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Examination session (May or November)

MAY

Year

2013

Diploma Programme subject in which this extended essay is registered: History

(For an extended essay in the area of languages, state the language and whether it is group 1 or group 2.)

Title of the extended essay: What role did economics play in the unification of Germany from 1834 to 1871?

Candidate's declaration

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The extended essay I am submitting is my own work (apart from guidance allowed by the International Baccalaureate).

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work on German unification has been superb. He read voraciously and the essay reflects the vast amount of work that went into research. He genuinely is an expert on this topic and has left no stone unturned. He has learned a great deal about methodology and made insightful comments about this in the viva. He reworked the essay in response to discovering new sources of information, and based on wider reading of theoretical works on history. There is no question that this is his own work: his mastery of detail in the viva demonstrated this clearly. Indeed, he submitted an earlier draft of this to Oxford University to read History and has been successful. The work is clearly beyond anything that would reasonably be expected at this level. It has been very easy to surprise as he has worked independently, reflectively, and produced a superb final piece.

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To the best of my knowledge, the extended essay is the authentic work of the candidate.

I spent hours with the candidate discussing the progress of the extended essay.

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Assessment form (for examiner use only)

Criteria	Achievement level					
	Examiner 1	maximum	Examiner 2	maximum	Examiner 3	
A research question	2	2		2		
B introduction	2	2		2		
C investigation	4	4		4		
D knowledge and understanding	4	4		4		
E reasoned argument	4	4		4		
F analysis and evaluation	4	4		4		
G use of subject language	4	4		4		
H conclusion	2	2		2		
I formal presentation	4	4		4		
J abstract	2	2		2		
K holistic judgment	4	4		4		
Total out of 36	36					

History Extended Essay

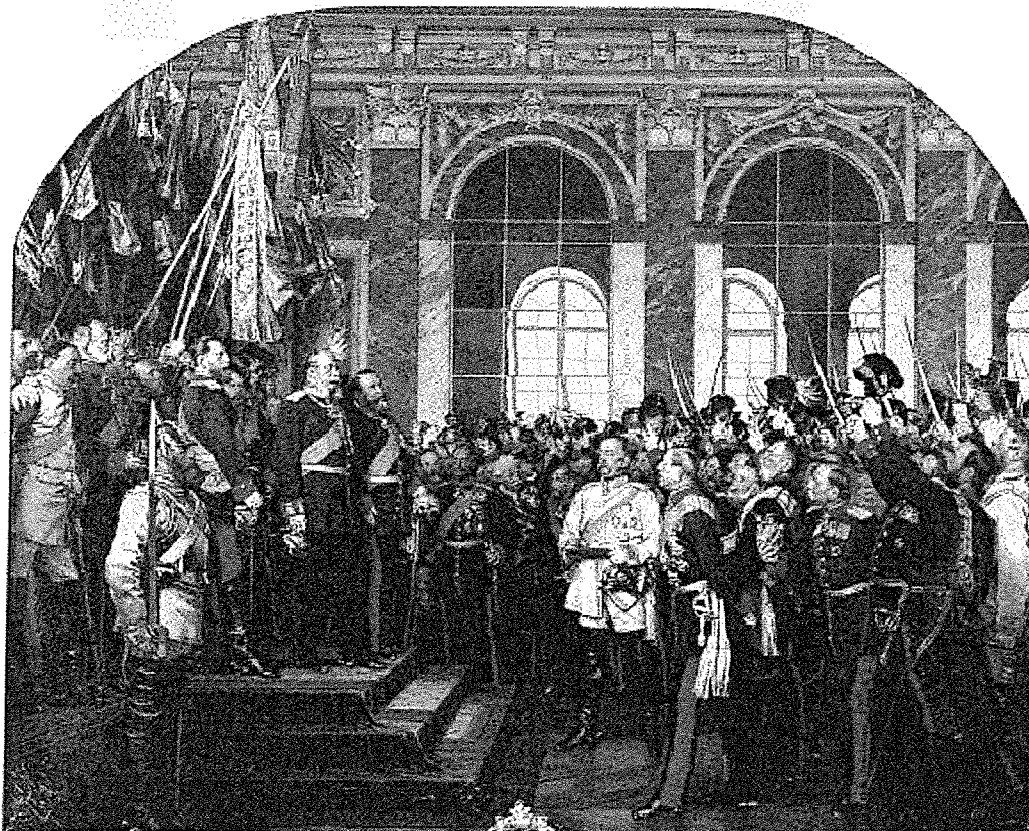
By

Candidate Number:

Date: 15th January 2013

Word Count: 3997

Research Question: What role did economics play in the unification of Germany from 1834 to 1871?



Bismarck's proclamation of the German Empire on 18th January 1871 in the Hall of Mirrors at Versailles.

Abstract

The research question in this essay is **“What role did economics play in the unification of Germany from 1834 to 1871?”**

This essay aims to answer this question by engaging with the historiographical debate surrounding the influence of varying factors on the unification of Germany. The reference material used to construct this investigation has been drawn from a multitude of sources including: books, articles, websites and primary documents. To come to a conclusion I investigate the impact upon unification of the Zollverein, Austrian imperial decline, German nationalism, Prussian militarism and Bismarck’s leadership of Prussia. This essay has a particular focus upon the role economics played in each of these factors.

The conclusion reached is that economics played a fundamental role in the unification of Germany. Its most compelling manifestation was the Zollverein which underpinned Prussia’s financial and political muscle, and formed the basis of German political unity. Bismarck used economic and political influence, gained from control of the Zollverein, to advance his expansionist agenda on the international stage: the fulfilment of which led to unification. This essay moreover concludes that Bismarck’s foreign economic policies worsened Austria’s economic decline and thus deteriorated her political prestige, both of which in turn facilitated the formation of Kleindeutschland rather than Grossdeutschland. The degeneration of the Austrian Empire left her exposed to the success of Prussian militarism which was the reason for the amalgamation of the German states into a single political entity. A further conclusion of this essay is that Prussia’s economic power was the basis of her military power (momentously boosted by Bismarck’s sponsorship of military modernisation). I establish that German cultural nationalism failed to make a substantial political impact. Economic nationalism, however, can be considered more politically potent because it led to the transformation of the Zollverein into a political union.

Word Count=299

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Introduction

The research question in this essay is **“What role did economics play in the unification of Germany from 1834 to 1871?”** The unification of Germany in 1871 was a Prussian engineered phenomenon. Bismarck’s 1862 “Iron and Blood” speech¹ to the Prussian Landtag has provided the foundations for a historiographical debate over the role of economics in the unification process. The nineteenth century saw the proposition of arguments underlining the importance of Bismarck and German nationalism in unification. Historiography in the twentieth century, on the other hand, explored the influences of factors such as economics in the unification process. The diversity of arguments within this debate outlines its significance. Keynes’ interpretation that the German Empire was achieved “more truly [by] coal and iron than [by] blood and iron,”² supports the belief that economics was the most significant factor in the unification of Germany. Revisionist scholarship such as that conducted by Hamerow, however, suggests that the driving force behind unification was a mixture of social, economic and ideological impulses.³ Keynes’ interpretation has been discredited due to the Zollverein⁴’s lack of explanation for Prussia’s 1866 establishment of the North German Confederation amongst widespread opposition from its members⁵ despite its provision of “a possible template for Germany’s future frontiers of the Kleindeutschland kind”.⁶ Given that a groundswell of historical understanding suggests that unification was more a product of Prussian expansionism than nationalistic desire, the question of whether economic prowess gave Prussia a “de facto hegemony in Germany”⁷ which was merely ratified by victorious Prussian militarism has to be considered. Berdahl has given a fresh perspective on German nationalism suggesting that economics may also have played a dominant role in the development of nationalist sentiment.⁸ Therefore the question of the role of “ideological impulse”⁹ changes into how economics may have constructed this impulse. Economics emerged as the predominant force behind the potential for unification; however, it could only have delivered unification if

¹Excerpt from Bismarck’s “Blood and Iron” Speech (1862), Accessed at: http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=250 [Accessed online: 17th June 2012]

²Keynes, John Maynard. *The Economic Consequences of the Peace*. (New York: Harcourt, Brace, and Howe. Inc.. 1920) p.81.

³Hamerow, Theodore S. *The Social Foundations of German Unification 1858-71*. (Princeton, 1969)

⁴The Zollverein was a free trade organisation established by Prussia in 1834.

⁵Chapman, Tim. “Germany 1815-48 - The Time When Nothing Happened?” *Modern History Review*. (September 1999) p.8.

⁶Chapman, Tim. “Germany 1815-48 - The Time When Nothing Happened?” *Modern History Review*. (September 1999) p.8.

⁷Tipton, Frank. “The National Consensus in German Economic History”. *Central European History/Volume 7/Issue 3*. (September 1974) pp.195-224. Quoted in Showalter, Dennis. *The Wars of German Unification*. (Arnold, 2004) p.109.

⁸Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review/Volume 77/Number 1*. (February 1972) pp.65-80.

⁹Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review/Volume 77/Number 1*. (February 1972) p.76.

it was used as a tool: Bismarckian power politics was the “[steering]” mechanism of the “current of events”.¹⁰

This research question is worthy of investigation because there is extensive historical debate into the causes of German unification. Since Keynes’ work of 1920,¹¹ historians have not reached a consensus about the importance of economic developments in the unification of Germany. From a theory of knowledge perspective, an answer to this research question can help us to distinguish whether the study of economic history can provide a reliable explanation of political shifts or whether more traditional theories of history that emphasise the importance of individuals carry more weight.

The importance of the Zollverein in the economic development of the German states and the political rise of Prussia

The clearest manifestation of the role of economics in the unification of Germany is that of the Zollverein.¹² Zorn’s¹³ argument that the economic unification of Germany was completed a decade before its political counterpart is compelling because the Zollverein provided the political and geographical template for the German Reich of 1871.¹⁴ The Zollverein was crucial to the economic advancement of the German states and thus to the unification of Germany because it facilitated vital lines of both commercial and diplomatic communication, which Prussia controlled.¹⁵ Wealth generated from the Zollverein was central to the construction of these lines of communication: the German rail network grew “from 400 miles in 1840 to more than 12,000 in 1870”.¹⁶ This systematic linkage of the German states, via economic policy, can be said to have advanced conceptions of a national unit.

The Zollverein had a particularly significant impact upon the economic development of Prussia. The period 1849-75 saw the rapid industrialisation¹⁷ and the resultant increase in the economic might of the Hohenzollern Kingdom. Prussia’s industrialisation in this period can be exemplified by her 800% increase in coal production.¹⁸ Her growing economic

¹⁰Taylor, A.J.P. *Bismarck- The Man And The Statesman*. (Sutton Publishing, 1955) p.70.

¹¹Keynes, John Maynard. *The Economic Consequences of the Peace*. (New York: Harcourt, Brace, and Howe, Inc., 1920)

¹²Williamson, D.G. *Bismarck and Germany 1862-1890*. (Addison Wesley Longman Limited, 1998) p.2.

¹³Zorn, Wolfgang. *Wirtschafts- und Sozialgeschichtliche Zusammenhänge der deutschen Reichsgründungszeit (1850-1879)*. (*Historische Zeitschrift*, October 1963)

¹⁴Henderson, W.O. *The Zollverein*. (Frank Cass and Company Limited, 1984) p.339.

¹⁵Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.105.

¹⁶Katzenstein, Peter J. *Disjointed Partners: Austria and Germany since 1815*. (University of California Press, 1976) p. 237.

¹⁷Blackbourn, David. *History of Germany 1780-1919: The Long Nineteenth Century* (Oxford 2003) p. 136.

¹⁸Blackbourn, David. *History of Germany 1780-1919: The Long Nineteenth Century* (Oxford 2003) p. 136.

strength was boosted by possession of the resource rich regions of the Ruhr and Silesia. Within Zollverein territory, 80% of coal production was Prussian.¹⁹ Williamson stipulates that Prussia's industrialisation, stimulated by the Zollverein, "[enabled] her to assert her power more effectively within Germany".²⁰ Carr also makes this convincing argument by revealing a correlation between the surge in Prussian economic strength and her development of political clout:²¹ demonstrated by her increasing belligerence towards Austria, which was empowering in the unification process. It is thus clear that economic development translated into political capital. The growth of the Zollverein, moreover, resulted in the emergence of complex trading patterns which created economic interdependence between member states,²² forming the basis of "future political collaboration".²³

The Zollverein was also important to the process of unification because the economic benefits of membership rendered member states' protest to Prussia's increasing control of the union toothless. This idea is exemplified by the inability of Bavaria, Württemberg and Saxony to leave the Zollverein in 1841 (in order to protest at the exclusion of Austria) because public opinion in the southern German states definitively showed that withdrawal would equate to financial suicide for their respective economies.²⁴ It is thus evident that the economic necessity of membership forced member states into political submission to Prussia. They also later opposed Bismarck's insistence that a renewal of the Zollverein (the treaty was due to lapse in 1865) would have to include the "tariff reductions agreed upon in the 1862 Franco-Prussian [Commercial] Treaty".²⁵ To overcome this resistance, Bismarck threatened to disintegrate the Zollverein. The fear of economic disaster again left opposing states impotent to direct political initiatives against Prussia's demands.²⁶ It is hence plausible that Prussia used the economic dependence of other states upon the Zollverein to further her own interests, serving as a precursor to political unification. Though economic ties were not the definitive basis for political unification, they prevented "any step backwards in a federalist direction".²⁷

¹⁹Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.108.

²⁰Williamson, D.G. *Bismarck and Germany 1862-1890*. (Addison Wesley Longman Limited, 1998) p.1.

²¹Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.105.

²²Williamson, D.G. *Bismarck and Germany 1862-1890*. (Addison Wesley Longman Limited, 1998) p.1.

²³Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.115.

²⁴Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.107.

²⁵Henderson, W.O. *The Rise of German Industrial Power, 1834-1914*. (University of California Press, 1975) p.154.

²⁶Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.111.

²⁷Hahn, Hans-Werther. *Geschichte des deutschen Zollvereins*. (Göttingen, 1984) Quoted in Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.112.

The impact of Austrian imperial decline on the unification of Germany
 The Zollverein detrimentally affected the Austrian economy. Feuchtwanger points to the “the incompatibility of [Berlin and Vienna’s] interests in the economic sphere”²⁸ as an example of the significance of the Zollverein in unification. His recognition of the Zollverein’s success in boosting Prussia, whilst simultaneously depriving Austria, is salient because it reinforces Böhme’s²⁹ emphasis upon the impact of competing tariff policies on the Austro-Prussian power balance.³⁰ A potent example of Prussian interest conflicting with that of Austria can be seen in the Franco-Prussian Commercial Treaty.³¹ Due to her industrially protectionist needs and inability to compete with Prussian industry, the treaty prevented Austria’s entry to the Zollverein thus reaffirming northern Germany’s dependence upon dominant Prussian industry, which in turn promoted Berlin’s economic leadership of Germany.³² Moreover, “the material interests of most German states bound them to [Prussia]”³³ which diminished Austrian access to the German market. It is fair to say that this reduced access had a deleterious impact upon Austrian financial recovery from the depression of 1857. Carr’s analysis that the Franco-Prussian Commercial Treaty’s ratification contributed to a “commercial Villafranca”³⁴ for the Austrians is persuasive because it was arguably the most significant economic event which tipped Germany’s centre of gravity towards Prussia away from Austria.

Austria’s exclusion from the Zollverein also served to exacerbate her debt level which by July 1866 stood at 1,670 million florins³⁵ compared with Prussia’s 290 million thalers.³⁶ Austria’s chronic insolvency decreased her industrial investment and thus reduced her ability to wield military influence over Prussia’s attempts to unify the German states. Financial deterioration of the Austrian Empire was worsened by the 1859 defeats at Magenta and Solferino due to the accumulation of debt and loss of imperial territory.³⁷ Financial strain clearly aggravated military decline: a critical reason for Austria’s loss at

²⁸Feuchtwanger, Edgar. *Bismarck*. (Routledge, 2003) p.115.

²⁹Böhme, Helmut. *Deutschlands Weg zur Grossmacht*. (Kiepenhauer and Witsch, 1966)

³⁰Böhme asserts that the rise of Prussian dominance and the subsequent reduction of Austrian influence in Germany can be attributed to the detrimental impact of the Zollverein’s high tariffs on Austrian imports. (Böhme, Helmut. *Deutschlands Weg zur Grossmacht*. (Kiepenhauer and Witsch, 1966)

³¹This was the “chief obstacle” to Schwarzenberg’s aim for Austria to dominate Central Europe (Feuchtwanger, Edgar. *Bismarck*. (Routledge, 2003) p.45.

³²Cowie, Leonard W. et al. *Years of Nationalism, European History 1815-1890*. (Hodder & Stoughton, 1985) p.243.

³³Waller, Bruce. *Bismarck*. (Blackwell Publishers, 1997) p.24.

³⁴Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.111.

³⁵Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.109.

³⁶Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.109.

³⁷Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.109.

Königgrätz, which in turn exacerbated the poor economic climate. The Kleindeutschland template was dramatically reinforced by Austrian exclusion from the Zollverein because the latter's omission engendered Prussian hegemony over Germany. Hence the Keynesian view that the German Empire was achieved by "coal and iron" becomes attractive because it is manifest that Austrian decline, and to a certain extent Prussian rise, was based upon economic factors.

Alongside the negative impacts of Zollverein exclusion and military defeat, the degeneration of the Austrian Empire was also intensified by imperial ethnic tension: in particular the grievances (expressed in the Hungarian revolt of 1848) of the Magyars. Austria's regressive trend lessened her authority on the international diplomatic stage.³⁸ This weakening of the Austrian Empire arguably lowered the expectations of German Grossdeutsche, due to Austria's increased political insularity, while simultaneously boosting the hopes of Prussian liberals and Kleindeutschland nationalists. Given that Austria's decline was, to some extent, a product of internal problems, economics must only be considered as a contributory cause of the decline that advanced the unification of Germany on the Kleindeutschland model.

The role of nationalism in the unification of Germany

German nationalism, prior to the emergence of Bismarckian power politics, was a predominantly cultural concept.³⁹ Meinecke's argument that the German nation was a "kulturnation"⁴⁰ "[defined by features such as] language, custom and religion"⁴¹ as opposed to a "political unit"⁴² is of paramount importance because it implies that nationalism was a complimentary tool for political unification rather than a decisive cause. This evaluation leads to the question of whether or not cultural nationalism translated into its political counterpart. The prominence of "kulturnation" can be illustrated with the occurrence of nationalistically charged mass rallies, celebrating the centenary of the births of Schiller and Fichte in 1859 and 1862 respectively.⁴³ Patriotism was prevalent at these cultural events; however, they lacked references to a particular political standpoint due to the fear that

³⁸Lemieux, Simon. "Executive Power Bismarck and Metternich". *Modern History Review*. (November 1996) p.30.

³⁹Müller, Frank Lorenz. "German nationalism was created more by academics, students and singers than by kings, statesmen and soldiers". *New Perspective-For History Students/Volume 10/Number 3*. (March 2005) p.6.

⁴⁰Müller, Frank Lorenz. "German nationalism was created more by academics, students and singers than by kings, statesmen and soldiers". *New Perspective-For History Students/Volume 10/Number 3*. (March 2005) p.6.

⁴¹Müller, Frank Lorenz. "German nationalism was created more by academics, students and singers than by kings, statesmen and soldiers". *New Perspective-For History Students/Volume 10/Number 3*. (March 2005) p.6.

⁴²Gellner, Ernest. *Nations and Nationalism*. (Oxford, 1983) p.1.

⁴³John, Michael. "Unification of Germany: The View From Below". *Modern History Review*. (April 1991) p.18.

utilising the rally for ideological expression would have been “unnecessarily divisive”.⁴⁴ John’s suggestion that “unpolitical patriotism”⁴⁵ was the principal form of political rhetoric among educated Germans in the 1860s can be used to infer that cultural nationalism did not undergo a political renaissance, which thus limited its significance to the unification of Germany.

German nationalists were also disjointed in their vision, with the greatest division stemming from disagreement over the form of German unity: Kleindeutschland or Grossdeutschland.⁴⁶ Division was entrenched by the heterogeneous nature of political groups and structures in the German states, the significant variation in the levels of socio-economic development and the national religious divide between the predominantly Protestant north and the mainly Catholic south (which fervently opposed Prussian control).⁴⁷ The severity of this can be demonstrated by the difficulty the German National Assembly had in defining what the German “nation” even meant in 1848.⁴⁸ Liberal nationalism was such a subjective concept that national consensus was non-existent, hence explaining Pflanze’s description of nationalism prior to 1870 as “lethargic”.⁴⁹

According to Berdahl, German historiography has lacked consideration of the economic origins of German nationalism and its formulation as a “response to the needs of German modernisation prior to 1848”.⁵⁰ The economist Berthold Hoselitz suggested that “the ideology of nationalism” was a “requirement” for economic development in underdeveloped societies.⁵¹ It is thus arguable that nationalism “served...as an instrument for those who wanted to overcome economic backwardness”⁵² and establish a modern economy. This idea is attractive given that there was considerable middle-class frustration at German conservatism and elitist particularism.⁵³ Members of the bourgeoisie had financial interests (such as the expansion of the railway network⁵⁴) that could only be met by further economic cohesion between the German states, which was in turn only deliverable through

⁴⁴John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.18.

⁴⁵John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.18.

⁴⁶John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.19.

⁴⁷John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.16.

⁴⁸Breuille, John. *Austria, Prussia and Germany 1806-71*. (Pearson Education Limited, 2002) p.39.

⁴⁹Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.13.

⁵⁰Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.76.

⁵¹Hoselitz, Bert F. *Nationalism, Economic Development, and Democracy*. in Otto Feinstein, ed. *Two Worlds of Change*. (Garden City, 1964)

Quoted in Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.72.

⁵²Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.80.

⁵³Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.79.

⁵⁴Tilly, Richard. *The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866*. *The Journal of Economic History*/Volume 26/Number 4/*The Tasks of Economic History*. (December 1966) p.489.

political unification. Nationalism and the advocating of unification thus became the expressive means for entrepreneurs to advance their economic concerns.⁵⁵ Economic development and the desire for further development can therefore be perceived as stimuli for nationalism. Moreover, as nationalism was “reinforced by economic development,”⁵⁶ the “psychological need”⁵⁷ for the creation of the nation debased conservative and regionalist custom, providing political impetus to unification.⁵⁸

The role of economics in the generation of nationalist sentiment can also be seen in the support liberal nationalists gave to the Zollverein because they considered it the “exemplar of integration through economics”.⁵⁹ Therefore the Zollverein can be perceived as both a template for political union and as a stimulator of nationalism. With the expansion of trade areas, via the Zollverein, and the resultant development of a mobile labour market, links between German communities were arguably improved. Increasing economic integration can thus be interpreted as being contributory to development of nationalist impulse.

Economic nationalism appears to have been the preserve of the middle-class: a minority component of German society. It is therefore necessary to establish whether nationalism was merely a bourgeois phenomenon. Many spirited supporters of nationalism were university students; this demonstrates the elitist nature of the nationalist support base.⁶⁰ In the 1850s the Nationalverein had close ties with liberal bourgeois groups such as the national congresses of economists, chambers of commerce and lawyers.⁶¹ It is possible to perceive liberal nationalism as having a limited influence because of its minority popular support from urban propertied and professional classes. This inference is supported by the fact that peak membership for the Nationalverein stood at 25,000,⁶² suggesting restricted boundaries of political impact. It is important to realise, however, that those advocating unification with an economic motive possessed disproportionate political influence because of their wealth.⁶³ Economic nationalism was proliferated by those whose wealth from industry had enabled them to join the political elite.⁶⁴ It is therefore tenable that it was more conducive to the unification of Germany than its cultural counterpart. However, both

⁵⁵Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.79.

⁵⁶Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.79.

⁵⁷Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.79.

⁵⁸Berdahl, Robert M. “New Thoughts on German Nationalism”. *American Historical Review*/Volume 77/Number 1. (February 1972) p.74.

⁵⁹Showalter, Dennis. *The Wars of German Unification*. (Arnold, 2004) p.110.

⁶⁰Breuilly, John. *Austria, Prussia and Germany 1806-71*. (Pearson Education Limited, 2002) p.62-63.

⁶¹John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.16.

⁶²John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.16.

⁶³Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.110.

⁶⁴Chapman, Tim. “Germany 1815-48 - The Time When Nothing Happened?” *Modern History Review*. (September 1999) p.8.

nationalistic facets should be considered because both were components of the overall concept of nationalism.

German nationalism did gain political significance through its propagation by liberal and progressive parties which were supported by the Nationalverein.⁶⁵ These political parties had popular support in the German states including Prussia in the early 1860s; however, diet seats were won thanks to “restrictive franchises and low levels of electoral participation”.⁶⁶ The argument that nationalism was vital to unification is further damaged by the large conservative swing,⁶⁷ recorded in the Prussian election of 1866. Thus illustrates that liberal nationalists were even incapacitated in their ability to arouse and maintain mass support in the state that was most important to unification. As well as a lack of intra-state success (further exemplified by the unpopularity of liberal nationalists in more conservative regions such as Hanover and Hesse-Cassel⁶⁸) liberal nationalism failed to mobilise inter-state popular backing.⁶⁹ Examples of conservative opposition serve to bolster the notion that nationalism failed to make meaningful progress on the political stage because of its minority support base.

Given that German nationalism as an “autonomous movement”⁷⁰ suffered from inertia before 1870, the argument made by nationalistic historians that it was a primary factor behind unification, is misguided. This is because national sentiment only received adequate impetus to overcome “the particularistic loyalties of the German people”⁷¹ when combined with factors like Prussian militarism and when used by Bismarck to fulfil “his own political ends”.⁷² Therefore the idea that nationalism was a complimentary tool rather than a decisive cause of unification becomes even more attractive.

The role of Prussian militarism in the unification of Germany

Prussian military might was imperative to the unification of Germany because it nullified Austrian influence in Germany in 1866 and it led to the Prussian defeat of France in 1870 which in turn enabled the formation of the German Empire in 1871. Hohenzollern military strength was underpinned by the creation of a professional military (by defence minister

⁶⁵John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.16.

⁶⁶John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.16.

⁶⁷John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.16.

⁶⁸John, Michael. “Unification of Germany: The View From Below”. *Modern History Review*. (April 1991) p.17.

⁶⁹Müller, Frank Lorenz. “German nationalism was created more by academics, students and singers than by kings, statesmen and soldiers.” *New Perspective-For History Students/Volume 10/Number 3*. (March 2005) p.7.

⁷⁰Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.12.

⁷¹Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.13.

⁷²Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.13.

Roon and chief of staff Moltke), which took place after the passing of the Army Bill in 1860.⁷³ This included reforms such as the extension of conscription to three years.⁷⁴ The reforms, in their totality, would raise the size of the regular army from 500,000 to 750,000 men.⁷⁵ Military investment in the 1860s was largely funded by government borrowing.⁷⁶ This procedure was, however, financially sustainable because the Prussian government possessed a very strong credit standing⁷⁷ and therefore relatively stable borrowing terms.⁷⁸ It is arguable that this strong credit standing stemmed from the augmenting maturity of the Prussian economy via industrialisation. Bismarck's relationships with big industrialists like the steel manufacturer Alfred Krupp⁷⁹ should also be considered as being important to Prussia's military modernisation because they improved access to the required resources.

When considering the inherent link between Prussia's economic policy and the increase in her military might, the view of Treitschke, who saw Prussia's rise as "the foundation of a united and dynamic imperial Germany,"⁸⁰ is persuasive. This is because his interpretation suggests that Prussia's increasing economic strength was the reason for both her surging military power and the further development of her political kudos (two factors that were significant to the unification of Germany under Prussian leadership). Treitschke's analysis thus reinforces the logic that Bismarck used in his "Iron and Blood" Speech: economic power was the premise of military power.

Prussian militarism was critical to unification because it also led to the superb military command structure and tactics which were vital to the defeats of Austria at Königgrätz in 1866 and France at Sedan in 1870. In 1866, Prussia's superior mobilisation speed (three weeks as opposed to Austria's six weeks)⁸¹ resulted from Moltke's intelligent use of railways to deploy the large armies.⁸² The Prussian infantry was also equipped with the technologically superior Dreyse needle-guns,⁸³ which Austria could not afford. Prussia's

⁷³Cowie, Leonard W. et al. *Years of Nationalism, European History 1815-1890*. (Hodder & Stoughton, 1985) p.243.

⁷⁴Cowie, Leonard W. et al. *Years of Nationalism, European History 1815-1890*. (Hodder & Stoughton, 1985) p.243.

⁷⁵Cowie, Leonard W. et al. *Years of Nationalism, European History 1815-1890*. (Hodder & Stoughton, 1985) p.244.

⁷⁶Tilly, Richard. The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866. *The Journal of Economic History*/Volume 26/Number 4/*The Tasks of Economic History*. (December 1966) p.496.

⁷⁷Tilly, Richard. The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866. *The Journal of Economic History*/Volume 26/Number 4/*The Tasks of Economic History*. (December 1966) p.495.

⁷⁸Tilly, Richard. The Political Economy of Public Finance and the Industrialization of Prussia, 1815-1866. *The Journal of Economic History*/Volume 26/Number 4/*The Tasks of Economic History*. (December 1966) p.496.

⁷⁹ Wilson, Peter H. (May 2001) *The Origins of Prussian Militarism*.

www.historytoday.com/peter-h-wilson/origins-prussian-militarism (Accessed: 21st May 2012)

⁸⁰Wilson, Peter H. (May 2001) *The Origins of Prussian Militarism*.

www.historytoday.com/peter-h-wilson/origins-prussian-militarism (Accessed: 12th May 2012)

⁸¹Cowie, Leonard W. et al. *Years of Nationalism, European History 1815-1890*. (Hodder & Stoughton, 1985) p.250.

⁸²Steinberg, Jonathan. (February 2011) *How did Bismarck do it?*

www.historytoday.com/jonathan-steinberg/how-did-bismarck-do-it (Accessed: 13th May 2012)

⁸³Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.137.

infantry was further boosted by extensive marksmanship training, enhanced manoeuvrability due to its three-way division (coordinated by Moltke) and the use of telegraph to direct troops.⁸⁴ The 1870 defeat of France, on the other hand, can be attributed to Prussia's markedly better general staff⁸⁵ and hugely improved artillery (in comparison to 1866 standards).⁸⁶ From this evidence it is arguable that the reason for Prussia's success in the unification of Germany was her military prowess and supreme leadership. The Keynesian interpretation, however, still cannot be overlooked because "coal and iron"⁸⁷ provided the means for "iron and blood" to deliver the political results.

By inflicting military defeat upon Austria, Prussia worsened Austrian decline and increased her own eminence in Germany, consequently removing all Austrian obstruction to Prussian-engineered unification. The preliminary peace agreement signed at Nikolsburg on 26th July 1866⁸⁸ included Austrian reparations of 40 million thalers⁸⁹ for war damage. When considering the debt faced by Austria, this repayment can be said to have further augmented her economic problems thus reducing her diplomatic standing and influence in the German political arena. Thus it is fair to say that economics played a role in demolishing Austrian influence in Germany, which was in turn conducive to German unification on the Kleindeutschland model.

The political achievements of Prussian militarism, with regard to unification, were also momentous. The defeat of Austria resulted in the formation of the North German Confederation (under Berlin's leadership) from the states that had been militarily annexed by Prussia. Austria was also forced into complete withdrawal from the association of German states and she was forced to recognise the new North German Confederation. Furthermore, the independent southern states had to "accept Prussian military alliance, pay indemnities and accept renewal of the Zollverein on Prussian terms".⁹⁰ Thus Prussian military success can be said to have enhanced the economic unification of Germany and to have strengthened the ties between the northern and southern states. These ties were later solidified with the defeat of France, resulting in the birth of the German Empire.

⁸⁴Cowie, Leonard W. et al. *Years of Nationalism, European History 1815-1890*. (Hodder & Stoughton, 1985) p.250.

⁸⁵Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.203.

⁸⁶Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.204.

⁸⁷Keynes, John Maynard. *The Economic Consequences of the Peace*. (New York: Harcourt, Brace, and Howe, Inc., 1920) p.81.

⁸⁸Steinberg, Jonathan. (February 2011) How did Bismarck do it?

www.historytoday.com/jonathan-steinberg/how-did-bismarck-do-it (Accessed: 13th May 2012)

⁸⁹Steinberg, Jonathan. (February 2011) How did Bismarck do it?

www.historytoday.com/jonathan-steinberg/how-did-bismarck-do-it (Accessed: 13th May 2012)

⁹⁰Williamson, D.G. *Bismarck and Germany 1862-1890*. (Addison Wesley Longman Limited, 1998) p.25.

The role of Bismarck in the unification of Germany

Bismarck's primary political goal, according to Pflanze, was "to expand the Prussian state within the limits of the European balance of power" not to "unify the German cultural nation".⁹¹ This view of Bismarck as a Realpolitiker rather than a nationalist ideologue is supported by Feuchtwanger's assessment that Bismarck considered "international relations [to be] about power rather than ideology".⁹² The interpretation that Bismarck was not a servant to the nationalist cause can be justified by the military achievements of 1864 and 1866, which were both instigated by Bismarck and "opposed by the national movement".⁹³ Furthermore, it is arguable that the manner in which Bismarck manoeuvred Denmark (1864), Austria (1866) and France (1870) into war was politically opportunistic: his action is rightly regarded as heralding a new form of realpolitik because the three wars launched were "limited wars with limited objectives, such as had always been used in the past to adjust European power relations".⁹⁴ Bismarck founded the German Reich, however, "by skilfully exploiting" the idea of nationalism. Bismarck used nationalism as the "moral issue with to justify [his] war against Austria"⁹⁵ in 1866 and France in 1870⁹⁶ to fulfil his actual aims of "[expanding] the frontiers of Prussia"⁹⁷ and increasing her international political significance. The role of economics is demonstrated by Prussian economic power arguably sustaining these "limited wars".⁹⁸

Bismarck's political genius can be further illustrated by his realisation that Prussian economic and military power was essential⁹⁹ to progress on the German question. After the failure of his "Iron and Blood" speech, Bismarck flouted the parameters of the constitution and authorised the collection of necessary taxes regardless. He was able to do this "by guiding the monarchy into the service of the national cause".¹⁰⁰ His passing of the Army Bill was imperative for the creation of Prussia's professional military because it advanced modernisation. Thus emerges another clear example of how Bismarck synthesised the idea of German unification with political aggression in order to achieve his aim: the expansion of Prussia. As Prussian military strength, enhanced by Bismarck, was the underpinning of

⁹¹Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.9.

⁹²Feuchtwanger, Edgar. "Bismarck, Prussia and German Nationalism". *History Review/Issue 39*. (March 2001) p.16.

⁹³Pflanze, Otto. *Bismarck and the Development of Germany-The Period of Unification 1815-1871*. (Princeton Paperbacks, 1973) p.13.

⁹⁴Feuchtwanger, Edgar. "Bismarck, Prussia and German Nationalism". *History Review/Issue 39*. (March 2001) p.18.

⁹⁵Pflanze, Otto. "Bismarck and German Nationalism". *American Historical Review/Volume 60/Number 3*. (April 1955) p.551.

⁹⁶Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.160.

⁹⁷Carr, William. *The Origins of the Wars of German Unification*. (Longman Group UK Limited, 1991) p.202.

⁹⁸Feuchtwanger, Edgar. "Bismarck, Prussia and German Nationalism". *History Review/Issue 39*. (March 2001) p.18.

⁹⁹Excerpt from Bismarck's "Blood and Iron" Speech (1862), Accessed at: http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=250 [Accessed online: 17th June 2012]

¹⁰⁰Pflanze, Otto. "Bismarck and German Nationalism". *American Historical Review/Volume 60/Number 3*. (April 1955) p.555.

Hohenzollern political influence, Bismarck can be considered indispensable for Prussian enlargement and thus German unification.

In addition to his successes in the political sphere, Bismarck also operated as a tactical genius in the realm of economics. Williamson argues that his main economic achievement was his successful measures to exclude "Austria from Zollverein membership through free-trade agreements with Belgium, England and Italy all modelled on the 1862 French treaty".¹⁰¹ This analysis is worth supporting because Bismarck's signing of free-trade treaties exacerbated Austrian decline, which thus undermined her international political influence, consequently enabling an increase in Prussian control over the German states. By actively pursuing Prussian economic supremacy, to the detriment of Austria, Bismarck was effectively critical to the extinguishing of the Grossdeutschland hope. Feuchtwanger, however, disputes the argument that Bismarck was the essential component of unification because he took power in 1862 when the economic demise of Austria had already become terminal, and thus unification of Kleindeutschland under Prussia was an inevitability.¹⁰² This interpretation, however, ignores the fact that Bismarck further engineered the economic landscape to Prussia's advantage and therefore his economic policy was crucial to the timing of unification.

Conclusion

So, what role did economics play in the unification of Germany from 1834 to 1871? Economics played a fundamental role in the 1871 unification of Germany. Prussia was the driving force behind the process because she possessed an economic potential greater than that of her fellow German states. The birth of the Zollverein in 1834 gave rise to Prussia's later economic and political supremacy in Germany. The economic interdependence provided by the Zollverein was the underpinning of political unity. Moreover, the union's emergence as a critical component in members' economies made the risk of economic dislocation through exit both a political and a financial impossibility. It was this risk which Bismarck exploited with masterful brutality, with threats of Zollverein breakup, in order to force member states into political submission and eventually into passive acceptance of Prussian annexation. Bismarck's exacerbation of Austrian economic decline through the signing of international free trade deals was of paramount importance to

¹⁰¹Williamson, D.G. *Bismarck and Germany 1862-1890*. (Addison Wesley Longman Limited, 1998) p.11.

¹⁰²Feuchtwanger, Edgar. *Bismarck*. (Routledge, 2003) p.86.

the formation of Kleindeutschland as opposed to Grossdeutschland because Austria's deteriorating economic prestige led to loss of diplomatic clout. Furthermore, Austrian imperial complications compounded her economic weakness which left the Habsburgs exposed to vigorous Prussian militarism: the force "which [fought] for the alien German cause".¹⁰³ The defeats of Austria and of France, which led to the amalgamation of the North German Confederation and the southern German states, were the products of military modernisation made possible by economic might and Bismarck's ambition. Thus Keynes' view that "coal and iron" were the only factors behind unification is undermined because Prussia's economic power was the premise of her military power that delivered unification. The role of nationalism in the unification of Germany was predominantly its provision of nationalist "rhetoric as the basic currency of German political debate".¹⁰⁴ While cultural nationalism had a limited political impact,¹⁰⁵ its economic counterpart provided the popular backdrop for the transformation of the Zollverein into a complete political union. Economics also played a major role in Bismarck's suppression of an ideologically congruent Austria because economic power underpinned the realpolitik he used to achieve his aim of Prussian expansion.

¹⁰³Taylor, A.J.P. *The Course of German History: A Survey of the Development of German History since 1815*. (Routledge, 2001) p.193.

¹⁰⁴John, Michael. "Unification of Germany: The View From Below". *Modern History Review*. (April 1991) p.19.

¹⁰⁵Berdahl, Robert M. "New Thoughts on German Nationalism". *American Historical Review*/Volume 77/Number 1. (February 1972) p.69-70.

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