks
The Dutch statistics (trade with Prussia) are useless, cf. B. Harms, Holländische Außenhandelsstatistik, in: JbNS., 3.F., Bd. 25, 534f.
Germany.
The German-Belgian negotiations - there was no word now of a joint German-Austrian delegation as in 1891 - lasted from March 30 to May 30, 1904 and were completed after only 27 sessions. Belgium had only few requests, Germany none at all insofar as reductions of Belgian duties were concerned and the task of the negotiators consisted mainly in attempting to obtain the fixing of duties on as many items as possible. The usual inundation of the imperial offices with petitions did not take place and even those textile manufacturers who had urged strong measures against Belgium in 1895 were, together with the spinning mills, content with the consolidation of the prevailing conditions. During a last-minute review of the Belgian requests by a commission of the representatives of the federal states which was to determine the instructions to the delegation in conjunction with the AA hardly any item aroused interest despite of Koerner's efforts: Koerner himself headed the delegation to Brussels and took his revenge by consenting to a number of Belgian requests most likely to arouse protests in Germany, in particular in the ranks of the Rhenish group of the Centre party - reductions of up to 20% on slate, yarns, lead carbonate, zinc oxide (the latter duty-free) etc. - but permitting a speedy winding up of the talks. A reduction of the nearly prohibitive new

Although Holland was affected by a number of positions in the Bülow-tariff the only real dispute arose over the German import duty on strawberries (DZAI-AA 9814, passim). The majority of the Dutch wishes - as expressed in the petitions of businessmen and the verbal notes submitted by the Dutch minister in Berlin - were concerned with the alleviation of the restrictions imposed on the import of milk and meat into Germany. Similar requests were made by Denmark. Under the political conditions dominating the domestic scene in Germany they were, however, noli me tangere. A few rather limited and temporary concessions (on the opposition in principle cf. DZAI-RdI 17709-Posadowsky) were made in 1906 and 1912 in view of a most acute shortage of meat in Germany (with many ifs and buts for fear of compromising the principle, cf. e.g.
German duties on horticultural products had been a foregone conclusion and was readily consented to. There was, however, an exceedingly strong opposition to a lowering of the

DZAI-RdI 15668, 15ff., and DZA II- rep. 9oa B III 2b No. 6, Bd. 161, 109ff., meeting of the state ministry, 24.9.1912). Dutch producers adjusted themselves at a very early stage and concentrated on selling these specific products - in spite of the heavy American competition in meat - to Britain.

543) DZAI-AA 5155, 16, 148ff., 111ff. (weaving and spinning mills), 102 (machinery), ibid., AA 8930/8931. - The economic associations requested in the main also only a fixing of the Belgian duties, but asked occasionally that the Belgian customs authorities commit themselves to accept value-declarations bona fide. (This was a left-over of apprehensions caused in 1899/1900 by a bill in Belgium according to which the assessment of the ad-valorem duties was to be put on a new basis. All fears soon turned out to be unfounded.): HVV to AM 25.2.1904, BA Koblenz R2-1435; KvdI to commerce 27.3.1904, DZA II- Rep. 12o C XIII 9, No. 9a, Bd. 3, 333ff. (as the most characteristic ones. Individual petitions corroborate the general impression, so e.g. that by Pelten & Guillaume - as one of the most important German corporations with an eminent interest in the Belgian market - which requested only the consolidation of the relations. 27.2.1902, DZAI-RdI 3375, 46ff., 1o.9.104 (1), ibid., 3352, 168/169).

544) DZA II-Rep. 77 Tit 93, No. 35, Bd. 2, 86-89, 111ff.--Koerner stated that Belgium had asked for reductions of the duties on articles in which Belgium producers had no interest at all (so Geiger to Riedel 25.3.1904, BHSTA-MH 11899). This is not borne out by the various Belgian lists (AE Bruxelles 2691, VII) and was apparently only a trick by Koerner to stir greater interest in the Belgian treaty, when the general discussion threatened to concentrate on the duty-free finishing-trade in gloves which had nothing to do with the commercial treaty and was moreover subject to legislation in the federal states only. - On the final discussion of the instructions cf. Geiger to Riedel 20.12.1903, ibid., The instructions in DZAI-AA 8291 as: "Auswärtiges Amt. Belgien. Drucksache No. 8. Geheim. Der geltende belgische Zolltarif nebst den dazu gestellten deutschen Forderungen".- The results in: Der deutsch-belgische Handelsvertrag, zusammenestellt im RdI, Berlin 1905.

545) Linen yarn e.g. was a major product of Ghent, the constituency of the minister-president. - After the reports by Koerner from Brussels, primarily No. 3 19.4.1904, DZAI-AA 8932, 111ff., and No. 6, AA 8921, 91ff; in agreement with the Belgian résumé in AE Bruxelles 2691/III.
German duties on draught-horses, the major individual Belgian export item to Germany, accounting in 1900 for 15% of the total value of German imports from Belgium. The RdI and the Prussian ministry of agriculture were determined in the defense of their recent achievement of an increase of the import duties on horses (in general) by 450% (1). In anticipation of a strong Belgian insistence on a considerable reduction and in the not incorrect assumption that Koerner would not take a lively interest in horse-breeding in Germany, Podbielski, the minister of agriculture, had succeeded in having a top official of his ministry attached to the delegation to Brussels. The Belgian specialty, cold-blooded draught-horses from the Ardennes, were hardly bred in Germany. They were needed for the artillery as much as for agriculture — but in the issue of the import of live animals too much was already at stake for the agrarians. Podbielski assured himself of the support of the major authority — the Oberlandstallmeister Graf Lehn- dorff, who stated against his better knowledge that a differentiation between warm- and cold-blooded horses was very difficult and technically impossible for customs officials, and that the importation of too many horses would furthermore seriously affect Germany’s preparedness for war. In the course of the negotiations the opposition of the ministry of agriculture began to erode, but it took a long time until also Posadowsky and the RdI were ready to consider a revision of their atti-

546) The duty on potatoes had to be reduced from 2.80 marks per 100 kg to 1.00 mark per 100 kg; chicory, the major produce of Flanders from 2.00 marks to 1.50 marks; asparagus and cauliflower had to be admitted duty-free (as compared with the projected 2.00 marks in the minimum and 20.00 marks (1) in the maximum tariff.

547) The value of horses imported from Belgium oscillated around 30 million marks (1) in 1900, corresponding to 15% of the total value of German imports from Belgium in 1900 and to e.g. 10% in 1909. Stat. Jb. Deut. Reich 1910, 235.

547a) Ministry of Agriculture (Sterneberg) to Bülow, 27.3.1904, DZAI-AA 8932, 39.
During the final two weeks the negotiations in Brussels were conducted in an explosive atmosphere until the combined efforts of AA, RSA and the Prussian ministry of commerce—the old pro-industrial and pro-commercial coalition—secured a successful completion, mainly on the grounds of the unimaginative argumentation that the fate of the entire commercial treaty and with it probably of the entire treaty-system hinged upon the Ardennes horses. Koerner was satisfied with the results and Bülow telegraphed the emperor that German industry would continue to enjoy the favourable conditions secured by the Caprivi-treaty, while German agriculture had obtained a considerable additional protection of its interests.

In contrast with the reaction in 1891, when the issue had been tied up with the protectionist conceptions of the Belgian textile industrialists, the new treaty met with hardly any objections in Belgium. Also the free-trade circles around the chamber of commerce in Antwerp which had only recently denounced the generally prevailing customs policies in Europe as "a state of economic barbarism" were content that the Caprivi-treaty was retained in its most essential aspect. The new treaty

Posadowsky insisted e.g. that in the place of a reduction of the duty on horses the delegation offer the duty-free admission to Germany of palm- and laurel trees from Belgium (The latter represented an annual value of 2 million marks as against the 30 million marks in horses; Stat. Jb. Deut. Reich 1910, 235). In addition(1) he then consented to a slight reduction in the duties on horses. Posadowsky's votum 24.4.1904, DZAI-AA 8921, 117f.—votum of Wolfgang Kapp, Podbielski's watchdog in Brussels (and also in Petersburg) 20.4.1904, ibid. 100f.,—to Posadowsky, ibid.,—AA 8922, 30f.

Koerner to Bülow 20.4.04, DZAI-AA 8921, 76f.—Koerner to AA (final report) 27.5.04, Bülow to Wilhelm II. 11.6.04, DZAI-AA 8922, 65/66, 92f.—The duty on horses had been 20 marks per head in the Caprivi tariff; in the Bülow-tariff they were fixed (in the Belgian treaty only) at 50-60 marks for cold-blood and at 90 marks for warm-blood, as compared with the projected general minimum duty of 100-130 marks.—Cf. Johannes Goltz, Die Bedeutung der Handelsverträge für die deutsche Viehzucht und den Vieh- und Fleischhandel, in: D.W.Z. 1905, 293.
was in the form of a supplement to that of 1892 and contained the additional clause that all further transformations of the Belgian ad valorem into specific duties (which were strongly opposed by the free-trade circles) would, as they had been in the past, be submitted to the imperial government for endorsement. All other particular agreements—especially that on the surtaxe d'entrepos, remained in force. 550

The French daily press and the publications of the commercial and industrial associations were completely indifferent to the discussion of the tariff and the trade treaties in Germany. The central issue of the agricultural duties had, as it appeared, hardly any bearing on French interests; the prospect of a bitter fight, or even a full-scale tariff war between Germany and Russia, and of considerable tensions within the triple alliance naturally delighted the majority of French commentators. 551

Only few French producers, in the main those of woollens and wines, asked for diplomatic intervention in Berlin, frequently unaware that for lack of a commercial treaty with Germany such an opportunity did not exist. The newspapers generally presented only projects of a French retaliation, if the interests of winegrowers and distilleries were hurt by German duties. 552

550) Wallwitz to Bülow 8.6.05, DA Koblenz, R2–1437; Pritsch to AA 27.2.05, DZAI-AA 8880, 183—Chambre de Commerce d’Anvers, Renouvellement des traités de commerce, Anvers 1901, 1f.—In the place of other contemporary assessments in Germany cf. the particularly critical judgement by Walther Borgius, the secretary of the HVV, in an article in D.W.Z. 1905, 217-220 (Der neue Handelsvertrag mit Belgien).—For the general analysis see Cossio 44 and following him Ehm 31.

551) Press clippings in AA Bonn Frankreich 102, cf. Poidevin 353/354

552) The favourite objects were Nuremberg (mechanical) toys which sold extremely well in France and caused great damage to the unimaginative French toy industry (Inspite of a number of artist contests staged by the industry). A.N. Paris F 12/7312, 7314; NAE Paris Allemagne NS 77,74f.; v.d. Tann (Bavarian chamber d’affaires in Paris) to the state ministry 6.12.1901, BHStA-MH 11998.
At the end of 1903 the chamber of commerce in Paris suggested an official (I) enquête on the impact the German tariff was likely to have on French exports. This was of course extremely premature. At the time the completion of the German commercial treaties was still far away and the proposal did by nature in any case not find the approval of the French ministry of commerce. A private inquiry was held among the French chambers of commerce and brought the general consensus that it was one of the aims of the German government to render article 11 of the Treaty of Frankfurt inoperative by bypassing the most-favoured-nation clause by means of a differential tariff. 553)

This judgment was apparently quite sincere and must be seen against the background of German-French commercial relations. From 1897 to 1904, exports to Germany were of greater importance to the French national economy than exports to France were generally to German producers. They also developed proportionally stronger, increasing their share in total French exports from 10.6% in 1897 to 12.5% in 1904 (and 12.4% in 1906). In the same period the share of French exports to Britain in the total dropped from 31.6% to 25.6%, that of sales to the United States from 10.6% to 7.4%, and among the other major French markets only Belgium gained in significance, although only slightly from 14.2% to 15.1% of overall French exports. Germany's share in imports into France was 7.8% in 1897 and rose rather steadily to 9.5% in 1904 (and to 10.4% in 1906). In relation to Germany's total exports the French market retained its share, accounting for no more than 5.3% to 6.3%. The increase in French exports to Germany was largely due to strongly increased German purchases of industrial raw materials which increased their share from 16.2% to 31.5% (in 1906), representing 8.4% of the total French export of industrial raw materials. Finished industrial articles accounted only for approximately 8% (7.8% in

553) Report by the chamber of commerce in Paris to AE 11.12.1903, AN Paris F12-7314, and cf. also Poidevin 354.
1897; 8.4% in 1906); the share of wines fluctuated between
11½ and 12% of total French exports to Germany - 11.1½ in 1897,
12.1% in 1906 - corresponding to 11.8% of total French wine
exports in 1897, and 15.2% in 1905 (on account of strong pre-
imports before the new duties went into effect in 1906) and
to 10.2% in 1906. German wine-imports from other countries dropped
markedly; imports from Italy were valued at 10 million marks
in 1897, but only 3.9 million marks in 1905! French exporters
unquestionably had reason to be satisfied with the conditions
provided by the Caprivi-tariff. From 1897 to 1904 French ex-
ports to Germany increased by 7%. much above the average in-
crease of German imports from European countries (32%), and sur-
passed the rates of growth of all other top sixteen exporters
to Germany but one. German exports to France increased 31%,
below the average increase in exports to European countries;
only exports to Russia and Switzerland showed lower rates of
growth.553a) These relations only reinforced the French judge-
ment that Germany intended to eliminate the impact of article
11 of the peace treaty. Petitions of German firms circulating
in so-called confidential surveys of the DHT and requesting
diplomatic intervention with the objective of a reduction
of the present (1). Russian, American and French (1) tariffs
only served - inspite of their confusing and confused nature -
to corroborate the general impression.554) The German govern-

resp. 1906 were chosen rather than 1905, as figures for
this year were distorted by pre-imports to Germany before
the new duties went into effect on March 1, 1906. The
annual share of French exports to Germany in total French
exports was from 1897-1905: 10.6, 11.2, 11.0, 11.3, 11.1,
11.5, 12.1, 12.5, 19.9, 19.4%. 554) DHT, Mitteilungen 41. Jg., 28/9. 1901, 14f., Nachtrag zu
der Zusammenstellung von Verträgen zu den Handelsverträgen
aus dem Kreise der Mitteilungen des Deutschen Handelstages,
(ed., DHT, streng vertraulich), Berlin (June) 1903, 53ff.
Most of the complaints about the French duties were not
even in accordance with the facts; further petitions and
information DZAI-AA 5041 and AA 9416.
ment never contemplated a bypassing or even an abrogation of the most-favoured-nation relationship with France (if the latter was possible at all without a revision of the entire Treaty of Frankfort - a prospect most feared in Germany!). The advantages of article 11 were as much on the German as on the French side. It protected Germany above all from conflicts with France and their repercussions on the usually strained German-French relations and gave German exporters complete equality with all non-French competitors. The commercial section in the AA advised that Germany would be well advised to accept a French invitation for a specific commercial treaty, if Paris chose to do so - article 11, however, should be retained under any conditions. But such questions were at the time not a topic for diplomatic discussions. The AA was even reluctant to make any official representations in Paris on behalf of German economic circles which felt menaced by conceivable French retaliation.

At the end of 1903 the tariff commission of the French chamber met to discuss the future course of French commercial policies. A revision appeared imperative already in view of the fact that the last major changes had been introduced more than twelve years before. Against the background of the Bülow-tariff the deliberations were by necessity given a particular flavour. To the surprise of the German ambassador in Paris, but expected by the AA, the report by the deputy Noel, the vice-president of the commission, contained a very strong criticism of the "anti-French" tariff revisions in Germany, in particular of the duties on wines and textiles. The report recommended French retaliation against German paper, toys, watches and clocks. Berlin protested at once and Bülow used the occasion to make

555) Note AA, n.s., n.d. (December 1901) DZAI-AA 9493, 43ff., leaving, however, no doubt that such an offer would not be acceptable if it turned out that the French used it merely to mitigate the crisis of viniculture in France. The duties on wines were reduced in the treaty with Italy, but remained still considerably above the levels of the Caprivi-tariff. - DZAI-AA 5754, 5756 and in the context above.

556) Richthofen to Posadowsky 9.2.1903, DZAI-AA 9416, 122.
an example of the issue, while stressing his major objective of attempting to relieve what was unbearable hardship. In the Prussian ministry of commerce a petition by the chamber of commerce in Krefeld which feared a disastrous reduction of German silk-exports to France, if the commission of the chamber had its way, caused Moeller to consider and suggest the conclusion of a limited reciprocity treaty with France — again like the arrangement proposed by the commercial section in the AA in addition to but not in the place of the most-favoured-nation clause, which alone appeared to be paralyzing Germany. Moeller would have liked to use the increases in the German import duties on items of interest to French exporters to come to direct terms with France rather than leave the indirect settlement of certain issues (as for instance silks) to Swiss-French negotiations. The proposal was for more than merely a "silk-entente" — also the Bülow-tariff contained a considerable increase of the import duties on silks which would have provided a convenient point of departure for discussions with France — , for a year later, in the spring of 1905, Moeller renewed his suggestions on a different basis. The French meanwhile prepared themselves for a new wave of European protectionism. Their first defensive measure consisted in a better identification of national products in the form of an amendment to article 15 of the tariff act of 1892 concerning

557) Radolin to Bülow 20.1.1904, DZAI-AA 9493, 116f., —Rkz (Aichberger) to Radolin 20.1.1904 (with specific references to the interests of the firm of Junghans); Junghans to RDI (Gross) 27.2.04; 1877 to 17.5.04, DZAI-RDI 3974, 9f., 20, 109f. —cf. also 95. 18. 19.2.1904 on the Noel-report. Most German articles intended for retaliation were products of Southern Germany; at a later date beer was added to the list, quite obviously in an attempt to mobilize Southern Germany against Berlin and Prussia.

558) Note by Moeller 13.1.1904, DZAI-AA 9494 (a document from Koerner’s personal papers which was included in the file in 1930. Other evidence for these months could not be found), cf. below n. 3789. 
the marking of the country of origin. While in the past an “importé” mark on foreign commodities had been sufficient, it was now extended to include also the country of origin. Radolin showed initially little concern and was rather confident that an ostentatious “fabriqué en Allemagne” would have an effect similar to that of the “Made in Germany” under the Merchandise Act of the United Kingdom—a optimism which was not shared by others. The German consuls, the AA and representatives of German industries were extremely skeptical of the success of a collective “d’Allemagne” and of whether it would, as Radolin predicted, strengthen German national consciousness and improve the bonds among Germans living abroad as well as between them and the home country. They preferred to play it safe and not to provoke French consumers. Various quarters suggested a “particularization” by imprinted a “de Saxe” or “de Bavarie”. The general alarm was, however, somewhat premature. A decree of the French minister of commerce restricted the new regulations to products likely to create the impression of being of French origin, as for instance picture post-cards or souvenirs bearing inscriptions in French. Although also this decision was directed more against Germany than any other country, German apprehensions subsided and gave way to a new confidence that the French housewife and the general consumer would continue to buy cheap “importé” household articles in the assumption that they had been manufactured either in Belgium or in Britain or in any other country “which cannot be reproached by the French with having taken away Alsace-Lorraine.” (Radolin) French wholesale dealers were expected to lend support by continuing their tested practices of repacking German-made articles into neutral boxes and bags. Such conditions

prevailed largely in the North and Northeast of France where German products were most exposed to being harmed by nationalist sentiments and propaganda; in the West and in the South the menace was less pronounced, not only because a boycott of German goods was here considered an antiquated attitude, but also because these sections were clearly dominated by either British or Swiss and Italian consumers. Hadolin attempted to use the feeling of relief expressed by German exporters for his scheme of furthering national cohesion and consciousness. He boldly recommended a concerted action and a surprise attack on French dealers and consumers by imprinting, if possible overnight, all German exports to France with an "importé d'Allemagne" and to use the general perplexity created by the fait accompli in France - as he understood it - to render all present and future regulations in France at one blow meaningless. German exporters again failed to appreciate the significance of his ideas. German exports to France were on the increase and - as it was expressed by for instance the chamber of commerce in Leipzig as representative of important export interests - German firms had come to the conviction that it would be pos-

560) Hugo 18, 28.1.1905, 354; 28, 8.4.05, 409.--Jecklin to Bülow 8.4.05, Oertzen (Havre) to embassy Paris 24.3.05, d.to. Wunderlich (Marseille) 3.1.05, Anderheiden (Nice) 31.3.05, Mayer (Bordeaux) 28.9.05, DZAI- AA 9466, 6ff.--Rak (RdI) circular of 5.1.1905, St.A.Hamburg 371-8/11, XIX C8 No. 10.

Nearly all of these reports were written simultaneously and immediately before the emperor's landing in Tangiers and are not irrelevant as judgements of German-French relations in general at a time when disturbing external factors were largely absent.

561) German firms were in general very uncertain (and frequently ignorant) of the French regulations and their implications. Some of them were labouring under the impression that the importé-marking applied only to products manufactured in their French subsidiaries and therefore easily identifiable with a "French" product. e.g. Continental Hannover to AA 22.5.05, 21.6.05, ... , CVDI to AA 20.6.05 (requesting retaliation, if the French would not acknowledge "legitimate complaints"), DZAI- AA 9466, 48, 32, 92f.; Verein Hamburger Exporteure to HK Hamburg 12.5.05, St.A. Hamburg 371-8/I, XIX C8 No. 10.
sible to make steady and safe progress and
"to conquer above all the French market peacefully and that it
cannot be desirable to disturb this development which is also
in the interest of a national reconciliation by a certain ex-
citation of national sensibilities, and that increasing French
familiarity with German articles"
would automatically take care of the question. 562) The Prussian
state ministry joined this view, as it was also shared by the
vast majority of those confidentially informed of Radolin's
suggestions. The AA abstained from any further ventilation
of the idea. 563)
Among the increases in German import duties, as contained in
the tariff bill passed by the Reichstag in December 1902, those
on wines, champagne and liqueurs drew most attention in France.
They were given a prominent position in the Noel-report and crea-
ted widespread resentment already before it was definitely
established (on February 1, 1905, when the commercial treaties
were submitted to the Reichstag) that the Italian negotiators
had not been able to obtain considerable reductions. In the
eighteen-nineties Germany had imported an annual average of
32,000 tons of wine from France - more than from any other
country. The professed objective of the Caprivi-tariff to fa-
vour Italian at the expense of French wines was achieved to

562) HK Leipzig to Saxon ministry of the interior 24.5.05, DZAI-
AA 5607, 38f.; similarly e.g., HK Offenbach, representing
in the main leather manufacturers, to the Baden ministry
of the interior 1905 "that it is not advisable to force
a triumphant advance of German products in (this) manner."
All replies agreed - with varying degrees of frankness-
that a voluntary imprint of "d'Allemagne" would "act vir-
tually destructive" in the case of consumers goods. The
likely impact on producers goods was rated as negligible,
because France was heavily dependent on German machines,
chemical products etc. - Similarly also the DHT to the Prus-
ian ministry of commerce 4.8.05, DZAII-Rep. 120 C XIII
11 No. 30, Bd.7, 71ff. 563)

563) Excerpts from the minutes of a meeting of the Hamburg se-
nate, 31.5.1905, without report by Senator Sthamer and the
votum of the HK Hamburg, St.A. Hamburg 371-8/1 XIX C8 No.10.
Prussian ministry of commerce to AA 17.8.05, DZA II-Rep.
120 C XIII 11 No. 30, Bd. 7, 71ff.
only a small degree. After 1899 imports of Italian wines even fell drastically from 10,800 tons (or 10,000 tons in 1897) to 3,900 tons in 1905. This was only 11% of German imports from France, the major producer country with between 25% and 35% of world production.\(^{564}\) Sales to Germany accounted for 12% to 14% of the exports of the larger French wine-estates. Since the phylloxera disaster in the eighteen seventies, which had destroyed large stocks of vines and ruined many wine-growers, bankers and businessmen had acquired considerable interests in them. Their concern for an adequate return on their investments had at the time been reached a point of extreme irritability when bumper crops after 1899 caused a pronounced fall in prices and it was certain that they would strongly react to an increase of the German import duties, and equally that the French chamber and government would respond to their requests as they always had ever after the seventies.\(^{565}\)

In the spring of 1900 Delcassé let it be known in Berlin that "the manifest intentions in Germany" to increase the duties on wines would make it difficult for the French government to resist demands for retaliation against German beer.\(^{566}\) While

\(^{564}\) German wine imports in 1,000 tons:

<table>
<thead>
<tr>
<th>Year</th>
<th>From France</th>
<th>Italy</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1896</td>
<td>31.6</td>
<td>9.8</td>
<td>5.3</td>
</tr>
<tr>
<td>1897</td>
<td>31.8</td>
<td>10.0</td>
<td>7.3</td>
</tr>
<tr>
<td>1898</td>
<td>30.2</td>
<td>11.8</td>
<td>8.5</td>
</tr>
<tr>
<td>1899</td>
<td>32.0</td>
<td>10.8</td>
<td>9.5</td>
</tr>
<tr>
<td>1900</td>
<td>32.9</td>
<td>8.8</td>
<td>13.4</td>
</tr>
<tr>
<td>1905</td>
<td>34.9</td>
<td>3.9</td>
<td>19.9</td>
</tr>
</tbody>
</table>


\(^{566}\) Delcassé to Noailles 22.5.1900, DZAT-AA 8801, 34.
little could be ascertained on the actual German intentions - the wine-growers on Rhine and Moselle who had been favoured by excellent vintages and generally good business conditions with a strong rise in the price of their white wines and their landed properties had requested an only moderate increase of the import duties\(^{567}\) - attention was in 1900 focused on the issue of an internal duty on champagne and liqueurs for "fiscal" reasons, the covering of the second naval law.\(^{568}\) In

\(^{567}\) The attitude was to some extent determined by the fact that imported wines - accounting for 1/2 million hectoliters in the total sales of 3 1/2 million hectoliters in Germany - were in their specific characteristics not competing directly with domestic products; many German wines would furthermore have been unsaleable unless blended with imports. On these conditions: Alexander Fritzen, Die deutsche Weinzollpolitik, Trier 1927, 36, 41/42, R. Müller 16. - Increases were by nature opposed by the wine-importers in Bremen and Hamburg as the major purchasers of Spanish and Bordeaux wines (which represented roughly two thirds of the total German imports of French wines): St.A. Bremen 4,8-III Pos II No.3,9 (7,4.1900, 27,4.1900, 172, 1901); St.A. Hamburg 135-5/2, F II 2e Bd.1 (Verband Hamburger Wein- und Spirituosenhändler to HK Hamburg 21.7.1900); DZA I-RdI 18941,209. - Cf. the mean values of consumption, production and prices in Hoffmann, Fachstum, 287, 589/590, 651, and in more specific details in Spiethoff II, table 32 (defying interpretation as they do not take account of qualities). - On the entire issue of German-French relations with regard to wines, and with an accentuation quite different from that given here, Poidevin 121f., 372f. (with a few errors).

\(^{568}\) These duties arose more from political than economic or fiscal considerations; the duty on champagne was motivated with the "principle" that additional burdens for military purposes "should not weigh upon mass consumption but should be put on strong shoulders only." (Lappenberg to Burchard 8.5.1900, St.A. Hamburg 132-5/2, Bd. III)

\(^{569}\) The budget commission of the Reichstag passed a motion by Bassermann and associates to increase the import duties on liqueur from 160 marks to 240 marks per 100 kg, on all other distilled spirits from 125 marks to 160 marks (if in vats) and from 180 to 240 marks (if bottled); on "sparkling wine" from 80 to 120 marks. - The major German champagne producers were not only owners of the best vineyards in the Palatinate but also the mainstays of the national-liberal party in the area (Deinhardt, Bürklin, Buhl, Jordan, Bassermann, etc.-cf. Molt, 1141 Kaiserslautern's deputy to the RT was Roesicke of the BdL). - On the financial aspects cf. DZAI-RdI 15519, 40-58; DZAI-AA 3322-3323.
return German distillers and champagne producers were promised an increase in the import duties on foreign products — the only way to secure the consent of the nationalliberal party, representing important vinicultural interests in the Palatinate, to the introduction of a champagne-tax and a general brandy-tax. 569)

As of July 1, 1900 the import duties on champagne were increased from 80 to 120 marks per 100 kg, on cognac from 125 to 160 marks. The budget commission of the Reichstag did, however, not arrive at a decision with regard to the internal consumption taxes.

Dr. Deinhardt, nationalliberal Reichstag deputy and owner of one of Germany’s largest champagne companies, persisted in his obstruction (in which he was joined by the social democrats). Delcassé had expressed his anxiety to avoid frictions and expected German internal taxation, as intimated by Berlin, to be in step with developments in the customs duties issue. Since the summer of 1901 the Quai d’Orsay — and also the Bavarian state-ministry — became increasingly concerned about the effects of the delay in the matter of the champagne- and brandy-tax on a campaign in France to increase the import duties on beer. 570

570) Note by Mühlberg, December 1900 (with a review of the French notes), DZA I- AA 8802, 2, -Radolin to Bülow 28.6.01, DZAI-RdI 3970, 258ff. — For the Bavarian impatience: Geiger to Riedel 13.5.1901, Lerchenfeld to Craijchheim 28.11.01, 16.12. 1901, and the legion of petitions submitted by the Bavarian breweries; BHStA-MH 11984. — French note verbale 4.1.01, communicated by Mühlberg (at the request of Thielmann of the RSA) to Paasche, the chairman of the budget commission, on November 19 to expedite proceedings. DZAI-AA 8803, 7f.

571) The driving force behind the movement was the deputy Planchon from the Département du Nord. He started his campaign at the beginning of 1900, while he had agitated for higher import duties on hops in 1897-1899. His strongest supporter was Graux, the president of the customs commission of the chamber, seconding with a motion in May 1900 for 25% to 50% ad valorem import duties. A similar motion was to follow in November 1902. — On hops: Chambre des Députés 1897, No. 2640 (10.7.97) and DZAI-AA 9403, 54f: HK Frankfurt/Main to Rk 16.6.97; ibid., 67: Münster to Hohenlohe 15.7.1897. — On beer: Chambre des Députés 1900, No. 2008 (6.12.1900); ibid., 1902, No. 497 (28.11.1902). — Already in the eighteen-eighties French brewers had succeeded in obtaining
The Reichstag budget commission deliberated on the question until the beginning of 1902. As of July 1, 1902 German consumers had to pay a tax of 50 pfennigs on a bottle of domestic "sparkling wine". This was less than the 60 pfennigs requested in the government bill and considerably less than the increase in the import duty which corresponded to 75 pfennings a bottle. Delcassé would have accepted the rate suggested by the Imperial government; 50 pfennigs were, however, considered insufficient. Although the French government repeatedly underlined the gravity of the situation and that it could not assume responsibility for the further development, particularly with regard to the demands in France for a higher import duty on beer from Germany the issue was left to itself for a number of years.

Exports of French champagne and cognac to Germany were noticeably affected by the import duties in effect since the summer of 1900.

### Higher Import Duties and Stepped-Up Production
Imports of German beer fell from 46,832 tons, representing one half of the total German beer-export at the time, to 19,326 tons in 1890. From 1900 to 1904 they averaged 14,000 tons a year. Until 1903 Germany continued, however, to maintain the position of the foremost supplier of France with beer; she was surpassed by Belgium in 1904 and by Switzerland in 1906. Hermann Schunck, *Die Ausfuhr landwirtschaftlicher Erzeugnisse aus dem Deutschen Reich seit 1882.* Lübeck 1912, 169/170.


573) The French ambassador in Berlin merely transmitted without comment (DZAI-AA 9423) the protests of individual French producers against a German regulation concerning the marking of origin (in effect since 2.7.1901); firms with bottling subsidiaries in Germany complained against discrimination, others against the incomplete protection of trade marks.- cf. in detail Poidevin 125f. and 373f.

574) Imports of French champagne and cognac to Germany (in tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1898</td>
<td>2656</td>
</tr>
<tr>
<td>1899</td>
<td>2764</td>
</tr>
<tr>
<td>1900</td>
<td>4185</td>
</tr>
<tr>
<td>1901</td>
<td>1564</td>
</tr>
<tr>
<td>1902</td>
<td>1990</td>
</tr>
<tr>
<td>1903</td>
<td>2206</td>
</tr>
</tbody>
</table>

The figures for 1900 reflect pre-imports before July 1.- cf. Poidevin 372.
This specific issue undoubtedly contributed to the general feeling in France that also the Bülow-tariff - passed half a year later - was explicitly directed against French interests.575) At their annual convention in November 1904 the presidents of the French chambers of commerce renewed their protests and requested the government to inform Berlin of the alarm with which they viewed the revisions of the German tariff. There was not a word of possible reprisals.576) Earlier in the year Radolin had emphasized that even if the French considered a general upward revision of their tariff - which he personally doubted very much - this should under no circumstances be taken as a retaliation in disguise.577) At the beginning of 1905, however, and a few days before the commercial treaties were submitted to the Reichstag, Delcassé instructed the ministry of commerce to compile a list of those German commodities which France would be able to hit effectively in retaliation, if it turned out that the German trade treaties differentiated against French products - as maintained in the press and the publications of various economic associations - in a manner incompatible with article 11 of the Treaty of Frankfurt.578) In March 1905 the leading French trade journal, the Journal des chambres de commerce et d'industrie, des chambres consultatives et des chambres syndicales, published an article on "The German customs tariffs and French interests", accusing Germany of rendering article 11 ineffective. The paper announced that the French answer would depend on the results of a critical examination of the German tariff - said to be in progress - notably by the representatives of commerce. In case of a con-

576) Chambre de Commerce de Paris 16.1.05, AN Paris F 12-7313
577) Radolin to Bülow, (e.g.) 15.7.04, DZAI-KöI 3975,18
578) Delcassé to commerce 27.1.05, Dubief (commerce) to AE 3.3.05, AN Paris F 12-7313.
exclusive result of a discrimination the French government was expected to hit back in the same manner. This was three weeks after the ministry of commerce had completed the survey requested by Delcassé — and in the editor’s office of the trade journal the German consul was told that the article had been written in the ministry of commerce and had been signed by a top official. Publication was with the consent of the French minister of commerce. In the French press and the economic journals the Bülow-tariff was in the main discussed according to the commercial-political orientation of the editors, although individual articles were not uninfluenced by tactical considerations. Méline for instance did not find any fault with it and could also not discern an anti-French orientation; the equally protectionist "Réforme Économique", however, abounded with attacks on Germany as much as against the "traitor" Delcassé for his reluctance to take appropriate steps against Germany. In Germany, the liberal Frankfurter Zeitung, in turn, saw Delcassé merely as a worthy successor to Méline. For fear of an increase of French protectionism this paper recommended in the spring of 1905 the conclusion of a tariff treaty with France, cementing the most-favoured-nation relationship. Delcassé was invited to make the first step in this direction.

The reaction in French government circles is not known, but in March Emile Wetterlé — since 1898 a Reichstag deputy for the Centre Party and spokesman for the autonomistic movement in Alsace-Lorraine (requesting the status of a federal state within the Empire) — appeared in the AA in Berlin and told Koerner that the French government had the intention of concluding specific tariff agreements and that it would soon send an official to Berlin to explore the ground. A few days before Moeller,

579) Jecklin to Bülow 29.3.05, DZAI-AA 9494, 113f.
580) Méline in La République Française 17.2.05, F.Z. 19.2.05
581) Note by the AA of March 1905, DZAI-AA 9494, 107/108, note by Richthofen 21.3.05, AA Bonn Frankreich 102, Bd. 30, on aspects cf. Poidevin 367f. — Already at the end of 1903 Radowin had reported of "private suggestions" made to him in French official circles (among others also by the president of the republic) that Germany and France should reduce tariffs between themselves and take a firm stand a-
the Prussian minister of commerce, had again found the occasion of a petition to renew his proposal of a limited tariff-treaty with France. This time he went so far as to suggest that Germany take the initiative — an unusual request — to appease economic circles and pacify public opinion in both countries to minimize the danger of French retaliations. By eliminating all classifications in the tariff which might be misinterpreted as a discrimination of French interests — he referred explicitly to the question of the cold-blooded draught horses and the classification of horses from the Belgian Ardennes as a specific breed, although he was apparently not prepared to suggest something similar with regard to French wines — Moeller hoped to give the French government sufficient proof of Germany's sincerity.\(^{582}\)

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\(^{582}\) Petition by the Verband Deutscher Gerber 10.3.1905 (pres. AA 15.3.), DZA I- AA 9494, 87/88, Moeller to AA 18.3.05, DZAI-RdI 3933, Bd.1, 157. — Cf. also the extremely detailed presentation in Poidevin who does, however, often not see the wood for the trees and misses the relevant moves by Moeller. — In their petition the German leather dressers asked for a reduction of the German import duties on tannic materials; they imported from France relatively large quantities of chestnut-wood extracts (which are not discernible in the official statistics) the import duties on which had been increased at the request of the owners of oak-woods in Southwestern Germany, who were mainly partisans of the Centre Party which had found the support of the agrarians in their endeavours to terminate the most-favoured nation commercial arrangement with the grain-exporting country Argentina via a prohibitively high duty on quebracho-wood extracts and had been eagerly assisted by the Worms corner of the nationalists, belonging to the agrarian wing in the party but led by C. Heyl, one of the most important German producers of leather, who supported the agitation apparently in the hope that his smaller competitors would not be able to bear the proposed high duties. (cf. the few hints in the apology by Günther Kriegbaum, Die parlamentarische Tätigkeit des Freiherrn Cornelius Wilhelm Heyl zu Herrnsheim, (Mainzer Abhandlungen zur mittleren und neueren Geschichte, Bd.9). Meisen-
The message transmitted by Wetterlé was taken seriously in the AA and was received very favourably as an opportunity for "grinding off certain sharp edges" in the trade treaties and for concluding specific agreements of the kind suggested by Moeller. The French government was not expected to abandon the policy of the autonomous tariff and sign a comprehensive commercial treaty. The chances were, however, rated extremely low. A compromise on wines, champagne and cognac was regarded out of the question. It was extremely likely that the French government would request a reduction of these duties— and a foregone conclusion that Germany would have to refuse, irrespective of the negative consequences for German exports in general. Ten days after Wetterlé's visit Wihlhelm II. landed at Tangiers and in April Wetterlé wrote Richthofen that the mission of an official of the French government to Berlin had "if not been impeded so at least been deferred." In June, after the fall of Delcassé, the commercial section in the AA and the RdI were still waiting for the French emissary. It does not appear that he ever came to Berlin. The expectation

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heim 1962). Basic for the quebracho-story — one of the most explosive side-issues of the tariff-controversy, revealing much of agrarian objectives and strategies — DZAI-RdI 1894. "A specific and very restricted reciprocity treaty had, by the way, been signed by Germany and France on 2.7.1902, guaranteeing full freedom of movement to commercial travellers in the other national territory. It can, however, in no way be regarded as a potential prototype of other reciprocal arrangements, as it gave a one-sided advantage to the industrious (and mostly Jewish) German sales representatives. French commercial travellers were at the time virtually unheard of (and did also later not reach any particular fame).—Vorschriften für Deutsche Handelsreisende im Auslande (Veröffentlichungen des Verkehrsbureaus der Handelskammer zu Berlin, 3), Berlin 2nd ed., 1912, 44ff and DZAI-AA 9510 and 9511. The assessment of the German and French commercial travellers given above was e.g. also that of the commercial attaché at the French embassy in Berlin (MAE Paris Allemagne NS 68, 74ff.). Apparently typical examples of the activities and tactics of German commercial travellers in France can be found in Paul Mirecourt, Le commerce français aux mains des Allemands, Paris n.d. (1915), 29

Wetterlé to Richthofen 14.4.05, DZAI-AA9494
of the Frankfurter Zeitung that Delcassé's successor would not be averse to an agreement and that it would be signed soon did not come true.\(^{587}\) Berlin never made an attempt to re-open the discussion; a German initiative, as it had been desired by Moeller, was so alien to the conception that in all matters touching upon the peace treaty the vanquished should come to the victor that it was never even considered in the AA.

By June 1905 the Imperial statistical office had completed a survey of the effect the new tariff was likely to have on French exports to Germany and arrived at the conclusion that only a small section of them would be affected negatively. On the basis of the volume of trade in 1903 they were estimated at 17%; 6% were, on the other hand, expected to benefit from the new duties. The higher duties concentrated on wines and a few other agricultural or horticultural products, which were simultaneously among the few items hit by the specialization in the German tariff.\(^{588}\) A memorandum which Radolin

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584) Five years later Koerner again underlined his conviction that the French government had been sincere in the offer, so in the V.A. on 20.5.1910; cf. Kohl to Podewils 21.5.1910, BHStA-MN 10777 and MN 12006.

585) Posadowsky would have welcomed such an arrangement as a precedent to influence the Reichstag to accept a similar agreement with the United States.

586) Moeller was prepared to give a list of commodities in which Germany could easily make concessions to French requests. (Moeller to AA 12.6.1905). Even the RdI was not against an exploration of the chances, although it was stressed that they would have to be conducted in absolute secrecy in order not to alarm interested parties in Germany. (Marginal note by the AA on the above, DZAI-AA 9495, 11; for the commercial section in the AA cf. note by Johannes 22.6.1905, AA Bonn Frankreich 102, Bd. 35), still waiting for the French emissary, still very anxious to "obviate a future disturbance of our commercial relations with France", but underlining again that the wine-duties (etc.) were self-me taxation.

587) F.D. 20.6.05; 34.7.05

588) The only other two articles detected were tulle and lace.- Detailed information in Poidevin 361; statistical details DZAI-AA 9494.
transmitted to the French government in June gave prominence to the facts that the French had started first (in 1892) and that the French duties on most products were still considerably higher than those in the new German tariff. Jecklin, the consul in Paris, activated his personal relations with Georges Blondel, the economist and partisan of better relations between the two countries, and with André Sayous, professor at the Paris school of business and author of numerous books and articles on the German economy, on the side-line also director of the economic service of the Fédération des Industriels et Commerçants Français, and provided them with statistical material. In this way the basic contents of the German memorandum were published impartially in a number of French journals. 589) The Federation of French industrialists and the customs authorities were, however, not convinced and accused the Imperial statistical office in a very polemical manner of manipulation and presented in turn their own calculations according to which the Bülow-tariff subjected French exports to Germany to a surcharge 13.33%. Also this version changed little in the fact that only a small portion of French exports to Germany were indeed affected in any way by the tariff revision. 590) The question of a commercial arrangement continued to occupy the liberal German press throughout 1905 and until the beginning of 1906. The Frankfurter Zeitung and the Berliner Tageblatt published all reports from Paris which seemed to indicate a favourable French disposition, although the most influential circles, as the Fédération des Industriels et Commerçants, al-


590) Direction Générale des Douanes to commerce 10.2.06, AN Paris F 12-7317, transmitted to AE 17.2.06, MAE Paris Allemagne NS 77, 79f.- The accusations caused the Imperial Statistical Office to compose a 30-page anti-memorandum, accusing the French customs office of "premature judgments", 18./25.6.06, DZAI-RdI 5609, 29f.
ways expressed the non-committal view that the time had not yet come for a serious discussion of the issue, and were obviously pre-occupied with their general preparations for a revision of the French tariff. It is nevertheless noteworthy that at the time of the Algeciras conference the French press gave room to a considerable number of voices favouring a Franco-German commercial treaty, either in the place of or in addition to the most-favoured-nation relationship. In both countries publicists and economists who desired either a specific rapprochement or a more comprehensive European customs federation were outspoken champions of the commercial arrangement. There is no evidence that it had ever been discussed very seriously in the French cabinet, but in February 1906 the ministers of finance and of commerce - the latter on the occasion of the submission of the statistical counter-memorandum of the customs administration to the Quai d'Orsay appeared all of a sudden to desire immediate German-French talks. They were prepared to leave untouched the French import duties on a number of products of interest to German manufacturers under the condition that Berlin reduce some of the duties which weighed particularly heavily on French exports to Germany. The Quai d'Orsay, astonished to receive the notes after several months of complete silence, blocked the suggestions at once, with a reference to the tense international situation and the fact

591) cf. the material and references in Poidevin 368.-Paul Leroy-Beaulieu, the chieftain of the "free-trade" economists in France, gave his unconditional support (Ec. Fr. 19.8.1905). In Germany the idea found its most eloquent advocates in Theodor Wolff of the B.T. (until 1906 the Paris correspondent of the paper, then its chief editor) and Julius Wolf, the chairman of the Mitteleuropäischer Wirtschaftsverein which pursued the general objective of a "commercial rapprochement" of the Continent (cf. in detail further below). Julius Wolf, Gedanken über eine handelspolitische Annäherung zwischen Deutschland und Frankreich, in: Die Friedenswarte, 7. Jg., No.3,3.3.06, 41f. (with a review of significant French voices).
that the commercial treaties had been passed by the Reichstag a year ago and that only a few weeks were left until the tariff would become effective on March 1, 1906.\textsuperscript{592}) When the chamber of commerce in Cologne asked the Prussian ministry of commerce whether there was any point in submitting requests for modifications in the French customs tariff, it was indeed given the reply - at the beginning of March 1906 - that "the conclusion of a tariff-treaty with France is at present not under consideration."\textsuperscript{593}) In November 1906 Bülow stated before the Reichstag that under the prevailing conditions the time had not yet come for a discussion of any arrangements with France. The idea of the limited commercial treaty was at this time still discussed in the press and in the publications of the economic associations, and was, in general, presented as a very desirable objective, but all observers were sceptical of the prospects.\textsuperscript{594}) Interest revived late in 1906 and in 1907, reflecting the progress made in the public discussion with regard to the preparations for a revision of the French tariff\textsuperscript{595}) which were to reach a preliminary highpoint in the discussion of the budget in the chamber in November 1907.

The basis for French-German discussions remained small: it became soon evident that most French requests for retaliation and many complaints about a German discrimination of French products were in fact only essential elements preparing the ground for a new French tariff. It was equally obvious that the Bülow-tariff hardly impeded trade between the two countries. The champagne and cognac duties had already been revised in 1900; the changes introduced in 1906 and differentiating French products affected in reality, hardly 2\% of the total value of French

\textsuperscript{592}) Commerce to AE 17.2.06, AN Paris F 12-7317; note AE (for the consular service) 23.2.1906, MAE Paris Allemagne NS 76.
\textsuperscript{593}) Commerce to HK Cologne 9.3.1906, DZAI Rep 120 C XIII 11, No. 29, Bd.1, 178.
\textsuperscript{594}) noteworthy DIZ 28/1907, 327/328, DWZ 1907, no. 31, Mitteilungen des HVV, 1907, nos. 18/19, 20.9.07, 5.10.07 (by Max Nitzsche), B.T. 426, 23.8.07, 436, 28.8.07.
\textsuperscript{595}) The interrelation is quite obvious in e.g. S.I. 21, 10.8.06, 669, HuG 27, 20.4.07, 443; 33, 13.7.07, 603.
exports to Germany. Wines had to pay higher duties and were subject to generally stricter control regulations but were, as the French consul general in Hamburg observed, essentially luxury articles whose sales depended much more on general business conditions and prosperity in Germany than on import duties. An actual danger - and again not without justification - was, on the other hand, perceived by Caillaux, the former (and again future) minister of finance. In an article in the Matin he spoke in the summer of 1906 of the menace of an economic warfare unleashed against France (and other established European industrial countries) by the cartels and syndicates of the German industries. In defence Caillaux suggested a commercial treaty - not with Germany, but with Britain, containing a special clause with regard to a concerted action against the German cartels, and in addition, the gradual completion of a network of similar treaties with the other European states to prevent them from falling prey to the steadily increasing economic and political influence of the German Empire on the Continent.

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596) It became characteristic of the French petitions, transmitted mostly without comment by the AE to the AA, to complain that these regulations were much more strictly applied to French than to Italian products; quite apart from the consideration that the regulations seemed to be in conflict with other aspects of German legislation which stated that wines were to be admitted according to the regulations in force in the country of production. These accusations were not acknowledged by the German authorities. - For the period under discussion cf. e.g. Posadowsky to AA 3.7.1906, DZAI-RdI 5609, 28.

597) (Posadowsky to AA) - Lefaitvre to AE 15.4.1908, MAE Paris Allemagne NS 76,35. - to commerce 7.9.08, AN Paris F12-7317.

598) after Radolin to Bülow, 30.7.1906, DZAI-RdI 3942, 44.
IV. The interpenetration of interests.

1. The German banks in their relations with Western Europe at the turn of the century: Holland and Belgium.

As in their relations with France the direct interests of German banks in Holland, Belgium and Luxemburg at the end of the nineteenth century stemmed in the main from their engagements in the time before the creation of the German Empire, but while the interests in France had to be liquidated in the "great depression" and German banks continued only to be represented through private banking houses in Paris as their correspondents, their positions in the other three countries did not weaken. So above all in Luxemburg. The principal bank in the Grand-Duchy, the Internationale Bank von Luxemburg/ Banque Internationale de Luxembourg had been founded as a credit mobilier bank by Mevissen and Oppenheim in 1856. In 1900 the bank had a capital stock of 25 million francs - controlled by Oppenheim, Schaffhausen and J.H. Stein, all of Cologne - and had important relations to the heavy industrial Deutsch-Luxemburgische Bergwerks- und Hütten A.G., Lothringer Hüttenverein Aumetz-Friede and Düdelinger Hütten-Verein, and took considerable interests in other banks: Delbrück Leo & Co. in Berlin, Reverchon & Co. in Trier, and Lippmann, Rosenthal & Co. in Amsterdam. In view of the absence of a state bank the Internationale Bank had the right to issue its own franc-notes - although virtually all money in circulation in the grand-duchy was of German currency and the Luxembourg-franc, fixed by law at 1.25 per 1 mark, nothing but a formal accounting unit. 1)

In view of the preference given by Dutch capitalists to private banking houses, the relation of the Internationale Bank von Luxemburg with Lippmann, Rosenthal & Co. — besides Hope & Co., and Wertheim & Gompertz the leading private bankers in Amsterdam — was quite significant, and at least as important as the interests taken by other German bankers in Amsterdam: that of the BHG (Fürstenberg) in Labouchère Oyens & Co (officially only since 1902, when the bank assumed the form of a joint stock-bank) with the centre of business in Dutch India, and that of the Darmstädtter Bank (together with minor shares taken by Schaffhausen, J.L. Eltzbacher & Co., Deichmann & Co. of Cologne and Gebr. Sulzbach of Frankfurt) in the Amsterdamsche Bank.

The Amsterdamsche Bank had been created in December 1871 with the objective of establishing closer connections between the German and Dutch money markets. For a variety of reasons — not only the introduction of the mark-currency throughout Germany which terminated the monetary parity of Holland with the florin-area in Germany or the subsequent transition of the Empire to the gold standard, while the Netherlands stayed behind for some time — had not been able to achieve this aim. The original stock-capital of the Amsterdamsche Bank of 30 million guilders — of which 10 million were paid-up, 7 1/2 of them by the German bankers — had to be reduced twice during the crisis in the seventies to ultimately 6 million guilders; at which level it was to stay until 1907.


3) Fudel 38, HAG 1915/I, 34.

4) And in relations with the Rhenish hinterland, in particular with Wm. H. Müller & Co. of Rotterdam, esp. consulate general Amsterdam (Rienecker) to Bethmann Hollweg 26.9.1913; consulate Rotterdam (Gneist) to Bethmann Hollweg 9.10.13; DZAI-AA 1787, 110, 138.
These nominally relatively modest German engagements in Dutch banking were, however, at the turn of the century, not even reached by the financiers of other countries. The position of the old-established Amsterdam houses was at any rate so firm that the German interests did not constitute the slightest menace to their business. None of the German banks attempted to gain a foothold in Rotterdam, to some extent because also here the old firms were firmly entrenched, to some degree because the rise of the port occurred only in the last quarter of the nineteenth century and at a time, when German banks were generally extremely reluctant to invest abroad. Subsidiaries or agencies of Dutch banks in the commercial centres in Germany did not exist. Quite noteworthy was, however, the establishment of a network of subsidiaries by some of the larger Dutch regional banks in the Westphalian border district. 5a)

In view of the restricted investment opportunities at home—in 1914 the Amsterdam stock-exchange listed 64 (1) Dutch industrials with a total nominal value of 74.2 million guilders 6)—the Dutch market was always open to foreign securities. They did not meet with any administrative restrictions and were generally well received by the public. 7) It does not appear that German bonds formed an exception. The amount of German papers in Dutch hands bore of course no comparison with American, Russian and Austrian government bonds where Holland acted as a money-lender on a large scale. In 1894 the German consul general in Amsterdam complained, however, that German bonds were not popular at all. In an apparent misunderstanding of issuing

5a) see below in the context of industrial interests.
6) Breandes’ le Roos, II, 14, and cf. I, 111/112
7) Gerard van der Heyden, Der ausländische Zahlungsverkehr in Holland, Diss. Frankfurt/Main 1918, 21f.
policies and official attitudes towards the placement of government bonds abroad, he considered the situation "deplorable" and criticized the issuing agencies for undercutting quotations by subsequent issues at lower rates. At this time, the end of the "great price-fall", 5 series of German government bonds were listed at the Amsterdam stock-exchange as compared with 2 in 1885. The number increased to ten in the period 1905 to 1914, without, however, a noticeable effect upon the total amounts placed directly in Holland. Reliable figures do apparently not exist, with the exception of an assessment in 1908 by the debt administration on the basis of interests paid to foreigners. Dutch holdings in 3% Prussian consols were given as 7 million marks, in a total of approximately 40 million marks held abroad. The amount as such was quite considerable, but apparently only slightly higher than that in 1895. It remains uncertain how much of the 235 million marks of 3% Imperial bonds placed abroad had gone to Holland. In view of the currency differential and the price of Dutch loans also German municipal loans and bonds of the federal states found a good market in Amsterdam. There were frequent reports in the daily press on their placement, but estimates of the sums involved are again impossible. The same is of course true of German industrials. The total of Dutch securities admitted to the German stock-exchanges was low. It did not exceed 70 million marks for the entire period from 1897 to 1914 - only 3 million were admitted after 1907 - and it has to be assumed that only a small part was

8) Göhring to Caprivi 5.2.94, DZAI-RSA 2480, 49
9) Morgenstern, Financial Transactions, 515-522
10) Heinrich Stuebel, Staat und Banken im Preußischen Anleihewesen von 1871-1913, Berlin 1935, 94 n.2 (the bulk of 25 millions was held in Britain, 8.7 million marks in Belgium).
11) An example at random: in the first half of 1899 the city of Bremen and a number of German mortgage banks attempted to interest the Dutch in their papers; Saxony and the cities of Cologne and Bielefeld were reported to prepare similar actions. — F.Z. 169, 20.6.1899
in fact purchased by German nationals. 12)

In Belgium the first attempts at the establishment of bridgeheads of the German banks were made immediately after the Franco-German war, both in Brussels and in Antwerp. The Frankfurter Bankverein and Oppenheim, Rautenstrauch and Schaaffhausen (all of Cologne) joined hands with three Belgian banks in the creation of the Banque Centrale Anversoise. It soon lost the largest part of its stock-capital of 30 million francs in engagements in the Congo and in Argentina, above all in the "Deutsch-Belgische La Plata Bank" which had been founded together with the Discontogesellschaft. While the La Plata Bank continued to operate until 1886 - supported mainly by the Deutsche Bank - the Banque Central Anversoise was liquidated in 1877. It was reconstituted nearly immediately under the old name by Louis Lemmé, one of the most respected Antwerp bankers, who reportedly managed to place a considerable amount of the shares of the reduced stock-capital of 9 million francs with banking circles in Frankfurt, his native city. Although the bank worked in the eighties without any major German interests, its business continued to be strongly oriented towards Germany. The director was German; the two top positions were filled by Antwerp merchants of German origin and the bank was generally referred to as "La Banque Allemande". The German orientation was in part traditional, but conditioned of course in the main by Antwerp's commercial relations with Germany. With the exception of de Bary all important Germano-Anversois houses - Rautenstrauch, Fuhrmann, Böcking, Ohlendorff, Mallinckrodt - conducted business with the bank which in turn restricted its activities nearly exclusively to current account business in which it soon attained a position second only to that of the old-established Banque d'Anvers. The Banque Centrale Anversoise was the time apparently the only major Belgium bank not oriented towards the cheaper

12) The value of Dutch papers placed in France at the beginning of 1909 was assessed at 1450 million francs.-van der Heyden 25 (after P. Arndt and A. Théry).
French capital. It fared well in its policies and the stock-capital was increased on five occasions in the period after 1897 (to 10.5 million francs in 1898, 12 in 1904, 13.5 in 1906, 15 in 1909 and 18 million francs in 1911), and the shares, at nominally 300 francs, were usually quoted at 500 francs. Extremely close were its relations with the Deutsche Bank.

Albert de Bary, newcomer to Antwerp in the early eighties and the most influential Germano-Andrancois ten years later, chose to work with the Banque d'Anvers, primarily to place the shares and debentures of his South American enterprises and mortgage-banks in Belgium and in Northern France, making Antwerp the leading place for the issue of Argentine mortgage-debentures. Neither of the Antwerp banks had any close relations with Belgian industries.

In Brussels again mainly Frankfurt bankers participated in the formation of the Banque de Bruxelles. Sulzbach took 6,000 shares, Ladenburg 2,000; Speyer-Ellisen 2,000; August Siebert 4,000; the Mitteldeutsche Creditbank 2,500. Many smaller share-holders were German-Belgians, and although the German element did not have a majority, the bank has to be regarded as mainly a German creation. It acted principally as an industrial bank and a bank of issue and participated in the placement of Belgian and foreign government bonds and the establishment of numerous tram-line companies for Southern Europe. Like the Banque Centrale in Antwerp the Banque de Bruxelles had to be re-organized in 1877. All German share-holders were eliminated and the new company statutes stipulated that the majority of the supervisory board had to be composed of Belgian nationals residing in the country. The bank became a purely Belgian enterprise.

13) briefly Meynen 120. on the La-Plata Bank Pudel 21; all other information after the reports of the German supervisory commission under von Lumm in Belgium during the First World War, here: DEAI-RdI 19554,5ff.  
14) ibid., 19553, esp. 14f.  
15) ibid., 19552, 60/61.
It was significant that none of the German joint-stock banks - whether old-established or newly founded in 1870/71 - participated in the establishment of the Banque de Bruxelles and the Banque Centrale Anversoise; not even the Deutsche Bank which pursued in the seventies, and actually from the very beginning, a large-scale programme with a maximum of foreign subsidiaries. Most of these had, however, to be liquidated a few years later and during the following 25 years the Deutsche Bank abstained completely from any further direct foreign engagements. When Raphael de Bauer of the Banque de Paris et des Pays-Bas in Brussels suggested to Siemens in 1886 the creation of a subsidiary of the Deutsche Bank in Antwerp, he was given to understand that the administrators of the bank were "decidedly opposed to the establishment of branches in foreign countries." 16) As relations with the Banque Centrale were becoming closer, a direct representation appeared even more superfluous. The Discontogesellschaft, the original partner of the Banque Centrale in the La-Plata Bank, soon found other connections in Belgium. In 1879 it took a limited partnership in the house of H. Albert de Bary, and correspondingly also in Ernesto Tornquist & Co., in Buenos Aires (until 1897). 1.6 million marks were invested in the South American and 600,000 francs in the Antwerp firm. When the latter was transformed into the Compagnie Commerciale Belge in 1900 (with a capital of 5 million francs, later 7 million francs), the Discontogesellschaft retained the relationship. 17) Interest in Belgium was revitalized after the end of the great price-fall. In the autumn of 1898 a consortium of German, Austrian and Swiss banks reorganized the banking house of Frank, Model & Cie. in Brussels as Banque Internationale de Bruxelles. The actual impulse had been given by the Banque Centrale Anversoise

16) Helfferich, Siemens II, 164
17) Max Joseph Wolff, Die Disconto-Gesellschaft, Berlin 1930, 38/39, Pudel 22., Durbritz, Handständen, 125, And the annual reports of the Disconto-Gesellschaft: 1890, 8; 1896, 10; 1900, 13.
which felt a strong need of an expansion into the growing stock-exchange and issuing transactions effected at Brussels. The relatively modest capital resources of the bank and its traditionally reserved attitude towards the establishment of subsidiaries suggested an indirect approach through a mobilization of its international relations. Impressed apparently with the success of a similar creation in Italy in 1894 - the Banca Commerciale Italiana - six German banks (Darmstädter, BHG, Schaffhausen, Oppenheim, Deutsche Effecten- und Wechselbank and Rheinisch-Westfälische Diskontobank) agreed to use Frank, Model & Cie (which had been in close relations with the Anversoise until 1887 and whose owner had still his seat on the supervisory council of the Antwerp bank) as a stepping-stone towards the foundation of a large bank with a capital of 25 million francs (and an additional 7 1/2 million francs in so-called B-shares). Although the shares were in the end distributed among more than 100 capitalists and rentiers in Belgium, Germany, Holland, France, Switzerland, Britain and the United States, the institution had all the marks of a German venture and was generally regarded as such. The six German banks held rather equal shares, totalling 6.6 million francs. Another 3.25 million francs were provided by banks with a strong German affiliation (Banca Commerciale Italiana, Amsterdamsche Bank, Banque Internationale de Luxembourg), which extended the German influence to about 40% of the ordinary shares. The position was reinforced by the interests taken by the Germano-Anversois behind the Centrale Anversoise. Brussels banking circles abstained with one exception. 18)

The bank was generally promised an excellent future - so also by the German consul 19), but was in fact severely hit by the crisis in 1901. The negative results of the year carried over

18) R.P. 20/1913, 94.-Bürklin II, 108-110, 128.-Chlepnur 99/100.-
on the relations with the Banque Centrale DZAI-NL Lu82,
passim and ibid., RDI 2804,6.—RDI 19554, 9/10.
into the next, and 1902 was closed at a loss of 6.5 million francs. In the spring of 1903 the total capital stock was reduced to 22.5 million francs; in 1904 the bank was again able to realize a small profit. General conditions remained, however, always such that the Internationale was widely regarded as fit for absorption. The bank was mainly engaged in current business but was unable to attract a larger circle of good clients. Interests in industrial enterprises were taken only occasionally (both in Belgium and abroad), but also these had been ill-chosen. Stock-exchange and issuing transactions assumed, as intended, a considerable volume. It was one of the peculiarities of Brussels that a bank without any noteworthy relations with industry was in position to do so; until 1913 a prospectus was not required and most banks contented themselves with - rather remarkable- counter-commissions that did not involve further commitments. On the liability side of the Internationale the credit entries (of e.g. 7.7 million francs in 1910) were very remarkable. They represented in all probability the only major benefit the bank derived from its relations with its founders, but could not make up for the losses in other fields. Even in the best years, 1911–1913, dividends did not rise above 6%. Reserves in 1913 were less than 10% of the stock-capital and only two thirds of the short-term liabilities were covered by assets easily negotiable. 20)

A few weeks after the formation of the Banque Internationale de Bruxelles the French minister in Brussels reported of plans for the creation of another "international" financial institution with a capital of 30 million francs. According to information provided by the Comptoir National d'Escompte Léopold II.

20) details in DZAI-NL Lumm 82, 5ff., 26,–Neynen 113/114. There were in fact numerous negotiations on the pooling of interests, in particular with the Banque de Bruxelles in which the Internationale finally merged during the world war. The Internationale effected numerous issuing transactions on behalf of the Sofina, a German-controlled electrical trust-company (cf. in detail further below). On regulations and speculations at the stock-exchange: Hans Gehrig, Die
desired to improve his financial position for the contingencies that Lisbon asked for financial assistance, possibly in exchange for territorial concessions in Africa, and had suggested the establishment of a Banque Internationale Coloniale under the direction of Colonel Thys, the king's intimate adviser and business partner in the Congo Free State. The leading private banking houses of Brussels felt apparently sure of the support of the Parisbas and the Comptoir National, of the London Rothschilds, and of the Deutsche Bank and the Disconto-Gesellschaft. The French minister of finance—and to a degree also the Comptoir National—argued that the venture would in the main be serving British interests, while the French were expected to supply the capital without a control of its employment. The minister of finance was dead against a French engagement, the Comptoir National pretended not to know how to respond to the invitation and left the pondering of the consequences to Delcassé. French abstention threatened to increase British influence in Belgium and Portugal and their African possessions; French participation would have meant unconditional support of ventures contrary to French political and economic interests in Africa. Delcassé was inclined to counsel abstention, without being sure of his own judgement. Relief came soon; the project was abandoned.

In its place Thys established the Banque d'Outremêre in Antwerp a year later. The capital stock was 32.5 million francs, and—after a temporary reduction—soon 40 million francs, 36 of which were paid in by the end of 1913, exceeding even the 32.8 million francs of the Société Générale, Belgium's fore-

Brüsseler Börse und Belgien internationale Kapitalsbeziehungen, in: Belfried 1916, 222f.,--Jaffé in B.A. 1915

22) Peytral (finance) to Delcassé 6.12.98, DDF I/14, 561,--legation in Brussels to AE 10.11.98, transmitted by AE to finance 18.11.98; Delcassé to Peytral 7.12.98, AN Paris F30-272.

21) 1898 was the year of the Anglo-German talks on the future of the Portuguese colonies in the case of an insolvency of the Portuguese government.
most financial institution. The shares were distributed among the forty original founders: 9,420 (at nominally 500 francs a piece) were taken by the Société Générale de Belgique; 9,400 by the Parisbas; 4,800 by Léon Lambert and 3,700 by the Deutsche Bank. The Disconto-Gesellschaft, the second German bank mentioned with regard to the projected colonial bank, took only a small interest. The new Thys bank could, if necessary, still be used for the abandoned purpose; the immediate reasons for its foundation were, however, others. The Société Générale, the Empain trust and some Antwerp merchants had stepped up their engagements in the Congo and entered a field which had until the mid-nineties been a virtual reserve of Thys' Compagnie du Congo pour le Commerce et l'Industrie. The financial basis of this enterprise had long become too narrow to allow a considerable expansion of Thys' interests in competition with the newcomers. The Banque d'Outremûr, at the beginning more a financial trust company than a bank concentrating on the exploitation of the Thys concessions in Africa, was to maintain the colonel's position in cooperation rather than outright competition with the Société Générale. The engagements were soon extended to other areas overseas (Indo-China, Dutch-India, South America), but included also interests in some Central European industrial companies (noteworthy were the Société des Charbonnages Réunies Laura et Vereeniging and the Charbonnages de Hattingen-sur-Ruhr). The trust gained eventually a foothold also in international financial transactions and developed increasingly in the direction of an actual bank. Through the Banque d'Outremûr Thys consolidated his control of the Congo and could justly be considered the head of nearly all Belgian colonial enterprises. These included, after the transformation of the Congo Free State to a Belgian colony, also the Banque du Congo belge, the state colonial bank. The foreign banks engaged in the Banque d'Outremûr were given little opportunity to exert an influence on the direction of its affairs, but were at least in a position to
involve the bank in their own industrial and commercial interests and availing themselves of the bank's relations with South America and of the cover of Belgium's neutrality in their own Latin American financing business. The decision of the Deutsche Bank to invest 1.85 million francs in the d'Outremer was probably determined by the chance of a cooperation with French banks, of access to the Belgian and through it also the French capital market, and by the general rôle of Belgium as meeting-ground of international capital.

Some of the most capital-hungry German industries found, assisted by their banks, another channel to larger amounts of Belgian and foreign capital by the establishment of specific financing companies in Brussels. This was particularly true of the electrical companies. The German large banks remained, on the other hand, reserved towards the establishment of branches or subsidiaries in Brussels.

French banks were represented in a considerably more conspicuous manner. But also here the development was of a recent date. The two subsidiaries of the Comptoir National which had been established in 1871 had been only short-lived. The "new" Parisbas of 1872, with a subsidiary in Brussels and in Antwerp (the latter had to be closed in 1876), was for a long time the only French bastion in Belgium. Like the Parisbas subsidiaries in Geneva and Amsterdam those in Brussels and Antwerp continued former interests. Brussels was a reorganized former head office of the Banque de Crédit et de Dépôt des Pays Bas (in continuation of the business of the private bank of Bischoffsheim) which had merged with the Banque de Paris in 1872 (to Parisbas). Directed for more than a generation by the internationally well-


24) cf. below on the interests of the German electrical corporations in Western Europe.
known Chevalier Raphaël de Bauer, an Austrian naturalized in Belgium, the bank was largely independent of the parent house in Paris which had provided it with a dotation capital of 5 million francs. The greater part of the working capital was derived from the unusually high deposits of clients - a legacy of the Bischoffsheim bank. The most important partner of Bischoffsheim had been Baron Hirsch, the famous "Türkenhirsch", who also put a deposit of 25 million francs at the disposal of the Parisbas. Together with the deposits by his friends, the bank was in a position to devote itself from the beginning to financing and issuing transactions on a large scale. Its further development was closely tied to the growth of industry in Belgium; it established relations with all important heavy industrial corporations and the electrical trust companies.  

25) de Bauer was member on the advisory councils of 20 Belgian, mostly joint-stock industrial companies. Through the issuing transactions the bank obtained a considerable influence on these companies and controlled in a number of cases their entire financial and payments systems. It also engaged itself in the financing of Belgian banks - Banque belge pour l'Etranger, Banque d'Outremer, Banque de Commerce in Antwerp, temporarily also in the Crédit Anversois - and of various enterprises in the Congo. These engagements were facilitated by the bank's participation in many of the international syndicate transaction of the parent house in Paris and by millions in acceptance credits given by Paris to Russian, Austrian, Hungarian, Roumanian and American banks which were entered in the books of the Brussels subsidiary to escape French stamp duties and for reasons of balance-sheet considerations. For similar reasons also a large number of clients of the Paris banks deposited securities in Brussels; others - since the mid-nineties approximately two hundred - used the Paris-Brussels line for

purposes of tax evasion and had cash deposits totalling after 1900 around 4 million francs. 26) The development of the other French banks in Belgium was entirely different. They devoted themselves nearly exclusively to current business and established few relations with Belgian industry. Their directors were mostly delegates of the Paris banks, their clients mainly French tax evaders which had their accounts transferred to Brussels. It appears that all these subsidiaries operated successfully only on account of cheap French capital working for them abroad. 27) Outstanding among them was that of the Crédit Lyonnais, established in 1889. The renown of the Paris institution attracted a large number of clients from various countries also to the Brussels branch; so above all perfumeries and clothing industries in Germany, Holland and Italy. There were only few contacts with other industries, although the list of German firms in business relations with the bank in Brussels included e.g. some of the large German manufacturers of machine tools and of sewing machines, even Krupp. Belgian clients were secured in large numbers by travelling agents, a system which the Crédit Lyonnais had employed very successfully as the first bank in France. Also in the tradition of the parent house the Brussels subsidiary conducted its affairs on the principles of a pure deposit bank; as the first bank in Belgium it established two deposit branch offices in the centre of Brussels. By means of its superior organization and the offering of favourable conditions the bank attracted many Belgian clients away from the Belgian banks and the agents de change. The deposits were in the main invested in bills. 28)

26) Baldy 106 and mainly DZAI-NL Lumm 36, 105f.—The first director of the new — and last head of the old — Parisbas was Henri Bamberger, the brother of Ludwig Bamberger, the German banker-politician (cf. above in the context of German-French relations in banking before 1870). The Bambergers were relatives of the Bischoffsheims. Bauer, Bamberger’s successor, had been a managing clerk with Bischoffsheim.

27) DZAI-NL Lumm 70, 77f.—Considerable amounts of French capital had also been directed to Belgium in the nineties, when French legislation drove many Paris coulissiers to Brussels.
The subsidiary of the Crédit Lyonnais gained ground rapidly. In 1890 the French minister reported that it was actively competing the numerous private banking houses - regarded by him as essentially "subsidiaries of the large houses of Berlin, of Frankfort, and of London" (1) - and was confident that other French banks would follow with subsidiaries in Belgium to counterbalance this influence of the German private bankers and that of the "Israelites of German origin" who directed the affairs of medium-sized and smaller banks in Brussels and were, as he saw it, still associated with Oppenheim, Schaaffhausen etc. 29)

In the eighteen-nineties there existed in fact only one such German-Belgian relationship of importance (besides the other forms described above): the close liaison between Bleichröder and Phillipson et Horsoys, primarily for the placement of German bonds in the Brussels market. British banks had no bridgeheads in Belgium at all 30) and the Banque Lambert was the only Belgian private banking house with closer relations to London financiers 31) manifesting themselves - although more discernibly at a later date - in engagements in Congo concessions controlled by British capital.

For all its misjudgements the report of the French minister was indicative of the sensitivity with which the French diplomats

28) ibid., 78f. At the end of 1913 the deposits amounted to 30 million francs; 140 million francs were deposited in securities, many in American and German papers; 40 million of them were on British account.

29) Bourée to AE 16.12.90, AN Paris-F30/270.-Most of these bankers were self-made men, had few relations with Germany beyond those of a purely business nature. All of them, inclusive of some Austrians, had been naturalized before 1871 or were already second and third generation Belgians.

30) The London and River Plate Bank, a financing company, had merely an English name; it worked with French capital nearly exclusively.

31) Léon Lambert, the principal share holder, was married to the granddaughter of James Meyer and a number of Rothschilds (in the main of the French line) were members of the administrative council.
reacted to any sign of "German influence" in Belgium and in Antwerp in particular where the German progress was watched with envy and anxiety. In the same letter the minister felt that Antwerp had "for already a long time been lured into a commercial domination by Germany" (sic). The Germano-Anversois appeared as a fifth column, as the spear-head of an economic Pangermanism. Many significant developments in the "German invasion of Belgium" escaped, however, the attention of the legation and the consulate; the assertion that it was completely disliked by the Flemish and Walloon population alike was at any rate unfounded and the hope of the minister that the infiltration of the country by German capital would provoke a strong counter-movement did not materialize. 32) French influence in Antwerp remained negligible and in view of the surtaxe d’entrepôt of the Méline tariff there was little prospect of a change of these relations in their commercial aspects. Only the industrial region in Northern France shipped a part of its exports via Antwerp; the French government and the private railway companies had in fact an imminent interest in directing trade via French ports and French navigation lines. The consul in Antwerp at least realized that the only way in which the French would be able to counter the manner in which Germany systematically lays her hands on this city was the creation of subsidiaries of French banks. The attempt to activate Paris financial houses "to counterbalance the German influence" in Antwerp 33) naturally found the support of the French chamber of commerce in the port city and, pressed by these circles, the French Société Générale stepped forth in 1898 with the establishment of the Société Française de Banque et des Dépôts with a capital of 6 million francs and

32) Bourée to AE 16.12.50, AN Paris - F 30/270; Carteron to AE summer 1897, ibid. F30/272 (etc.)
33) Carteron to AE (as above) and 24.12.97, AN Paris F30/272, dto. 26.10.1900, ibid., F 12-7048.
subsidiaries in Brussels and Antwerp. The Société Française did not engage itself in any transactions whatever and the Belgian subsidiaries were controlled directly by the directors of the Société Générale. The office in Antwerp was opened, as the bank underlined emphatically, "at the instigation" of the French consul in the city who had been seconded by Hanotaux at the Quai d'Orsay. The Crédit Lyonnais, the Comptoir National d'Escompte and the Parisbas - the latter did not wish to be reminded of its former Antwerp branch - rejected a similar invitation. The presence of the Société Générale in Antwerp left no mark on the general orientation of interests towards Germany, but made, on account of the relations established abroad by the Antwerp merchants, soon the largest profits of all French banks in Belgium - around 1 million francs net per annum after 1904 - realized mainly from the discounting of bills (a considerable part of which were German). The office in Brussels acted mainly as a liaison agency with Belgian financial concerns and industrialists but did not live up to the expectations. The major business of the subsidiary - it had a stock-capital of 12 million francs in 1901 and of 25 million francs after 1909 (as compared with a dotation capital of 4 million francs for that in Antwerp) - consisted in deposit banking and the holding in trust of securities of the French colony in Belgium and of Frenchmen with close business relations with Brussels. The number of French tax evaders among the clients was again considerable, that of Belgian nationals always small. Profits were extremely unsteady; in the last three pre-war years they ranged from 25,000 to 40,000 francs per annum. 34)

34) AE to finance 31.7.97; commerce to finance 20.11.97; finance to commerce January 1898; Société Générale to finance 15.12.97, 13.4.98, AN Paris F 30/272

The Société Suisse de Banque et de Dépôts in Brussels was a subsidiary of the subsidiary of the subsidiary (sic!) of the Société Générale in Lausanne.
During the eighteen nineties all other French banks persevered in their reticence towards the establishment of branches in Belgium. There had been a gap of ten years between the creation of the subsidiaries of the Crédit Lyonnais and of the Société Générale; further suggestions, brought forth time and again by the consul in Antwerp also with regard to Ghent, did not meet with any response.\(^{36}\) The Comptoir National had, however, second thoughts about Antwerp and participated in 1898, although with only a moderate half million francs, in the formation of the Crédit Anversois (stock capital 12 million francs).\(^{37}\) Like the Banque Internationale de Bruxelles, the other large bank created in the same year, the Crédit Anversois experienced great difficulties in the crisis of 1901/1903. It had to be reorganized in 1904 and became a Franco-German community of interests; the Darmstädter Bank took 6,000 shares (and additional interests in 1911 and 1913 on the occasion of an increase of the stock-capital) and made the bank its official representative in Belgium; 12,500 shares were taken by a consortium of Paris banks headed by the Crédit Mobilier with the intention of introducing them at the Paris stock-exchange.\(^{38}\) The Comptoir National retained its share. In 1903 the directors of this bank had decided upon the creation of a subsidiary in Brussels - apparently for fear of falling behind in the now increased competition of French banks for influence in Belgium and in the hope of financing some overseas transactions more profitably via Brussels. While the parent bank in Paris was closely asso-

\(^{36}\) Carteron to AE 7.1.1902, negative reply by the Société Générale 13.2.02, Carteron to AE May 1904 and May 1906; MAE Paris Belgique NS 26, 18f., 39, 103f., 134f.

\(^{37}\) The bank was essentially a creation of the Crédit Générale Liégeois which reportedly aspired to the position of "a Crédit Lyonnais for Belgium". The Crédit Anversois attempted above all to attract Catholic circles (in competition with the Banque Centrale as incorporation of the liberal and international elements). DZAI-NL Lumm 84,4.

\(^{38}\) DZAI-RdI 19553,43,-cf. Calmon 50,-Chlepner 98,-Bürklin II, 122.
ciated with all branches of industry - and as such the excep-
tion among the Paris banks - the Brussels office abstained from
such engagements and concentrated on attracting money from
Paris for its continuation business and the collection of
bills of exchange on overseas places. The attempt to do ar-
bbitration business on a large scale failed. Current account
business with Belgian clients could not be established and
the subsidiary never attained any particular importance. 39)
Also in 1903 the Société Générale de Crédit Industriel et
Commercial in Paris constituted, together with its four subsi-
diaries in France and a small participation by the Crédit
Général Liégeois and the Banque de Bruxelles, the Société
Belge de Crédit Industriel et Commercial et de Dépôts in
Brussels with a stock-capital of 10 (since 1906 20) million
francs. The major objective was evident; the bank became an
important custodian of the assets and investments of its French
aristocratic and clerical clients and of industrial interests.
After the first year of operation deposits amounted to already
20 million francs and reached 50 million francs by the end
of 1913. Considerable profits were realized also from the cur-
rent account business; all other business was neglected. In-
vestments concentrated on government bonds with a preference
of Austro-Hungarian papers, amounting to more than 25 million
francs in 1907 to 1914. The clerical clients were often advised
to have their French rentes and British consols exchanged for
Austrian or German and Prussian bonds (the latter totalling for
1907 to 1913 820,000 and 1.47 million francs respectively). Of
interest were also the 343,000 and 197,000 francs in shares and
debentures of the GBAG and Harpen. 40)

39) The results were apparently due to the quality of the di-
rectors and staff. - DZA I-NL Lumm 36, 108f., ibid.-NL Lumm
70, 91f.-- aspects also in Kaufmann 182, 189.
40) DZA1-NL Lumm 36, 122f.,-ibid.,-NL Lumm 70, 99f., and cf.
Kaufmann 109f.,-Calmon 46.-The French bank (established
in 1859) was by far the most important of all local deposit
banks (apart from the three leading Paris banks). It had
a stock-capital of 80 million francs in 1900 (100 million
Due to the support received from their parent houses in Paris, the business of the French subsidiaries in Brussels was generally rather extensive. Their major objective was the discounting of bills in Belgium to escape the high French stamp duties and the recovery of French capital pushed out of the country by French legislation.\(^{41}\) The second aspect gained in importance a few years later, when Caillaux's project of an income tax provoked a veritable flight of capital from France. Some indication of the extent of this exodus may be gathered from a survey compiled by the German banking supervisory board in Belgium during the First World War on the basis of the papers of some of the banks under sequestration, reflecting the frozen state of affairs at the beginning of August 1914. The deposits of foreign, primarily French, firms in accounts of more than 50,000 francs totalled 112 million francs; the securities in open deposits 272 million francs. The assets of French rentiers in open deposit with the six subsidiaries of the French banks in Belgium amounted to more than 320 million francs. The total of foreign assets in cash and securities—most of them again held by French nationals—was estimated at more than 1,500 million francs (leaving the contents of the safes out of consideration).\(^{42}\)

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40) The smaller interests of the Northern French regional banks in Belgium shall be summarized in this annotation (after DZAI-NL Lumm 36 108, 12 of., and NL Lumm 70, 94 f.): The Société de Dépôts et de Crédit in Brussels was founded in 1896 as an independent Belgian joint-stock company by the Crédit du Nord in Lille and a number of Lille bankers and industrialists. The stock-capital was 5 million francs, 25% of which were paid in. The majority of clients were industrialists and rentiers from Northern France using the bank for purposes of tax evasion, and included also some Belgian textile industrialists with close relations to the
In their general outlines these relations were well-known to contemporaries, but were frequently misrepresented for political reasons. Many Belgian commentators stood the facts on their heads, accusing the French banks in Brussels of availing themselves of Belgian capital under the suzerainty of their Paris parent houses, while it was, for instance, in fact one of the major pre-occupations of the Brussels stock-exchange to place foreign securities in France. Nevertheless, French financial influence in Belgium was at any rate unusually strong. Since the late eighties the growing importance of the financing business in Belgium immobilized increasing amounts of banking capital and made it impossible to meet the demands of industry and commerce satisfactorily. Belgian entrepre-

spinning and weaving mills in Northern France. Business was rather moderate, which may in part have been due to the legal form of a Belgian company. Three other small banks operated as Belgian provincial banks of very modest dimensions:

Verley, Decroix & Cie, in Mons as a subsidiary office of the bank of the same name in Lille (capital 20 million francs) and as an annex to the 32 subsidiaries in Northern France;

Jules Joire in Tournaï was founded in 1907 by a banker established in Lille and Toucoing;

the Banque Arlonaise in Arlon was created in 1897 by the Banque de Meuse et Moselle in Longwy as an independent Belgian company with a capital of 1.5 million francs 80% of which were in the hands of the original founder.

Emile Guilmard, L'évasion fiscale, Paris 1907,-Paul de Laveleye, Le projet Caillaux et les impôts directs en Belgique, in: Moniteur des Intérêts Materiels (Bruxelles), 1907/II, 2921-2923:

<table>
<thead>
<tr>
<th>Income in France</th>
<th>Income in Belgium</th>
</tr>
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<tbody>
<tr>
<td>100,000 francs</td>
<td>15.0</td>
</tr>
<tr>
<td>50,000</td>
<td>11.7</td>
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<tr>
<td>20,000</td>
<td>7.5</td>
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<tr>
<td>10,000</td>
<td>6.0</td>
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<tr>
<td>5,000</td>
<td>3.0</td>
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DZAIE-NL Lumm 65,111

Ansiaux (1907);-Pasotte in: RET 1908, 634.

Jaffé in B&A. 1915, 363,-Bürklin I, 274.-This may be compared with the total of Belgian foreign investments estimated at close to 3,000 million francs.
neurs had to turn to foreign sources, primarily to France where capital was not only abundant but also relatively cheap. French capitalists, with little opportunity for investment at home, seized the opportunity of supplying capital against a fixed return and of purchasing shares and debentures of Belgian companies operating in many cases in third countries. By 1913 French engagements in these enterprises amounted to approximately 240 million francs (nominal). The payment of dividends and interests entailed an increasing Belgian dependence upon Paris. It contributed to Belgium's financial problems and the paramount issue the country had to cope with: an unfavourable rate of exchange on Paris and a constant drain of silver-coins, aggravated by the excessive issue of bank notes with all the negative effects upon purchasing and spending power and the international standing of the Belgian valută. This causal relationship — recognized and acknowledged by only few contemporaries — was to a smaller degree also true of French relations with Switzerland and Italy both of whom had an adverse balance of payments with France which drove small token coinage out of their home countries to Paris, the centre of the franc-area and of the monetary convention of the "Union Latine" (Latin Monetary Union), a coinage but not a currency union formed in 1865.

45) excellent Alfred Lansburgh, the leading German financial journalist, in Die Landesflucht des Metallgeldes, in: Die Bank 1912, 409ff., and Paul Witten, Die Devisenpolitik der Nationalbank von Belgien, in: Schm. Jb. 42/1918, II, 193ff., II/IV, 135ff. — somewhat confuse although essentially correct Maurice Ansiaux, Les problèmes actuels de la circulation métallique et fiduciaire en Belgique, in: REV (Nov.) 1907, 235ff. — It has recently been argued by a leading Belgian economic historian that it is "clear" that it was just a matter of interest rates and that a slight contraction would have sufficed to put things in order. Fernand Bauduin, Histoire Économique de la Belgique, 1900-1914, in: Mélanges Étienne van Cauwenbergh, Louvain 1961, 654. This interpretation is not radically new; contemporary observers touched it in one way or another and suggested — although for obvious reasons the other way round — by the director of the Belgian mint in the annual report for 1908, cf. Charles A. Conant, The National Bank of Belgium, (National Monetary Commission, Doc. 400), Washington 1910, 201/202. In whichever version this is again in need of further explanation.
Paris was the only place in the bi-metallist franc-bloc where gold could be obtained for balancing payments with countries on the gold standard. These conditions created a considerable disagio between Belgium, Switzerland and Italy on the one and France on the other hand - in spite of the theoretical parity of the "national" silver coins as legal tender in the entire area of the union (which was joined by Greece in 1868). The suggestion for such a convention incidentally had been given by Belgium in 1861 - the country had adopted the French monetary system in 1832 - in the assumption that it would impede the drain of silver coins to France and reduce the undesired effect that coins in circulation were not only scarce - in 1861 it had become necessary to admit also Belgian and French gold coins as legal tender - but were mainly French franc pieces. The Belgian proposal was taken up by Napoléon III. as suited to promote the cohesion of the Latin nations and their orientation on France. The hopes Belgium had set on the convention were not fulfilled. The disagio of the valuta remained at between 3/8 and 1/2% and professional arbitrators found it a profitable business to sell silver coins across the borders for cheques or notes and to cash these at the offices of the Banque de Belgique which was bound by law to redeem them in silver coins - and to repeat the process ad infinitum. The


flight of currency to the centre of the franc-bloc - the exist-
ence of the Union Latine was of secondary relevance in this
context - compelled the Banque de Belgique to spend an estimated
500,000 to 1 million francs a year on the re-purchase, in gold
or bills, of the annually more than 100 million francs in sil-
ver coins from the Banque de France to replenish the stock of
five-franc silver-pieces and token coinage required for cir-
culation and for the one-third metallic cover of the bank-notes
in circulation. Inspite of these efforts bank-notes continued
in effect to be the actual legal tender, as the silver-coins
were nearly immediately returned to France by the professional
arbitrators. The general dismay of the contemporaries at the
disarrangement of the Belgian currency and the undervaluation
of the Belgian valuta was officially shared by the Belgian
National Bank, although it had in reality little reason to
complain. It was precisely the silvercoin-trade which kept the
disagio of the Belgian valuta at a relatively modest level by
balancing a large part of the Belgian debit balance of payments
(and preventing an excessive rise of the rates of exchange),
generated by the large amount of uncovered notes in circulation.
The actual motivation behind the re-purchases of silver-coins
in Paris was then in reality to supply the arbitrators with a
quantity of silvercoins sufficient and necessary to maintain
the valuta at its level and to permit a continued excessive
issue of bank notes which was in turn - to complete also this
circle - and via its negative effect upon the balance of pay-

48) Lansburgh, in: Die Bank 1912, 413f., Jaffé, in: B.A. 1915,
363/364. Approximately 600 million francs of not-covered
bank notes were issued annually - about three times as
much per head as in France and (since the issue of notes
in 1905) in Germany.
ments a cause of the strong demand for foreign bills and consequently – as overpayment of these bills – of the undervaluation of the valuta. This was probably a maximum solution, since the national bank of Belgium was not willing to raise its discount rate to a permanently higher level or to reduce the issue of uncovered banknotes. The prevailing low discount rate which was still high enough to attract French capital permitted relatively cheap credits to Belgian industrial and commercial circles and facilitated Belgium's imperialism; in a similar way not-covered bank notes were not only artificial legal tender, but also artificial capital permitting a further extension of credits. The negative aspects weighed, however, equally heavily: the excessive circulation of banknotes and excessive credits created an excess of purchasing power – in any case beyond levels usually regarded as normal – which in turn intensified the long upward movement in prices beyond levels generally experienced in other countries and contributed to the abnormally "passive" Belgian balance of payments and added to the flight of currency a flight of capital. Public criticism was, however, focused on another issue. The central bank was accused of directing its policies to private rather than national economic interests; the bank was a semi-private institution and attempted by nature to serve also the interests of the shareholders. After the turn of the century dividends were always above 15% – usually a regular 16.6%. The discount rate usually stayed below 3.5% and it appeared obvious that the policy took account of a legislative change in 1900 which reduced the rate beyond which earnings from the discounting business had to handed over to the state from 5% to 3.5%. 49) The demand for capital and the strain upon...

49) Mainly after v Lumm, Diskontpolitik, in: B.A. 1908, -Lansburgh, loc. cit., - Belgiens Volkswirtschaft 259f. -In 1913 Ernest van Elewyck, the president of the chamber of commerce in Brussels, (La Banque Nationale de Belgique, Les théories et les faits, Bruxelles 1913, II, 89), emphasized the danger arising from the increasing amount of notes in circulation and the monetary difficulties as effects of the
the banks led on the other hand also to the unusual situation that the central bank began to step into the breach. It did not content itself with the rôle of the bank of the banks, but became the major Belgian source of credit to Belgian entrepreneurs. 50)

It is unquestionable that Belgium's dependence upon the French monetary system and its effect upon the markets restricted the elbow-room of the discount policy as it impaired the balance of payments and did damage to the currency system. It must, however, be emphasized again that these conditions were in part not unwanted once the relations had been firmly established. In 1891 the government set up a "permanent currency commission" to report on the influence of the Latin Monetary Union upon conditions in Belgium and to study the question of the desirability or non-advisability of a continued Belgian membership in the convention and those of a transition to the gold standard. The issues were always under discussion in the public but never really considered a serious alternative, as the move out of the convention would have been very costly. In the event of a withdrawal from the union Belgium would have had to pay an estimated 200 million francs in gold to buy back the 200 million francs circulating as five-francs Belgian silver-pieces in the other member states of the Latin Monetary Union and would have lost about 50 million francs on account of the clause that members were free large amount of bills in the bank's portfolio, which were largely pure finance-bills due to the long-term credits granted to industry and commerce, and could not be considered an unobjectionable cover of the notes. - It appears at any rate certain that the policy of the bank was quite deliberate. -- On the interests of the share-holders cf. esp. P. Kauch, La Banque Nationale de Belgique, Bruxelles 1950, 240ff., on some of the political aspects already A. Allard, La question monétaire, son influence sur la politique douanière et sur l'union de parti conservateur en Belgique, Paris 1895.-- The amounts of notes in circulation increased by approximately 2/3 in 1900-1913 (Baudhuin, loc. cit., 576 million francs in 1900; 1,004 million francs in 1913; Einzelschriften zur Statistik des Deutschen Reiches, No.V, 125; 631.6 and 1,067.4 mill. francs respectively; - for the same period in France (ibid., 101); 4,034-5,665 mill. francs. 50) Jaffé in: B.A. 1915, 363.
of their obligations only if they continued to adhere to the double-currency standard for another five years after their withdrawal. 51) Belgium stayed in the Union Latine and little was heard of the "permanent currency commission" in the following years in spite of the occasionally very heated public debates on the adverse balance of payments and the discount and currency policies of the national bank. It was only in 1913 that the president of the chamber of commerce in Brussels, tired of excuses, subterfuges and tactics, wrote flatly that the policies of the central bank had resulted in a "sickness of the entire economic body." There was in this later stage indeed some indication of misgivings even on the part of the directors of the Banque de Belgique. In 1909, for instance, the discount rate in Belgium did not exceed 3.5%, although the Reichsbank and the Bank of England raised their rates considerably and discounted at 5%. Since 1910 the Belgian rate followed those in Germany and Britain much more closely, although always with a considerable lag and never for a long time. 52) In spite of the renewed discussion of the question whether Belgium should continue to adhere to the monetary with France in the years after 1910 - even the permanent currency commission met again several times in 1912-1914 - a vast majority was in favour of a continuation of the relationship as the least of all evils. A monetary or currency union with Germany was never under discussion. 53)

52) van Elewyck II, 89,- memorandum by Ludwig Bendix (9.4.1916), DZAI-Rdi 2805, 239f.—The bank's holdings in bills increased from 465. 2 million francs in 1900 to 715.7 million francs in 1909 and 801.4 million francs in 1913 (Einzelschriften zur Statistik des Deutschen Reiches, No V, 127).
53) Memorandum by von Lumm (2.7.1916) on the basis of publications and the secret minutes of the meetings of the permanent commission., DZA I-NL Lumm 17, 62-65.—Cf. the brief survey on the development in 1910-1914 in the context further below.