

SUMMARIES OF LECTURES in ECO 303Y1:
the Economic History of Modern Europe, to 1914
for the Academic Year: 2012 - 2013

Updated: Thursday, 7 February 2013

XVII. Week no. 17: Lectures nos. 21 and 22: for 6 February 2013

Section V: the Rapid Industrialization of Germany, 1815 - 1914:

The common, unifying theme of all these lectures is the increased role of the state in German economic development and industrialization.

XVII: Part I:

A. Lecture no. 21, part A: German Market Unification: the Zollverein and the Reich.

1) **This lecture began with the historical explanation of the feudal fragmentation of Germany, in the old Habsburg Empire (from 1272 to 1789):**

a) then followed the changes produced by both the Napoleonic Wars and the Congress of Vienna (1815):

b) producing the German confederation of 39 separate states.

c) **The story of German unification begins with the territorial acquisitions of the Kingdom of Prussia, in the west (Rhineland), after 1815:** beginning with Prussia's Maassen tariff of 1818, designed to integrate the new western territories into Prussia, with a common free trade zone and common fiscal system, and weights and measures (metric).

2) **Fears of Prussian economic domination led, in the 1820s, to the formation of rival customs unions under Saxony and Bavaria:** and then to the creation of the pan-German Zollverein

a) In turn, that led to the unification of the three, under Prussian domination, in the German Zollverein (Customs Union) of 1834,

b) whose consequences up to and beyond the creation of the German Reich or Empire in 1871, were explored in this lecture.

c) post Imperial German foreign trade policies: the shift from Free Trade to Protectionism were also explored.

B. Lecture no. 21, part B: German market unification with the new railroads:

1) **The Zollverein soon led to extensive railway building in all the major German states,** with military and political considerations often overriding economic rationale.

- a) **In all states, the French model of state leadership:** and state guarantee of railway bonds was followed.
- b) **After 1871, German unification with the new Reich,** under Prussian domination, led to Prussia domination of all the German railroads, and state ownership of many.
- c) **the railways were never fully nationalized :** because the other state and kingdoms in the Empire were still fearful of Prussian domination.

2. The most notable feature was Prussian government policy of railway fares to foster industrialization: to use the railway fare structures in a Mercantilist fashion to promote industrial exports and curb industrial imports into Germany.

- a) the Prussian government, in either owning or controlling most of the key railways, used its economic power to imposed a centralized system of fares:
- b) low fares on the transport of imported raw materials and on the transport of finished manufactured goods to the leading seaports for export
- c) with) higher fares on the transport of manufactures for internal consumption within Germany

XVII: Part II: Lecture no. 22:

Germany: Peasant Emancipation and Agricultural Modernization to 1914:

1) The agricultural and agricultural geography of Germany:

- a) **in Germany the two major agricultural zones were those west and east of the Elbe river:**
- b) **Our chief focus is chiefly on East Elbia,** the chiefly Prussian lands east of the Elbe river.
- c) **The historical origins of the key differences were given in terms of the Germanic Drang Nach Osten,** from the 1180s to the 1320s:
 - i) the Germanic conquest, colonization, and settlement of chiefly Slavic lands east of the Elbe,
 - ii) which were settled by western colonists who were given personal freedom and virtual ownership of their lands.

2. The major problem of East German Serfdom:

- a) **from the late 15th and 16th centuries emerged the so-called 'Second Serfdom':**
 - i) **by which formerly free peasant communities were absorbed into large feudal estates,** which subjected most of the peasants to a form of serfdom much harsher and more pervasive than any experienced in the West: in exacting forced labour services and other payments, beyond which free peasants had paid landlords
 - ii) **By the 16th century, a mirror-image dichotomy emerged,** and one that largely explains the growing

gulf between East and West, in terms of both economic growth and freedom.

b) A four part model was presented to explain the rise of the Second Serfdom:

i) the Domar Demographic Model:

(1) a demographic model of population decline, in the 17th century, in which serfdom was imposed to prevent peasants, now enjoying a more favourable land:labour ratio, from gaining and exercising market power to lower land rents and raise wages:

(2) very similar to Marc Bloch's model for explaining early-medieval serfdom (explained in ECO 301Y)

(3) Problems:

- can apply only to the century of demographic decline, from 1640 - 1740, but much of eastern Europe had been subjected to serfdom long before then
- does not explain how feudal landlords had or gained the power to impose such serfdom

ii) the Hobsbawm Commercial model:

(1) a commercial model, more applicable to the prior century, the 16th,

- with rapid population growth, commercial expansion, and Dutch commerce, which together led to the formation of large commercial grain estates in East Elbia (Prussia and Poland), especially along the Vistula River, worked by servile labour
- incentives and objectives: to export grains and lumber to western European towns whose rapid growth far exceeded western capacity to feed those towns and provide lumber for shipbuilding, etc.

(2) Problems:

- cannot apply to all of eastern Europe – cannot apply to many regions not exporting to the West
- does not explain continued growth of serfdom from 1640s on when Baltic grain-lumber trades suffered decline

iii) the Blum - Brenner institutional model (class relations between lords and serfs):

(1) to explain how militarily powerful lords were able to displace monarchical and urban powers in order to oppress their pleasantries:

- eastern monarchies and towns lacked powers to check military power of feudal nobility
- eastern peasant communal farming lacked the cohesive village strengths found in the West

(2) Problems: does not explain why eastern feudal landlords had the economic incentive to subject their free peasant tenants to serfdom, especially in extracting rents in forced labour (*corvées*)

iv) Munro's monetary model:

(1) I offered a variant explanation of this commercial model in terms of an inflation-based model to explain the shift from *Grundherrschaft* -- a manorial economy chiefly based on land-rents of peasant tenants - to *Gutsherrschaft* -- a manorial economy chiefly based on commercial exploitation of large demesne estates -- exporting grain, livestock products, lumber etc -- and worked by servile peasants, who paid their rent in labour services (when the value of money-rents had sharply fallen);

(2) The dynamic element is provided by inflation: from both

- the monetary expansion of the Price Revolution era, ca. 1520 - ca. 1650
- the ravages of coinage debasements in Germany and Poland during the 30 Years War (1618-48): as fiscal policies to finance warfare

(3) The landlords' problem under *Grundherrschaft* (as elsewhere in much of Europe): their peasant rental incomes were in the form of fixed, unvarying money payments stipulated in money-of-account (and never adjusted for inflation, while most of their other feudal incomes were also in fixed money-of-account payments)

(4) The landlords' solution: shift from *Grundherrschaft* to *Gutsherrschaft* manorial economies

- convert peasant tenancies into servile tenancies owing labour rents and rents in kind, rather than money rents
- absorb former tenancies into an enlarged demesne (domain), worked by servile labour, to produce grains, lumber, livestock products, etc. for export

(5) This model works best in combination with the previous two models – and is valid only in certain areas (especially Prussia and Poland, if not so much Russia and Central Europe)

3. German 'peasant emancipation' or 'land reform:

a) **the basic theme is state emancipation from above:** in order prevent or avoid revolution from below,

i) as with the French revolution, which French Revolutionary and Napoleonic armies had exported into Germany. Of those by the kingdoms of Saxony, Bavaria, and Prussia,

ii) the most important were the Prussian Stein-Hardenberg Reforms of 1807 to 1821.

b) **Stein-Hardenberg Peasant Land Reforms: In essence, allowed German serfs -- principally those in East Elbia – to gain both personal freedom and landownership:** by surrendering a portion of their previous tenancies to landlord ownership:

i) For the richer peasants (with plough teams): from one third to one half of their lands were surrendered, depending on their status (proof of hereditary tenure).

ii) Poor peasants, lacking plough teams and hereditary claims to land, were excluded to provide a continuing labour force for the large landlord (Junker) estates in East Elbia

c) **But the 1848 Revolution led to Prussia's 1850 Emancipation law freed all remaining serfs:** under far more liberal conditions.

d) **My thesis was that this 'emancipation' in East Elbia chiefly benefited the large Junker landlords in East Elbia,** chiefly by allowing them now freely

i) to separate their domain lands from peasant Open or Common Fields, and thus to enclose them – since so many landlords, in leasing demesne lands to peasants had left them interspersed with their own lands; and

ii) to acquire much a large quantity of lands from former serfs (including those freed serfs who decided to sell their lands and emigrate with capital to industrial area)..

iii) objective: to create large blocks of land under landlord control in order

- to enclose these lands
- apply convertible husbandry and the technological advances explained below

e) **Germany west of the Elbe underwent far less dramatic changes,** and experienced changes similar to post-Revolutionary France, with preponderance of owner-occupied small peasant farms, with little enclosure before the coming of the railroads.

3. Rapid Agricultural Progress in post -1860 German:

a) **The final part of lecture 22 analyzed the very impressive agricultural progress in 19th-century**

Germany, but especially on the great enclosed estates in East Elbia,

b) There are four major aspects of productivity gains and both agricultural and economic progress: chiefly to be found on enclosed lands practising Convertible Husbandry

i) **the introduction and widespread diffusion of nitrogen-fixing leguminous crops (as seen in England)**, which also served as fodder crops for livestock;

ii) **the cultivation of various root crops -- sugar beets and potatoes especially -- which had great industrial importance (sugar refining, alcohol)**, while also supplying fodder for livestock;

iii) **the introduction of various chemical fertilizers**, in which Germany gained world supremacy;

iv) **mechanization, with steam-powered agricultural machinery**, which, in so far as they displace livestock, thus required a greater use of chemical fertilizers.

c) Several statistical tables on agricultural outputs, productivity gains, population growth, urbanization, and labour mobility serve :

i) **to demonstrate the very great contributions that German agriculture made to industrialization**, especially from the 1870s: particularly in

- promoting rapid population growth
- allowing transfer (or emigration) of an increasingly larger share of rural population to be engaged in urban industrialization: especially a shift of labour from the rural east to the urban west

ii) **Please do look at these tables, comparing especially the German data with the French data**, to justify the conclusion that post-1850 agrarian changes were far more conducive to economic and demographic growth and especially to industrialization than in 19th-century France (or Russia)