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The 'Civilising Mission' of the Austrian Passive Revolution (1849–1867)

Abstract: This paper examines the ideology of the Austrian passive revolution (the introduction and extension of capitalist social relations from above) in the mid-nineteenth century and reactions to it in Hungary and Croatia. Austrian ideologues of the time believed that capitalism would unify the Austrian empire primarily by bringing about a pan-Habsburg middle class, which would marginalise the potentially centrifugal effects of different nationalities. Indeed, this would have meant the end of the Monarchy as an empire, since coercion would have been rendered unnecessary in maintaining it. Eventual (partial) convergence in development was conceived as a result of both the capitalist system and the civilizing mission of the Austrian state and German population. The paper argues that the universalising discourse of the 1850s was not matched with a corresponding political organisation that could have resulted in 'moral and intellectual leadership' (Gramsci). The political changes in the 1860s better corresponded to the form of sociality referred to in the discourse of the Austrian civilising mission, however, the discourse itself relied more heavily on Germans as bearers of civilisation while the political system remained highly centralised. The paper demonstrates that the civilising discourse was rejected both in Hungary and Croatia, where the Austrian state was deemed too centralised and authoritarian as well as incapable of developing the periphery.

Key Words: hegemony, passive revolution, uneven development, civilising mission, periphery, Austria, Hungary, Croatia

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1. Introduction

In the history of the Habsburg Monarchy, the 1850s and 1860s were marked firstly by centralisation comparable only to that of Joseph II, and, secondly, by the management of a major socioeconomic transformation: the transition to capitalism. Regardless of some substantial modernising achievements, in earlier historiographical treatments the period tended to be viewed as an overly authoritarian reaction to the events of 1848/49. The neo-absolutist period of the 1850s was considered to have been followed by sham parliamentarism in the 1860s.[1] The ineffectiveness of 1850s authoritarianism was later stressed by Harm-Hinrich Brandt in a weighty study of the period's political economy.[2] A more recent account by Ágnes Deák, focusing primarily on 1850s Hungary, is more neutral in tone without offering an explicit argument on the period, while the most positive interpretation of neo-absolutism and the 1860s has been provided by Pieter Judson. Though constituting a "police state", Judson believes neo-absolutism can be considered liberal because, like in contemporary France and Prussia, it implemented many liberal reforms, including "the establishment of capitalist relations in the countryside". In contrast, the 1860s, in line with revisionist historiography, are seen as a major step forward in constitutional life that should not be discarded as a mere continuation of an earlier system by different means.[3] Austrian historiography has, on the other hand, retained an emphasis on economic reforms coupled with authoritarianism and political volatility.[4]

With some partial exceptions, such as that of Pieter Judson,[5] an analysis of the role contemporaries believed capitalism would play in stabilising the empire after 1848/49 has not received the attention it deserves. This paper examines the Austrian civilising discourse, in the sense of economic and cultural development of 'backward' areas via Austrian agency, and reactions to it in Hungary and Croatia in the context of the Austrian passive revolution, that is the introduction and extension of capitalist social relations from above. More specifically, it demonstrates that Austrian ideologues of the time argued capitalism to be a social formation that would stabilise the Austrian empire, while the Austrian state and German population would aid the

1 Louis Eisenmann, Le compromis austro-hongrois de 1867. Étude sur le dualisme, reimpr. of the ed. Paris 1904, Hattiesburg 1971; Josef Redlich, Das österreichische Staats- und Reichsproblem. Geschichtliche Darstellung der inneren Politik der habsburgischen Monarchie von 1848 bis zum Untergang des Reiches, Leipzig 1920.

2 Harm-Hinrich Brandt, Der österreichische Neoabsolutismus. Staatsfinanzen und Politik 1848–1860, vol. 1–2, Göttingen 1978.

3 Ágnes Deák, From Habsburg Neo-Absolutism to the Compromise, 1849–1867, Boulder 2008; Pieter Judson, The Habsburg Empire. A New History, Cambridge, MA 2016.

4 Harm Hinrich Brandt (ed.), Der österreichische Neoabsolutismus als Verfassung- und Verwaltungsproblem. Diskussionen über einen strittigen Epochenbegriff, Wien/Köln/Weimar 2014.

5 Judson, Habsburg Empire, 2016.

development of underdeveloped regions. It shows that the discourse of the civilising mission was rejected in both Hungary and Croatia primarily because centralisation took place without a strong parliament, and because contemporaries considered the results of the transition to capitalism to have been meagre at best.

An examination of the civilising mission seems particularly appropriate in the case of the Habsburg Monarchy, which scholars see as having a similar core-periphery structure as the capitalist world-system.[6] This warrants the employment of the term "inner periphery" advanced by Hans-Heinrich Nolte, thereby avoiding the arguably more state-centrist argumentation of Immanuel Wallerstein while also arguing for a more dynamic and non-linear interaction between the core and periphery.[7] Relying on the framework of uneven and combined development, I have argued that state formation within the Monarchy does not correspond well to the image of the Monarchy as the world economy primarily because of the strong state formation in Hungary that culminated in the dualist arrangement of 1867. This goes against world-systems analysis, which assumes weaker states on the periphery, but is compatible with a more multilinear model as suggested by Nolte.[8]

However, the perspective of the world-system is heuristically useful as it brings up the question of the lack of correspondence between economics and politics. This is especially relevant for the Austrian core as a potential hegemon in the 'Habsburg world-system', which should have developed stronger state structures than Hungary. Yet the form of the Austrian state seemed to be inimical to hegemony for most of the period under examination. Indeed, it was even more authoritarian than other passive revolutions at the time.

In the following section, I will examine the concepts of hegemony and passive revolution and their application to the context of the Austrian Empire. The next two sections briefly outline the political economy of the empire in the 1850s and 60s, followed by a thorough discussion of the discourse of the Austrian passive revolution. The last section turns to Hungarian and Croatian reactions to the Austrian civilising mission discourse.

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6 Andrea Komlosy, Grenze und ungleiche regionale Entwicklung. Binnenmarkt und Migration in der Habsburgermonarchie, Wien 2003; Jenő Szűcs, The Three Historical Regions of Europe: An Outline, in: Acta Historica Academiae Scientiarum Hungaricae 29/2 (1983), 131–184.

7 Immanuel Wallerstein, The Modern World System I. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century, New York/San Francisco 1974; Hans-Heinrich Nolte, Internal Peripheries: From Andalucia to Tatarstan, in: Review 18/2 (1995), 261–280; idem, Why Is Europe's South Poor? A Chain of Internal Peripheries along the Old Muslim-Christian Borders, in: Review 26/1 (2003), 49–66. Klemens Kaps provides a thorough and sophisticated analysis of Galicia as internal periphery: Klemens Kaps, Ungleiche Entwicklung in Zentraleuropa. Galizien zwischen überregionaler Verflechtung und imperialer Politik (1772–1914), Wien/Köln/Weimar 2015.

8 Mladen Medved, Trotsky or Wallerstein? Approaching the Habsburg Monarchy in the Nineteenth Century, in: East-Central Europe 45/1 (2018), 39–62.

2. Hegemony, Passive Revolution and Empire

In the literature that relies on Gramsci's concept, the Austrian Empire is not considered a case of passive revolution (and was thus implicitly doomed by the onset of capitalist modernity).[9] Yet an argument could be made that a passive revolutionary road to modernity was also characteristic of Austria's history, though in a manner that significantly departs from what are considered classic examples of this revolution, such as Prussia/Germany and Piedmont/Italy.

Before discussing the concept of passive revolution, that of hegemony needs to be examined so that the mode of power characterising passive revolutions may be made clearer. Hegemony as a power relation becomes possible in capitalist societies because the fusion of economics and politics that characterised pre-capitalist societies is severed, and the process of the extraction of surplus is no longer as dependent on political mechanisms. For Gramsci, hegemony is based on the intellectual and moral leadership of a social class that plays a decisive role in economic life. This social class is able to present its own class interests as the universal interests of the whole society, enabling it, unlike the pre-capitalist classes who relied on extra-economic coercion, to achieve the consent of other classes. As Gramsci pointed out, the bourgeois class is acting as if it would absorb the whole of society into itself.[10] Thus, and crucially for the following discussion, although hegemony of the state and social groups is rooted in socioeconomic structure, hegemony is also exercised on a "moral, intellectual and political" plane.[11]

However, hegemony is not mere persuasion, as its rootedness in a hierarchical class society already implies. It is always backed by potential coercion that supports its persuasive aspect, akin, in Perry Anderson's analogy, to gold underpinning the paper currency of the gold standard. The state is the ultimate guarantee of hegemony.[12] Peter Thomas goes further, arguing that even in a hegemonic relationship "force must not appear to predominate over consent too much, but, in reality, their 'proper relationship *[giusto rapporto]*' involves more weight on the side of the former".[13]

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9 See the special issue of *Capital & Class* 34/2 (2010) on passive revolution as well as: Neil Davidson, How Revolutionary Were the Bourgeois Revolutions?, Chicago 2012. For general overviews of Gramsci's thought and thorough discussion of passive revolution see Adam David Morton, Unravelling Gramsci: Hegemony and Passive Revolution in the Global Political Economy, London/Ann Arbor 2007; Peter Thomas, The Gramscian Moment: Philosophy, Hegemony and Marxism, Leiden 2009.

10 Antonio Gramsci, Selections from the Prison Notebooks, New York 1987, 260.

11 Ibid., 59.

12 Perry Anderson, The Antinomies of Antonio Gramsci, in: New Left Review I/100 (1976), 5–78, 32, 43f.

13 Thomas, Gramscian Moment, 2009, 165.

As Giovanni Arrighi, among others, has argued, hegemony also refers to relationships between states. This is particularly relevant for the Habsburg Monarchy, which is sometimes viewed as a replica of the capitalist world-system.[14] As with social classes within states themselves, the hegemony of a state in the international system is based on its economic supremacy. A hegemonic state is able to present its own interest as being the same as those of the capitalist system as a whole. As a result of this hegemonic position, the state exercising it receives "additional" power.[15] Perry Anderson adds a substantial caveat to this argument. The citizens of a state are under the same "cultural and legal framework" that is absent between states. Thus, the interaction between states is to a greater extent marked by coercion.[16]

Since hegemony is a combination of persuasion and coercion, it is not the complete opposite of a passive revolution. Alex Callinicos usefully conceptualises passive revolution as referring to "socio-political processes in which revolution-inducing strains are at once displaced and at least partially fulfilled".[17] Passive revolutions introduce or extend already existing capitalist social property relations from above. Neil Davidson argues that the conditions for the emergence of the passive revolutionary road to modernity included the emergence of the class challenging capitalist property relations – the proletariat – and the willingness of non-capitalist agencies to transition to a capitalist society due to the pressures of more developed capitalist social formations.[18] The concept of passive revolution thus refers both to class and geopolitical dimensions in the emergence of the "political rule of capital" and establishes a dialectical relationship between geopolitics and internal class relations.[19] As the state inaugurates or expands capitalist social property relations, the passive revolution, argues Paul Thomas, depoliticises the bourgeoisie, causing political and social issues to be transformed into technocratic ones.[20]

An extension of the concept is needed to accommodate the Austrian case. When Gramsci used the term 'passive revolution', he was referring to the creation of a national state as a new centre of capital accumulation, usually spearheaded by an

14 Komlosy, Grenze, 2003; Szűcs, Three Historical Regions, 1983.

15 Giovanni Arrighi, The Long Twentieth Century. Money, Power, and the Origins of Our Times, New York/London 1994, 28f.; Giovanni Arrighi/Beverly J. Silver, Introduction, in: Giovanni Arrighi/Beverly J. Silver (eds.), Chaos and Governance in the Modern World-System, Minneapolis/London 1999, 27–34.

16 Perry Anderson, The Heirs of Gramsci, in: New Left Review II/100 (2016), 71–97, 96.

17 Alex Callinicos, The Limits of Passive Revolution, in: Capital & Class 34/3 (2010), 491–507, 498, https://doi.org/10.1177/0309816810378265.

18 Davidson, How Revolutionary, 2012, 318–320.

19 Morton, Unravelling Gramsci, 2007, 69; Adam David Morton, The Geopolitics of Passive Revolution, in: Alexander Anievas (ed.), Marxism and World Politics. Contesting Global Capitalism, London/New York 2010, 215–230, 217.

20 Thomas, Gramscian Moment, 2009, 151.

expansion of an already existing state like Piedmont. The revolution was passive as it was the state rather than a social group that was leading the process of political unification.[21] The Austrian passive revolution was thus doubly passive, as an existing state was preserved, and capital accumulation was extended within it. And unlike its competitors, geopolitical changes were, for the Monarchy, a threat to the existing order, not the basis for a new one. This fact is not insignificant in explaining why the Austrian passive revolution was arguably the most passive one.

Now, there have been recent attempts led by Pieter Judson to conceptualise the Habsburg Monarchy as a "liberal empire".[22] Although my interpretation of the 1850s and 60s is in fact very close to that of Judson and partly builds on his analysis, I approach the period differently. This is because the term 'empire' is defined by attempts of the political centre, relying on coercion, to integrate peripheral elites within a political formation. Most importantly, it is primarily a political rather than a social relationship. Should an empire's societies merge into one society, coercion would become redundant. For this reason, hegemonic politics in a Gramscian sense is *a priori* impossible in the context of imperial politics.[23] This is not to say that non-imperial political units are by definition not authoritarian. Rather, they enable a whole gamut of state forms, from democratic to fascist, while empires can only be authoritarian. The issue with the newer interpretations of 'empire' and their applications to the Monarchy is the following: the management of difference and the political flexibility of empires are not related to specific social and political relations of pre-capitalist societies that made the management of difference possible, while the challenges posed to that management by capitalist social relations, emergence of civil society and new forms of sovereignty are sidelined. Symptomatically, the concepts of modernity and nation are not considered necessary "to explain the course of history".[24] But there is a decisive difference between managing cultural diversity within, by definition, authoritarian pre-capitalist empires and within new polities. Pre-capitalist societies relied on extra-economic coercion for the extraction of surplus, whereas in capitalist societies firms gain the surplus in the process of production. Thus, in pre-capitalist societies there existed a fusion of the economic and the political. The extraction of surplus was politically constituted. How-

21 Gramsci, Selections, 1987, 105.

22 Judson, Habsburg Empire, 2016.

23 Alexander J. Motyl, Imperial Ends: The Decay, Collapse, and Revival of Empires, New York 2001; Jürgen Osterhammel, Die Verwandlung der Welt. Eine Geschichte des 19. Jahrhunderts, München 2009; Michael Mann, The Sources of Social Power. Vol 3: Global Empires and Revolution, Cambridge 2012. For a different view of empire that influenced Pieter Judson see Jane Burbank/Frederick Cooper, Empires in World History: Power and the Politics of Difference, Princeton 2010.

24 Burbank/Cooper, Empires, 2010, 7f. See also Alan Mikhail/Christine M. Philliou, The Ottoman Empire and the Imperial Turn, in: Comparative Studies in Society & History 54/4 (2012), 721–745.

ever, in capitalism, there is a (partial) separation of the economic and the political, which then leads to the formation of civil society and new forms of sovereignty. New literature on 'empire' downplays the enormous economic, social and political transformations brought about by the transition to capitalism. It is therefore left with no plausible explanation for the rising number of political units in the modern era. These new forms of sovereignty are problematic for the political organisation of the empire as they are a political form of new social relations while the empire is a political formation. Had the Monarchy created a multicultural form of popular sovereignty, it would have still managed difference but not as an empire.[25]

While non-imperial polities may be riddled with conflicts over their political organisation, they are less burdened by the very viability of political units. It is thus more probable that they might develop hegemonic politics, however shallow, as they can appeal to the constructed 'people' in a way that is hard to imagine in empires. This does not preclude a political unit with hegemonic politics at home to pursue domination in the context of an empire, which was the apparent paradox of British rule in India discussed by Ranajit Guha.[26] However, the paradox is only apparent because hegemonic politics within a polity may be strengthened by domination over others because, as a result, internal ideological cohesion is strengthened. Returning to a discussion of the Monarchy, this article argues that the potential for hegemonic politics within it was always meagre, but that it was perhaps at its greatest between 1849 and 1867.

3. Austrian Developmentalist Discourse in the 1850s

For the purposes of this article, capitalism is defined as competitive accumulation based on wage labour. Both labour and enterprises are dependent on the market for their reproduction. Labour thus has to sell labour power while enterprises need to continuously cut costs in order to achieve the average profit rate. They thus tend to accumulate, innovate and invest in production. There are also other forms of labour in the regions of the capitalist world-system. They are part of the capitalist system if they significantly contribute to a systematic reproduction and expansion of

25 I made some of these points in my review of Pieter Judson's *The Habsburg Empire*: Mladen Medved, Habsburg Empire Strikes Back?, in: East-Central Europe 46/2–3 (2019), 358–363.

26 Ranajit Guha, Dominance without Hegemony: History and Power in Colonial India, Cambridge, MA 1998.

competitive accumulation based on wage labour and if the capitalist world-system is important for their reproduction.[27]

The so-called neo-absolutist regime abolished serfdom for good. It did this without undermining peasant property to the extent that peasants would be proletarianised – as opposed, for example, to the English and Prussian transitions to capitalism – and laid the basis for capitalist social property relations throughout the empire.[28] There were substantial differences within the Monarchy before 1848, arguably including (partly) capitalist regions, where capitalist social relations were predominant, and the majority of non-capitalist ones. More developed regions such as Austria and Bohemia thus had a smoother transition to capitalism than Hungary and Galicia. However, despite the differences between capitalist and non-capitalist regions before 1848, the revolutions of 1848 and the 'neo-absolutist' regime laid a firm foundation for capitalist social relations. A customs union was introduced in most of the Monarchy in 1850. The economic policy of the regime was, at first, marked by state-led industrialisation, mainly by investments in railroads, the leading sector, and later followed by private sector investment that was backed by state guarantees on profits. Economic development, although somewhat behind that of the *Zollverein*, was substantial.[29] These reforms were implemented by a hyper-centralised government that had abolished the traditionally autonomous counties of Hungary and partly staffed them with bureaucrats from other provinces, leaving the local gentry and intelligentsia without a vital source of income.

The ideologues of the regime stressed the increased pace of growth and the bright future that lay ahead. The level of progress achieved in just a couple of years of neo-absolutism, wrote the head of the state statistical office, Carl von Czoernig (1804–1889), was previously "hardly conceivable", making the Austria of ten years ago look as if it belonged in the eighteenth century. These positive developments resulted in the complete trust of the citizens and "capitalists" in the capabilities of the new state, Czoernig argued.[30] Uneven development within the Monarchy was not seen as a problem due to the levelling tendencies of capitalist relations of production. Furthermore, state infrastructural projects and credit institutions facilitated the opening of even the most backward areas to the benefits of the market economy, while peasants freed from the constraints of serfdom started making better use of

27 Alexander Anievas/Kerem Nisançioglu, How the West Came to Rule, London 2015; Neil Davidson, We Cannot Escape History, Chicago 2015.

28 John Komlos, The Habsburg Monarchy as a Customs Union. Economic Development in Austria-Hungary in the Nineteenth Century, Princeton 1983, 91; Harm-Hinrich Brandt, Der österreichische Neoabsolutismus, vol. 1, 1978, 285.

29 Brandt, Der österreichische Neoabsolutismus, vol. 1, 1978, 275.

30 Carl Freiherr von Czoernig, Oesterreich's Neugestaltung, 1848–1858, Stuttgart/Augsburg 1858, 27, IV, 128–130.

the land. The agricultural schools set up by the state ensured that producers were familiar with the best practices. Landlords who no longer relied on serf labour opted only for the best methods of production to survive in this competitive environment. The links between agriculture and industry grew, ensuring rising productivity. And capital flowed naturally and in abundance into agriculture in order to take advantage of this favourable economic environment.[31]

The capacity of the peoples of the monarchy to take up the opportunities offered by the new system was also not seen as particularly problematic. Czoernig represented peoples who were deemed semi-barbarous as being capable of development, including the much-despised Habsburg Slavs whom Engels saw as merely providing assimilation material for Germans and Hungarians.[32] Not denying the immense geographical and cultural differences in the Monarchy that could boast with having the diversity of the entire globe within its borders, Czoerning stressed that cultural difference presented a source of vitality rather than being an obstacle to the march of civilisation. Even Germans stood to gain from other cultures. But according to Czoernig, the main pillars of the regime were nonetheless the dynasty and the military.[33]

In what sounds like an echo of the *Communist Manifesto*, the journalist and publicist Ernst von Schwarzer (1808–1860) argued that people were being freed from the "shackles of space and time".[34] This also meant, however, that the "omnipotence" of "dry numbers" was forcing every country to further material progress in order to remain a great power, Austria being no different in this respect, particularly since she began doing so later than others.[35] According to Schwarzer, the varying levels of development within Austria were immense. There were areas where people lived like "semi-civilised Indians" and in Hungary one found "Oriental conditions". However, the less developed peoples clearly had the potential for civilisation. Indeed, they benefited from the fact that they are part of a community with more civilised peoples, which ensured that they were also civilised. And in this march towards civilisation the less developed peoples did not repeat the same path of the developed ones but rather skipped over stages of development.[36] Schwarzer asserted that if she fulfilled her potentials, Austria would emerge as a "phoenix from the purifying flames"

31 Ibid., 120, 472–478.

32 Friedrich Engels, Sieg der Konterrevolution zu Wien, in: Karl Marx/Friedrich Engels, Werke, vol. 5, Berlin, GDR 1959, 457; idem, Der magyarische Kampf, in: Marx/Engels, Werke, vol. 6, Berlin, GDR 1961, 168–176; idem, Der demokratische Panslavismus, in: ibid., 279.

33 Ernst von Schwarzer, Geld und Gut in Neu-Oesterreich, Wien 1857, 21.

34 Schwarzer, Geld und Gut, 1857, 2.

35 Ibid., 8, 15.

36 Ibid., 19, 22.

of her rejuvenation.[37] Even Austria's existing accomplishments showed, contrary to claims of naive leftist propaganda, that any "state form" was capable of fostering development.[38] One of the greatest achievements of this regime was the fact that the English path was not taken. Pauperism was intentionally avoided.[39] Nonetheless, a little more liberalism in "new Austria" would be wise, Schwarzer concluded.[40]

Both Czoernig and Schwarzer marginalised a new form of society capitalism was engendering, which made their contribution more compatible with the form of the Austrian state at the time. It was Lorenz von Stein (1815–1890), recommended by the ministers Leo von Thun (1811–1888) and Karl Ludwig Bruck (1798–1860) for a professorship of political economy at the University of Vienna,[41] who provided a theory of the Austrian passive revolution and opened the door to the contradiction that Schwarzer and Czoernig had sidelined. He implied that a change in the mode of rule was necessary to accommodate social relations of the new order.

Not only was the monarchy compatible with capitalism, but it was the only political form that could overcome the class conflicts that are inevitable in a capitalist society, claimed Stein. Similarly to Hegel,[42] Stein argued that the laws of capitalist accumulation generate class conflicts. The society is the realm of domination, while the state represents the principle of freedom, its interest being the development of all its subjects. The social inequalities of civil society, however, can endanger the principle of freedom represented in the state since the ruling class might capture it for its own benefit.[43] It is here that the monarchy enters the scene, since only the monarch can present the principle of the state in its purest form, and preside over the class conflicts of capitalist society, preventing the domination of the ruling class.[44] Only by relying on power coming from outside of its own social relations could capitalist societies achieve stability. The state could then proceed to stem class conflict by preventing proletarianisation.[45] Since the state towered above all classes, Stein believed the Monarchy was ideally positioned to lessen class conflicts.[46]

37 Ibid., 205.
38 Ibid., 8–10. Proudhon and Fourier are ridiculed in these passages.
39 Ibid., 33.
40 Ibid., 203f.
41 Dirk Blasius, Lorenz von Stein. Deutsche Gelehrtenpolitik in der Habsburger Monarchie, Kiel 2007, 40.
42 Frederick Beiser, Hegel and Hegelianism, in: Gareth Stedman Jones/Gregory Claeys (eds.), The Cambridge History of Nineteenth Century Political Thought, Cambridge 2011, 110–140, 125.
43 Lorenz von Stein, The History of the Social Movement in France, 1789–1850, ed. by Kaethe Mengelberg, Totowa 1969, 57f.
44 Lorenz von Stein, Geschichte der sozialen Bewegung in Frankreich von 1789 bis auf unsere Tage, vol. 3, Leipzig 1850, 17.
45 Stein, History, 1969, 70.
46 Blasius, Lorenz von Stein, 2007, 45.

Regarding uneven development, Stein did not only discuss the overcoming of local isolation in the order of capital but also how this new social system binds classes into a new, productive and more encompassing form of power that was to be a source of renewal of the Monarchy. Writing at the end of the Crimean War, Stein characterised it as marking a turning point in international relations where war between developed nations had been abolished. The relatively backward Russia that had nothing to give to Europe had been defeated. The civilising mission of Europe in the Balkans had thus fallen on Austria's shoulders.[47] The reason Austria could achieve this, and why it was fundamentally different from Russia, lay in the opposition between an economic and political relationship. The latter captured "the whole at a stroke" but did not overtake it, while the former worked its way up to the whole and overtook it through and through. The domination of former civilisations in history was "mechanical" while contemporary civilisation was interiorised.[48] This is why the stakes in international relations were higher than ever. As Stein put it elsewhere: "The struggle of peoples with the sword is only a struggle for temporary domination; the struggle of peoples with their economies is the true struggle for life and death."[49] But from Stein's discourse it is clear that Austria would not end up on the losing side of this process, since the "absolute and cosmopolitan" laws of the political economy seem to have worked in favour of the relatively developed Monarchy.[50] Indeed, they inevitably augmented the Monarchy's power. The inexorable tendency of capital to expand meant that all current relations would soon be profoundly transformed and the seemingly impossible would emerge.[51] After going over into eastern parts of the Monarchy and ensuring economic progress there, capital would spread outside its borders and bring about Austrian hegemony in Southeastern Europe.[52] Austria's hegemony over this area would be assured by the fact that this new form of power was not an end in itself, as was the case in the previous historical systems, but rather a mode of power that reflected the needs of and developed in harmony with the economy.[53]

In Stein's discourse the power of capital to expand is so overwhelming that no cultural barrier seems capable of resisting it. Indeed, Stein, Schwarzer and Czoernig seem to agree that within the Monarchy uneven development would not present a serious problem and no colonial-type dependencies would emerge. As Carl Schmitt

47 Lorenz von Stein, Oesterreich und der Frieden, Wien 1856, 2f., 13f., 42f.
48 Ibid., 77, 42f.
49 Lorenz von Stein, System der Staatswissenschaft, Stuttgart/Tübingen 1852, 464.
50 Ibid., 79.
51 Ibid., 55f.
52 Ibid., 79f., 65–68.
53 Ibid., 88f.

noted, regarding Stein, the general categories used to analyse the political economy of the Monarchy, categories whose reference was the more developed West, were ill-suited for capturing the variegated social landscape of the Monarchy.[54] They were, however, quite useful as an ideological statement where the capitalist mode of production is operating without being interfered with by the different social structures and (emerging) national identities within the Austrian Empire. In fact, those identities and social structures were to be absorbed by the juggernaut of capital while the emperor would keep the potentially unpleasant class conflicts at bay and gain the consent of the middle classes. Stein's ideas on uneven development are nonetheless either underdeveloped or contradict his analysis of the levelling tendencies of the capitalist mode of production. The main elements of Stein's international political economy are "economic geography" (directly influenced by Johann Heinrich von Thünen) and "economic ethnography", the first dealing with spatial patterns of the economy, and the latter with the capacities of people to develop.[55] As Fernand Braudel pointed out, von Thünen's model stressed "inequality" between different zones of economic activity.[56] It is not quite clear how the two aspects of unevenness under capitalism that Stein emphasised were to be applied to the Monarchy and its environment. But in any reading, they seem to suggest an Austrian/German hegemony. Indeed, it is precisely when the most "cosmopolitan" aspects of the capitalist political economy were stressed that flirtation with the particular seemed most frequent and the German element seemed to incarnate general laws of the modern economy. This contradiction emerged in full force in the 1860s. Beyond contradictions in the developmental discourse, there were also contradictions between the developmental discourse and the state form. A strong implication of Stein's developmental discourse was that the new sociality needed to find a more adequate political expression.

4. 1860s: Parliament and Hegemony

Yet the regime started to be shaken not in the realm of politics, but in the sphere that, for the ideologues of the Austrian passive revolution, was marked by linear progress: the economy. Mobilisation for the Crimean War wreaked havoc on state finances and was followed by the 1857 slowdown. State railroads were sold to investors at a bargain. Issued bonds were partly forced on the population, which was a blow to the

54 Carl Schmitt, Die Stellung Lorenz von Steins in der Geschichte des 19. Jahrhunderts, in: Schmollers Jahrbuch 64 (1940), 641–646.

55 Stein, System der Staatswissenschaft, 1852, 456–460.

56 Fernand Braudel, The Perspective of the World: Civilisation and Capitalism 15th–18th Century, vol. 3, Berkeley 1992, 38f

legitimacy of a regime that prided itself on effective management of the economy.[57] Foreign investors asked and received less protection for Austrian industry, while landlords also had numerous complaints, citing lack of credit, high taxation of agriculture and low tariffs for colonial sugar.[58] Over-centralised credit provision and the absolutist state itself were criticised even by some Austrian chambers of commerce as curbs on growth.[59] Economic woes were accompanied by geopolitical ones, the defeat in 1859 against Piedmont and France finally forcing the regime to consider erecting representative institutions. Indeed, the only form of representative institution in the 1850s was the chambers of commerce, which were modelled on France.[60]

However, the emperor's decision for a new course included a radical *volte-face* in the form of the 1860 October Diploma, according to which the Monarchy was to be federalised on a conservative basis. The reins of the state were once more to be given to the aristocracy, with domination of the most illustrious among them – the Hungarian one. However, as the Hungarian historian László Péter has pointed out, the October Diploma turned out to be a "spectacular fiasco".[61] The narrow class basis of this system was astonishing, as the Hungarian aristocracy could not even politically control its own society. Furthermore, the German bourgeoisie protested against what it saw as revival of feudalism and the strengthening of Hungary.[62]

Somewhat embarrassingly, this Diploma was called an "irrevocable law" of the empire but was replaced within months by the February Patent, which was unconvincingly presented as its continuation so as not to endanger the authority of the crown.[63] Now the empire finally received a representative body that could examine the budget, and approve new taxes and sale of state assets, again with the motivation to assuage the rickety financial markets and public opinion that did not find the October Diploma sufficient. The government relied on the German bourgeoisie and great landowners, in whose favour the electoral system was rigged.[64] The more liberal state paved the way towards a coherent Austrian bid for hegemony. Major ideological articulations of this period show a lesser contradiction between the new soci-

57 C. A. Macartney, The Habsburg Empire 1790–1918, New York 1979, 472.
58 Brandt, Der österreichische Neoabsolutismus, vol. 1, 1978, 302–305, 323f., 417, 474, 588.
59 Haupt-Bericht der Handels- und Gewerbekammer für das Erzherzogthum Oesterreich ob der Enns für die Jahre 1857, 1858–1859, Linz 1860, 97; Haupt-Bericht der Handels- und Gewerbekammer für das Erzherzogthum Oesterreich ob der Enns für die Jahre 1860, 1861 und 1862, Linz 1863, 16–20.
60 Macartney, Habsburg Empire, 1979, 460, fn 3.
61 László Péter, The Aristocracy, the Gentry and Their Parliamentary Tradition in Nineteenth-Century Hungary, in: Slavonic & East European Review 70/1 (1992), 77–110, 94.
62 Eisenmann, Le compromis, 1904/1971, 250–521; Redlich, Das österreichische Staats- und Reichsproblem, 1920, 467.
63 Lothar Höbelt (ed.), Österreichs Weg zur konstitutionellen Monarchie. Aus der Sicht des Staatsministers Anton von Schmerling, Frankfurt am Main 1994, 78.
64 Eisenmann, Le compromis, 1904/1971, 282.

ality and state form, while still retaining a rather authoritarian outlook. However, another major contradiction is introduced: a greater role of the German population in stabilising the empire, thus reducing the universal appeal of the discourse.

Finance minister Karl Ludwig Bruck argued that the new state organisation should not be seen as sign of defeat, but rather one that would invigorate the Monarchy's potentials and overcome political tensions. The role of capitalism and civil society in providing the basis of rule now came to the fore. Far from providing a restraint on imperial power, capitalism might actually have been the source of its renewal. The truly conservative and patriotic *Mittelstand*, which was not governed by 'passions' but by an instinct for stability and moderate solutions, might have become the main pillar of the Empire. While this was the time to rely on the *Mittelstand* and involve it within the new mode of rule, the politics of neo-absolutism instead weakened and alienated this social strata. The government needed the consent of its people, it had to rely on the classes of the new social order. Development was thus on the side of the *Gesamtstaat*, while backwardness encouraged centripetal forces.[65]

However, Bruck was aware that this class was not so strong outside of the most developed parts of the Empire. How could the state then rely on it? The notion of the levelling tendencies of the capitalist mode of production within the Monarchy pervades Bruck's text, but the workings of the benevolent abstract market are facilitated by one group: the Germans. Although Bruck noted that both Italians and Czechs had achieved high levels of development, it was on strong German shoulders that the "civilising mission" of the Monarchy, as Bruck put it, stood.[66] Here, international relations come back into the picture. In Bruck's view, not only capital but also workers from the German Confederation should come to the Monarchy, which he called a "German state", and "fertilise" its unused resources, "awaken" the less developed people from their slumber. The peoples of the Monarchy could turn to only one source for their development: the German culture. The links with Germany thus had to be stronger, so that the most developed element was thereby strengthened and the country further opened to the benefits it brought with it.[67] By permeating the less developed parts of the Monarchy, Germans would ensure the emergence of "higher culture".[68] But, according to Bruck, this did not mean Germanisation. Other peoples could preserve their languages. Indeed, plurality of cultures may be beneficial to development. Crucially, they should be imbued with German culture, which would transform them into supporters of the *Gesamtstaat*.[69]

65 Carl Ludwig Freiherr von Bruck, Die Aufgaben Oesterreichs, Leipzig 1860, 36–42, 61f., 94.
66 Ibid., 58, 47.
67 Ibid., 15, 17–21, 61f.
68 Ibid., 48.
69 Ibid., 20f., 61–63.

This was not an unusual position to take. F. B. Schwarz, in his *Ungarn und Amerika*, argued that all nationalities, save for Italians, were dependent on German culture for their development, this being their only source of 'higher civilisation'. Of course, this would not mean Germanisation, he claimed. German ideas needed to be appropriated, and local languages should be developed for that to occur. This, however, was coupled with characterisations of Hungary as the "America" next door, where Europe was in a position to "conquer a new part of the world".[70] A similar view was expressed by Ludwig Oppenheimer (1843–1909), an industrialist and liberal member of parliament, who argued that the peoples of Hungary could develop in any area as along as their link with German culture and tradition was not broken.[71] The task of the state was to "develop its nationalities" and to "bring German spirit and culture to the most inhospitable parts of Galicia, and the most remote *pusztas* of Hungary".[72] This was made much more likely by the new form of the Austrian state, which would no longer be "governed by the principles of Rome". By throwing "away its mental shackles" it would "make itself the master of capital".[73] Julius Fröbel (1805–1893), a revolutionary sentenced to death in 1848, became advisor on the reform of the German Confederation and believed that stronger connections with Germany were perhaps the only viable way for Austria to continue with its civilising mission. The lack of such a bond might leave Austria too weak to fulfil her role in Southeastern Europe, and she might succumb to domination of the Slavs and Magyars, to the Eastern *Rohheit*.[74]

Advisor to the emperor Johann Perthaler (1812–1862) was one of the main architects of the new political system.[75] He shared Bruck's sentiment regarding Austria's civilising mission.[76] Perthaler offered a political solution that he believed would capitalise on the potentials of civil society. By becoming constitutional and forming a central parliament, the Monarchy would be able to overcome particular interests. The local diets would become a mere disaggregated *Reichsrat* and members of it imbued with the interest of the "whole".[77] This constitution would automatically draw in all the nationalities of the Monarchy, except, at first, rebellious Hungary, whose political programme was antiquated anyway. Perthaler contrasted the

70 F. B. Schwarz, Ungarn und Amerika oder Oesterreich und Deutschland, Wien 1863, 20f., 15.
71 Ludwig Oppenheimer, Ueber die Leitung der deutschen Auswanderung nach Ungarn, Leipzig 1866, 6.
72 Ibid., 7.
73 Ibid., 6.
74 Julius Fröbel, Oesterreich und die Umgestaltung des deutschen Bundes, Wien 1862, 40–48.
75 Höbelt (ed.), Österreichs Weg, 64f.
76 Johann Ritter von Perthaler, Das Erbkaisertum Kleindeutschland, Frankfurt am Main 1849.
77 Johann Ritter von Perthaler, Neun Briefe über Verfassungs-Reformen in Österreich. Vom Verfasser der Palingenesis, Leipzig 1860, 12–16, 31.

"world-historical progress" that the Monarchy guaranteed with the anachronistic constitution of Hungary, which was antithetical to the interests of the bourgeoisie and peasants.[78] Being an inconsequential minority of a great empire, Hungarians were expected to realise the impossibility of resistance and the benefits of partaking in the "whole", a word Perthaler zealously repeats.

Despite a greater emphasis on the importance of the German population, in this more hegemonic version of the ideology of the Austrian passive revolution a hope was expressed that a pan-Habsburg *Mittelstand* would emerge. This would unify the Monarchy via a new, more capillary form of power. As Louis Eisenmann argued, a belief emerged that the order of capital would relegate identity differences to the sidelines of society and politics,[79] putting class in the saddle as the primary determination of social relations. Since it ensured the capitalist order and was located in one of the most developed parts of the Monarchy, this would therefore bind all capitalist classes to the imperial centre. The further capitalism develops, the more stable the empire would become. Indeed, had this program been achieved, Austria would have ceased being an empire as it would have exercised hegemony. Since all regions would have willingly been part of the Monarchy, the definition of empire would not have applied.

However, the new government was still a far cry from the liberal ideal. The *Reichsrat* could only examine the budget, rather than vote it down. The relationship between the executive and legislative was undefined, and there was no ministerial responsibility, nor immunity for members of the *Reichsrat*. According to article 13, the government could also rely on "emergency legislation". The emperor defined what the Imperial Council was to discuss, appointed its president and could adjourn or dissolve it. Of course, he retained absolute powers in foreign affairs and as the supreme commander of the army.[80]

5. Reactions to the Austrian 'Civilising Mission' in Hungary and Croatia

Anton von Schmerling's (1805–1893) government (1860–1865) was immediately faced with a Hungarian boycott. The legacy of the October Diploma came back to haunt him because it had revived the counties that were now used against the centralist government. Not only did Hungary refuse to send its representatives to the

78 Ibid., 7.

79 Eisenmann, Le compromis, 1904/1971, 279–299.

80 György Szabad, Hungarian Political Trends between the Revolution and the Compromise (1849–1867), Budapest 1977, 94; Éva Somogyi, Vom Zentralismus zum Dualismus. Der Weg der deutschösterreichischen Liberalen zum Ausgleich von 1867, Budapest 1983, 14.

Reichsrat but it also refused to pay taxes, which led to considerable tax arrears and use of the military in tax collection. The regime had so little political capital that the political leaders of the nationalities, who had previously clashed with Hungary, were now turning to it to protect themselves from Vienna. The Hungarian critique of centralisation certainly rang true for the nationalities, who thought that they might have a greater chance at preserving some autonomy within the Hungarian Kingdom. Crucially, Hungarians did not merely warn of the political dangers of centralised rule but also criticised the economic performance of the regime. They tried to undermine the civilising discourse emanating from Vienna.

Emil Dessewffy (1814–1866), a leading figure of the Hungarian conservatives, fired a salvo of accusations against the economic performance of the 1850s. Not neglecting the problems of the transitional period from feudalism to capitalism, it was the state that he found wanting in leading the way to a new society. According to Dessewffy, the problematic situation Austria found itself in was a consequence of a problematic bank system, state deficits and the difficulties caused in 1848, which had destroyed the "overall condition" of the Monarchy. The problem with the banking system was that there were no limits on the emissions of paper money. Rather than a bank of the entire Monarchy, the central bank was Viennese, and its branches did not have sufficient funds nor were they adequately managed. These policies made it difficult to adapt to the "sudden transition from the natural to money economy". A radical solution was needed, and that was to end the oversupply of money and tie it to metal value. The central bank simultaneously had to change its policies and become decentralised. Branches of the central bank did not provide sufficient funds, and, as a consequence of too much centralisation, the bank was not informed of the situation on the periphery. He also feared that institutions such as *Crédit Mobilier* would place their capital primarily in industry, bonds and speculation.[81]

Menyhért Lónyay (1822–1884) adopted many of Dessewffy's arguments and formulated a more thorough and stinging critique. He can be considered the financial expert among the Hungarian political elite and would be the first finance minister of Hungary and later prime minister. Lónyay stated that Austrians might believe that they were bringing benefits to the "backward, barbarian Hungary" but the system of neo-absolutism was killing all economic initiative. After mentioning that Hungary's backwardness was to be explained by the fact it was treated as a "colony" by the Austrians, who intentionally wanted to prevent the material wellbeing of an independent-minded state, he continued that under neo-absolutism belated compensation for landlords, introduction of foreign laws unsuitable for the country, instability of the currency, heavy taxes, passive trade balance, flow of state's interest payments

81 Emil Desewffy, Über die schwebenden oesterreichischen Finanzfragen, Pest 1856, 1–3, 10, 32, 91f.

outside of the country, and lessening of capital formation due to deficits were hampering growth. Positive aspects included the abolition of internal customs and railroad construction, but this was also undercut by the state, which did little to stimulate agriculture, particularly wine that could be an important export item. With the exception of Mongol and Turkish campaigns, security of property and person had not been in a worse condition. Education of the population was made impossible due to the use of a foreign language (German). Judiciary was less efficient in many areas. Materially, the land had regressed, with the landlord class burdened with debt and usury, and with taxes crowding out private investment. To make matters worse, the state treated the enormous taxes it raises wastefully, using much of the revenues to deal with high deficits.[82] Like Dessewffy, Lónyay argued that agricultural credit institutions with cheaper credit needed to be set up, and that the state should have turned to solid finances.[83] Communications also needed to be improved. Lónyay criticised the favouring of Trieste, arguing that it was inconceivable for an empire of 36 million to have only one port. Fiume should have been connected to Hungary.[84] But the main cause of this difficult position was, Lónyay concluded, that those with interests contrary to the development of Hungary were exercising decisive influence over it.[85] For Lónyay it was self-governance that was the basis of material progress.[86] Neo-absolutism was thus inherently incapable of furthering it. This was also one of the main criticisms of Ferenc Deák, the leader of what was to become the party that made the Settlement. Deák argued that the form of the state was contrary to economic development.[87]

Despite criticisms, the 1860s period in Hungary was characterised by a growing sense of optimism that was underpinned by a solid performance of the Hungarian economy. After a few difficult years, Hungarian agriculture picked up its pace. One of the main reasons for this was railway construction, which greatly benefited western Hungary.[88] A striking feature of this railroad planning is that it almost completely corresponded with the plans of the Hungarian Reform Era. Indeed, many lines went through Pest,[89] where a successful milling industry was being developed based on the previous accumulations of merchant capital.[90] Despite Schmerling's

82 Menyhért Lónyay, Közügyekről. A nemzetgazdászati ujabb dolgozatok [On Public Affairs. Newer Works in Political Economy], Pest 1863, 33, 44; idem, Nevezetesebb országgyűlési beszédei [Famous Parliamentary Speeches], Pest 1870, 1–20.
83 Lónyay, Közügyekről, 1863, 32–42, 57.
84 Ibid., 229.
85 Ibid., 247.
86 Ibid., 13f.
87 Béla Sarlós, Deák és a kiegyezés [Deák and the Settlement], Budapest 1987, 29.
88 Brandt, Der österreichische Neoabsolutismus, vol. 1, 1978, 406.
89 Deák, From Habsburg Neo-Absolutism, 2008, 128.
90 Brandt, Der österreichische Neoabsolutismus, vol. 1, 1978, 386f.

scepticism, who feared greater autonomy of Hungary, Hungarian credit institution came into existence in 1862.[91] Considering the lack of labour, Hungarian agriculture had a more modern character, with a greater importance of machinery and steam engines.[92] Sándor Konek (1818–1882), an author of a statistical overview of Hungary, argued that Hungary was well-positioned to become the "granary of Europe", and Tokai wine was already "world-renowned".[93] Gyula Schnierer (1832–1902), in his book on custom reform in the Monarchy, praised the virtue of free trade, representing Hungary as an integral part of an increasingly interconnected world market.[94] While economic development could bring confidence to Hungarian resistance, that resistance now took a different form. The growing economic interdependence, noted Schnierer, also brought a greater political one.[95] The victory of free tradism was also a sign of defeat of a more revolutionary politics that was expressed in protectionism. The Address Party of Deák, rather than the Hungarian left, became dominant in Hungarian politics.

There was, however, no optimism regarding development in Croatia, an ally of Vienna in 1848/9. Indeed, by comparison Hungarian criticism of Vienna may have been milder. What members of the National Party, who were closest to potential allies of the regime, highlighted in their speeches in the *Sabor* – the Croatian Parliament – was highly indicative. For Ivan Kukuljević Sakcinski (1816–1889), a historian and one of the leading figures of the party, German culture proved itself not as a civilising force but an enemy of freedom, imbued with a desire for domination. He considered the treatment of the population of the Military Frontier to be unacceptable, which, even after 1848, was forced to provide disproportionately high military service. The Frontier, argued Kukuljević, gave more to the "throne and empire than all the other Austrian provinces" and yet it experienced "more misery and burdens than any other people of the empire".[96] In an address to the king, Franz Joseph, issued by Zagreb County, it was stated that people in the Frontier were worse off than slaves in the American South, living under an oppressive system with numerous obligations,

91 Albert Berzeviczy, Az abszolutizmus kora Magyarországon 1849–1865 [The Period of Neoabsolutism in Hungary], vol. 3, Budapest 1932, 406.

92 Sándor Konek, A magyar korona országainak statistikai kézikkőnyve [The Statistical Handbook of the Countries of the Hungarian Crown], Pest 1865, 148; Brandt, Der österreichische Neoabsolutismus, vol. 1, 1978, 323.

93 Konek, A magyar korona, 1865, 168, 180.

94 Gyula Schnierer, A vámügyreform magyarország termelése szempontjából [Customs Reform from the Perspective of Hungarian Production], Pest 1866, 54f.

95 Schnierer, A vámügyreform, 1866, 55, 66.

96 Dnevnik Sabora Trojedne Kraljevine Dalmacije, Hrvatske i Slavonije, držana u glavnom gradu Zagrebu [Minutes of the Sabor/Parliament of the Triune Kingdom of Dalmatia, Croatia and Slavonia, held in the capital Zagreb], Zagreb 1862, 223, 66.

and taken like animals to the "slaughterhouse" for the benefit of Austria. This was an institution "unworthy" of the nineteenth century.[97]

The assessment of Austrian policy in the rest of Croatia was also far from positive. Some of the most important thinkers on political economy at the time, Imbro Tkalac (1824–1912) on the left and Lazar Hellenbach (1827–1887) on the right, agreed that Austria had no right to describe its activity in the region as that of a civilising mission. Tkalac argued that there was an economic basis for the civilising mission in the East: "You are naming your thirst for money a 'world-historical' calling in the East". And although it was a "national dogma" in Germany that the "poor" and "wild barbarians" needed to be civilised, Germans themselves were making weak, hesitant steps towards modern political life.[98] In the reports he had written for the Agram/Zagreb Chamber of Commerce, Tkalac expressed hope that Austria might help Croatia to overcome what he considered a debilitating legacy of feudalism.[99] Yet he concluded that Austria had failed in that task. When it came to the political economy of the Austrian Empire as a whole, Tkalac considered it "undisputed" that stronger economic connections were important for the stability of the Empire, but argued that these must be accompanied by political reform. He argued that one should be:

> "[…] free of the error of those who believe that they can reimburse politics bereft of freedom and spiritual progress with the development of material relations […]. We believe that spiritual and material progress, political and economic freedom, condition each other, and that through the effort to isolate both moments, both must wither away to the disadvantage of the state."[100]

Although at first optimistic about Schmerling's government, hoping that it meant a turn towards modern political life, he became ever more critical of it. The supposed task of bringing "'German culture'" to the East meant in plain German to Germanise the East, Tkalac maintained. He argued that the government became convinced that only Germans could keep the heterogeneous elements of the Monarchy together and thus decided to strengthen them.[101] What he perceived were failures of Austria's management of the transition to capitalism, the authoritarian mode of rule and the

97 Tomislav Markus (ed)., Predstavke županija i gradova banske Hrvatske 1861–1867. Izabrani dokumenti [Addresses of Counties and Cities of Civil Croatia 1861–1867. Selected Documents], Zagreb 2002, 122.

98 Imbro Tkalac, Ost und West 1849. Eine politische Rundschau, Agram 1850, 50.

99 Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853, Agram 1854, 5f.

100 Ost und West, 23.5.1861. All translations were made by the author.

101 Ost und West, 13.9.1861.

favouring of Germans, led Tkalac to argue that Austria as a state could not be reformed, and should be brought down in a revolution. It was up to the people of Austria to "tear down and destroy this last rampart of medieval feudality based on the will of one man, on the domination of one family and the slavery of others […]".[102]

Arguing from a far more conservative perspective, albeit with strong socialist and anarchist influences, Lazar Hellenbach stated that Austria's problem lay in the fact that capital was both in a "ruling" and "privileged" position. On the other hand, landlords were struggling, facing high taxation, lack of credit and competition from areas with forced labour. Hellenbach opposed state aid to industry, arguing that there was a possibility of funds being misallocated.[103] Like his Hungarian counterparts, Hellenbach complained about the lack of credit. Every crownland should have its own bank in order to stimulate agricultural production, managed, naturally, by the landlords themselves. Prussia was, as was often the case, the exemplary state here. Industry had the potential to rise with growing agricultural production, and even if it did not the trade balance would be improved, thus also resolving the currency problems that the Monarchy had experienced. Furthermore, as the example of England showed, this constituted the most natural path.[104] Hellenbach was very critical of the centralised political system, the rule of bureaucracy and the military, and called for the decentralisation of the state. State bureaucracy was, in Hellenbach's classification, part of the unproductive proletariat, whose numbers needed to be reduced to a minimum due to its potential to threaten the material flourishing of the state. And the overly centralised Austrian state was engaging in too high a military expenditure. Considering all this waste, he ironically noted that Austrians are bearers of civilisation in the East.[105] Moreover, he later added, the Austrian state was far behind the needs of the time. The October-February Institution, as he called it, came too late as nationalism had already alienated the nationalities and pushed them closer to liberal Hungary. This institution did not even have the form of a liberal constitution. And it was marred by inconsistency, with centralisation in the West and decentralisation in the East. In conclusion, it was neither centralist, dualist nor federalist, and certainly not liberal. It was opposed to progress and bound to fail.[106]

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102 Imbro Tkalac, Pitanje austrijsko. Kome, kako i kada valja ga riješiti. Hrvatskoj i srpskoj braći [The Austrian Question. For Whom, How and When It Ought to Be Solved. To Croatian and Serbian Brothers], Paris 1866, 23.

103 Lazar Hellenbach, Misli o socijalnoj politiki u Austriji [Thoughts on Social Politics in Austria], Zagreb 1862, 1f.

104 Ibid., 25–28, 34–36.

105 Ibid., 6f., 66, 35.

106 Lazar Hellenbach, Ursache und Wirkung des nächsten Krieges. Mit besonderer Berücksichtigung der Südslaven gegenüber Österreich und Russland, Leipzig 1869, 16, 18f., 29f.

Thus, starting from different points of view, major thinkers of political economy at the time arrived at similar conclusions about the political economy of the Austrian passive revolution. These criticisms were also broadly similar to those articulated in Hungary. Their reflections demonstrate how difficult it was for the Austrian state to attain consent from allies, let alone rebellious Hungary. Moreover, this was even hard to achieve in the case of an ideal subject such as Tkalac, a middle class liberal on the periphery who was at first convinced that Austria indeed did have a civilising mission on the periphery of the empire. Importantly for future historiography, the hyper-centralised mode of rule tended to obfuscate local, endogenous limits to economic development that, arguably, were in place for centuries, well before the relatively short-lived "neo-absolutist" period. By "outsourcing" the causes of underdevelopment to an external agency, i.e. that of Austrian "colonial" policy, the feudal roots of underdevelopment were marginalised. This led to the conclusion that only local management of the economy could lead to economic development and that, therefore, political decentralisation was necessary.

6. Conclusion

Austria was undergoing its own version of a passive revolution (the extension or introduction of capitalist social relations from above) in the 1850s and 1860s. The developmentalist discourse of the Austrian passive revolution was articulated in the idiom of a 'civilising mission'. An emphasis was placed on the agency of the Austrian state in bringing about capitalist social relations and pulling the Monarchy into modernity. The Austrian state was also supposed to enable less developed peripheries to catch up with the core and, thus, lay the social basis for a pan-Habsburg middle class that would strengthen imperial unity. During the 1850s, there was a major discrepancy between the discourse of economic progress and the hyper-centralised and authoritarian Austrian state.

This discrepancy lessened in the 1860s, as the empire had a parliament in Vienna. However, in the 1860s greater emphasis was placed on the Austrian/German population as the key element in bringing about development to the periphery, and Austrian connections with the German Confederation were stressed. This lessened the universal appeal of Austrian developmentalist discourse. Due to a central parliament, the new government of the 1860s had a greater potential for hegemonic politics: political, moral and intellectual leadership exercised by class/state that occupies a privileged position in the socio-economic structure or the core-periphery structure of the world-system. This leadership results in the consent of the governed, and the hegemon thus receives additional power. But the Austrian state was still a far

cry from a "proper relationship" (Gramsci) between the state and civil society that is at the core of hegemonic politics. Hegemony over other areas of the Monarchy, made more difficult by complex state formation within the Monarchy, was thus not achieved.

The discourse of a civilising mission had little purchase in Hungary and Croatia, where Austrian rule was perceived mostly as a system of political domination rather than hegemony. Hyper-centralisation and authoritarianism were particularly resented. Defeated in 1848/49, it was expected that Hungary would politically oppose a centralised empire. However, Hungarian critique went beyond politics and stressed that the Austrian state, both in the 1850s and 1860s, was incapable on delivering on its promises of development. This criticism had appeal beyond Hungary, as peripheries of the empire faced similar developmental and political problems. Although Croatia was an Austrian ally in 1848/49, the Croatian assessment of political economy was even bleaker than the Hungarian one. The Austrian civilising discourse was seen as more of a cynical politico-ideological strategy than a genuine commitment to developing the periphery. Given hyper-centralisation, Austria was considered to be responsible for virtually all developmental woes, while endogenously generated backwardness was neglected.