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GERMAN COMMERCIAL POLICY AND PARTY POLITICS  
1890-1903

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ROBERT W. GERICKE  
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GERMAN COMMERCIAL POLICY AND PARTY POLITICS

1890-1903

APPROVED BY

Arthur J. Gillson  
William H. Machl, Jr.  
Brian R. Good  
Arthur B. Deard  
Ernest H. Eichberg

DISSERTATION COMMITTEE

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## PREFACE

This study of German commercial policy during the period from 1890 to 1903 is designed to throw further light upon German domestic affairs after Bismarck's departure from the political scene. It is restricted to one phase of domestic policy in the immediate post-Bismarckian era: the reciprocity agreements concluded by the Imperial government under the leadership of Leo von Caprivi with various nations, and the attitude of the various parties in the Reichstag toward these agreements.

The subject, however, has broader and more far-reaching implications. Reciprocity agreements of necessity involve foreign nations. Those with the Dual Monarchy and Italy, for example, were specifically intended to strengthen the Triple Alliance by encouraging closer commercial ties and by rendering tariff wars among the signatories impossible for a term of twelve years. The agreement with Russia was in part a serious attempt to prepare the groundwork for a political restoration of "the wire to St. Petersburg" which had been severed by the German Empire in 1890. A study of these agreements, purposefully designed in some cases to implement German foreign policy, cannot avoid, therefore, occasional excursions into the realm of foreign affairs.

Secondly, it seems almost inevitable that any study of this

period of German history must reveal itself, in a sense, to be another study of Bismarck. But the Bismarck of this period is the latter-day Bismarck, the fallen giant who was already becoming a legend. With considerable justice did Caprivi complain that he was fated always "to stand in the shadow of the great man." Yet in reality, as Eyck and others have recently revealed, the old Chancellor was growing increasingly removed from daily events and, especially after 1888, seemed to show little comprehension of the new economic developments about him. Nevertheless, the "fallen giant" was still a power to be reckoned with, and his malevolence toward Caprivi contributed in no small measure to the strength of the agrarian opposition which fought from the beginning the commercial policy of the new Chancellor. For this reason it is advantageous to review rather closely the events of Bismarck's departure, and to emphasize the economic rather than the political differences between him and the men of the "New Course" during the crisis.

The essential purpose of this study, however, is to investigate the reasons why these men of the "New Course" desired to reverse the trend toward increased protection for German agriculture and industry which had begun in 1879, and to explain the change in policy of the moderate parties in the Reichstag from warm sympathy for reciprocity in 1890 to opposition in 1894. When the first series of treaties were submitted to the Reichstag some parties already had a well-formulated policy in regard to tariff. The two Conservative parties, dominated largely by the East Elbian landed interests, and the right wing of the National Liberals had consistently supported tariff increases since 1879 and could be expected to continue to do so. On the other hand, the left



wing of the National Liberals, which was essentially free trade and had seceded from the party over the issue of tariff and had formed the Freisinn after 1879 could be counted on to support Caprivi. The Social Democrats had never taken a stand on the issue of tariffs. They regarded the whole issue of protection as essentially a bourgeois issue which did not concern them except insofar as it affected the cost of living of the working classes. The Social Democrats, therefore, inclined toward free trade and could be counted on to support the reciprocity agreements. Lastly, the Center Party, divided confessionally rather than along class lines, could be expected to split on the issue: the aristocratic agrarian wing inclined to side with the Conservative opposition while the Centrists of the industrial regions voted with the majority. In 1890, then, the parties voted in general as one would suspect.

By 1894, when the Rumanian and Russian treaties were submitted for ratification, the situation was entirely altered. Only the Conservatives and the Social Democrats remained loyal to their convictions. All other parties, to a lesser or greater degree, shifted from support of the program of commercial policy to indifference or violent hostility. It is hoped that the present study will contribute to an understanding of this fundamental change and to an explanation of why the various parties after 1894, except for those of the left, revised their attitude in favor of greater protection and limited reciprocity.

GERMAN COMMERCIAL POLICY AND PARTY POLITICS  
1890-1903

CHAPTER I

DEVELOPMENT OF GERMAN AGRICULTURE IN  
THE NINETEENTH CENTURY

The first three-quarters of the nineteenth century saw tremendous growth for agriculture in the lands which were to become the German Empire. At the beginning of the century the German states were predominantly agrarian and contained a population estimated in 1816 at about 24,833,000. About three-quarters of this number, or approximately 18,600,000 people, were directly engaged in, or dependent upon, soil cultivation for their livelihood.

Not all the land which before 1919 comprised the German Empire was, however, under cultivation. At that time there were still regions of Germany in which more than one-third of the ground had never been cultivated.<sup>1</sup> At the same time the old three-field system of cultivation prevailed almost without exception. Approximately 33 per cent of the cultivated area remained fallow annually. Nor were the remaining two-

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<sup>1</sup>J. Conrad, "Agrarstatistische Untersuchungen" in Jahrbücher für Nationalökonomie und Statistik (Berlin: Verlag von Leonhard Simion, 1895), Vol. XVIII, p. 58. Also A. Rybark, Die Steigerung der Produktivität der deutschen Landwirtschaft im 19 ten Jahrhundert (Berlin: no publisher no date), p. 20.

thirds exclusively utilized for grain growing: only about 60 per cent of the cultivated area was devoted to the raising of cereals. When one then considers that the yield per acre was far less, the needs of the people correspondingly smaller, and that Germany was a grain exporting region, it becomes abundantly clear that Germany at the beginning of the nineteenth century possessed an agrarian economy, and that this economy was still capable of tremendous expansion.<sup>1</sup>

This tremendous expansion soon took place, thanks to the advance of science, new techniques of husbandry, and the stimulation of various economic factors. Between 1800 and 1900 the area under cultivation within the confines of the German Empire increased about 45 per cent: the area devoted to the cultivation of the four primary grains, wheat, rye, barley and oats, increased about 35 per cent. Wheat production increased 102.5 per cent, rye production 29 per cent, oats about 62 per cent, while the production of barley declined about 19 per cent, a development explainable by the partial substitution of potatoes for uses formerly employing barley.<sup>2</sup> Most of this agricultural expansion took place before 1878.

Between 1800 and 1878 it was possible to increase acreage without too great difficulty and, according to the testimony of Liebig, the same period witnessed a tremendous increase in the yield per acre.<sup>3</sup> If Germany was then able to provide not only for her growing population

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<sup>1</sup>A. Rybark, "Agrarstatistische Untersuchungen," p. 25.

<sup>2</sup>Ibid., p. 26.

<sup>3</sup>J. von Liebig, Die Chemie in ihrer Anwendung auf Agrikultur (Giessen: no publisher, 1840), p. 153.

but also to export a significant surplus of grain, it was because of the extension of her cultivated areas and the employment of new methods. During the second period, from 1878 to 1900, it became increasingly difficult to bring new land under cultivation. What remained uncultivated was mostly unproductive land. Rybark estimates that during this period the area under cultivation increased only .99 per cent while the population increased 29 per cent! In the earlier period, furthermore, fallow areas had disappeared rapidly. Whereas in the earlier part of the century some 33 per cent of the cultivated land had remained fallow each year, by 1878 no more than 8.89 per cent and by 1900 only about 4.69 per cent lay fallow.<sup>1</sup> It was the second period which was also to see the utilization of more rational methods of agriculture, increased employment of animal and chemical fertilizers, and better seeds.

The area comprising the German Empire at the beginning of the nineteenth century not only provided the contemporary population with grain, but it also exported large quantities. This remained the case during the entire half of the century. From 1852 onward, however, the balance of rye changed, and the German population became increasingly dependent upon foreign areas for its chief bread grain. For another quarter of a century, however, Germany continued to export wheat surpluses. It was in 1876 that wheat imports first exceeded exports, and this unfavorable balance was to increase down to the first World War.

The various economic factors which stimulated the great agrarian

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<sup>1</sup>These percentages pertain to the Prussian provinces only. See F. Rothkegel, Die Kaufpreis für landliche Besitzungen im Königreich Preussens von 1895-1906 (Berlin: no publisher, 1907), p. 49 sqq.

expansion require some elucidation in order to render clear the problems that confronted agriculture by 1878 and to understand the change from an essentially free trade to a protectionist point of view, especially among the larger Landwirte.<sup>1</sup>

During the latter part of the forties the price of grain on the world market increased sharply. This increase was reflected on the German market which, at the time, was essentially a grain exporting market. The result was, quite understandably, to extend the amount of land devoted to grain production. This was done largely, as previously noted, by bringing into cultivation formerly unproductive areas, but other means were also employed: by buying out peasant holdings formerly engaged in cattle and poultry raising, dairying, fruit and vegetable production, and even grain production which could no longer compete with the large scale Landwirt. The following table well illustrates how the golden age appeared to dawn for the large producer:<sup>2</sup>

	<u>Rye</u>	<u>Barley</u>	<u>Wheat</u>	<u>Oats</u>
1821-1830	86.8	76.6	121.4	79.8
1831-1840	100.6	87.6	138.4	91.6
1841-1850	123.0	111.2	167.8	100.6
1851-1860	165.4	150.2	211.4	144.0
1861-1870	154.6	146.0	204.6	140.2
1871-1875	179.2	170.8	232.2	163.2

(Costs of grain in Prussia, Mark per ton)

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<sup>1</sup>Sarah R. Tirrell, German Agrarian Politics after Bismarck's Fall (New York: Columbia University Press, 1951), p. 16. "The Landwirt class in the agricultural population was made up of independent owners who stood socially between the Bauer class and the higher nobility. But the Landwirt class could be subdivided, according to the social position of the owner and the size of his estate. The most important members of this class were the lesser nobility in the East Elbian provinces of Prussia, called the "Junkers". They generally owned large estates."

<sup>2</sup>Georg Gothein, Agrarpolitisches Handbuch (Berlin: Druck von Liebheit u. Thiesen, 1910), p. 279.

With the increase in the price of grain came at the same time an increase in the value of landed estates, an increase of often as much as from 100 per cent to 200 per cent. For the large producer, whether he owned or leased the land, it was a favorable time. Even if the land were purchased or leased at a high price he was able to achieve a greater net income, thanks to the almost continually rising prices as well as the increasing yield per acre previously noted. The following table well illustrates the increase in the land values of the seven eastern provinces of Prussia:<sup>1</sup>

1849	13.9	Mark (rent per hactare)
1869	26.1	"
1879	35.6	"
1891	38.9	"
1898	38.8	"

It will be noted that the great increase in land values coincided with the sharp rise in grain prices and that land values level off in the seventies.

In the eighteen-seventies, however, a decline in grain prices became perceptible, called forth by the connecting of the North American prairies, the Russian black earth districts, the Argentine, and even India with the markets of Europe. The decade had witnessed tremendous strides in railroad construction and steam navigation. By 1876, for example, the reaction of the industrial crisis in the United States began to make itself felt upon the German Landwirte. A growing number of people were migrating to the West following the Civil War. Often this movement was aided by the railroads which, having linked the Western plains with the Atlantic seaboard, now desired settlers to occupy the

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<sup>1</sup>Ibid., p. 280.

vast stretches along their trackage. The settlers were largely grain producers whose crops provided the desired freight for the carriers. This new grain now began to appear on the European market in great abundance and at unheard of low prices.<sup>1</sup> The same decade also saw an improvement in the means of transportation and in the extension of trade arteries in both Russia and India. Here, too, grain elevators and warehouses were constructed and more and more the grain of Russia and India began to inundate the European market. In short, nations which grew grain in soil of relatively low value now burst upon the scene of old Europe, with its relatively expensive land values, as serious competitors.

Another factor of prime importance was the great decline in freight costs. In Russia, for example, railroad construction in the seventies and eighties caused rates to decline to one-quarter of the former sum total for land transport. On the high seas the overconstruction of seagoing steamers during the depressed seventies caused freight rates to fall tremendously. In 1873 the rate per quarter of wheat from New York to Liverpool was 7s, 0. $\frac{1}{2}$ d. In 1880 it had declined to 3s, 10 $\frac{1}{2}$ d, and the decline continued in the ensuing years until it reached 11 $\frac{1}{2}$ d in 1902! Truly, the transport costs on the high seas had become so modest that they no longer hindered the sale in Europe of grain produced in the most distant regions.<sup>2</sup>

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<sup>1</sup>Lujo Brentano, Die deutschen Getreidezölle (Stuttgart u. Berlin: J. G. Cotta'sche Buchhandlung, 1910), p. 94.

<sup>2</sup>Alexander Peez, Die amerikanische Konkurrenz (Leipzig: Dunker u. Humblot, 1895), p. 11 sqq. See also R. Kuczynski, "Freight Rates on Argentine and North American Wheat" in Journal of Political Economy, Vol. X, p. 333. The term quarter is used here in the English sense; that is, a fourth of a ton or eight bushels.

The seventies were also to witness another far-reaching change in the structure of the German Empire. It was during this decade that the nation passed from an agrarian to an industrial economy and, with this transformation, witnessed a great upsurge in population. No longer did domestic production suffice to feed the German people. The following table illustrates the growth in spite of increased emigration:<sup>1</sup>

1850-1860	from 35,500,000 to 37,600,000
1860-1870	from 37,600,000 to 40,800,000
1870-1880	from 40,800,000 to 44,900,000

Indeed, by the seventies such a density of population was reached that even in years of bumper crops grain imports were necessary to feed the nation.

Increased importation of grain into western and central Europe from the United States, Russia, India and Argentina, made possible by lower land values and cheaper transportation, continued to depress grain prices. For Germany the consequence was that grain exports, particularly to Great Britain and Scandinavia, ceased, and as the German population increased, the Empire began to import increasing amounts of grain. This change, quite understandably, threatened many Landwirte with ruin. Many became bankrupt, especially those who had purchased land at too high a price immediately following the Franco-Prussia War and who still had high mortgages on these recent acquisitions. These were most often the Grossgrundbesitzer, who had speculated most of all on the continued rise in grain prices and, therefore, on the price of land. The high interest rates which they now had to pay could not be met when the grain prices began to sink. Increasingly the Landwirte began to lose faith in free

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<sup>1</sup>Georg Gothein, Agrarpolitisches Handbuch (Berlin: Druck von Liebheit u. Thiesen, 1910), p. 281.



trade and to seek salvation in some kind of protection.

It is easy to understand why the owners of large grain producing estates were free traders in the decades before 1870. They were still exporting to the English and Scandinavian markets and had to fear no competition in the domestic market. They saw in protective duties only a means to favor industry, industry which was draining the rural areas of its labor supply and thereby increasing labor costs in rural areas. Likewise they saw the danger of protective duties causing retaliation abroad against German grain, meat, wood, etc. And so at the peak of the free trade agitation were to be found the East Elbian Landwirte along with the Hanseatic merchant interests and such professional free traders as Faucher and Prince-Smith.

At the time of the first tariff proposals in the Zollparlement of the Zollverein the agrarians seemed to be more orthodox than a free trade pope. They were willing to concede, to be sure, the tariff reductions which Rudolf von Delbrück, the Prussian Minister to the Zolleverein, proposed, but not the finance duties on petroleum and tobacco to cover the envisioned decline in income resulting therefrom. Indeed, in these discussions in 1869 both the National Liberal deputy, von Hennig-Marienwerder, and the Progressive deputy, von Hoverbeck, jointly demanded in the Zollparlement "in the name of agriculture" complete freedom of duties on raw iron. The following year von Hoverbeck again proposed immediate moderation of duties on raw iron and complete freedom after September 30, 1873, a proposal essentially supported by the head of the newly founded Norddeutscher Lloyd of Bremen, H. H. Meier, the spokesman for the

Hanseatic shipping interests.<sup>1</sup>

In May, 1873, just at the beginning of the Vienna crash, the ultra-Conservative deputies von Behr-Greifswald, von Below-Saleske, von Wedel-Malchow, Count Dohna, Baron von Frankenberg, and von Minnegerode jointly proposed in the Reichstag the termination of the duties on iron and machinery, a proposal supported by Prince-Smith, the National Liberal Ludwig Bamberger, and the Centrist Ludwig Windthorst. Indeed, Deputy von Behr became intoxicated with free trade enthusiasm during the deliberations on May 26, declaring:

After bread and meat nothing is more important than free iron! Let us make it free and thus permit it to expand freely . . . Rest assured, gentlemen, as long as a German vessel sails on the Baltic Sea, as long as we in the provinces on the Baltic, where we mine no iron but rather bury a great deal in order to have a harvest, as long as the farmer there will have to till his soil, so long will we demand free iron.

Behr continued that the prosperity of the German iron industry after the recent war permitted this proposed termination of iron duties as did the finances of the Empire after the payment of the French indemnity. He proposed, therefore, the immediate acceptance of the bill without committee deliberation.

The idea that the duties, if retained, would enable the Imperial government to grant concessions to other states in negotiations for commercial treaties was attacked by von Below, who stated flatly that the Empire should "pursue an independent agrarian policy, unconcerned for our neighbors. We are strong enough to pursue our own political and economic goals". He concluded that the "ax be put strongly to the root

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<sup>1</sup>For an account of the discussions in the Zollparlament see W. O. Henderson, The Zollverein (Cambridge: Harvard University Press, 1939).

of the dried-up trunk of protective duties." Likewise Minnigerode. In the introduction of his speech on June 10 he almost surpassed Behr in impassioned rhetoric:

Gentlemen, rest assured that nothing is further from my purpose than to prove to you the necessity of repeal of the iron duties. One does not, gentlemen, prove axioms. By that I mean that the statement 'Iron must be duty free' to me and to the widest circles of the Fatherland has become an axiom.

The aims of these agrarians were only partially realized, however, for the Reichstag in 1873 reduced but did not repeal duties on iron and steel wares. But the movement toward free trade continued under the leadership of Rudolf Delbrück, Otto von Camphausen, and August von der Heydt, who were able to get the Reichstag to adopt a resolution in 1875 calling for the complete abolition of duties on January 1, 1877.

The wind, however, soon began to change. Since the winter of 1876 a flood of petitions in favor of iron duties began to inundate the Reichstag. But there were also many petitions against any attempt to extend the expiration of duties as fixed by law for January 1, 1877. Among the latter were petitions from no less than 354 agrarian organizations from central and southern Germany as well as from the East Elbian regions. The fight was taken up by the later Secretary of State for the Treasury, Baron von Maltzahn-Göltz, and von Wedel-Malchow. The latter was especially vigorous in his stand against any extension of the date of expiration of the iron duties, declaring that they were the most irrational of all indirect taxes. He calculated that, with a duty of 75Pf. per hundredweight and an iron consumption of 100 pounds per head, the iron duty came to a taxation of 30,000,000 Mark! In the Reichstag deliberations of December 13, 1876, he declared:

We argue over a few thousand Mark with the budget and yet here we place a tax of 30 million Mark on the nation! To this I cannot give my vote. . . . Then one speaks of the protection of the national labor. But, gentlemen, to protect only that part of the national labor within the iron industry is pointless if it is at the expense of all other industries. In the days when the iron industry was prosperous it had attracted the workers from northern and eastern Germany, and now that it is at a standstill, we, the taxpayers, the iron consumers, are to make up for the present need and after great sums have been earned for the iron industry for years through the aid of these workers. Gentlemen, to me that seems too much to ask.

When chided on the few existing agrarian duties on hops, pigs, butter and cheese, Wedel characterized them as "purely financial duties" and added: "I declare to you, and I believe that I have the German Landwirte behind me, that we are prepared to give up these duties at any time."

But 1876 also saw the iron and steel interests organize and they, too, petitioned the Imperial government to refrain from repealing the iron duties. The petitions were rejected, thanks to Delbrück's efforts and influence, but the next year was to witness a mounting reaction against free trade. This reaction resulted from the economic depression following the Franco-Prussian War. The crash had come in 1873. The years following had seen great over-production and sagging prices in the iron and textile industries. At this very juncture came the decline in grain prices, for the reasons previously outlined, and a consequent decline in land prices and rents after 1875. At the same time the foreign grain market began to dry up for German exports whereas the domestic market was increasingly threatened by cheaper grain from abroad. It is easy to understand why the free trade policy became a scape-goat not only for the industrialists, but also to a growing number of agrarians who now looked to the Imperial government for assistance in their new difficulties. As the seventies wore on more and more agrarians deserted

free trade in favor of protection, leaving the free trade movement almost exclusively in the hands of the Hanseatic commercial interests.

The transformation from a traditionally free trade to a protectionist point of view was, for German agrarians, not without its "agonizing reappraisals." Free trade thought was deeply rooted and the change required a conditioning of public opinion. Throughout the seventies many agrarian organizations continued to introduce resolutions in favor of free trade, indicating quite clearly that not all Landwirte had forsaken their economic past. In other agrarian circles since the very term protection was odious, the idea of protective duties was disguised by calling them "financial" or "revenue" duties! As late as January 27, 1879, the Deutscher Landwirtschaftsrat, gathered in Berlin, rejected a proposal which declared in favor of the protective tariff program of the government by a vote of 46 to 11. A very strong minority of 23 to 34 even wished to go so far as to declare that, for agriculture as well as industry, protective duties were no solution to the existing economic depression, and that the true causes of the depression would not be removed thereby, but that, on the contrary, duties would be detrimental to all consumers.

The trend in favor of protection among agrarians was also slow to be reflected in the various Landtage of the individual states of the Empire. On December 13, 1878, for example, Baron von Schorlemer-Alst, the spokesman for the agrarian interests in Westphalia, declared in the Prussian lower house: "I desire no duties on grain because I do not wish to increase the price of bread." On March 18, 1879, the East Prussian provincial Landtag voted overwhelmingly against the introduction

of grain and iron duties. Here Count von Dürkheim, although personally in favor of agrarian duties, clung to the term "financial duties":

If we were to say to-day that we wanted a protective duty to be placed on the bread of the poor man, we should have a storm of opposition on our hands. Never would such a proposal be passed by our legislative bodies and we do not want it. The financial duties which are here proposed will increase the value of our production somewhat. Such a duty is just high enough to discourage unhealthy speculation in grain, for every speculator will think carefully before he imports a number of shiploads of American grain at the risk of an insecure profit if he has to pay on each shipload a duty of from twenty to thirty thousand Mark.

The greatest impetus for the abandonment of the old free trade traditions of the agrarians was provided by Bismarck, who, after his conversion to agrarian protection, provoked the greatest support by means of incessant letters to agrarian organizations and public expressions of interest in the welfare of the German Landwirte.

The seventies were also witnessing a fundamental change in the economic structure of the German Empire. Industry had caught up with agriculture and was now surpassing it in its contribution to national wealth. And along with the transformation from an agrarian to an industrial economy and the resultant crisis in agriculture, both of which were producing a fundamental change in the economic thinking of ever wider circles, came a political change which was soon to be closely bound up with them.

The elections of the year 1877 had appreciably altered the composition of the Reichstag. The National Liberals lost their commanding position, declining from 152 to 127, and were no longer in a position to constitute a majority with the aid of the Progressives, whose membership had likewise declined from 49 to 35. Bismarck, nevertheless, resolved

in the course of 1877 to appoint National Liberals to the Prussian Ministry. In accord with this resolve he offered the position of Prussian Minister of Interior to Rudolf Bennigsen in July and again in December of 1877, but rejected the demand made by Benningsen that positions also be given to his allies, Forckenbeck and Stauffenberg. Bismarck soon dropped the idea upon the receipt of an Imperial letter of objection and on learning of Bennigsen's objection to the projected tobacco monopoly.<sup>1</sup> Faced with the difficulty of gaining support in the Reichstag, the Chancellor had to resort to new means. To find a point of support in the Center was impossible for the leader of the Kulturkampf, especially when the pope, Pius IX, in May of 1877 went so far as to refer to him as the "German Attila."<sup>2</sup>

At the beginning of 1877 no change in the Government's economic policies for the future was evident. The Speech from the Throne on the opening of the Reichstag on February 22 contained nothing of this nature and made no attempt to explain the continuing depression in terms of internal conditions in the Reich.<sup>3</sup> Yet, as we have seen, the entire free trade system had since 1875 begun to show signs of serious disintegration. More and more agrarians as well as industrialists were becoming converts to protection. This change, however, was not reflected politically until the election of the following year, 1878. The Reichstag

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<sup>1</sup>Otto von Bismarck, Gedanken und Erinnerungen, (Stuttgart u. Berlin: J. G. Cotta'sche Buchhandlung, 1915-1921), Vol. II, p. 205 sqq.

<sup>2</sup>Johannes Croner, Geschichte der agrarischen Bewegung in Deutschland (Berlin: G. Reimer, 1909), p. 89.

<sup>3</sup>Ibid., p. 91.

of 1877 had been dissolved because of its rejection of the Socialist Law after the attempted assassination of Wilhelm I, and a new election was held, the results of which were to work in favor of the protectionist movement.

There is ample evidence both in the public statements and writings of Bismarck that, until the year 1878, he had no intention of pursuing a policy of industrial or agrarian protection. By that year, to be sure, the Chancellor had already decided upon a revision of the existing tariff. The revision, however, was to be undertaken solely in the interest of revenue. Old duties might be increased and new duties imposed, but these were to be viewed as fiscal, not protective duties. This position was clearly set forth in the semi-official Provinzial Correspondenz and sustained by the financial reports of the finance ministers of the Federal States who met in conference in Heidelberg in August, 1878.<sup>1</sup>

In the meantime, however, a movement was quietly under way in the Reichstag which was to remove the question of tariff revision from the hands of Bismarck and to develop it as the Chancellor had never anticipated. The Reichstag elections of 1878 had placed the liberal factions in a minority while the conservative factions made great gains. The National Liberals fell from 128 in 1877 to 99 in 1878 while the Conservatives increased their seats from 78 to 116. The Social Democrats, hampered by the government restrictions following the attempts on the life of Kaiser Wilhelm I in the spring of the year, decreased from 51

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<sup>1</sup>Wilhelm Gerhoff, Die Finanz- und Zollpolitik des deutschen Reiches, (Berlin: g. Reimer, 1906), p. 133 sqq.



to 36. The Center at the same time gained one seat and in the Reichstag of 1878 counted 94 seats. No sooner had the new Reichstag convened than 204 Conservative, Centrist, National Liberal, and other deputies, a clear majority of the legislative body, formed a "Free Economic Union of the Reichstag" for the purpose of deciding on joint action on the impending fiscal reforms. On October 17, 1878, the Union issued a formal declaration which stated in part:

In order to remove in part the erroneous impression that the Reichstag lacks the necessary interest in the nation's rightful claims in the domain of commercial policy, and a resolute will to give effect to these claims, we feel bound to declare that we have been prevented . . . from taking the initiative as expected by the country and that, in view of the mercantile policy adopted by most of the countries adjacent to Germany, of the injury caused to the national welfare by the deficiencies of the German custom tariff, and of the continuance of the crisis in German industry and agriculture, we regard as necessary a reform of the tariff based on careful investigation and deliberation, and we are therefore resolved to advocate the same in the next ordinary session of the Reichstag . . .

This declaration, issued certainly with the knowledge of the Chancellor, clearly implied a protectionist policy.

Bismarck first revealed protectionist sympathies on November 12 when he brought the matter of tariff revision before the Bundesrat.<sup>1</sup> He frankly avowed his support of the "Free Economic Union of the Reichstag" and requested the Bundesrat to appoint a committee of fifteen to revise the tariff. His first public statement in behalf of protection, however, was contained in the letter of December 15, addressed by Bismarck to the committee of the Bundesrat and promptly published in the press. The language of the letter was cautious, but its meaning unmistakable:

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<sup>1</sup>Heinrich von Poschinger, Aktenstücke zur Wirtschaftspolitik des Fürsten Bismarcks (Berlin: no publisher, 1901), Vol. I, p. 290 sqq.

. . . I leave undecided the question whether complete mutual freedom of international commerce, such as is contemplated by the theory of free trade, would not serve the interests of Germany. But as long as most of the countries with which our trade is carried on surround themselves with customs barriers, which there is still a growing tendency to multiply, it does not seem to me justifiable, or to the economic interests of the nation, that we should allow ourselves to be restricted in the satisfaction of our financial wants by the apprehension that German products will thereby be but slightly preferred to foreign ones. The existing Verein tariff contains . . . a series of moderate protective duties intended to benefit certain branches of industry. The abolition or decrease of these duties does not appear advisable, especially in the present position of industry. Perhaps, indeed, it would be well to re-introduce duties on a number of articles, or to increase the present rates in the interest of various depressed branches of the home industry in accordance with the investigation now in progress . . .

The Chancellor was clearly calling for protection. Yet, fully aware of the opposition to such a policy in liberal quarters, he urged moderation upon the committee:

Protective duties for individual industries, when they exceed the limit imposed by regard for their financial proceeds, act as a privilege and arouse on the part of the representatives of unprotected industries the antipathy to which every privilege is exposed. A customs system which secures to the entire home production a preference before foreign production in the home market, while keeping within the limits imposed by financial interests, will not run the risk of this antipathy . . .<sup>1</sup>

Meanwhile the advocates of free trade, alarmed by the developments in the Reichstag and the apparent capitulation of the Chancellor, mustered their forces to meet the attack. Under the presidency of Dr. Bamberger, a leader of the left wing of the National Liberals, the Verein zur Forderung der Handelsfreiheit was formed. On December 28, 1878, this organization addressed an appeal to the Bundesrat urging that body to "maintain the measure of free international trade so far reached

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<sup>1</sup>Johannes Croner, Geschichte der agrarischen Bewegung in Deutschland (Berlin: G. Reimer, 1909), p. 98.

and its extension by means of commercial treaties." The appeal came too late. The government was already committed by the publication of the Chancellor's letter of December 15.

The protectionist views of the government were further revealed to the nation by the Speech from the Throne which opened the Reichstag on February 12, 1879. The Kaiser announced the need to provide the Empire with new sources of revenue and added his opinion that:

. . . the country's entire economic activity has a right to claim all the support which the legislative adjustment of duties and taxes can afford, and which in the lands with which we trade is, perhaps, afforded beyond actual requirement. I regard it as my duty to adopt measures to preserve the German market to German production so far as is consistent with the general interest, and our customs legislation must accordingly revert to the tried principles upon which the prosperous career of the Zollverein rested for nearly half a century, but which have in important particulars been deserted in our mercantile policy since 1865.<sup>1</sup>

Throughout the spring of 1879 the struggle between the forces of free trade and protection raged. Bemberger, Richter, and Lasker were uncompromising in their hostility to the new course embarked upon by the government and predicted that protection would bring ruination to German industry and commerce. Demonstrations were held throughout the Empire and culminated in a Free Trade Congress in Berlin on May 17, 1879. These efforts to deter the government, however, were without success.

On May 2 the Reichstag had begun its discussions of the new tariff bill and in the opening address Bismarck stated his motives for entering upon "reform." The first of these was his desire to make the

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<sup>1</sup>Cf. letters to Bürgermeister Kerckhoff of Altenburg, Jan. 24, 1878, in Heinrich von Poschinger, Fürst Bismarck als Volkswirt (Leipzig: No Publisher, 1901), Vol. I, p. 184.

Empire financially independent. But, he asked, was the burden which must necessarily be imposed in the interest of the Empire, imposed in the form in which it could be most easily borne? This question the Chancellor answered in the negative. Only indirect taxation, he continued, was the form in which the burden would fall most lightly. Then turning to the question of protection he made it abundantly clear that German industry required at least moderate consideration in the form of higher duties:

It is a reproach to our existing legislation that the incidence of indirect taxes does not afford to our national labor and production the measure of protection which can be given to it without danger to the interests of the community . . . We ask for a moderate protection of national labor . . . All that we propose by way of protection keeps within the limits of financial taxation except where the omission of higher duties would entail great present injury upon larger classes of our fellow citizens.

The views of the Chancellor on agrarian protection were set forth in a speech before the Reichstag several weeks later. On May 21 his differences with Dr. Delbrück, his ex-Minister who had resigned in 1876, and who had contended that grain duties would only increase the cost of grain without substantial benefit to agriculture as a whole, were thoroughly aired. Bismarck believed that low grain prices were an evil, at least to agriculture, but that a grain duty would leave the German consumer no worse off because it would be borne by the foreigner! If cheap grain were the desired goal, then the best means of obtaining it would be the diminution or abolition of the land tax which in Prussia had increased 30 per cent between 1861 and 1879. His aim was to secure to the German agrarian producer a sure sale of the domestic grain by excluding foreign grain until the domestic supply had been disposed of. It seemed unjust to Bismarck that agrarians were taxed for state and communal pur-

poses to the extent of 20 per cent of their income and yet they had to endure diminishing incomes because of foreign competition. Here, then, is the explanation of the Chancellor's statement that previous direct taxation fell heavily upon those less able to pay it, while the proposed indirect taxation would tend toward greater equality of tax distribution. Bismarck had come to believe sincerely that agriculture had been shouldering more than its share of the financial burden and was now to receive assistance. It is little wonder that the agrarians gave their undivided support to the Tariff of 1879!<sup>1</sup> On July 12, 1879, the tariff bill was passed by a vote of 218 to 118 in the Reichstag which immediately thereafter concluded its session.

The Tariff of 1879 received Imperial assent on July 17th and came into force on January 1, 1880. It was the intention of the government that all imposed duties should be revenue-producing, although some products such as coffee, tea, oil, tobacco, spirits, and wines were singled out for special taxation. Grain duties are of special interest for our purpose and were imposed as follows:

Wheat, rye and oats	10 M per ton
Barley, maize and buckwheat	5 M per ton
Malt	12 M per ton
Rape and rapeseed	3 M per ton
Anise, coriander, fennel	30 M per ton

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<sup>1</sup> An interesting insight into Bismarck's transformation from a free trade outlook to one of protection is offered by Gustav Schmoller in his Vier Sozialpolitische Briefe an die Sozial Praxis, p. 27. "Bismarck steht auf der Grenzscheide zwischen einem manchesterlich und einem sozialistisch gefarbtten Zeitalter . . . Er konnte nicht ohne eine gewisse sozialpolitische Ader sein, weil er die soziale Umbildung der Klassen und die ganze Neugestaltung der Volkswirtschaft im allgemeinen richtig gefasst hatte . . . Aber er war andererseits ein knorriger Aristokrat, der in seinem Hause, auf seinem Gute, in seiner Fabrik von keinem Staatsbeamten kontrolliert sein wollte."

Since raw cotton, raw wool, ores and earths were admitted free, the new tariff favored of necessity the textile and heavy metallurgical industries. Much higher duties were imposed on manufactured and partly manufactured articles in the textile and metallurgical category. Indicative of Germany's backwardness in two fields in which she was soon to excel, the manufacture of scientific instruments and ship-building, was the free admission of all scientific instruments and all sea and river vessels with their machinery and furnishings.

It was not long before Germany began to experience considerable difficulties with her new tariff. It had been the cause of intense conflicts of interests in the Reichstag and had emerged from that body as a succession of compromises. Thus it had happened that calculations miscarried. The protection of one industry proved to prejudice another. The domestic producer of raw materials benefited not at all since the industrialist was able to get his wool, skins, and ores from abroad at the lowest price he could find. The domestic manufacturer now discovered that the domestic stock breeder and grain producer, the mine owner, the chemical and dyestuff producer could (and did) command artificial prices which made the final processes of manufacturing more expensive. All those who knew exactly what they wanted and had been clever enough to get it in the Tariff of 1879 were, of course, well satisfied with their bargain. And chief among those were the agrarians.

In industrial circles, on the other hand, discontent and disillusion were soon widespread. Prices in the iron trade fell in spite of the duties, and in the textile trade the increased duties on yarn only served to increase the cost of production. The result was a decrease

in exports, less work and more unemployment. It was not long before this discontent and disillusionment became verbal. In a report for 1881 the Chamber of Commerce of Düsseldorf stated that, on the authority of a searching investigation in industrial circles, it could note with satisfaction that the tariff had been favorable for the industries of that district, but continued:

It is true that some concerns still complain of the great foreign competition: yet they do not oppose the principle of the new customs system, but rather view the protection given as insufficient. Nevertheless, we will not ignore the fact that many industries which use raw materials and half-manufactured goods from abroad are for the time worse off under the tariff . . .

A contemporary report of the Chamber of Commerce of Elbefelde likewise conceded that individual branches of industry had been favorably influenced, especially in the home market, but that those that had to procure their raw materials (on which there were duties) and half-manufactured goods from abroad had to contend with great difficulties, so far as the export trade went.

The government was not slow to adjust minor miscalculations. As early as April, 1880, the Reichstag repealed an unworkable duty on flax. At the same time petitions were received from the soap and perfume industries for the removal of duties on tallow and oils; the machine trades petitioned against dearer pig-iron and steel from England, because it increased the difficulty of competing in the foreign market. On the same ground the clothing export trade petitioned the Reichstag.

The first year of the new tariff, however, showed some reason for optimism as well. Germany had a favorable balance in industrial goods, the export of which increased 33 per cent while imports of the same decreased about 31 per cent. And yet the immediate prosperity prom-

ised to the working classes did not materialize, and the Conservative Party Congress of 1880 was forced to admit that "400,000 workers roam the highways idle and unable to find employment." A Frankfurt newspaper stated that the working man, promised a fowl in his pot, was not only not to have the promise realized, but that he was likely to lose the pot as well! Worst of all was the fact that increases in wages were in no wise equal to the increasing cost of living.

Even the joy of the agrarians was to be short-lived. The early 1880's were to witness a steady decline in grain prices and an increased need for importations from abroad to meet the needs of the growing population. Once more the cry was raised, both in the Reichstag and in the Federal Diets, and Bismarck now did not hesitate to respond to the call. Again he stepped into the breach and championed the cause of Protection against its critics. Agriculture was again his special concern. The resultant Tariff of 1885 was accepted on May 13th by a large majority (199 to 105) of Conservatives, National Liberals, and Centrists. Appreciable changes affected only grain and livestock. The new tariff, therefore, was essentially a sop to agrarian interests, and the few higher duties granted to industry were in the nature of an apology. The only argument presented in the Reichstag in support of higher industrial duties was made by fifty manufacturers, who were "understood" to desire more protection, while nearly twice that number actually petitioned against it! The Chamber of Commerce of Leipzig, in its report of 1886, recalled with longing the restful era of free trade, when merchants and manufacturers, if unprotected, were at least free from disturbances and alarm from political quarters.



Agriculture, which desired and had received increased protection in the decade of the eighties, was again disappointed, for the higher duties were no more successful than the lower in arresting the fall of agrarian prices during the following years. The Chancellor for the third time in eight years heeded the call of the agrarians and the year 1887 saw a further increase in grain and livestock duties.<sup>1</sup>

If the agrarians lamented low prices, so did the industrialists. Industrial prices also continued to decline from 1880 to the end of the decade. The workers' wages increased slightly, less because of the "protection of national labor" than because of the higher cost of living which offset the wage increases.

It was at this stage in the development of German tariff policy that the crisis resulting in Bismarck's dismissal was to occur. Agriculture in general was thoroughly aroused by falling prices and the failure of government action to arrest the decline effectively. Industry, although not as concerned as agriculture, was also experiencing a decline in prices and looked to the government for aid in promoting exports and securing new markets. And the working classes, though less articulate, were likewise unhappy over increased costs of daily essentials, especially foodstuffs, which were nullifying all their attempts to improve the standard of living.

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<sup>1</sup>Georg Gothein, Agrarpolitisches Handbuch (Berlin: Druck von Liebheit u. Thiesen, 1910), p. 281-283.

## CHAPTER II

### BISMARCK'S DISMISSAL

As the year 1890 opened, Otto von Bismarck was approaching his seventy-fifth birthday. Since 1862, when he was called from the banks of the Seine to become the Minister-President of Prussia, he had occupied a position in European life comparable to that of Matternich earlier in the century, and now for twenty years he had guided the destinies of the German Empire which had been his greatest achievement. To the German people and indeed to the world at large his political position seemed secure and his prestige undiminished. And yet, to the informed observer of the day, his days as Chancellor were clearly numbered.<sup>1</sup>

In the two years since the death of the aged Wilhelm I much of Bismarck's position had been undermined. In 1888 this position seemed impregnable. The Reichstag was completely under his control, the peace of Europe seemed assured, and relations with the youthful new monarch, Wilhelm II, were marked by much good feeling. Indeed, it was the old Chancellor who had encouraged the young Kaiser to believe in his divine mission and his own genius, and had even drawn him into alliance against

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<sup>1</sup>Friedrich von Holstein, The Holstein Papers ed. N. Rich and M. H. Fisher (Cambridge: Cambridge University Press, 1955), Vol. I, p. 136-139, 142-149.

his father and mother.<sup>1</sup> But the two years had witnessed great changes, and it was evident as 1890 began that a show-down between Kaiser and Chancellor could no longer be avoided. It was over the attitude of the Imperial Government towards the "social question" that the rift between Kaiser and Chancellor became irreparable. And it was also the attitude of the Chancellor on this very question which revealed most forcefully to what an extent Bismarck was removed from the economic and social problems of the day.<sup>2</sup>

In May, 1889, a great coal strike broke out unexpectedly in the Rhenish and Westphalian mines, and within a few days a hundred thousand miners were idle. Soon the strike spread to the Upper Silesian fields and to the Saxon and Aachen fields. Wages and hours had long been a source of dissatisfaction, and the miners were no longer willing to earn 24 marks or less to support wives and children. In addition the miners were demanding a reduction of working hours to eight hours underground and a granting of endurable conditions of existence. Now the mining areas lay in unaccustomed silence while the workers, normally out of sight, stood about the pitheads.<sup>3</sup> The attempt to introduce strike-breakers soon led to violence, and the mine owners now called for military protection. The Chancellor's office responded with Uhlans and

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<sup>1</sup>Sir Frederick Ponsonby, Letters of the Empress Frederick (London: Macmillan Company Ltd., 1928), p. 358-60, 404.

<sup>2</sup>Erich Eyck, Bismarck (Erlenbach-Zürich: 1941-1944), Vol. III p. 560. Also Hans Hermann Berlepsch, Sozialpolitische Erfahrungen und Erinnerungen (Munich-Gladbach: 1925), p. 22-24.

<sup>3</sup>Karl Friedrich Nowak, Kaiser and Chancellor (London: G. P. Putnam's Sons, 1930), p. 89.

infantry. Shots were fired, bitterness grew on all sides, but the strike movement continued to spread throughout the Empire. Everywhere, it seemed, mechanics and laborers were leaving their jobs.

In an effort to end the impasse a delegation of miners was sent to the Kaiser, who received them in Berlin in the presence of von Herrfurth, the Minister of the Interior. The spokesman of the delegation stressed the demand for the eight hour shift rather than the wage increase and respectfully requested the Kaiser's aid in causing the employers to negotiate.

In his reply the Kaiser seemed unsympathetic. He noted that the fourteen day notice before striking had not been observed; hence the movement was illegal. He did, however, agree to have their demands examined by the government and to have the results of the inquiry communicated to them. But he also warned against further disturbances of the public peace and order, and threatened that, should Social Democratic elements be associated with the movement, he would proceed with relentless severity.

In order to familiarize himself with both sides of the controversy Wilhelm II now received a deputation of mine owners. After listening to their petition the Kaiser replied in a speech which contained the following disquieting passage:

Always keep in mind that those companies which give work to a great section of My subjects and take them into their employ, are also responsible to the State and the communities concerned to do their best to watch over the welfare of their workers . . . It is only human and natural that everyone should try to secure for himself the best attainable conditions of subsistence. The workers read the newspapers and know the relation of the wages paid to the profits of the companies. It is understandable that

they should desire to have more or less share in them.<sup>1</sup>

That neither delegation left the palace satisfied with the results was obvious. The Kaiser had made clear his desire for an understanding, his willingness to promote it, and the power he had recourse to if necessary. Yet he had not taken sides, and soon negotiations were resumed. The strike was ended in June, and everywhere things returned to normal. But for Wilhelm the affair was not over. He studied the reports on the movement, his interest was aroused, and he began to discuss it with the Chancellor. The Chancellor, to the Kaiser's surprise, had a totally different view of the problem.<sup>2</sup>

Bismarck, to be sure, had done much to meet the needs of the proletariat with his program of state socialism. Social insurance for old age, accidents, and sickness had all been provided for. But limitation of hours or conditions of labor were, in his opinion, an unjustifiable interference with the rights of management. The Chancellor, furthermore, could see no difference between Social Democrats and workers: both, to his mind, were rebels. Hence he naturally took the side of the mineowners against the strikers, for, in doing so, he was merely continuing his old struggle against Social Democracy.

To the Kaiser there were only workers, entirely disassociated from politics. The miners, he maintained, had not gone over to the Social Democrats, and they were as yet only loosely organized. They had been guided in their recent actions by personal needs. They were

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<sup>1</sup>Karl Friedrich Nowak, Kaiser and Chancellor (London: G. P. Putnam's Sons, 1930), p. 96-97.

<sup>2</sup>Bismarck, Gedanken und Erinnerungen, Vol III, p. 61, 64, 130.

inadequately housed, they worked dangerously beneath the surface of the earth, and their health was menaced by lack of sunlight and coal dust. They were doomed to a precarious old age, and, when their strength failed, they were cast aside. For this they would blame not only the mineowners who extracted from their labors the profits that paid for splendid town and country houses, reasoned the Kaiser; they would also blame a State which permitted a great part of its population to endure such a fate.<sup>1</sup>

To Bismarck this was merely Schwärmerei. He did not agree at all that the strike was the result of evil conditions but rather that it was the work of agitators who, if unchecked, would bring about the ruination of the Empire. To the horror of Wilhelm II the old Chancellor declared that he would almost prefer to have the whole country in the grip of an open Social Democratic revolt. In 1848 the firing had been inconclusive. Now what had been indecisive in 1848 would be made good in 1889, so thoroughly that thereafter firing could be dispensed with for all time.<sup>2</sup>

But at the moment the Chancellor saw no urgency. The Socialist Law, due to expire in 1890, would undoubtedly be re-enacted, and meanwhile the country was again quiet. He went back to Friedrichsruh in order to prepare for permanent residence there, leaving in Berlin his son Herbert to represent him. Wilhelm meanwhile continued to study the

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<sup>1</sup>Wilhelm II, Ereignisse und Gestalten (Leipzig and Berlin: K. F. Koehler, 1922), p. 29-35.

<sup>2</sup>Egmont Zechlin, Staatsstreichpläne Bismarcks und Wilhelms II, 1890-1894 (Stuttgart u. Berlin: J. G. Cotta'sche Buchhandlung, 1929), p. 10-11.

reports on the strike and became even more convinced by the evidence and statistics that the disturbances were the results of the exploitation of the workers by the industrialists and that some scheme of social reform which would improve the condition of the workers in Germany must be enacted. Again he tried to convince the old Chancellor and even sent von Bötticher, the Vice-President of the Prussian Ministry of State and one of Bismarck's closest colleagues, to Friedrichsruh for this purpose.

Bötticher returned with the news that Bismarck had no suggestions for social reform to put before the Kaiser. The best solution he could offer was the introduction of twelve months' compulsory service in the mines. . . . It was clear that an unbridgeable gulf was beginning to divide the views of life of the Kaiser and the Chancellor.

The Chancellor remained at Friedrichsruh over the Christmas holidays, and on January 23, 1890, he was suddenly informed that a Crown Council was to meet the next day and that his presence was expected. The Kaiser, meanwhile, undaunted by the rebuffs he had received, had arrived at a definite decision. His study of reports and statistics as well as discussions with the progressive Oberpräsident of the Rhineland, Count von Berlepsch, with his mineowner friend Count Douglas, and with his old tutor Prof. Hinzpeter had convinced Wilhelm II of the need to improve the conditions of the workers as a simple matter of justice and humanity. Three times during the past autumn he had had the Chancellor informed that he wanted a bill for the protection of labor submitted, without results. Now he commanded that a Crown Council be convened.<sup>1</sup>

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<sup>1</sup>Bismarck, Gedanken und Erinnerungen, Vol. III, p. 48-52; Wilhelm II, Ereignisse und Gestalten, p. 30.

In a discussion over the renewal of the Socialist Law a difference of opinion had developed between the National Liberals, led by Johannes Miquel, and the Conservatives. The National Liberals objected to the inclusion of Article 24, which provided that municipal authorities could expel all Social Democratic demagogues and agitators from the towns and thus drive them to the country districts. Aside from the particular hardship upon individuals and families, Miquel maintained, the article merely helped spread socialism to new areas. Whereas the extreme right wing of the Conservative Party, which had never enjoyed its past cooperation with the National Liberals and which was indifferent to the fate of the Kartell, was willing to accept Article 24, the left wing favored its elimination since they feared the deportees from the cities would rouse the villagers against them.<sup>1</sup>

Count von Helldorf, a leader of the Conservatives, was sent for by the Kaiser, and the latter was informed that the Conservatives had finally composed their differences on the issue of Article 24 and that it would be impossible for the party to vote for the Socialist Bill if it included the deportation stipulations. Wilhelm agreed to tell Bismarck that the Conservatives would guarantee passage if the article were dropped when the Chancellor arrived for the meeting of the Crown Council.

Bismarck had learned from his informants that labor questions stood on the agenda of the Crown Council, and before he departed from Friedrichsruh he had summoned a Cabinet Council to meet the very afternoon before the meeting of the Crown Council in order to prepare beforehand the attitude of the Cabinet in the face of the Kaiser's program.

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<sup>1</sup>H. Lothar von Schweinitz, Denkwürdigkeiten des Botschafters General von Schweinitz (Berlin: G. Reimer, 1927), Vol. II, p. 392.



Here he told the Cabinet that he had no idea of the subject to be discussed but suspected that it concerned labor reforms. He then went on to give the Ministers their instructions:

Should the Socialist Bill come up for discussion, there should be no declaration of readiness to accept it without Article 24, dealing with deportations. Nothing should be said in the Reichstag to facilitate the acceptance of the Bill without that article. We have shown too much conciliatoriness in the past in order to secure other bills a safe passage. If nothing is carried, the voters, who want protection from anarchy and revolution, will soon find it out; all the opposition to the article is coming from the party leaders.<sup>1</sup>

Having made sure of his Ministers, Bismarck now went off to the meeting of the Crown Council. Before it convened, however, the Kaiser told him of his interview with Helldorf and the attitude of the Conservatives. The Chancellor's attitude was unchanged. He was unconcerned about the fate of the Kartell and unconcerned about the advantage of sacrificing the article to save the bill. He was concerned only about the fact that he was being resisted, and resisted by the very party he felt should stand unreservedly at his side. Banging his fist on the table he shouted: "These fellows are always offering opposition! They did it in 1864 and in 1866, and they are still doing it!" In this indignant, angry frame of mind he now went into the Crown Council.

The Kaiser opened the meeting of the Crown Council and began with a reference to the "unsound development" of German industry and the lack of interest taken by German industrialists in the welfare of their workers. The workers would learn, therefore, that he, the Kaiser, did care for their welfare and that this would be made known to them in the form of a solemn manifesto. He then handed his memorandum to von Bötticher

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<sup>1</sup>Nowak, Kaiser and Chancellor, p. 157.

to read aloud. The memorandum called for Sunday rest, the restriction of working hours of women and children, the exemption of women from work during a period of pregnancy and confinement, the creation of workers' committees to be responsible for watching over the welfare of their fellow workers, the establishment of a State Council to work out a solution of the above problems and, finally, the invitation of both Great Powers and Small Powers to an international conference in Berlin for the purpose of working out the creation of a code of international labor legislation.<sup>1</sup>

In vain did the Kaiser await the views of the Ministers. Thoroughly intimidated by the Chancellor, they could only shift uncomfortably in their places. Bismarck opened the discussion: it would be impossible for the Ministry of State to give an answer until it had had an opportunity for discussion and, meanwhile, he opposed the issuance of manifestos! The Kaiser had hoped that the contents of the message might at least appeal to the Chancellor's humanity or at least encourage one of the Ministers to put in a word in its behalf. The Ministers were thoroughly intimidated by their superior, and finally the Chancellor himself replied with ill-concealed animosity, hinting at the Kaiser's youth and immaturity. It seemed, from his words, that he was now anxious to see the defeat of the Socialist bill:

I cannot prove that His Majesty's complaisance will have grave consequences, but that is my belief, based on long experience. If His Majesty differs on so important a question, it is beginning to be time for me to give up my post. If the Bill fails to pass, it will be necessary to do the best possible

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<sup>1</sup>Bismarck, Gedanken und Erinnerungen, Vol. III, p. 53-55; Wilhelm II, Ereignisse und Gestalten, p. 31-35.

without it, and the waves must continue to mount; the result may be a collision.<sup>1</sup>

It was apparent throughout the meeting of the Crown Council that the Chancellor was determined to thwart the aims of the Kaiser, and, as a last resort, to step down from the position he had held since the founding of the Empire. In this atmosphere of hostility and menace Wilhelm dismissed the Crown Council with an expression of his appreciation, but without hiding his deep agitation and disappointment. The Ministers of State, he now realized, were not his helpers and advisors but rather the servants of Prince Bismarck.

The following morning, January 25, 1890, the Socialist bill was defeated by a large majority. The Chancellor had refused to bend, the Conservatives had refrained from voting for the motion of its modification, and the Kartell was accordingly shattered. Hours later the Reichstag was dissolved, and the breach between Kaiser and Chancellor stood revealed before the nation and the world.<sup>2</sup>

As time passed and the Chancellor reflected upon his action, he saw the situation in a different light. Since the Kaiser had taken the advice of the Oberpräsident von Berlepsch without first discussing the matter with the responsible Minister of Commerce, which office Bismarck himself held, then the Minister of Commerce could not be held responsible. Hence he proposed to retire from that office and suggested that Count von Berlepsch succeed him. Thus did Berlepsch, who was a motivat-

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<sup>1</sup>Nowak, Kaiser and Chancellor, p. 161.

<sup>2</sup>Eyck, Bismarck, III, p. 569-571; Johannes Ziekursch, Politische Geschichte des neuen deutschen Kaiserreiches, (Frankfurt: Societätsverlag, 1930), Vol. II, p. 437.

ing force in the commercial policies of Bismarck's successor, enter the Prussian Cabinet before the fall of Bismarck.<sup>1</sup>

Bismarck meanwhile set about drafting the two Imperial Manifestos required by the Kaiser. By means of alterations and additions he sought to make them noncommittal and, when he brought them to Wilhelm for signature, he again attempted to persuade the monarch to abandon the whole project. The Kaiser was unmoved. The manifestos were signed and duly published by the Chancellor in the Reichs- und Staatsanzeiger of February 4, 1890. But Bismarck did not countersign them and thereby disclaimed all responsibility for them.<sup>2</sup>

This resistance from his young master was entirely new to the old Chancellor. He was overcome with weariness, and he began to suffer from sleepless nights. Several days after relinquishing the post of Minister of Commerce he proposed to the Kaiser that he should retire as Prime Minister of Prussia and, following the new elections, he might resign his other offices. His health, Bismarck insisted, necessitated his complete withdrawal from public life by the following June at the latest. This meeting, which took place on February 8, found the Prince talking and the Kaiser remaining silent. The atmosphere was cool and formal, and the estrangement developing between the two was evident in the bearing of each.<sup>3</sup>

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<sup>1</sup>Bismarck, Gedanken und Erinnerungen, III, p. 61.

<sup>2</sup>For the texts of the Imperial Manifestos see the above work, p. 66-69.

<sup>3</sup>Eyck, Bismarck III, p. 573-79; Ziekursch, Politische Geschichte . . . p. 438-49; Zechlin, Staatsstreichpläne . . . p. 30-31; Wilhelm II, Ereignisse . . . p. 32.

Again on February 10 Bismarck had an audience with the Kaiser. Now he took another tack and retracted his decision to resign. In the meantime he had communicated his intentions to the Minister of State, only to learn that not a single Minister had tried to dissuade him. On the contrary, when he himself informed the Cabinet of his intentions, the Ministers "looked pleased." The Kaiser was surprised at his change of intentions but stated that he was glad to accept this new decision and hoped that they could continue to work together.<sup>1</sup>

The Reichstag elections, which took place on February 20, justified the Chancellor's prophecies. Some 64 per cent of the votes were cast for the anti-Kartell opposition. The Social Democrats, in spite of their handicap, increased the number of their seats from 11 to 35. The Chancellor felt all the more confirmed in his views and saw as the only remedy against what he felt to be sedition and revolution a policy of repression. Labor legislation, Council of State, International Conference, all these could be of no avail against the threat from the Left, and he made no secret of his views.<sup>2</sup>

The Kaiser had heard indirectly of Bismarck's remarks and, therefore, granted reluctantly and irritably the latter's request for an audience on February 24. Nor was the Chancellor's mood improved by being kept waiting before the audience was granted. At once a spirited discussion arose over plans for labor legislation. With great satisfaction the Chancellor referred to the recent elections and reiterated that

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<sup>1</sup>Nowak, Kaiser and Chancellor, p. 175, Bismarck, Gedanken . . . p. 75.

<sup>2</sup>Bismarck, Gedanken . . . III, p. 76.

force was the only solution and that other schemes were illusory. The Kaiser refused to see any revolutionary danger and, in spite of the elections, expressed confidence that the workers could not fail to see that legislation was in progress for their benefit. The Council of State was about to begin its discussions and the International Conference would soon convene. He then continued that his own views on labor questions proceeded from the view that German workers were also German subjects, equal to any other class, and that he was bound to use legislative measures in working for an ordered society. Hence force, which might lead to bloodshed, was unconstitutional and, therefore, out of the question.

The Chancellor now changed the subject to the new Reichstag. He predicted that it would be hostile and should be dissolved promptly. He suggested that a new Socialist bill or perhaps the new military estimates could provoke it into opposition and thereby offer a means of dissolution. To this the Kaiser listened in growing agitation and again refused to concur in the use of force. Bismarck, thoroughly angered, now interrupted and declared:

Sooner or later it must come to firing, and the sooner the better! If Your Majesty is unprepared for this I hereby tender my resignation.

The audience was over, and he picked up his portfolio and departed. He had now announced to the Kaiser his desire to resign for the third time.<sup>1</sup>

The Council of State convened the following day, February 25. Bismarck, still angered by the opposition of the previous day, attended only long enough to criticize the Kaiser's plans for reform. Although

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<sup>1</sup>Wilhelm II, Ereignisse . . . p. 32-35; Zechlin, Staatsstreichpläne . . . p. 26-27; Ziekursch, Politische Geschichte . . . Vol. II, p. 443; Eyck, Bismarck, Vol. III, p. 580-582.

the Kaiser himself was presiding, Bismarck, on finishing his speech, rose and left the meeting without waiting to hear a reply, while the Ministers and others present sat silent and embarrassed.<sup>1</sup>

It was on March 2 that the Prussian Cabinet met in order to hear Bismarck's view on the constitutional question concerning the succession in Schwarzburg-Sondershausen, a question that needed to be settled on general constitutional principles.<sup>2</sup> At the very outset of the meeting, however, he read to them an "All-highest Order" of September 8, 1852, under which the Ministers in charge of departments were to submit their reports in audience with the King (of Prussia) "after prior discussion with the Prime Minister." He then added:

This Order still remains in force, so long as it is not rescinded, and it is necessary that the Prime Minister should be informed beforehand of reports in audience affecting his general responsibility for the whole policy of the Ministry.

The Ministers were baffled in the resultant oppressive atmosphere. In effect, the King (Kaiser) was only to speak to the Ministers if Bismarck agreed! On the other hand the Ministers had to support the Prime Minister without raising objections. If executed this Order would mean that the Prime Minister of Prussia gave orders after agreement with his King (Kaiser) and that the Ministers were to be reduced to absolute submission. In effect, Bismarck, not Wilhelm II, was the absolute ruler of Prussia and, by extension, of the Empire.<sup>3</sup>

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<sup>1</sup>Bismarck, Gedanken . . . p. 78; Ziekursch, Politische Geschichte . . . p. 443-444.

<sup>2</sup>Bismarck, Gedanken . . . p. 77.

<sup>3</sup>Schulthess, Europäischer Geschichtskalender, 1890, p. 29; Eyck, Bismarck, Vol. III, p. 585.

Early in March the Chancellor submitted to Wilhelm II the program for the new Reichstag. Included was a new and more severe Socialist bill which would banish agitators from the Empire and the increased military estimates which would require some 130,000,000 Reichsmark. Both of these measures would be certain to arouse the Reichstag. The latter, however, the Kaiser agreed to, but he balked at the introduction of a more stringent Socialist bill. Again the friction between the two men increased, and Bismarck now sought some means of destroying the young master's inconvenient self-assurance. Perhaps if he could spike the International Conference which the Kaiser had summoned, he could force him into line. To this end he now called to his aid the foreign Ambassadors and Ministers, suggesting that they advise their Governments to refrain from appointing delegates to the Conference. It so happened that the Swiss Government had been planning such a conference and had deferred its plans in favor of the German Kaiser. Bismarck now suggested that the Swiss continue with their plan and decline to take part in those of Wilhelm II. The Swiss Minister, Roth, thus was to find himself in the awkward position of recipient of a request from the Kaiser to support the Berlin meeting and a request from the Chancellor to wreck it! Roth supported the Kaiser's plan, and the Swiss Bundesrat abandoned its idea of an International Conference in favor of the one in Berlin.<sup>1</sup>

Bismarck had hoped to restrict the Kaiser by denying Ministerial access to him, and he had now hoped to enlist support from foreign powers. This move had failed. There was still the means of a coup d'etat,

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<sup>1</sup>Nowak, Kaiser and Chancellor, p. 188-190.



but this setback indicated caution. Perhaps, thought Bismarck, the intractable Reichstag could be brought around without a coup d'etat: perhaps it could be won over by constitutional means. The Kartell, to be sure, was ended, but perhaps some other way of attaining a majority was possible. To this end the banker, Bleichröder, brought Bismarck into contact with the Centrist leader, Windthorst. If a Centrist-Conservative bloc were formed, all would be well. An interview was arranged and the price made known: the readmission of the Jesuits into Prussia and increased Catholic influence in the Prussian schools. Windthorst's visit to the Chancellor did not escape notice and created the greatest commotion among the very Conservatives that Bismarck wished to associate with the Center in a Government coalition. Helldorf made off to the Kaiser to warn of the danger of this new policy and the possible alienation of the Conservatives, the "most loyal of all to the King of Prussia." The Kaiser, in turn revealed to the horrified Conservative Deputy the Chancellor's plans for a coup d'etat if necessary, though assuring him that he would not let it come to shooting. He added to Helldorf that he intended to see the Chancellor again in order to discuss the recent developments.<sup>1</sup>

Meanwhile the Cabinet Order of September 8, 1852, was increasingly in the Kaiser's mind. Whenever he asked for the attendance of a Minister, he was met with objections based on this document which he had never heard of previously. Yet he could not seriously believe that Bismarck intended to prevent him from summoning his own Ministers. It was

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<sup>1</sup>Ziekursch, Politische Geschichte . . . Vol. II, p. 446; Zechlin, Staatsstreichpläne, p. 35-36.

in this frame of mind that the young Kaiser went off to the Chancellery on March 15, the very day of the assembling of the International Conference. The tension of the last few weeks had increased to the breaking point. The Kaiser inquired about the visit of Windthorst. The old Chancellor sprang up, banged his fist on the table, and announced that he had been receiving Deputies for twenty years and did not see why it was any one else's affair who might visit him. The Kaiser now turned to the Cabinet Order: it may have had justification forty years ago but it was now obsolete. He requested that a new Order, rescinding that of 1852, be submitted to him. Again the old man refused and was completely indifferent to the tone he employed. He had enough, he declared, of being continually upset by the Kaiser. Imperial interference was muddling affairs of state and confusing the Ministers. As things were, it was impossible to continue and he demanded to be dismissed.<sup>1</sup>

Wilhelm II again evaded the demand and turned to the subject of his visit to the Czar, Alexander III. Again Bismarck fed the flames: the Kaiser was under a misapprehension of the true feelings of the Czar toward the young Kaiser. His real views were contained in a report from Count Hatzfeldt months before. The Chancellor pulled it out of his pocket and handed it over to the Kaiser's request. Here the Kaiser read the phrase "un garcon mal eleve" which the Czar was supposed to have used in reference to the Kaiser.<sup>2</sup>

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<sup>1</sup>Holstein, Papers, Vol. I, p. 145; Bismarck, Gedanken . . . Vol. III, p. 82.

<sup>2</sup>Bismarck, Gedanken . . . Vol. III, p. 84-85; Zechlin, Staatsstreichpläne, p. 77-79; Eyck, Bismarck, Vol. III, p. 589-592.

This was the crisis. The Kaiser could not believe that Bismarck had this old document in his pocket as a coincidence. He felt, on the contrary, that Bismarck had deliberately determined to provoke and offend him. He rose and departed but, on reaching the bottom of the stairway, turned and hurried back to the Chancellor. He seized his hand and shook it, without a word. Bismarck misunderstood. He thought the Kaiser had at last seen things his way and that all was now in order. In truth this was the Kaiser's silent farewell to the aging Chancellor. On three occasions during the next two days the Kaiser requested the rescinding of the Cabinet Order or a resignation. On the 18th the resignation was handed in. It was a remarkable document dealing with the Cabinet Order and foreign affairs and obviously written for publication. On March 20, 1890, the official Reichsanzeiger published the Kaiser's letter accepting Bismarck's resignation. The Bismarckian Era was ended.<sup>1</sup>

Both men perceived how great the chasm between them had developed since the opening of the new year. The alienation stemmed first from the differences of opinion on the labor question and had been furthered by Bismarck's persistent insistence on the use of force in dealing with the Social Democrats. But quite apart from social problems was the divergency of views in regard to foreign affairs. There was the difference over Russia and the Kaiser's misgivings concerning the Reinsurance Treaty with Russia, about which he had only learned during the last days of the

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<sup>1</sup>Bismarck, Gedanken . . . Vol. III, p. 85-86. In this volume may also be found the minutes of the Cabinet meeting of Mar. 17 at which Bismarck revealed his resignation. For the best account of Bismarck's view of the dismissal see his Kaiser vs. Bismarck. The Kaiser's view is excellently presented by Nowak, Kaiser and Chancellor, and more recently by Kurenberg, The Kaiser.

crisis. There was no agreement on colonial questions. The Kaiser was concerned about German overseas trade, the development of the merchant marine, and the growing need for a larger navy. He desired an exchange of Zanzibar for the island of Helgoland to protect the great ports of Hamburg and Bremen. For all this Bismarck had little interest or sympathy. It seemed that no matter where Wilhelm II turned he encountered nothing but strong and irreconcilable disagreement. Gradually there also emerged the realization that the difficulty lay less in the skipped generation. Bismarck, despite his genius, could not endure an invasion of his allotted sphere and career, nor could Wilhelm, with his vigorous and volatile temperament, endure subordination to a Chancellor whom he regarded as responsible to his own will. The difference could not be resolved, and the Kaiser accordingly decided to part with the Chancellor.

Two days after Bismarck's dismissal became known Wilhelm II telegraphed the Grand Duke of Weimar:

I am as miserable as if I had again lost my grandfather. But by God's help it must be borne, even if I have to break down. The office of watch on the ship of state has fallen to me. The course remains as of old. Full steam ahead!

In the light of the differences between the departed Chancellor and the young Kaiser it was self-evident that the course could not remain the same. The change of personnel, not only at the helm but also in subordinate offices, made this abundantly clear. And it was not long before press and public were eagerly awaiting indication of the "New Course."<sup>1</sup>

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<sup>1</sup>Schulthess, Europäischer Geschichtskalender, (1890), p. 47, 55, 320.

## CHAPTER III

### THE MEN OF THE NEW COURSE

The assurances of Wilhelm II that "the course remains the same" and the disavowals of Caprivi that he was inaugurating a new era were not seriously considered in any quarters, foreign or domestic. To be sure, to the world at large and to the German people in particular the retirement of Bismarck came as a surprise, but not with apprehension. Immediately after the event came the natural expectancy of far-reaching changes. Certainly the defeat of the Kartell and the four and one-half million votes against the Bismarckian system clearly indicated a far-reaching change in popular temper, and everywhere in political circles a mood of expectancy prevailed.<sup>1</sup> The new policies were not long in making their appearances. The next four and one-half years under the Chancellorship of Leo von Caprivi were to see far-reaching changes in foreign policy of which the termination of the Re-Insurance Treaty of 1887 with Russia and the renewal of the Triple Alliance, with modifications in regard to Italy, were to be the most important and portentous. On the domestic scene it was a foregone conclusion that, in view of the importance played by the army increases and especially the social and

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<sup>1</sup>Cf. E. M. Carroll, Germany and the Great Powers, (New York: Prentice-Hall, 1938), p. 286.

labor questions during the crisis of February and March, new labor legislation and measures affecting the army would be introduced by the new Imperial leadership. Within the Kingdom of Prussia also the next few years were to witness, with varying degrees of success, a reform of taxation, rural government and the school system. Lastly, this period was to see the conclusion of a series of commercial treaties, based on the principle of reciprocity, which was to interrupt for approximately twelve years the high protectionism of the Tariff of 1879 and, coincidentally, bring about the coalescence of agrarian interests for political action on an unprecedented scale.<sup>1</sup>

The retirement of Prince Bismarck meant not only a change in the office of Chancellor. Within a few days Count Herbert von Bismarck followed his father into retirement. Gradually new men appeared on the political scene but, in most cases, they were not members of the Opposition. They were men who had grown up under the Old Chancellor's system, who were at least a generation younger than their master, and who held views in most cases which were far more liberal and more in keeping with the spirit of the times than those of the Prince. Under Caprivi they were to come into their own. It was as if, with the passing of the towering figure of Bismarck, the lesser figures appeared greater. Caprivi himself was aware of this and felt somewhat intimidated by the fact that he had been called upon to fill the position vacated by one who had loomed so large in the national consciousness. In an interview with Otto Hammann in June 1892 he compared his position to the days when he

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<sup>1</sup>For a discussion of the agrarian opposition to Caprivi's commercial policies see the excellent study by Sarah R. Tirrell, German Agrarian Politics After Bismarck's Fall.

was Chief of the Admiralty. "I must take the chief engineers where I find them, even if they are Social Democrats, for in technical matters political opinions are of no consequence." Then turning to the difficulties which Prince Bismarck was then making for his successor, Caprivi added: "I can only stand in the shadow of the Great Man."<sup>1</sup>

Among the new men around Caprivi who were to be of importance in the shaping of the new commercial policies were Adolf Marschall Freiherr von Bieberstein, the successor to Count Herbert Bismarck as Secretary of State for Foreign Affairs, and Hans Hermann Freiherr von Berlepsch, who had already succeeded Bismarck as Prussian Minister of Trade and Commerce a few weeks before the retirement of the old Chancellor. Two lesser figures, but most influential with the new Chancellor, were Geheimrat Huber, an old Manchester economist in the Reich Office of the Interior, and Legationsrat Goring, a mutual friend of both Caprivi and Huber. Caprivi was to call the latter from the Foreign Office to head the staff of the Reich Chancellery. Most important of all in the inauguration of the new commercial policies, however, was the new Chancellor himself.

Of the five men who, between 1871 and 1914, held the office of Imperial Chancellor, Leo von Caprivi alone has left no memoirs, diaries, autobiography, or other personal papers for publication.<sup>2</sup> One reason has been provided by Caprivi himself. His four and one-half years as

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<sup>1</sup>Otto Hammann, Der neue Kurs: Erinnerungen (Berlin: R. Hobbing Verlag, 1918), p. 17.

<sup>2</sup>In 1894 Rudolf Arndt edited the public addresses of Caprivi in Die Reden des Grafen von Caprivi im deutschen Reichstage, preussischen Landtage und bei besonderen Anlassen, 1883-1893. John Alden Nichols in his Germany after Bismarck has been able to utilize what remains of Caprivi's papers, still unpublished, in the Hauptarchiv, Berlin.

Chancellor had been most difficult. Collaboration with Wilhelm II was a constant trial, and comparisons with his great predecessor, though natural enough, were often unjust, especially when Bismarck himself joined the opposition against Caprivi. It was, therefore, with an air of profound relief that Caprivi met the end of his public career, although the manner of his fall could not but leave some bitterness in a less noble character. He was determined to place no obstacle in the path of his successor such as he had encountered at the hands of Bismarck. A few days after his resignation on October 26, 1894, he declared to the Bavarian Minister in Berlin, Count Hugo Lerchenfeld-Köfering, "My Administration and I personally have suffered too much under the attacks of Prince Bismarck for me to want to follow his example."<sup>1</sup> His close friend, Major August Keim, arrived at the Chancellery about midnight on October 26, to find Caprivi burning his private papers.<sup>2</sup> Another reason, it may be suggested, was that Caprivi had less reason than other Imperial Chancellors to offer apologies for his political actions and achievements.

Georg Leo von Caprivi de Caprera de Montecuccoli was born in Charlottenburg on February 24, 1831. His father, Julius, had been a judge of some note as a result of his activities in trying political cases arising from the revolution of 1848 and, in addition, had served for many years in the Prussian Herrenhaus. The family had originated in Carniola but had settled in Wernigerode in the 18th century and soon entered the service of Prussia. His mother's family was bourgeois in ori-

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<sup>1</sup>Hugo Lerchenfeld-Köfering, Erinnerungen und Denkwürdigkeiten (Berlin: E. Hofmann, 1935), p. 369.

<sup>2</sup>John Alden Nichols, Germany After Bismarck (Cambridge: Harvard University Press, 1958), p. 357.



gin and had produced several teachers, theologians and historians. Young Caprivi attended a gymnasium in Berlin but soon selected a military career. He entered the Prussian army in 1849 and was commissioned a second lieutenant the following year. His advance was rapid, and in 1866 he saw service as major on the staff of the First Army under Prince Friedrich Karl. During the Franco-Prussian war he served as lieutenant-colonel and chief of staff of the Tenth Army Corps, earning both the Iron Cross and the Order of Merit. Following the establishment of the Empire his advance was rapid, and by 1882 he had earned the rank of lieutenant-general, with a command at Metz. From here he was unexpectedly called to succeed General von Stosch as head of the embryo Prussian navy with the rank of vice-admiral! In this unique position he was to serve until 1888, when he was at last returned to the army and made commander of the Tenth Army Corps in Hanover. It was from this position that he received the call to become Imperial Chancellor.<sup>1</sup>

It was on February 1, 1890, that Caprivi was first summoned by Wilhelm II to Berlin and informed that he was being considered as a successor to Bismarck, who, according to the Kaiser, was becoming old and infirm. No more was heard of the matter until March 18, when the Kaiser announced to the commanding generals that Caprivi was to become both Chancellor and Prussian Prime Minister. Caprivi assumed his new duties with no illusions but with a strong sense of duty as a Prussian officer.

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<sup>1</sup>For Caprivi's biography prior to 1890 see: Gothein, Reichskanzler Graf Caprivi. Also Arndt, Reden . . . p. 1-19; "Caprivi" in Allgemeine Deutsche Biographie, XLVII, p. 445-449. For his career in the Admiralty see Tirpitz, My Memoirs, p. 36-40, 54-55, 58-59, and Tirpitz, Politische Dokumente, Vol. II, p. 29, 91, 258, 275, 559.

He was to write later, "Right or wrong, Bismarck had to be followed by another chancellor. How the latter felt about it did not matter."<sup>1</sup>

The following description of Caprivi we have from Nichols:

Caprivi at fifty-nine was white-haired, with a rather round head, short firm nose, widely spaced, clear, penetrating eyes, sweeping mustache, and strongly cleft chin. His hands were small and fine, his movements quiet and precise. In manner he was invariably friendly, frank and open. He was a man of great self-discipline and devotion to duty, yet sociable, with a strong sense of humor usually running to irony. He had no personal enemies, yet few close friends. He was unmarried, did not smoke, and generally lived a life of Spartan simplicity, dedicated to duty, a model of the old Prussian officer. He was very well read, especially in history and spoke both English and French fluently.<sup>2</sup>

Unlike the other Imperial Chancellors Caprivi was without independent means and always lived on his salary and "managed as a poor officer to make ends meet decently."<sup>3</sup>

A very human picture of Caprivi is obtained from Princess Marie Louise of Great Britain:

He (Caprivi) was delightful in every way and what I most enjoyed was that in the spring and summer he let me go into the garden of the Reichskanzlei and pick all the flowers I wished. On one occasion, when it was very hot, Caprivi took off his coat, and in his short sleeves mounted the ladder and started cutting off lilacs. His aids de camp were astonished to see the Chancellor of the German Empire on top of a ladder while at his feet I was waiting to receive the branches which he cut, and then went home laden with masses of lilac.

When he fell into disfavor and received his dismissal, he once told me--as evidence of how fickle people can be--that people

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<sup>1</sup>Schneidewin, "Briefe des toten Reichskanzlers von Caprivi" in Deutsche Revue, Vol. II, p. 47.

<sup>2</sup>Nichols, Germany After Bismarck, p. 31, 32.

<sup>3</sup>Hammann, Neue Kurs . . . p. 106.

who once stormed the Reichskanzlei for favors when he was Chancellor, now, when they met him out walking, crossed over to the other side of the street for fear of compromising themselves with the Emperor.

On one occasion Count Caprivi was lunching with his niece Esther and me. I cannot quite remember what was taking place at the moment, but at any rate I burst out rather impetuously: "His Excellency the Chancellor (Hohenlohe) ought to do something and advise the Emperor that this cannot be done."

Caprivi said: "Your Highness, you see only what happens and you do not know what we Chancellors prevent behind the scenes." After that I said nothing more, but took a far more lenient and, perhaps, intelligent interest in the sayings and doings of Uncle Chlodwig.<sup>1</sup>

Following the retirement of Bismarck it was hoped by both the Kaiser and Caprivi that Herbert Bismarck would continue as Secretary of State for Foreign Affairs. The new Chancellor bluntly confessed his ignorance of foreign affairs. In addition, the delicacy of the negotiations with Russia concerning the future of the Re-Insurance Treaty as well as the possible unfortunate impression abroad which the simultaneous retirement of both Chancellor and Secretary might make was the chief consideration of the Kaiser in attempting to retain Herbert Bismarck. Wilhelm II made several attempts and finally sent Count Wedel as a personal emissary, but in vain. "I cannot appear with my papers under my arm before anyone but my father." On March 21 he handed in his resignation.<sup>2</sup>

The problem of a successor was indeed a great one in view of the

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<sup>1</sup>Princess Marie Louise, My Memories of Six Reigns, (New York: E. P. Dutton and Co., 1954), p. 70-71.

<sup>2</sup>Bernhard von Bülow, Memoirs of Prince von Bülow, 4 vols. (Boston Brown, Little and Co., 1931-1932), Vol. IV, p. 643. Also Philipp von Eulenberg-Hertefeld, Aus Fünfzig Jahren (Berlin: K. F. Koehler, 1923), p. 237-238.

new Chancellor's avowed ignorance of foreign affairs. A person of experience and if possible a Prussian was required, and in his quest Caprivi turned to the Bismarcks for a suggestion. Their recommendation was Friedrich Johann Graf von Alvensleben. He seemed an excellent choice. Alvensleben, a successful career diplomat, was then fifty-four years of age. He had served for the past eighteen years successively at St. Petersburg, Bucharest, Darmstadt, the Hague, Washington and at last Brussels. From here he was called to Berlin, where he arrived on March 26. On being apprised of the reason for his summons he refused to accept the position. Others then had to be considered: Count Berchem, Radowitz, and Hatzfeldt, to name but a few. The choice, however, fell on Adolf Marschall, Freiherr von Bieberstein, the Ambassador from Baden. Caprivi accepted the choice reluctantly, for he still favored a Prussian, but he felt that he was in no position to oppose the choice since he was, after all, a novice in the field of foreign affairs and since the Kaiser, Graf Waldersee and Graf Berchem all seemed to favor Marschall.<sup>1</sup>

Baron Adolf Marschall von Bieberstein was born at Karlsruhe in 1842, where his father, Augustus, was chamberlain to the Grand Duke of Baden. His mother was also of the nobility and had been a Baroness Falkenstein before her marriage. Marschall received a gymnasium education in Frankfurt-am-Main and then attended the universities of Heidelberg and Berlin, where he studied law. From 1871 to 1882 he held various administrative offices in Baden, and from 1875 to 1883 he served in the

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<sup>1</sup>Bismarck, Gedanken . . . III, p. 106-108. Also Josef Maria von Radowitz, Aufzeichnungen und Erinnerungen 2 vols. (Stuttgart: Deutsche Verlags-Anstalt, 1925), Vol. II, p. 322. Also Alfred von Waldersee, Denkwürdigkeiten des Generalfeldmarschalls Grafen von Waldersee, 2 vols. (Stuttgart: Deutsche Verlags-Anstalt, 1923), Vol. I, p. 122.

upper house of the Baden Diet. In that year he was appointed Baden Minister in Berlin and member of the Bundesrat for the Grand Duchy. It was from this office that Marschall was called to become Secretary of State for Foreign Affairs. Certainly his career would offer little in the way of preparation for his new position and he would seem to be deserving of Bismarck's rather accurate, though unkind, description as "ministre etranger aux affaires."<sup>1</sup> The inexperience of both Chancellor and Secretary of State in the realm of diplomacy was to make Fritz von Holstein all but indispensable.

Marschall, like Caprivi, has left nothing in the way of memoirs, letters, etc., in defense of his aims and policies as Secretary of State. Most appraisals of his work by contemporaries are negative. Bismarck was downright hostile and cutting as was Bülow, who found Marschall "a man of great capacity and still greater ambition, who wished to become Chancellor himself"; a more fitting description of the author than the subject.<sup>2</sup> Wilhelm II, in his Ereignisse und Gestalten makes no mention of Marschall as Secretary of State!

Politically Marschall was a member of the Conservative Party and an outspoken opponent of the National Liberals of Baden. With Centrist support he was elected to the Reichstag in 1878 and concerned himself in that body with economic matters, social legislation, and the situation of the industrial workers.<sup>3</sup> It was natural, therefore, that he should

<sup>1</sup>Bülow, Memoirs . . . Vol. IV, p. 638.

<sup>2</sup>Bismarck, Gedanken . . . Vol. III, 31, 34, 40, 79, 107, 113, 132.  
Bülow, Memoirs . . . Vol. IV, p. 213.

<sup>3</sup>For the best estimate of Marschall see Schütte, Freiherr Marschall von Bieberstein, ein Beitrag zur Charakterisierung seiner Politik.

take an active part in furthering the new commercial policies of the New Course.

The third personality whose influence on commercial policy was of primary importance was Hans Hermann Freiherr von Berlepsch, who assumed the position of Prussian Minister of Trade and Commerce in 1890. He was born in Dresden on March 30, 1843. The family belonged to the old Saxon nobility, and both parents were of the rural Gutsbesitzer class. Upon completion of his education he became in 1872 Landrat at Kattowitz in the coal district of Silesia and, shortly thereafter, Minister of State in Schwarzburg-Sonderhausen. In 1881 Berlepsch was appointed Regierungspräsident in the Rhineland and took up residence in Düsseldorf. Throughout his life he had interested himself in the cause of social reform, and now in the Rhineland he continued his studies of industrial conditions, more especially of the coal industry in which he had first become interested in Kattowitz.<sup>1</sup>

It was during the coal strike of 1889 that Berlepsch first attracted the attention of the Kaiser by his careful studies and reports from Düsseldorf. These generally reflected the interests of the workers and considerable sympathy for legislation in behalf of labor.<sup>2</sup> At the beginning of the crisis which was to lead to Bismarck's retirement Berlepsch was called to Berlin to become Prussian Minister of Commerce and Trade (January 31, 1890) in place of Bismarck, who suggested him as

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<sup>1</sup>Schultess, Geschichtekalendar, p. 18; Berlepsch Sozialpolitische Erfahrungen und Erinnerungen, p. 13-25; Trappe, Dr. Hans Freiherr von Berlepsch als Sozialpolitiker, p. 7-12.

<sup>2</sup>Bismarck, Gedanken . . . Vol. III, p. 55; Nowak, Kaiser and Chancellor, p. 155, 164, 174.

his own successor.<sup>1</sup> Commenting editorially on the new appointment the Rheinisch-Westfälische Zeitung wrote:

The very fact of the appointment of Baron von Berlepsch seems to us to point unmistakably to the intention of the Government of our Emperor and King to adopt to begin with in the home country, which has most suffered from strikes, such measures as it will be possible to describe as "pro-Labour."<sup>2</sup>

Following the publication of the Imperial Manifestos heralding the envisioned labor legislation the same newspaper commented editorially:

In view of Tuesday's messages from the Emperor and King it will be impossible for anyone any longer to contend that Prince Bismarck's resignation of the Prussian Ministry of Commerce has no political significance. The appointment of Herr von Berlepsch in place of the Prince is more than a change of individuals, it is an entire change of system, which we can now gladly welcome . . . The messages show in many places and unmistakable similarity with the Emperor's speech of May 16 to the mineowners. They are, on the other hand, unmistakably irreconcilable with the views which Prince Bismarck expressed.... If the Emperor secures international agreement as to the possibility of meeting the needs and desires of the workers, he will be carrying into execution a plan which Prince Bismarck has opposed in the past . . .<sup>3</sup>

Comparatively little is known concerning Huber and Göring, but there is considerable evidence of their influence on Caprivi and the commercial policies of the Empire during his Chancellorship. The former had been a Geheimrat in the Ministry of Interior, a relic from the days when the German Empire, under the President of the Reichs Chancellery Rudolf Delbrück, pursued a free trade policy (Freihandelspolitik). After the change of economic policies toward the end of the seventies Huber was

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<sup>1</sup>Bismarck, Gedanken . . . p. 61.

<sup>2</sup>Rhein-Westfälische Zeitung, Feb. 1, 1890, cited in Nowak, Kaiser and Chancellor, p. 270.

<sup>3</sup>Rhein-Westfälische Zeitung, Feb. 6, 1890, cited in Nowak, Kaiser and Chancellor, p. 270.

pushed to the side, and the younger councillors of the Ministry viewed him in the ensuing years as a spirit of the distant past. It was through Geheimrat Göring of the Foreign Office, a school friend of Caprivi, that Huber came to the attention of the new Chancellor. Göring was called by Caprivi from the Foreign Office to head the staff of the Imperial Chancellery. So it was that Huber obtained decisive influence on Caprivi's economic policies and on the conclusion of the new commercial treaties with the lowering of grain duties, while the Secretary of State of the Interior, von Bötticher, the champion of Bismarck's economic policies in the eighties, remained quietly in office and permitted himself to be led by Huber.<sup>1</sup>

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<sup>1</sup>Ziekursch, Politische Geschichte . . . Vol. III, p. 18-19. Cf. Holstein, Papers . . . Vol. II, p. 129; Waldersee, Denkwürdigkeiten . . . Vol. II, p. 226; Rogge, Holstein, p. 199, 207; Wermuth, Ein Beamtenleben, p. 193-197. There appears to be nothing published either by Huber or Göring, nor has any study been made to date of either of these men.



## CHAPTER IV

### THE FIRST SERIES OF TREATIES: AUSTRIA-HUNGARY

The year 1848 witnessed the beginning of the Austro-Hungarian commercial policies: policies rendered quite unique by the very character of the Habsburg realm. The tariff barriers between the Austrian and Hungarian portions of the monarchy were lifted, and the construction of railroads began in earnest. The result was a great demand for iron, railroad materials, machinery, tools and all types of industrial wares in Hungary. The importation of these products was further facilitated by the tariff treaty of 1853 with the Zollverein on a reciprocal basis.<sup>1</sup> In general the sixties and seventies in the Habsburg monarchy saw the ascendancy of free trade philosophy in economic affairs, but following the economic panic of 1873 the free trade movement gradually waned and was slowly replaced by a neo-mercantile outlook.<sup>2</sup>

The new tariff of June 27, 1878, marked the change in the direction of protection. After 1873 Hungary, with its predominantly agrarian economy, still inclined toward free trade while Austria, whose indus-

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<sup>1</sup>Adolph Schwarzenberg, Prince Felix zu Schwarzenberg, (New York: Columbia University Press, 1946), p. 70-81, 186-187.

<sup>2</sup>Peez, "Die österreicheische Handelspolitik der letzten fünfundzwanzig Jahre" in Schriften des Vereins für Sozialpolitik, (Leipzig: Duncker und Humblot, 1892), Vol. XLIX (1842), p. 172-177.

tries were faced with increased German and British competition, favored protection. The earlier treaties which had been arranged with various states continued in force until 1875, when Hungary announced its intention to seek a revision in tariff schedules. Negotiations between the two parts of the monarchy were promptly begun. Under the terms of the Ausgleich of 1867 an extremely complicated procedure was necessary to achieve the desired alterations. First representatives of both Austria and Hungary prepared tentative schedules which then had to be submitted to their respective ministries for acceptance. The ministries then submitted the prepared bills to their respective parliaments where parliamentary committees, in consultation with each other, examined them and made desired alterations. On completion of these maneuvers the bills were submitted to their respective parliaments for ratification! In 1877 the Austrian Reichsrat refused increased duties on coffee and petroleum and caused a ministerial crisis. A crown council, presided over by Franz Josef, was finally summoned and a compromise more or less in accordance with Hungarian wishes was arrived at. Following angry debate, vituperative polemics, and considerable ill feeling on both sides, the Tariff of 1878 was at last ratified.<sup>1</sup>

Under the new tariff raw materials entered the Dual Monarchy duty free, and fairly low duties were placed on some manufactured articles as well as coffee, petroleum, sugar and brandy. Furthermore, provision was made for the increasing of duties on goods coming from all

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<sup>1</sup>For a good explanation of the workings of the Ausgleich and the difficulties in arriving at a compromise tariff in 1875-8 see Grunzel, Handelspolitik und Ausgleich in Österreich-Ungarn.

nations which did not grant most-favored-nation treatment of Austro-Hungarian products. The tariff was actually much higher than first realized because of the provision that all duties were henceforth to be paid in gold coin rather than silver. In general, therefore, the new tariff meant an advance of about 15 per cent in rates.

The years 1882 and 1887 saw a revision of the tariff rates in the interest of protection of both agriculture and industry as well as an increase in income for the Dual Monarchy.<sup>1</sup> As an example of the manner in which the new tariff operated, hogs, which sold in 1874 for 12 cents per pound, fell to 7.3 cents. The Tariff of 1878 lifted the price to 11.1 cents, which only encouraged the breeding of hogs and thus forced the price down. Partly because of competition and partly for hygienic reasons, Hungarian authorities strictly inspected Balkan hogs, chiefly Serbian, and excluded entire droves if any trace of disease was found.<sup>2</sup> Hungary was intent on building up its own agriculture and was especially sensitive to foreign competition, especially American, which, due to the rapid decline in freight rates, was making considerable inroads into the Hungarian markets.<sup>3</sup> Furthermore, Germany in 1877 adopted strict measures against the importation of cattle and swine from the Habsburg monarchy, ostensibly for hygienic reasons, which all but stopped the importation into the German Empire. Hungary, therefore, retaliated by passing over to a protectionist attitude. But this period after 1879

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<sup>1</sup>Peez, "Die östereichische Handelspolitik . . .", p. 180.

<sup>2</sup>Arthur J. May, The Habsburg Monarchy, (Cambridge: Harvard University Press, 1951), p. 254.

<sup>3</sup>For the importance of declining freight rates see Peez, "Die Amerikanische Konkurrenz," p. 11 sqq.

can not be regarded as a period of tariff war between the two central European monarchies, for the increases were directed against all foreign nations.<sup>1</sup> Since, however, the protection accorded in 1882 pertained to virtually all Austro-Hungarian products, it was clear that the Dual Monarchy had joined the procession of nations seeking salvation in a neo-mercantile policy. Other measures which furthered this policy were the prohibition of American pork for hygienic reasons, the granting of subsidies to Austro-Hungarian shipping concerns and tariff reductions on products imported through Trieste or Fiume.<sup>2</sup>

The new commercial policies of the Dual Monarchy caused the greatest strain with Germany and, in spite of the close military alliance between the two Empires, they often came to the verge of a tariff war. Generally, however, Austria's duties on agrarian products were lower than those of Germany while the Austrian rates on heavy industrial products as well as luxury goods were higher than those of Germany.<sup>3</sup> The agrarian interests, especially in Hungary, supported the idea throughout the late eighties of a customs union with Germany, the market of about 50 per cent of the Dual Monarchy's exports. They desired some agreement which would give them preference in the export of grain and meat and envisioned eventually a customs union which would include all of central Europe. Much of the motivation came from the great fear then prevailing of both Russian and American competition. Additional

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<sup>1</sup>Peez, "Die österreicheische Handelspolitik" in Schriften des Vereins für Sozialpolitik, XLIX, p. 180.

<sup>2</sup>May, Prehabsburg Monarchy, p. 255.

<sup>3</sup>Peez, "Die österreicheische Handelspolitik . . .", p. 181-185.

impetus was given to this idea by Austrian manufacturing interests who became increasingly apprehensive of American competition in industry.<sup>1</sup>

In September, 1890, Kaiser Franz Josef and his Foreign Minister, Kalnoky, met Wilhelm II and Caprivi at Schloss Rohnstock in Silesia for the primary purpose of discussing the renewal of the Triple Alliance. It was during the conversations that Caprivi first broached the subject of implementing the Triple Alliance by mutual commercial treaties and then, perhaps, a tariff union of the nations of central and western Europe directed against the United States and Russia. Here, obviously, was an identity of views with the prevailing economic thought of a large segment of Hungarian agrarians and Austrian manufacturers.<sup>2</sup> Caprivi had, indeed, been occupied with the whole scheme of bringing about some sort of customs union ever since the previous April and was especially concerned with the need to reinforce the diplomatic and military aspects of the Triple Alliance by means of closer economic cooperation. During the summer preceding the Rohnstock meeting this scheme began to take form with the aid of Count Berchem and the economic division of the Foreign Office under Geheimrat Huber.<sup>3</sup> Apparently it was indicated at Rohnstock that Germany would be willing to grant concessions in the grain duties

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<sup>1</sup>Matlekovits, "Die handelspolitischen Interessen Ungarns" in Schriften des Vereins für Sozialpolitik, XCIII, p. 3-17. For an exhaustive account see the same author's Die Zollpolitik der österreichisch-ungarischen Monarchie und des Deutschen Reiches seit 1878 und deren nächste Zukunft.

<sup>2</sup>Bismarck, Gedanken . . . Vol. III, p. 133; Waldersee, Denkwürdigkeiten . . . Vol. II, p. 146, 230.

<sup>3</sup>Sartorius von Waltershausen, Deutsche Wirtschaftsgeschichte, 1815-1914 (Jena: G. Fischer, 1923), p. 395-396.

if Austria would do likewise for German industrial wares. In any event the Austro-Hungarian Government indicated in early October its willingness to explore the matter further, and on October 20, 1890, delegates from both powers met for preliminary discussions.

Difficulties immediately arose as a result of the attitude of the Prussian Minister of Agriculture, Baron Lucius von Ballhausen. He had been a leader of the Free Conservatives in the Reichstag from 1870 to 1879, when he was appointed by Bismarck to the position of Prussian Minister of Agriculture. As a Rittergutsbesitzer, however, he was closely identified with the East Elbian agrarian interests and had little sympathy with the ideas of the "New Course." He now made known his objections to any appreciable reduction of grain duties as well as to an easing of the ban on cattle imports. On November 7 rumors began to circulate in the press that he might be replaced, and on November 15, his resignation was announced. Thus the last serious obstacle to negotiations was removed.<sup>1</sup>

As the discussions got under way, Germany asked for tariff reductions on textiles and iron wares, the end of special favors to goods entering by way of Austro-Hungarian ports, and free transit of German salt to the Balkan countries. Austria desired the end of all agrarian duties and prohibitions on Austrian cattle as well as most-favored-nation treatment on German railroads. Germany offered reductions of rates and easing of cattle regulations while Austria offered very mild tariff reductions. When the final draft was prepared, German conces-

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<sup>1</sup>Tirell, German Agrarian Politics . . . p. 86; William L. Langer, The Franco-Russian Alliance, (Cambridge: Harvard University Press, 1929), p. 109.

sions to the Dual Monarchy were considerable: Wheat and rye were reduced from 5 to 3.50 Reichsmark per 100 kilograms, oats from 4 to 2.80, barley from 2.25 to 1.60, hops from 20 to 14, and milled flour from 10.50 to 7.30. Germany's concessions in reductions on manufactured goods were very slight. Border trade was facilitated, and each nation agreed to treat the subjects of each other like its own on railroad rates, which was in effect a return to the old agreement which had existed in the years 1853 to 1881. The chief concession of the Dual Monarchy as finally arrived at was a reduction from .89 to .65 gulden per 100 kilograms. In addition the duties on textile manufactures were reduced about 20 per cent and some reductions were made on glass, certain irons, machines, and instruments.<sup>1</sup>

On the surface it would appear that the concessions granted by the German Empire were considerable in return for rather minor reductions on the part of the Dual Monarchy. It seems all the more strange that Austria, over one-half of whose total exports went to Germany and for whom an agreement was far more essential, should seem to get the better bargain. Germany, on the other hand, sent only 10 per cent of its exports to the Dual Monarchy. Germany did need favorable rates on Austro-Hungarian railroads to increase her trade with the Balkans, and these were gained by the treaty. Austria, it may be added, also got regulated rates for her products on German railroads. Yet, when one views the results of the treaty over several years of operation, it

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<sup>1</sup>For the text of the Austrian treaty see: Germany, Stenographische Berichte über die Verhandlungen des Reichstags (Berlin: Druck und Verlag der Norddeutschen Buchdruckerei und Verlags-Anstalt, 1867-1918), 1890-1892, Anlageband V, p. 3215-3225, Document No. 570. References to the Debates will hereafter be cited as St. Ber. d.d. Rstgs.

becomes abundantly clear that Germany was in no way prejudiced by this commercial agreement. Certainly the agrarian claims that the treaty was not beneficial to German industry are not substantiated. Over 105 articles were admitted to the Dual Monarchy with decreased duties, and 77 of these articles were exported to the Dual Monarchy after 1894 in greater quantity. Woolen goods, lead products, glass, oils and fats, paper and pulp wares, chemicals and ceramics were all exported in greater quantity. Some industries did not prosper as a result but no industry suffered.<sup>1</sup> The following table shows the value of imports and exports during the decade of the nineties and in millions of Mark:<sup>2</sup>

	<u>Imports</u>	<u>Exports</u>
1890	598.5	582.2
1891	598.9	568.6
1892	575.4	563.0
1893	580.2	571.0
1894	581.7	572.4
1895	525.4	513.0
1896	578.0	546.8
1897	600.3	582.7
1898	661.2	627.2
1899	730.4	715.5
1900	724.3	704.4

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<sup>1</sup>Georg Gothein, "Die Wirkung der Handelsverträge" in Volkswirtschaftliche Zeitfragen (Berlin: Verlag von Leonhard Simion, 1895), an address to the Volkswirtschaftliche Gesellschaft in Berlin, Nov. 30, 1895.

<sup>2</sup>Max Schippel, Sozialdemokratisches Reichstags-Handbuch (Berlin: Buchhandlung Vorwärts, 1902), p. 952.



## CHAPTER V

### THE FIRST SERIES OF TREATIES: ITALY

The commercial policies of the Kingdom of Italy were an outgrowth of those of the Kingdom of Piedmont-Sardinia and reflected, in the sixties and seventies, the economic thinking of Count Cavour. In the fifties Piedmont-Sardinia's commercial policy was decidedly Cavour's policy. Cavour was, at least theoretically, a Free Trader, but he was by no means blind to the dangers of a radical transformation from protection to free trade. In a parliamentary debate on April 27, 1852, he stated flatly that the kingdom would not immediately embark upon free trade but would proceed with moderation and seek to protect its infant industries by duties of between 15 per cent and 20 per cent.<sup>1</sup> In reality Cavour viewed commercial policy, in the final analysis as a tool in the service of diplomacy. His aim at the time was to secure the favor of France in order to realize Italy's nationalist ambitions and so his policy was to harmonize with the free trade inclinations of

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<sup>1</sup>Cavour stated the case most clearly and concisely: "Nous n'avons jamais pretendu qu'il faille entrer immediatement dans le libre echange; nous avons declare que nous marcherons dans cette voie, mais avec moderation; nous avons conserve a presque toutes les industries un droit protecteur de 15 a 20 per cent...Donc tout en proclamant le principe du libre echange, tout en declarant que nous avons l'intention d'arriver au but, nous avons procede avec une grande moderation." Discorsi parlamentari, Vol. V, April 27. 1852.

Napoleon III. Moderate free trade and agreement with France were his commercial policy and were to remain the policy of the Kingdom of Italy in the sixties and seventies.<sup>1</sup>

The Tariff of June 27, 1861, was a reform toward these principles and was accompanied by a series of commercial treaties with thirty-three states including Prussia, the Hanseatic towns, Hanover, France, Great Britain, Austria-Hungary, Russia and the United States. All were concluded in the spirit of free trade. The immediate result was a rapid increase in the value of imports and exports.<sup>2</sup> But from the standpoint of revenue, of course, the Tariff of 1861 presented another picture. The years following unification were years of great financial need, and Italian economy was handicapped by a series of deficits. Between 1861 and 1870 the annual deficit varied between 121 and 149 million francs. In the light of these deficits the income from tariff duties was comparatively insignificant. As a result of the war with Austria in 1866, that year was the one of greatest deficit, and, as a war measure, the government was empowered by the law of June 28, 1866, to execute a general increase of tariff rates up to 10 per cent of value on imports and a 3 per cent tax on the value of exports. The measure was successful as a revenue measure and income for the treasury rose from 64.8 million

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<sup>1</sup>Sombart, "Die Handelspolitik Italiens seit der Einigung des Königreiches" in Schriften des Vereins für Sozialpolitik, Vol. XLIX, p. 83-84. (Leipzig: Duncker und Humblot, 1892).

<sup>2</sup>Sugana, (Guiseppi), Cenni storico-commerciale intorno alle varie nazioni e loro rapporti col Regno d'Italia (Torino: No publisher, 1865), p. 185.

francs in 1866 to 98 million francs in 1874.<sup>1</sup>

The seventies were to see a marked trend in Italy toward protection. Producers complained from the first that their interests were being neglected, and by the early eighties their complaints had become so loud that the government could no longer ignore them. As early as 1870 a commission was set up under Scialoja and later under Finance Minister Luzzati which in 1874 made known the results of its inquiry. This report was the first clear expression of the protectionist trend, and it aroused the interest of both government and parties. The following year, in January, the Italian government served notice to France that it did not intend to renew the existing Franco-Italian commercial treaty and at the same time inquired of Austria and Switzerland if they would agree to calling off the existing treaties before they expired.<sup>2</sup>

Clearly, Italy's commercial policies and its entire treaty arrangement required modification in the light of the trend toward protection. The Tariff of May 30, 1878, which went into effect on July 1, was to serve as a basis for revision of the commercial treaties. This tariff, however, had two tasks to fulfill: it had to increase the national income and yet not injure the production interests. The first task was admirably fulfilled: income from duties increased from 100.6 million francs in 1877 to over 208 million francs for the year 1884-1885. New treaties were now negotiated with France, Austria and Switzerland on the basis of the Tariff of 1878. In 1881 negotiations with

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<sup>1</sup>Sombart, "Handelspolitik Italiens . . ." p. 90-92.

<sup>2</sup>Sombart, "Handelspolitik Italiens . . ." p. 93-94. For the report of the Italian commission see E. Luzzati, L'inchiesta doganale e i tratti di Commercio (Roma: 1878).

France were satisfactorily concluded. The agreement reduced the number of articles admitted duty free, but relations were satisfactory and it was hoped that commercial relations between the two nations would remain stable until the expiration of the treaty on February 1, 1892. As early as December 27, 1878, a new treaty with Austria had been reached on the basis of modified protection: as in the later French treaty the number of articles on the free list was decreased but the agreement was otherwise mutually satisfactory. The new Swiss commercial treaty, concluded on March 22, 1883, was based on the principle of the most-favored-nation, and the system was completed with similar treaties with Belgium, Great Britain and Germany in the years 1882-1883. In the German Treaty Italy made concessions to German alkaloids, zinc, and scientific instruments in return for concessions for Italian agrarian products such as grapes, olives and oranges. This Italo-German treaty was to last to February 1, 1892.<sup>1</sup>

The tariff reforms of 1878 were incomplete, and neither the general tariff nor the new commercial treaties achieved what Rome expected in the realm of the second task mentioned above: namely, the protection of production interests. In the eighties the desire for extension grew stronger. Furthermore, the nations with which Italy had so recently concluded commercial treaties were also abandoning their earlier free trade proclivities. Tariff increases had been registered in Germany in 1879 and again in 1885 and 1887. Austria increased duties several times between 1882 and 1887, Russia in 1881-1882, Belgium in 1887 and the United States with the McKinley Tariff of 1890. France, from whom

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<sup>1</sup>Sombart, "Handelspolitik Italiens . . ." p. 98-99.

Italy had previously taken its cue so often, had revised duties upward in the Tariff of 1881.

In the wake of these changes a new parliamentary committee was appointed to study the problem and reported in 1887. The result was a new tariff of July 14, 1887 which went into effect on January 1, 1888. Its chief characteristics were great increases in rates on agrarian imports, and further increases on industrial imports.<sup>1</sup> As in 1878 the commercial treaties were now altered between 1887 and 1889 to conform to the spirit of the new tariff law. The Austrian treaty died a natural death on December 31, 1887, but neither country resorted to a tariff war. They continued to cooperate insofar as rising protectionism in both nations permitted. A new treaty, negotiated in 1887, went into force on January 1, 1888, and again the free list was further reduced and protection increased, and a new Swiss treaty, effective April 15, 1889, abandoned the principle of the most-favored nation and provided for additional protection.

It was at this juncture that the bitter tariff war with France, with whom Italy had so long been on good terms, began. On December 15, 1886, after a vote of parliament, the Italian Prime Minister, Francesco Crispi, denounced the commercial treaty with France. This action was the culmination of a series of unpleasant incidents which had marred Italo-French relations during the eighties and of which the French occupation of Tunisia was the most bitter. Following the denunciation, however, the Minister of Foreign Affairs, Count Robilant, declared his

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<sup>1</sup>Sombart, "Handelspolitik Italiens . . ." p. 100-116; Sheperd Clough, France: A History of National Economics (New York: Columbia University Press, 1940), p. 215-217.

intention of opening negotiations for a new treaty that should be better adapted to Italian requirements. This seemed essential for Italy, who not only lost her best customer for her wines but now had to face a French campaign against Italian securities. Public opinion in France was, furthermore, prejudiced against Italy because of the Austro-German alliance.<sup>1</sup>

The efforts of the Italian government to induce the French to negotiate in a conciliatory manner were in vain. On February 6, 1888, Teisserenc de Bort, the French negotiator, stated flatly to Ellena, his Italian opposite, that no commercial agreement between the countries would be possible as long as Italy remained a member of the Triple Alliance. But quite aside from the diplomatic overtones was the rising spirit of protectionism in France itself, where Foreign Minister Flourens declared that the utmost he would be able to obtain from the tariff-minded Chamber of Deputies would be a renewal of the treaty of 1881. This was obviously unacceptable to Crispi and the Italian parliament which had decreed the denunciation of the same treaty.<sup>2</sup>

With the expiration of the treaty came the application of the general and differential tariffs which then led to a tariff war for which Crispi was blamed. It was declared that his recent joining to Germany had aroused the spirit of hostility in France which determined the rupture of commercial relations. In the realm of finance France

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<sup>1</sup>Francesco Crispi, The Memoirs of Francesco Crispi, 3 Vols. New York and London: Hodden and Stoughton, 1912-1914), Vol. II, p. 241. Also William McClellan, Modern Italy (Princeton: Princeton University Press, 1927), p. 158.

<sup>2</sup>Crispi, Memoirs, Vol. II, p. 254, 255.

had begun hostilities while negotiations for a renewal of the commercial treaty was still going on. A violent newspaper campaign artificially depressed Italian securities, beginning with the preferred bonds, which the exchange organs contemptuously dubbed "macaroni." Many French small investors were persuaded to withdraw their savings from Italian securities. Meantime Germany had awakened to the economic possibilities of Italy, and German capital had founded the Banca Commerciale, soon to be the largest and strongest non-governmental bank in the kingdom. It was to this bank and to German capitalists that Crispi now turned. He was not disappointed, for German finance seized the opportunity offered to establish itself in Italy to its own great profit as well as to the benefit of Italy. Bismarck also lent a hand to Crispi by encouraging German financiers to buy Italian securities on the Paris Bourse and to honor promptly Italian commercial bills of exchange, thus preventing a serious depression of Italian bonds.<sup>1</sup>

The month following the meeting with Kaiser Franz Josef and Kalnoky at Rohnstock, Caprivi travelled to Italy in order to meet Crispi personally and prepare the ground for the renewal of the Triple Alliance. At the interview at the Royal Villa at Monza, outside Milan, Caprivi was pleased to hear Crispi suggest the establishment of a commercial arrangement among Germany, the Dual Monarchy, and Italy as an added prop to the Triple Alliance.<sup>2</sup> This view, of course, coincided

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<sup>1</sup>McClellan, Modern Italy, p. 158, 159; Crispi, Memoirs, Vol. II, p. 294; Langer, The Franco-Russian Alliance, p. 117; Die Grosse Politik der Europäischen Kabinette, 1871-1914, Ed. J. Lepsius, A. Mendelssohn-Bartholdy, F. Thimme, 40 vols. (Berlin: Deutsche Verlagsgesellschaft für Politik, 1922-1927), Vol. VII, Nos. 1402, 1407, 1408, 1411, 1418.

<sup>2</sup>Die Grosse Politik, Vol. VII, Nos. 1394, 1396.

with his own as expressed to the Austrians at Rohnstock. The Italian Prime Minister pointed out that France would soon have a new tariff which would be disadvantageous to both Italy and Germany, since it would make possible the closing of French markets to the agricultural products of both nations. Germany, to be sure, enjoyed the advantages of the most-favored nation by virtue of the Frankfort Treaty of 1871, but would do so only so long as conventional tariffs existed. This would end with the abolition of the treaties which France was now contemplating, and France would then apply an autonomous tariff to all nations. This, continued Crispi, contained a threat of war, an economic war "not less terrible than war with the rifle and artillery."<sup>1</sup>

We must prepare to retaliate, and I believe we shall be able to do so. I am not contemplating a customs league amongst the three allied powers. That would be difficult to establish. We should, however, study a system of beneficial tariffs, calculated to facilitate traffic and draw us closer together. We should add an economic league of this sort to the military and political league already existing, which arrangement, while inoffensive to the autonomy of the three states, would strengthen them against France. I should propose that the governments place the study of this important question in the hands of those proficient in the matter. Their studies once completed, each government should appoint say two delegates to meet and formulate the proposals, to be given the form of a treaty.<sup>2</sup>

Caprivi was in agreement in principle and replied that the German Empire would first seek an understanding with the Dual Monarchy and then with Italy.

The need for an agreement with Germany was far more imperative for Italy. The tariff war with France, although not as acute in 1890 as in the previous years, had all but ruined the Italian wine trade since

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<sup>1</sup>Crispi, Memoirs, Vol. III, p. 9, 10.

<sup>2</sup>Ibid.



France had been the chief importer of Italian wine. Italy hoped to gain a new market for wine in Germany. On December 1, 1890, Nigra, the Italian ambassador in Berlin, telegraphed to Crispi the news of the inauguration of Austro-German negotiations which were followed with keen interest by the Italians.<sup>1</sup> By January 1, 1891, Nigra was optimistic that a German reduction on Italian wines could be gained in the anticipated Italo-German agreement. This was especially desirable because Italy was not one of the states enumerated in the Frankfort Treaty of 1871, and, therefore, France would not benefit from any concession which Germany made to Italy. Italian wine would, so to speak, have a closed market within the German Empire.

Parallel with these developments in the commercial field were the diplomatic maneuverings preliminary to the renewal of the Triple Alliance. France was anxious to detach Italy if possible and so redoubled its pressure on Rome. As long as Crispi was Prime Minister, there was little danger of France succeeding. Crispi was an avowed monarchist whose chief reason for adherence to the Triple Alliance was to strengthen the monarchical principle. In a letter to Nigra he pointed this out with emphasis:

As long as France remains a republic--and this form of government appears to have taken firm root--she will continue a menace to the monarchies.<sup>2</sup>

On January 31, 1891, Crispi fell from power and was succeeded by Rudini, a known Francophile. Caprivi, therefore, who had permitted

<sup>1</sup>For the text of Nigra's telegram see Crispi, Memoirs, Vol. III, p. 12.

<sup>2</sup>See Crispi's letter to Nigra dated December 4, 1890, in Crispi, Memoirs, Vol. III, p. 13.

negotiations with Italy to proceed at a leisurely pace, now wished to conclude them as quickly as possible. Rudini, like Crispi, favored the conclusion of a commercial treaty. During April the representatives of the three powers met, and negotiations for a renewal of the Triple Alliance progressed smoothly. The treaty itself was ready for signature by May 6. Attached to it was a protocol whereby the signatories pledged themselves to grant each other most-favored nation treatment and facilities in economic matters which would be "compatible with the exigencies of each of the three states and with their respective engagements with third powers."<sup>1</sup> The way was now clear for the negotiations of a commercial treaty which was ready for signature, along with the treaties with Austria-Hungary and Belgium, on December 6, 1891.

Italy's chief exports to Germany had consisted of milk products, which accounted for about one-half of the value of her exports, as well as fruits, hemp, olive oil, wine, eggs, poultry, and sulphur, while Germany's chief exports to Italy consisted of metal products, textiles, leather goods and chemical products. In the new treaty Germany lowered its duty on cask wine from 24 to 20 Mark per 100 kilograms and from 10 to 4 Mark on mashed fresh grapes. For blended wine and wine for distillation the duty was set at 10 Mark per 100 kilograms. Duties on eggs, poultry, and fruits were reduced. Italy in turn made major concessions to German woolen, silk and chemical manufactures.<sup>2</sup> As in the case of the Austrian treaty the concessions were greater than those received.

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<sup>1</sup>For the text of the protocol see Die Grosse Politik, VII, No. 1427.

<sup>2</sup>For the text of the Italo-German commercial treaty see St. Ber. d.d. Rstgs., 1891-1892, No. 570.

The Italian treaty was, however, politically advantageous to the German Empire, for it bound Italy more securely to the Triple Alliance, a situation all the more desirable since the termination of the Re-Insurance Treaty with Russia. During the years of its duration Italy remained a firm ally.

Economically the gains for Germany were not impressive. Only exports of iron, chemical and woolen industries increased appreciably. All others either diminished or stagnated. Most of the iron exports consisted of half-finished products which were completed in Italy. Other reasons for the meager results would include the growth of the Italian textile and iron industries which decreased the need of imports, the general unfavorable economic position of the Italian kingdom, and its low purchasing power. During the years that the treaty was operative Italy received only 2.6 per cent of Germany's exports.<sup>1</sup> The following table shows the value of imports and exports during the decade of the nineties in millions of Mark:<sup>2</sup>

	<u>Imports</u>	<u>Exports</u>
1890	140.4	94.7
1891	134.1	88.7
1892	134.6	92.2
1893	149.7	85.4
1894	141.4	82.5
1895	145.9	83.4
1896	137.5	85.6
1897	153.0	90.3
1898	170.3	94.4
1899	197.0	116.0
1900	186.4	127.3

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<sup>1</sup>Gothein, Die Wirkung der Handelsverträge. This pertains only to 1895. Thereafter both imports and exports increased appreciably.

<sup>2</sup>Schippel, Handbuch, p. 690.

## CHAPTER VI

### THE FIRST SERIES OF TREATIES: BELGIUM AND SWITZERLAND

The treaties with Belgium and Switzerland are of less importance for the purposes of this study, not because their economic consequences were less significant--on the contrary, the value of imports and exports between the German Empire and these smaller countries was greater than the value of imports and exports between the Reich and Italy--but because they were negotiated with a minimum of difficulties and aroused comparatively little opposition in the Reichstag.

The decade of the seventies had been one of relative prosperity for the Kingdom of Belgium and, under the leadership of Malou and Frere-Orban, free trade dominated its economic thinking.<sup>1</sup> Agriculture was still important, especially in the Flemish regions, and the nation exported an abundance of sheep wool, vegetables, potatoes, fresh fruit and horses. Other important exports included clay, raw lead and zinc, coal, coke, plaster, wool, and linen yarn. Its chief imports from the German Empire were manufactured products of the textile, chemical and metal industries.<sup>2</sup> In 1875 Belgium renewed its old treaties with Germany and

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<sup>1</sup>Mahaim, "La politique commerciale de la Belgique" in Schriften der Vereins für Sozialpolitik, (Leipzig: Verlag von Duncker und Humblot, 1892) Vol. XLIX, p. 224.

<sup>2</sup>Schippel, Handbuch, p. 202.

England, and concluded new agreements with Rumania, Peru, Bolivia, and Italy. In all arrangements the spirit of free trade prevailed.

The rising protectionist movement was first felt in the new commercial treaty with France in 1882. In the previous year the French Republic had inaugurated the protectionist Law of May 7, 1881, which favored industry more than agriculture and levied rates amounting to 10 per cent to 30 per cent ad valorem on manufactured products. Grain received only a statistical tax; cattle, chiefly horses, were taxed 3 per cent; and raw materials were admitted duty free. The general increase was about 20 per cent, but this was reduced in the Belgian treaty of 1882 to a point not much higher than it was in 1881. It was in 1884, however, with the return of the Catholic party to power, that the revolution in the economic ideas of the Belgian Chamber became apparent. The new government was not, to be sure, outright protectionist, but it was no longer interested in the receding cause of free trade. It was not long before the demand for protection of agriculture was heard--duties on the importation of fresh meat were especially strong--but the anti-free traders were limited by the fact that home production in agriculture was increasingly insufficient for home consumption.<sup>1</sup> As far as the commercial treaties of the Kingdom of Belgium were concerned, there had been no change, and the treaties with England and the German Empire were renewed without difficulty when they expired.<sup>2</sup>

The new Belgian-German commercial treaty was signed on December

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<sup>1</sup>Manhaim, "La Politique Commerciale . . .", p. 225 sqq.

<sup>2</sup>Ibid., p. 231-235.

6, 1891, and was in force from February 1, 1892, until December 31, 1903.<sup>1</sup> Belgium granted Germany few reductions. Yet exports to Belgium grew in the years 1891 to 1895, although much of the exports were in turn re-exported by way of Antwerp. Belgian concessions included reductions on iron manufactures, instruments, machines, glassware, clay products, paper, and textiles. In value, however, the chief German exports were textiles and ready made clothing, chemicals, iron coal, machinery, leather goods, and paper products. Germany's chief imports from Belgium were wool and wool yarn, horses, grain, ore, coal, chemical raw materials and drugs, leather, and oils.<sup>2</sup> In spite of the obvious conflicts and the competitive nature of the economies of both nations, Belgium was a growing customer of Germany, and the trade balance was decidedly in favor of the Reich. This is illustrated by the following table of value of imports and exports during the decade of the nineties in millions of Mark:<sup>3</sup>

	<u>Imports</u>	<u>Exports</u>
1890	316.9	150.8
1891	251.8	153.3
1892	208.2	150.7
1893	189.9	147.8
1894	171.6	149.9
1895	179.2	159.2
1896	175.5	168.0
1897	186.5	189.6
1898	201.4	187.3
1899	246.1	207.1
1900	220.5	253.1

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<sup>1</sup>For the text of the treaty see St. B. d.d. Rstgs., 1891-1892, No. 570.

<sup>2</sup>Gothein, Die Wirkung der Handelsverträge, p. 22, 23.

<sup>3</sup>Schippel, Handbuch, p. 203.

Switzerland continued to cling to free trade traditions in the eighties even after her neighbors had passed over to protectionism, but near the end of the decade she too resorted to a mildly protective tariff. Hence, when Germany attempted to negotiate on the basis of the old tariff, the attempt foundered on the determined opposition of the Swiss. Thus, in the new commercial treaty, Germany had to take into the bargain many tariff increases on industrial wares whereas England, as a result of the most-favored nation arrangement, had an advantage over Germany in the Swiss market.

The Swiss-German commercial treaty was signed on December 10, 1891, went into effect on February 1, 1892, and was to be operative until December 31, 1903.<sup>1</sup> Reductions were granted by Germany on the importation of luxury silk articles, watches, dairy products, spinning and embroidery work, machines, and metal wares in return for Swiss concessions on German coal, woolen articles, all types of iron goods, literary and art work, machines and ready-made clothing.<sup>2</sup> The treaty also brought with it numerous duty increases in favor of Switzerland. These caused German businessmen to complain that Switzerland was a restricted market and that the treaty was of no real commercial value. This complaint had some justification but, as Gothein points out, it was an act of considerable wisdom to conclude the treaty because it prevented a tariff war between Germany and Switzerland which could only help the French.<sup>3</sup> The value of goods imported from Switzerland declined from

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<sup>1</sup>The text of the treaty can be found in St. B. dd. Rstgs., 1891-1892, No. 578.

<sup>2</sup>Schippel, Handbuch, p. 1007.

<sup>3</sup>Gothein, Wirkung . . . p. 22-24.

174,160,000 Mark in 1890 to 136,000,000 Mark in 1894 whereas the value of exports increased from 179,600,000 Mark in 1890 to 188,344,000 Mark in 1894: hence by 1894 Germany had a favorable balance of some 45,000,000 Mark.

France, meanwhile, had been unable to come to terms with the Swiss and a Franco-Swiss tariff war ensued. Thanks to Germany's treaty German manufacturers were able to force their French competitors further from the Swiss markets.<sup>1</sup> In 1895, when the French and Swiss finally came to terms, German exporters were so firmly entrenched in the Swiss markets that they could no longer be dislodged.<sup>2</sup> This is most clearly illustrated by the following table which shows the value of imports and exports during the decade of the nineties in millions of Mark:<sup>3</sup>

	<u>Imports</u>	<u>Exports</u>
1890	174.2	179.6
1891	144.9	184.6
1892	141.6	173.8
1893	143.7	187.4
1894	136.2	188.3
1895	144.5	219.0
1896	146.3	244.0
1897	152.5	254.4
1898	173.5	255.9
1899	176.3	284.7
1900	170.5	292.1

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<sup>1</sup>Ibid., p. 24-26.

<sup>2</sup>Gothein, Reichskanzler Caprivi, p. 111.

<sup>3</sup>Schippel, Handbuch, p. 1008.



## CHAPTER VII

### REICHSTAG DELIBERATIONS ON THE FIRST SERIES OF TREATIES

The treaties with Austria-Hungary, Italy and Belgium, which had been signed on December 6, 1891, were introduced to the Reichstag on December 10, the same day the treaty with Switzerland was signed. The introduction of the treaties was accompanied by a long, detailed speech of great clarity in which Chancellor Caprivi set forth the views of the Government and traced the development of German tariff policy. It was intended, he declared, that these treaties would come into force on February 1, 1892, and would be operative until December 31, 1903, and that they would thereafter remain in force from year to year unless either of the contracting parties served notice of its desire to withdraw twelve months beforehand. The most-favored nation clause was included in each treaty, which also fixed the duties on both sides for the entire period of twelve years.

Reviewing the events that had led up to the adoption of the reciprocity treaty policy, the Government pointed out that the commercial and customs policies of Europe in the previous decade had been regulated by a far-reaching system of tariff conventions, of which the treaties of France with Belgium, Portugal, and Norway were the starting point. Italy, Austria-Hungary, and other nations soon joined the movement and

entered into arrangements whereby the customs duties were fixed for a number of years. Germany, however, had taken little part in the movement. She had contented herself with obtaining and granting the general concession of the most-favored nation clause and entering into an arrangement with Serbia and Rumania regarding the duties on certain specific articles.

Germany and France had agreed by Article XI of the Treaty of Frankfurt that, in regard to commercial relations, both nations were to place each other on the same footing as Great Britain, Belgium, The Netherlands, Switzerland, Austria-Hungary and Russia.<sup>1</sup> Therefore, while Germany preserved a free hand in fixing her own customs duties, she enjoyed, in consequence the most-favored nation clause, the full advantage of the European conventional tariffs. In France, however, the development of the economic condition of affairs in the eighties gave rise to great discontent and a resulting strong protectionist tendency gained the upper hand. It could, therefore, hardly be doubted that the French commercial treaty arrangements could not extend beyond February 1, 1892. This danger exercised an influence on the other treaty-bound nations of Europe, and their desire to protect their home production became more and more clearly apparent.

The nearer the time approached for the expiration of the existing European treaties, and the more certain it became that the advantages of autonomy in its own tariffs, coupled with the participation in

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<sup>1</sup>Sartorius von Waltershausen, Der Paragraph Elf des Frankfurter Friedens, p. 12.

<sup>2</sup>Sartorius von Waltershausen, Deutsche Wirtschaftsgeschichte, p. 407.

the treaty concessions of other states, hitherto enjoyed by Germany, would at that time come to an end, the more the necessity of taking a decision in regard to its future action was imposed upon the German Government. Germany had to decide whether she would follow the example of other states in their trend to protection and close her market to foreign goods, thereby contributing considerably to the increase of the protectionist movement, or whether she should intervene in time to hinder its further development and to obtain a decisive influence over the coming reorganization of the European customs tariffs in the sense of international arrangements. The Government's decision, the Chancellor concluded, could only be in favor of the latter course.

Nor was the Government reluctant to admit that there were anticipated advantages to the new commercial policy. The commercial treaties formed an inseparable whole, both in their negotiation and their end, and in the deliberations on the concessions made by Germany and the advantages given in exchange; therefore, the treaties were to be regarded as a unity. In the conclusion of these treaties the object of the Government had been, while reserving to Germany the benefit of the necessary protection of national industries, to keep open as far as possible foreign markets for her commerce. The concessions which Germany had had to make were, when regarded as a whole, not inconsiderable, and one might add, chiefly at the expense of agriculture. The concluding of the treaties for a term of twelve years, the Government was convinced, would bring about the stability in the customs duties earnestly desired by the business world, and the Government further entertained the conviction that they would not only do away with the former dangerous fluc-

tuations in the commercial relations of the Empire but also tend to increase the volume of its trade and commerce.

In an effort to reassure those who might regard the new policies as an untried venture Caprivi quoted Barnbüler, the staunch supporter of the Bismarckian tariff policies of 1879:

The difficult problems of German commercial policy cannot be solved entirely by the watchwords of Free Trade and Protection. The point is rather to balance the actual, unavoidable opposition of interests with expert knowledge, circumspection and patriotism.<sup>1</sup>

This was also the Chancellor's opinion. He, too, saw his task as a compromise among various internal groups, above all industry and agriculture.

Germany had in 1890 an unfavorable trade balance of approximately one billion Reichsmark. Since East Elbian grain no longer sufficed to transform it into a favorable balance, industry would have to do so. Industry would have to increase production and gain new export markets. Only then would the nation clear her debts, heavy emigration diminish, and the well-being of its citizens be secured. It was the plain duty of the Government to aid industry in this gigantic task. On this point the Chancellor was most emphatic and the need to export he regarded as a matter of national survival or ruin:

We must export. Either we export wares or we export people. With this increasing population without a corresponding increasing industry we are not in a position to continue to exist.<sup>2</sup>

Obviously agriculture would have to make sacrifices in the form of a reduction of the tariff duties on grain imports, since such a reduction

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<sup>1</sup>Sten. Ber.d. Rstgs., 1890, 1892, V., p. 3305.

<sup>2</sup>Sten. Ber.d. Rstgs., 1890, 1892, V., p. 3306.

was the chief compensation the German Government could offer to foreign nations in return for favorable terms for German industrial wares.<sup>1</sup>

The genuine interest of Chancellor von Caprivi in the welfare of the working classes also played a part in the commercial policies of the Government. Unlike so many of his contemporaries he saw the value for Germany of a strong laboring class. In this same address he exhorted the Deputies on the Right to regard the workman "less pessimistically" and not to abandon the hope of winning him back to loyalty to the Empire. He noted that the Court Preacher, Dr. Stöcker, had stated in the Reichstag that "we must not only advance toward the workman, but meet him half way," a view to which the Chancellor wholly subscribed:

We take our stand on the basis of the Imperial Message of 1881, in which it was declared that the reparation of social detriment was not to be effected solely by means of repressive measures, but also by increasing the well-being of the working classes. We consider that in these treaties we have been animated by an equal interest in the well-being of both workmen and employers.<sup>2</sup>

Since the termination of the Re-Insurance Treaty with Russia by the Caprivi Government in 1890, the Triple Alliance had come to loom larger than ever as the cornerstone of German foreign policy. The manifold signs of awakening Russo-French friendship had not passed unnoticed in Berlin and had caused Caprivi to reexamine the entire relations of the Government with its allies to the south. That it was one of the cardinal points to strengthen the Triple Alliance economically through commercial treaties was openly admitted in the Reichstag speech by Caprivi:

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<sup>1</sup>Ibid.

<sup>2</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3307.

As far as Belgium and Switzerland are concerned, they are neutral states whose neutrality is guaranteed by political treaties, and from whom we desire nothing more than to live in friendly, neighborly relationships. The situation in regard to the Triple Alliance is quite otherwise. The Triple Alliance has been concluded for mutual defense. It has not the slightest aggressive goals. I am of the opinion, however, that, if a nation concludes an alliance with other states whose purpose it is to maintain this peace, with God's help, for a long time, it is not possible to live with these same states continually in an economic war.<sup>1</sup>

It was Caprivi's fate to take up a political heritage of tremendous complexity just at a time when agriculture on the one hand and industry on the other appeared to be of equal importance, at least insofar as political considerations were concerned, and, therefore, the difficulty in arriving at a compromise acceptable to both arose.<sup>2</sup> Agriculture, to be sure, had been declining for a decade and a half, while commerce and industry were still continuing their phenomenal growth and development which was to continue unabated until the first World War. But to cast one's lot with the latter on the ground that agriculture was a lost cause involved numerous risks, especially for one in whose hands was entrusted the guidance of the German Empire. These risks Caprivi refused to take. He recognized the difficult position of agriculture and estimated its significance for the Empire on grounds of both domestic and foreign policy. The rural population was the most loyal to the Empire and the Kaiser, upon which the monarch could rely at a decisive, perilous moment.<sup>3</sup> Motives of foreign policy likewise

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<sup>1</sup>Ibid.

<sup>2</sup>Wilhelm Treue, Die deutsche Landwirtschaft zur Zeit Caprivis (Berlin: No Publisher, 1933), p. 105.

<sup>3</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3305. "Vollends, wenn der Grund und Boden durch Generationen in denselben Händen bleibt, erwächst eine Liebe zur Heimat, wie sie kein anderer Stand hat, und

caused the Chancellor to consider the preservation and protection of agriculture. He appears to have been somewhat a fatalist in that he regarded a two-front war as unavoidable.<sup>1</sup> Since German foreign policy after 1890 came to rest increasingly upon this conviction, Caprivi was ready to conclude an alliance with England even if it meant immediate war with France and Russia,<sup>2</sup> and Hatzfeldt, the German Ambassador to Great Britain was instructed to sound out the British Government on the possibility of such an alliance. The preservation of agriculture, therefore, was recognized as of the greatest importance in the event of this envisioned two-front conflict.

It is my firm conviction that in a future war the feeding of the army and the nation can play a direct, decisive role. I fear that I would have to see this decisive role injured if agriculture were disturbed in its prosperous pursuit.<sup>3</sup>

The charge, then, that Chancellor von Caprivi was indifferent and even hostile to the agrarian interests, a charge that was to be made more and more loudly during the deliberations of the commercial treaty with Russia in the winter of 1893-1894, was unfounded. Caprivi's commercial policies did favor commerce and industry at the expense of agriculture, but not at that of its destruction. He was of the opinion that

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die die erste und sicherste Quelle des Patriotismus ist, wie ihn der Staat in ernsten Zeiten braucht."

<sup>1</sup>Sten. Ber. d. Rstgs., 1892, 1893, I, p. 12 sqq.

<sup>2</sup>Revealing in this connection is a comment penned by Caprivi on the margin of a note from Hatzfeldt: "Für uns ist der wünschenswerte Beginn des nächsten Krieges, wenn der erste Schuss von Bord eines englischen Schiffes fällt. Wir haben dann die Sicherheit, die Tripel- zu einer Quadrupelallianz erweitern zu können." Die Grosse Politik VIII, p. 1753.

<sup>3</sup>Die Reden des Grafen von Caprivi, Ed. Rudolf Arndt. (Berlin: E. Hofmann u. Co. 1894), p. 172 sqq.

agriculture was in the position to endure a tariff reduction on grain imports and still continue to prosper, and so he took exception to the agrarians who spoke of agriculture making a sacrifice and preferred to believe that sacrifices were being made for agriculture:

In my opinion the state must make sacrifices, and it is indeed a great sacrifice for the state which lies in the grain tariffs. . . . Now the 3.50 Mark still remain over the average rate of tariffs of 1885, and the gentlemen who have participated in the deliberations of that time will not dispute me when I assert that the increase of tariff rates to 5 Mark was a catastrophe, and I believe that this catastrophe has not been to the advantage of the state. The bow has been stretched too far.<sup>1</sup>

The decision, then, of the Caprivi Government to embark upon a new course of commercial reciprocity was not one which was reached without careful deliberation. The needs, aims, and desires of commerce and industry, and the industrial proletariat as well, were all taken into consideration. To those in whose hands rested the fate of the German Empire the commercial treaties appeared the best means of securing required markets, of stimulating industry, of halting emigration, and of increasing the welfare of the nation as a whole. Simultaneously the security of the Empire and its allies would be increased by the drawing together of the Triple Alliance economically as well as politically and militarily. In the light of so many decided advantages the disadvantages which agriculture might be expected to experience, and these in the calculations of the Government would hardly spell destruction, seemed minute.

It was the agrarian interests which could be expected to oppose the commercial treaties with Austria-Hungary, Italy, Belgium, and Switzer-

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<sup>1</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3306.



land, since agriculture, as the Government so guilelessly revealed by means of the Chancellor's Reichstag address, would have to make the major concessions in favor of commerce and industry. For numerous reasons, which will be investigated later, the economic state of German agriculture was deteriorating, and agrarians were looking increasingly toward the Government for aid. The political strength of the agrarians rested with the Conservative and Free Conservative parties as well as the right wing of the Center Party. Indeed, the Free Conservative manifesto to its constituents on the eve of the elections for the Prussian Landtag, issued on September 17, 1888, declared:

Domestic rural economy continues to find itself in serious difficulties. Broad stretches of land, moreover, suffer as a consequence of harmful natural occurrences. The removal of the difficulties of the rural estates, a planned agrarian policy directed toward the furthering, alleviation and protection of the domestic rural economic production, as well as the preservation of the moderate and small estates and a penetrating reform of the waterway legislation, are proposed.<sup>1</sup>

It was not at all surprising, therefore, that a sharp reaction to Caprivi's commercial policies was forthcoming from these quarters.

After 1880 there was a great increase in the importation of foodstuffs into Germany which was necessitated by the great increase of manufactures and the rapid growth of population. In the seventies the amount of grain grown in Germany was sufficient, but by 1890 the amount consumed exceeded the amount produced. At the same time the price, making allowance for the fluctuations owing to bad harvests, steadily declined, notwithstanding the duty on foreign grain imports. In twenty years the average price fell from about 235 to 135 Mark the 100 kilograms. There

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<sup>1</sup>F. Salomon, Die deutsche Parteiprogramme, 2 vols. (Leipzig u. Berlin: B. G. Teubner, 1912), Vol. II, p. 60.

was, therefore, a constant decrease in the income from land, and this took place at a time when the growth of wealth among the industrial classes had made living more costly.

The average peasant of southern Germany and the Rhineland, who produced primarily for his own needs or at best for a local market, was not greatly affected by these developments. The larger agrarian producers of the north and east, especially the landed gentry and owners of large feudal estates east of the Elbe and in East Prussia, saw themselves and their class threatened with loss and even ruin. The interests of the latter were represented in the Reichstag almost exclusively by the Conservative (Deutschkonservative) Party.

The Conservative Party had been quite satisfied with Bismarck's tariff policies since the end of the seventies.<sup>1</sup> The rise of Protectionism, especially among the National Liberals, had banished all fear of a return to Free Trade. The serious difficulties of agriculture in the eighties had even attracted the attention of Bismarck, who, as a remedial measure effected the increase in tariff of three Mark per hundred kilograms on rye in 1885. Two years later the tariff rate was increased to five Mark.<sup>2</sup> Little wonder that the Conservatives by 1890 had come to regard the Government as the benefactor and protector of their interests. When the first rumors of a commercial treaty with Austria-Hungary began to circulate in February, 1891, the Conservative press showed no great alarm. The Deutsches Tageblatt stated that, while his Majesty's Govern-

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<sup>1</sup>Karl Heinz Kroger, Die Konservativen und die Politik Caprivis (Rostock: Carl Hinstorff's Hofbuchdruckerei, 1937), p. 36.

<sup>2</sup>Kroger, Die Konservativen . . . p. 36.

ment could not be a party Government, it must nevertheless "seek to find itself in accord with those parties (Deutschkonservativen and Freikonservativen) which uphold the monarchist principle."<sup>1</sup> During the year 1891, however, as the full extent and significance of the new commercial policies dawned on the agrarian Conservatives, their opposition took shape and by December of that year was ready to meet the Government in battle in the Reichstag.

Leadership of the Opposition was assumed by Hans Graf von Kanitz, Julius Graf von Mirbach, and Freiherr von Manteuffel, all of whom were owners of large landed properties, and Wilhelm von Kardorff, a leader of the Free Conservatives or Reichspartei, likewise an owner of large landed properties in Silesia.<sup>2</sup>

On the same day that Chancellor von Caprivi made his initial speech on behalf of the new commercial policies he was answered by Graf von Kanitz. In clear, vigorous language the conservative spokesman made known that it was an unpleasant realization for the agrarian population that agriculture no longer held a position of equality with industry in the considerations of the Government. He warned Caprivi, in terms that left little to be surmised, of the great political power of Conservative circles and the danger to the Government of ignoring or, in injuring the "most loyal element" of the Empire.<sup>3</sup> In truth Kanitz was not stretching the point. Conservative power was great, and the Conservatives realized it. They were the ruling classes, not only in East Elbia, but in the

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<sup>1</sup>Deutsches Tageblatt, February 11, 1891.

<sup>2</sup>Kroger, Die Konservativen . . . p. 30.

<sup>3</sup>Sten. Ber. d. Rstgs., 1890-1892, V., p. 3316.

army, the bureaucracy, and at court. They regarded themselves as the foundation upon which rested the dynasty and the Empire, and they were not guilty of self-deception. There was, then, an ominous ring in the words of Kanitz when he declared:

Until now agriculture has been accustomed to see its best friend in the Government. At every opportunity, especially at political elections, this trust received expression. I fear that in the future something else may occur. . . . I, as a Conservative, as a true subject of my Emperor and King, regret that it has come to this . . . Gentlemen, read the memorandum. It is the style of the liberal, Free Trade privy councillor which meets our eyes . . . For the love of Free Trade the most far-reaching concessions are made.<sup>1</sup>

The Conservatives, although opposing the entire commercial policies of the Government, concentrated their attack on those clauses of the commercial treaties which bound the signatories for a period of twelve years. In view of the prevailing high prices resulting from a poor harvest in 1891 they knew that a decrease in the tariff rate would not appreciably diminish their profit and at the same time realized that such a decrease was essential for the immediate future to lower the price of bread and thus forestall disorders among the workers.<sup>2</sup> But the Conservatives also knew that the prevailing high prices were abnormal and that the tendency for over a decade had been decidedly downward. Kanitz accordingly rejected the twelve year clauses and requested the Chancellor rather to proceed with the suspension of the grain tariff for a short time and proposed complete abolition of the tariff on rye for half a year or even a year, but twelve years--?

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<sup>1</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3318.

<sup>2</sup>Holstein, Lebensbekenntnis, p. 161.

"No, that we do not want. That would mean the end of our hope for improvement, that is: *lasciate ogni speranza!*"<sup>1</sup>

Kanitz's objection was certainly legitimate on the face of it. The Government was binding itself for twelve years, and certainly no one could see so far into the future. Wilhelm von Kardorff, the leader of the Reichspartei and an enthusiastic supporter of bimetallism, likewise took the same view, although he was willing to support a time limit clause of as much as five years.<sup>2</sup>

Kanitz and Kardorff were to receive very shortly conspicuous reinforcement in their attack on this weak spot of the Government's battle line from a not too unexpected quarter. On December 12th the old ex-Chancellor, Otto von Bismarck, received an industrial deputation from Siegen and took the opportunity to lash out stingingly at the commercial policies of his successor. The ex-Chancellor declared that more than thirty industries were affected by the anticipated tariff reductions and insisted that, if the treaties were carefully examined, it would be seen that not only Austria-Hungary and Italy but England, France, and America had had concessions made to them.<sup>3</sup> This criticism was in fact valid. Since the most-favored-nation clause was still recognized by the European nations, it followed that what concessions were granted to, for example, Hungarian grain and Italian wine, the same consideration would have to

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<sup>1</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3316.

<sup>2</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3335. "Auf fünf Jahre würde ich mit mir reden lassen." Kardorff was willing, however, to make a deal whereby he would agree to a tariff decrease if silver "durch internationale Vereinbarung remonetisiert werde." Ibid., p. 3331, 3332.

<sup>3</sup>W. H. Dawson, Protection in Germany, (London: P. S. King and Son, 1904), p. 116.

be granted to American grain and French wine.

As a gesture of favor toward the agrarian interests the old ex-Chancellor, displaying undeniable talent for striking where it would do most good, continued:

"Agriculture has grown progressively more accustomed to be the step-child of the bureaucracy, who heaps upon her increased burdens without good intentions or expert knowledge . . . Who have brought about all these changed conditions? Privy councillors who<sup>1</sup> are exclusively consumers, to whom apply the words of the Bible, 'They sow not, they reap not, neither do they gather in their granaries,' gentlemen who do not feel the shoe pinch because they are the gentlemen who have been entrusted with the preparation of these treaties. I would never have had the courage thus to take a leap in the dark which is to produce results for the next twelve years."<sup>2</sup>

The moral support of Prince Bismarck was not great enough to cause Reichstag deputies to alter their opinions in regard to the commercial treaties. Those deputies who favored the treaties were largely members of parties that were not unhappy to see the old Chancellor pass from the scene. His influence, however, in Conservative circles, among the Prussian peasantry, and in the army was to be reckoned with, and his pronouncement against the Government policies served to crystalize and give direction to latent, indifferent opposition in these categories. To cite but one example, Alfred Graf Waldersee, the former Chief of Staff who was then commanding the IX Army Corps at Altona, noted in his diary on December 9 that he would not presume to pass judgment on the treaties and that he did not know if the advantages for industry would

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<sup>1</sup>Bismarck was probably alluding to Huber, a Vortragender Rat in the Ministry of Interior, and Goering, a Vortragender Rat in the Chancellory, as well as von Berlepsch, the Minister of Commerce and Industry. See Waldersee, Denkwurdigkeiten, Vol. II, p. 225, 226.

<sup>2</sup>Hamburger Nachrichten, December 12, 1891.

compensate for agrarian losses. The next day he received a visit from old Bismarck during which the ex-Chancellor held forth against the Government's commercial policies. The complete victory of the latter over the mind of the ex-Chief of Staff is illustrated by the next entry pertaining to the subject of a few days later:

In Berlin the commercial treaties hold the spotlight. Caprivi has fallen into the hands of the Free Traders, and his friend Goering stands in the foreground.<sup>1</sup> We will carry the cost in order to enrich Hungarian graindealers and Italian winegrowers, and meanwhile great damage is done to our agrarian economy, and thereby the entire land. The latter consideration lies less in the reduction of grain duties about  $1\frac{1}{2}$  Mark than in the new system which, in spite of all Caprivi's protestations, sets back agriculture in favor of industry.<sup>2</sup>

Waldersee had not only succumbed to Bismarck's arguments: he was now using his very words!

In fairness to Waldersee it should be mentioned that his opposition was in part due to the fact that he viewed a two-front war as extremely likely and that he was inclined to regard Russia as "the enemy." His great concern, therefore, was partially motivated by the desire to see the food supply of the Empire properly protected. Also, relations between Chancellor von Caprivi and the ex-Chief of Staff were not too cordial as a result of Caprivi's alleged role in effecting Waldersee's retirement from the highest military position in the Empire. Nevertheless it was unquestionably the great influence and persuasive talents of the old Chancellor that caused the transition from cool indifference

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<sup>1</sup>During his visit Bismarck told Waldersee that he believed the treaties were primarily the work of Huber and Goering because "Caprivi doesn't know enough of such things." See Waldersee, Denkwürdigkeiten, Vol. II, p. 226.

<sup>2</sup>Ibid., p. 227.

to ardent opposition.

Bismarck's attacks were not motivated entirely by his interest in the welfare of the German Empire by any means. During the late eighties the commercial and industrial interests had grown dissatisfied with what they regarded as the negligence of their welfare by the Government. In January, 1890, Bismarck had relinquished the post of Minister of Commerce and Industry, and it was promptly given by Kaiser Wilhelm II to Hans Hermann von Berlepsch.<sup>1</sup> The new appointee had had an extraordinary career as Regierungspräsident in the Rhineland, during which he had become extremely well informed on industrial conditions in western Germany and had even gained the reputation of a pioneer of modern social politics. The appointment was loudly applauded in industrial and commercial circles throughout the Empire, but more significantly, the appointment of a minister whose known opinions were so different from those of the Chancellor less than two months before the dismissal of Bismarck could only be an indication of great change. When the dismissal occurred and Bismarck retired to Friedrichsruh, he had not the slightest intention nor desire to withdraw from political affairs. He had been forced out against his will, and he regarded those men who now guided the destinies of the Empire and enjoyed the confidence of the sovereign as conspirators whose machinations had removed him from his post. No opportunity was to escape him if he could deftly spike the guns of Caprivi and Berlepsch.<sup>2</sup>

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<sup>1</sup>Bismarck, in his Erinnerung und Gedanke, III, p. 60 sqq., gives the impression that he was quite willing to relinquish the post of Minister of Commerce and Industry. His opinion of his successor, however, is not the best: "ein Mann zweiten Ranges!"

<sup>2</sup>For Bismarck's rather acerbate opinion of Caprivi see his Erinnerung und Gedanke, Vol. III, p. 111 sqq.



From the very first day that Chancellor von Caprivi placed the treaties before the Reichstag and made his speech on their behalf it was obvious that the great majority of the deputies would vote for ratification. This fact was even conceded by Herr von Kardorff in a letter to Bismarck.<sup>1</sup> The strategy of the Conservative opposition, therefore, was to lead the debates so that the third and final reading would take place only after the Christmas recess and thus to derive what comfort they could from this inconsequential victory. In making this decision the Conservative opposition misjudged the size of their own following and that of the dissatisfied factions within the parties that supported the Government.

Kardorff had been very active at this time making soundings among the various political factions both within and outside of the Reichstag. He learned that in southern Germany and the Rhineland the news of a tariff reduction on Italian wine was badly received,<sup>2</sup> and this information seemed to be confirmed by the Reichstag speech of Dr. Simonis, an Alsatian deputy who voiced the fear of Alsatian winegrowers lest cheap Italian wine flood the German market.<sup>3</sup> Surely, then, the Conservative opposition could count on some support from the Catholic Centrum!

During the deliberations in the Reichstag the treaties received considerable criticism from the Protectionist groups.<sup>4</sup> It was quite true

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<sup>1</sup>S. Kardorff, Wilhelm von Kardorff, (Berlin: E. S. Mittler und Sohn, 1936), p. 246.

<sup>2</sup>S. Kardorff, Wilhelm von Kardorff, p. 243.

<sup>3</sup>Sten. Ber. d. Rstgs., 1890, 1892, V., p. 3342, 3344.

<sup>4</sup>Dawson, Protection in Germany, p. 116.

that National Liberal deputies like Böttcher, Oechelhäuser, Bücklin and Möller had not waxed eloquent in their support of the commercial treaties.<sup>1</sup> And again old Herr von Kardorff fancied he had detected a few more votes for the Conservative opposition!

In sizing up the Conservative factions, however, Kardorff became aware of weakness in their ranks. In his letter of December 10, 1891, to Bismarck he admitted that many loyal Conservatives "will not have the heart to speak for their convictions in order not to spoil it for the Government."<sup>2</sup> He noted further, however, that on December 9, at a meeting of the Conservatives, 24 to 13 declared that under no circumstances could they vote "yes" and that a similar attitude prevailed among the Free Conservatives as well.<sup>3</sup>

On the basis of these soundings Kardorff was convinced that the Government would not gain friends by the commercial treaties. The Free Trade advocates wanted much more, the Protectionists and Agrarians were angry because of what was taken from them, and all this dissatisfaction could only work out to the advantage of the Progressives (Freisinnen) and the Social Democrats at the next election. Such, then, were Kardorff's convictions on the evening of December 10, after Caprivi had outlined the Government's policy and submitted the treaties to the Reichstag, and after Kanitz had opened the attack for the Opposition.

The opponents of the treaties, as previously mentioned, were

<sup>1</sup>Sten. Ber. d. Rstgs. 1890, 1892, V., p. 3326-3330, 3365-3368, 3381-3385, 3417-3419.

<sup>2</sup>Kardorff, Wilhelm von Kardorff, p. 243.

<sup>3</sup>Ibid., p. 243.

cognizant of the strength of the Government and hoped at best to delay a vote in order better to consolidate their rural support. The attitude of the National Liberals at this point was also ambiguous: they generally did not wish the Caprivi Government success and indeed were later to aid in bringing about its downfall, and yet the treaties were not out of harmony with the economic interests of the National Liberal party. The Catholic Center was watched with great interest, because it was organized on a confessional rather than class basis and contained within its ranks landed noblemen, industrialists, small farmers and business men, professional people, and trade unionists.

The second reading of the treaties took place between December 14 and 17, 1891. The Conservative move for delay in the form of a committee deliberation was voted down in spite of almost unanimous Conservative, Free Conservative, and Anti-Semite support. The National Liberals then proposed to turn over to a committee the whole matter of duties on wines and milling products. Deputies Dr. Buhl, Dr. Bürklin, and Weiss were the supporters of this maneuver, which was in part a gesture to the South German winegrowers, but the proposal was soon withdrawn when grain and wine were put to a special vote. Only Conservatives and Free Conservatives voted against the grain reduction. In favor of the wine duties were two hundred votes against sixty-six. The Opposition here is interesting: 34 Conservatives, 3 Free Conservatives, and 4 Anti-Semites, all of whom voted as opponents of the entire commercial policy of the Government, and 12 National Liberals including 6 from the Pfalz, 5 Centrists from Baden, 4 Alsatians, and 4 from the People's Party. Most of the latter group represented the wine-growing regions of

the Empire, and their vote was not motivated by opposition to the entire commercial policies of Caprivi.

On December 18 came the third reading and the basic Austrian treaty was accepted by a vote of 243 to 48. Opposing were the Conservatives and Anti-Semites. An amusing side is provided by the views and activities of Kardorff. During the readings he had taken active part and spoke for the Opposition almost every day. During this time, for some reason which defies explanation, he fancied himself the spokesman of a formidable group of opponents. Great was to be his amazement when, on December 18, he discovered himself to be the leader of a Free Conservative minority of two. Only Deputy Holtz supported him!

## CHAPTER VIII

### COMMERCIAL POLICIES OF THE PARTIES: THE CATHOLIC CENTER

The position and attitude of the Catholic Center toward the Caprivi Government in general, and the commercial policies in particular, are of considerable interest both because of the size of the party and because of its unique composition. Unlike most of the other parties in the German Empire the Center had little social or economic cohesion and was drawn together almost entirely on a confessional basis, and certainly its membership in the seventies and eighties was less determined by social structure than by confession.<sup>1</sup> Shortly after the proclamation of the Empire, on the eve of the first Reichstag election which took place on March 7, 1871, the party issued the following short statement:

The fraction views as its special task the preservation and organic development of constitutional laws in general, above all to intercede for the freedom of the Church and the independence of its institutions. The members of the fraction seek to meet this task by means of free agreement.<sup>2</sup>

Regrettably, this statement followed too close upon the heels of the Quanta cura, the Syllabus of Errors, and the doctrine of Papal In-

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<sup>1</sup>Willy Kremer, Der soziale Aufbau der Parteien des deutschen Reichstags im 1871-1918, (Emsdetten: J. Lechte, 1934), p. 27 sqq.

<sup>2</sup>Adolf Braun, Die Parteien der deutschen Reichstags (Stuttgart: Verlag von J. H. W. Dietz, 1893), p. 18.

fallibility to be taken at its face value by the non-Catholic population of Germany to whom the Center always was regarded as a confessional party. The Center, in turn, has always been sensitive to the reproach of being a confessional party and at times its members have gone so far afield as to deny it.<sup>1</sup>

In truth one could argue that, in a sense, the Conservative party constituted a confessional party, a Protestant or Lutheran party, for its members were almost exclusively of that faith, and they could usually be found on the side of the Prussian State Church (Lutheran) on any issue which involved the church. Yet one cannot say that the Conservative party was formed out of confessional considerations.<sup>2</sup> The Center, on the other hand, was the political common denominator of all Roman Catholics in Germany after they had lost their earlier political prop by the expulsion of Austria in 1866 and the establishment of the Empire in 1871 under a Protestant dynasty. The resolutions of the Vatican Council and the enunciation of the doctrine of Papal Infallibility, furthermore, gave rise to a formidable barrier between Roman Catholics and Liberals, forcing those of the former with liberal tendencies out of the Liberal camp and back upon their own political resources. It is little wonder, then, that the Center embraced the widest class divergence: Silesia nobles, Bavarian peasants, professional people and

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<sup>1</sup>Salomon, Die deutschen Parteiprogramme, II, p. 59, cites the Centrist, Count Hompesch, speaking in the Reichstag in 1893 (Cf. Sten. Ber. d. Rstgs., 1893, p. 71): "Die Zentrumfraktion ist niemals eine konfessionelle kirchliche Partei gewesen (!). Sie hat immer Verwahrung dagegen eingelegt. Der Schutz der Rechte der katholischen Kirche gleichwie der übrigen anerkannten Religionsgesellschaften ist und bleibt ihre vornehmste Aufgabe, aber nicht die einzige . . ."

<sup>2</sup>Kremer, Der soziale Aufbau . . . . p. 28, 29.

priests, Rhenish industrialists, and Christian trade unionists--all held together by the bond of a common religion.

Another cohesive force, however, which went along with that of the common religion, was the activity of the clergy. Through the clergy the Center had organization and agitators in even the smallest villages where often the priests were sons of the land and familiar with rural and agrarian problems and aspirations. Tribute has been paid to the effectiveness of the clergy in this respect by two Center Deputies, who in 1910 publicly acknowledged the contribution of the clergy to the success of the Center.<sup>1</sup>

The lack of cohesion on non-religious issues, however, caused the Center to form a parliament within the parliament. There were on certain issues often as many factions within the party as there were parties in the Reichstag. Such an issue was that of the commercial policies of Caprivi where the interests of Rhenish-Westphalian industry, Upper Silesian industry, Silesian and Westphalian agrarians, South German (protectionist) cotton spinners, Rhenish and Moselle winegrowers, and Bavarian peasants all revealed themselves in a confused and complicated political patchwork. It was this very heterogeneous characteristic of the Center which aroused great interest as to what it would do in regard to the commercial treaties. As a result of the elections of 1890 there were, all told, 106 Center deputies in the Reichstag. Of these 31 were personally agrarians (Rittergutsbesitzer, Gutsbesitzer, and Landwirte), 28 government officials or judges, 5 academicians, 14 eccle-

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<sup>1</sup>Hans Gabler, Die Entwicklung der deutschen Parteien auf landwirtschaftlicher Grundlage von 1871-1912, (Tübingen: Buchdruckerei Albert Becht, 1934), p. 54.

siastics, 16 industrialists, and 13 trade unionists. Among the leaders at the time were Peter Reichensperger and Ernst Lieber, both of whom were to prove consistent supporters of the commercial policies; Count Hoensbroeck, Baron von Pfetten, and Baron von Huene, all agrarians but supporters of the treaties introduced on December 10;<sup>1</sup> and the Silesian von Schalscha and Dr. Schädler, both of whom opposed the treaties but abstained from voting.

As early as December 16, 1887, the great Centrist leader Windthorst had expressed in the Reichstag his desire that a tariff union with Austria be achieved, a desire which, oddly enough, Kardorff at the time shared.<sup>2</sup> On the first day of debate Reichensperger took the floor in behalf of the treaties and cited a letter, written by Bismarck to a Hungarian statesman in 1880, in which the old Chancellor wrote: "I view the complete customs union of both powers as the ideal goal to which our commercial policy is directed"; a curious statement in the light of the old man's efforts to ruin the policies of his successor.<sup>3</sup> In the course of the three readings the above-mentioned Centrists all expressed themselves almost without exception in favor of speedy ratification.

Lieber's position, however, was decisive. He was completely convinced of the wisdom of the new commercial policies, and he supported the treaties with enthusiasm. He had, like Windthorst, grown up in a free trade atmosphere and had accepted protectionism after 1879 unwill-

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<sup>1</sup>Sten. Ber. d. Rstgs., 1890, 1892, p. 3354, 3359.

<sup>2</sup>Bachem, Vorgeschichte, Geschichte und Politik des deutschen Zentrumpartei 1815-1914, 9 vols. (Köln: Verlag von J. O. Bachem, 1927-1932), Vol. 5, p. 251.

<sup>3</sup>Sten. Ber. d. Rstgs., 1890, 1892, p. 3309, 3312.



ingly. He was especially unsympathetic to grain duties, which he regarded as an injustice to the bulk of the German population, and was convinced of the need for firm tariff regulations in the interest of commerce and industry. Certain opposition did arise during the readings from a few representatives of the larger cities who feared that tariff reductions would decrease the income of the Reich and that new indirect taxes might result. They questioned why tariffs, which were not "socially" oppressive, should be given up in place of oppressive indirect taxes. The agrarians Hoensbroeck and Pfetten voiced no opposition, but on the contrary, worked for quick ratification and avoidance of committee deliberations which might give the opposition time to gather strength. When the vote came on December 18, a total of eighty-two Centrists voted for the treaties while von Schalscha, the Silesian agrarian who voiced his opposition in the plenum session,<sup>1</sup> abstained. The remaining twenty-eight Centrists were absent for various reasons not pertaining to the issue at hand.<sup>2</sup>

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<sup>1</sup>Sten. b. d. Rstgs., 1890, 1892, p. 3396, 3400.

<sup>2</sup>Bachem, Zentrumspartei, V, p. 254.

## CHAPTER IX

### COMMERCIAL POLICIES OF THE PARTIES: THE NATIONAL LIBERALS

The National Liberal Party, like the Catholic Center, represented a variety of economic interests although all were essentially bourgeois. Its constituents in North Germany were generally city dwellers. Although small business men generally supported the National Liberal Party, its policies were determined by the owners of big business who usually kept themselves in the background, although on occasion a few did seek public office. Like their English equivalents, the German industrialists often owned large landed estates, but in the field of politics their business interests outweighed all agrarian considerations. Also included within the party were most professional people: professors, lawyers, civil servants. The party's support in South Germany was quite different and here included many agrarians who still maintained the traditions of 1848.

The National Liberal Party, which had been traditionally a free trade party prior to 1879, split over the Tariff of 1879, and the old leaders, Lasker and Bamberger, left the party when a majority opposed the Government. In 1884 the anti-protectionist secessionists joined the Progressives to form the Freisinn Party. Since the protectionist National Liberals seemed assured of a high tariff after 1879 and could feel secure

as long as Bismarck remained Chancellor, they ceased to make tariff policy a party matter. During the eighties they continued quite vocal in support of the harmony of agriculture and industry but in 1885 voted 23 for and 20 against duty increases on grain. This luke-warm support of agrarian protection was to change to opposition in 1887 when the National Liberal Party voted 20 for and 67 against further grain duty increases.

As the commercial treaties were being negotiated, the trend within the National Liberal Party seemed definitely in favor of reduced grain duties and simultaneously there was a strong feeling that Germany should extend its markets outside the Empire. In 1888 Bennigsen, the leader of the party, had already indicated this by declaring that the Government should return to a system of tariff arrangements to replace the old commercial treaties which were due to expire in February, 1892.

The election of 1890 had been devastating to the National Liberals, whose representation was accordingly cut from 99 to 42 in the Reichstag. This fact had a sobering effect upon party leadership and resulted in great caution in approaching so controversial an issue as that posed by the new commercial treaties. Only five votes were cast against the Austrian treaty and twelve against the Italian treaty. These opposition votes were a protest against the wine and grain duties and came from South Germany, where agricultural producers outnumbered consumers. Those deputies representing northern constituencies generally favored reductions in grain duties. The leaders, however, were naturally desirous of holding the allegiance of the southern supporters. The result was an attempt to square the circle. Oechelhäuser and Böttcher vigorously supported Caprivi's policies and the National Zeitung, the

party organ closely connected with Oechelhäuser, was charged with being more to the left in its support than were most of the Radicals!<sup>1</sup>

Many of the industrialists in the National Liberal party were in an uncomfortable position and had stated that they did not wish to obtain industrial concessions at the expense of agriculture. Their reasoning was that, at some future date, they might require protection and this could only be obtained with agrarian help against certain Social Democratic and Radical opposition. Nevertheless, the Reichstag delegates, who were closely affiliated with the Zentralverband deutscher Industrieller, voted for the Austrian treaty.<sup>2</sup>

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<sup>1</sup>Sten. Ber. d.d.Rstgs., 1890, 1892, V., p. 3326, 3365, 3379.  
Also Tirell, German Agrarian Politics . . . p. 130.

<sup>2</sup>Lotz, "Die Handelspolitik des Deutschen Reiches unter Graf Caprivi" in Schriften des Vereins für Socialpolitik (Leipzig: Duncker und Humblot, 1901), Vol. XCII, p. 93.

## CHAPTER X

### COMMERCIAL POLICIES OF THE PARTIES: THE RADICALS

The Radical Party (Freisinnige) had been founded in 1884 when the left wing, free trade National Liberals left the old party over the issue of protection and joined with the old Progressive Party (Fort-schrittspartei). Essentially the Radicals were rather doctrinaire followers of the old Manchester School of economic thought, and, although they sat just to the right of the Social Democrats, they had nothing in common idealistically with the Marxist group. They were outright bourgeois and drew their support from the middle classes, more specifically, from the mercantile and moneyed interests. Bankers, commercial agents, and shipping interests in Hamburg, Bremen, and Stettin, who wished to promote overseas trade and believed that lower trade barriers were in their interest, were the formulators of the Radical economic philosophy. By coincidence, then, they had much in common with the Social Democrats. To the Freisinnige, as to the Marxists, taxes and tariffs were placed upon articles of everyday use and, therefore, burdened the poorer classes disproportionately and contributed to the increase of the cost of living. High tariffs to them favored industrialists and large landowners, and they were inclined to believe that past Government policies had favored the agrarians unduly. By 1890, however, free trade was

with them a tradition and what they wanted in reality was merely a lowering and gradual removal of the agrarian duties.<sup>1</sup>

Beside a reduction in food duties, however, the Radicals were the staunchest supporters of a system of commercial treaties, and, in their electoral campaign of 1890, they demanded a policy which would "assure to commerce and industry by means of firm commercial treaties a paying trade with all civilized countries" and afford "protection as much as possible against one-sided sudden tariff increases of other states."<sup>2</sup>

Under the circumstances it is natural that, at the first inkling of the Caprivi policies in regard to a system of commercial arrangements with various states, the Radicals should announce their willingness to support the Government, even before the exact terms were made public.<sup>3</sup> When the terms were made public, the Radicals were disappointed, for they felt that the treaties fell short of commercial needs and that the treaties were in reality merely half measures.<sup>4</sup> The Radicals had, to be sure, asked for treaties, but the doctrinaire free traders among them had desired the end of all tariffs. Industrial tariffs concerned them but little.<sup>5</sup>

Now that the exact terms were revealed, the Radicals gave the Government but lame support. Caprivi and Marschall denied that they envisioned a completely free trade policy, and the Radical, Broemel, took

<sup>1</sup>Tirell, German Agrarian Politics . . . p. 53, 54.

<sup>2</sup>Schulthess, Geschichtskalender, 1890, p. 12, 13.

<sup>3</sup>Sten. Ber. d.d. Rstgs., 1890, V., p. 3147, 3148.

<sup>4</sup>Ibid., p. 3321.

<sup>5</sup>Lotz, "Die Handelspolitik . . .", p. 85.

issue and attempted to construe their earlier statements as a declaration of war against the old Bismarckian protectionist policies.<sup>1</sup> Somewhat annoyed as they were by the Government, the Radicals nevertheless continued to support the treaties and argued that the treaties would, at least, lower the cost of food and render future tariff increases more difficult<sup>2</sup> and assist in breaking up the alliance of the protectionists.<sup>3</sup> In pursuit of this line of thinking the Radicals pointed out that lower grain duties would aid most agrarians, since most agrarians still had to purchase much of their food supply. Only the great, wealthy landowners, who produced for a market, stood to gain from duties on grain. Hence West and South German agrarians should support the treaties. Here they also stressed the importance of close relations with Austria, dear to the hearts of many South Germans and directed their fire against the Junkers, a target sympathetic to many southerners.<sup>4</sup>

The Radicals enjoyed profoundly the discomfort of the agrarians and delighted in baiting them about the fact that the difficulties of agriculture arose from the fact that the agrarians had purchased too dearly and managed too badly. The profitableness of agriculture, they insisted, depended on the value of the soil and the rent which the owner derived from it. Duties could do little here, for they would only serve

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<sup>1</sup>Sten. Ber. d.d. Rstgs., 1890, 1892, V., p. 3322, 3325.

<sup>2</sup>Ibid., p. 3544.

<sup>3</sup>Ibid.

<sup>4</sup>Ibid., p. 3431.

to increase the rent, not assist the agricultural laborer.<sup>1</sup> Yet the party as a whole was not pleased with the treaties, which they felt fell short of their expectations. Yet the Radicals cast their votes for all treaties. There were no opposing votes although the number of absences were sizeable. In voting on the Austrian treaty 50 were pro and 16 were absent.

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<sup>1</sup>Kardorff, Wilhelm von Kardorff, p. 247; Sten. Ber. d.d. Rstgs., 1890, 1892, V., p. 3324.



## CHAPTER XI

### COMMERCIAL POLICIES OF THE PARTIES: THE SOCIAL DEMOCRATS

The attitude of German Social Democracy toward the commercial policies of the Caprivi Government was not at all clearly defined previous to the submission of the afore-mentioned treaties for Reichstag ratification. That support from the party would be forthcoming was clear, but the theoretical basis for such support was hard to find in the light of past Marxist views on protection and free trade. At the time of the Revolution of 1848 the German bourgeoisie was essentially protectionist, but by the fifties Free Trade was becoming increasingly popular. Only the manufacturers of West and South Germany seemed slow in coming around to a free trade point of view. The attitude of the German workers, insofar as such attitude was at all articulate, was similar to the English Chartists: they appeared to feel that protection was necessary and yet they were reluctant to get into the struggle, since they viewed those most ardent in behalf of protection as the chief opponents of the working class! On the other hand they saw coming from the conservative, agrarian camp of the day the sincerest friends of the working classes, Rodbertus and Rudolf Meyer. The German agrarians

of those days were, of course, free traders.<sup>1</sup>

In the years following the foundation of the German Empire the whole issue of free trade and protection concerned the working classes very little. To those who were at all politically aware the conflict between the "ruling classes," as they regarded the agrarians and the industrialists, did not concern them. At the Party Congress at Gotha, May 22-25, 1875, the Socialistic Workers Party of Germany was formed, and the radical Marxists were victorious over the more moderate Lassalleans.<sup>2</sup> Although an extremely far-reaching program was adopted, there was no statement at all in regard to protection, free trade, commercial treaties, etc.<sup>3</sup> It was not until the Gotha Congress of the following year that the new party so much as took notice of the issue:

The Congress declares that the Socialists of Germany stand aloof in the struggle which has broken out between the ruling classes on the issue of Free Trade and Protection, that the question whether or not Protection is only a practical one which must be decided in each individual case, that the need of the working classes is rooted in general economic circumstances, that however the existing commercial treaties on the part of the Government are unfavorable for German industry and require a change, and that finally the party press is summoned to warn the workers accordingly not to get the chestnuts out of the fire for the bourgeoisie who demand protection by offering their aid.<sup>4</sup>

Social Democracy, then, took a neutral stand on the issue and

<sup>1</sup>Kautsky, Handelspolitik und Sozialdemokratie (Berlin: Buchhandlung Vorwärts, 1901), p. 26. Cf. Bülow, Volkswirtschaftslehre, p. 394 sqq.

<sup>2</sup>Walter Martini, Die Wandlungen im Parteiprogramm der Sozialdemokratie seit 1875 (Erlangen: Junge u. Soha, 1908), p. 5.

<sup>3</sup>Ibid., p. 7-10.

<sup>4</sup>Kautsky, Handelspolitik und Sozialdemokratie, p. 27. Also Wilhelm Schroder, Handbuch der sozialdemokratischen Parteitage von 1863 bis 1909 (München: G. Birk, 1910), p. 570 sqq.

yet condemned the existing commercial treaties of the early seventies as injurious to German industry because of their free trade tendencies! This inconsistency is explainable only because the issue was not a vital one to which great thought had yet been given by the year 1876. Until the mid-seventies protectionist feeling had strength only in the Rhine-Westphalian iron and the South Germany cotton spinning industries. The free trade current which had been stimulated by the Anglo-French treaty of 1860 reached the German states in 1862 when the Zollverein and France concluded an agreement. By 1868 industrial as well as commercial circles were pleased by the results of free trade. Dortmund, for example, the center of the iron industry of the time, sent a free trader to the Reichstag of the North German Confederation in 1868.<sup>1</sup>

The effect upon the working classes was at the time given little consideration and, indeed, did not seem to require it. Competition increased, as was expected, and wages were lowered at the expense of the workers, but the efficiency of the workers was not impaired because of the corresponding decline in the cost of living: cheaper foodstuffs were the great advantage German industry had over that of England and France. The following clearly illustrates this advantage and also its diminution after the founding of the German Empire:

	<u>Price of Wheat per 1000 kilos in Mark</u>			
	England	France	Prussia	Difference (between England and Prussia)
1841-50	240	206	167	73
1851-60	250	231	211	39
1861-70	248	224	204	44
1871-75	246	248	235	11

<sup>1</sup>Kautsky, Handelspolitik und Sozialdemokratie, p. 28 sqq.

By the time of the Gotha Congress in 1876, therefore, the advantages enjoyed by a lower cost of living were gradually being lost, and the delegates were for the first time awakening to the need of an investigation of the whole question of protection and free trade from the standpoint of the proletariat. As mentioned above, however, the issue was still not vital for Social Democracy.

On May 11 and June 2, 1878, came the two attempts on the life of Wilhelm I, and on October 21 of the same year the bill outlawing the Social Democratic Party passed the Reichstag. The change to protection with the Tariff of 1879, then, was one in which the Social Democrats played no part. For the next thirteen years the party congresses were to meet on foreign soil. On August 20-23, 1880, came the Congress at Schloss Wyden in Switzerland. Here it was decided to continue the Gotha Program but to attain it by all means and not only legal ones. Great sympathy was also expressed for the Russian Nihilists, but on the question of protection and free trade the congress declared that it was an internal one of the bourgeoisie in which the workers had no interest.<sup>1</sup> At the two subsequent congresses at Copenhagen, March 29 to April 2, 1883, and at Schönnewegen bei Bruggen, October 2 to 6, 1887, the whole issue was again passed over in silence.<sup>2</sup>

The Socialist Law was permitted to expire in 1890, and, for the first time in thirteen years, a Social Democratic congress convened on German soil. That same year, although the law had not yet expired, the party had campaigned openly and had increased its strength from eleven

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<sup>1</sup>Martini, Die Wandlungen im Parteiprogramm . . . p. 15.

<sup>2</sup>Ibid., p. 18-19.

to thirty-five. On October 12 the Halle Congress convened. At the first gathering it became clear that the years of exile had given rise to numerous problems and to a divergence of views and that a complete revision of the Gotha Program was required. It was decided, therefore, that a revision should be worked out and submitted to the next congress the following year. The Halle Congress also changed the name of the party officially to the Social Democratic Party of Germany and passed resolutions in behalf of the workers' rights to strike, organize and boycott, but again the issues of free trade, protection, and commercial policy were ignored. Earlier in the election campaigns for the Reichstag party, candidates had spoken out against tariffs on grains, but the party as such had as yet taken no formal stand on the issue.<sup>1</sup>

The new program was submitted to the Erfurt Congress in October, 1891, and a struggle immediately developed. Bebel and Fischer successfully fought for the new program which was to take the place of the older Gotha program. The adoption of the new program signalled a break with the older, more moderate Lassalleian concepts in favor of a stronger Marxist tendency. But here also are to be found the beginnings of Revisionism, the right-wing movement away from a strict philosophy of economic determinism and toward collaboration with democratically-minded elements, even bourgeois parties, in any action which would strengthen popular government and advance the socialization of industry. In the course of the debates on the new program Vollmar demanded the end of all duties on foodstuffs, but again the issue was not mentioned. As late

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<sup>1</sup>Martini, Die Wandlungen im Parteiprogramm. . . p. 20, 21.  
Cf. Tirrell, German Agrarian Politics . . . p. 50.

as two months before the first series of treaties were submitted to the Reichstag and after the German press had been discussing the envisioned new commercial policies of the Caprivi government, the Social Democratic Party of Germany still maintained no clear-cut view on the issue.<sup>1</sup>

When the debates on the treaties began in the Reichstag in December, 1891, one could have expected the Social Democrats to oppose the treaties because they failed to satisfy all their demands completely. Yet, under the influence of a revisionist attitude as yet not defined, Bebel supported them. The treaties, he argued, were but a weak and insufficient attempt to break with protectionism and to end duties on grain, but they were a step in the right direction. The Social Democrats, however, would continue to fight against grain duties until they were ended,<sup>2</sup> and by giving support to the treaties the Social Democrats hoped to break up the alliance of the protectionists.<sup>3</sup> Their argument was that, if grain duties were necessary to maintain agriculture, then the existing system should no longer be maintained but the land should be nationalized!<sup>4</sup> In general the Social Democrats showed little concern for agriculture.

When the voting on the Austrian treaty took place in the Reichstag in December of 1891, all Social Democratic deputies voted in favor of it, as they were to do on all subsequent treaties. Twenty-four votes were cast while eleven were absent; there were no abstentions. In the

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<sup>1</sup>Ibid., p. 22, 25.

<sup>2</sup>Sten. Ber. d.d. Rstgs., 1890, 1892, V., p. 3349.

<sup>3</sup>Ibid., p. 3538, 3544.

<sup>4</sup>Tirrell, German Agrarian Politics . . . p. 127.

light of what has been said, the Social Democrats as a party were indifferent to the whole issue of free trade and protection at the time of the Austrian treaty, although Social Democracy, as such, was interested in terminating grain duties in their desire to diminish the cost of living for the working class. The party was not pleased with the treaties, for the feeling was that they did not go far enough, but it voted for them because they were a trend in the right direction. In the old days under Bismarck, if such treaties had been submitted for ratification, the Social Democrats would unquestionably have opposed them on principle. Times, however, were changing, and this was sensed by the Social Democrats who were themselves in a period of transition. Under the first breath of Revisionism, Social Democracy was passing from a position of traditional intransigent opposition to the policies of the Imperial Government to one of moderate collaboration in the interests of popular government and economic interest.

## CHAPTER XII

### COMMERCIAL POLICIES OF THE PARTIES: THE MINOR PARTIES

Of the lesser parties and their attitude toward the Caprivi commercial policies little need be said. The Poles and the People's Party supported the treaties as did most of the independents. Among the so-called Nonpartisan parties the Anti-Semites, who were closely identified with agrarian interests, opposed the treaties. The Alsatians refrained from voting on the Austrian treaty but opposed mildly the Italian treaty, reflecting thereby their concern over the importation of Italian wines which would threaten their interests. The Guelphs supported the treaties, and the lone Dane simply absented himself!

The following is the voting on the Austrian treaty which, with insignificant variation, was indicative of the voting on the series of treaties submitted in December of 1891.<sup>1</sup>

<u>Parties</u>	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Conservatives	18	36	2	12
Free Conservatives	14	2	0	3
Centrist	82	0	0	28
Poles	8	0	0	8
National Liberals	31	5	0	4
Radicals	50	0	0	16
Peoples' Party	7	0	0	4
Social Democrats	24	0	0	11

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<sup>1</sup> Tirrell, German Agrarian Politics . . . p. 136.



<u>Nonpartisans</u>	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Alsations	0	0	3	7
Anti-Semites	0	5	0	0
Guelphs	3	0	0	1
Danes	0	0	0	1
Others	6	0	0	3
	<u>243</u>	<u>48</u>	<u>5</u>	<u>98</u>

Several days after the acceptance of the treaties with Austria-Hungary, Italy, and Belgium, the Swiss treaty came up for discussion and was to meet with spirited opposition predominantly from industrial quarters. As noted earlier, duty reductions were granted almost entirely by Germany, which, in addition to articles provided for in other treaties, now accorded reductions on certain cotton fabrics, cotton felt, cotton embroidery, cotton tulle, rolled aluminum and gold, gold wire, telegraph cable, pocket watches and alarm clocks, leather driving belts, hard cheese of definite form, and silk products. Switzerland's hands had previously been tied by her treaties with other countries, and Germany, thanks to the most-favored nation arrangement, profited. Now Switzerland quickly created for herself a truly menacing general tariff which she wished to moderate somewhat in the present treaty. Competing German industry, especially in the South German cities, now felt they were at a disadvantage because the treaty decidedly lowered duty on Swiss imports, which would be competitive, while the gains for them would be negligible. However, the treaty was accepted over several Conservatives' voices by a standing majority on January 26, 1892. Also accepted at this time was a Freisinn resolution of Dr. Barth, again over Conservative and Free Conservative objection, for the setting up of an arbitration committee to deal with all controversies growing out of the treaties.

## CHAPTER XIII

### THE SERBIAN AND SPANISH TREATIES

The passage of the first series of treaties in December of 1891 and early 1892 had been an unquestioned triumph for the Caprivi government. The stimulus which they afforded German industry and commerce was soon clearly visible. Convinced of the success of its policies the government proceeded to extend the scope of reciprocity and, accordingly, concluded additional treaties. On July 23, 1892, a treaty was concluded with the Republic of Columbia and signed in Bogota by the German Minister, Baron Karl Konrad Lueder and the Columbian Undersecretary of Foreign Affairs, Marco Fidel Suarez.<sup>1</sup> On August 21, 1892, a commercial agreement was signed in Vienna by Prince Heinrich VII of the Reuss, the German Ambassador to the Dual Monarchy, and the Serbia envoy to Vienna, G. S. Simice.<sup>2</sup> Then the following year, in August 1893, came the treaty with Spain, signed in Madrid by Ambassador von Radowitz and the Spanish Minister, Moret. These were lesser agreements but are of importance and interest for the full picture of the Caprivi aims and policies in the

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<sup>1</sup>The Columbian treaty lies outside the scope of this study. For the text of the agreement see Sten. Ber. d.d. Rstgs., 1893-1894, Anlage I, p. 209-217.

<sup>2</sup>For text of treaty see Sten. Ber. d.d. Rstgs., 1893-1894, Anlage I, p. 133-158.

realm of trade and commerce. The Serbian treaty did not have beneficial results, not because of the terms of the agreement, but because of economic conditions within that impoverished Balkan kingdom.

The former treaty with the Kingdom of Serbia expired on August 23, 1893, but from June 25 of that year until January 1, 1894, when the new treaty was to go into effect, Serbia accorded to Germany most-favored-nation treatment, although the German government lacked the legal authority to reciprocate. Indeed, it was due to this legal complication that the commercial agreement of August 21, 1892, was not negotiated on the part of Germany, but by Austria-Hungary for the German Empire.<sup>1</sup>

The principal terms of the arrangement provided that Germany grant to Serbia agricultural reductions, especially on dried fruits such as plums and prunes, as well as reductions on oilseeds. Duties were to be the same as those previously granted by the Dual Monarchy.<sup>2</sup> Serbia in turn stabilized its duties on numerous articles and reduced its general tariff of 1892 on German goods. Chiefly affected were iron wares, products of the machine and textile industries, pig skins, aniline and dyestuffs.<sup>3</sup>

German exports to Serbia in the years immediately following the conclusion of the commercial treaty actually declined in value, and it was not until the end of the decade that a marked improvement in Serbo-

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<sup>1</sup>Georg Gothein, Reichskanzler Caprivi (Munche: G. Mullen, 1917), p. 115-116.

<sup>2</sup>Lotz, "Die Handelspolitik des deutschen Reiches unter Graf Caprivi and Furst Höhenlohe" in Schriften des vereins für Socialpolitik, XCII, p. 109.

<sup>3</sup>Schippel, Handbuch, p. 1013.

German trade became perceptible. The cause of the decline was not to be found in the treaty, however, but in small Serbian purchasing power, the uncertain political conditions within the little kingdom, and in the chronic financial difficulties.<sup>1</sup> The figures for imports and exports during the decade of the nineties illustrate the insignificance of this trade. Values are in millions of Mark:<sup>2</sup>

	<u>Imports</u>	<u>Exports</u>
1890	4.1	3.1
1891	3.9	4.0
1892	8.3	4.0
1893	6.9	3.5
1894	4.8	3.3
1895	5.6	1.8
1896	6.6	2.5
1897	8.1	3.9
1898	6.3	3.8
1899	8.0	4.1
1900	9.4	8.8

The commercial treaty with Spain never became operative because of the failure of the Spanish Cortes to accept it. Yet it is of great importance and interest because it was so closely bound up with the foreign relations of both countries, and well illustrates the statesmanship of Caprivi, whose efforts to undo the unnecessary injury to Spanish-German relations caused by his predecessor were, unfortunately, not crowned with success.

The history of German-Spanish relations during the chancellorship of Bismarck offers an excellent example of the arrogance and tactlessness which was to make German diplomacy proverbial in the history of modern international relations. Spain was not a great power, but her

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<sup>1</sup>Gothein, Die Wirking der Handelsverträge, p. 27.

<sup>2</sup>Schippel, Handbuch, p. 1013.

geographical location made her an ideal strategic ally against France. Furthermore, Spain repeatedly requested that she play this role. Bismarck rejected the request on the ground of the instability of Spanish governments, a rejection which was certainly with foundation, but the rejection was made with such tactlessness and disregard for Spanish susceptibilities, that that nation retreated into sullen and irritable neutrality.<sup>1</sup>

During a visit to Kaiser Wilhelm I at Bad Homburg in September of 1883 the Spanish monarch, Alfonso XII, suggested an agreement of mutual support in the event that either nation should be attacked by France. The following month Prince Bismarck suggested to the Kaiser that the subject be further explored in Madrid during the forthcoming visit to Spain by the German Crown Prince. This was accordingly done and, in a report from the Crown Prince, who discussed the matter at length with Alfonso XII in Madrid in December, it was stated that the opposition of the Spanish Cabinet stood in the way of a written agreement, but that the Spanish monarch had given "verbal assurances of mutual assistance--moral support at first, but then, according to circumstances, material support as well--in case either of the two countries we represent should be threatened by the French." Bismarck replied on the 27th of December. The failure to conclude an agreement with Spain, he felt, was not a bad thing in view of the unreliability of the Spanish Cabinet, and he felt that good relations with Spain would usually, per-

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<sup>1</sup>That Bismarck was aware of Spain's sensitiveness can be seen in his Gedanken und Erinnerungen, Vol. II, p. 92, 307.

haps always, remain one of the goals of German policy.<sup>1</sup>

In January of 1885 a Hamburg firm of merchants suggested to Bismarck that Germany claim the East and West Caroline Islands, the Marshall Islands, and several lesser groups to protect German trade interests and to forestall British or Australian occupation. Nothing was done immediately because rumors of impending British occupation proved to be false. On June 3, 1885, however, the German Minister to Madrid, Count zu Solms-Sonnenwalde, was instructed to investigate rumors of a possible Spanish occupation since, during March of 1875, both England and Germany had protested Spanish claims to the Carolines. On June 9 the German Minister in Madrid replied that Spain probably intended to annex the islands, an action which Bismarck realized Germany must anticipate, in view of his marginal note to a letter of Herbert von Bismarck of June 23. On July 21 Kaiser Wilhelm I expressed his approval of the Hamburg merchants' suggestion, and the Admiralty took the necessary measures. On August 1 the Foreign Office was advised from the Consul in Manila that a Spanish annexation was imminent, but Bismarck did not modify the arrangements already agreed upon. Solms was advised on August 4 by telegram to inform the Spanish Government of the occupation by Germany of the Pelew (Palav) and Caroline Islands. Simultaneously the British Government was informed by the German Embassy in London of this action, and, on the basis of the Anglo-German agreement on colonial questions, the German Government counted on British aid to resist possible Spanish claims. On August 7 the German ambassador in London could advise Bismarck that

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<sup>1</sup>Holstein, Papers, Vol. II, p. 44; Bismarck, Gedanken . . . Vol. II, p. 90.

the British Government, through its envoy in Madrid, had carried out Berlin's wishes. On receiving Solm's report of this British action Bismarck noted:

We shall have to respect anything that Spain did in fact possess before our occupation, or occupied in the same way as ourselves in hoisting their flag. But we need not make that the starting point of negotiations.<sup>1</sup>

On August 12, 1885, Count Benomar, the Spanish Minister in Berlin, delivered a note to Count Hatzfeldt stating that the Carolines had been a Spanish possession since 1543. Hatzfeldt, acting on Bismarck's instructions, replied that Germany had no intention of encroaching on existing rights and that, if Spain could show proof of prior occupation, Germany would give up rights to places where the German flag had already been hoisted. The Spanish Prime Minister, Antonio Canovas de Castillo, replied with a most conciliatory telegram expressing the hope that the affair would be settled in a friendly manner and in the joint monarchical interests of the two countries.

This message, transmitted by Hatzfeldt to the Chancellor, was ignored by Bismarck, who gave express orders that his original conciliatory remarks be passed on to London but not to Madrid! Without the consent of Bismarck, Hatzfeldt was unable to reply to Canovas, who quite naturally regarded this as an affront and, what was worse, as the desire of the German Government for an open break.

As a result of the Chancellor's behavior the German press close to the Government, which until now had been most restrained, began to show agitation. At the same time Solms reported from Madrid that popular

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<sup>1</sup>Holstein, Papers, Vol. II, p. 234.

anti-German demonstrations could be expected. Hatzfeldt, a personal friend of Canovas, was embarrassed at the failure to give the Spanish Prime Minister at least a reply and appealed again to Bismarck for permission to reply to Canovas in the same sense as he had spoken to Benomar. The Chancellor answered curtly:

I request that you insert in one of tomorrow morning's papers the announcement that we have proposed submitting the Carolines question to the arbitration of a friendly Power.<sup>1</sup>

At the same time Benomar was advised that Germany was willing to arbitrate and that the question was not important enough to affect the existing good relations between Spain and Germany! According to informed observers such as Holstein the German Government, which had previously supported the Spanish monarchy in every possible way and in whose interest it was to do so, came close to dealing it a grievous blow. Surely it was in the interest of the German Empire and its Chancellor to maintain the monarchical principle. Yet on August 25, Bismarck expressed his view that "it made no difference to us if the Conservative Ministry in Spain, or even the King himself, were overthrown and a republic proclaimed. We should never get anything out of the Spaniards anyway."<sup>2</sup>

Meanwhile Spanish indignation increased. The president of the Independent Law Society of Madrid barely succeeded in preventing a motion from being deliberated and passed in public session, which would have struck the Crown Prince Friéderich's name from the list of members while General Salamanca, who had received the Order of the Red Eagle,

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<sup>1</sup>Holstein, Papers, Vol. II, p. 235.

<sup>2</sup>Ibid., p. 236.



First Class, from the Crown Prince, declared his desire to return it and wrote a crisp letter to the Crown Prince to accompany it. Fortunately the Spanish Government, showing more good sense than the German, intervened forceably, reprimanded the General, and prevented the dispatch of both decoration and letter to the Crown Prince.<sup>1</sup>

It was not long before the Kaiser objected to the Chancellor's indifference to a republic in Spain. He expressed his concern about the position of the Austrian monarchy and added that the setting-up of a republic in Spain would be a bad example for monarchism. He hoped, therefore, that Bismarck would not "handle the Spanish affair too roughly."

Still Bismarck ostensibly did nothing. On September 5, mobs in Madrid and Valencia defaced the coat of arms on the German Legations and Consulates, and almost all Spaniards who held German decorations returned them. Sagasta, the anticipated Prime Minister, who had been foolishly praised in the German press, felt himself compromised and publicly declared that, should the King entrust him with the formation of a Cabinet, he would only accept on the condition that war was declared on Germany immediately!

The violent reaction in Spain now caused Bismarck to change his tune. Solms was instructed to give assurances in Madrid that the German Government would not have sent a single ship to the Carolines had it known that Spain had claims on the islands!<sup>2</sup> Many factors had contributed to this volte face. The Kaiser's concern for the position of

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<sup>1</sup>Holstein, Papers, Vol. II, p. 238-239.

<sup>2</sup>Ibid., Vol. II, p. 243.

Alfonso XII if hostilities should result over the Carolines was repeatedly expressed to the Chancellor. Furthermore, the attitude of France aroused the suspicion in the German Foreign Office that an outbreak of hostilities between Germany and Spain might lead to a Franco-German war. Lastly were the economic considerations of Spanish-German trade, especially in spirits, which were at the time of great importance to German agrarians. Arbitration of the dispute, not war, therefore, was to be Bismarck's aim.

On September 21 Bismarck reported to the Kaiser that, in order to make it impossible for the Spanish Government to refuse arbitration, he had proposed to Count Benomar to make Pope Leo XIII arbitrator. His idea was doubly clever:

At the same time I intend this as a show of courtesy to the Pope, the effect of which on our ecclesiastical controversy will be, I hope, to render the Pope less susceptible to the influence of the Catholic Democrats (Centrists) who are led by Windthorst.<sup>1</sup>

Bismarck's suggestion of the Pope as arbitrator was extremely adroit. The idea had first been advanced by the Spanish press in the belief that Germany would never accept. Now by accepting this suggestion Bismarck had taken the initiative. It was now the Spanish Government which began to hedge: it would accept the Pope as an intermediary but not as an arbitrator. But this was a mere rear-guard diplomatic maneuver, and on September 24 Solms reported that the Spanish Government had capitulated and would be pleased to accept Leo XIII as mediator. The issue was at length settled with the signing of an agreement by Schlözer, the German Minister to the Holy See, and the Spanish Amba-

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<sup>1</sup>Bismarck, Die gesammelten Werke, Vol. VI, No. 317, 324.

sador on December 17, 1885. The agreement, based on the Pope's proposals, stated that Germany recognized Spain's rights over the Caroline Islands and in turn received the right of free trade and permission to establish a coaling station for the German fleet.<sup>1</sup> But the bitterness in Spain resulting from the controversy and especially Bismarck's indifference to Spanish feelings were to spell failure for Caprivi's commercial policies in that nation a decade later.

The recently published secret files of the German Foreign Office on the Carolines question show clearly that both the Foreign Office and the Admiralty feared war with Spain in September of 1885 and were considering measures to be taken in the event of hostilities. Bismarck, however, feared that the outbreak of such a conflict would of necessity lead to a Franco-German war and, therefore, favored a solution through mediation. But of more realistic and less hypothetical importance in his considerations was the spirits trade with Spain.

In the year 1885 Spain had imported 500,000 hektoliters of spirits from Germany. The circumstances were as follows. As a consequence of the devastation of phylloxera vastatrix France had to import vast quantities of blending wines of which the most suitable were the heavy Spanish red wines. According to the Franco-Spanish commercial agreement the Spanish wines were to have an alcoholic content of 15.9 per cent and the duty was to be 2 francs. Since the duty on Spanish brandy, however, was 156.25 francs, it was very lucrative to add to all Spanish wine destined for France 15.9 per cent alcohol and then to distill off the alcohol in France. The alcohol, added to the wine in Spain, was purchased

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<sup>1</sup>Holstein, Papers, Vol. II, p. 256-259.

in Germany! The French Government soon remedied the situation in its own interest by reducing the wine alcoholic content to 10 per cent at a duty of 2 francs instead of the earlier 15.9 per cent. Since most Spanish wine was already over 10 per cent, this action lessened the need to add German alcohol. Meanwhile France overcame the blight and was no longer required to import Spanish wines. Spain, having now more wine than she required, used more for the distillation of Brandy. German imports, therefore, fell to a mere 1891 hektoliters in 1893.<sup>1</sup>

On January 1, 1892, the Spanish Government revealed its new, highly protective tariff duties and now followed up on the first of February with the announcement that the old commercial treaty with Germany would be terminated. Since, however, several other treaties were not to end until June 30, 1892, a provisional arrangement was concluded: Germany would enjoy the same benefits as these treaty nations and in turn would grant to Spain the same terms enjoyed by Germany's treaty nations. Specifically omitted from this agreement, however, were Spanish wine in barrels to Germany and German alcohol to Spain. Here high duty would prevail.

It was in this atmosphere that the Caprivi Government began negotiation with Spain for a new commercial agreement. The agrarian groups, especially the Conservatives and the Conservative Centrists, favored the conclusion of a new treaty in the hope that it would revive the exportation to that nation of distilled alcohol. Furthermore, unlike Austria-Hungary, Rumania and Russia, Spain was no threat to German agrarian interests. But under the circumstances as explained above, the

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<sup>1</sup>Gothein, Reichskanzler Graf Caprivi, p. 114-115.

lowest possible duty, indeed, no duty at all, could not possibly stimulate the importation of more German alcohol into Spain. Spain's infant industries, however, were clamoring ever louder for protection and were naturally hostile to the conclusion of a new commercial treaty with the German Empire.<sup>1</sup>

During the winter of 1892-1893 negotiations between the governments concerned progressed, and finally the draft of the proposed treaty was presented to the Reichstag in November.<sup>2</sup> For her part Germany granted the same terms as had existed in the old treaty and made further concessions in the form of lower duties on Spanish cork and tropical fruits. Spain, in turn, made similar concessions on German potato meal, iron, chemicals, and toys which were below the Spanish minimal tariff.

The Spanish treaty aroused the least debate in the Reichstag and was accepted by that body on December 15, 1893, with an impressive majority. Now, however, the smoldering resentment against Germany because of the Caroline issue flared up in the Spanish Cortes. Fanned undoubtedly by the protectionist elements as well as by the nationalistic press, the Spanish legislature refused ratification. Thus Caprivi received the blow that Bismarck had earned. Hoping to win over the Spanish Cortes by a policy of tact and conciliation, Caprivi now granted to Spain, as a temporary arrangement until ratification might be obtained, the "most-favored-nation" treatment even to the inclusion of Spanish wines for the period from January 1 to January 31 on condition that Spain do likewise.

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<sup>1</sup>Schippel, Handbuch, p. 1055.

<sup>2</sup>For the text of the treaty see Sten. Ber.d.d. Rstgs., 1893-1894, Drucksache Nr. 11.

Still the Cortes remained hostile, and the arrangement was extended until March 31 and again until May 15. The following day, May 16, began a tariff war when Germany's old autonomous tariff was again in force against Spain. The latter replied, not with the minimal tariffs which were leaky because of the Spanish treaties with Switzerland, Holland, and Norway, but with the maximal tariff which was all but prohibitive. An Imperial Decree of May 25, 1894, increased Germany's autonomous customs duties 50 per cent on all Spanish or Spanish colonial wares including cork, lumber, fruit, wine, olive oil, coffee, cocoa, tobacco and cigars, all of which were hard hit, since Germany had previously imported most of these products from Spain. Thus was the state of German-Spanish commercial relations at the time of Caprivi's retirement in October 1894. It is indeed ironic that Caprivi should have failed to obtain an agreement with Spain, a nation whose economy was so compatible with that of the German Empire and, further, an agreement which caused him the least difficulty to secure from the Reichstag. Clearly emotion rather than reason prevailed in Madrid, but the author of it was Bismarck.

The Imperial Decree of May 25, 1894 was withdrawn on July 25, 1896, as ill feeling in Spain subsided. Now Germany granted the prevailing autonomous duties and Spain the minimal tariffs but not "most-favored-nation" treatment. For example, Swiss and Austrian embroidery enjoyed an advantage over Saxon embroidery, and the Austrian shoemaking industry was favored over its competitors in the Pfalz on the Spanish market. So great was this disadvantage to German industry that some Saxon export houses established branches in Bohemia so as to enjoy the

advantages of their Austrian competitors in the Spanish markets.<sup>1</sup>

On February 12, 1899, an agreement was concluded between Germany and Spain whereby Germany acquired the Caroline Islands.<sup>2</sup> The arrangement was highly satisfactory to the Spanish Government, much in need of German friendship after her defeat in the Spanish American War, and the ill feeling of the past was now forgotten. The time, in short, was favorable for a new commercial agreement between the two nations. Both nations now granted "most-favored-nation" treatment to the wares of each other for a period of five years, and the agreement would then be extended on a yearly basis "as long as objections were not raised by one of the contracting parties."<sup>3</sup> The chief opponents of the agreement in Germany were the wine interests, strong among the Centrists and Alsations, since the wine duties were based upon the Italo-German commercial treaty of the Caprivi era. The agreement, however, passed the Reichstag and Cortes without incident. Thus six years after Caprivi's departure from office his policy finally triumphed.

The statistics of German-Spanish trade for the decade of the nineties prove interesting from the standpoint of commercial agreements of reciprocity. The table below gives the value of goods in million Mark, both imported into Spain from Germany and exported from Spain:

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<sup>1</sup>Schippel, Handbuch, p. 1056.

<sup>2</sup>For a complete account of the Caroline Island issue see Townsend, The Rise and Fall of Germany's Colonial Empire, 1884-1918, Chap. VII. Illuminating for the purchase of the islands is Shippee, "Germany and Spanish-American War," in Am. Hist. Rev., XXX, p. 754-777.

<sup>3</sup>Schippel, Handbuch, p. 1056.

	<u>Imports</u>	<u>Exports</u>
1890	34.1	53.1
1891	34.9	49.3
1892	40.7	40.6
1893	35.9	33.1
1894	39.3	30.6
1895	28.6	31.2
1896	35.9	39.4
1897	42.1	29.9
1898	48.1	24.7
1899	69.5	44.0
1900	82.4	54.3

The products imported from Germany in order of their value were machinery, iron goods, gold and silver ware, telegraph cables, and woolen goods. Those exported to Germany were ore, wine, and cork. The above table indicates that the value of imports increased about 140 per cent during the decade while those of exports remained almost constant. Spain enjoyed a favorable trade balance in 1890, 1891, 1895 and 1896. Beginning the following year, however, the balance shifted ever increasingly to Germany's favor, a shift due in large measure to Spanish needs for the threatening Spanish-American War. The year of the tariff war, 1894-1895, was the low point in imports from Germany, while that same year saw no great difference in the value of exports to Germany. To what an extent the tremendous increase in exports to Spain toward the end of the decade was due to the regularization of trade through a reciprocity agreement is impossible to estimate. Much was undoubtedly due to Spanish requirements growing out of the recent conflict with the United States as well as the willingness of German banks to extend credit. But certainly the Spanish market for German industry was a profitable one which could not but benefit from the policies pressed by Caprivi but doomed to failure by the heritage of Bismarck.



## CHAPTER XIV

### THE CONSOLIDATION OF THE AGRARIAN OPPOSITION

The year 1891 had been a year of poor harvests and relatively high prices. In 1892 and 1893, however, the situation had changed. Both years had brought bumper crops, and prices declined to an all time low. The profit of the harvest of 1892 as expressed in money, for example, was more than 25,000,000 Mark less than the profit of the bad harvest of 1891. Prices, furthermore, continued to decline until the low point was reached in the summer of 1894. This development appeared to justify the claims of Caprivi's opponents. German agrarian economy, on the brink of destruction as a consequence of the government's commercial policies, was now to be plunged to destruction by treaties with Rumania and Russia; the low tariff alone was the cause of the steady decline in grain prices; the government could do nothing because its hands were tied for twelve years: so ran the arguments of the Conservative opposition. So also ran the thoughts of an increasing number of peasants in all parts of the Empire who, until then, had given their votes to other parties and whose changing sentiments as yet could find no outlet for expression.<sup>1</sup>

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<sup>1</sup>Kröger, Die Konservativen . . . , p. 45.

The Caprivi government, to be sure, could not foresee a price decline of such magnitude. The decline had manifold causes, chief of which were the rich European harvests and rising competition from overseas.<sup>1</sup> The broad mass of the agrarian population, however, found it much more easy to blame the government's policies than the rather involved world economic situation.<sup>2</sup> Increasing agrarian dissatisfaction made the government's task of defending the new commercial treaties more difficult. Nevertheless, Caprivi had no misgivings concerning his ability to bring them through the Reichstag successfully. When his determination became clear a storm of indignation broke out among the Conservatives. They had suffered several defeats in the Reichstag, were in danger of seeing the protection of all their interests abandoned by the government, and all their attempts since 1891 to halt a lowering of the tariff had been in vain. Gradually the conviction spread that the chief cause of their impotence lay in the fact that neither in the Reichstag nor in the country at large did they pursue a united course or execute their plans with combined power.<sup>3</sup>

What thousands silently thought was given bombastic utterance by an unknown Silesian tenant-farmer, one Ruprecht-Ranzern, whose arti-

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<sup>1</sup>Friedrich Aereboe, Agrarpolitik (Berlin: P. Parey, 1928), p. 424.

<sup>2</sup>Hammann, Der neue Kurs, p. 92.

<sup>3</sup>Kroger, Die Konservativen . . ., p. 46, cites the Deutsche Landwirtschaftliche Presse of September 7, 1892, which saw hope of better times only in a stronger organization or reorganization of existing associations devoted to agrarian interests, and a change in the parliamentary majority. Cf. Otto von Kiesenwetter, 25 Jahre wirtschafts-politischen Kampfes (Berlin: Bund der Landwirte, 1918), p. 16.

cle in the Landwirtschaftliche Tierzucht on December 21, 1892, received the greatest interest. What he proposed was nothing less than a union of farmers with the Social Democrats in the form of a united front against the government. The impracticality of his suggestions did in no way dampen the enthusiasm of his readers. The article was followed by a summons to the agrarians delivered at Ranzern on January 22, 1893, which further set forth his views.<sup>1</sup> About the same time Baron von Wangenheim, a Pomeranian Rittergutsbesitzer, drew up a second summons to the agrarians to unite for action and this appeared in the same journal on January 28, 1893. Its purpose, the author stated, was to bring to the attention of the general public as well as government officials the serious plight of agriculture, which needed in the Reichstag "a great economic party" with understanding for economic matters and a firmness in solving them.<sup>2</sup>

The demagogic tone of Ruprecht and his Silesian supporters, calling upon peasants to adopt the methods of the Social Democrats, had a resounding echo and was the signal for the great agrarian agitation which was to crystalize in the founding of the Bund der Landwirte on February 18, 1893. On this day thousands of agrarians assembled in the great hall of the Tivoli brewery to hear their champions, Ruprecht, Wangenheim, Floetz, and others and to endorse the purposes and demands of the new organization. Its purposes were to "consolidate all agrarian

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<sup>1</sup>"Aufwurf des Landwirts Ruprecht in Ranzern von 22. Januar, 1893" in Johannes Hohlfeld, Deutsche Reichsgeschichte in Dokumenten 1849-1926 (Berlin: Deutsche Verlags-Gesellschaft für Politik und Geschichte, 1927), Vol. I, p. 274, 275.

<sup>2</sup>Kiesenwetter, 25 Jahre . . . Kampfes, p. 335-343.

interests without consideration of political party attitude and size of estate for the preservation of the influences on legislation befitting agriculture" and "to create for agriculture a representation corresponding to its importance in the parliamentary bodies."<sup>1</sup> The primary demands of the new organization included sufficient tariff protection for the products of agriculture, no moderation of existing duties, no commercial treaties with Russia or other nations which would have the effect of lowering duties, and the introduction of bimetallism as the most effective protection against price decline.<sup>2</sup>

Some seven thousand joined the Bund der Landwirte immediately and shortly thereafter the Deutsche Bauernbund, which had been formed in 1885 and included some forty thousand members, chiefly from the smaller proprietors in Pomerania, Posen, Saxony, and Thuringia, merged with the new Bund der Landwirte. Within a year its membership had reached one hundred and eighty thousand and by May, 1894, membership exceeded two hundred and twenty thousand. Even the Poles in the Reichstag under the leadership of Herr von Sass-Jaworski sought membership but were excluded out of nationalistic considerations. The Catholic Bauernvereine, especially influential in southern Germany and Westphalia, although they did not join, sympathized wholeheartedly with the aims of the Bund der Landwirte.

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<sup>1</sup>Hohlfeld, Reichsgeschichte . . ., Vol. I, p. 276-277; Fritz Specht, Die Reichstagwahlen nebst den Programmen der Parteien (Berlin: No publisher, 1898), p. 74-75.

<sup>2</sup>Ibid.

Meanwhile the agrarian influence had come to predominate in the Conservative Party. On December 8, 1892, a party convention was held, also in the Tivoli in Berlin, and a party program permeated with the new agrarian spirit was drawn up. Chief among its demands was the preservation of existing tariff legislation for the benefit of rural economy "which suffers under an unfavorable world market, international currency conditions, and internal economic development." As a concession to industry the program stated that tariff was necessitated by foreign competition and "is to be preserved and strengthened where necessary."<sup>1</sup> At this convention the Court Preacher, Dr. Christian Adolf Stöcker, appeared and introduced himself as a peasant and as such was admitted to the party amid great jollity. The National Liberal, Dr. Hahn, also appeared and spoke of the community of interests of all whose wealth and livelihood was derived from the soil. The effect of the appearance of these two influential outsiders on the assembled delegates and on the various agrarian circles throughout the Empire was considerable.<sup>2</sup>

Although the aims of the Bund der Landwirte were essentially the same as those of the agrarians within the Conservative Party, many Conservatives, still reluctant to appear in opposition to their Kaiser, were repelled by the strong, demagogic trend of the new organization.

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<sup>1</sup>Salomon, Die deutschen Parteiprogramme, Vol. I, p. 73. Cf. Hohlfeld, Reichsgeschichte . . . Vol. I, p. 272, 274.

<sup>2</sup>As one delegate put it: "Wenn neben dem konservativen Hofprediger Stöcker der National-Liberalen Abgeordneten aus der Provinz Hannover für dieselbe Sache eintreten, dann kann diese Sache nicht schlecht sein." See Kröger, Die Konservativen . . . , p. 47.

It should be recalled that, in the German Empire, there was no "loyal opposition" as existed in Great Britain. The Imperial Government was, in a real sense, the Kaiser's Government, and the Imperial Chancellor held office only with the consent of the Kaiser. Therefore, the policies of the Chancellor were those which had been formulated and executed with the complete knowledge and consent of the sovereign, and to oppose them was nothing less than treason to the Conservative view of things. There were, to be sure, a few more brazen spirits who suggested that the "left wing" of the party should form a Young Conservative Party expressly to represent the interests of the gentry and peasantry of the North German plains (Norddeutsche Tiefebene) and to furnish the required political organization for the Bund der Landwirte, but nothing came of it.<sup>1</sup> By 1894 the Bund der Landwirte had veered significantly away from its earlier popular agitation, and leadership had passed from the hands of the "radical" Ruprecht to those of Herr von Ploetz-Döllingen, an owner of large estates, who led the "unchained stream into a more peaceful bed."<sup>2</sup> The tone of the speakers, however, remained noisy and their demands extreme. Even so ardent a supporter as the nobleman, Albert von Boguslawski, found need to criticise the rabble-rousing and cheap tone of the agrarian press. The upshot was that the Bund der Landwirte did not become merged with the Conservative Party. In the election of 1893 the Bund openly supported all Conservative

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<sup>1</sup>Hans Tholuck, Der Bund der Landwirte, seine Freunde und Feinde, (Berlin: Bund der Landwirte, 1893), p. 5.

<sup>2</sup>E. Glantz, Für den Bund der Landwirte (Bustrow: No Publisher, 1893), p. 4.

candidates who had announced their hostility to the commercial treaties during the campaign, and the influence of the agrarians within the Conservative Party developed tremendously as a result of the Bund's activities, but they remained separate organizations.

The Conservatives were not alone in their difficulties with the agrarians and their problems. The Catholic Center was also affected by the general agitation. Although the penetration of the Bund der Landwirte into the western provinces of Prussia was not great, its influence was felt upon the Catholic Bauernvereine of the Rhineland, Westphalia, and above all in Silesia, and the Bauernvereine in turn put pressure upon the Center Party. The pressure was strongest, however, in Bavaria, where a rival, radical organization, the Bayrischer Bauernbund, came into being in opposition to the Catholic Center which it accused of insufficient interest in the needs of agriculture.<sup>1</sup>

In May of 1893 the Reichstag had been dissolved and new elections were to be held. The Center was in an awkward position and its electoral manifesto of May 24 betrayed both its embarrassment and its attempt to straddle the issue:

We voted in favor of the commercial treaties with Austria-Hungary and Italy because they brought with them the establishment of protective duties for twelve years; because they gave to the political-military Triple Alliance an economic support and thereby greater completeness and security for longer duration; and because without them in view of the imminent expiration of earlier agreements a furious tariff war among the allies would have been dangerous to both domestic industry and agriculture, and also to that alliance, so essential for Germany's security and the preservation of world peace.

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<sup>1</sup>Bachem, Vorgeschichte, Geschichte und Politik des deutschen Zentrumsparthei, Vol. V, p. 272.

In solemn consciousness that the New Course would never have been in a position to attain this, its best patriotic deed, without the participation of the Center, the most recent accusations from this quarter of a dearth of sincere, self-sacrificing love for Fatherland and Reich leaves us doubly cold. In deliberations on future commercial treaties the interests of German agriculture and German heavy and small industry shall be decisive for us, and our most exacting examination and most careful consideration shall be doubly insured.<sup>1</sup>

By the autumn of 1893, when the Rumanian treaty was introduced, the Center found itself even more confused. In the recent elections its agrarian wing lost heavily and reduced their number from 31 to 20, but these 20 were more subject to the pressure of the agrarian organizations of their regions than they were to the leadership of their party. Hence their opposition to the Rumanian treaty. Cooler heads within the party, however, saw that a break with the Caprivi policies could only have evil consequences without aiding agriculture in the least. Lieber was the leader of this group. Yet, in anticipation, when the vote came on the Rumanian treaty on December 13, 1893, all 95 members of the Center cast their vote. 46 followed Lieber in support of the treaty while 49, under the vigorous leadership of the Bavarian university professor, Dr. Schädler, opposed ratification. Hence, 26 non-agrarian Centrists, for various reasons, were counted among the opposition. Yet it was due to Lieber's support that Caprivi was able to get the Rumanian treaty successfully through the Reichstag.<sup>2</sup>

The government correctly assumed that the new series of treat-

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<sup>1</sup>Salomon, Parteiprogramme . . . Vol. II, p. 112.

<sup>2</sup>Bachem, Zentrumspartei . . . Vol. V, p. 335.



ies, even the rumored one with Russia, could not have called forth opposition of such proportions by themselves, and that the opposition of the Russian treaty in particular was to be the opening battle of a general uprising to oust Caprivi.<sup>1</sup> During the early deliberations in the Reichstag the Chancellor took note of the new current and warned the Conservatives against calling forth spirits which could not again be banished, especially if called forth against private property and national order. He insisted that he was a Conservative and added that true Conservative convictions had nothing to do with agrarian politics of interest, but rather presupposed the protection of property. The more the Conservative Party became involved in the economic life and interests of the Empire the more he as Chancellor felt himself constrained "to represent the ideal and turn my view to the entirety." He granted that he was no agrarian, that he possessed not an acre, but concluded:

I am of the opinion that to be a Conservative is the emanation of a philosophy of life and of the world. If one proceeds from the conviction that the world is guided according to a definite plan, that that which evolved through history has a certain right in the present which should only be taken from it when cogent reasons for a change exist, if one is of the opinion that for us Germans a Christian, monarchical state is the state the preservation of which the Conservative Party and people have an interest, then I am a Conservative through and through.<sup>2</sup>

Deputies of other parties also perceived how the agrarian and radical current in the Conservative Party was being fed by the Bund der Landwirte. Called into being by an agricultural depression for

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<sup>1</sup>Hammann, Der Neue Kurs, p. 193.

<sup>2</sup>Sten. Ber. d.d. Rstgs., 1892-93 Vol. II, p. 1115.

the purpose of obstructing Caprivi's commercial policies, the Bund gained the support of many agrarians who had formerly supported other parties and had transferred that support to the Conservative Party, but at the same time caused the Conservative Party to pursue agrarian politics of interest of Interessenpolitik as never before.<sup>1</sup> As the old aristocratic foundation of the party weakened and the character of a broad party of the masses took form, so at the same time it lost the distinctive idea of state, or Staatsgedanke, so characteristic of the Conservative Party in the past. Newspapers such as the Norddeutsche Allgemeine Zeitung even professed to see in this transformation the prelude to Social Democracy,<sup>2</sup> while Heinrich von Wussow, a leader of the movement, described it as "a natural phenomenon in essentially the same sense that Social Democracy is a natural phenomenon which had developed out of unhealthy politici-economic conditions."<sup>3</sup> Eugen Richter, in attempting to explain this development within the Conservative ranks, cited in his Reichstag address the statement of Varon von Hovebeck in 1870:

I am too proud and too distinguished to be called a deputy of a single class. I guard myself against being designated as a representative of agriculture, for I am the representative of the common interest and of the entire people.<sup>4</sup>

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<sup>1</sup>Wilhelm Mommsen, Politische Geschichte von Bismarck bis zur Gegenwart (Frankfurt: M. Diesterweg Verlag, 1935), p. 118.

<sup>2</sup>Norddeutsche Allgemeine Zeitung, March 18, 1893.

<sup>3</sup>Heinrich von Wussow, Die gegenwärtige Notlage der Landwirtschaft in Westpreussen und der Bund der Landwirte (Gravdenz: No publisher, 1895), p. 8.

<sup>4</sup>Sten. Ber. D.d. Rstgs., 1893-1894, Vol. I, p. 502.

It seems incredible in passing that a man of Eugen Richter's perception could be blind to the fact that he was chiding the Conservatives for an action essentially the same as one committed by his own party a generation before. For the Conservatives were now travelling the same road that the Radicals had travelled when they left the progressive fold to pursue their own politics of economic interest.

After 1891 the Conservatives began to lose many of their non-agrarian supporters and at the same time, as we have seen, began to attract to its ranks many agrarians who were formerly supporters of other parties or who were previously inactive politically. Fritz von Holstein perceived this change immediately. He saw clearly that Chancellor von Caprivi's "swing to the Left" had disorganized the Conservatives by forcing many of the leaders into the dilemma of supporting the policies of the government and so abiding by the wishes of their sovereign, or safeguarding their own economic interests and thereby defying their sovereign. For most Conservatives this was not an easy choice. Caprivi as Chancellor was appointed by the Kaiser and could be removed by him. While Chancellor his policies were theoretically those of the Kaiser. To oppose the government policies was to oppose the wishes of the monarch, and this was not easy for Conservatives to whom the ideal of Königstreue was still strong.

In view of the political situation by the autumn of 1893 swift ratification of the second series of treaties was out of the question. The Reichstag debates dragged on, and the opposition succeeded in getting the individual treaties shunted into committees for time-consuming deliberations. At the same time new Reichstag elections, necessitated

by the rejection of the new military proposals, made the position of the government still more difficult. Most Conservatives who were friendly to the government were not returned. Army and navy officers, government officials, and others whose profession prevented them from assuming a hostile attitude toward the government and Kaiser gave way to landed magnates and large tenants who felt in no way constrained by considerations of Königstreue. The new Conservative deputies were motivated by economic considerations and the old, idealogical Staatskonservatismus receded into the shadows of the past.

A bitter fight had raged around the treaties with Serbia and Spain and was now to increase in intensity with the introduction of the Rumanian treaty. It was in the midst of this fight that the news of an impending treaty with Russia became known. The Rumanian treaty, therefore, came to be regarded as a test case, the outcome of which would determine the outcome of the more formidable Russo-German commercial arrangement.

## CHAPTER XV

### THE RUMANIAN TREATY

The Rumanian treaty was completed in the autumn of 1893 and was signed in Berlin on October 16 by Marschall von Bieberstein and the Rumanian minister, Gregoire J. Ghika. On this treaty the German interests were curiously divided. The Russo-German tariff war, which had broken out the previous summer, had been extremely beneficial to Rumanian agriculture, and Rumania had become an important exporter of grain to Germany. Before the tariff war Russia had supplied 58 per cent of German wheat imports whereas Russia had supplied but 5 per cent. During the war, however, Russia supplied but 3 per cent whereas Rumania's contribution rose to 20 per cent. The United States and Argentina supplied the rest, and these nations already enjoyed the conventional rate through the most-favored-nation agreements.<sup>1</sup> This great increase in Rumania's importance as a contributor to Germany's grain importation was viewed with hostility by the agrarian interests. At the same time the Austro-Rumanian tariff war had greatly increased Germany's imports to Rumania of industrial goods. Hence, German agrarian interests were extremely hostile to the Rumanian treaty, whereas

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<sup>1</sup>Lotz, "Handelspolitik," in Schriften des Vereins für Sozialpolitik (1901), p. 110-111.

German industrial interests were correspondingly warm.

Rumania ordinarily exported large quantities of wheat, corn, and barley, and sizeable quantities of rye, oats, rape, leguminous fruits, nuts, and eggs, mostly via water from Galtz and Braila. Hence, Rumania normally had little access to the German market. Germany exported to Rumania chiefly manufactured goods, machinery, and textiles. As previously noted, these had grown enormously as a result of the Austro-Rumanian tariff war and even though Rumania in 1891 had resorted to a protective tariff to protect its own infant industries, German exports continued to grow until 1893.<sup>1</sup> Now that the Austro-Rumanian tariff war appeared to be approaching its end the German industrialists were anxious to keep this new-found market and hence were unusually active in behalf of the new Rumanian treaty. The representatives of industry in the Reichstag argued with some cogency that the refusal to grant the most-favored-nation treatment to Rumania would not assist agriculture in the German Empire, for required grain could be gotten from America at the same price in any case. Failure to do so, however, would be detrimental to the industrial and commercial interests.<sup>2</sup>

The parties of the left, the Social Democrats, the Radicals, and the Progressives were generally well disposed, while those of the right, the Conservatives and the Free Conservatives, appeared irreconcilably opposed to the commercial arrangement with Rumania. A small number of industrialists in the Free Conservative camp deserted the

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<sup>1</sup>Gothein, Reichskanzler Caprivi, p. 116.

<sup>2</sup>Ibid.

leadership of Wilhelm von Kardorff and followed Baron Carl von Stumm-Halberg in support of the treaty. The National Liberals as a party supported the treaty, although many of its deputies voted against it in conformity with their campaign pledges to the Bund der Landwirte.

As previously noted, the issue had split the Catholic Center wide open. The Center was the only party of consequence in the German Empire still organized vertically rather than horizontally; that is, it was not the political organization of one social class. It cut through social strata and included within its ranks noblemen and industrialists as well as peasants and trade unionists. In 1891 the Center had un-animously supported Caprivi's commercial policies. During the next two years, as noted, a serious rift developed. The wealthy, aristocratic and agrarian supporters followed the lead of Baron Heune von Hoyningen and opposed the commercial policies of the government with vigor. By December, 1893, this group had a slight majority within the Center Party, although ironically their leader was not returned in the elections of that year. Forty-nine of the Centrists voted against the Rumanian treaty while forty-six, under the leadership of Dr. Lieber, continued to support the government. By the beginning of January, 1894, Chancellor von Caprivi could count on a majority of only twenty-four votes in the Reichstag.

The decisive vote on the Rumanian treaty came on December 13 when the government was supported by a vote of 189 to 165. Conservatives, Anti-Semites, most Free Conservatives, more than half of the Center, plus individuals in other middle and leftist parties voted with the opposition. For the government were all Social Democrats, both

factions of the Radicals, the Poles, the south German Peoples Party, the majority of the National Liberals, and a sprinkling of Free Conservatives and Conservatives.<sup>1</sup>

It is difficult to form an estimation of the advantages or disadvantages of the Rumanian treaty of 1894. The purchasing power of Rumania depended entirely upon the size of its harvests and the price of crops, especially wheat and corn. 1893-1894 had been highly unfavorable for Rumania; indeed, an agricultural crisis was at hand. Under the circumstances it was comprehensible that the nation could not afford to import a great quantity of industrial wares. In fact, between 1891 and 1894 imports to Rumania from Germany declined steadily.<sup>2</sup> By 1895, however, things looked a little brighter, and supporters of Caprivi were not slow to attribute the consequent upswing of German exports to the recent treaty. This was not to be borne out as the decade of the nineties wore on. The value of German exports remained relatively small and varied little, as the following table will show.<sup>3</sup>

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<sup>1</sup>Schultess, Geschichtskalender (1893), p. 161-162.

<sup>2</sup>Gothein, Die Wirkung . . . p. 26.

<sup>3</sup>Schippel, Handbuch p. 995.



	<u>Imports</u>	<u>Exports</u>
1890	29.4	53.4
1891	29.3	55.0
1892	41.4	39.4
1893	83.9	42.6
1894	59.3	36.5
1895	36.4	34.1
1896	69.2	32.8
1897	52.6	33.1
1898	34.0	37.1
1899	27.1	36.8
1900	35.9	25.4

(values shown in million Mark)

## CHAPTER XVI

### THE RUSSIAN TREATY

The closeness of the vote on the Rumanian treaty was of little comfort to the government, all the more so in view of the fact that the successful ratification of the treaty required the solid support of the Social Democrats. In 1891, at the time the first series were approved, the government could have succeeded without Socialist support. In 1894 it would have failed without it. Under the circumstances the outlook for the Russian treaty, which now arose on the political horizon, was anything but promising.<sup>1</sup>

To understand properly the importance of the Russian treaty it is necessary to go back somewhat into the history of Russian tariff policy and the attitude of the Prussian and German governments toward Russo-German commercial arrangements.

The year 1850 witnessed the inauguration by the Imperial Russian Government of a general reduction of import duties which was in conformity with the desire of the small, though growing, bourgeoisie. Articles previously excluded were now admitted, and more favorable duties were placed upon raw materials required by Russia's growing indus-

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<sup>1</sup>Hohenlohe, Memoirs, Vol. II, p. 463.

tries. Seven years later, in 1857, the Imperial Russian Government, yielding to the arguments of the Committee for Tariff revision, arguments that not only additional reform was desired but that increased foreign trade would yield increased revenues, further reduced import duties. In the years following these arguments proved correct and this factor, in addition to the Cobden-Chevalier Treaty of 1860 between England and France, prompted the Imperial Russian Government in 1867 to grant still further reductions. The sixties witnessed the high water mark of the free trade movement in Europe, and in this movement Russia participated fully.

In Russia, however, the tariff question was closely related to the financial difficulties of the following decade, and it was these difficulties which caused the recession of the free trade movement within the Imperial Russian Government. Heavy obligations, payable in gold, had been assumed abroad. Gold, however, did not circulate in Russia. The treasury, therefore, lost heavily in remitting paper rubles abroad, since these notes were subject to discount. Reutern, who was Finance Minister from 1862 to 1878, wishing to avoid these losses, secured a decree in 1877 whereby customs duties should be paid in gold at the frontier. Reutern accordingly secured the gold he required to pay the foreign obligations of the Imperial Russian Government and, at the same time, curtailed imports and reduced an adverse balance of payments. This policy of the Finance Minister, moreover, coincided with the growing sentiment in the 1870's in favor of protection. Indeed, Reutern's measures may be regarded as the beginnings of protective tariff in the Russian Empire.

Reutern's measures, however, did not meet the growing demand of Russian manufacturers for protection, nor did they assist adequately the financial burdens of the government which had grown heavier as a result of the Russo-Turkish War of 1877-1878 and the decline in value of the ruble, a decline which was to continue until 1887. Meanwhile the balance of trade, in spite of numerous half-measures between 1882 and 1887, remained steadily adverse and during these years amounted to a total of 750,000,000 rubles.<sup>1</sup> Nature now came to the aid of the Russian Empire, and a series of good harvests enabled the Ministry of Finance to collect most outstanding taxes and provided ample grain for export. The adverse trade balance became favorable, and the value of the ruble began to climb.

We have seen how Reutern's measures of 1877 served to afford a degree of protection to Russian industry, although this was not their primary objective. Nevertheless the protection afforded actually increased with the fall of the value of the ruble after 1877, for the decline in value was in effect the equivalent of an increase in customs duties. After 1887, however, the reverse was true, for the rise in the value of the ruble operated as a decrease in customs duties, thus increasingly depriving industry of protection. Now further complications ensued; crop failures in the Ukraine, decline of grain prices on the world market, and renewed unfavorable trade balances all resulted in lower receipts for the treasury.

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<sup>1</sup>Valentin Wittschewski, Russlands Handels- Zoll und Industrie-politik von Peter dem Grossen auf die Gegenwart (Berlin: Ernst Siegfried Müller u. Sohn, 1905), p. 188.

At this juncture, in 1887, Reutern's place as Finance Minister was assumed by Vishnegradsky. The new Finance Minister proposed to meet the situation by a readjustment of the tariff but, in submitting the question to the Council of State, Vishnegradsky placed greater emphasis on the protection of industry than on increasing the revenue or restoring the balance of trade. This emphasis struck a responsive chord in the thinking of the Council of State which, in its report endorsing the Finance Minister's proposals, stated:

Fiscal aims and the purpose of achieving a favorable balance of trade retire into the background and allow us to devote our attention chiefly to the needs of the country's industry with a view to using the tariff to promote its proper development.<sup>1</sup>

Substantial additions were now made to the tariff duties roughly as follows: 36 per cent were left as before; 2.6 per cent previously duty free were now subjected to duty; 8.6 per cent were lowered; 52.8 per cent were increased. The average increase as expressed in terms of ad valorem duty was 63 per cent. The 52.8 per cent of increased duties came under three categories: (1) duties on articles for mass consumption such as beer, vinegar, groats, sugar, and wine. Increases here were moderate, averaging between 10 per cent and 25 per cent, and were imposed primarily as a source of revenue. (2) Duties on manufactured products such as jute bags, woolen goods, writing paper, leather goods, gutta percha, furniture, mirrors, and mathemati-

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<sup>1</sup>Quotation and statistics following are from M. N. Sobol'ev, Istoriia Russko-germanskago Torgovago Dogovora, p. 20 sqq., as given by Stuart Ramsey Tompkins, Count Witte as Minister of Finance 1892-1903, (Chicago: University of Chicago unpublished dissertation, 1931), p. 86.

cal and physical instruments. (3) Duties on raw materials such as jute, cotton, iron, lead, tin, zinc, and dyes.

Duties in the third category were greatly increased and constituted a departure in Russian tariff policy. Many of the industries that required these raw materials also required protection. Protection offered by the right hand in category 2 was in part taken back by the left hand through the increased costs of essential raw materials under category 3. The government, however, envisioned not only the protection of manufacturers but also the protection of infant producers of these raw materials and, indeed, the encouragement of a number of industries hardly in existence.

The tariff of 1891, introduced by Vishnegradsky and enthusiastically endorsed by the Council of State, was primarily a protective measure to which the aims of a favorable trade balance and increased receipts for the treasury were secondary considerations.<sup>1</sup> It is worthy of note, however, that the Tariff of 1891 not only afforded the desired protection to Russian industry, but provided the hard-pressed treasury with 13,140,000 rubles from customs duties during its first year in operation.

The revision of Russia's tariffs was bound to disrupt her commercial relations with other nations and above all with the German Empire. During the seventies and eighties the Russian market for German

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<sup>1</sup>Count Witte saw an additional purpose in the Tariff of 1891; namely, to counter the tariffs which Germany had already imposed upon agricultural products and to liberate Russia from extreme dependence on Germany's manufactures. Cf. Count Sergei Witte, The Memoirs of Count Witte (Garden City and Toronto: Doubleday, Page and Co., 1921), p. 63.

manufactured articles grew steadily, while Germany's increasing population provided a growing market for Russian grain. Yet, in spite of the apparently complementing economies, commercial relations between the two empires had not been without friction and had never been reduced to formal commercial treaties, in great measure because of the intimate dynastic relations between them.<sup>1</sup> As early as 1866 the Prussian negotiator, Herr Kellerholm, cooled his heels an entire year in St. Petersburg, only to fail completely in his efforts to obtain tariff reductions.<sup>2</sup> Again in 1878, following the introduction of Reutern's measures, another attempt was made. Bismarck, meeting the Russian Foreign Minister at a watering place shortly thereafter, touched upon the subject and warned Giers that such imposts on Russia's part would provoke Germany to retaliate on agricultural products and raw materials.<sup>3</sup> In the hope of obtaining some agreement a mission was dispatched to St. Petersburg under Herr Hitzigrath but again to no avail.<sup>4</sup>

In the autumn of 1890 it became known in St. Petersburg that the German Empire would soon enter into negotiations with Austria-Hungary, Italy, Belgium, and Switzerland with the view of mutually reducing duties on the basis of reciprocity. In anticipation of these negotiations and, indeed, possibly to stir the diplomatic waters in Vienna, Vishnegradsky in October had asked Giers to see what could be

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<sup>1</sup>Witte, Memoirs, p. 63.

<sup>2</sup>Grosse Politik, Vol. VII, p. 393 (#1627).

<sup>3</sup>Witte, Memoirs, p. 62.

<sup>4</sup>Grosse Politik, Vol. VII, p. 393 (#1627).

done to ease the trade relations with Germany. It was not until the Vienna negotiations were well under way, in February of 1891, that Giers communicated this request in a private conversation with the Imperial German ambassador in St. Petersburg, von Schweinitz, during which he read excerpts from instructions he had received from Vishnegradsky and which were to be forwarded to the Russian Imperial ambassador in Berlin, Count Shuvalov, as a basis for negotiations in the German capital. Schweinitz deduced that it was Vishnegradsky's aim to get reductions on the importation of Russian grain, wood, and petroleum primarily and wished to find out what Germany would do in return. He expressed willingness to meet such concessions "insofar as they are not injurious to Russian industry" and added that here, of course, metals would take first place.

In his response to Giers, Schweinitz expressed his desire to improve commercial relations with the Russian Empire. He could well understand Vishnegradsky's desire to assist the Russian landowners in the sale of their grain, for they held him responsible for the rise in value of the ruble which they found so injurious, but the Finance Minister certainly would not like to make enemies of the Moscow industrialists. Alluding then to the unsuccessful negotiations of Kellerholm and Hitzigrath the German ambassador bluntly stated that he regarded Vishnegradsky's overtures with skepticism. Giers countered that he in turn was certain that the Finance Minister was in earnest and that perhaps the matter could be taken up in Berlin when Vishnegradsky would visit there during a future vacation trip.<sup>1</sup>

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<sup>1</sup>Grosse Politik, Vol. VII, p. 393 sqq (#1627).



Meanwhile tentative exchanges between the German Secretary of State for Foreign Affairs, Baron Marschall von Bieberstein, and the Russian ambassador in Berlin, Count Shuvalov, had taken place shortly before December 3, 1890. It was immediately apparent that each side was wary of the other's intentions. The Russians bargained shrewdly, demanding the same concessions in grain, wood, and petroleum which were to be granted to Austria-Hungary, and yet were reluctant to commit Russia to any concessions favorable to Germany. This unaccommodating attitude on the part of Russia was not inspired by animosity toward the German Empire. Rather it was motivated by Russia's continuing need to meet its heavy obligations on foreign loans by forcing agricultural exports and drastically curtailing imports.<sup>1</sup>

That no understanding was reached between the two governments in 1891 was due to a combination of circumstances. Germany was primarily concerned with the renewal of the Triple Alliance and was also negotiating the first series of commercial treaties. Until these were brought to a successful conclusion an understanding with Russia would have to wait. Russia, too, had interests of greater magnitude, for she was now deeply engaged in those fateful policies which were to signify her abandonment of the traditional attitude of solidarity with conservative monarchies and which were to lead to the Franco-Russian Alliance of 1891.<sup>2</sup>

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<sup>1</sup>Tirrell, German Agrarian Politics . . . p. 248.

<sup>2</sup>Georges Michon, The Franco-German Alliance 1891-1917 (London: George Allen and Unwin Ltd., 1929), p. 24 sqq.

In spite of German skepticism of Vishnegradsky's offer of commercial friendship, negotiations continued during 1891 in Berlin. Here, however, the Russian Finance Minister's fiscal and tariff policy was regarded as responsible for the decline in Germany's export trade to Russia. Marschall contended that the value of Russia's exports to Germany in 1889 was about 230,000,000 Mark while that of Germany's exports to Russia was only 160,000,000 Mark. This left a balance of 70,000,000 in Russia's favor. Marschall further pointed out that about one-half of the products which entered Germany from Russia were duty free, but the German exports to Russia were all subject to heavy duties, many of which had been repeatedly increased in the preceding decade. Therefore, with an adverse balance of 70,000,000 Mark, Germany's exports were decreasing, while Russia's exports to Germany were increasing.<sup>1</sup> Beside, there were some who maintained that Vishnegradsky had increased the exchange rate of the ruble in order to raise the import duties against German manufactures, but had lowered it again when Russia had grain to export. Whether or not the Russian Finance Minister had resorted to such manipulation intentionally, Marschall pointed out that tariff increases had accompanied a rise in value of the ruble and that, with the last 20 per cent increase in 1890, the tariffs on a number of important German articles had become almost prohibitive.<sup>2</sup>

Surmising that Germany was primarily desirous of stability, Shuvalov proposed the fixing of Russian tariffs on various articles.

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<sup>1</sup>Grosse Politik, Vol. VII. p. 397 (#1630).

<sup>2</sup>Ibid., p. 395 (#1629).

Marschall, however, had no desire to see rates that he regarded as prohibitive become fixed. Rather he wished rates to be lowered below the 20 per cent supplementary tariff of 1890 and differentials against coal, coke, pig iron, and cotton to be removed. In this connection it should be explained that Russia made a distinction between sea-borne and land-borne trade which gave England the advantage over Germany.

By the middle of June, 1891, the tariff negotiations between the two empires had completely bogged down. Alexander III had approved the new Russian tariff on the tenth, and it was to become effective on July 1. Russia, moreover, had shown no inclination to meet Germany's demands, especially since the crop failure and threatening famine terminated her need to export grain. On the contrary, an Imperial ukase in August banned the export of rye and another in November prohibited the export of wheat. The need for a commercial treaty was obviously not urgent for Russia, but it would be wrong to assume that these measures were resorted to simply in the hope of bringing Germany to terms since Russia's own economy was certainly not assisted by them.<sup>1</sup>

A move to end the dead-lock was made by Russia in October with proposals to keep tariffs on iron, chemicals, and textiles at their former levels. Since these articles constituted Germany's chief exports to Russia, since there were no guarantees against future tariff increases, and since the differential between sea-borne and land-borne imports, giving England a preference over Germany was not terminated,

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<sup>1</sup>Schweinitz, *Denkwürdigkeiten des Botschafters General von Schweinitz*, Vol. II, p. 424.

the proposals were wholly unacceptable to Germany.<sup>1</sup> Additional developments now confused the issues. Poor harvests in 1892 resulted in export prohibitions continuing until August of that year, but the resumed imports into Germany now had to pay the retaliatory 5 Mark tariff instead of the former 3 Mark tariff. Russia then asked for a list of articles on which Germany would like reductions, but the violent agrarian feeling in Germany against a reduction of agrarian tariffs, which was soon to take concrete form, as we have seen, in the founding of the Bund der Landwirte, delayed the German reply until March, 1893. Meanwhile the Russian negotiations had raised a veritable storm in both the Prussian Landtag and the Reichstag where the Prussian and Imperial governments faced the bitter opposition of the German landed interests. Great care was taken by the German government in obtaining the advice of firms engaged in the Russian trade before drawing up the list requested by Russia, but now it was Russia's turn to find the proposals wholly unacceptable.

The conduct of affairs in the Ministry of Finance was now in the hands of Count Witte who had assumed office in September, 1892 following Vishnegradsky's physical collapse.<sup>2</sup> On June 1, 1893, in the hope of forcing Germany's hand, Witte set up a maximum and minimum tariff. The Tariff of 1891 became the minimum and was extended to all who granted Russia most-favored-nation treatment. All other nations found

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<sup>1</sup>Emil Zweig, "Die russische Handelspolitik seit 1877," in Staats- und Sozialwissenschaftsforschungen (Heft 123) (Leipzig: Duncker und Humblot, 1906), p. 38.

themselves forced to pay duties between 15 per cent and 30 per cent above the minimum rates.<sup>1</sup> Then on June 17 Russia concluded a commercial convention with its new ally France under which rates lower than the minimum were conceded on a number of articles. Russia then asked Germany on July 12 to grant provisionally the concessions already granted to other countries by treaty, that is, to Austria-Hungary, Italy, Belgium, and Switzerland, and in return Russia would grant the concessions recently made to France. Since such an agreement would require the approval of the Reichstag, the German government could not act immediately. Russia indicated willingness to continue negotiations but announced that as of August 1, 1893, the maximum tariff would be applied against Germany.

Thus the stage was set for the tariff war which now ensued. Germany retaliated with a 50 per cent surtax on all Russian goods liable to duty; Russia answered with a 50 per cent additional duty above the maximum tariff on German goods and levied increases in dues on German vessels entering and leaving Russian ports. These imposts were also applied to Finland. Obviously no one profited from this turn of affairs, and negotiations were promptly resumed in Berlin on October 1.<sup>2</sup> For a variety of reasons, however, progress was by no means smooth.

Russia's proposals for a suspension of hostilities, which would have enabled her to get rid of her 1893 crop, were refused by Germany, which would make no concessions until Russia granted tariff reductions

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<sup>1</sup>Zweig, "Russische Handelspolitik . . .", p. 48.

<sup>2</sup>Grosse Politik, Vol. VII, p. 447 sqq. (#1666).

and provisions which would enable German industry to engage in the Russian trade for a stipulated term of years. In the end the wrangling was only terminated by the intervention of the Czar, who, impressed by the threatening state of Russian agriculture, in late October advised his ministers of his desire for a conclusion of the negotiations. Meanwhile Fürst von Arenberg, a former legation secretary in St. Petersburg and now a leader of the Catholic Center Party, intervened to appraise Count Shuvalov of the critical situation facing the Caprivi government because of its free trade tendencies and the difficulties a Russian treaty would have getting through the Reichstag in any case. Russian concessions of substance would be essential or negotiations in the future would be pointless. Shuvalov accordingly reported directly to the Czar, who then commanded that the desired concessions be granted to Germany.<sup>1</sup>

In Germany also there was a strong desire to bring these tedious negotiations to an end. Political as well as commercial relations between the empires were tense, and in some quarters fear was entertained that actual war might result if better understanding was not reached. The severance of the "wire to St. Petersburg" in 1890 and the subsequent Franco-Russian entente of 1891 and the military convention of 1892 provoked the gloomiest thoughts in German military quarters, thoughts that were not rendered more optimistic by reports of the cordial reception accorded the Russian naval squadron on the occasion of its visit to Toulon in October, 1893.<sup>2</sup> Furthermore, the

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<sup>1</sup>Bachem, Zentrumspartei . . . Vol. V, p. 343.

<sup>2</sup>See the speeches delivered in the Reichstag by Marschall and Miquel in St. Ber.d.d. Rstgs., 1893-1894, Vol. II, p. 1517 sqq.

discussion of a possible two-front war, both in the press and in the Reichstag at the time the new military bill was presented by the government, resulted in the massing of even larger concentrations of Russian troops in Poland. Undoubtedly the German government regarded the conclusion of a commercial treaty as a prelude to the possible restoration of the traditional friendship between the two empires and even the end of the new Franco-Russian agreement. It was these considerations which unquestionably provoked the Kaiser, Wilhelm II, to take a direct interest.<sup>1</sup>

By Christmas of 1893 a more conciliatory attitude was noticed on both sides, and negotiations thereafter progressed smoothly. On February 10 the treaty was ready for signature and by its terms was to remain in force for ten years. Thereafter it might be denounced by either contracting party upon one year's notice. In effect the treaty was to last until March 1, 1906.<sup>2</sup>

According to the terms of the agreement trade, shipping, and citizens of one country in the territory of the other were granted most-favored-nation treatment. Furthermore, both agreed to treat each other's citizens alike in regard to taxes, tariffs, and dues on highways, canals and railroads. Import and export prohibitions were renounced except where required by state monopoly, or in order to assure

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<sup>1</sup>For the exchange of congratulatory telegrams between Kaiser and Czar on completion of the treaty see Grosse Politik, Vol. VII, p. 453 (#1667/8).

<sup>2</sup>Sartorius von Waltershausen, Wirtschaftscheschichte, p. 387-388.

human or animal health, or safety or public order.<sup>1</sup> Russia got the lower rates desired on agricultural products and wood, and duties were fixed on many articles while others such as flax, oilseeds and wool were admitted duty free. Russia terminated the land-sea differentials and agreed not to introduce a differential tariff while the treaty was in force. Under the most-favored-nation provisions Germany received the reductions recently granted to France. Generally the reductions that Germany obtained were slight, but of great value to her was the stabilization secured as long as the treaty remained in force. During the years the treaty was in force the chief Russian exports to Germany, aside from agrarian and forest products, were skins and furs, mineral oil, petroleum, india rubber, and gutta percha. German exports consisted largely of machine and machine parts, iron and irons products, cotton goods, coal, raw silver, pig skins, books, musical instruments, steamers, gold and silver ware, scientific instruments, plaster, woolen yarn, and locomotives.<sup>2</sup>

From the Russian side the treaty became operative as soon as the Czar affixed his signature. In Germany, however, the consent of the Reichstag was essential and it is to the struggle in the Reichstag and the attendant tribulations of the Caprivi government that we must now turn our attention.

Since Russia had been cold to the idea of a commercial treaty at the time of the missions of Kellerholm and later Hitzigrath, it

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<sup>1</sup>Germany soon made use of this and restricted in part the importation of Russian cattle because of alleged disease. See Zweig, "Russische Handelspolitik," p. 45.

<sup>2</sup>Schippel, Handbuch, p. 995.



came as a surprise to Caprivi and Marschall when the Czar's government suddenly announced that as of August 1, 1893, the maximum tariff would be applied to Germany. To the German chancellor this threat of a tariff war appeared simply as a means of forcing the German Empire to conclude a reciprocity treaty with the Czar's government. Caprivi was, however, by no means unpleasantly surprised by this development, for he saw in it an opportunity of restoring better relations with St. Petersburg. Furthermore, he was of the opinion that a treaty with Russia on the same basis as those already concluded with Rumania and Austria-Hungary could not adversely affect German agriculture. The price of grain in Germany was simply the world price plus the tariff. Granting Russia the same concessions as the other grain producing nations could do no harm. On the other hand the Russian market for German industrial goods was unlimited. These arguments in favor of the treaty were all brilliantly developed for the enlightenment of the Reichstag by Caprivi, Marschall, and the Secretary of State for Finance, Johannes Miquel.<sup>1</sup>

Opposition came as usual from the East Elbian landlords and Junkers whose strength in the Reichstag constituted the bulk of the Conservative, Free Conservative, and right-wing Center parties. Therefore, the attempt of Caprivi to create an atmosphere favorable to ratification by reminding the opposition of their "duty to God and Kaiser," so to speak, by references to the fact that his commercial policies had the unwavering support of the Kaiser, the Prussian Ministry, and

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<sup>1</sup>For a good summary and critique of these speeches see Bachem, Zentrumsparthei . . . Vol. V, p. 344 aqq.

the Bundesrat served only to irritate and antagonize the group as a whole. The interference of the Kaiser on behalf of the treaties created confusion in the ranks of both Conservative parties, but at the same time it aroused influential army circles and created difficulties for the Foreign Office which did much to nullify some of the good effect.

On February 5, 1894, at a dinner in the Chancellery attended largely by members of the Reichstag, the Kaiser spoke in favor of the treaties and, turning to the Conservatives, declared that he had "no desire to wage war against Russia on account of a hundred stupid Junkers." He then continued that the Czar would be personally insulted if the treaty with Russia were rejected and that the Russian people, who had no understanding of parliamentary processes, would be convinced that he, Wilhelm II, was in fact opposed to the treaty. Alluding to Russian troop concentrations near the German border he concluded that war within three months would follow the rejection of the treaty and that he would be forced to surrender the region east of the Vistula! The inference was clear: those who opposed ratification would not only go against the wishes of their sovereign but would bring upon the Fatherland a war with the Russian Empire and the consequent loss of that region in which the opposition had its greatest economic interest! One can well appreciate the emotions of old Herr von Levetzow, the Conservative President of the Reichstag, when on the conclusion of the Kaiser's address he arose and, visibly moved, reiterated the loyalty of the Conservatives to the Kaiser and Reich even though they had felt it

"their duty to oppose" the treaties.<sup>1</sup>

General von Waldersee was extremely annoyed by what he termed the Kaiser's open fear of Russia and the attempt "to bribe her" with a commercial treaty to keep the peace, and he was especially concerned about the impression the Kaiser's address would make upon the German people and the world at large.<sup>2</sup> He had visited the Russian ambassador, Count Shuvalov, the day after the unfortunate speech and professed that he had detected in "their frank discussion" the effect it had already had on the Russians.<sup>3</sup>

It was felt in some quarters that the Kaiser was anticipating support for the Russian treaty from Friedrichsrub. Bismarck had always favored good relations with Russia and had been bitterly critical of his successor for having "cut the wire to St. Petersburg" in 1890. On the evening of February 19, therefore, the Kaiser visited Bismarck at Friedrichsrub. But the meeting was without success on this score, and the old ex-Chancellor remained outspoken in his opposition to trade treaties, Russian or otherwise.<sup>4</sup> Bismarck's attitude on the whole question was at best ambiguous and, it appears, determined by a measure of spite. While still Chancellor, in December, 1887, he had expressed his view that an increase in grain duties remained the sole means for Germany to meet and oppose the Russian prohibitive tariffs of that day

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<sup>1</sup>Waldersee, Denkwürdigkeiten, Vol. II, p. 306. Waldersee, who relates the incident, adds: "Levetzow ist ganz erschüttert und hat gesagt, dass dieser Tag der traurigste seines Lebens sei."

<sup>2</sup>Ibid.

<sup>3</sup>Ibid., p. 307.

<sup>4</sup>Waldersee, Denkwürdigkeiten, Vol. II, p. 306.

effectively. In a letter dated Friedrichsruh, December 4, 1887, he wrote:

We cannot start a war with Russia on account of the tariff question nor can we aggravate the political opposition on her account, but we can very likely compel Russia, by means of hindering Russian exports to Germany, to take into consideration our interests. To this end grain duties offer the best and most effective pretext.<sup>1</sup>

Bismarck was, in effect, advocating a policy which was later pursued by his successor but in which he could now see little merit.

When Chancellor von Caprivi appeared in the Reichstag to lead the fight for ratification of the Russian treaty on February 27, 1894, the atmosphere was electric. In the course of his speech he termed the treaty "the last link in the chain which has been lengthened to include this link without having to pay a price, for the price was paid in the Austrian treaty." This view was essentially correct, but expressed more severely by Bismarck in a conversation with his attorney, Justizrat Philipp:

With the Russian commercial treaty the situation is as the Russian Finance Minister Witte has said to Maximilian Harden: "If the bucket once has twelve holes it doesn't matter very much if a thirteenth is made in it." The foreign grain pours in from all sides at a low tariff, and the Russian grain goes to those lands that have sent their own grain to Germany.<sup>2</sup>

The statement of Caprivi was nevertheless immediately seized upon by Baron von Wangenheim, who termed it "a nursery tale" in an

<sup>1</sup>Robert Lucius von Ballhausen, Bismarckerinnerungen (Stuttgart: J. G. Cotta'sche Buchhandlung, 1921), p. 582.

<sup>2</sup>Philipp, Bismarck Gespräche von seinem anwalt Justizrat Philipp aufgezeichnet, p. 178. Cf. Bachem, Zentrumspartei . . ., Vol. V, p. 344.

article published in the Korrespondenz des Bundes der Landwirte, and in the same article continued:

Where are the good intentions toward agriculture of which the government so often assures us? We are convinced that the Reichschancellor desires and believes that he is doing what is best, but after the sad consequences of his politico-economic activity up to this time we cannot regard him as the right man for the position. After the incontestable proofs of his perseverance on quite the wrong scent we must ask for his departure.<sup>1</sup>

A demand in the French or English press for the resignation of a prime minister was a common enough occurrence, but in the German Empire such a demand in a Conservative publication was revolutionary. Here a Conservative nobleman, representing a powerful agrarian organization and voicing the sentiments of the class upon which the Crown rested, was questioning the policies of a Chancellor appointed by and solely responsible to the German Kaiser. It was, in addition, a demand which the Kaiser could only resent, for it implied lack of confidence in the sovereign's choice of Imperial Chancellor and even in the Kaiser's leadership, and at the same time it was a demand that could not be ignored!

In some influential quarters the opinion prevailed that the Kaiser could solve his difficulties by dismissing Caprivi. This done, the Conservatives would vote for the Russo-German treaty, thereby allowing the Kaiser to "keep his word to the Czar," providing the new Chancellor would seriously aid agrarian economy.<sup>2</sup> These quarters, which incidentally included Bismarck, regarded Philipp Eulenberg as the

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<sup>1</sup>Cited in Kröger, Die Konservativen und die Politik Caprivis, p. 53.

<sup>2</sup>Waldensee, Denkwürdigkeiten, Vol. II, p. 307.

proper person for the office.<sup>1</sup> The political atmosphere was changing. The Conservatives were now not dissatisfied with the commercial treaties alone. Their attack had been enlarged, and their objective was nothing less than the dismissal of Caprivi and the appointment in his place of a Chancellor amenable to their wishes.

The manifold complexities of German foreign policy were very definitely in the minds of the German statesmen as they deliberated the Russo-German treaty. The government took the position that such a treaty as that envisioned could only serve to improve the chances of peace and was firm in its support of the principle that questions of international economics and foreign policy were closely related. This principle, which is now nowhere questioned, was not always universally accepted. Bismarck, though he regarded the Triple Alliance as the cornerstone of German foreign policy, professed to see no need for the strengthening of that alliance economically nor danger if a tariff war were waged between military allies.<sup>2</sup> Count Mirbach was the exponent of this point of view in the Reichstag. Here he declared that the commercial treaties should be judged solely on economic grounds and added that that was the way that Russia judged the commercial treaty. In support of his contention he cited Russian newspapers which declared that the commercial arrangements with Germany would in no way alter the

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<sup>1</sup>Eugen Jagemann, 75 Jahre des Erlebens und Erfahrens (Heidelberg: Universitäts-Verlag, 1925), p. 119.

<sup>2</sup>Walderssee also regarded politics and economics as separate entities. His reaction on hearing of the Russian treaty reveals his lack of faith in same as a harbinger of peace. "Bei den Handelsverträge mit Österreich und Italien wollten wir unseren Freunden aus-helfen. Nun soll es auch bei unserem Feinde geschehen. Das ist edel und kristlich! Mehr kann man nicht verlangen."

political relations between Russia and her new ally, France.<sup>1</sup>

The antithesis of this conception was shared by Caprivi and Marschall von Bieberstein, both of whom were deeply convinced of the close interrelationship of politics and economics and the need to make economic politics as mobile as power politics.<sup>2</sup> Caprivi gave expression to this view in his reply to Count Mirbach:

Our policy is a peaceful one and this commercial treaty is a peaceful act. To my regret yesterday's speaker (Mirbach) has described it as a military blunder. He stated that, because so and so many army corps stand across the border, such a treaty cannot be concluded. If the gentleman would follow his line of reasoning to the final consequent, he would arrive at a war with Russia . . . It cannot be denied that the commercial treaty can and will have the effect of decreasing the tension between the nations and of increasing the confidence in peace among all nations.<sup>3</sup>

The Chancellor, elaborating on the beneficial effects of the treaty on future Russo-German relations, then remarked that it would serve to strengthen the hand of the peacefully inclined agrarian circles in Russia and help to hold in check the more aggressive Pan-Slav elements:

If we reject the hand that Russia has now extended will she not with reason return to Pan-Slavism? . . . Then will emerge all those dangers which are bound up in our conception of this apparition. If you reject this treaty, which I regard as a powerful new wire, then not only will a new wire not be laid but you will cut at the same time the old wires, and you, not the government, will bear the responsibility.<sup>4</sup>

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<sup>1</sup>Sten. Ber. d.d. Rstgs., 1893-1894, Vol. II, p. 1417.

<sup>2</sup>Sten. Ber. d.d. Rstgs., 1893-1894, Vol. II, p. 1450.

<sup>3</sup>Ibid., p. 1452.

<sup>4</sup>Ibid., p. 1452.

Marschall von Bieberstein was also a believer in the beneficial effect of good economic relations on foreign policy. Nations could not live peacefully and in friendship with each other, he declared, if at the same time economic differences were not resolved.<sup>1</sup> In his reply to Count Mirbach in the Reichstag, Marschall stated categorically that he saw no reason to justify the treaty by purely political motives, for "economic principles which speak for this treaty are so determined by Nature as political principles could never possibly be."<sup>2</sup>

The attitude of Johannes von Miquel, the Prussian Minister of Finance, was singularly ambiguous. As a member of the Prussian government he publicly supported the commercial policies of his chief and did so convincingly. Yet there was much of the opportunist in his behavior and one feels that he wished to abandon the cause of Caprivi and trim his sails to meet the change in political wind. Although he expressed public approval he privately expressed himself to the effect that "the Conservatives would be jack-asses to vote for the treaty." Miquel wished to direct Conservative wrath from himself and ingratiate himself with them. In this he succeeded. He finally attained the reputation of an agrarian Finance Minister although, like Caprivi, he possessed neither "Ar noch Kalm" and although he derived his wealth at that time from his position as a director of the Berliner Discontogesellschaft.<sup>3</sup> He began his career as a Marxist and ended as

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<sup>1</sup>Sten. Ber. d.d. Rstgs., 1893-1894, Vol. II, p. 1452.

<sup>2</sup>Ibid., p. 1427.

<sup>3</sup>Bachem, Zentrumspartei . . . Vol. V, p. 344.



an agrarian. This is not a reproach. Yet by such tactics and ambiguity the position of Caprivi was not enviable, especially in view of the fact that his own cabinet members were wavering in allegiance to his leadership.

The deliberations in the Reichstag ended in success for the government on March 16, 1894, when the commercial treaty with Russia was accepted by a vote of 200 to 146. The Social Democrats, Poles, South German Peoples' Party, the Radicals (Freisinnige Vereinigung) and the People's Party supported the treaty unanimously. Also in favor of the treaty were the majority of the National Liberals, ten Free Conservatives, four Conservatives and about half of the Catholic Center Party.<sup>1</sup> The opposition comprised the Anti-Semites under Liebermann von Sonnenberg, the bulk of the Conservatives and Free Conservatives, sixteen National Liberals, and half of the Center. Such results can only be interpreted as an endorsement of the commercial policies of Caprivi by the masses and all but the wealthier agrarian classes.

The Conservatives still refused to acknowledge that their cause was now irretrievably lost. On the day that the treaty with Russia was accepted the Kreuzzeitung wrote bitterly that history would one day record that a Prussian general was the accomplice who aided in bringing about the decline of Prussian and German greatness. Two days later it called upon its readers to "wage a war of destruction against capitalis-

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<sup>1</sup>Hamann, Der neue Kurs, p. 94. Among the four Conservatives in favor of the treaty was Hohenlohe-Schillingsfürst, who was destined to be chancellor during the greater part of the time that the commercial treaties were in effect.

tic liberalism (!) and all that are bound to it."<sup>1</sup> The Konservatives Handbuch of 1894 took a more philosophical outlook and expressed the wish that "of the economic hopes which a part of industry and the political hopes which the government has attached to the commercial treaties as many as possible may be fulfilled."<sup>2</sup> Waldersee expressed himself in agreement with the view of Prince Bismarck that the treaty with Austria-Hungary was the initial error which had to draw along in its wake the treaty with Russia. His analysis of the event was similar to that of most Conservatives:

Caprivi wanted a general European customs union which was to be directed against Russia. Then Russia declared a tariff war and we lacked the resolution to carry it on to the finish when conditions were so that Russia would have to surrender. We have in fact capitulated to Russia from fear and now we find ourselves aiding economically an enemy who is arming to the teeth at the expense of our rural economy.<sup>3</sup>

Waldersee's analysis was undoubtedly distorted and narrow, perhaps conditioned by his profession, but it was one which expressed the attitude of a group far more influential than its members would indicate.

For the Russian Empire the commercial treaty offered great advantages. In 1891, the year Germany began her new commercial policies, the value of Russian exports to Germany was 578,700,000 Mark. During the tariff war of 1893 the value of exports to Germany declined to 352,400,000 Mark. Thereafter the rise was steady until 1900 when the

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<sup>1</sup>Cited in Kröger, Die Konservativen . . . p. 57.

<sup>2</sup>Ibid.

<sup>3</sup>Waldersee, Denkwürdigkeiten, Vol. II, p. 311.

figure of over 683,600,000 Mark was reached. Furthermore, during the entire period that the commercial treaty was operative, Russia enjoyed an extremely favorable trade balance in regard to Germany. In 1891 Russia imported goods valued at 145,300,000 Mark. In 1892 this trade declined to 129,800,000 Mark but oddly enough, during the tariff war of 1893 the figure climbed to over 135,500,000 Mark. By 1899, however, the value of German exports to Russia reached 365,700,000 Mark. Even during the year of the tariff war Russia had a favorable balance of 216,000,000 Mark and by 1899 this had risen to 269,300,000 Mark. The gradual increase in imports and exports during the decade of the nineties is illustrated by the following table:<sup>1</sup>

	<u>Imports</u>	<u>Exports</u>
1890	522.1	183.3
1891	578.7	145.3
1892	381.8	129.8
1893	352.4	135.5
1894	439.3	170.6
1895	567.9	207.8
1896	628.2	231.6
1897	706.6	267.7
1898	734.7	304.0
1899	635.0	365.7
1900	683.6	347.0

(values in million Mark)

The expiration of the Russo-German treaty was to find Russia in the throes of the Russo-Japanese War and Germany headed by Bernhard von Bülow, whose views inclined to greater protection for the Conservative agrarians. The cordial relationship between the two empires which

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<sup>1</sup>Schippel, Handbuch, p. 996.

had in large measure arisen from the commercial treaty gradually cooled and both empires drifted apart. To what degree became tragically apparent less than a decade later.

## CHAPTER XVII

### THE KANITZ ANTRAG: THE AGRARIANS' LAST STAND UNDER CAPRIVI

After the Russian treaty was ratified the Conservative agitation continued. Since the importation of foreign grain could no longer be halted, the Conservatives now came forth in support of the proposal of Count von Kanitz-Podangen.<sup>1</sup> This so-called Kanitz Antrag demanded that the government establish a monopoly on the importation of grain and that it sell imported grain within the Reich at an artificially high price so that domestic growers might enjoy better prices. In effect all future imports and sale of grains, leguminous plants, malt and milled products would be brought into the German Empire by a government agency which would then set a minimum price for these products which would exceed the prevailing customary price. Thereby domestic prices would be established higher than the world price and home producers would have a protected market. The Kanitz Antrag in short would increase the cost of living for all and the sole benefactors would be the large scale agrarian producers.<sup>2</sup>

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<sup>1</sup>For the text of the proposal see Sten. Ber. d.d. Rstgs., 1893-1894, No. 287. The best and most thoroughgoing discussion will be found in Gothein, Agrarpolitisches Handbuch, p. 409, sqq.

<sup>2</sup>Kuhnemann, Die Agrarischen Angriffe, p. 40-41. Also Gothein, Reichskanzler Graf Caprivi, p. 132 which includes the Kaiser's reaction: "Sie können von mir doch nicht verlangen, dass ich Brotwucher treibe."

The Kanitz Antrag was deliberated on April 13 and 14, 1894, and the debates found Caprivi in unusually good form. He rejected the proposal on the obvious ground that it would in effect undo the benefits of the treaty system. Less grain would be imported, to the dissatisfaction of Austria-Hungary, Rumania, and Russia, while at the same time the cost of living for the German industrial worker would increase. And, above all, those nations which had so recently concluded commercial treaties with Germany would, with justification, accuse her of bad faith if the Kanitz Antrag were passed. In this vein he continued:

If we accept this proposal we will gain the reputation with those states with which we have concluded agreements of having acted in bad faith. I would not be inclined, nor indeed would I be in a position, to represent German foreign policy, for I would have lost the trust and confidence of all.<sup>1</sup>

Caprivi regarded this and similar proposals as attempts not only to embarrass the government by driving a wedge between industry and agriculture, but also to pit the agrarian interests of the East against those of the West and South and to stir up the big producers, who would profit by a government monopoly, against the small peasant producers.<sup>2</sup> Such tactics Caprivi professed to resent bitterly as a true Conservative "since they militated against the true interests of the Fatherland."

The vote came on April 14 and the Kanitz Antrag was defeated by a vote of 159 to 46. Among the latter were 37 Conservatives and 30 abstained and 2, Counts Levetzow and Schlieffen, voted with the majori-

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<sup>1</sup>Sten. Ber. d.d. Rstgs., 1893-1894, Vol. III, p. 2133.

<sup>2</sup>Gothein, Reichskanzler Graf Caprivi, p. 133.

ty. Also in favor of the Antrag were several Bauernbündler and Anti-Semites. Social Democrats, Radicals, National Liberals, Poles, and Centrists opposed it, although many Centrists were absent.<sup>1</sup> Of the Reichspartei (Free Conservatives) only 6 were present. They, too, opposed the Antrag. The Conservatives still refused to let the matter drop and repeatedly introduced it in the Reichstag until it was defeated for the last time in January, 1896, after Caprivi had ceased to be Chancellor.<sup>2</sup>

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<sup>1</sup>For an excellent contemporary discussion and evaluation see F. Pichler, Der Kanitz Antrag (Köln: J. P. Bachem, 1895). For the attitude of the Center see Bachem, op. cit., V, p. 348.

<sup>2</sup>Schippel, Handbuch, p. 697, 700.

## CHAPTER XVIII

### MINOR CONCESSIONS TO THE AGRARIANS

In an effort to appease the agrarian opposition and to gain support for the Russian commercial treaty the government indicated its willingness to terminate the system of certificates of identification (Identitätsnachweis), which had long irked the grain producers of the east, and to introduce in their place import certificates (Einfuhrscheine), for which this same group had long agitated. At the same time the government indicated its willingness to terminate the graduated rates on railroads (Stafeltariffe) which had been so irritating to the grain producers of the west and south.

The certificates of identity had been in effect since 1879 and they had provided for a refund of duty on foreign grain in transit through German territory.<sup>1</sup> To obtain the refund exporters had to prove by means of these certificates that they were exporting the very same grain that they had imported. Most of the grain involved was of Russian origin and passed through the ports of Danzig, Königsberg, Stettin and Memel on its way to overseas markets. These certificates, therefore, enabled German grain traders to trade in Russian grain without paying

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<sup>1</sup>Ziekursch, Politische Geschichte, Vol. III, p. 60-62.



duty and, therefore, were opposed by the German grain producers who would naturally oppose a law which tended to encourage trade in Russian rather than German grain in the eastern sections of the Empire.

The interests of the eastern Grossgrundbesitzer, however, were not uniform. Not all eastern regions produced for export, not all regions were suitably located for exporting, and obviously those near the seacoast had the advantage. Cattle raisers, furthermore, had no interest in higher grain prices which would only increase their feeding costs. Higher prices were also injurious to the industrial and urban population of the east. On the other hand the coastal cities such as the four mentioned favored the system of certificates of identity as a stimulant for their shipping.<sup>1</sup>

These cross-currents of conflicting interests were reflected in the Reichstag deliberations during the decade of the eighties. In 1887, however, a crisis was reached and a decision had to be made. The Tariff Commission at that time had submitted to it as Antrag Hammacher a proposal to terminate the certificates of identity which the commission rejected and so it did not come up again in the plenary session. Shortly thereafter, however, an Antrag Ampach, calling for the same general termination, was accepted by the Tariff Commission but defeated in the plenary session on March 5, 1888, by a vote of 178 to 101. The effect on agriculture and trade, however, could be foreseen clearly, and it was decided to have a study made and reported to the Reichstag at its next session. Those who opposed both the termination and the study

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<sup>1</sup>Schippel, Handbuch, p. 638.

were most of the Centrists, the Social Democrats, and the majority of the German Radicals.<sup>1</sup>

The Question of the certificates of identity never rested but came to the fore with vigor during the negotiations of the Russo-German treaty in 1893-1894. The government seized the initiative to attempt to reconcile the East Albian Grossgrundbesitzer to the Russian treaty and the lowered duty on Russian grain by suggesting the end of the certificates of identity and the introduction of the long desired import certificates or Einfuhrscheine.

To comprehend this we must recall that the Bismarckian duties did not completely attain their goal. In the east and northeast during the period they were in effect (1879-1890) the domestic price of rye and wheat was not equal to the world price plus the duty. Grain duties, nonetheless, placed these regions in a peculiar position. Formerly they had exported their grain surpluses to England and Scandinavia. This now ceased because the price level in Germany itself was higher than in other countries. Yet the price level for the surplus-producing north and east was not as the world price plus the duties, although to attain that level was the aim of the agrarians. This level was attained only in the industrial west where grain had to be imported at the world price plus duty. The east, however, to attain this price level, had also to conquer first distant and costly transportation. The grain price in the east thus always remained at an average level of world price plus duty minus transport costs from eastern to western industrial centers. This is illustrated by the fol-

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<sup>1</sup>Schippel, Handbuch, p. 638.

lowing table which gives the costs of wheat at the two chief extremities of the Empire, Köln and Königsberg:<sup>1</sup>

	<u>Köln</u>	<u>Königsberg</u>
1879	215.92	191.92
1880	233.99	205.13
1881	236.75	208.50
1882	226.95	195.83
1883	204.43	181.17
1884	180.10	164.17
1885	173.71	157.67
1886	167.59	153.50
1887	171.44	159.17
1888	181.47	166.08
1889	196.12	176.50
1890	206.62	185.75
1891	232.77	221.46
1892	191.75	183.50

(Price per 1000 Kilograms of wheat in Mark)

With increasing urgency the East Elbian agrarians demanded that the Imperial government pay exporters of grain from the eastern provinces a bounty equal to the duty on the imported grain. In that way the eastern producer who exported, for example, to Copenhagen would get the same price (World price plus bounty) as the western producer would get in the protected home market of the west (world price plus duty). Sea transportation to Copenhagen and Stockholm was very cheap and was more than offset by higher quotations there than in London and Antwerp.

The Caprivi government now proposed the end of the certificates of identity and the introduction of the import certificate system which would be more agreeable to the great agrarian producers. It pro-

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<sup>1</sup>Schippel, Handbuch, p. 636.

posed that anyone exporting 500 kilograms or more of wheat, rye, oats or barley from the Reich would receive an import certificate which he (or any holder, for it could be sold at face value) could use to pay duty on any goods imported from abroad. These import certificates or Einfuhrscheine would function essentially as a bounty. The student of American history will be struck by the similarity to the so-called "export debentures" proposed in the United States in the nineteen twenties as an aid to agriculture.<sup>1</sup>

On March 7, 9 and 14, 1894, took place in the Reichstag the three readings on this measure. With slight alterations, such as the inclusion of turnip seed and rape, the measure was accepted. The Identitatsnachweis thus passed into history and the new export certificates, or Einfuhrscheine, were introduced. The new regulations became valid on May 1, 1894, and it was left to the Bundesrat to regulate their use.<sup>2</sup>

On September 1, 1891, in an effort to relieve the distress caused by the grain scarcity and to assist the eastern producers to dispose of their grain in western and southern Germany, the government had introduced the Staffeltarife, or "graduated freight rates," which, by reducing rates in proportion to distance, favored the transport of grain and flour to the west and south where it could now compete with local grain. The southern and western Landwirte, who because of their

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<sup>1</sup>For a complete discussion of the Identitatnachweis see Sartorius von Waltershausen, Wirtschaftsgeschichte, p. 394-395.

<sup>2</sup>For the most detailed study of this entire subject see K. Lusensky, Einführung in die deutschen Zollund Handelspolitik, (Hannover: Helwingsche Verlags buchhandlung, 1913).

avored geographical position, had enjoyed higher prices, resented the intrusion of cheap East Elbian grain. They, too, were now won over to the support of the government and the Russian treaty through the renunciation of the Staffeltarife by the law of April 27, 1894.<sup>1</sup>

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<sup>1</sup>Lotz, "Die Handelspolitik . . .", p. 126.

## CHAPTER XIX

### THE DILEMMA OF THE CATHOLIC CENTER

The position of the Catholic Center in regard to the Russian treaty was similar to that in regard to the Rumanian. If anything, however, its position was worse, for feelings have grown more acute and the various pressure groups within the party more bitter. Centrist agrarians were wholeheartedly with the Conservatives and the Bund der Landwirte on the issue. Agrarian interests in Bavaria, the Rhineland and Westphalia were by no means enthusiastic, while the strong bourgeois and trade union elements of the Centrists were at least luke-warm supporters of the government. And, as we have seen, a prominent Centrist, Arenberg, was instrumental in seeing the negotiations of the Russo-German treaty to a successful conclusion. The leaders of the party realized quite clearly that nothing was to be done but to accept the treaty. Tariff war had preceded it and a tariff war would very likely follow rejection. Harm and bitterness could only result from a failure to ratify the agreement, while acceptance could really do no more harm to agriculture. Baron von Schorlemer saw the picture quite clearly: "If there are twelve holes there isn't much point in stopping up the thirteenth."<sup>1</sup> Indeed, if Russian grain was

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<sup>1</sup>Bachem, Zentrumspartei . . . , p. 345.

excluded, so much more would come from the United States and Argentina.

Lieber, especially, was untiring in his efforts for acceptance. It was a thankless task in view of the impossibility of uniting the Center factions. Lieber did, however, effect a compromise among the eastern, western and southern agrarians: it was largely to his efforts that the eastern agrarians obtained the end of the resented Identitätsnachweis and those of the west and south the termination of the Staffeltarife. This compromise, however, by no means healed the rupture within the factions of the party.<sup>1</sup>

Much of the agitation of the Bund der Landwirte was directed against the Center which it branded the Schutztruppe or "protective troop" of the government. Up to this time the Bund had found its membership for the greater part among the Protestants of East Elbia. Now it began to make inroads into Catholic regions. Here, however, they encountered the Catholic Bauernvereine, which had no intention of having their membership drained by the new Bund der Landwirte. This alternative was to take up the challenge. The Center had accepted the Russian treaty by a vote of 46 to 39. The Bavarian Catholic agrarians referred to the acceptance by the "Prussian" half of the Center and began to demand a separate Bavarian party or at least a special Bavarian group within the Center. It was the great service of Dr. Schädler to step in on behalf of the unity of the party. On April 1, 1894, and again on April 15, in a meeting at Ellingen he declared:

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<sup>1</sup>Bachem, Zentrumspartei . . . Vol. V, p. 251.

I say openly and also assume the responsibility therefore: as conditions now exist I regard a separation neither necessary nor desirable. Nor do I favor a fractional group. On the contrary, we are of the Center and the Center is us. Of necessity we must lead the fight "unitis viribus."<sup>1</sup>

Also in the west the Center had to defend itself from attacks within its ranks. Here Lieber was the chief target. In explanation of his attitude a letter was published in the Kölnische Zeitung of April 10, 1894, without his permission, which stated in part:

We had to prove far more to Fulda and Rome than in Berlin to the Imperial Palace and the Wilhelmstrasse that in the new Reichstag we are not the democratic party of barren, impotent opposition.<sup>2</sup>

This was an allusion to the prevailing feeling in Rome and among the German bishops that the Center as a democratic party was not true to the spirit of the Roman Church and that the Center should be more aristocratic and should have joined the Conservative-Agrarian front against the Russian treaty.

The split in the Center which the Rumanian and Russian treaties had engendered also separated the agrarian portions of the electorate from those who lived in the cities and industrial regions. Agrarian difficulties continued to increase and the gulf between the two large Center factions grew accordingly. In Westphalia, supported by the local Bauernvereine, a new organ, Westfale, came into existence, published since April 1, 1894, in Münster. On October 1, 1894, Baron von Loë, founded the Rheinische Volksstimme in Köln. Both were publications of the most pronounced agrarian views. The point of view of

<sup>1</sup>Bachem, Zentrumspartei . . . Vol. V, p. 351.

<sup>2</sup>Ibid., p. 352.



the latter was that the Center was a Catholic party which need retain unity only in clerical matters while in all others its members were free. The old party press, especially *Germania*, repudiated this point of view. Loë, however, soon went on to call for a party based upon agriculture and the artisans.<sup>1</sup>

Soon thereafter another serious threat to party unity arose. In June of that year a social-political program was published in Köln by Dr. J. P. Oberdörffer. Born in 1852 and ordained a priest in 1875, Oberdörffer had successively been editor of *Tremonia* in Dortmund and now chaplain at St. Ursula in Köln. Strongly influenced by the *Rerum Novarum* of Leo XIII Oberdörffer desired nothing less than the transformation of the Catholic Center into a Catholic socialist party. Here, too, the official party press took up the challenge and soon this threat to unity was also disposed of.<sup>2</sup>

The death of Loë on May 26, 1896, began the decline of the agrarian rebellion within the Center and, although differences of opinion continued with the *Bauernvereine*, these never again threatened a break. Here much work toward unity was accomplished by the *Augustinerverein* under the leadership of Dr. Otto, editor-in-chief of the influential *Niederrheinische Volkszeitung* of Crefeld. Thus the danger of transforming the Center into an agrarian or socialist party in the sense of Loë or Oberdörffer was overcome.<sup>3</sup>

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<sup>1</sup>Bachem, *Zentrumspartei* . . . Vol. V, p. 353.

<sup>2</sup>"Die Sozialpolitik des Zentrums seit 1891" in Bachem, *Zentrumspartei* . . . Vol. VIII, 4 Anlage.

<sup>3</sup>"Die Sozialpolitik des Zentrums seit 1891" in Bachem, *Zentrumspartei* . . . Vol. VIII, p. 354.

By the time of the Reichstag elections of 1898 the rifts within the Center had been joined, at least on the surface. This surface unity was reflected in the electoral summons of May 6, 1898:

In past years agriculture has suffered under pressing calamity. Impractical proposals for its recovery we have dutifully opposed. Whenever a passable road revealed itself for us to come to the aid of agriculture, we have never failed to travel it. The new margarine law and the new stock exchange law, putting an end to time-bargaining in grain, were realized through our decisive participation. At the passage of the resolution concerning new commercial treaties a stronger consideration for agriculture will be our endeavor.<sup>1</sup>

The Center was true to its declaration and in the future agriculture was not to be neglected. As the Caprivi commercial treaties were due to expire, during the chancellorship of Büllo, the Catholic Center, under the strong discipline of Peter Spahn, joined ranks in support of agrarian protection and supported wholeheartedly the Tariff of 1903.

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<sup>1</sup>Salomon, Parteiprogramme, Vol. II, p. 115-116. Cf. Pichler, Zentrum und Landwirtschaft.

## CHAPTER XX

### SOCIAL DEMOCRACY AND GERMAN COMMERCIAL POLICY

As we have seen, the Social Democratic Party had no clear-cut view regarding the general question of tariff versus free trade nor regarding the commercial treaties of the Caprivi government. It had supported the government in the Reichstag, not out of ideology nor economic conviction, but simply because the treaties would lower the cost of foodstuffs and gain increased markets abroad, both of which were in the materialistic interests of the proletariat. The interval between the first series of treaties and the introduction of the Rumanian and Russian treaties was to witness a far-reaching re-evaluation of the Social Democratic Party on the entire issue. By the time the Berlin Party Days of November 14 to 21, 1892, convened the economic depression had deepened and unemployment had increased. The demand for the immediate end of duties on foodstuffs, so violently opposed by the agrarians, increased among the workers. This demand was called for in the party platform at the time, but nothing specific was demanded in regard to the commercial treaties themselves. Much more attention was paid to the proposal to increase the army by 100,000, the costs to be met by a tax on brandy and beer, which the Social Democrats vigor-

ously opposed.<sup>1</sup>

Nevertheless, the agrarian depression of 1892 and the ensuing years, the clamor of the agrarians for protection, Ruprecht's proposals for collaboration with Social Democracy and increased unemployment all combined to thrust the question of Caprivi's commercial policies and the related agrarian question into the foreground of Social Democratic policy. The issues which the party until now had ignored became of primary importance.

The issues were first squarely met in the Kölner Party Days of October 22 to 28, 1893. The Bund der Landwirte had meanwhile become a reality. This had awakened the party to the realization that the support of the agrarian workers had to be obtained as well as that of the industrial proletariat. The difficulties confronting the party were soberly recognized. Wilhelm Liebknecht, addressing the assemblage on this occasion, remarked:

We must learn another language for the rural population for our accustomed language, the rural language, will not be comprehended by the peasantry at all. We must make clear to them the social question in their own language and, therefore, one must study it most carefully. The peasant is a materialist in the strongest sense of the word.<sup>2</sup> He wants facts and has no patience with empty phrases.

Consequently it was decided to group together "rural workers, small peasants, and Social Democracy" in the future. Here at Köln, then began the agrarian movement within the framework of the Social Democratic Party.

<sup>1</sup>Martini, Die Wandlungen . . . p. 38.

<sup>2</sup>Martini, Die Wandlungen . . . p. 39, 40.

The agrarian crisis continued and was to influence strongly the thinking of the Party Days at Frankfurt-am-Main on October 21-27, 1894. Immediately arose the question of doubt concerning the correctness of Marxist interpretation of agrarian evolution. Marx had declared that "the number of small proprietors declines while the number of large agrarian entrepreneurial undertakings increases." Marx was undoubtedly wrong insofar as German agrarian development of the eighteen nineties was concerned. Here obviously the small proprietors were not increasing and it was the large ones that were faced with ruin! The result was great confusion among the Social Democrats gathered at Frankfurt. Revisionism was clearly making headway. Finally a compromise was worked out by Bruno Schoenlank and Georg von Vollmar:

The agrarian question is the product of the modern economic system. The more dependent on the world market and on international competition of all agrarian nations the domestic rural economy becomes, and the more domestic rural economy thrives in the orbit of capitalistic production, banking, and usury, so much quicker does the agrarian question heighten to an agrarian crisis. In Prussia-Germany the entrepreneurial class of agrarians, who does not distinguish itself from the great industrial capitalists, struggle with the landed nobility. This landed nobility still maintains itself artfully through feudal dues, protective duties, bounties and tax privileges. In spite of all this the East Elbian Junker undertaking, which for the greater part is overburdened by bad economy, by division among heirs, and by mortgages, is sealed.<sup>1</sup>

Here, then, is officially announced the impending ruin of large agrarian undertakings as well.

Schoenlank then submitted a report which from this point follows along orthodox Marxist theories: small agrarian undertakings

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<sup>1</sup>Martini, Die Wandlungen . . . p. 44.

now follow the decline of large ones; small peasants lose out because of military service, tax, mortgage and debt; protective tariffs are of no avail to the small peasant; tariffs and taxes diminish the purchasing power of the proletariat and thus narrows the peasants' market. The ultimate result is that the peasant becomes proletarianized.

Now came the astounding part of the Schoenlank Report, namely, that Social Democracy must support peasant protection (Bauernschutz):

On the other hand the class distinction between rural entrepreneurs and rural workers is revealed with increasing clarity. A rural working class has arisen. It is bound by feudal laws which deny it the right to organize and which place it under the regulations for servants. It is free from the old patriarchal relationships which formerly gave it under serfdom a certain security of existence. The strata in between which works for wages, in spite of all reforms, sinks into the class of rural proletarians. With insecurity of profit, depressed wages, bad treatment, increase of vagrant workers, etc., grows the split between rural capitalism and rural labor and awakens the class consciousness of the rural worker.

It is necessary, therefore, for Social Democracy to concern itself with the agrarian question. Prerequisite is penetrating knowledge of rural conditions. Since these conditions in Germany are technically, economically, and socially unique, propaganda must be adapted and the rural population handled according to their peculiarities.

The agrarian question, as an essential part of the social question, will only be solved when the land and tools are returned to the producers (workers) who, now in the service of capital, cultivate land as wage earners or small peasants. For the present, however, the plight of the peasant and agrarian worker must be diminished through reform activity. The immediate task of Social Democracy is to formulate a special political agrarian program. The Bauernschutz should protect the peasant as taxpayer and debtor from disadvantages and should give him the right to organize.<sup>1</sup>

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<sup>1</sup>Martini, Die Wandlungen . . . p. 45.

Vollmar supported Schoenlank on the issue of Bauernschutz although it meant a break with the old theory of the destruction of the peasant as a Landwirt. He pointed out the rather uncomfortable truth that the small peasants were not disappearing nor were their holdings being absorbed.<sup>1</sup>

Engels contradicted Vollmar and insisted upon the absolute irretrievability (absolute Retungslosigkeit) of the peasants and yet in the same breath made proposals for aid in which he spoke of the necessity of "protecting the small peasants from the robbery and exploitation of capitalists and owners of large estates."<sup>2</sup>

Karl Kautzky took still another view, namely, that Bauernschutz was a Utopia. He insisted that the entire peasantry could not be won for Socialism but only that part which felt itself as proletarian, and pointed out the eternal truth that most peasants with a little land hope to gain more and prosper, and that these are "in the camp of the most dangerous enemies of Socialism."<sup>3</sup>

In view of the confusion on the issue at Frankfurt in 1894 it was decided to appoint an agrarian committee to study the problem and to report at the next Party Day. Meantime no decision was taken. The stormy passage of the Rumanian and especially the Russian commercial treaties, which the Social Democrats had steadfastly supported, together with the agrarian crisis which was bound up with the commercial

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<sup>1</sup>Ibid.

<sup>2</sup>Ibid., p. 48.

<sup>3</sup>Ibid., p. 49.

policies of Caprivi, had at last not only forced the Social Democratic party to take cognizance of the agrarian problem, but was having far-reaching effects upon its ideology and was in fact feeding the trend toward the revision of orthodox Marxist views.

The committee selected was among the most able that could have been formed. The different conditions prevailing through Germany were recognized and there were three sub-committees: the South German, consisting of Basler, Birk, David, Geck, and Vollmar; the Central German, consisting of Bock, Hug, Katzenstein, Schulze-Cossebaude, and Quack; and the North German, of Bebel, Liebknecht, Molkenbuhr, Schippel and Schoenlank.

The report of the agrarian committee was ready and presented to the Party Day at Breslau, October 6-12, 1895. Each of the sub-committees presented individual reports dealing with the problems of agriculture in the various parts of the German Empire. Then came a general list of demands as follows:<sup>1</sup>

In the interest of the cultivation of the land and for the improvement of the rural workers and small peasants the Party Day of the SDPD makes the following requests of its comrades:

1. End of all privileges associated with the possession of land
2. End of all kind of serfdom without compensation
3. Maintenance and fostering of public landed property, especially the transference of possession of the dead hand (that of corporations, institutions) to public and public control of forests, waterways, waterpower, etc.
4. Introduction of the right of preemption of the commune in regard to the estates

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<sup>1</sup>For complete report see Martini, Die Wandlungen . . . p. 69.



5. Working of state and commune lands on their own account or leasing to small communities of rural workers and small peasants, or if both are not possible, leasing it to small entrepreneurs under state supervision or communal supervision
6. State credits to communes or obligatory associations for purposes of soil improvement, unification of lands, construction of buildings, and preservation of dikes and dams
7. Assumption of costs for construction and maintenance of public means of transportation (roads, waterways) by states or Empire
8. Nationalization of mortgage and property debts and fixation of interest rates according to the degree of costs
9. Nationalization of insurance against fire, hail, water and other damage by natural causes and extension of insurance to all branches of rural life
10. Preservation and extension of existing rights to the use of woodlands and meadows equally by all members of the community as well as free hunting rights on one's own or leased land.

The above demands indicate clearly that the attitude of the report from a Marxist standpoint was ultra-reactionary, especially the earlier suggestion that state land be granted to peasants for their own use and that each grant should be large enough to support a family. Great debate ensued and the report was ultimately defeated by a vote of 63 pros under Bebel and Liebknecht to 158 antis, led by Kautzky.

So ended the movement within the Social Democratic Party for an agrarian program in behalf of the rural working classes. The movement, however, is of interest and importance because it marks the beginning of Revisionism in German Social Democracy and because it mirrors the movement of the followers of Ruprecht during the early days of the Bund der Landwirte. In both the extreme Conservative and the conservative Socialist camps were leaders who attempted to clasp hands in a common goal across the chasm. And the circumstances which brought this about were the commercial treaties of the Caprivi era together with

the agrarian crisis of the nineties.

Toward the commercial policies and reciprocity treaties of the Caprivi and Hohenlohe period the Social Democrats took no decided position officially until the Party Day at Stuttgart on October 3-8, 1898. To be sure the party had always supported these policies and treaties in the Reichstag, but never took a dogmatic position in regard to the overall question. By 1898 a change was definitely perceptible. The question of free trade and protection was still regarded as essentially a bourgeois matter, the party had definitely come over to support of free trade:

The question of free trade or protection cannot become a class question for the workers. The condition in each individual land determines the protectionist or free trade attitude of the workers. A protectionist policy in the German Empire as in every state having a developed heavy industry is irreconcilable with the interests of the proletariat, of the consumers, and of economic and political development, and lies solely in the interest of the great land and industrial monopolists as well as of militarism and governments which are not democratically controlled. A protective policy is, therefore, the worst enemy of the proletariat and democracy . . .

It is therefore commanded, specifically in regard to the renewal of the commercial treaties, to support every step in the direction of freedom of commerce and, on the other hand, to fight bitterly all measures which have as their aim the maintenance or extension of the existing protectionist regime.<sup>1</sup>

Among the members of the party leadership were several, including Vollmar, who were not wholeheartedly in support of this resolution. The issue again arose at the Party Day in Mainz, September 17 to 21, 1900. Here the fight against protection was openly declared:

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<sup>1</sup>Martini, Die Wandlungen . . . p. 79 sqq.

Social Democracy refuses all duties and increase of duties, especially on foodstuffs; supports a commercial policy whose goal is removal of commercial barriers and promotion of free trade; condemns all tariff measures which make difficult a closer commercial union between Germany and other states; favors principle of "open door" and opposes "spheres of influence" in China and elsewhere. Hence, on the eve of the Bülow tariff of 1902, the Social Democratic, unlike 1891, had a definite policy on the issue of free trade, protection, commercial treaties, etc. And the ensuing struggle over the tariff was to be hard fought by the Social Democratic opposition.

## CHAPTER XXI

### THE BÜLOW TARIFF OF 1903: THE END OF THE CAPRIVI COMMERCIAL POLICIES

The commercial treaties of the Caprivi era, ratified and effective since 1891 and 1894, were due to expire on December 31, 1903. It had long been clear that the German Government would not renew them unaltered and had for some time concerned itself with the rearrangement of tariff duties in preparation for new treaty negotiations. In 1897 an "Economic Committee for the Preparation and Examination of Economic-Political Measures" (Wirtschaftliches Ausschuss zur Vorbereitung und Begutachtung wirtschaftlicher Massnahmen) had been appointed and had met for the first time on November 15 of that year. It consisted of thirty representatives of agrarian, industrial and commercial interests of the Empire under the chairmanship of the Secretary of State for the Interior, Arthur Count von Posadowsky-Wehner. In over one hundred meetings and by the acceptance of over two thousand recommendations the basis for the recommendations for new tariff duties were determined.

A public declaration of the intentions of the Government to provide greater protection to agriculture was made on January 26, 1901, by the Chancellor von Bülow:

In complete recognition of the difficult conditions in which agriculture finds itself, and motivated by the desire to improve the condition of same, the Imperial Government has decided to work for the passage of an extensive and necessary increase in tariff protection. The Imperial Government is furthermore determined to ease the way for the bill for the new tariff.<sup>1</sup>

Before the appearance of new duties the Bund der Landwirte presented a series of proposals and demands. In its eighth convention, held in Berlin in February, 1901, the president of the Bund, Gustav Rösicke-Gersdorf, emphasized that the "revision of commercial relations with foreign countries" was the most important fight the Bund would have to make and declared once again that the commercial treaties of the past decade were injurious to the national interests of the Reich. He continued that it was to be hoped that agriculture would no longer be made to suffer in the interests of other economic endeavors and concluded that the future of German agriculture depended on new increased duties and advantageous treaties to be concluded in the future. Agriculture could not survive another period of neglect by the government, new higher grain duties must be passed to meet agrarian needs, and the average price of grain for the years 1870-1890 was to be guaranteed. Minimum tariffs were to be established for countries cooperating with Germany and maximum tariffs for those which did not.<sup>2</sup>

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<sup>1</sup>Kiesewetter, Funfundzwanzig Jahre wirtschaftspolitischen Kampfes, p. 72.

<sup>2</sup>Croner, Geschichte der agrarischen Bewegung in Deutschland, p. 243-244.

On June 4 the higher Government officials and representatives of the more important Federal states were invited by Chancellor von Bismarck to discuss the entire tariff question. Before the discussion began, the Bavarian Minister of Finance, Baron von Riedel, and the Chancellor privately decided the following main points: (1) the new tariff must not make impossible the conclusion of new commercial treaties, (2) alternative tariffs must be accepted only for a few commodities, (3) the tariff on grain could be increased about five or six Mark without injuring the popular food supply, (4) it would be desirable to distinguish between the rye and the wheat tariff, so that a commercial treaty with Russia could be concluded and thus break the wall which Germany feared would otherwise be closed around her, (5) the tariff on barley could not be increased to any extent which would increase the price of beer, and (6) the tariffs on live stock and meat could not be increased to a point where they would increase the cost of living in the cities.<sup>1</sup> The principle of the new tariff was to be a continuation of moderate protection for industry and increased protection for agriculture. The tariff bill presented to the Reichstag brought complete change in the more minute specifications and individualizations of articles included. Furthermore the graduation of tariff rates was to be determined by the value of the article, which was claimed to be advantageous in concluding new commercial treaties, but in the foreground of this tariff bill stood indisputably the grain duties.

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<sup>1</sup>Bismarck, Memoirs, Vol. I, p. 610-611.

The following table serves well to illustrate the upward trend of grain duties since 1879 and also the heed paid to the demands of the Bund der Landwirte by the Reichstag in 1902:<sup>1</sup>

	<u>1879</u>		<u>1885</u>		<u>1887</u>		<u>1902</u>		
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>C</u>
Wheat	1.00	1.00	3.00	3.00	6.00	5.00	6.50	7.50	7.50
Rye	0.50	1.00	2.00	3.00	6.00	5.00	5.50 6.00	7.00	7.50
Oats	1.00	1.00	2.00	1.50	3.00	4.00	5.00 6.00	7.00	7.50
Buckwheat	0.50	0.50	2.00	1.00	2.00	2.00	3.50	5.00	6.00
Barley	0.50	0.50	1.50	1.50	2.25	2.25	4.00	7.00	7.50
Malt	1.20	1.20	3.00	1.20	4.00	1.20	3.00 ?	10.25	14.00

Column A: duty proposed by Government

Column B: duty passed by the Reichstag

Column C: (1902) duty demanded by the Bund der Landwirte  
(Column A for 1902 gives both maximum and minimum rates)

It will be noted that in the Tariff of 1902 the Reichstag was much more sensitive to the demands of the Bund der Landwirte than to the suggestions of the Government, and that the Government requests for a maximum and minimum tariff rate to assist in the negotiations of new commercial treaties were completely ignored.

Throughout the summer and fall of 1901 the proposed tariff revision was widely discussed. Indicative of the pro-agrarian flavor of the new bill were the statements from official quarters on various occasions, and no opportunity was passed up to let it be known that the Government held the welfare of agriculture close to its heart.

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<sup>1</sup>Croner, Geschichte der agrarischen Bewegung in Deutschland, p. 242.

Minister of Trade and Commerce Möller, in an address to the Deutscher Handelstag in Berlin, September 30, spoke in favor of long-term commercial treaties but emphasized that higher protection of agriculture required priority, and later at Krefeld, at the invitation of the Handelsskammer on November 8, he stated that agriculture must not be permitted to decline but must be permitted to exist "within the same limits as industry, commerce and trade," by which he meant within a highly protected market.

Nevertheless in agrarian circles the new tariff bill was received with luke-warm enthusiasm only. Its advantages were recognized, but agriculture still felt itself as second fiddle to industry and its most vital interests prejudiced by Government policy. Agrarian organizations, therefore, were most vocal in getting their views across to the general public. On August 17, 1901, a committee of the Bund der Landwirte in the Prussian Chamber of Deputies (Abgeordnetenhaus) met to discuss the new bill. They promptly agreed that the proposed duties of the Government were insufficient and that they would hold out for the old demands of the Bund. At the same meeting they resolved that a system to double the tariffs be included(!), a set term for the duration of the bill be insisted upon, that the minimum grain duty be increased, that there be a duty on garden and orchard produce, and that a petition be sent to the Bundesrat to see to the adequate protection of agriculture. The storm signals had been raised, and the Government was not slow to take notice.

Bilow realized clearly that if agriculture was to be granted the necessary protection and at the same time the possibility of new



commercial treaties was not to be curtailed, the new tariff bill would have to be based on an understanding between the Catholic Center, the National Liberals, and the Conservatives. Only the Center could form a framework for a coalition so envisioned, for the Center was in its structure a microcosm of Germany's economic state. On December 2, 1901, the first deliberation on the tariff bill began, and Büllo set forth his views as agreed at the meeting the previous June. As the Chancellor foresaw, it was the Center, the National Liberals and the Conservatives who agreed that something was to be done to assist agriculture.<sup>1</sup> It soon developed that Büllo was willing to grant changes in the bill in favor of agriculture while Count Posadowski declared that the Government would continue to hold to the original bill which had been so carefully worked out by the economic committee of the Bundesrat and which aimed at a socio-political goal through industrial duties, "the increase and preservation of opportunities for German workers." Within the Government, then, there was developing a divergence of views. The Bundesrat majority felt inclined to support the bill as it stood and yet sensed the Chancellor's desire to render still greater aid to agriculture, which was supported by the Prussian Minister of Agriculture, Count Viktor von Podbielski, but the Bundesrat was disinclined to go further in the interest of the agrarians. This rift was somewhat illuminated by the National Liberals who, in the Mitteilungen für die Vertrauensmänner der nationalliberalen Partei of January 7, 1902, revealed:

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<sup>1</sup>Kiesewetter, 25 Jahre . . . Kampfes, p. 75.

Between the organs of the Conservative Party and those of the Bund der Landwirte a cleft in regard to attitude toward the tariff duties has arisen. there cautious waiting and non-committance, here a ruthless emphasis of demands that haven't the slightest chance of realization, and if they did find a majority in the Reichstag would only be shattered by the "NO!" of the Bundesrat . . . To what extent the Bund leaders in Berlin can get support of the Conservatives remains to be seen.<sup>1</sup>

The Bund der Landwirte, meanwhile, continued their campaign for agrarian protection beyond that envisioned by the Government. Future commercial treaties were decidedly not to be at the expense of agriculture. At the Ninth General Congress of the Bund on February 10, 1902, the following declaration was made:

Agriculture as such has no interest in long term commercial treaties but is prepared to work for their accomplishment in the interest of domestic industry. It can only do so, however, if in the new tariff it is granted the degree of protection against the cheap producing world areas which it requires, along with blooming industry. The proposal of the Bundesrat is not acceptable to German agriculture. If, in the Reichstag, it is not given the form which justifiable demands of German agriculture deserve, the Bund der Landwirte anticipates its rejection.<sup>2</sup>

Additional support for the agrarians came from the Association for Tax and Economic Reform (Steuer-und Wirtschaftsreform). At the association's twenty-fifth meeting in February of 1902 the following resolution was issued:

The tariff bill expresses the wish to preserve domestic agriculture in its present condition. Only under this viewpoint can the aim of a truly national, farsighted commercial policy be attained.

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<sup>1</sup>Croner, Geschichte . . . p. 249-250.

<sup>2</sup>Ibid., p. 252.

Such a policy must aim at the hindering of a one-sided, predominantly industrial development based essentially on insecure foreign markets, and, on the other hand, the maintenance of a healthy economic unity guaranteeing the balanced demands of agrarian and industrial activity which finds a steadiness in the domestic market.<sup>1</sup>

The resolution then went on to express satisfaction that the Government was returning to the national-economic policies of Bismarck (!) but could not "fail to express its wonderment that the proposed grain duties were less than those proposed by the Government in 1887," especially since the demands of agriculture were not met since that time, but, on the contrary, agriculture was injured by Government policies and especially by the economic depression of the Nineties. It concluded with the hope that future commercial treaties "would not be so one-sided."<sup>2</sup>

As previously noted, the tariff bill was introduced into the Reichstag in December of 1901, and this was now followed by the first reading in committee which took no less than one hundred and two meetings. During the deliberations between December 1 and 9 the deputies of other parties clearly vented opinions which showed greater concern than previously for agrarian interests. The Centrist leader, Dr. Peter Spahn, declared that tariff duties should now be fixed according to the needs of German industry and agriculture, and only then should an attempt be made to conclude commercial treaties. The Catholic Center was clearly shifting from a principle of treaties at any price. Even

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<sup>1</sup>Kiesewetter, 25 Jahre . . . Kampfes, p. 78.

<sup>2</sup>Ibid., p. 78; Croner, Geschichte . . . p. 252.

more explicit was the Centrist deputy, Herold, who declared:

We are of the opinion that agriculture and industry stand on equal footing and that both, therefore, require the same amount of protection. In view of the difficulties in which agriculture finds itself, however, the increase of agrarian duties is of greater necessity than the increase of industrial duties . . . I am of the opinion that the establishment of minimum tariffs will facilitate the conclusion of commercial treaties.<sup>1</sup>

During the same deliberations the Conservatives, led by Count Schwerin-Löwitz, complained bitterly that the duties proposed by the Government were too low, and in this they were fully supported by the Free Conservatives, led by Tiedemann.

The attitude of big business was to be decisive for the views of the National Liberals. Indicative of this attitude was that of the Zentralverband deutscher Industrieller, an organization founded in 1876, and the Bund der Industriellen, founded in 1895. Both were primarily concerned with the interests of complete or finished manufacturing industries and represented concerns of moderate rather than large size. Their chief concern at this time was to exert influence on the formation of tariff policy. As early as April 30, 1898, at the time of the Sammelpolitik, it was declared at a meeting of the Zentralverband that:

Utopian demands are not being made by agriculture. . . . With good will we have no reason to doubt that between industry and agriculture an understanding can be reached on the question of the next tariff.<sup>2</sup>

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<sup>1</sup>Kieswetter, 25 Jahre . . . Kampfes, p. 76.

<sup>2</sup>Ibid.

Now on February 6, 1901, this line was continued by the general secretary of the organization and directed primarily at the Social Democratic opposition:

Industry should not let itself be hindered by the arguments of opponents in its support for better protection for agriculture. The argument that it will increase the cost of bread can be calmly accepted by industry in the conviction that the price of bread will be influenced by essentially other factors than the height of grain duties.<sup>1</sup>

The second deliberation in plenum took place in the Reichstag on October 16, 1902. Chancellor von Bülow again addressed the deputies and called for a compromise of all interests. He pointed out that the German Empire was neither entirely agrarian nor industrial, but both. Hence the bill was designed in the interests of both and followed as closely as possible the middle of the road. Grain duties still formed the stumbling block, and on October 21 the minimum duty for rye was discussed and the Antrag Wangenheim, calling for a minimum duty of 7.50 Mark, was rejected by a vote of 289 to 44. Those supporting the motion were the Bund der Landwirte, some Conservatives and the Anti-Semites. Next came the Antrag Heim calling for a minimum of 6 Mark, and this, too, was voted down. At last the committee motion of a duty of 5.50 Mark was accepted by a vote of 187 to 152. The support came from the Center, the Reichspartei, a majority of the Conservatives, the Anti-Semites, the Poles, the Bund der Landwirte, and several National Liberals. The same procedure was then followed for wheat, and finally the committee's suggestions for all grains were accepted.

The third reading finally came on December 13 and 14, and the

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<sup>1</sup>Ibid.

bill finally was enacted by a vote of 202 to 100 at four o'clock in the morning, after much futile obstruction. The fact that the Government was so unfailingly supported by the Center was due to the insight and discipline with which the party was led by Peter Spahn. An unconvincing speaker and without personal charm, he was nevertheless an honorable man, extremely conscientious, and an excellent lawyer. He had grown up politically in the Windthorst circle and realized as a result that politics is the art of the possible and that a desired aim can be reached with a bit of compromise. Under the circumstances he would work well with Bülow, who was not adverse to the pursuit of an opportunist course. And he was quick to trim his sails in the direction of higher grain duties when he felt the wind from the direction of agriculture.<sup>1</sup>

The passage of the Tariff of 1902 signalled the end of the Caprivi commercial policies and true reciprocity as the basis of commercial treaties. Also at an end was the move in the direction of free trade which Huber and Göring as well as Caprivi had envisioned. Since 1879 the trend in Germany had been to ever increasing tariff duties, especially in regard to agriculture. The New Course had arrested and turned back this trend in the interests of a growing commercial and industrial economy, to be sure at the expense of agriculture, but an agriculture which was increasingly insufficient for the requirements of the Empire. For Germany it was far better to increase production, gain new overseas markets and export in order to purchase her food supplies in the world market than to keep an agrarian economy which no longer sufficed to feed a growing population alive by means of artificial respira-

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<sup>1</sup>Bülow, Memoirs, Vol. I, p. 611-613.

tion. The argument that Government protection of agriculture was essential for national defense was proven false in 1914-1918. German agriculture could not possibly meet the domestic needs of the nation even under the heroic efforts of the war years. Agrarian production had reached its peak by the turn of the century, perhaps earlier, and no amount of protection in the form of tariff duties could alter this truth, nor could it feed the increasing population. Now with the Tariff of 1902 the trend toward greater protection was restored and, with it, another hindrance to German foreign trade at a time of increasing struggle for world markets.

New commercial treaties were, to be sure, concluded with Austria-Hungary, Italy, Belgium, Switzerland, Serbia, Rumania and Russia to replace the Caprivi treaties now due to expire. Austria-Hungary, Russia and Rumania, however, were still agrarian states to whom the German Empire could now make few concessions. In return the Empire was granted fewer. German commerce and industry were now the victims at the expense of agriculture. All the above treaties were introduced at one time, and deliberations began on February 9, 1905. Pasadowsky declared at the time that the treaties constituted an indissoluble entity, and he requested the Reichstag to accept or reject them in toto, but to make no alterations. Indicative of the change over the past decade was the speech of Count Kanitz, the vigorous opponent of the Caprivi commercial policies from the very beginning. Kanitz agreed to the request of Pasadowsky and spoke for the first time of the parity of agriculture and industry. The voting came on February 22. The Austro-Hungarian treaty was accepted by a vote of 228 to 81. Opposition now came from the Social

Democrats and the Freisinnige Vereinigung. No Conservatives opposed the treaties, although a few die-hard Bund der Landwirte members abstained. A complete revolution had been effected: in 1891 and 1894 the Left had been the support of the Imperial Government, and greatest criticism and opposition had come from the Conservative ranks. In 1905 the Right supported the Government, and greatest criticism and opposition came from the Left. And the Center, as usual, remained the fulcrum.



## CONCLUSION

During the years that the commercial treaties were in force the German Empire prospered as never before. The fears of the agrarians were not borne out nor were they justified by the results of the commercial treaties. Until the year 1906 the prices of rye and wheat fell but slightly. The prices of barley and oats and the prices of cattle and animal products actually increased. During the period 1890 to 1905, in spite of growing towns and industrial areas, the area under cultivation within the German Empire actually increased. This increase was especially noticeable in livestock where, in the years indicated, cattle increased about 3,125,000 head and pigs over 10,000,000 head. Also noticeable was the great increase in the use of agrarian machinery and artificial fertilizers during the same period. In all, the period, in spite of the hue and cry of the Bund der Landwirte, was one of considerable increase in the income of the agrarian producers and the individual peasant.

In comparison with industry it is true that agriculture, prosperous as it was, lagged behind. For German industry the period from 1890 to 1905 was nothing short of brilliant. The value of German exports in 1890 was about 3,000,000,000 Mark. By the year 1905 the value had increased to almost 6,087,000,000 Mark; it had more than

doubled. The value of imports in 1890 was about 4,000,000,000 Mark: by 1905 it was almost 8,069,000,000 Mark; again it had more than doubled. It was especially with those nations with which the German Empire had concluded agreements during the chancellorship of Leo von Caprivi that the value of exports and imports had noticeably increased. Between 1893 and 1906 the value of exports to those nations was about 1,205,000,000 Mark, whereas imports from the same nations were valued at about 1,140,000,000 Mark annually. During the period Germany's trade balance was, to be sure, unfavorable, both with treaty and non-treaty nations, but the tremendous increase in value of goods imported and exported is undeniable.

Further indications of the tremendous material improvement of the economic life of the German Empire are not wanting. Between the years 1893 and 1906 there was an increase of real wages, an increase in consumption ability, and a remarkable increase in savings. The latter increased from 38,000,000 Mark in 1891 to over 430,000,000 Mark in 1905! Emigration also declined. It will be recalled that Caprivi, on introducing the first series of treaties, declared that Germany must either export goods or export people. Here his hopes of slowing emigration were more than realized. In 1891 more than 120,000 Germans found it necessary to leave the homeland to seek employment abroad. During the ensuing years the number steadily declined until 1901 when less than 21,000 emigrants left the German Empire. Thereafter the number again increased slightly. To complete this picture one must add that the death rate during the same years declined from 2.36 per 1,000 to 1.92 per 1,000.

The period from 1890 to 1905 was also to see the very tremendous growth in the amount of goods carried in German tonnage and the equally tremendous growth of the German merchant marine. The average output per annum in Germany from 1895 to 1899 was 84 ships of 204,000 tons; and from 1905 to 1909, 146 ships or 241,000 tons. The total net tonnage owned in 1870 was about 982,000 tons, and this was doubled by 1900, but most of this increase took place after 1890. Otherwise stated, Germany owned in 1890 7.0 per cent of the world's tonnage: in 1900 her ownership had increased to 9.13 per cent; this at a time when the tonnage of all nations was increasing.

It was clear, also, that the dire prophecies of the Marxists were not being fulfilled by the economic trends of the Nineties and this in turn was to contribute to the Revisionist movement first enunciated by Eduard Bernstein in the same period. Large fortunes were, to be sure, still being made but so were many smaller ones. And the working classes of the German Empire in general experienced higher wages and better living conditions, as indicated by the great increase in savings.

It would be absurd to attribute this economic prosperity entirely to the commercial policies of the Caprivi era. It cannot be denied, however, that any policy which served to remove barriers to international trade and which encouraged the exchange of goods between nations on a basis of reciprocity acceptable to all concerned was conducive to this economic prosperity.

As one reflects, then, upon the hopes and aspirations of Caprivi as revealed in his Reichstag speech introducing the first

series of treaties in 1891, one must concede that they were all realized, and in some cases, realized beyond his fondest hopes. German industry did flourish and gained its anticipated new markets, especially in central and southern Europe. Industrial wages increased, unemployment decreased, and emigration declined. The price of foodstuffs also declined. Agriculture undeniably was handicapped by the commercial policies, but even here economic difficulty was apparent only among the greater agrarian producers. Their plight, furthermore, was more the result of outmoded methods of cultivation and an archaic agrarian economy. It is certainly a debatable point if the plight of agriculture was as critical as the Bund der Landwirte would have one believe.

The commercial treaties were also to prove beneficial in the realm of foreign affairs. The Triple Alliance was strengthened economically, and the political tensions among its members were eased. The nineties were years of uninterrupted calm between Vienna and Berlin. Italy was certainly made more secure and from 1891 to 1902 she showed no signs of wavering from her loyalty to her allies. It was not until the German government under von Bülow announced that it did not wish to continue the agreement that Italy terminated her tariff war with France and altered her policy which was to lead eventually to disavowal of the Triple Alliance and war in 1915. Here, too, other factors unquestionably played a part, but the adoption of a tariff policy by Germany after 1902 toward Italy which that nation could only regard as unfriendly certainly paved the way for the rapprochement with France.

The period between 1891 and 1902 was also one of good relations between the German Empire and both Rumania and Serbia. Meager as were the economic results of the treaties they did help to create good will in both small kingdoms toward the German Empire. Relations between Berlin and Bucharest were to remain cordial until the death of Carol I although, to be sure, Austro-Rumanian relations grew increasingly tense after the turn of the century. The same was true in regard to Serbia. The change in dynasty in Serbia as a result of the palace revolution in June, 1903, which brought the end of the pro-Austrian Obrenovitch dynasty and its replacement with the pro-Russian Karageorgevitch, led to a deterioration of Austro-Serbian relations. The strain in relations between Belgrade and Berlin, which was the natural result of Berlin's alliance with the Dual monarchy, was intensified by Germany's tariff policies under von Bülow.

The treaty with Spain was not realized, as we have seen, because of the ill-will in Spain toward the German Empire resulting from the high-handed policies of Bismarck. But here, too, Caprivi deserves the credit for the improvement which was soon to follow. The Caprivi treaty, though rejected, was in a sense a peace offer which served to break the ice. By the end of the decade, at the time of the Spanish-American War, German-Spanish reconciliation was complete and was to endure as long as the Empire.

The conclusion of the Russo-German commercial arrangement did not, as Caprivi had hoped, split Russia from her alliance with France. Yet the years between 1894 and the outbreak of the Russo-Japanese War were essentially years of good relations between the two empires. In-

deed, these years were to see a series of temporary diplomatic combinations in which Germany cooperated with both Russia and France. In 1895, for example, she cooperated with France and Russia to compel Japan to restore part of the conquests taken from China, and again in 1900 the three nations discussed the possibility of mediating between the Boers and England. The same year was to see troops of all three, together with others, march on Peking to suppress the Boxer revolt. Again, the contribution of the commercial treaty to this peaceful atmosphere cannot be precisely estimated, but harmonious commercial relations between the empires facilitated diplomatic cooperation.

The commercial policies of the Caprivi era were not without great political influence on the domestic scene and here, indeed, they served to point up an important trend in German constitutional development which became evident at the time of Bismarck's dismissal and which was to become more pronounced as the twentieth century began; namely, the development toward de facto responsible government in the German Empire. It will be recalled that under the constitutional document drawn up by Bismarck for the North German Confederation of 1867, which was subsequently to become the constitution of the new German Empire, the Chancellor was responsible to the Kaiser alone. The Reichstag, however, was elected by universal manhood suffrage, but this democratic Reichstag was counterbalanced by an autocratic organ, the Bundesrat, in which the governments were represented rather than the people. While the latter body prepared the legislation and the budget, under the presidency of the Chancellor, it was the former democratic body which had to pass all legislation and the budget. Hence the

Reichstag had potentially great power, for it had the "power of the purse." In truth, government in the German Empire was impossible without the consent of the Reichstag. This constitution was the personal achievement of Bismarck and was a veritable masterpiece. This special variety of north German constitutionalism was to reconcile the concept of authority with that of majority, and it appeared to oppose the western principle of western parliamentarism; namely, ministerial responsibility. This it achieved so long as Otto von Bismarck remained Chancellor. This great statesman designed the machinery and understood masterfully how to make it work. By adroit manipulation, by power of persuasion, and at times by resort to the threat of force, he always managed to have the Reichstag do his bidding. With his departure, however, and the arrival of Caprivi upon the scene, the machinery no longer functioned as the master intended. Caprivi was appointed by the Kaiser and was dismissed by him, but the Chancellor's success or failure depended on his ability to get along with the Reichstag as well, for without support in that body, no Chancellor could continue, with or without Imperial approval. This was to become increasingly evident under Caprivi's successors: Hohenlohe, Bülow, and Bethmann-Hollweg. More and more the government had to consider what the Reichstag would be willing to accept rather than what the government should submit. This same period also witnessed the emergence of the parties in Germany as formulators of policy which, as such, had to be reckoned with. Nowhere was this more clearly illustrated than in the political maneuvers and attitudes at the time of the first and second series of commercial treaties.

Caprivi's chancellorship began with the lapse of the restrictions against the Social Democrats; from the year 1890 the restrictions against the Marxists were lifted and all political groups participated freely and without restrictions in the functions of the Reichstag. Each party was free to support or oppose the policies of the Imperial government as its political conscience dictated.

The treaty with Austria-Hungary was supported by the Social Democrats, the People's Party, the Radicals, the Poles, the Catholic Center, and the majority of the National Liberals and Free Conservatives. Only the majority of the Conservatives opposed the arrangement. The same was essentially true of the other treaties of the first series. Hence the opposition came exclusively from the Right. Two years later the opposition grew, and the Rumanian treaty was supported by the same parties. The noticeable shift, however, was the growth of opposition among the parties of the Right: Conservatives, Free Conservatives, and Centrists, by a majority, voted with the opposition. On the Russian Treaty the vote was similar: the majority of the Conservatives, Centrists, Poles, and National Liberals voted with the opposition. On the entire issue of the commercial treaties opposition came from the Right. The Left consistently supported the Imperial government! Indeed, the extreme Left, the Social Democrats, the People's Party, and the Radicals never cast a vote in opposition. On the issue of the commercial treaties, then, the Imperial government depended on a coalition, and a coalition of the Left!

Prince Maximilian of Baden, as Imperial Chancellor in 1918, was the first de jure Chancellor responsible to the Reichstag and with



him responsible government or ministerial responsibility first appeared in Germany. Yet, it is the contention of the present writer, responsible government existed in fact in the German Empire after 1890 to a much greater degree than is generally realized or admitted. All Chancellors after Bismarck were more dependent on the support of the Reichstag for the success of their policies than they were upon the support of Wilhelm II. Both the independence of the parties, as so graphically demonstrated by the opposition of the Conservatives to the wishes of the Kaiser and the unwavering support of the Social Democrats of the commercial policies of the Imperial government, and the complete control of the Reichstag over money matters made the lower house political supreme.

In conclusion one must also acknowledge the part played by Leo von Caprivi. The commercial policies of the German government formulated and executed under his leadership were among the most beneficial and most sound policies undertaken by any Chancellor of the German Empire. They speak well for the statesmanship of the comparatively unknown general whose fate it was to take over the direction of the Empire after the departure of the Iron Chancellor. During Caprivi's Chancellorship it was his fate "to stand in the shadow of the great man." In retrospect the shadow cast by Bismarck in 1890 was far less impressive than it had been at an earlier date, and to the student of his public life Leo von Caprivi is a statesman of far greater stature than he appeared to so many of his contemporaries.

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