

TRADE, POLITICS, PERSPECTIVES, AND THE QUESTION OF A BRITISH COMMERCIAL
POLICY TOWARDS THE GERMAN STATES 1848-1866

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SYNOPSIS

Because the field of Anglo-German relations remains a function of domestic history rather than a subject of investigation in its own right, and because the mid-century is of particular interest to German historians rather than British, British foreign relations with the German states are predominantly approached using parameters set by German historians.

This study attempts to take much more account of the British perspective. To this end, it discusses the place of the German states in the wider field of British commercial policy, how information is received and processed on the German states, and the way in which policy is formulated. It shows that British commercial policy as applied to the German states had little to do specifically with the states, but was rather the application of a commercial policy which was to be generally applied. It also aims to prove that there was little political motivation behind British commercial policy. One of the conclusions is indeed just how low the profile of the German states was in British policy-making.

At the same time, an account is given of the ramifications of British commercial policy in the environment of the German states. It is shown that the 1850s represent a crucial period there where the utmost tension is felt between the old and the new; the *ancien régime* and industrialised Europe, and the political *status quo* of particularism and a new order. In this atmosphere of tension and polarisation British commercial policy - as indeed British foreign policy in general - took on political proportions never intended in London.

For the creation of this sense of perspective, a wide variety of archival sources has been used, placing British sources next to German ones - the latter from a relevant cross section of the German states. A good deal has been taken from the British press and that of the German states, as well as from memoirs and secondary sources from both German and British History.

The thesis is indeed a call for the matter of perspective to be taken into account, both by German and by British historians: It is a call for the matter of imbalance in Anglo-German relations to be remembered in any interpretation.

for an approach in Anglo-German relations which bears more relevance to the period and perceptions of British policy makers than to the preconceptions of German History to be considered, and for the impact of the tensions between old and new on the way British policy in the German states was received to be kept in mind.

PREFACE

I am very grateful for the kind patience and assistance shown by the staff at the following institutions while doing my research: The British Library and British Library Manuscripts Department, Cambridge University Library, Colindale Newspaper Library, the German Historical Institute, the Institute of Historical Research at Senate House, the Manchester Chamber of Commerce and the Manchester Central Library, the National Library of Scotland, Peterhouse College, Cambridge, the Public Record Office. Also in Germany: The *Zeitschriftenarchiv* in Dortmund, the *Staatsarchiv* at Dresden, the *Bundesarchiv* at Frankfurt, the *Staatsarchiv* at Hamburg, the *Filialarchiv* at Ludwigsburg, the *Zentralarchiv (Geheimes Staatsarchiv Preußischer Kulturbesitz)* at Merseburg, the *Hauptstaatsarchiv* at Stuttgart. Other institutions in Germany to which I am indebted include: The Hamburg *Commerzbibliothek*, the *Landesbibliothek* of Saxony at Dresden, the *Landesbibliothek* at Wiesbaden, and the *Landesbibliothek* at Stuttgart.

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ABBREVIATIONS

Add.MS Additional Manuscripts.

BT Board of Trade.

CUL Cambridge University Library.

FO Foreign Office.

GStPK Geheimes Staatsarchiv Preußischer Kulturbesitz (Merseburg).

HZ *Historische Zeitschrift*.

MCC Manchester Chamber of Commerce.

MFN Most Favoured Nation.

PP Parliamentary Papers.

PRO Public Record Office

ZWLG *Zeitschrift für Wirtschafts- und Literaturgeschichte*.

INTRODUCTION

This thesis explains Britain's commercial policy towards the German states, and to this extent it would appear to be a piece of British History. It is not, however, meant as such.

Within the field of Anglo-German relations, and pertaining to the mid to late nineteenth century, the subject of Britain's relations with the German states has largely been covered with reference to events in the German states. This is hardly surprising, since unification and the transformation of German society during this period represent highly visible and thus highly attractive fields of research. This also means, however, that the subject of Anglo-German relations, in this point at least, has been umbilically attached to the field of German History: It is the issues of German History which define the field of reference for research, and thus also it has also been the traditions, the assumptions and the sources of German historians which have been allowed to predominate.

Thus, for example, in the field of Anglo-German relations, the approach of high politics and diplomacy has figured highly - note, for example the recurring coverage of the Anglophile/Germanophile figures, such as Bunsen or Prince Albert. Perhaps in the German context such an approach makes more sense because the system of government, after all, was more centralised and aristocratic, and such figures could be crucial. Yet trying to explain British policy towards the German states in terms of such groups is at best to tell only a fraction of the story, and at worst, to mislead. Here there must be more account taken of public opinion, the power-balance between the institutions of policy-making, as well as the level of knowledge about German affairs: One of the most important factors in explaining Anglo-German relations at this period is the patchy and conditioned nature of knowledge about the German states.

Versions of Anglo-German relations between 1848 and 1866 have predominantly proceeded with reference to the 'German Question'. This is no surprise, as the period maintains its interest in German History by dint of its

denomination as the *Reichsgründungszeit*.¹ It is questionable even on terms of German History alone to what extent this approach is valid; after all, there were many in the German states themselves who believed fervently in the maintenance of particularism and in the *status quo*, and who saw no reason to assume unity was inevitable. The term *Reichsgründungszeit* thus posits an element of unrealistic premonition among the politicians and people of the German states - and probably harks back to the propagandist idea of the Prussian moral right to rule.

Carried over to the British context, the approach simply does not stand up: If many in the German states recognised no necessity towards German unity, then in Britain this was even more the case. Why, in Britain, should anyone really believe that there was a German question in the wake of the revolution of 1848? To the British, the revolution - itself more important for its invisible undermining effects than for the pageantry ascribed to it by historians - seemed to pass off quietly, and order appeared to have been restored. Things seemed as they had been since 1815 - there was no reason to think they should be otherwise. If the field of Anglo-German relations on this point were to be studied with more reference to British perspectives, the awful truth might be uncovered that there was no German question as far as Britain is concerned.

Interestingly enough, the problems which have been discussed with regards to British relations with Germany have revolved around explaining on the one hand the lack of British interest in German unity and on the other the domineering moralism of the British government. If the matter were looked at more from the British perspective, German historians might find more convincing reasons for the official British policy output.

This study has taken for its starting-point the question of British commercial policy towards the German states. The job of carrying the British approach to foreign policy in general would be too large for this exercise. The subject of commercial policy is, however, strategic grist for the mill: The subject of commerce at the time contained the elements which characterised Anglo-German relations at the wider level - imbalance, superiority and fear, differing

apprehensions of its significance, mutual misinterpretation - and has remained a constant *Leitmotiv* of historical literature on the period. The subject of commercial relations is also one which cannot be exposed in terms of high politics alone. Importantly, the subject also neatly illustrates the fact that the years 1848-66 were not just a defined period in German History, but also important in terms of British History as the years between which Free Trade ruled in its most pure form.

This study is not a nationalistic attempt to answer supposed slurs on the British character, neither does it claim specifically to be a piece about British History - though as the subject has not been covered by this school it could be taken into account here too. The study in fact attempts to balance materials of both British and German origin. It attempts simply to include the British perspective. It is, then, a British contribution to German History, and an attempt to rectify an imbalance of influence within the field of Anglo-German relations.

¹ Translates as: Period of the foundation of the Empire.

CHAPTER 1
HISTORIOGRAPHY

Britain's commercial policy towards the German states in the period 1848 to 1866 has not been covered in any detail by any British historian¹ - a fact which should at least make this study of some importance to British History. The configuration of historical approaches has served to bury the topic, or sideline it, leaving German historians to evaluate the motives of British commercial policy from their own points of departure. Yet at the same time it is precisely because of the lack of a British perspective on the problem that this study should be primarily of interest to German historians.

Trade, wrote D.C.M. Platt, is not an area which political historians venture into with any great enthusiasm.² Neither, it would seem, do economic historians frequently cross the boundary to discuss the political context of international trade. Commercial policy lies somewhere between two fields of history, and allows, as will be shown, the field to be dealt with either as peripheral or with some dilettantism. Whether or not this divide is stronger in terms of British historiography or German historiography is a matter for discussion; certainly with regards to research of the mid-nineteenth century, it is stimulating to note the tendency of British historians to underplay the role of economics in foreign policy,³ while studies of the economic basis for unification of the *Reich*, and the political development of the *Zollverein*, or German Customs Union, have proliferated. Any study of mid-nineteenth century politics in the German states cannot avoid the turbulence of the commercial debates, or the power struggle between the states over commercial leadership. One begins to feel that the concept *Handelspolitik*⁴ seems to sit so much more comfortably on the tongue than trade policy.

To the British political historian, the 1850s are treated somewhat as a low point in foreign relations. The Crimean War stands out as a rare moment of activity abroad, but in general the period is viewed as a 'quiet' one, where the emphasis was on stability, non-intervention, and domestic matters. Attention

has been deflected from the period to those either preceding or following. By 1848 the Free Trade debates had largely achieved their objectives, Chartism began to lose its steam, and the political excitement of the first reform movement was in the past. The intensity of the political debate of the 40s gave way to the separation of the Peelite movement and a period of political flux and apparent political convergence. Not until the late 60s did vigour return with the rebirth of political polarity, the new tone of the international arena exemplified by German unification, and the new reform movement. So at least political historians would have us believe, because these are the topics onto which they have latched. The period between 1848 and 1866 appears out of focus in British history, and overshadowed by what went before and what came after.

Those who might have been expected to cover Britain's foreign commercial relations have not done so in any detail. Historians of foreign policy, noting the apparent quietude of the 50s, have covered it largely as part of works discussing grander principles of foreign policy. The debate has revolved around British non-intervention coupled with a sympathy for liberal movements abroad, or else at another level the commitment of the British government to the *status quo* of the Vienna settlement. Trade interests have often been considered in the on-going discussion of historians of this duality of British foreign policy.⁵ Muriel Chamberlain's works are one espousal of this theme, and her discussion of the polarity symbolised by Castlereagh/Canning, (ie. a conservative, pro-Vienna foreign policy versus a more sympathetic liberal anti-Holy Alliance one), which, carried over to the 50s becomes Palmerston/Aberdeen, is simply one of the most recent in a long line of such works.⁶ Here, Britain's commercial relations are covered only in so far as they back up arguments relating to these general principles. Chamberlain is somewhat typical therefore by depicting the commercial factor as some vague force underpinning the principles of foreign policy. Thus she asserts for example that 'Britain's mild preference for constitutional states - was not unconnected with the belief that a powerful middle class, usual in a

constitutional state, made for good trading relations.'⁷ Frequently, among such studies of foreign policy, the growing importance of trade as a factor contributing to the British government's preference for stability is mentioned, but only in the most general of terms, and then only to be firmly placed on the back seat while the more important matters of diplomacy are discussed. Trade remains, as it were, hanging in limbo as a factor of policy making, it is never clear just how important trade interests are (and if there are any priorities), and commercial connections with any one country - or group of countries in the case of the German states - remain undiscussed. Trade, Chamberlain asserts, is part of the reasoning behind the British governments' longing for security and peace, but the definition goes no further than maintaining that 'the British government had a responsibility to see that British trade could be carried on in as many parts of the world as possible without let or hindrance.'⁸ Of course, the validity of the point that trade interests meant that Britain had a pacifist strain to its foreign policy is not being debated here.⁹ What should be noted, however, is that commercial relations with particular states have remained firmly in the background.

Similarly, British economic historians have tended to by-pass particular commercial relations in the 50s, satisfying themselves with repeated assertions of the 'uniqueness' of the period as one of unlimited Free Trade principles, and thus tending to view commercial relations with particular states as irrelevant. Added to this there has been little attempt to chart the development and transition of Free Trade with regards to British commercial policy. W.H.B. Court described the period thus:

Between the 1840s and the 1870s lay the long secular boom of the middle century, a period distinguished by improving prospects of profit and by rising investment, production and incomes in many countries...International competition was not officially recognised as a serious condition of all future British industrial growth until the report of the Royal Commission on the Depression of Industry and Trade in

1886...[other countries were] not looked upon by Britons as belonging in the same class as their own industrially, and this prejudice had a firm foundation in the circumstances of the age.¹⁰

E.J. Hobsbawm, on the same period, noted the dominant economic philosophy was one of the belief in the advantages of trading for all countries, 'to transform the world into a set of economies dependent on and complementary to the British, each exchanging the primary products for which its geographic position fitted it,' and so the unilateral adherence to Free Trade.¹¹ In a similar manner to the political historians, the details of particular commercial relations have been allowed to dissolve in the assurance of an all embracing principle - in this case Free Trade. It is not the intention here to claim that this self-assurance was wrong, simply to note it, and to place it in contrast to the way the period has been covered elsewhere.

Apart from the historians of British foreign policy, and those of the British economy, there is also a group of historians who have interested themselves in the phenomenon of Free Trade, and from whom, it might be expected, could come some account of British commercial relations with the German states. One section of the group has busied itself with the Free Trade debates of the thirties and forties, and in the course of this there has been more than one account of the British relationship with the *Zollverein*. Lucy Brown, in her study of the Board of Trade in the forties¹² devotes a chapter to this matter. Brown's work is useful in describing the often chaotic and ill-defined relationship of the Board of Trade with the Foreign Office, and charting the growing grip of the Free Traders on the Board of Trade. Her description of British government's attitude to the *Zollverein* is useful in highlighting the 'Bowring¹³ phenomenon' - that is, the fact that the *Zollverein* was presented by the Free Traders as the consequence of the introduction of the British protectionist Corn Laws, and used as an argument in favour of their abolition during the debates of the 30s and 40s. This fixed until today the idea of the British government's opposition to the *Zollverein*, and the non-compatibility of *Zollverein* with Free Trade. Yet

Brown's work sadly does not extend beyond the 1840s to show whether or not the attitude of British governments changed once Free Trade was adopted as the official British policy. Notably all other accounts which refer to British opposition to the *Zollverein* in British historiography do so on the basis of the 1830s and 1840s, and do not look any further - though the *Zollverein* was in existence throughout the 1860s.¹⁴

Another group dealing with Free Trade has concerned itself with the Free Trade treaties introduced by the Anglo-French (Cobden/Chevalier) Treaty of 1860 which led to the Anglo-Prussian Treaty of Commerce of 1865 and the Anglo-Austrian Treaty of 1866. With reference to this the names of Asaana Iliasu¹⁵ and Barrie Ratcliffe¹⁶ are of relevance. It must be noted that it is the first treaty which has remained the most frequently mentioned by British historians, and this itself betrays the angle from which the treaties are studied. The coverage by Iliasu, for example, of the negotiating process leading up to the signature of the Anglo-Prussian treaty, while uncovering important aspects of the British-Prussian and British-*Zollverein* relationship, is less involved with charting these relationships themselves than the departure of the British Government from the Free Trade era of the 1850s and the introduction of a more active commercial policy in Britain. 'To begin with,' he states, 'the Free Traders confidently asserted that this harmony would be brought about even unaided, by the forces of reason and self-interest. Circumstances, however, led them to aid these forces by concluding the Free Trade treaties of the 1860s.'¹⁷ By definition, therefore, Iliasu's work, and all those dealing with the treaties, while useful, still do not tell of the state of commercial policy in the 50s.

These two strains of interest in Britain's foreign commercial relations therefore begin to show that amongst British historians the period between the introduction of Free Trade at the end of the 1840s and the relaxing of this doctrinal domination of commercial policy by the treaties of the early 1860s is viewed as one where there is little worth mentioning with regards to particular aspects of overseas commercial policy. This underlying consensus about the

* One important addition to this survey is the work of D.N. McCloskey, both in "Magnanimous Albion: Free Trade and British National Income, 1841-81," in *Explorations in Economic History*, vol.17, 1980, as well as "Foreign Trade: competition and the expanding international economy," in Floud, R, and McCloskey, D.N. (eds.), *The Economic History of Britain since 1700*, 2 vols, C.U.P., 1981. McCloskey underlines the lack of true inspection of the economic consequences of relaxation of tariffs under Free Trade. He illustrates how a rise in national income was derived from other areas than foreign trade, creating an erroneous contemporary faith in the success of the liberalisation of tariffs. To the extent that his work opposes laudatory interpretations of the effects of Free Trade on the British economy, it was an important variant from other works. McCloskey's argument was based upon economic calculations of British trade statistics, rather than trade relations with any specific countries, so again his work does not cover Anglo-German trade. Yet his assertion that Britain assumed Free Trade with little real idea of the nature of its markets or the possible impact of Free Trade upon them is perhaps corroborated by a further investigation into the conduct of British trade with the German states as set out in this thesis.

1850s and the early, unilateral, period of Free Trade has only been strengthened by the recent interest in Free Trade which has come about as a result of the soul-searching of post-colonial Britain typified by Corelli Barnett's work on the Collapse of British Power,¹⁸ and the intensification of this debate about the inherent weaknesses of what has become known as 'gentlemanly capitalism' due to the industrial crisis and decline of the 1980s and 1990s.¹⁹ The form of Free Trade believed to be dominant in the 50s is here also portrayed as non-competitive and introspective, and thus attention is simply not paid to it. It is simply not recognised that the period between 1848 and 1866, but specifically until the end of the 1850s, had its very own character as far as Britain's foreign commercial relations were concerned, and historians somehow skip from the introduction of Free Trade in 1848/9 to its relaxation in 1860 without consideration of what lies between. *

An area where it would have seemed natural to take in British commercial policy in the mid-century is that dealing with the trade rivalry between Britain and Germany, at least considering that the issue of competition was such a large one in the German states.²⁰ Yet as Christopher Buchheim has pointed out in his ruminations on the subject²¹ the main focus of this in British historiography dates only as far back as the 1890s and has its roots in the economic crisis in Britain and the sudden appearance of German goods on the British market at that time. This is indeed an important point when one considers the extent to which Britain was supposed to be stamping on German industry as early as the 1830s. Even Paul Kennedy's hugely researched book on the Anglo-German trade rivalry²² takes as its starting date 1860, and thus misses out on the wealth of material available in the German states prior to this period, as well as perhaps omitting some very important factors leading to the idea of a trade rivalry which had their root in the economic and social conditions of the German states at the point of industrial change in the early and mid-century. Kennedy's book does contain elements which are important to take into consideration with regards to the 1850s, such as the fact that, especially with regards to British attitudes towards German unification 'one group judged the

other in the light of its own preoccupations.'²³ Misinterpretation does indeed loom large in Anglo-German relations at this time. Yet because of the book's starting date it tends to begin with the Bismarck era as the source of trade rivalry - demonstrating yet again the way the latter's influence is allowed to dominate at the expense of less dramatic but nevertheless important events and personalities. There is also a tendency to slip into generalisations with regards to one process of industrialisation being 'behind' another - a concept which has underpinned the literature of the trade rivalry school, evoking the sentiments of the school race, and yet one which has been securely disposed of in the realms of economic history.²⁴

A mixture, then, of cumulative blindness and overlapping areas of research has prevented the question of Britain's commercial policy towards the German states being considered to any degree by any British historians. The subject of Britain's commercial policy towards individual states seems to remain peripheral and secondary to grander interpretations. The image of Britain as simply uninterested in direct foreign commercial policy is allowed to persist, and though this may or may not be true, it remains unquestioned. This has left the matter to German historians. The contrast in coverage, however, could not be more different. Here the topic of Britain's commercial policy to the German states has remained a source of fascination, and is frequently discussed by several 'groups' of interested parties.

The main difference in the approach has a lot to do with the importance of the period: The years 1848 to 1866 are important in German historiography where they are less so in the British. In German history the period is above all associated with the end of particularism and the foundation of the Empire, and thus known as the *Reichsgründungszeit*.²⁵ To successive historians, at different junctures of German history, the theme of unification and nationalism has drawn them back to this period in search of the roots of unity. Yet the period is doubly important to German historians because at the same time the process of industrialisation began to take hold in the German states, and thus the 1850s and 1860s have also been the subject of much of the research

and analysis by economists interested in the time denoted later as the 'take-off' period.²⁶

'Unfortunately,' said Heinrich von Treitschke²⁷ 'my blood is too hot to be an historian,'²⁸ and to some extent one must concede his point. The main gist of Treitschke's great work on the nineteenth century is the portrayal of the necessity of German unity under Prussian leadership and with the exclusion of Austria - or *kleindeutsch* unification. It is a work which stresses patriotism at the expense of detail, and to this extent while it must be admitted to be compelling - and worth reading - it is often simply wrong. It is, however, extremely important here to describe the way Treitschke deals with British commercial policy, because the interpretations and pieces of evidence he uses find themselves repeated in different forms of later German historical writing and he had a formative influence on the *kleindeutsch* -unity school of German history.

Treitschke's main method in bolstering the viability of the Prussian-dominated *Reich* was to incorporate into it the feelings of nationalism, and to give to Prussia the role of victorious defender of the German nation. An important part of German nationalism had been the call for an economic unity, and, indeed, commercial leadership. Treitschke now attempted to portray the *Zollverein* as the vehicle by which Prussia had defended its right to leadership, above all over Austria. Treitschke naturally played down the fact that Prussia for much of the 40s and 50s had been at loggerheads with the other German states because it had wanted to liberalise the *Zollverein* tariff where the southern states had wanted protection. He maintained that Prussia had been defending the German economy all along, and as a part of this defence created out of Friedrich List²⁹ a *kleindeutsch* patriot³⁰ - flying in the face of the latter's *großdeutsch*³¹ and protectionist tendencies.

By attempting to reconcile Prussia with the national economists in the myth of the *Zollverein*, Treitschke also, however, revived the Listian monster of the British economic threat to German industry and all the arguments associated therewith. Similarly to the way the British anti-Corn Law debate stamped a

certain idea of the *Zollverein* on British minds,³² the national economists had created a certain picture of British commercial policy in their propaganda, and it was this which Treitschke now used. List and the national economists portrayed Free Trade as espoused by the British government as self-seeking, and intent on domination and the destruction of German economic power³³ - a theme which is recurrent in later histories. For their hard evidence of British animosity towards the *Zollverein*, which for the national economists also became the vanguard of German economic unity, they turned predominantly to the 40s, and extended this interpretation by way of generalisation into the 50s. The British governments' initial opposition to the extension of the *Zollverein* was seen to extend beyond 1848, and the refusal of Hamburg and Hanover to join the *Zollverein* portrayed as the effects of official British interference.³⁴ The protection which Britain accorded its own shipping under the Navigation Laws is foiled by the Prussian counter-offensive of a shipping-union of the German coastal states. The essence of Treitschke's approach is to personify and simplify Britain in the form of an enemy,³⁵ and to portray Free Trade as a conspiracy against Prussian victory. At a time of economic rivalry and also liberal frustration at the lack of support for their cause this is an only too tempting course of argument. It is, however, also to judge British governments as acting according to the same mercantilist principles as the Prussian. What Treitschke did above all, however, was to link the question of British commercial policy towards the German states inseparably to the patriotic cause of *Kleindeutschland*. It is, therefore, no surprise that during periods when German patriotism peaks, Treitschke's theories about British commercial policy re-emerge. When it comes to the justification of the Prussian form of unity, the ghost of Treitschkean interpretation is not far off.

Treitschke was to a large extent feeding off the resentment which was felt by many German nationalists at the stand-offish attitude of British governments to any aspect of German nationalism which threatened the European *status quo*. The oft repeated opinion, especially among liberals, that there was some kind of spiritual affinity between the German and British/English³⁶ nations was

shattered by the will of the British government to uphold the Danish monarchy during the Schleswig-Holstein conflict. Just how this false sense of expectation magnified the disappointment felt towards Britain is brought out in a reading of Erich Marcks' reflections on the Anglo-German relationship at the turn of the century:

Till 1848 [Britain] was not really touched by [German unity]. Since 1848, however - and this is fact - it has only been hostile towards it. As early as the 1848 crisis; as in the Schleswig-Holstein matter with Denmark, where Germany pursued an unavoidable national objective; England always remained pro-Danish throughout the decades, through all the great events leading up to 1871, either directly or indirectly it always remained one of the opponents, never one of the friends of our unification.³⁷

A most interesting picture of the connection of the Anglo-German relationship with nation-building propaganda can be obtained from a look at the literature of the Nazi period. The extreme nationalism means that common themes and traits of this school are crystalised and appear in sharp definition. Alexander Scharff's work on the international context of the unity of 1848 provides just such a piece.³⁸ In this apotheosis of nationalism Schleswig-Holstein figures highly once again.³⁹ Scharff, repeating another trait of the school, simplifies again the decision-making of the British government, and indulges heavily in Palmerstonia - ie. where Lord *Feuerbrand*'s⁴⁰ strong rhetoric is portrayed as official policy, and Palmerston the enemy of German unity. In Wagnerian language Scharff glorifies the effort to unite the *gesamtdeutsche Volk*, or the *Volksgesamtheit*,⁴¹ and yet again presents Britain as an interventionist power intent on world domination, the attraction of the British constitution to liberals abroad as a conspiracy to create dependence on British influence.⁴² Importantly, however, Scharff also sees British commercial policy as another part of this conspiracy. He sees trade policy and foreign policy as one and the same, Free Trade simply a mask for the real

intention to dominate.⁴³ It is, indeed, another common strand of the nationalist coverage of British commercial policy that it is seen to be just an extension of foreign policy, perhaps harking back to the way commercial policy was formed in the German states, but again reminding of the lack of this facet in British accounts. In Scharff's work Treitschke's shadow looms large, a debt which Scharff to his credit openly admits.⁴⁴

The interpretation of British non-intervention as a back-handed conspiracy to dominate, and to prevent any type of German unity is the most common theme of political works covering the period. An example of less un-hinged nationalist interpretation was given by Hans Precht in 1925.⁴⁵ Precht displays the usual trumped-up role of Palmerston, proclaiming that 'foreign policy lay completely in his hands at the time',⁴⁶ but also that of monarchical relations and the unrepresentative Anglophile group of Bunsen and Prince Albert.⁴⁷ In discussing the latter he revives the picture of spiritual affinity between Germans and the British, yet depicts Britain as simply shrugging off this brotherly approach of nations. In explaining why the British government cold-shouldered the unification of 1848, Precht again invokes Treitschke, and even echoes common prejudices held in the German states during that period of Britain being materialist above all, of selling out on the more valuable traditional values still represented by the German nation. This, of course, is again to maintain that trade was the predominant motivator of foreign policy. Precht recalls the early opposition to the *Zollverein* and maintains 'that English suspicion remained.'⁴⁸ Taking on board the pre-supposition expressed by Treitschke that Prussia was the natural leader of the German states, Precht maintains that 'England's interests in terms of commercial policy stood higher on Palmerston's agenda than the inclusion of Prussia, and thence Germany, into England's foreign policy system,'⁴⁹ and 'while the German confederation hoped by means of systematic discussion of the legal basis [of the Danish question]...one would have had far greater success if one had seized England by its trade and marine interests.'⁵⁰

Working against this band of nationalism, the works of Veit Valentin⁵¹ and Hermann Kantorowicz⁵² are important to mention. These works are less anti-nationalist productions, than attempts at least to interpret the national myth in an anti-Prussian sense. Kantorowicz's work does not broach the question of Britain's commercial policy, but does attempt to counter an obviously increasing feeling among historians that British foreign policy is set on domination, and that there is a particular enmity felt in London for Germany, that is, he directly assaults the idea of 'encirclement' of Germany by Britain. Almost automatically different factors come to light explaining the relationship from those used by the pro-Prussian nationalists; above all the explanation of the myth of 'encirclement' in terms of intra-German affairs, and the all-pervasive influence of Britain as rooted in the tendency of German states to look to Britain in their conflicts with each other. He also importantly traces the development of the myth that 'England is the representative today of unlimited barbarity within the law of nations,' finishing by citing Treitschke as a main protagonist of this view.⁵³

Valentin, at the height of war fever, produced a work on the attitude of Britain to the unity of 1848 in the form of an apologia for Britain's non-intervention during that period. The mainstays of his argument are the global role of Britain, and the reliance there on the certainty of political liberalisation on the continent.⁵⁴ It must be mentioned that because of his anti-Prussian approach, which rested on his own sympathies for political liberalism, Valentin made an important leap away from interpretations of the past, and reminded historians of the rumours afloat at least in the southern German courts of the 1850s that Britain was actually aiding and abetting Prussian ascendancy. Unfortunately, however, Valentin slips into the usual clichés of Palmerstonia and emphasis on court relations to prove this point, something which, along with his obvious anglomania, undermines his own arguments and leaves many of the assumptions about British policy-making untouched. His treatment of commercial policy bears similar hall-marks, for Valentin maintains that Britain's non-intervention can be explained by trade interests on the

continent, and thus simply reinvigorates the idea that trade interests were at the root of foreign policy output, and that foreign policy and trade policy were closely linked.⁵⁵

Despite these variations, and despite the catastrophic disgrace of nationalism in its extreme form, perhaps even because of it, ideas of there being some natural British antipathy towards German unity survived into the post-war world. Gertraud Diener's Munich thesis of 1951⁵⁶ recalls again Treitschke's assertions of the British government's anti-Prussian and anti-German stance. Prussian unification is still accepted as the natural form, and thus the delineation of Prussia from Germany is blurred. Diener asserts 'it can not be emphasised frequently enough that the official political interests of the English [sic] government always led it away from Prussia, or Germany, and that there was never really a common basis of interests. Indeed in the wake of the Crimean [1856] they distanced themselves from each other more and more.'⁵⁷ This determinism with regards to 'interests' is another frequent theme of the unity school, and here it is used to portray non-intervention as a lack of sympathy or even as a hostility towards German unity. The determinism of interests in some ways replaces the idea of conspiracy, or of an official intention in the British government to scupper German strength, and in some way the old prejudices about Britain's materialism are incorporated:

If one considers the shining development of English [sic] industry and trade in those years then the attitude of the British [sic] nation becomes thoroughly intelligible, for nothing could be more harmful to the new economic flourish than intervention and an involvement of England in continental affairs which could eventually lead to war.⁵⁸

There have then, since Treitschke, been many works which have studied Anglo-German relations in the light of German unity, and which have continued the idea that British non-intervention was either a subterfuge, or was in reality nonexistent. This seems a line of argument uncannily connected

to the theme of Prussian leadership, and *Kleindeutschland*. In this school, commercial policy is simply an extension of foreign policy, one of its motivating factors.

A work which provides evidence that this school is alive and kicking is that by Anselm Doering-Manteuffel which considers Britain and the German question between 1815 and 1856.⁵⁹ Doering-Manteuffel's work belongs to the Treitschkean tradition in that it repeats the assertions of the legitimacy of Prussian ascendancy on the basis of 'interests.' This time, however, British foreign policy is seen to favour Prussian rule based on the divergence of British interests from those of Austria.⁶⁰ Despite the fact that Doering-Manteuffel by admitting the collusion of interests of Prussia and Britain appears to have left Treitschke and admitted more of Valentin's point about the mooted Prussian-British alliance of the mid-century, he still maintains the basic interventionism of the British government in the 'German Question,' viewing Britain as basically out to subvert the order of the Vienna system,⁶¹ and the search for security as well as the assertion of Free Trade as part of a basic push for political domination. To this extent he has barely moved from Treitschke's position, and the link between British interventionism and the *kleindeutsch* myth also remains intact. Commercial policy is similarly still umbilically connected to foreign policy;⁶² trade 'interests' are viewed as enough to make the British government support Prussia politically, and correspondence of the Board of Trade is enough to prove this fact, which again is to accord to the Board of Trade a political role which it did not conceive itself to have.⁶³ The typical elements of evidence are produced to support interventionism; Palmerstonianism, the presentation of Palmerston as representative of England,⁶⁴ the Don Pacifico affair⁶⁵ - which enjoys a frequent airing in German historiography despite the difference in tone between British policy in northern Europe and the Mediterranean, and indeed also the revolution.

Another group of German historians who have frequently referred to Britain's commercial policy towards the German states are those who consider

*As early as 1960 in a paper delivered at the London School of Economics, and printed as "The German *Zollverein*. A Case Study in Customs Union," in *Kyklos*, vol.XIII, 1960, pp65-89, Wolfram Fischer noted the continuities involved in this *kleindeutsch* interpretation of the *Zollverein* from Treitschke, and that "From such a point of view the *Zollverein* is likely to appear as an ingenious solution, as the achievement of shrewd statesmen backed up by the united will of all Germans striving for national unification." He pointed out that such an approach was an oversimplification and hence falsification of "the endless mass of debated work and all the compromises" involved in the *Zollverein*, (ibid, p65). Fischer proceeded to deliver an extraordinarily detailed summary of the tortuous development, functioning and institutions of the *Zollverein*, illustrating thereby his point, and concluding that the *Zollverein* should be seen "not as the glorious beginning of a glorious history, but as a system of expedients set up to meet urgent needs," (ibid, p86).

the history of the *Zollverein*. Until the post-war period the treatment of the *Zollverein* remained limited,⁶⁶ and coverage usually remained a side-line to the description of Prussian ascendancy. The idea expressed by Treitschke of the *Zollverein* representing the route by which Prussia gained political leadership was the underlying theme of this school. In the period of European integration there seemed to arise a new interest in the *Zollverein*, but this time coupled with the idea of economic integration: Prussia, by assuming commercial leadership in fact was answering the apparent economic demand for a *Kleindeutschland*. Yet this idea of economic integration as the basis of political integration was merely the recasting of Treitschkean ideas of Prussia's natural right to lead, and the naturalness of *Kleindeutschland*. The apotheosis of this school was perhaps represented by Helmut Böhme and his description of a process of gradual intermeshing of economics and interests among the German states to form the German Empire.⁶⁷ Because of the proximity of this integrationist version to the old Treitschkean one, there is also a similarity in some of the assumptions made about commercial relations with Britain, and to a large extent the scare-mongering of Friedrich List was allowed to continue regarding hostile British commercial policy. The *Zollverein* itself was viewed as a measure necessary to allow the integration of Germany economically and the freeing of markets from British influence.⁶⁸ In other words the polarity of Britain and the *Zollverein* was allowed to continue here.⁶⁹

It was soon noted however that the simplification of the *Zollverein* to a merely protective commercial arrangement left much unexplained,⁷⁰ and attention soon returned to the organisation and its domestic context. This was also due no doubt to the increasing discomfort felt with the Prussian myth of the inevitability of *Kleindeutschland*. Hans-Werner Hahn, who has been an important contributor throughout the 1980s and into the 90s, significantly began his historical accounts of the *Zollverein* from the point of view of the Hessen states.⁷¹ Because of this untypical angle, and because he was more able to benefit from statistical sources than previous historians, he has naturally begun to uncover a different account of the meaning of the *Zollverein* which

persisted into his fuller works on the organisation.⁷² Hahn questioned the idea that the *Zollverein* was a defensive commercial arrangement,⁷³ an attempt to win back markets from Britain, and instead began to show that the organisation was built up and extended as an expression of each particular state's domestic needs.⁷⁴ He releases historiography of the *Zollverein* from the idealism of the *kleindeutsch* mythology in which it had floundered, and reveals it as a composition of self-interested states. He thus traces economic integration, but shows how this worked under its own steam, undermining the political *status quo* of particularism, yet separate from any ideas of the inevitability of political unification under Prussia. Because of the difference in his approach, Hahn also begins to uncover the real extent to which Listian and protectionist propaganda has blinkered historians from the wealth of dynamics going on between the German states. He shows how Prussia used the anti-particularist sentiment to its own ends, but also just how strong the resentment was among the smaller states of Prussian pre-eminence, thus blowing apart the idea of Prussia's natural right to lead. Just as he reveals List's (and Treitschke's) influence, so also does he call for the reappraisal of British commercial policy in the light of this: Rightly, he notes the British opposition to the extension of the *Zollverein* in the 40s, and to the formation of a commercial union including Austria in the 50s. Yet he describes this not in terms of conspiracy but in terms of natural aversion to the increase of protection.⁷⁵ He also notices that 'in expressing the opposition of their policy to the further expansion of the Prussian sphere of commercial leadership [the British government] expressed themselves in the final analysis in a far more reserved and careful manner than it has been maintained for a long time by the German national historians.'⁷⁶ He shows how the unwillingness of the smaller northern states, Hamburg and Hanover, was not due to British influence but rather to their own preference to remain unshackled from a protectionist organisation.⁷⁷ Significantly, he also underlines the difference of the 1850s in terms of the tone of commercial policy in the German states, from that of the 40s - something which is normally overlooked. He also maintains that in many

respects Prussia used British preference for Free Trade to its own ends in bargaining with its fellow states⁷⁸ - thus turning on its head the argument of British conspiracy, but also questioning the idea of cooperation and alliance. Even on the basis of Hahn's work alone, therefore, the relationship of Britain towards the *Zollverein* would need to be reassessed.

In 1990 Richard Tilly produced a work on the relationship of the *Zollverein* to the process of industrialisation⁷⁹ which took place at mid-century, and though admitting that the *Zollverein* was an important factor in allowing the development of industry, he also underlined Hahn's point that historians have been misled by believing the Listian myths that the *Zollverein* was specifically created for industrialisation. He agrees with Hahn that the organisation was initially more the result of short-term, particularist and financial considerations, and was not intended to lead to a *Kleindeutschland*.⁸⁰ He notes the mistake of believing that the *Zollverein*'s contribution to industrialisation lay in excluding British products, and maintains such a belief 'probably finds its roots in the impression left by a short British industrial export offensive on the continent immediately after the finish of the Napoleonic wars. The memory of this stuck for a long time, and molded incorrectly later historical interpretations.'⁸¹ It is important that Tilly mentions this phenomenon, as the idea of *Überschwemmung*⁸² remains one of the recurrent themes of any of the literature of the mid-century on commercial relations with Britain. Tilly, in fact, points out that the commercial relationship with Britain was not one of hostility presented by the Listian propaganda, but that in fact German industrialisation benefitted strongly from its connections with the British economy.

At this point it is important to explain that Tilly's contribution to the *Zollverein* school, which in many ways underlines Hahn's interpretation, goes back to his contribution in the field of economic history, and that this work in fact represents an important bridge between the economic historians and those investigating the *Zollverein*.

The interpretation of the *Zollverein* as a defensive commercial arrangement in fact rested to a large extent on the interpretation of German industrialisation handed on by Friedrich List and the national economists. He maintained that German industrialisation necessitated the exclusion of British goods from the German market, thus handing German nationalist historians the baton of trade rivalry. It was Tilly who was formative in questioning this argument⁸³ which had been at the root of much of German Economic History till that point. In the light of the above comments on the fact that it was the literature of the Nazi period which brings to the surface and concentrates all the various myths of German nationalism, it is significant that Tilly chose for the point of his attack a work of this era, Ihde's *Los von England*.⁸⁴

Ihde's work is the economic side of the same coin as Alexander Scharff's political work mentioned above: It represents the pinnacle of List's and Treitschke's influence within the realm of economics. With open references to his debt to Treitschke, Ihde sets off on an account of Germany's battle against the British quest for economic domination:

England had quite definitely grasped its objective, and according to the words of a renowned Member of Parliament they should strangle 'factories in their nappies' and flood German markets with British produce, so that any hint of a German competition can be eradicated.⁸⁵

The *Überschwemmung* myth is accompanied by an account of British agents spying at *Zollverein* conferences, the British efforts to maintain the commercial independence of Hamburg and Hanover, as well as an emphasis on Palmerston. The tendency List and the national economists had to expand the picture of British economic strength into a definite political decision to destroy German industry is exaggerated here beyond even their propaganda. Interestingly Ihde defines the German unit as "*Preußen-Deutschland* ", or even just Prussia. Certain figures become national heroes - such as List, but also the

industrialists Friedrich Harkort, Borsig and Georg von Siemens. Ihde describes how

they stood with empty hands, opposed by the English economic Colossus, and yet with a joyful, determined energy, in splendid national spirit and with unbending strength of character in the face of every attempt by the English to disturb their efforts, they attained achievements which have become part of our proud German history.⁸⁶

Though Ihde's work was presenting a picture of British commercial policy as avowedly opposed to Prussian-led unity, his argument to a large extent rested on a certain idea with regards to the way German industrialisation took place - ie. that it ran against British interests, and that Britain tried to halt it, and it was specifically this which Tilly was important in countering in his aptly-named *Los von England*.⁸⁷ He shows firstly how the different social and economic circumstances of the German states determined the ascent of Friedrich List's theories at the expense of the British form of Free Trade theories and Adam Smith,⁸⁸ thus explaining how a certain version of German industrialisation, ie. the one where Britain opposes German industrialisation, became the one widely accepted in Germany. He then goes on not just to question this idea but to show that in fact the relationship with Britain was in many ways beneficial to speedy industrialisation in Germany. He notes the concept of cheap semi-manufactured goods as 'industrial inputs'⁸⁹ which provide industry in the German states with its materials cheaper than it would be able to get itself. He relates this especially to the important textile sector. The importance of British capital investments to German industry is highlighted, as is the flow of information - Tilly specifically underlines the role of the direct involvement on the continent of British businessmen, the dissemination of knowledge, and the creation of markets and demand by British goods.⁹⁰ Though not denying the element of British competition, Tilly in effect calls for moderation and balance in the judgment of this relationship, concluding that:

The recognition of the positive significance foreign countries had for the German development is necessary in order to place in a more correct and suitable perspective the economic role of the state - which has more often than not been over-emphasised and over-estimated.⁹¹

Tilly's main contribution was to question qualitatively the bases of the national economic arguments as applied to German industrialisation. The quantitative backdrop to Tilly's argument was now taken up by Martin Kutz.⁹² Kutz brought to light the naïvety with which historians had accepted the official statistics of the British government with reference to Anglo-German trade, and he pointed to more recent works⁹³ which corrected this image and showed a less clear cut picture of British-German trade than had formerly been accepted by the national economists. Above all he noted the fact that German exports to Britain had been seriously underestimated, again dissolving the myth of British industrial dominance.

The approaches taken by Kutz and Tilly are somewhat more bound together by the research of Rolf Horst Dumke,⁹⁴ who also agreed with Tilly that historians had overplayed the Listian card, and that the relationship was a more positive one. Dumke made use of more recent statisticians⁹⁵ as well as carrying further Kutz's work to extend the period to 1865 and thus able to trace the development of the relationship with regards to certain goods. He was also able to benefit from the ideas of Sidney Pollard,⁹⁶ who had contributed the notion that nation-states were unsuitable units of economic research, and that industrialisation was a process more easily explained by regions. Simply by dint of this point alone the outcome was likely to diverge from that of the Listian ancestors. In fact, Dumke showed on the basis of comparative statistics that while certain sectors were at risk from British competition, the ones important to the process of industrialisation by and large benefitted from forward linkages. Not only this but the goods produced by the *Zollverein* in fact enjoyed a comparative cost advantage compared to British goods in the

early period of industrialisation, and also that German goods were much more competitive on the German market than had formerly been thought, bursting the idea of British goods decimating the markets for German ones. Dumke then goes on to show how in the case of German industrialisation the process of forwards linkages took place in a system of what he calls *Dreieckshandel* - or three way trade: Britain in fact formed commercial bridge between the agricultural provinces of the east of Prussia and the industrial ones of the west at a point where the two regions were not strongly integrated with each other.

Successively, therefore, the economists have been chipping away at the Listian myth, and the economic relationship with Britain has appeared in a less gloomy light. It is important to understand correctly the value of this research in the light of the historiography of British commercial policy: The economic historians have begun to show that the Listian idea of the British threat is simply not true. To this extent they have also undermined the credibility of the arguments that British commercial policy was of a threatening nature, and therefore called into question the idea of British commercial interventionism. This fact, together with the work of Hans-Werner Hahn on the *Zollverein*, leads to the conclusion that the question of British commercial policy towards the German states is in need of some further consideration.

Until now the main point of interest to German historians, and to Anglo-German historians of this period - here the name of W.E. Mosse should also be mentioned⁹⁷ - has been the relation of British foreign policy towards the *Reichsgründung*. British commercial policy has fitted in with this. Where British commercial policy has been mentioned by economists, or by historians of the *Zollverein* it has likewise been connected to the theme of unification and rising German nationalism. Yet the mere fact that when historians move their focus away from the formation of the Empire the assumptions about British commercial policy begin to crumble is enough to show that the research of this question cannot be limited to its relevance to the German question. Not only this, but when the manner in which Britain's commercial policy towards the German states has been handled by British historians is taken into account, it

becomes clear that the study of this question has always suffered from the fact it is used as a component of another subject.

In other words, the time has come to ask the question what was British commercial policy towards the German states, not what was British commercial policy towards the German question? Indeed it must be clearly pointed out that the wider field of study of Anglo-German relations of this period, which has been dominated by the German question debate, has been until now operating upon the assumption that there was a German question in Britain - itself one which must be debated.

By studying the Anglo-German relationship not under the precepts of the German question, but entirely on their own merits, and from the viewpoint of British decision-making rather than a German historical problem, new conclusions can be drawn with regards to the way the German states were viewed in Britain, the way information was collected and filtered out, and the various interests involved. If the way decisions were made in Britain is described without trying to attach it *a priori* to some political agenda, be it unification or its relation, trade rivalry, if, in other words one returns to the drawing board, or the archive, details about the way British policies were made with reference to the German states may be unearthed which have previously been disregarded for the sake of some hidden agenda.

¹ Judith Blow Williams, *British Commercial Policy...*, 1972. Williams notes this in 1972, and there has been no attempt since to rectify this situation.

² D.C.M. Platt, *Finance, Trade, and Politics in British Foreign Policy. 1815-1914*, Clarendon Press, Oxford, 1968, Introduction, pXIV.

³ A fact which Platt countered strongly: *ibid*, pXIV.

⁴ Translates as: Policy of commerce.

⁵ For one of the earlier versions of this see: Frank E. Bailey, *The Economics of British Foreign Policy, 1815-1850*, 1940.

⁶ Muriel E. Chamberlain, *British Foreign Policy in the Age of Palmerston*, 1980. Also by the same author: *Lord Palmerston*, 1987, and '*Pax Britannica*?' *British Foreign Policy 1789-1914*, 1988.

⁷ M. Chamberlain, '*Pax Britannica*?', p123.

⁸ M. Chamberlain, *British Foreign Policy...*, 1980, p8.

⁹ See Chapter 2 for a discussion of this point.

¹⁰ W.H.B. Court, 'First of the Few. Great Britain as Leader of the World's Economy before 1880,' in *A Concise Economic History of Britain...*, 1954, Chapter XII, pp301-302.

- 11 E.J. Hobsbawm, *Industry and Empire . An Economic History of Britain since 1750*, 1968, pp112-114.
- 12 Lucy Brown, *The Board of Trade and the Free Trade movement 1830-42*, 1958.
- 13 Derived from: John Bowring, 'Report on the Prussian Commercial Union,' 1840. Printed in: PP, Reports Commissioners, 1840, XXI. For more information on the way in which the topic of commerce with the German states was viewed through the stencil of the Free Trade debates rather than on its own terms see: Krawehl, 1977, pp90-98.
- 14 Another study of the 30s and 40s worth mentioning, and which also includes many important fragments of information on British commercial relations with the German states is: Sarah Palmer, *Politics, Shipping and the Repeal of the Navigation Laws*, 1990.
- 15 Asaana Iliasu, *The Role of Free Trade Treaties in British Foreign Policy 1859-1871*, 1965, LSE and Political Science, PhD. Also by the same author: 'The Cobden-Chevalier Treaty of 1860,' *The Historical Journal*, XIV, 1971, pp67-98.
- 16 Barrie M. Ratcliffe, 'The Origins of the Anglo-French Commercial Treaty of 1860: A Reassessment...', 1975.
- 17 Iliasu, *The Role of Free Trade Treaties...*, 1965, p412.
- 18 Correlli Barnett, *The Collapse of British Power...*, 1972. For a general overview of the literature regarding this theme of British decline see Klaus Hildebrand, "'British Interests" und "Pax Britannica." Grundfragen englischer Außenpolitik im 19. und 20. Jahrhundert,' *HZ*, CCXX, 1975, pp623-239.
- 19 See: Boyd Hilton, *The Age of Atonement. The Influence of Evangelicalism on Social and Economic Thought 1795-1865*, 1988. Also see A.C. Howe, 'Free Trade and the city of London c1820-1870,' *History*, LXXVII, Oct 1992. Note that Howe and Hilton both agree that there were two strands of Free Trade theory, differentiated from each other by their assertiveness and the principle of intervention. The more assertive and interventionist theory is the one which is seen to dominate, but again only at a later date. See: Howe, p394.
- 20 See Chapter 7.
- 21 Christopher Buchheim, 'Aspects of Nineteenth Century Anglo-German Trade Rivalry Reconsidered', *Journal European Economic History*, X, No.2, Autumn, 1981.
- 22 Paul M. Kennedy, *The Rise of the Anglo-German Antagonism 1860-1914*, 1980.
- 23 *ibid*, p8.
- 24 See below on R.H. Dumke and M. Kutz.
- 25 Translates as: The period of the foundation of the Empire.
- 26 Charles Kindleberger reiterates Rostow's theories of the stages of German industrial growth thus: 1806-50 'preconditions; 1850-72 'take-off'; 1873-1913 'drive to maturity'. See: Charles P. Kindleberger, *Economic Response. Comparative Studies in Trade, Finance and Growth*, 1978.
- 27 Heinrich von Treitschke, 1854-96.
- 28 "Mein Blut ist leider zu heiß für einen Historiker." Quoted in: Alfred Dove, *Gustav Freytag und Heinrich von Treitschke im Briefwechsel*, 1900, pXVIII.
- 29 For more on List see Chapter 7.
- 30 Treitschke's portrayal of List as the unthanked prophet of German unity is strikingly romanticised, ending with the words 'Das aber ist sicher: das Elend unserer Kleinstaaterie, die einen großen politischen Charakter so gar nicht zu ertragen vermochte, hat ihm sein ganzes Leben vergällt und getrübt. Erst die Nachwelt würdigt ganz was unvergänglich war in seinem Schaffen.' See for this remarkable (but in some ways formative) portrayal of List as the tragic kleindeutsch hero: Heinrich von Treitschke, *Deutsche Geschichte im neunzehnten Jahrhundert*, Part 5, 1927, pp472-474.
- 31 Ie. German unity with the inclusion of Austria.
- 32 See above.
- 33 Treitschke, *Deutsche Geschichte im neunzehnten Jahrhundert*, p449.

- 34 'Also blieb das deutsche Welfenkönigreich auch nachdem es sich von der englischen Krone getrennt hatte, noch immer ein Brückenkopf der deutschen Handelspolitik auf dem Festlande.' *ibid*, p439.
- 35 This he even defends: 'Die Nationen gleichen in ihrem Gemütsleben den einzelnen Menschen weit mehr, als die demokratische Volksschmeichelei zugeben will.' *ibid*, p454.
- 36 Note that in German writings of the mid-century the distinction between Britain and England was not really made, though Scotland and Ireland enjoyed a distinction out of proportion to political reality.
- 37 'Bis 1848 ist es nicht stärker davon berührt worden, seit 1848 aber hat es sich - das ist die Tatsache - immer nur unfreundlich dazu gestellt. So bereits in der 1848er Krise; so in der gesamten Schleswig-Holsteinischen Verwicklung mit Dänemark, wo Deutschland doch eine unausweichliche nationale Forderung betrieb: England ist da stets dänisch gewesen; so in der ganzen Kette dieser Jahrzehnte, durch all ihre großen Ereignisse, durch all ihre Kriegszeiten bis 1871 hindurch mittelbar oder unmittelbar, ganz oder halb hat es stets bei den Gegnern, niemals bei den Freunden unserer Einigung gestanden.' Erich Marcks, *Deutschland und England in den großen europäischen Krisen seit der Reformation*, 1900, p33.
- 38 Alexander Scharff, *Die europäischen Großmächte und die deutsche Revolution. Deutsche Einheit und europäische Ordnung 1848-51*, 1942. See also for example: Heinz Günther Sasse, *England/Deutschlands Widerpart. Die deutsch-englischen Beziehungen von 1815-1940*, 1941.
- 39 *ibid*, p32. Scharff talks of the British 'Einmischung' - repeating the resentment felt at apparently all-pervasive British influence. At other points he talks of the British government as 'schulmeisterlich' (Translates as: Schoolmasterly).
- 40 Translates as: Lord Firebrand. *ibid*, p33.
- 41 German national totality. Such words, even given the post-war taboos surrounding such concepts, still refer to some vague German ethnicity whose very mention called into question the political *status quo* of existing borders.
- 42 '...weil die Annahme englischer Verfassungsvorbilder durch andere Völker deren Abhängigkeit von englischem Einfluß und englischen Ratgebern forderte.' *ibid*, p33.
- 43 'Die britische Handelspolitik war wie immer so auch hier gleichbedeutend mit britischer Machtpolitik.' *ibid*, p92.
- 44 *ibid*, p33.
- 45 Hans Precht, *Englands Stellung zur deutschen Einheit 1848-50*, 1925.
- 46 'Die äußere Politik lag damals ganz in den Händen des Henry John Viscount Palmerston aus dem Geschlecht der Temple.' *ibid*, p12.
- 47 The over-emphasis of court relations, and of Bunsen, in historical evaluation of the Anglo-German relationship is mentioned by: Günther Gillessen, *Lord Palmerston und die Einigung Deutschlands. Die englische Politik von der Paulskirche bis zu den Dresdener Konferenzen*, 1961, p151.
- 48 'Indessen der englische Argwohn blieb.' Precht, p17.
- 49 'Das handelspolitische Interesse Englands stand Palmerston höher als die Einbeziehung Preußens und damit Deutschlands in Englands außenpolitisches System.' *ibid*, p18.
- 50 '...während der Deutsche Bund durch eine ausführliche Erörterung der Rechtslage auf die englischen Staatsmänner glaubte wirken zu können...wenn man England bei seinen Handels- und Flotteninteressen faßte, hatte man viel größere Aussichten.' *ibid*, p30.
- 51 Veit Valentin, *Bismarcks Reichsgründung im Urteil englischer Diplomaten*, 1937.
- 52 Hermann Kantorowicz, *Der Geist der englischen Politik und das Gespenst der Einkreisung Deutschlands*, 1929.
- 53 *ibid*, p37.

- 54 'Das Prinzip der Interventionismus konnte in Großbritannien nie populär werden, nicht nur weil ein Teil der öffentlichen Meinung Englands gefühlsmäßig alle freiheitlichen Bewegungen unterstützte, sondern aus der sehr nüchternen Bewegung heraus, daß auf längere Sicht die nationalen und freiheitlichen Ideen die stärkste politische Kraft auf dem Kontinent darstellten.' Valentin, *Bismarcks Reichsgründung...*, 1937, p3.
- 55 'Die englische Außenpolitik als diplomatische Funktion des englischen Hochkapitalismus hat grundsätzlich Kriege gewiß nicht abgelehnt, sie hat wiederholt Übersee militärische Machtmittel mit aller Schärfe eingesetzt - im ganzen neigt sie aber dazu, Kriege auf den europäischen Kontinent zu verhindern.' Valentin, *Bismarcks Reichsgründung...*, 1937, p5.
- 56 Gertraud Diener, *Die preußische und die deutsche Politik im Verhältnis zu England und zu Rußland in der zweiten Hälfte des 19. Jahrhunderts*, Dissertation, Munich, 1951.
- 57 *ibid*, p32.
- 58 'Führt man sich die glänzende Entwicklung der englischen Industrie und des Handels in jenen Jahren vor Augen, so ist diese Einstellung des britischen Volkes durchaus verständlich, denn nichts könnte der beginnenden wirtschaftlichen Blüte schädlicher werden als eine Einmischung und eine sich eventuell daraus ergebende kriegerische Verwicklung Englands in kontinentale Auseinandersetzungen.' *ibid*, p20.
- 59 Anselm Doering-Manteuffel, *Vom Wiener Kongreß zur Pariser Konferenz. England, die deutsche Frage und das Mächtesystem 1815-1856*, 1991.
- 60 The 'Unvereinbarkeit der Interessen' between Austria and Britain. *ibid*, p185.
- 61 '...seither versuchte Großbritannien, das Konzert schrittweise den eigenen Interessen dienstbar zu machen und es als Mittel zu nutzen, um die übrigen Mächte zur Solidarität mit der britischen Außenpolitik zu verpflichten.' *ibid*, p1.
- 62 Doering-Manteuffel calls to hand here the voice of E.J. Hobsbawm who insists that Britain traditionally linked foreign policy with economic goals. It must be noted that Hobsbawm's work (*Industry and Empire. Britische Wirtschaftsgeschichte seit 1750...*, 1969) in fact was in reference to the Empire, and more must be said with regards to the role of trade in European relations where Free Trade principles were applied more consistently.
- 63 See Chapter 2, Parts 2 and 3.
- 64 See the section 'Anxiety and Palmerstonianism,' Doering-Manteuffel, p94.
- 65 Involving the use of British naval force for the protection of a purportedly British citizen in Greece. The case aroused much anger and debate about the principles of British interventionism, during which Palmerston gave his famous defence of his activities. His principles must be seen in the light of parliamentary rhetoric and also the geographic application. That the Don Pacifico case appears so frequently in writings on the Anglo-German relationship during unity shows the level of sensitivity there towards what was felt to be dangerously all-pervasive British influence
- 66 See for example: Dr. Alfred Zimmermann, *Geschichte der preußisch-deutschen Handelspolitik aktenmäßig dargestellt*, 1892. Also for a particularly vitriolic account of Britain's attitude to the Zollverein: W. Weber, *Der deutsche Zollverein. Geschichte seiner Entstehung und Entwicklung*, 1871.
- 67 H. Böhme, *Deutschlands Weg zur Großmacht. Studien zum Verhältnis von Wirtschaft und Staat während der Reichsgründung 1848-1881*, 1972.
- 68 See also on this theme Wolfgang Zorn, *Die wirtschaftliche Integration Kleindeutschlands in den 1860er Jahren und die Reichsgründung*, 1973.
- 69 For example: 'Deutschland mußte mit den englischen Qualitätserzeugnissen und der englischen Geldflüssigkeit in Konkurrenz treten. Um sich neben England behaupten zu können, suchten die Deutschen ihr Heil in Schleuderexporten. Hierzu war aber ein nationaler zollgeschützter Produktions- und Absatzraum notwendig...' Böhme, p69.

- 70 Wolfram Fischer noted for example that the Zollverein was formed not for Germany but in Germany. Wolfram Fischer, *Wirtschaft und Gesellschaft im Zeitalter der Industrialisierung*, 1972, p131.
- 71 Hans Werner Hahn, *Wirtschaftliche Integration im 19. Jahrhundert. Die hessischen Staaten und der Deutsche Zollverein*, 1982.
- 72 Hans Werner Hahn, *Geschichte des Deutschen Zollvereins*, 1984. Also: Hans Werner Hahn, *Mitteleuropäische oder kleindeutsche Wirtschaftsordnung in der Epoche des Deutschen Bundes*, 1990.
- 73 See Hahn, *Wirtschaftliche Integration...*, 1982, p15.
- 74 For example in the case of the Hessen states this had to do with the predominance of agricultural interests and the desire to do away with tariff borders. *ibid*, p152.
- 75 Hahn, *Zollverein...*, 1984, pp148-152.
- 76 'Dabei fiel ihre gegen eine weitere Zollpolitische Expansion Preußens gerichtete Politik letztlich viel zurückhaltender und vorsichtiger aus, als es von der deutschen Nationalgeschichtsschreibung lange Zeit behauptet worden ist.' Hahn, *Integration...*, 1982, p89.
- 77 Hahn, *Zollverein...*, 1984, p126.
- 78 *ibid*, p148.
- 79 Richard Tilly, *Vom Zollverein zum Industriestaat. Die wirtschaftlich-soziale Entwicklung Deutschlands 1834 bis 1914*, 1990.
- 80 *ibid*, p41.
- 81 *ibid*, p45.
- 82 A 'flood' of goods onto the continental markets.
- 83 First written 1968, reprinted in: Richard Tilly, *Kapital, Staat und sozialer Protest in der deutschen Industrialisierung*, 1980, pp197-206.
- 84 Wilhelm Ihde, *Los von England. Der deutsche Abwehrkampf gegen Englands wirtschaftliche Weltmachtstellung in der ersten Hälfte des 19 Jahrhunderts*, 1939. NB. 'Los von England' translates as: Free of England with connotations of 'rid of England.'
- 85 'England hatte sein Ziel klar erfaßt, und nach den Worten eines bekannten britischen Parlamentariers sollten die "Fabriken in den Windeln" erstickt und die deutschen Märkte mit einer Flut von Erzeugnissen überschwemmt werden, damit das Aufkommen einer deutschen Konkurrenz grundsätzlich verhindert werde.' *ibid*, Introduction.
- 86 'Sie standen mit leeren Händen dem englischen Wirtschaftskoloß gegenüber, und trotz allem, mit tatfroher, verbissener Energie, in prachtvoller nationaler Gesinnung und mit unbeugsamer Charakterstärke vollbrachten sie entgegen jedem englischen Störungsversuch Leistungen, die zum Bestandteil stolzer deutscher Geschichte geworden sind.' *ibid*, Introduction.
- 87 Printed in: Tilly, *Kapital, Staat und sozialer Protest in der deutschen Industrialisierung*, 1980.
- 88 Tilly, *Kapital...*, 1980, pp199-200.
- 89 *ibid*, p202.
- 90 *ibid*, pp202-5.
- 91 'Die Erkenntnis der positiven Bedeutung des Auslandes für die deutsche Entwicklung ist notwendig, um die wirtschaftliche Rolle des Staates, meistens übertont und überschätzt, in eine richtigere und angemessenere Perspektive zu stellen.' *ibid*, p206.
- 92 Martin Kutz, *Die deutsch-britischen Handelsbeziehungen von 1790 bis zur Gründung des Zollvereins. Ein statistischer Beitrag zu einer Neuorientierung*, 1969.
- 93 Kutz' references are to W. Schlote, A.H. Imlah, and Rostow.
- 94 Rolf H. Dumke, *Anglo-deutscher Handel und Frühindustrialisierung in Deutschland 1822-1860*, 1979.
- 95 Here he mentions G. Bondi, W.G. Hoffmann, and H. Fujise.

96 S. Pollard, 'Industrialisation and the European Economy,' In *Economic History Review*, XXVI, 1973.

97 W.E. Mosse, *The European Powers and the German Question 1848-71*, 1958. This diplomatic history likewise turns upon the German Question, and tends towards the same kind of simplification and personification of nations typical of an older school of diplomatic history. It does at least have some value in terms of its concentration on the European security question, and the idea of the Russian-British spheres of influence, but its accounts of commercial policy are rare and of the same vague underlying kind as M. Chamberlain's.

1. THE DOMINANCE OF FREE TRADE

'It is,' Friedrich List quoted an American in 1839, 'as if the English have produced their theories of political economy in the same way as their manufactures; more for export than for domestic consumption.'¹ As Britain moved further towards the official adoption of Free Trade, crowned by final abolition of the Corn Laws in 1846 and the Navigation Laws in 1850, there was indeed a strong scepticism in the, by and large, protectionist international audience of what has been called 'unilateral tariff disarmament.'² How could Britain, in the self-interested, competitive atmosphere of mid-nineteenth century international relations, possibly contemplate such an act of perhaps foolhardy generosity? There must be some catch.

Suspicious protectionists abroad were quick to emphasise the self-interest of the relaxation of tariffs to an economically dominant Britain, claiming that after Britain had climbed to the heights of industrialisation via protectionism, 'it now throws away the ladder which it used to get up there, on the one hand because it is now more a hindrance than a help, on the other because other nations now want to climb after it.'³ This was, however, to overlook the fact that the tone of unilateralism which British legislation implied was, as D.C.M. Platt has remarked, 'no empty claim.'⁴ There was indeed something quite unique about British commercial policy under Free Trade, something which related to Britain's unique development at that point, and was thus open to misinterpretation abroad, but something which went beyond self-interest into the realms of incredible naïvety. In order to explain this, it is necessary not just to look at the context and nature of Free Trade, but also at the relation of Free Trade to the institutions of commercial policy-making.

An important factor distinguishing Britain from other powers was its economic condition, without which, such an all-pervasive acceptance of Free Trade would have been unthinkable. The rate of expansion of British exports between 1840 and 1860 was higher than ever before or since,⁵ with many of the main exports - steel, cloth, yarn - themselves demanding increased supply from abroad, while the break from reliance on home-grown foodstuffs to foreign, which also facilitated payment for British manufactures, similarly meant the demand for a more liberal commercial policy was strong. Because the rate of growth carried on into the 1850s, the introduction of Free Trade under Peel was deemed widely to be a success. As W.H.B. Court suggested, 'the air of the mid-century, warmed by prosperity and growing economic activity, was favourable to liberal economic doctrines.'⁶ The great disagreement of the 1840s on the matter of liberalisation receded with significant haste into the past, as British industry bloomed. Particularly as foreign governments appeared to crumble in 1848, those who had supported commercial liberalism could pride themselves on their sagacity and as the fifties progressed, Britain's obvious place as 'First of the Few'⁷ convinced a large swathe of middle-class political opinion that Free Trade was little more than common sense.

The fact that commercial liberalisation was in the national interest, however, still does not justify the conclusion of critics abroad that Free Trade involved the intentional subversion of foreign economies. While, as shown, Free Trade was 'a policy congenial to the circumstances of the time,'⁸ Britain's state of economic dominance led to the demotion of the importance of foreign competition, rather than schemes to stamp it out, and the evolution of a blind spot in this regard. Free Trade was not the expression of a will to see Britain retain world domination, which is to judge the past with the chauvinistic eye of the present, but rather the assumption that industrial leadership was natural and right. To this extent, Britain's position as world industrial leader allowed a retraction from the fray of international commercial competition. It allowed commercial policy-making, and the whole question of commercial policy in the public debate to distance itself from the individual practicalities of the

international arena, and to become Anglo-centric and internalised, and thus universalised and idealistic.

British Free Trade, indeed, was not just a Scottish academic's theory, but also an ideology, with all the prescriptive and moral force implied by that term. The tendency towards idealism and moralising among the middle classes of the mid-century has already been noted by Corelli Barnett and later by Boyd Hilton.⁹ Barnett refers at once to the importance of British political supremacy as a contributing factor to the popularity of idealism, noting that

The beneficiaries of the broadsides of Trafalgar and the volleys of Waterloo could safely indulge their humanitarian and peaceable sentiments. It was possible to look forward along an endless railway line of progress, as the moral law and free trade drew all mankind into one society, and national governments diminished into a kind of borough council.¹⁰

Barnett also notes the particular flavour of middle-class England as one where evangelicalism is a fertile ground for moral principles. Quoting R.C.K. Ensor, who maintained that mid-century England was 'one of the most religious that the world has ever known,'¹¹ Barnett goes on to say that 'traditional English pragmatism was therefore threatened by the onset of a rigid concern for doctrinaire principle.'¹² The role of religion in encouraging the popularity of Free Trade as an ideology was taken up by Hilton, who, while admitting that the role of evangelicalism is difficult to determine as it is 'not a precise phenomenon,'¹³ yet courageously asserts its importance in the 'underlying attitudes and assumptions of the period,'¹⁴ and its role in laying moral force to the idea of *laissez faire*.

Free Trade developed into an ideology, and like most ideologies, its adherents could be separated into groups according to their various interpretations and interests. Yet there were also those who would go along with the ideology, not out of conviction, but simply because Free Trade suited them. The latter group,

of course, might appear to be cynically assuming the garb of Free Trader as a devious route to self-profit. In mid-century Britain, however, it was much more the case that such people viewed Free Trade simply as a natural state, as common sense, which is only intelligible given Britain's visible economic success.

Basically, Free Trade economic theory involved the abolition of restrictions on trade, so that goods could be bought at the cheapest price, and wealth would be produced by the growth of business resulting from such efficiency of resources. Carried over to the international sphere, states would get rid of their import and export tariffs, allowing each to trade freely with the other and thus produce national wealth by concentrating on their natural strengths. It is important to understand how this economic theory was interpreted in order to understand how it appealed to different groups of adherents.

The element of non-intervention of the state naturally fitted in with British liberalism in general, explaining the fact that Free Trade economic theory appealed to liberals of all political shades. It was not simply a matter of connection to political ideology, or to philosophical concepts of utilitarianism and individualism which formed the roots of British liberalism, but also the fact that it fitted in with a general, though amorphous, political tradition in Britain of the 'inherent sufficingness of things.'¹⁵

Still, the withdrawal of the state also meant that trade could flow naturally, untrammelled - as it was viewed - by artificial barriers, and thus also closer to a God-given order. Thus in 1859 at the inaugural lecture of his career as Oxford Professor of History, Godwin Smith could claim;

To buy in the cheapest and sell in the dearest market, the supposed concentration of economical selfishness, is simply to fulfil the command of the Creator, who provides for all the wants of His creatures through each other's help; to take from those who have abundance and to carry to those who have need.¹⁶

Yet as Boyd Hilton notes, the moral certitude invoked in evangelical Christians by Free Trade spread outward into the more general field of liberal writings. Thus the *Edinburgh Review*, a liberal quarterly, he notes, 'believed passionately in Free Trade as a means of unfolding the operations of nature, and condemned as 'artificial' all wealth spawned by monopoly and protection, but its approach to such matters was more moralistic than scientific.'¹⁷

The element of mutual benefit, derived from the cosmopolitanism of Free Trade economic theory, encouraged ideas of the moral righteousness of liberal commercial policy still further by appealing to a certain idealism of international brotherhood. The *Times*, noted abroad as the loud mouthpiece of that nationalist John Bull, and a representative of the more Whig liberalism associated with Palmerston, asserted in 1848 that;

The Wealth of England...is the wealth of the world; and the poverty of England is the poverty of the world...In general, in the tendency, and the great sum of instances, all who have to do with manufacture and trade (that is, nearly the whole human race) stand or fall together.¹⁸

The *Times* was here merely putting itself at the Anglo-centric, and, for it, typically Whig, end of a spectrum, at the other end of which was, of course, the utopianism of the pacifists, represented most notably by Richard Cobden, who asserted his belief thus:

I see in the Free Trade principle that which shall act on the moral world as the principles of gravitation in the universe - drawing men together, thrusting aside the antagonism of race, and creed, and language, and uniting us in the bonds of eternal peace.¹⁹

Free Trade, then, took on the moral form of 'trade for trade's sake,' where the economic logic of the demolition of import tariffs abroad was weighted with the moral compunction of a crusade. The popularity of the crusade was aided by its

appeal to many groups and interests in British society, but possibly above all by the fact that Britain was beyond competition in the realms of industrial leadership. Thus the Manchester Chamber of Commerce, avid Free Trade organ while the going was good,²⁰ could welcome the Rev. Dr. Livingstone to its home town in 1859, 'believing that commerce and industry may be identified with civilisation and Christianity.'²¹ Meanwhile Whigs could content themselves with the fact that Free Trade allowed them to export to foreign countries those British commodities 'justice' and 'liberty.'²² The force of this moral mission was to last throughout the 1850s and 60s, and as late as 1873, pointing unwittingly to the links with imperialism, James Thorold Rogers would assert:

It is superfluous to say that what is found to be good for ourselves is good for other communities also. It may be proved that the beneficence of the change is incomplete, as far as regards ourselves, until other nations have entered on the same policy.²³

Another element which justified this peculiarly British crusade was the fact that the Free Trade theory also included an element of inevitability: If a country such as Britain unilaterally abolished its import tariffs, the flow of foodstuffs into Britain would naturally demand payment of some kind, and this could best be done by British manufactures. The demand for these would thus bring down foreign tariffs. Fundamental to this line of argument by Free Trade theorists, was the fact that foreign tariffs were in effect merely paid for by foreign consumers, as the price of British goods there would rise or fall accordingly - a way of conceiving of tariffs which contrasted interestingly with that on the continent where they were predominantly accorded the role of either a source of revenue, or else a means to promoting or protecting industry.

This concept of inevitability, however, accompanied the belief of liberals and Whigs in 'progress' - itself a morally weighted term and thus something slightly more than 'development' - typified by the utilitarian belief in the mid-century as 'the age of transition of opinion'²⁴ and the future as belonging to

the freedom of the individual from the state, a future which would also be brought about by its own logic rather than intervention. Thus the enthusiasm of those businessmen interested in opening up the protectionist markets abroad was joined by liberals and Whigs who, judging on the basis of British domestic politics, believed that Free Trade would also bring the political liberalisation of the continent.

The nature of Free Trade as both economic theory promising commercial success and as ideology which fitted it to many different political shades, but particularly liberalism, secured its predominance in mid-century Britain. It was this Janus-like appeal to both pragmatists and idealists alike which allowed a peculiar convergence of opinion to build up among liberals on matters of foreign commerce. This could be symbolised in no better way, as Kenneth Bourne has shown, than the agreement between Richard Cobden, the embodiment of 'no foreign policy' Free Trade idealism, and Lord Palmerston, the son of 18th century pragmatism:

Here [Cobden] and Palmerston never seemed so far apart, for Cobden conceded that in adopting Free Trade, England had established a 'moral power to back her.' Free Trade conveniently suited the moral temper and the commercial supremacy of Great Britain in mid-century. Palmerston shared this point of view.²⁵

There was, then, a general consensus among liberals and Whigs on the efficacy of Free Trade. Yet the suspicion remains that for the more conservative and aristocratic Whigs this doctrinaire attitude began to intermingle with a more pragmatic assessment of British national interests. For Whig aristocrats such as Palmerston, Britain's industrial position allowed a convenient acquiescence to Free Trade, or perhaps even its use as a springboard to electoral success. Palmerston himself, as former follower of Dugald Stewart, was perhaps more closely associated with the theories of Free Trade than most of his ilk, and perhaps more committed to it than he has been given

credit for. Nonetheless, for other aristocrats, for the Tories, Free Trade was accepted less for its ideological or economic merits than for its convenience to them. As Bourne rightly continues:

...noblemen, bored, dispirited, and inexperienced in matters of commerce and finance, found in *laissez faire* exactly the rationalisation they were looking for; they could avoid a distasteful contact with the persons and problems of trades and finances merely by referring, in perfect good faith, to the tradition of non-intervention, Free Trade, and open competition.²⁶

To return, then to the original scepticism as regards the unilateralism of Britain's Free Trade, this description of the mutability, the all-purpose nature of Free Trade goes part way to explaining the strength of commitment needed for such a step. Yet it still does not eradicate from the realm of decision-making the idea that Britain was acting out of self-interest - one of the basic tenets of those who have interpreted its commercial policy from a non-British perspective. No matter, they might say, that Free Trade ideology involved a heavy element of idealism; the reins of British foreign relations still remained firmly in the hands of the more pragmatic, national-interest orientated Whig aristocrats and Tories. This, however, is to fundamentally ignore the institutional power balance of commercial policy-making, and the way this related to the Free Trade movement.

2. FREE TRADE AND THE CENTRAL INSTITUTIONS OF COMMERCIAL POLICY

According to Boyd Hilton, there were roughly two models of Free Trade which were influential at the mid-century. One was the pure, Ricardian, economics-based version which belonged more to the professional economists; the other was the more widely held version:

The alternative, evangelical, version of Free Trade may be characterised as static (or cyclical), nationalist, retributive, and purgative, employing competition as a means to education rather than to growth. Its psychological premiss was not self-interest but the supremacy of economic conscience, the latter innate in man yet needing to be nurtured into a habitude through the mechanism of the free market, with its constant operation of temptation, trial and exemplary suffering.²⁷

This model was the one more generally accepted by the majority of liberal Whigs and liberal conservatives. Though the idea of the connection with the religious movement of evangelicalism can be overemphasised, it is useful to stick to the term for now for its inference of moral force and energy. Cutting across the two models, however, there was also a less yielding group of Free Traders which consisted of a mixture of industrial interests and politicians who were less faithful, or at least more careful with regards to the promised land of Free Trade. This group was identified in matters of foreign commercial policy by its attitude to reciprocity. Where the hard-core economic theorists and the more ideological evangelicals would be prepared to make unilateral concessions on the bases of their mixture of deterministic arguments, this latter group, of whom Richard Cobden and W.E. Gladstone²⁸ were representatives,²⁹ were much keener on the idea of making concessions only on the basis of likewise from other countries.

It is important to note that what identifies the late forties and early fifties as a period remarkable in British commercial policy-making is the absence of the influence of this reciprocalist group. The 1850s can be considered as a special era, not simply for its adherence to Free Trade, but because this Free Trade was officially and generally accepted on a unilateral basis. From the mid-fifties until the 1860s, certainly, there is a resurgence of support for reciprocal deals, culminating in the Cobden-Chevalier Treaty of 1860 and the sequence of

commercial treaties thereafter. Cobden's *coup* represented, however, a schism with the accepted unilateralism of British commercial policy, and it was significantly only brought to fruition once Gladstone had been installed as Chancellor of the Exchequer. But though Cobden's treaty was a definite step away from the unilateralism of the 50s, the attitudes and institutional methods of decision-making which belonged to the unilateralists lasted at least until the signing of Britain's commercial treaty with Prussia in 1865.³⁰

It is safe to say, however, that until the 1860s the dominant groups were the unilateralist Free Trade economic theorists, and the unilateralist evangelicals, the latter being the more numerous. The relationship between them is important, for it was the latter group's acquiescence in the sooth-saying of the former which allowed the economists so much power.

The Board of Trade, or Privy Council for Trade, enjoyed a peculiar position among the institutions of British government at mid-century. The *Economist* was right to note that it 'could scarcely be called a department itself. It is rather an auxiliary to all other departments.'³¹ Its staff was small, consisting of a President, Vice President, and Joint Secretaries. Though the President of the Board of Trade was a political position, it was not deemed an integral part of the cabinet. The positions were also vaguely defined - the holders often also occupying other important posts. The Board of Trade indeed was characterised by a sense of the *ad hoc* and the *ex officio*.³² As the mercantilist era slipped away, and as British industry boomed, the Board of Trade's role consisted increasingly of the simple regulation of domestic industry and commerce, and the collection of statistics.³³ Its role was predominantly viewed as advisory, and in the realm of foreign trade this took the form of advice to the Treasury (on matters of customs and excise), the Colonial Office, and the Foreign Office. Lord Farrer,³⁴ one of the Secretaries to the Board contrasted its role with its function before Free Trade:

Interference not *laissez faire* was the principle. The Board had then therefore much more to do with interference with trade than it has now.

Much of its recent work has been to do away with monopolies and restrictions which in old times it probably helped to establish and administer...

The limited liability acts³⁵ have destroyed charters. Tariffs are now settled - or where not settled are managed exclusively by the Treasury. Commercial treaties we no longer care much about...

While Farrer also noted that the business with the Foreign Office still continued, he also concluded that 'there is no doubt that the former business of the Board of Trade has greatly decreased in late years.'³⁶

The Board of Trade's nature as a institution requiring experts rather than politicians, the fact that it was the experts who formed the permanent staff of the Board, and the fact that it was increasingly directed towards the regulation of domestic commerce, allowed it to be dominated by a hard core of Free Trade economists³⁷ rather than by more pragmatic hues found among politicians. There was a strong Ricardian/Benthamite influence³⁸ among such men as John Bowring,³⁹ G.R. Porter,⁴⁰ John MacGregor⁴¹ and Thomas Henry (Lord) Farrer, an influence which was perhaps all the stronger because the secretaries and private secretaries of the Board, ie. the group which included these men, formed the backbone of its staff.

On the one hand, therefore, the Board of Trade was strangely isolated from the other departments. It was seen to be the source of advice on trade matters, and yet was not itself connected formally to the institutions of political decision-making - its advice was requested on commercial matters abstracted from their political context. This is an extremely important point to note, as it contrasts strongly with the situation in Prussia, for example, where the institutional result of the revolution of 1848 was to connect very strongly the areas of politics and commerce in a highly politicised *Handelsministerium*.⁴² The Board of Trade was also dominated by Free Trade theorists whose own attitude to commercial decision-making was that it should be separate from political matters and based wholly upon the doctrines of Free Trade. Their

interests were mainly domestic, and they believed their role to be regulatory and in no sense interventionist. They also believed in the policy of unilateral liberalisation of tariffs.

On the other hand, the Board of Trade derived a peculiar power from the very fact of its isolation. The fact that there was just one institution where all trade matters were concentrated meant that its authority in commerce was absolute, and other institutions deferred to it. As Farrer noted, the only other institution which a say in commercial matters was the Treasury - yet its role under Free Trade was restricted to the setting of the level of tariffs on a small number of goods with a view to revenue, with no consideration of foreign factors. In this institutional limbo, with its concentration on domestic matters and limited to advice, it is surprising to recognise the fact that the Board of Trade was in fact the centre of Britain's foreign commercial policy-making at least until the 1860s. Its power lay in the fact that the institutional separation of trade and politics in fact answered a generally-held principle of the more evangelical Free Traders, as well as of the anti-commercial aristocrats, that trade should be carried on in isolation from politics. In other words, other departments were only too willing to hand over all responsibility for trade to the Board of Trade.

The organisation of the Foreign Office, as Muriel Chamberlain has pointed out, was 'the result of historical accidents, rather than rational decisions,'⁴³ and the transformation from dominant maritime power to Free Trade apostle had not yet necessitated the creation of a commercial department there. This would wait until the institutional reforms of the 1860s.⁴⁴ Responsibilities were delegated according to geographic categories, not functional, and so Foreign Office officials deemed their responsibilities to lie purely in the realm of politics. On the other hand, the Foreign Office, unlike the Board of Trade, was traditionally the reserve of aristocrats - a tradition encouraged under Palmerston's watchful suzerainty. The generally dismissing attitude of the Foreign Office to trade⁴⁵ was made obvious in all select committees of the nineteenth century on the matter.⁴⁶ Yet whether their attitude had its roots in the preservation of their dignity by the artful acquisition of Free Trade theories, or whether it was

simply the general reliance on Free Trade expressed by the evangelicals, the tendency there was to show deference in all commercial matters to the Board of Trade. In other words, the Board of Trade could make a decision on matters of trade, and the other departments, especially the Foreign Office, would bow to its advice. The Foreign Office, in fact, would forward incoming dispatches deemed to be 'of commercial interest' to the Board of Trade for its advice. The latter's opinion was then simply reiterated or duplicated in Foreign Office dispatches out to the representatives abroad. Because of this system of general deference to the Board of Trade, British commercial policy was determined largely according to the principles of Free Trade theorists and in isolation from political motivation.

In Prussia, the *Handelsministerium* was not only closely involved with the other institutions of policy-making, but kept in close contact with the interests of national industry.⁴⁷ The Board of Trade, however, was also unchecked by this. To a certain extent the deference of the British chambers of commerce to the Board of Trade was due to the fact that there seemed to be no recognised channels of influence for them.⁴⁸ In the fifties, however, the quietude of the chambers of commerce in the face of the decisions of central government was to be explained by their own nature as close adherents of the principles of Free Trade. Firstly this meant that they believed recourse to government intervention was itself a method belonging to mercantilism and thus retrograde. The Board of Trade's attitude to foreign trade was to leave it alone as much as possible and the chambers of commerce largely agreed with this. Even if they felt their interests threatened, the tone of their applications to the central government was of a meek character. The chambers of commerce simply agreed with the principles of non-intervention and unilateralism, and offered no check to the Board of Trade, but rather tacit support. Thus a delegation from British chambers of commerce, for example, to the International Congress for the Reform of Customs Duties in Brussels in 22.9.56, asserted its full support for the principles of Free Trade:

Great Britain has learnt them, adopted them, and having tested their value, will maintain them. Regardless of the unwise suspicion with which her policy is regarded, or the obstinacy with which it has hitherto been resisted by other governments, she holds on resolutely by the system which she finds to be so advantageous to her own people - she heeds not the blindness of others...she ignores as a phantom that which statesmen call "Reciprocity" - she repudiates differential duties of every kind - she has abandoned a long cherished error in abrogating her Navigation Laws - and irrespective of other tariffs opens her ports to all the world.⁴⁹

W.O. Henderson, explaining this general lack of coordination among the institutions of commercial policy making in Britain, pointed to the decline of the Privy Council after the Civil War, and a political tradition with 'a conspicuous lack of administrative machinery in the central government.'⁵⁰ He also explained the lack of influence of the chambers of commerce with the argument that 'they were usually more anxious to promote some special 'interest' than to place before Parliament a balanced view of the problems of any particular branch of industry of commerce.'⁵¹ These arguments are valid, and only go to highlight to what extent Free Trade allowed this political legacy to persist into the age of industrialisation. At mid-century it was also the case that the opulent state of industry encouraged the confidence of the chambers of commerce in Free Trade theories, itself invoking a position of disinterest in central government's handling of foreign trade. Again, therefore, the position of commercial and industrial supremacy allows the deference of industrial interests to the Board of Trade and Free Trade theory. Indeed, the attitude of the chambers of commerce was simply one expression of a general satisfaction with the institutional set up in Britain which can only be explained by the fact of British industrial success at this point. This satisfaction was adequately proved in the *Economist's* laudatory comments regarding the Board of Trade;

...it is by this arrangement that all information in connection with the domestic, colonial and foreign trade of the country becomes centred in one department. It is not difficult to see the enormous advantage of such an arrangement, or the importance of the department to others, which it assists upon those important questions, or of which it relieves them altogether.⁵²

As long as unilateral Free Trade appeared to be in the national interest, there was simply no demand for central government to assert itself in the realm of commercial policy. This point was proved, when, at the beginning of the 1860s the security of British industry was questioned by the threat to foreign supplies, and fears for foreign markets. In this atmosphere, the chambers of commerce found the institutional vacuum, of which the Board of Trade's dominance was symptomatic, unworkable, and soon demanded through Select Committee the coordination of commercial policy with the political realities abroad and the more assertive protection of British commercial interests.⁵³ This route of change, ie. via the parliamentary course of Select Committees, shows the extent to which the dominance of the Board of Trade was dependent on a general acquiescence of public opinion in the principles of Free Trade, and the timing shows how this acquiescence was itself dependent on commercial success.

A political tradition which presented itself in the form of administrative isolation of matters of trade from politics, as well as an aversion to commercial matters in politicians was thus allowed to survive into the industrial period by the general concurrence in Free Trade. In this system of weak coordination, the Board of Trade assumed a special sovereignty in matters of trade. It, however, was dominated by theorists whose own dogma dictated principles of non-intervention as well as the separation of trade from politics. This had the result that British commercial policy - in contrast to other countries where the separation of trade from politics was a piece of cant useful in diplomatic wrangling but in fact empty of truth - was the product of economic principle.

The domination of principle in British commercial policy made it unique among European states. The scepticism abroad with regards to Britain's adherence to Free Trade doctrine lay in the failure there to judge the singular way British institutions of government functioned and the manner in which they related to the Free Trade movement.

3. INFORMATION-GATHERING AND THE FORMATION OF COMMERCIAL POLICY

Another element which should be taken into account when explaining the remarkable adherence of the British government to Free Trade is the nature of information which was flowing into Britain. As far as this study is concerned, it is more important to look at the way information was gathered from the German states, although on the one hand many of the points made here were more generally applicable in Europe, and on the other, the German states themselves represented both Britain's key market and key transit route on the European continent,⁵⁴ and so it might be argued that the way information was processed (or was not) with regards to the German states in fact had a large impact on Britain's attitude to Europe in general.

At least until the reforms expanding the system of statistical research introduced under Lord Clarendon in 1857,⁵⁵ the mainstay of Britain's commercial information from the German states came from the statistical reports of Her Majesty's Consuls which were submitted quarterly. The consuls were situated at the German ports - a Consul General at Hamburg with responsibility through Vice Consuls for the Hanse States Hamburg, Lübeck and Bremen, a Consul General at Danzig (Gdansk) responsible for the Consuls at Königsberg (Kaliningrad) and Stettin (Szczecin), and Vice Consuls at Pillau, Swinemünde (Swinoujście) and Memel- that is at the points from which goods left and reached the continent inside the Germanic Confederation. They were also situated at the traditional centres of trade; a Consul General at Leipzig and a

Consul at Frankfurt. In 1849 a Consulate was also created in Cologne after a perceived increase in British trade into the city.⁵⁶

Despite this latter modification, the structure of this consular representation was set squarely upon the trade relationship which had existed through the 30s and 40s and indicated strongly the way the German states had figured until the Free Trade era in British commercial thinking. This revolved around the supply of corn for British consumption - hence the Prussian ports and Hansa states - and the dissemination of British manufactured goods, especially textiles, in payment thereof - thus Hamburg, Frankfurt and Leipzig.⁵⁷ The structure of consular representation in the north was to remain untouched at least until the far-reaching revision performed by Lord Augustus Loftus⁵⁸ in his report of 1856,⁵⁹ while that in the south lasted beyond into the 1860s.

Yet though this system rested on the main points of trade of earlier decades, the 1850s was a decade of vast economic change within the German states, and in retrospect it becomes obvious that the system of information-gathering based on this consular model was unsuitable for monitoring the type of economic transformations taking place there. The trades fairs at Frankfurt and Leipzig were central to British exportation in the days when transportation by land was difficult, and the need was felt for a concentrated system of purchase and the system of warehousing and running accounts provided by the fairs. This situation had rapidly changed however. Frankfurt had been seen as 'the chief emporium for southern Germany,' though its business was rapidly going over to banking, as well as the sale of colonial goods to the southern states.⁶⁰ Yet though the British Consul at Frankfurt found it difficult to ascertain the statistics of British trade in the city beyond unofficial accounts, he expressed a vague awareness that the system of the *Zollverein's* Rhine transit dues and Rhine octroi,⁶¹ and the reduction in French transit dues meant a large amount of British trade⁶² to south Germany was now being shipped via France.⁶³ At Leipzig, John Ward,⁶⁴ Britain's Consul General, repeatedly noted the diminishing amount of trade through that city,⁶⁵ attributing it variously to immediate circumstances of lack of free capital or the effects of the Crimean

War, but also concluding finally that 'the tendency of foreign purchasers rather to supply themselves directly from England than at the Leipzig Fair is more and more obvious.'⁶⁶ In fact, the speedy construction of railways was fast cancelling out the original purpose of trades fairs - the dissemination of goods - but thus also making these centres less useful in terms of checking the market for British goods in the German states, especially in the south and regarding export to the east. The statistics gathered from there were limited in establishing the rate of development in many sectors of industrial production in the German states as manufactures were being bought and sold elsewhere, and it has been suggested⁶⁷ that they encouraged the Board of Trade in Britain to continue viewing the German market in terms of textiles at a time when reports on heavy industry would have been more valuable. On the other hand, because John Ward was only too aware of the changing nature of the channels of trade, he also made pacifying noises about the fall of in the amounts of textiles sold in Leipzig explaining in 1858:

The sales of British cottons at Leipzig during the current year, whether for consumption or for exportation, will therefore be inconsiderable, compared with the large consignments which used to find their way here some 20 or 30 years since. But (as I have remarked in former reports) this circumstance implies merely an alteration in the channels of trade, and by no means a falling off in the actual exports of this important branch [i.e. textiles] of British manufactures.⁶⁸

The statistics drawn from the Prussian and Baltic ports created a similar effect in that they concentrated on the exports of corn there to Britain - which boomed throughout the fifties⁶⁹ - and the export of British manufactures to those ports, yet did not make a distinction between British goods going to the *Zollverein* for domestic consumption, or going through to Austria, Russia and the eastern market.⁷⁰ This meant no real assessment could be made of the way the market for British goods fluctuated inside the German states. A similar

position existed in Hamburg, where the figures were divided only as far as destined for Hamburg and the *Zollverein*. Most British goods imported here went mainly to markets in the northern German states,⁷¹ thus bearing less indication of industrialisation in the south. Here, too, a cushioning of British awareness of the developments inside the German states was taking place.

The statistics gathered by British consuls were only as good as the supply in the German states - and these were notably shoddy and sketchy, only really becoming efficient after the creation of the *Reich*.⁷² In the ports, the Consuls were dependent on such things as merchants' reports⁷³ and town consular authorities while in Leipzig, Ward could gather information from the Custom House Authorities.⁷⁴ One point to make is that the reports - apart from Leipzig - largely stuck to statistics and offered no further analysis of the determinants of trade or wider ramifications.⁷⁵ Another is that the statistics themselves were often subject to great delay in their supply, were sporadic, and were inaccurate in terms of their calculations.⁷⁶

Beyond the local statistics, British consuls were reliant on the official publications for the trade of the *Zollverein*; John Ward, who was unique in that his job was to collect information on the whole of the *Zollverein*, relied on the official returns printed in the semi-official monthly *Handelsarchiv*⁷⁷ - as published from the reports of the Prussian consuls, and relating to the northern German states and the *Zollverein*, or the returns of the *Zollverein*, as published by the Central Bureau of that organisation and in Hübner's yearbook.⁷⁸ These publications could themselves often be a year or two late in content, but the main problem in relying on them - and this was a problem which was also felt keenly by those in the German states who wished to regulate trade more closely⁷⁹ - related to the fact that the collection of trade statistics by the German states revolved around the assessment of tariffs as a source of revenue. Thus it was only recorded over which border, or via which port, the goods were imported, giving no notice of where the goods came from originally or where they went to. It was impossible, therefore, to determine precisely

what part of the goods was meant to stay in the German market and what would travel through in transit. Of those goods which did go in transit, it was impossible to say by which border they then left the *Zollverein*. In other words the value of the German states as a transit route was difficult to determine, and even its function in terms of British exports to Europe in general. More importantly, because the statistics only denoted the border across which goods had arrived, the large amount of British goods going to the German states through Belgium, Holland and France could not be measured. Thus they simply appeared in the British statistics as exports to those countries. Neither could the large amount of trade be measured which made its way up the Rhine - an important passageway for heavier goods.⁸⁰ Thus alongside the cushioning effect already mentioned with regards to British official perceptions of its own trade, there was one of demoting the importance of the German market from the very beginning, encouraging a less interested stance in developments there than may have been expected.

The two tier system of information - having one Consul General responsible for the statistics of the *Zollverein* while the others concentrated on their own patch meant that there was no impetus for the consular staff at the facilities in the north to relate the information they received to any wider perspective. Lord Clarendon,⁸¹ who showed an unusual interest in commercial matters at the Foreign Office and was responsible for several initiatives to improve the methods of information-gathering, commissioned Lord Augustus Loftus⁸² to draw up a report on the state of the consular facilities at the Prussian ports, as well as at Cologne. Initially the commissioning of the report was in reaction to the frustration felt towards the subject of trade through Prussia of the contraband of war with Russia during the Crimean War, however Loftus' report took in the whole spectrum of issues relating to consular reportage, and it was to lead to successive attempts to improve this, culminating in Clarendon's order for commercial reports from Secretaries of Legation.⁸³

The report which Loftus submitted⁸⁴ represents a wealth of information regarding the nature of the consuls' work, the system of data collection, as well

as the personal suitability of the consular staff. One of his main points was the lack of coordination and correlation of information coming from the ports. He noted as far as the subordination of the consuls and vice consuls under the Consul General at Danzig *was concerned that:*

No initiative appears to have been taken by him in furnishing instructions to his subordinate agents for their special guidance or for the purpose of calling their attention to any special subject of commercial interest.⁸⁵

Loftus noted that the existence of a Consul General in Danzig was 'rather calculated to lessen the responsibility of the subordinate agents and thereby to diminish their general utility and efficiency.' Loftus also blamed the poor standard of commercial information on a lack of professionalism rooted in the lack of morale, the tendency to employ non-British nationals, and the permission to trade - which Loftus saw as distracting from the real duties of a consul. This comment on the lack of professionalism would, at a later inquiry into the consular service, be backed up by John Ward, who pointed to the need for a regular system of examinations, for a less *ad hoc* approach to appointments, and maintained that the consular system in the German states - based as it was upon merchants and non-British nationals - had to some extent stagnated.⁸⁶

The report itself was quite original in that it took a step back to look at the British consular system in Prussia and considered its relevance to the economic situation. By doing so it began to outline the need to reform the consular set-up so that fuller information could be given and more said about the commercial context. As a means of improving the system of information-gathering, Loftus suggested abolishing the Consul General in Danzig, as well as the Vice Consulates in Pillau and Swinemünde on the basis that the latter were really just extensions of Königsberg and Stettin, and thus raising the independent status and professionalism of the other establishments. Loftus emphasised the

importance of these ports in terms of their connections with the Russian and Polish markets, as well as the growing Prussian one, and thus the need for decent information from them. As far as the consulate in Cologne was concerned, Loftus stressed the increasing amount of trade coming into the city, thus ensuring the continuation of consular representation there.⁸⁷

Significantly, however, he also noted that if a Consul General to Prussia were to be appointed it must be to Berlin, and thus, while foreseeing the improvement of status of the port consulates, he also recognised the need for a more circumspect source of information on commercial matters :

During the last few years Berlin has become an important manufacturing town; it is the great centre of all the unfinished enterprises which are daily springing into life in Prussia; it is furthermore the great central commercial point of northern Germany...

I am of the opinion that a consular agent would be of the most essential service to both countries - to Great Britain more especially so, at a moment when railway and industrial enterprises of great magnitude are projected in Russia and in Poland; when Germany is on the eve of having a limited monetary system and farther when the state of commercial feeling in this country tends to demonstrate that great commercial changes will shortly take place in the relations between northern and southern Germany.⁸⁸

It is a mark of the unique value of Loftus' report, and of his own nature as an unusually adventurous thinker on commercial questions,⁸⁹ that his suggestions were accepted almost completely by the British Government, and that he received a commendation on the basis of it.⁹⁰

One significant exception to the general acceptance of Loftus' report was his suggestion that the commercial information gathered in the German states should be published in some kind of gazette, the model for which Loftus seemingly took the *Handelsarchiv* . His argument was that commercial

information could be presented in a coordinated form in some kind of context and with a commentary, which would boost consciousness of foreign markets in Britain. This was possibly based on the idea that too little was known at home about the state of British commerce in the German states - an idea that would later be proved to be correct⁹¹ - yet it is also significant of the stand-offish approach of the British government to trade that this suggestion was turned down on the basis that private journals could furnish such information more efficiently.⁹² In fact the amount of reliable information available in Britain with regards to commerce in the German states was very restricted; the consular reports had remained unpublished until 1853, and even so, they were incomplete, as well as all the other factors of inaccuracy. For the more political reports businessmen relied on newspapers. To the extent that the Board of Trade introduced a monthly publication for this purpose in 1886, Loftus' suggestions were simply ahead of the time.⁹³ The desire to see a more systematic supply of information was also to find some reaction in the improvements made by Lord Clarendon with the introduction of regular reports in 1857.⁹⁴

The statistics gathered by the consular service were, therefore, misleading, inadequate, and uncoordinated, and it was possible that they were encouraging a position of ^{lack of} interest in the commercial affairs of the German states in Britain. Yet there was also another problem connected with the collection of data on commerce, to which Loftus only accidentally referred when, on suggesting a Consul General for Berlin he maintained that;

With the increase of political business Your Lordship is fully sensible how utterly impossible it is that Her Majesty's Minister can give his attention to all the various projects of finance and commerce and manufactures which are continually brought forth here and which are nevertheless of great importance to the commercial and manufacturing interests of Great Britain.

There was, in fact, in the diplomatic missions at the German courts, a definite tendency to avoid dealing with questions of commerce, and a strong division of labour between the consular and diplomatic services. This meant that consular agents were separated from the political context of trade, as Joseph Archer Crowe,⁹⁵ who took over as Consul General in Leipzig following Ward's departure noted:

A consular agent leads a solitary life, out of touch with the interchange of thought, facts and policy which takes place at diplomatic centres. He has no means of gauging exactly what is requisite and what superfluous. He has no means of ascertaining whether the views which he communicates are shared and approved and he no doubt occasionally sends home news which is inevitably stale. If however he has means of information which enable him to forestall the legations, he is looked upon by some ministers with a jealous eye and subject to petty affronts in consequence; and on the whole there is generally no love lost between consular and diplomatic officers.⁹⁶

On the diplomatic side it was similar to the situation at the Foreign Office⁹⁷ in that the diplomatic corps was the preserve largely of titled men with a natural antipathy to commercial matters. The system of appointment to the diplomatic service, whereby one began as unpaid attaché under the patronage of a minister, secured an influx of men with private means. This system also meant that the qualifications to become a member of the diplomatic corps were limited, and did not carry a commercial content - it was felt, as even Lord Clarendon put it, 'that no incompetent person should be appointed, but the Civil Service Commissioners should not be allowed to interfere too much with candidates.'⁹⁸

The existence of an aristocratic diplomatic service was not, however, a luxury so much as a political necessity, and nowhere more so than in the German states where, because of the monarchical and autocratic system of government, meaningful political contact demanded a certain class of representative.⁹⁹ Yet

because of this fact there was an extreme reluctance to become involved in commercial affairs. The reluctance of the diplomats to deal with what Mr Gordon, the Minister at Württemberg, called 'what will and must always be considered the inferior consular service,'¹⁰⁰ meant that there was actually a lack of awareness of matters concerning commerce and the British markets among diplomats. In fact, as D.C.M. Platt has pointed out, regarding the nature of the relationship of consuls to ministers;

It would have been far closer to the truth to have said that consular communications, unless they were of great political interest, were never seen by anyone who had the least influence on a consul's promotion; that the normal reception to be expected by a consul at the Foreign Office was chilly and dispiriting, and he was lucky if he saw anyone of higher rank than a junior clerk; that commercial reports were barely glanced at in the Foreign Office and then forwarded unedited to the Board of Trade; that...the supervision exercised by legations over consuls was nominal.¹⁰¹

The lack of competency of diplomats in matters of trade was noted, among others, by John Ward, who suggested an improved system of examinations on commercial matters to the Select Committee on the Diplomatic Service in 1861. Interestingly he also made the suggestion that in appointing consular and diplomatic staff 'the Secretary of state...ought not to be fettered by any supposed necessity of keeping the two lines altogether distinct.'¹⁰² The reluctance, however, of diplomats to dirty their hands in commercial matters was plain in the Württemberg Minister, Mr Gordon's rejoinder to this that;

it would be quite impossible for Her Majesty's Government to equalise, in the opinions of the foreigners amongst whom such officials must live and transact business, the social position of diplomatists and consular agents; so that on the one hand a diplomatist would, by receiving a

consular appointment, be unjustly degraded in the social scale; and on the other a consular agent, on whom a diplomatic appointment was conferred, would probably be looked on suspiciously, by the society in which he would then have to move, as of inferior position.¹⁰³

Here was, then, an institutional dichotomy which had several effects on the information gathered in the German states regarding commerce. The system in effect relied almost totally on statistics, however misleading, and any contextual analysis or overview of them by diplomats was excluded. Diplomats were only too aware of their superiority to consuls, and were happy to delegate commercial matters to them. There was a distinct tendency in the reportage of diplomats to concentrate on matters of high politics, and indeed, the stigma attached to commerce meant that diplomats would not come into contact with the social circles necessary to any full reports on commercial questions.¹⁰⁴ Yet, even more importantly, the lack of knowledge regarding commercial matters coupled with ideas of social standing meant that diplomats also tended to avoid commercial subjects of a more far-reaching nature - such as commercial politics in the German states - subjects upon which the ordinary consuls did not correspond. In other words, because of the monarchic, autocratic system of government in the German states, and the nature of diplomatic representation as necessarily aristocratic, the great economic changes and commercial reforms which were taking place in the German states at mid-century were being left uncovered in the reports sent back to Britain, and this lacuna extended as far as commercial policy - a matter which was of the most vital importance in the German states in the 1850s. In fact, the fact that British information was largely statistical with no relations to the wider context meant that this information was also of a non-political nature - thus only intensifying or encouraging the attitude of British policy-making institutions to treat commerce as a non-political subject. In the German states, where commerce was a subject of the highest political pitch, such a blind-spot was crucial.

These, then, were the general factors affecting the way commercial information was produced by British representatives in the German states. It is important, however, to note a significant group of representatives who stood apart from the above pattern and in fact distinguished themselves in the realm of commercial policy. Because the institutional attitude to trade and commercial policy was basically one of ^{lack of} interest, it is interesting to note the factors contributing to the special nature of these people's reports. It is also important to note their key position in the way commercial matters were apprehended in Britain.

John Ward was possibly the most important figure in the information-gathering system in the German states. Appointed Consul General to Leipzig in 1845, and from there to Hamburg in 1860, he occupied a position which was consular and yet also had a political aspect to it. The position of Leipzig had special significance as a trades fair, yet Ward's appointment was in many respects a reaction to what was considered to be the failure of the previous occupant, Mr Hart, to assess properly the tendencies of the commercial policies of the German states which had led to the formation of the *Zollverein* and protectionism.¹⁰⁵ Ward's role, therefore, was also specifically attached to the *Zollverein*, and thus Ward occupied a position with a unique perspective on both a local and inter-state level in commercial affairs. Ward described the duties of his consulate as light, though he was specifically called to monitor all matters regarding the tariffs of the German states which could affect British trade.¹⁰⁶ This required among other things that Ward go to the bi-annual *Zollverein* conferences, where he would meet with the commissioners and make representations - usually expressions of British interest in reduced duties, and report on the events of the conferences.

The nature of Ward's job, therefore, was unusual in that it was somewhere mid-way between consular and diplomatic. This meant that Ward did not suffer from the same kinds of self-limiting professional inhibitions as ordinary diplomats and consuls. His reports, therefore, often contained aspects of analysis of commercial policy, and advice on the mode of proceeding, as well as

covering such things as German exhibitions of commerce¹⁰⁷ or the state of the Saxonian mines.¹⁰⁸ This kind of institutional flexibility in fact was needed, as Ward admitted, as access to commercial information at conferences and certainly influence in the German states demanded of him an unofficial political role.¹⁰⁹

Unlike diplomats and consuls, Ward also was able to mix with a large cross-section of German society, a factor which separates him from diplomats and lends to his dispatches a three-dimensional flavour which is hard to find in the normal diplomatic and consular correspondence. Added to this was the fact that Leipzig, and indeed Saxony, was a peculiarly convenient place from which to collect information. As Ward commented;

This little kingdom exhibits on a small scale, a picture of the same contending parties by whom Germany at large is unhappily distracted.¹¹⁰

Leipzig offered access to the views of a concentration of commercial men and industrialists, but also the conflicting political impulses of the northern and southern states as well as Austria. Unlike the aristocratic diplomats, therefore, Ward was able to tap into the political and economic developments of the day.

To some extent it can be maintained that Ward's personal profile allowed him to expand the possibilities of his post to its full potential. In the years previous to Leipzig, he had developed writing skills and worked on such publications as the *Edinburgh* and *British* reviews.¹¹¹ His contributions to German newspapers in the cause of Free Trade continued after his removal there. Yet he had both a strong personal interest in commercial matters, collaborating with, among others, the likes of John MacGregor,¹¹² as well as a commitment to the dissemination of knowledge on commercial matters - Ward being involved with an attempt to set up a Committee of the Diffusion of Useful Knowledge Society with William Tooke¹¹³ in 1831, and the publication of the *Englishmen's Register*, which had as its task 'conveying to the middle and lower classes that

instruction which the Useful Knowledge Society undertook, without success, to furnish; especially in the rudiments of political economy.'¹¹⁴ In other words, Ward's reports attained, through a combination of advantages derived from his position and his personality, a unique value in the British reportage system - a value which was expressed openly by Lord Clarendon.¹¹⁵ Certainly, Ward's numerous unofficial connections and correspondences, among others with William Hutt, campaigner for the abolition of continental tariffs and later Vice President of the Board of Trade, to some extent helped him circumvent the institutional compartmentalising of normal consular and diplomatic work. When Ward was finally removed to Hamburg to replace Colonel Hodges¹¹⁶ it was probably done on the basis of his political connections with group of sympathisers with Prince Albert¹¹⁷ who longed for a representative more capable of reporting on the popular movements surrounding Schleswig-Holstein and liberal nationalism. By moving Ward there, Lord John Russell, Foreign Secretary, was showing some deference to this idea, and perhaps an awareness of the limitations of normal diplomats. By moving someone there of Ward's calibre the move also represented a decided shift in the importance of gaining more knowledge of the commercial world of the northern German states.

Perhaps the same combination of political motivations which had encouraged Ward's appointment at Hamburg also extended to that of Joseph Archer Crowe - Ward's successor at Leipzig - himself an important contributor to British awareness of commercial affairs in the German states, and whose adeptness was to lead to his later appointment as Britain's first Commercial Attaché to Europe. Crowe also displayed several similar credentials to Ward. He was an unusual candidate for a consular job, being by profession a journalist, and perhaps therefore deemed capable of circumventing the norms of the British system of representation. Certainly it was for his powers of observation that his dispatches were and are distinguished. Crowe was similarly not of the aristocracy, and thus enabled to move more freely in society. Crowe was also a sympathiser with the German nationalist cause, though of liberal leanings,

having been a journalist for the *Daily News*, and where Ward's correspondences took in important commercial persons. Crowe's included Robert Morier, Gustav Freytag, and the aristocratic liberal nationalist movement of the Duke of Saxe-Coburg-Gotha.¹¹⁸ Though the significance of this is under-researched,¹¹⁹ Lord John Russell's appointment of Crowe also represents perhaps help 'from the hands of our political friends,'¹²⁰ and Crowe's appointment an attempt to get decent information on the Hesse-Cassel constitutional dispute.¹²¹ Crowe, however, also benefitted from the unique advantages of Leipzig, noting that:

Leipzig was now, as it had been for some time before, a centre for bringing together and sifting German intelligence and forwarding it to Her Majesty's Government.¹²²

Crowe soon found himself, because of Saxony's key position between the contending parties of the *Zollverein* dispute between 1861-5,¹²³ at the eye of the storm, and this, he recounts;

led to my being gradually drawn away from current politics whilst I was encouraged to deal in things pertaining to commerce. A concatenation of circumstances thus led to my holding a special station in diplomacy and affected in a singular way my future career.¹²⁴

It is not clear to what extents Crowe's liberal affiliations with Morier affected his reportage on commercial questions, though a personal connection with Berlin - the central point of decision-making in the *Zollverein* - was of great potential value.

Robert Morier¹²⁵ himself was one of this select group of representatives who took an unusually clear interest in commercial matters. As with Crowe and Ward, he possessed important informal connections, though both political and

commercial, and in the latter case he himself admitted to a Select Committee such connections helped overcome institutional hurdles;

It is of the greatest advantage because in common with the other junior members of my profession who have had no special commercial training there is much elementary information which, in default of such direct and personal communications, I should have been unable to obtain elsewhere.¹²⁶

In a similar fashion to Crowe, it seems his appointment to Berlin was part of a sudden spurt in the influence of Albert, yet this political significance was soon to be accompanied by one in the commercial realm. Morier's peculiarly broad field of reportage - described both for its 'scholarly style and analytical weight' and his 'disregard of conventionality,'¹²⁷ led to his particular value in the eyes of the Board of Trade, and his notable commission to report on the state of feeling in the German courts, the industrial and middle classes, and their attitude to the *Zollverein* crisis of 1861-5, with wide discretions made to Morier's own judgment.¹²⁸ This then led naturally to his appointment as commissioner for tariff negotiations with Austria in 1865.

It is tempting to draw significance from the fact that Morier, Ward and Crowe were all of a particular political persuasion - ie. liberal pro-nationalist in the German sense - and yet they all shared an interest in commercial matters, and indeed there is force in the argument that their acquaintance with the forces moving the German popular spirit - in contrast to the aversion more normal among conservative diplomats¹²⁹ - naturally aroused an interest in commercial affairs. It is also interesting to note that Morier and Crowe were appointed at a time when the more aggressive Free Trade views of Cobden were coming to the fore in Britain.¹³⁰ The main point to note however,¹³⁰ is that the peculiarities of their positions and personal profiles allowed them to mix both commercial and political matters in their reports.

This was perhaps also the case with Alexander Malet,¹³¹ the British Minister to the Germanic Confederation¹³² in Frankfurt. His appointment was the result of the temporary replacement of Palmerston's domination at the Foreign Office by Lord Granville,¹³³ and the accordance of a diplomatic post of high level¹³⁴ to a man whose reportage did not immediately accord with the aristocratic stereotype. Malet displayed interest in commercial matters at his previous post as Minister to the King of Württemberg, and when he reached Frankfurt it was his strong connections with the southern, south-western and central states which made him important in charting the movements of the *Mittelstaaten*.¹³⁵ The latter group of states was a factor of great importance in the intra-German wrangles over commercial supremacy in the fifties. Malet's perspective on this was encouraged because he was at the Confederation, a central point of interaction, both politically and commercially. It was this overview from a more central, less biased point which distinguished Malet's reports on German commercial affairs. To this extent his non-biased attitude to German affairs made him a neat counter-weight to Ward *et al.*

It is, then, these figures, together perhaps with Lord Augustus Loftus, who similarly combined the advantages of his situation at Berlin, which was a nexus of decision-making within the *Zollverein*, with his own tendency to use his imagination with regards to gaining an overview of commercial affairs, who stood out from the other diplomats in their coverage of commercial affairs. The major factor which sets their reports apart is the coverage of commerce from a wider angle than statistics, and also the coverage of commerce from a political angle. However, their value to some extent expressed itself independently of the established norms for British representatives. In the main, the treatment of commerce by British representatives remained isolated from politics, and thus demoted in importance at the Foreign Office.

Although the schism between politics and commerce permeated information-gathering at least throughout the fifties and sixties, one element did serve to *improve matters somewhat*. This was the introduction in the late 1850s of a system of twice-yearly commercial reports among the Secretaries of Legation.

On the one hand this was the culmination, introduced significantly by Lord Clarendon,¹³⁶ of a series of efforts to improve on the statistical information gathered by consuls. These specifically limited themselves to improving the regularity of statistical reports, and to the task of recording changes in the German tariff to see if this was following the logic dictated by British Free Trade - and thus still did not demand wider political analysis.¹³⁷ The measure introduced by Clarendon was rooted in the same approach, yet seemingly also laying the way open for a more macrocosmic mode of report. Clarendon noted;

Her Majesty's diplomatic servants, residing at the capital, have opportunities for arriving at a more general appreciation of the commercial progress of the several countries, and of ascertaining the grounds on which legislative interference with the course of trade is reverted to, and the effect which such interference is calculated to have...

Simply to deal out new responsibilities to diplomats was not, however, to make the access to statistics any easier. Ironically it was as soon as the Secretaries of Legations, ie. the diplomats rather than the consuls, were given a role in the gathering of statistics that the difficulties in obtaining decent information in the German states became apparent. Malet, apologising for Mr Edwardes' late report from Frankfurt noted he had;

encountered difficulties in obtaining information, and a dearth or complete want of official and reliable documents which have prevented his hitherto getting the information he has been engaged in collecting into a digested and formal shape. The field of enquiry to which Mr Edwardes has had to direct his researches is extensive and made more difficult by being parcelled out into four different states which though all within the Germanic Customs Union, rejoice in their separate fiscal

arrangements and vary considerably in their natural productions and their industry.¹³⁸

The unfortunate Edwardes was joined by Lord Augustus Loftus in Berlin, who noted on the dearth of statistical material that the reports of those chambers of commerce as had been established were 'the only sources from which reliable information on matters of trade can be obtained,'¹³⁹ and by Mr Bonar, the Secretary of Legation at Munich, who entered more fully into the fact that in terms of statistics, the *Zollverein* could only be treated in terms of one state.¹⁴⁰

The complication involved in preparing these reports does not detract from the fact of their obvious contribution to more coordinated reporting on commerce, and their significance in extending commercial matters into the diplomatic routine. With the apparent increase in desire to improve knowledge in general on German affairs already noted in connection with Lord Russell, the system of reports, despite its short-comings, was defended on the grounds that

The object for which Secretaries of Embassy and Legation are required to make periodical reports is not so much to obtain by that means the latest statistical information, but to impose upon the Secretaries the duty of keeping their attention constantly alive to all matters connected with the industrial, commercial, and resources of that country in which they reside - I should wish Secretaries generally to understand that without setting aside altogether detailed statistical information, which in many cases is very valuable, that to which they should particularly direct their attention is a half-yearly review of the industrial movements in the country where they reside, either general or confined to any particular branch of industry.¹⁴¹

To this extent, the opposition to the introduction of examinations for diplomatic appointments including trade was solved by encouraging an interest in those secretaries desiring professional advancement for commerce.

These reports offer a wealth of information about the economic and social conditions in the German states.¹⁴² Yet there is one factor which typifies them, and is indeed shared by much of the correspondence on commerce - including the above notables. This is the fact that repeatedly, and from all corners, commercial affairs in the German states are looked at from the point of view of the goal of Free Trade, and an assumption that Free Trade will be introduced in the German states as a matter of course. Thus all the statistics and information which was reported was analysed with this in mind, and indeed developments in the German states, as viewed by British representatives, appeared to be going in the right direction. What representatives saw as symptoms of Free Trade was judged according to a definition drawn from British experience - detracting from the fact ^{that this was} politically conditioned commercial liberalism, a quite different phenomenon from British Free Trade. Thus Augustus Loftus remarked in his first report on the 'restless spirit of speculation, joined to an ambitious desire of rivalising with foreign states' in Prussia. He noted on the protectionist party that 'they appear to forget that the principles of free competition is as applicable to their own markets as to foreign markets and that by advocating a maintenance of protective duties they destroy those very means which would enable the manufacturer to compete successfully with foreign manufactures in foreign markets.'¹⁴³ He concluded that:

The present state of things as regards the manufacturing interests of Prussia may endure for a time, but in my opinion all is working towards a greater development of the principle of Free Trade.

These views were echoed in John Ward's important review of German industry at the Munich Exhibition of 1854, where improving industrial capacity meant that 'the German producer began to have more confidence in his own

skill and to be less afraid than formerly of foreign competition.¹⁴⁴ Later, during the attempts to get a treaty with Prussia, Ward preferred waiting for the logic of Free Trade to take its course, rather than pressurising Prussia into an agreement - an attitude which was later the subject of enquiry¹⁴⁵ after the whole approach to treaty-making came under heavy fire from the chambers of commerce. Yet the same deterministic views were expressed by the likes of Mr Petre at Hanover, Mr Koch at Frankfurt,¹⁴⁶ and by Mr Bonar at Munich. The latter displayed the, also typical, conviction that political and commercial liberalisation were linked when he maintained that 'on this question...a spirit and taste for more liberal institutions have of late manifested themselves in various parts of Germany, which cannot fail to be listened to.'¹⁴⁷

In most of the cases it seems the British representatives abroad shared the establishmentarian Free Trade views of the Foreign Office. To flatter these would perhaps also be more usual than to contradict. Those with a special interest in commerce such as Ward were all the more likely to convince themselves of the inevitability of Free Trade due to their liberal persuasion. So added to the factors of statistical short-comings and the de-politicising of commercial information processed by the British representative system, there was also the fact that the information provided always tended to support a confidence in Free Trade. That the Free Trade ideology expressed in their reports was not shared by the German governments, whose form of liberalisation by no means meant Free Trade with all its British strings attached, or rather unattached, passed them by. So while liberals in Germany viewed British commercial policy with one eye on unity, those in Britain viewed it in terms of Free Trade.

The three elements in British information-gathering on German commercial matters, poor statistical knowledge, de-politicisation/compartmentalising of data, and the ideological framework within which it was presented, only contributed to the power of Free Trade over the central institutions of policy-making in Britain by encouraging them in the idea that things were going as

prophesied and by cushioning them from important developments in the German states.

4. THE APPLICATION OF FREE TRADE

In the field of Anglo-German relations of the mid-century the idea is perpetuated that British foreign policy was motivated by concerns of trade. This in many ways is the joint inheritance of Britain's more mercantilist past, the propaganda of the German national economists who portrayed Britain as 'a nation of shopkeepers,' and the judgement of British decision-making on the basis of the experience of other countries. Two prevalent ways this expresses itself in the coverage of the period is firstly the assertion that British non-intervention in the affairs of the German states was down to commercial interests, and secondly that British antipathy to German unity lay in a desire to avoid a united German commercial colossus. Both versions are to some extents attempts at explaining away British indifference to the German unification movement, both also misrepresent the motivation of British foreign policy.

For the sake of definition it is important at this point to explain more about the relationship between commercial and foreign policy. The main thing to note as far as European states were concerned is that the connection was only an indirect one. Foreign policy was not designed in Britain to achieve specific commercial ends, nor was commercial policy designed with any immediate political objective in mind. Yet they were connected.

The connection lay in Britain's commercial and political supremacy - if not in reality then as perceived in Britain. It was on the basis of this supremacy that the twin concepts were born; the policy of supporting the European *status quo*, and Free Trade. Britain enjoyed a long period of peace and stability prior to 1848, with a concentration on domestic affairs, and increasing wealth. It seemed on the basis of this, that the Vienna system should be supported; from the perspective of both pragmatic Whigs and pragmatic Tories the system

seemed to have worked. On top of this, British liberalism grew within the framework of the Vienna system and thus placed no demands upon it. British liberalism, at least as far as the Vienna system goes, was not immediately anti-*status quo*, though there was widespread sympathy with foreign movements which were, and it is the moderation on this front which sets British liberalism apart from the continental models. British liberalism was not as anti-establishment as there. The political convergence around liberal-conservatism and conservative-liberalism which existed from the break by the Peelites until after Palmerston's death in 1865 merely supported this. Palmerston's fulminations against conservative regimes in support of liberalism did not detract from his basically conservative attitude towards the Vienna system. Britain, in effect, was governed by men who believed in the *status quo* - and who would react only when this was threatened. British foreign policy was thus to a high degree reactive.

The general perception of British national interests was deemed to be the maintenance of the European *status quo*. Yet this *status quo* was based upon the power relationship of the 5 signatory powers. To this extent British governments were neutral on the question of the organisation of the German states as long as this did not affect the European balance, ie. aggrandise one at the expense of another. The importance of the commercial organisation of the German states was not seen as making an effect on the political balance.¹⁴⁸ Political *status quo* was the concern of politicians.

Alongside this ^{lack of} interest in continental change was the ideology of Free Trade, which similarly found its roots in both the economic superiority of Britain and a pragmatic assessment of the national interest. Among trading interests there was naturally an antipathy to conflict - though the demonstrations of anger were more muted than is often described - and the basic interest in seeing channels of trade untouched extended to a philosophy of pacifism and non-intervention for reasons of trade and the building of an international brotherhood.

Thus political and commercial interests to a large extent ran parallel to each other, and were linked by a common root in the perceptions of the national interest. Yet when politicians decided not to become involved at certain points in political developments in the German states, this was done so on the basis of judgements resting on political interests, not commercial. Thus, for example, the attitude of non-intervention towards the Schleswig-Holstein crisis lay in the perception of this German liberal cause as basically anti-*status quo* in a political sense.¹⁴⁹ Naturally, the crisis was not in the national interest as far as commerce was concerned, yet it was not this which made a difference, and such considerations played little part in the minds of politicians.

The fact is, that because commercial and political interests seemed to demand the same course, and the materials often exist to show that expressions of support from the commercial community agreed in sentiment with political decisions, it was easy to assume, and has been easy for historians to assume, that there was a commercial motivation. Naturally a link existed at the profounder level, but such an immediate connection between commercial and political interests did not. On the one hand institutional arrangements made coordination difficult, as explained above, and on the other the introduction of Free Trade and its general acceptance meant the relaxing of governmental interest in European trade and the general reliance in the regulation of the Board of Trade and the logic of economics.

At the Board of Trade the Free Trade doctrines which had such a strong influence there even dictated the eradication of political motive. This stemmed from the idea of non-interference in trade, and it meant that the Board's decisions were taken with no reference to immediate political circumstances.

At this point it should be noted that Free Trade doctrines were more strenuously applied to countries which enjoyed similar political rights to Britain. There is, indeed, the element of sectors in the Board of Trade's attitude to foreign commerce. Far Eastern, Mediterranean, Trans-Atlantic were different sectors to Europe. Though the element of hypocrisy cannot be missed, Europe enjoyed primary political status and hence here Free Trade was applied

more rigorously. In Europe high politics ruled and hence trade was left to the devices of the Board.

The idea of non-interference, however also contributed to the Board's belief in the regulation of trade rather than any active measures. The emphasis at the Board was on the regulation of domestic matters and the collection of information from abroad. Indeed, commercial policy under full Free Trade consisted largely in the collection of information rather than immediate decisions.

British commercial policy was therefore reactive. There was no particular policy for any one particular state or a group of states. Its interests lay solely in seeing the reduction of tariffs in Europe and the achievement of its aim - Free Trade. Underscoring this was the prescriptive nature of Free Trade as applied to foreign nations which meant developments abroad would tend of their own volition towards Free Trade. Where a decision had to be made on immediate matters, such as a decision of preference for a Prussian customs union or an Austrian one, it was made upon which offered the lower tariffs. Its decisions were not seen as committing the Foreign Office in any way, and it did not heed the political context. This is what makes the British Board of Trade so different from its counterparts in the German states. In the context of the German states, however, such decisions led to political misinterpretations.

The element of non-interference had, it should be noted, gained the support of the more pragmatic Free Traders, both of the Whig/Evangelical variety and the more expansionist/Gladstonian persuasion.¹⁵⁰ A large part of the heated debate about the abolition of the Corn Laws in the 40s was the idea that foreign countries had reacted to British measures by raising their tariffs, and this argument had left its mark.¹⁵¹ For the roots of this mode of thinking as applied to the German states, the Report on the Prussian Commercial Union, drawn up by John Bowring for Lord Palmerston, as well as the Report of the Select Committee on Import Duties of 1840 provide ample illustration. On the one hand Bowring concluded that the protective tariffs which were being adopted by the *Zollverein* were a result of the nature of the British tariff pre-Free Trade:

If, in the natural progress of things, the tariffs of the *Zollverein* have become hostile to the importation of foreign, and especially British, produce, it is because our laws have prevented the greater extension of commercial relations with Germany. We have rejected the payments they have offered - we have forced them to manufacture what they were unable to buy - and we have put in their hands the means of manufacturing cheaply by refusing to take the surplus of their agricultural produce, the non-exportation of which has kept their markets so low that small wages have been sufficient to give great comforts to their labourers.¹⁵²

The logic of this point of view was that now that Britain had undertaken unilateral commercial liberalisation, the rationale of protectionism in the German states had similarly been swept away.

It is important to note that the Bowring Report, which seemed to have such a formative influence on British official policy towards the *Zollverein* - its elements recur in official despatches throughout the 1850s - was not, as was widely interpreted in the German states at the time and in subsequent histories, in antipathy to that organisation. Bowring quite definitely placed the emphasis on opposition to protection, but not to the *Zollverein* as such, or, indeed, the whole process of German commercial organisation. This is a point which needs to be underlined, and will recur in later chapters. In fact, Bowring welcomed the process of commercial unification on the bases that 'it has done wonders in breaking down petty and local prejudices and has become a foundation on which future legislation, representing the common interest of the German people, may undoubtedly hereafter be raised.'¹⁵³

Another argument for non-interventionism which appealed to the pragmatists was that that under Free Trade Britain had no more to give in terms of tariff concessions. In other words one could simply leave commercial relations alone; 'Free trade was hands-off business applied to tariff policy.'¹⁵⁴

Yet the pragmatists' support for non-interference merely strengthened the word of the Board of Trade by agreeing with it.

The Board of Trade under full Free Trade, and even until the Select Committee of 1864, which was called to look into the regulation of foreign commercial relations,¹⁵⁵ maintained its view of the inevitability of Free Trade according to economic theory and Free Trade ideology. The onslaught of Gladstone/Cobden on this non-reciprocal approach found its first real success in the Cobden/Chevalier Treaty of 1860, but it did so significantly via the institution of the Chancellor of the Exchequer and Cobden's maverick activities.¹⁵⁶ The Board of Trade's attitude lasted until further into the 1860s.

The passive attitude of the Board of Trade was accompanied by an intensive propaganda campaign. This would seem to contradict the idea of passivity, but the campaign did not find its root in any political motivation, but in the logic of economy; knowledge of competitors was necessary to any Free Trade system. The idea of competition as an educative force was also very strong in British Free Trade thinking. Free Trade would make industrialists more efficient and more entrepreneurial. Naturally this fused with a vast amount of Whiggery and national chauvenism about Britain's vanguard position in 'progress', as well as with the evangelical notion of the British crusade. This does not detract from the fact that at its root was viewed as a universal law, and to this extent the dissemination of propaganda through the Board of Trade/Foreign Office relationship was simply automatic regurgitation on the principle that knowledge was good. The propaganda campaign was run at high intensity and high profile. Diplomatic correspondence on trade at the time contains streams of repetitive didactic on the benefits of Free Trade emanating from the Board. Louis Mallet, official of the Board of Trade¹⁵⁷ was perhaps not exaggerating when he maintained:

I spent some of my best years in writing admirable papers of argument and facts addressed by Lord Clarendon to foreign governments, none of which produced the smallest result.¹⁵⁸

Yet the rote impulses from the Board of Trade were infused with the more bombastic moralism of the various unofficial modes of communication, and sometimes even in diplomatic circulars could be a curious *mélange* of moral righteousness and the Board's logic.

There was a much stronger political interest in seeing Free Trade propaganda sent abroad outside official British institutions - that is who hoped to see Free Trade lead to political liberalisation. It is only in the context of the propaganda of Free Trade that the significance of the Great Exhibition of 1851 and the system of exhibitions it augured can be understood. This contains many of the elements of Free Trade logic; the necessity of freeing information on matters of industry, coupled with the hope of presenting a shining example to the world. To this extent it was also partly taken on by the establishment and officially promoted. Yet the Exhibition had an unofficial, but resounding, message, of which others who had no place in ordinary commercial policy-making, such as Prince Albert,¹⁵⁹ were aware. In other words the moralising propaganda was a strong element of British commercial policy as seen from abroad, yet in truth the Whiggish bluster was simply drowning out the economic truths of the Board, and its political content was certainly more audible in the German states. It is this mixture of economic logic and 'moralising internationalism, born out of liberalism by evangelical faith,'¹⁶⁰ which fired the British propaganda campaign, and which made this campaign much more than just persuasion in other European countries. In the insecure absolutist German states of the 50s the Board of Trade's principle of knowledge was agitating. Mixed with the political determinism of British Whigs and liberals, as expressed more by the press than in diplomatic correspondence, and by politicians with other motives, the propaganda formed a stiff drink for conservatives abroad. British commercial policy was thus a mixture of regulation, reaction and persuasion, the latter not intended as political though garbed as such.

A peculiar extension of the moral content of Free Trade was the idea, finding its way into despatches, that the liberalisation of tariffs abroad could now only

be expected by Britain on the basis of 'fair play.' Of course the argument would have little resonance abroad, where the whole thing was in any case viewed as a conspiracy - yet it was still there. In fact this was one of the forces behind the *revanchement* of the reciprocalist movement under Cobden and Gladstone - that European countries had had their chance to cooperate, and must now be goaded into liberalisation. Before this, however, in the golden era of Free Trade, this moral superiority simply strengthened the Board of Trade's passivity.

It should be noted, specifically regarding the role of the German states, that economic arguments in British Free Trade foresaw each nation producing what it did most efficiently. At the Board of Trade the German states retained their image as agricultural providers for the British market and taker of British goods. On the one hand, agriculture did still play a large role, on the other, little information regarding the true state of industry in the German states arrived. This was also a point which had been mentioned in John Bowring's Report. He maintained that the main economic interests were agricultural, and that the manufacturing sectors, though having a disproportionate influence, still did not count with the Prussian government. To this extent he also judged that 'it is certain that not only are [Prussia's] true interests hostile to any system which prohibits the introduction of foreign manufactures, her capital engaged in manufactures being inconsiderable; but that general conviction of the heads of departments in Prussia is opposed to a protecting legislation.'¹⁶¹ This calculation of interests was to form the basis of British passivity towards the German states even in the 1850s after the restructuring of commercial policy-making which went on there in 1848. It was also a miscalculation of the nature of German commercial liberalism in that it took the interest of the Prussian government in lower tariffs to mean Free Trade on the British model with all its political and philosophical connotations. Even where information was being processed on industry there, its significance was not interpreted as a threat, but rather as a misdirection of resources which would be likely to find its correction once protective tariffs were away, or else by the more

evangelical and Whiggish groups as evidence of the development of wealth and society, thus promising a liberal future like that of Britain. What information did reach the Board of Trade did not tend at this point to worry them. If the nature of things led them to believe Free Trade was approaching there, there was faith in the idea of British ability to compete and thus in British economic supremacy. To this extent Free Trade fitted Britain perfectly.

¹ Friedrich List, 'Die englische Kornbill und das deutsche Schutzsystem,' 7.3.39., *Augsburger Allgemeine Zeitung*, in: E. von Beckerath, et al, (eds), *Friedrich List. Werke*, 1928, p118.

² Barrie Ratcliffe, 'The Origins of the Anglo-French Commercial Treaty...,' 1975, p128.

³ '...und nachdem es diese Höhe erklimmen hat, wirft es jetzt die Leiter weg, vermittelst welcher es sich emporgeschwungen hat, einmal weil ihm dasselbe jetzt in seinen Bestrebungen mehr hinderlich als förderlich ist, sodann weil es andere Nationen hindern will, ihm nachzuklimmen.' List, F. 'Die englische Parlamentsuntersuchungen von 1840 und die deutsche Nationalindustrie.' In: Beckerath, *Friedrich List. Werke*, p412.

⁴ D.C.M. Platt, *Finance, Trade and Politics ...*, 1968, p86.

⁵ This was especially the case between 1845 and 1855 where the sale of home products abroad rose by 7.3% annually. E.J. Hobsbawm, *Industry and Empire...*, 1968, p88.

⁶ W.H.B. Court, *A Concise Economic History of Britain*, 1954, p313.

⁷ *ibid*, Chapter XII, 'First of the Few. Great Britain as Leader of the World's Economy before 1880,' p300.

⁸ *ibid*, p314.

⁹ Boyd Hilton, *The Age of Atonement ...*, 1988.

¹⁰ Corelli Barnett, *The Collapse of British Power*, 1972, p49.

¹¹ R.C.K. Ensor, *England 1870-1914*, 1966, *ibid*, p24.

¹² *ibid*, p23.

¹³ Hilton, 1988, p7.

¹⁴ *ibid*, p6.

¹⁵ Raymond J. Sontag, *Germany and England ...*, 1938, p20.

¹⁶ Quoted from: Hilton, 1988. p54.

¹⁷ *ibid*, p40.

¹⁸ 24.1.48., *The Times*.

¹⁹ Quoted from: Gavin B. Henderson, *The Pacifists of the Fifties ...*, 1937, p316.

²⁰ See Chapters 8 and 9. The Chamber of Commerce was quick to protest at the seeming negligence of the Foreign Office on concluding treaties with Prussian and the Zollverein states in the early 1860s.

²¹ 9.9.57., Address to Rev.Dr. Livingstone, M8/2/5 MCC.

²² Sontag, 1938, pp28-9.

²³ James E. Thorold Rogers, *Cobden and Modern Political Opinion*, 1873, p316.

²⁴ J.S. Mill, *Autobiography*, 1971, Introduction, VII.

²⁵ Kenneth Bourne, *The Foreign Policy of Victorian England*, 1970, pp84-5.

²⁶ John Bright. Quoted in: *ibid*, p85.

²⁷ Hilton, 1988, p69.

²⁸ Gladstone's guarded acceptance of Free Trade, and suspicion of non-reciprocalism was what made him so useful to Peel as a bridge to its

introduction. Cobden commented: "Gladstone makes a very clever aide-de-camp to Peel, but is nothing without him." See: Richard Shannon, *Gladstone*, 1982, Vol.1.

29 For a description of the objections of the reciprocalists to the unilateral abolition of the Navigation Laws see: Sarah Palmer, *Politics, Shipping and the Repeal of the Navigation Laws*, 1990, pp54-56.

30 For more on this see Chapter 9.

31 11.9.52., *Economist*.

32 See for closer description of all the various appointments as well as office holders: J.C. Sainty, *Office Holders in Modern Britain*, Vol.III, *Officials of the Boards of Trade 1660-1870*, 1974.

33 See: The Board of Trade, *The Board of Trade. Its origins, authority and jurisdiction*, (No date). For much useful information about internal organisation and role of the Board of Trade see: Report from the Select Committee on Trade with Foreign Nations, PP, Reports Committees, 1864, VII.

34 Thomas Henry Farrer, 1819-1899. Author of: *The State in its Relation to Trade ...*, 1902.

35 These acts which in effect did away with the restrictions arising from the security of investors were regarded in some ways as the pinnacle of Free Trade achievement in the domestic realm. It has also, however, been noted that their introduction already denoted the rising influence of the new, more assertive and expansionist Free Trade of Cobden and the industrialists. See Hilton, 1988, pp255-261.

36 8.6.57., Memorandum on Board of Trade business by Mr Farrer, BT6/293 PRO.

37 See: Lucy Brown, *The Board of Trade and the Free-Trade Movement 1830-42.*, 1978. Especially Chapter 2.

38 *ibid*, pp21-28.

39 Sir John Bowring, 1792-1872. MP for Clyde and Bolton, and author of the definitive Report on the Prussian Commercial Union, 1840 (see below).

40 George Richardson Porter, 1792-1852. Porter was Joint Secretary in the wake of MacGregor, a Free Trader and statistician, Porter was married to the sister of David Ricardo.

41 John MacGregor, 1797-1857. Joint Secretary of the Board of Trade, statistician and historian. MacGregor was an ardent utilitarian, and a close friend of John Deacon Hume. It was MacGregor who prompted the Select Committee on Import Duties of 1840 which was to so heavily recommend its 'strong conviction of the necessity of an immediate change in the import duties of the kingdom' in the direction of Free Trade. See: Report from the Select Committee on Import Duties, PP, Reports Committees, 1840, V.

42 Even more interesting is the fact that originally the *Handelsministerium* was based upon the Prussian conception of the British system - revealing in itself the wrongly-held belief there that the Board of Trade was a political body. See Chapter7, Part 3.

43 Muriel E. Chamberlain, '*Pax Britannica*'? ..., 1988, p16.

44 See Chapter 9, Part 3.

45 One notable exception being Lord Clarendon, who made several efforts to improve the system of information-gathering on matter of commerce as well as the coordination of political and commercial reports. His role is also noted in: D.C.M. Platt, *Finance, Trade, and Politics in British Foreign Policy...*, 1968, pXIV.

46 See Chapter 9 on the matter of the Select Committee on Trade with Foreign Nations and the creation of the Commercial Department. Note this point is also verified by Platt, *Finance, Trade, and Politics ...*, 1968, pXVIII.

47 See Chapter 7.

48 It was later complained by the Bradford and Manchester Chambers of Commerce that they did not know whether to lobby the Foreign Office or the Board of Trade. See Chapter 9.

- 49 10.9.56., Address to the International Congress for the Reform of Customs Duties, M8/2/5 MCC.
- 50 W.O. Henderson, *The State and the Industrial Revolution in Prussia ...*, 1958, pXIV.
- 51 *ibid*, pXIV.
- 52 11.9.52., *Economist*.
- 53 See Chapter 9.
- 54 See Chapter 3 for statistics on the relative importance of the German market.
- 55 See 24.2.57., Circular Memorandum by Lord Clarendon, Printed in: PP, Reports of Secretaries of Embassies and Legations, Accounts and Papers, 1857-58, I. See below.
- 56 16.6.49., Palmerston to Westmorland, FO244/97 PRO.
- 57 For many of the thoughts on the relation of the consular system to the changing Anglo-German trade relationship I am indebted to Otto-Ernst Krawehl, *Hamburgs Schiffs- und Warenverkehr mit England ...*, 1977, pp70-75.
- 58 Lord Augustus William Frederick Loftus, 1817-1904: Secretary of Legation Berlin 1853-8, Minister to Austria 1858-60, Prussia 1860-2, Bavaria 1863-6, Prussia 1866-8, North German Confederation 1868-71.
- 59 Enclosed in: 12.11.56, Lord Augustus Loftus to Bloomfield, FO97/328 PRO.
- 60 30.3.60, Frederick Hamilton, Frankfurt, General Report for 1859, Reports Her Majesty's Secretaries Embassies and Legations, PP, Accounts and Papers, 1860, LXVI.
- 61 A flat-rate tariff allowed by the Rhine Commission established by the Vienna Treaty and raised according to the length of coast-line. Attempts at reforming the Commission carried on throughout the 1850s. A full account of developments is given by: Eberhard Gothein, *Geschichtliche Entwicklung der Rheinschiffahrt im XIX Jahrhundert ...*, 1903. See: Chapter 11, 'Der Verfall und die Aufhebung der Schifffahrtsabgaben.'
- 62 See Chapter 3.
- 63 29.9.59., Mr Koch, Germanic Confederation, Abstract of Reports on the Trades of Various Countries and Places for the years 1857-8-9 received by the Board of Trade through the Foreign Office from Her Majesty's Ministers and Consuls, PP, Accounts and Papers, 1859, XXX.
- 64 John Ward, 1805-1890: 1845-60 Consul General at Leipzig with special commission for the Zollverein, 1860 appointed Chargé d'affaires at Hansa Towns. See below for more information.
- 65 See 31.5.58., Report of Mr Ward, Consul General at Leipzig on the Leipzig Easter or Jubilate Fair of 1858, or: 25.10.58., Report of Mr Ward...on the Michaelmas Fair, 1856, Abstract of Reports on the Trades of Various Countries and Places for the years 1857-8-9 received by the Board of Trade through the Foreign Office from Her Majesty's Ministers and Consuls, PP, Accounts and Papers, 1859, XXX.
- 66 *ibid*, 25.10.58.
- 67 Brown, 1958, p112.
- 68 25.10.58, Report of Mr Ward...on the Michaelmas Fair, 1856.
- 69 See for this Chapter 3.
- 70 Ironically this was a point made by the Prussian government in the 1820s for the purpose of emphasising the importance of Prussia to the British government in order that it should make concessions to Prussia. See Krawehl, 1977, pp69-70.
- 71 See Chapter 3 on the topic of the routes of British trade within the *Zollverein*.
- 72 In 1880 the Imperial Statistical Office printed for the first time a full detailed survey of trade between the German customs area and foreign countries. Christopher Buchheim, *Aspects of the XIXth Century Anglo-German Trade Rivalry ...*, 1981, p285.

73 Mr Blackwell at Stettin gathers his information from the "Annual Report of the Corporation of Merchants on the Trade of Stettin:" PP, Accounts and Papers, 1859,XXX.

74 21.3.59., Report of Mr Ward on the trade in Leipzig 1858, PP, Accounts and Papers, 1859, XXX.

75 The point was mentioned by Augustus Loftus' report that 'no reports beyond those quarterly transmitted to Her Majesty's Government appear to have been furnished either by the Consul General [in Danzig] or the agents under his orders on the general state of trade and industry....' 12.11.56., Augustus Loftus to Bloomfield, FO97/328 PRO.

76 The point is made by Martin Kutz that British trade statistics were compiled according to prices derived from the seventeenth century - thus down-playing the role of German industry. Martin Kutz, 'Die deutsch-britischen Handelsbeziehungen von 1790 bis zur Gründung des Zollvereins....,' 1969, p181. John Ward used for all his reports the exchange rate of 6 Thaler 19 Silbergroschen to the pound to convert the value of goods sold - using a set value as Kutz notes - into British figures.

77 Edited initially - 1847 - by R. Delbrück, and J. Hegel, then later by Ober-Finanzrath Viehbahn and Regierungs-Assessor Saint-Pierre. The *Handelsarchiv* is important evidence of the interest taken by the Prussian government and bureaucracy in the dissemination of information regarding commerce. It also included much important information regarding new laws and developments which could affect trade inside Prussia and the German states. It far outstripped the manner of publishing details of trade practised by the British Board of Trade.

78 O. Hübner, *Jahrbuch für Volkswirtschaft und Statistik* ; Centralbureau des Zollvereins (eds), *Commerzial-Nachweisungen für [...]*.

79 It was recorded at the ninth conference of the Zollverein that the system of consulates at the trades fairs and Hanseatic ports did not show country of origin or destination - leading to some confusion among the states themselves as to the true nature of their trading relations: *Verhandlungen der Neunten General-Konferenz in Zollvereinsangelegenheiten*, Wiesbaden, 1951, p151.

80 See Chapter 3 on the routes taken by British goods through the German states. NB The lack of information about British goods on the Rhine has also been pointed out by Rolf Horst Dumke (Dumke, 'Anglo-deutscher Handel und Frühindustrialisierung....,' 1979, pp184-5). As with Martin Kutz, these points are made by economic historians relating to present day research. They are, however, also important factors to be taken into account when assessing decision-making in Britain on matters of commerce.

81 D.C.M. Platt notes Walter Bagehot's biographical sketch of Clarendon as a man 'peculiarly suited to the transition age in which he lived, possessing both the aristocratic graces of the past and the commercial tastes and business knowledge of the future.' Platt, *Finance, Trade, and Politics ...*, 1968, Introduction, pXIV. 4th Earl of Clarendon (George William Frederick Villiers), 1800-1870: Minister to Spain 1833-9, President Board of Trade 1846-7, Secretary of State for Foreign Affairs 1853-8, 1865-6, 1868-70.

82 31.10.56., Clarendon to Bloomfield, FO244/139 PRO.

83 See below. See Chapter 5 also on contaband of war.

84 12.11.56., Augustus Loftus to Bloomfield, FO97/328 PRO.

85 *ibid.*

86 John Ward, who was a witness to the Select Committee on the Consular Service and Appointments on 14.6.58. and 17.6.58. PP, Reports Committees, 1857-8, VIII.

87 10.2.57., Clarendon to Crossthwaite, FO244/143 PRO.

88 *ibid.*

89 See below on the special value of Loftus' reportage on commercial matters. See also in Chapter 8 his suggestions with regards to gaining access to the markets of eastern Europe in the wake of the Crimean War.

- 90 18.2.57., Clarendon to Bloomfield, FO244/143 PRO.
- 91 See below the section on John Ward's educational trip to the chambers of commerce in the north of England.
- 92 3.3.57., Board of Trade to Foreign Office, BT3 '51 PRO.
- 93 This then became a weekly, and was edited by the "Commercial Intelligence Branch" of the Board of Trade after its creation in 1899. See Board of Trade, *The Board of Trade. Its origin, authority and jurisdiction*, [No date].
- 94 See below.
- 95 Joseph Archer Crowe, 1825-96: Journalist, art historian and consular agent, 1860 Leipzig, 1872 Consul General to Westphalia and the Rhenish Provinces, 1880 Commercial Attaché to embassies at Berlin and Vienna, 1882 Commercial Attaché to whole of Europe based at Paris.
- 96 Manuscript of unpublished Reminiscences, J.A. Crowe, p90, British Museum, Add.MS.41309.
- 97 See above.
- 98 4.7.62., Clarendon in the Parliamentary Debates on the findings of the Select Committee on the Constitution and Efficiency of the Present Diplomatic Service of this Country, Hansard, Parliamentary Debates, 1862.
- 99 As Joseph Archer Crowe (see below) recounted: 'Lord John Russell had laid down the rule that it was necessary to accredit this class of envoys at despotic courts because they alone had access to the sovereigns and were in a position to keep their ministers in check.' British Library, Add. MS.61309.
- 100 6.1.61., Gordon to Lord John Russell. Printed in: Report on the Constitution and Efficiency of the Present Diplomatic Service of this Country, PP, Reports Committees, 1861, VI.
- 101 D.C.M. Platt, *The Cinderella Service*, 1971, p54.
- 102 24.1.61., Ward to Lord John Russell. Printed in: Report on the Constitution and Efficiency of the Present Diplomatic Service of this Country, PP, Reports Committees, 1861, VI.
- 103 6.1.61., Gordon to Lord John Russell. Printed in: Report on the Constitution and Efficiency of the Present Diplomatic Service of this Country, PP, Reports Committees, 1861, VI.
- 104 As late as 1914, Francis Hirst, editor of the *Economist* described the situation thus: "The only commercial agents received at the embassies abroad were the agents - normally aristocrats, ex-officers or officials of the great armament companies...as to the other commercial travellers if they travel in soap, if they travel in Lancashire cotton, or West Riding cloth, or Nottingham lace, or Dundee sacking, or Leicester hosiery, or the tools and machinery of the Midlands and the North, you do not meet these unfortunate commercial travellers at dinner at the embassies." Quoted in: Platt, *Finance, Trade, and Politics ...*, 1968, Intro, pVIII.
- 105 Mentioned by Krawehl, 1977, p108.
- 106 See for Ward's own description of his duties his contributions on 14.6.58. and 17.6.58. to the Select Committee on the Consular Service and Appointments. PP, Reports Committees, 1857-8, VIII.
- 107 For further details of these activities see John Ward, *Experiences of a Diplomatist...*, 1872.
- 108 Report on the Mines of Saxony, printed in PP, Accounts and Papers, 1859, XXX.
- 109 *ibid*, p339.
- 110 2.1.50., Ward to Palmerston, FO299/4 PRO.
- 111 See: *Dictionary of National Biography*.
- 112 Ward was involved in 1844 in a project of reviewing MacGregor's statistical publication on British trade. 29.10.44., Mawey Napier (Editor of Edinburgh Review) to Ward, CUL Add.6157.
- 113 Tooke was also one of the most important statisticians of British trade.
- 114 15.7.31., Whately to Ward, CUL Add. 6157.

- 115 Clarendon referred to Ward's particular value at the Select Committee recorded in: Report on the Constitution and Efficiency of the Present Diplomatic Service of this Country, PP, Reports Committees, 1861, VI.
- 116 Sir George Lloyd Hodges: Consul General to the Hansa Towns 1841-60. Hodges was an ex-military man with a manner felt to be abrasive in Hamburg and widely seen as anti-German during the Schleswig-Holstein crises. He also spoke little German.
- 117 Ward had written a detailed report on the state of affairs in Schleswig and Holstein which received great praise from Albert. On 2.7.60. Hutt wrote to Ward that the appointment to Hamburg was with help 'from the hands of our political friends,' with the name of one person in particular scored out: 2.6.60., Hutt to Ward, CUL Add.6157. By 1860 Lord John Russell seemed to be interested in finding out more about the nature of the German national movement.
- 118 Robert Morier, 1826-1893: 5.9.53 Unpaid Attaché Vienna, 20.2.58 Paid Attaché Berlin, accompanied Henry Elliot to Naples June 1859, 1.10.62. 2nd Secretary Berlin. Gustav Freytag, 1816-95: Liberal nationalist author and publicist. Ernst II, Duke of Saxe-Coburg-Gotha: Liberal, anti-particularist sovereign, brother of Prince Albert. 'The *Daily News* signalled itself by steady advocacy of all the causes which were suffering from the reaction due to the successes of the Austrians and the Russians in the field. As regards Italy, we not only sympathised with Piedmont and the Liberals...We sympathised with the Schleswig-Holstein Duchies in their endeavour to establish a government independent of the Danish Kings.' J.A. Crowe, *Reminiscences of Thirty-Five Years of my Life*, 1895, pp92-93. See also for more unpublished details of the activities of this group manuscript of unpublished reminiscences: British Library, Add.MS.41309.
- 119 Crowe was also acquainted with Russell through Crowe's father, and was a member of the pro-Russell Reform Club.
- 120 British Library, Add. MS.61309.
- 121 The Hesse-Cassel dispute involved an on-going confrontation between the Grand Duke and his Minister on the one hand, and the people and parliament on the other. Crowe remarks in his unpublished manuscript on Morier that 'it was he who witnessed or heard with interest that [Prince Albert] and Lord John had read and studied some recent dispatches of mine on the subject of Prussian home policy and public feeling - he may or may not have been pleased to learn that Lord John had done me the honour to place in my hands for information and report the affairs of the electorate of Hesse.' British Library, Add.MS.41309, p85. Both Crowe's published and unpublished reminiscences claim (perhaps a little too arrogantly) that Crowe was a crucial part of a change in policy on the part of Lord John Russell towards the German national question.
- 122 British Library, Add. MS.41309, p90.
- 123 See Chapter 9.
- 124 British Library, Add.MS.41309, p91.
- 125 See above. For more information on Morier see: Rosslyn Wemyss, *Memoirs and Letters of the Right Hon. Sir Robert Morier...*, 1911. Also Agatha Ramm, *Sir Robert Morier*, 1973.
- 126 28.6.64., Morier. Printed in: Report from the Select Committee on Trade with Foreign Nations, PP, Reports Committees, 1864, VII.
- 127 *Dictionary of National Biography*.
- 128 See Chapter 9 and the Board's wide remit for Morier's report of 1861/2.
- 129 By aversion is meant the fact that at aristocratic capitals, it would be in some sense professional suicide to mix outside aristocratic circles. Here the force of loyalty tacitly supported particularism and shunned German nationalism.
- 130 See above.
- 131 Sir Alexander Malet, 1800-86: Son of Sir Charles Warre Malet, Indian Administrator, of an old aristocratic line. 1824 Unpaid Attaché St Petersburg, Secretary of Legation at Lisbon, Hague, Secretary of Embassy Vienna, Minister

to Württemberg, 1849 Minister Plenipotentiary to the Germanic Confederation, 1866 retires.

132 It is here proper to use the term 'Germanic', which is that used in diplomatic correspondence, rather than 'German'. The latter has (and had) certain unsuitable political connotations.

133 Malet described Palmerston's reluctance to give him a new post. 26.1.52., Malet to Granville, PRO30/29 20/11 PRO. Granville to Malet: 'I am so glad to have been able to do something agreeable to you and Lady Malet:' 31.1.52., Granville to Malet, PRO30/29 20/11 PRO.

134 Minister Plenipotentiary as opposed to Ambassador Extraordinary. The attitude of the Foreign Office was that Ambassadors were more suitable at larger courts. Frankfurt was not a court.

135 Translates as: The middle states; this refers to a political status, ie. those states ranked below Austria and Prussia, as well as recognising an historical tendency to collaborate with each other. See Chapter 5 on Britain and the Zollverein.

136 24.2.57., Lord Clarendon, Circular. Printed in: PP, Accounts and Papers, 1857-8, LV. Also in FO208/6 PRO. See above Clarendon had served at the Board of Trade. There are also links between this reform and the matters suggested by Lord Augustus Loftus.

137 These measures include the instruction in 1850 for annual reports by diplomats on the changes in the German tariff: 5.2.50., Circular to Cowley, FO208/47 PRO. Also new instructions for consuls desiring more frequent reports and the coordination by one consul in each country of the reports made there, in: 23.11.55., Board of Trade to Foreign Office, BT3/49 PRO.

138 24.10.57., Malet to Clarendon, FO208/66 PRO.

139 20.1.58., Report from Lord Augustus Loftus, Prussia. Printed in: Reports Secretaries of Embassies and Legations, PP, Accounts and Papers, 1857-8, LV.

140 30.1.59., Report of Mr Bonar. Printed in: PP, Accounts and Papers, 1859, XXX.

141 21.3.60., Lord John Russell, Circular, FO244/164 PRO.

142 Of these the reports of Mr Bonar at Munich and Mr Lowther at Berlin are notable; the former for his portrayal of Bavarian life, the latter for the extents of his reports to *Zollverein* level.

143 21.1.58., Augustus Loftus, Printed in: Reports of Secretaries and Legations, PP, Accounts and Papers, 1857-8, LV.

144 Ward, *Experiences of a Diplomatist*, pp130-7.

145 See the close questioning of Morier regarding Ward's powers of judgement. Printed in: Report from the Select Committee on Trade with Foreign Nations, PP, Reports Committees, 1864, VII.

146 He was Consul there.

147 30.1.59., Mr Bonar, Bavaria, Printed in: PP, Accounts and Papers, 1859, XXX.

148 See Chapter 4 on Schleswig/Holstein.

149 By destabilising the Danish monarchy, creating new dangers of foreign influence there and thus instability.

150 See above.

151 Later works on the *Zollverein* explain its rise in terms of domestic fiscal measures rather than the British threat.

152 Report on the Prussian Commercial Union. Addressed to the Right Hon. Lord Viscount Palmerston, printed in PP, Reports Commissioners, 1840, V.

153 *ibid.*

154 Platt, *Finance, Trade ...*1968, pXXXVII.

155 Report of the Select Committee on Trade with Foreign Nations, PP, Reports Committees, 1864, VII. See Chapter 9.

156 Ratcliffe, 'The Origins of the Anglo-French Commercial Treaty...' 1975.

157 Mallet was the Board of Trade commissioner to the negotiations for the Anglo-Prussian Commercial Treaty 1865.

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- 158 Quoted from Ratcliffe, 'The Origins of the Anglo-French Commercial Treaty ...', 1975, pp128-9.
- 159 The Prince, indeed, was President of the Royal Commission formed to organise the exhibition.
- 160 Corelli Barnett, *The Collapse of British Power ...*, 1972, p50.
- 161 Bowring, Report, 1840.

A STATISTICAL SURVEY OF THE ANGLO-GERMAN TRADE RELATIONSHIP 1848-1866
IN RELATION TO COMMERCIAL POLICY-MAKING

1. THE CONFIGURATION OF ANGLO-GERMAN TRADE

It is necessary for several reasons to describe, at least in general terms, the state of the Anglo-German trade relationship: A description of the role the German states played in the British pattern of foreign trade and vice versa allows the historian to place the decisions made (or not made) with regards to commercial policy in perspective. It also to some extent might help explain the importance one trading partner had for the other(s); the profile which one partner had in the eyes of the consumers and buyers of the other. At the slightly more detailed level, an analysis of the way trade fluctuated during a given period could help illustrate certain problems which faced those involved in commercial policy, explaining the changes in the importance each trading partner had for the other, while also explaining the significance in trade terms of certain political events.

It is the use of statistics to provide a framework for the evaluation of commercial policy and perspectives on it which this chapter intends to approach. The chapter does not pretend to be a contribution to the field of statistical research with regards to Anglo-German trade,¹ but attempts to provide a general picture gleaned from this field for the purpose of interpretation of commercial policy.

The interest in the statistics of Anglo-German trade in the mid-century has really been as an off-shoot of research into the process of industrialisation in the German states.² In the process of this research, various problems encountered in gathering statistics have been repeatedly mentioned - such as the inflated role seen to be given to the German states due to their use as transit route to eastern markets, and the cushioning effect on British perceptions

connected with this.³ Another important problem, highlighted and approached initially by Martin Kutz,⁴ was the over-estimation in British official figures of British exports and underestimation of German imports. While not wanting to get too involved with this matter here, it is nevertheless important to recognise that the problems faced in later years by historians of statistics were faced at the time by those making commercial policy, and the shortcomings highlighted by the former affected the commercial policy-making of the latter. In many ways this could have led to a sense of complacency felt in Britain in the 1850s with regards to the protection of markets.

Britain was the most highly industrialised of the countries of the world by the mid-century. According to the scheme adopted by Hamerow,⁵ which judges industrialisation according to parameters of numbers employed in the various sectors of industry and agriculture, and the amount of mechanisation - measured in steam horse-power, Britain led the other European countries. The official figures for exports, imports and reexports also testified to an enormous increase in the value of British trade.

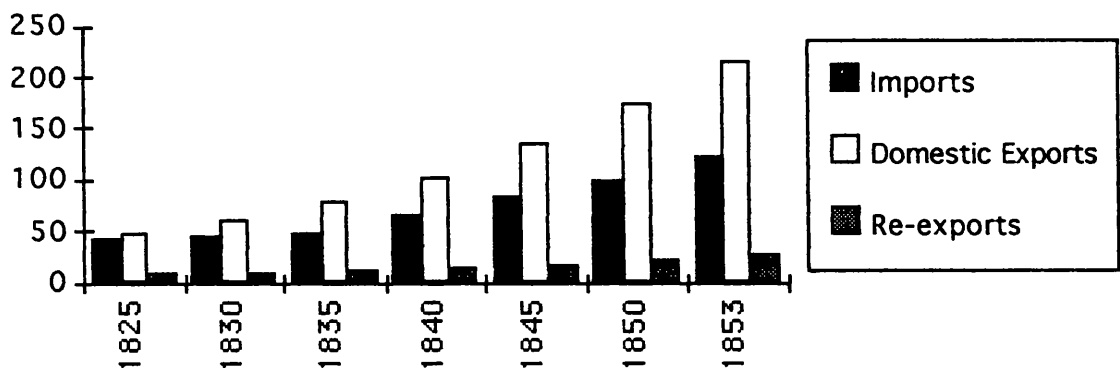


Table 1. Official Values of U.K. Foreign Trade (millions £s).⁶

Even though later converted figures show a less favourable version than the official one,⁷ the dynamism and success of British commercial leadership was visible to all. The converted figures, while not as favourable, nevertheless demonstrate this trend well into the 1880s.⁸ The phenomenal increase in the value of foreign trade to Britain is one of the main factors which characterise

the mid-century, and the optimism derived from it should be taken into account. Britain, indeed, was the most important commercial power:

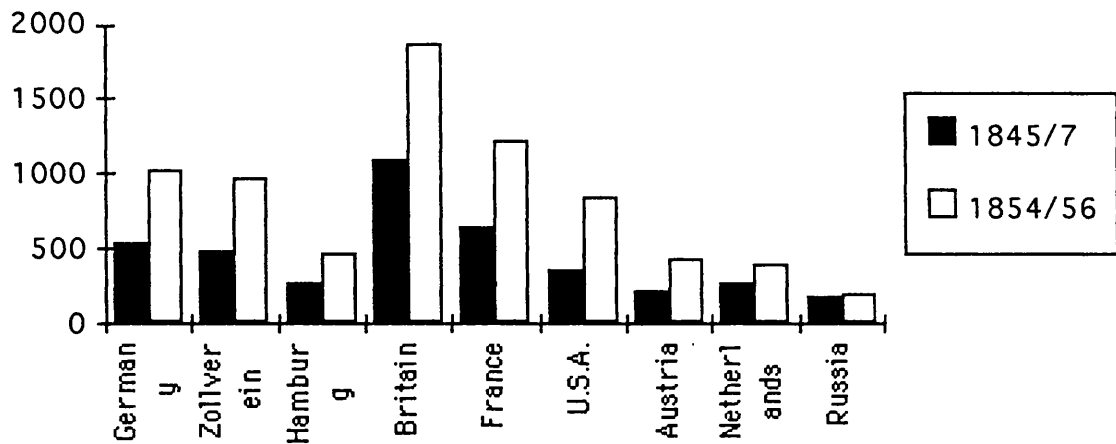


Table 2. Comparative Values of Trade for the Main Trading Nations 1845/7 and 1854/6 (millions Thaler).⁹

Yet even though Britain occupied the position of leader, the other trading bodies, and particularly those making up the German Confederation, were beginning to grow in importance. Borries notes that where the growth in the value of foreign trade for Britain grew between 1845/7 and 1854/6 by 79%, that of the *Zollverein* grew by 100%. Taken from the years 1836/38, the figure was for Britain 106% where for the *Zollverein* it was 148%.¹⁰

On the one hand the increase in the value of trade in the German states (excepting Austria) was aided by the abolition of the Corn Laws in Britain. The relaxing of the Corn Laws, first to a system of gradation of tariffs and then complete abolition, allowed the formerly erratic import levels of corn to rise suddenly.¹¹ On the other, the German states by the mid-century were embarked on a process of industrial 'take-off', another factor which cannot be ignored in any description of the fluctuation of Anglo-German trade or the perspectives of those at the time. Coal production in the *Zollverein* rose from 87 million Zentner in 1848 to 225 million in 1857,¹² the numbers of cotton spindles in operation in the German states excluding Austria rose from 626,000 in 1834 to 2,235,000 in 1861,¹³ while the production of raw iron increased from 111,000 tonnes in between 1830-4 to 1,012,000 in 1865-9.¹⁴ Though the nature of industrialisation in the German states was characterised by regionalism,¹⁵ and

the agricultural sector still dominated life in many areas, the transformation of the economy and society of the German states is another factor which defines the period of the 1840s and 1850s as a peculiar one in terms of Anglo-German trade.

The British economy, however, which had industrialised so much earlier than those of other countries, was taking on a particular configuration by the mid-century which involved the import of raw materials and foodstuffs from the colonies, and foodstuffs from Europe and North America, while exporting its manufactured goods in payment.

Of the main goods forming Britain's imports at the mid-century, corn formed a substantial part. In terms of value, it was only surpassed to any real degree by the import of raw cotton, and just about equalled in terms of sugar.¹⁶ Wheat formed the main part of this import, and the German states were heavily involved in the supply of this to Britain:

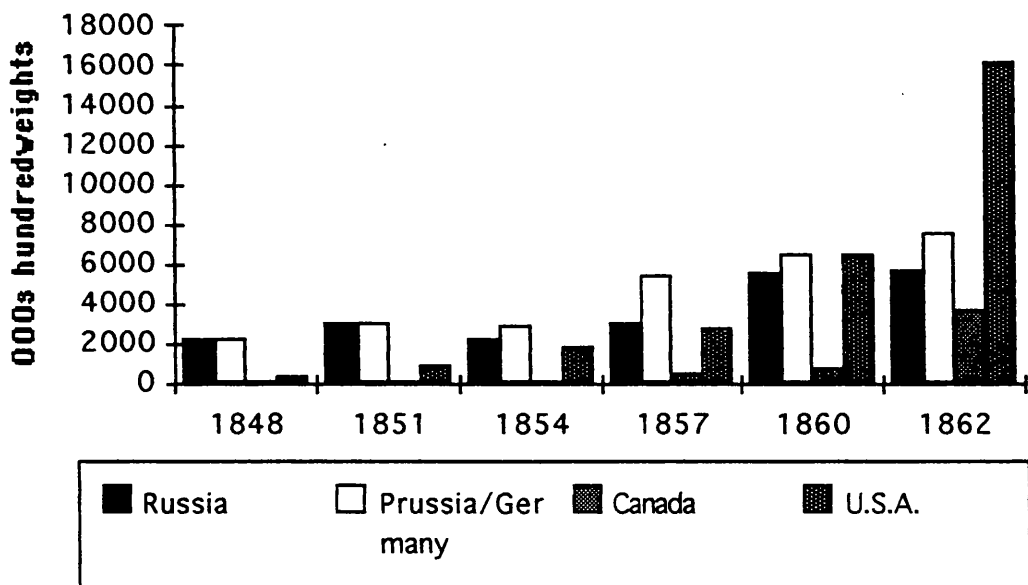


Table 3. Principal UK Sources Wheat 1848-62.¹⁷

The above table shows that the German states represented the largest supplier of wheat to Britain until 1860 - though the figures for Prussia may have also included Russian wheat in transit - and the fact that exports from Prussia and the rest of Germany continued to grow. On the one hand this would mean the

German states retained their profile in the British pattern of foreign trade as the main supplier of one of the more important articles of import while the increase in amounts tended to encourage a belief in Britain in the agricultural progress of the German states, as well as a relaxed attitude towards their providing wheat. On the other hand, this increase in the export of corn was to form just one of several ways in which certain sectors of the economy of the German states were to become more intermeshed with the British, and more dependent on the commercial link with Britain. The figures also show however the increasing importance of the U.S.A. as a supplier of wheat, and the fact that the German states no longer occupied their central position in the supply of this good; the abolition of the Corn Laws had the side-effect of opening up the supply of corn to other states, and giving the German states the nature of 'one of several' - another important factor in British commercial policy-making.

A look at the main exporting partners of Britain, however, reveals the German states not only to be important providers of corn, but also one of the most important markets for British goods:

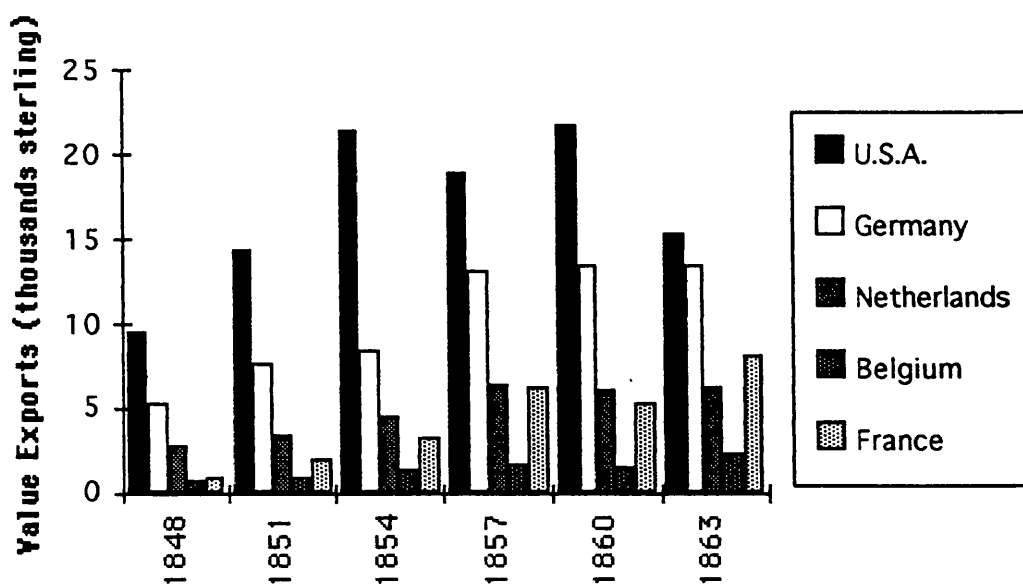


Table 4. Value Exports to Main Non-Colonial Partners.¹⁸

The German states represented therefore the second largest market for British goods outside the colonies, and the largest market on the European mainland. It is important to take this fact into account when evaluating the

passivity with which the commercial changes and threats to the British markets were viewed in Britain, as well as noting the steady increase in the flow of goods there which again could have made a positive contribution towards this passivity. At this time it is also important to note that in the wake of rising protectionism in the U.S.A and the effects of war there, the German states attained a new importance as a market for British goods, and the economic ripples which were felt as a result of the dearth of cotton, led to a renewed urgency with regards to European markets and an enlivened interest in concluding reciprocal treaties with European states.

Of the British goods which were exported to the German states, the main ones were textiles, iron, coal, hardware and machinery. Of the total value of British exports to the "Germany"¹⁹ supplied through Hamburg,²⁰ the four latter goods constituted 13.8% in 1842/7, 11.4% in 1848/51, 15.9% in 1852/57 and 12.8% in 1858/60. Textiles, on the other hand, took in an enormous 80% in 1819, 87.1% in 1832, 76.4% in 1845, 75.3% in 1858 and 80.2% in 1867.²¹ The dominance of textiles, and the relatively small amounts of the other main products, is another factor which should be borne in mind with regards to the way the German states figured in British commercial thinking. These figures tend to cover up the enormous transformation taking place in the nature of Anglo-German trade throughout the 1840s and 1850s, a matter which will be described in more detail below, yet the constancy, and even increase in the value of trade is a matter which should not be ignored when judging the attitude of the British government to the German states. It should also be noted that the main goods apart from textiles which were to be heavily affected by the process of industrialisation, even amalgamated with the Prussian figures,²² did not represent such a huge sector of British exports as would have been thought from the coverage they received in discussions of the time and later histories of the trade relationship.

Another sector which should be briefly mentioned is that of re-exportation. These were primarily goods from the colonies and transatlantic trade, consisting of sugar, coffee, cacao, tobacco, raw cotton and wool, hides, skins,

spices, tea, rice and so on. The most interesting fluctuation inside this group is the growth in importance particularly of raw cotton and wool - which is indicative of the increasing tendency - to be discussed more fully below - of manufacturing textiles in Germany. Where the proportion of raw cotton in this trade was just 5.8% in 1827/8, by 1854/6 this had increased to 21.5%. This growth in demand for cotton was in part responsible for the increase in the fraction of re-exported goods in the total exports (re-exports + domestic exports) from 17.4% in 1832/3 to 27.4% in 1854/6.

2. TRADE FLOWS

Before the developments affecting separate articles of trade are discussed, it is necessary to make some attempt at depicting the way in which goods were transported to and from the German states, and to perhaps demonstrate which areas in the German states had closer trade connections with Britain.

Two things are especially important to take into account when describing the way goods were transported into the German states in the years 1848; the weight/value ratio and the transformation of the system of communications which took place during these years.

The first factor, that of weight/value, to a large extent determined the route by which goods entered and crossed the territory of the German states. Heavier and cheaper goods, such as coal and iron, were more easily and cheaply transported by water. The great waterways of the German states, the Rhine, Elbe, Main, and Weser, provided the best mode of transportation in from the west. The Baltic ports of eastern Prussia were likewise points of access - and British iron and coal enjoyed a dominance here over the produce of the *Zollverein* simply by dint of the easier transportation it enjoyed. It is difficult to judge the amount of British coal which was shipped on the Rhine; British figures could not differentiate between exports to the Netherlands and to the German states, while those of the *Zollverein* likewise simply gave the border

crossed. While the price of coal was certainly affected by British competition here, by the 1850s the Rhine was already used to transport coal mainly produced in the *Zollverein* and France, which again enjoyed the advantage of proximity. Though the supply of coal to the Baltic ports was predominantly British, the amount was mainly for consumption there rather than transport inland. To the extent that coal made its way into the heartland of the *Zollverein*, it did so via the Elbe - a main, but increasingly contended market being in Magdeburg. A similar situation existed with regards to iron products, which enjoyed a predominance in the localities of the Baltic ports. They also made their way in almost equal amounts into the German states through Hamburg and the Rhine.²³ The more valuable textiles, however, did not need to be transported to the Baltic ports, but came to the continent mainly via Hamburg, where the more lucrative nature of this trade attracted its merchants. From there these goods were taken by land through to the trades fairs at Leipzig and Frankfurt. These formed points of dissemination to the German states and for transit to countries further east.

One corollary of this system was firstly to give Hamburg a particularly important role as the gate through which British goods - and particularly manufactured goods - entered the German states. The tendency - as will be described below - at least until the crash of 1857, was for Hamburg merchants to increasingly manage the transportation as well as the sale of British goods in the *Zollverein* states. Hamburg, indeed, relied above all at this time upon British trade for its well-being. Hamburg's dominance with respect to textiles was only somewhat drained by the abolition of the Sound Duties in 1856 which began make transportation via the Baltic ports more attractive as trade via Hamburg was inhibited by the Stade Toll raised by Hanover on the Elbe. This fact goes some way towards demonstrating the principle of transportation costs as dictating the dominant position of Hamburg. The fact that it was Hamburg which actively lobbied the British government to influence the abolition of the Stade toll reflects Hamburg's awareness of its precarious position.²⁴ The other main portion of goods emanating from Britain, the re-exported colonial goods,

also made their way both by the river routes into the southern German states as far as Frankfurt, and then by land to countries further east, or increasingly using the land-routes from Bremen to Nürnberg.²⁵

Another by-product of this weight/value determinant was that Britain naturally had closer economic connections with the northern German states, and the economies of these areas were thus to become more dependent upon the connection with Britain, especially as the industrialising process in the German states furthered the mutual intermeshing of production. At the same time, the southern German states, Bavaria and Württemberg, remained somewhat in a commercial backwater as far international trade was concerned.²⁶ Their involvement with British goods rested upon colonial goods making their way by river up the Rhine and Main, and later on their demand for British threads for the quickly developing spinning industry. In many ways these states formed a trading unit with different interests to the north - being still overwhelmingly agricultural and self-reliant,²⁷ and, as far as foreign market were concerned, more heavily involved with the east and Austria. To this extent it was no surprise that they displayed a particular independence in the proceedings of the commercial-political debates of the 1850s and 60s. The increased use of the route via Le Havre to transport goods there in the wake of French transit reductions is difficult to quantify, though its existence was remarked upon by the British Consul at Frankfurt, and by the Minister at Munich, though it testifies rather to the difficulties British goods were still encountering in using the Rhine to reach this area.²⁸ As far as the heavier goods were concerned, iron could be had more cheaply from local production as well as increasingly from the Rhine, while coal came from the Saarland and the Ruhr. Here again the main factor was cheapness of transportation. Even so, it must be mentioned that the commercial isolation of the southern *Mittelstaaten* was a variable factor throughout the 1850s; by the end of the decade growing economic connections with the north and west were making them less independent commercially.

The German states also represented an important transit route to the east, yet the type of goods which were transported was again partly dictated by the practicalities of transportation, though here there was also, at least until the 1860s, the matter of a transit tariff. The way the *Zollverein* figures were compiled meant that the amounts of transit trade were difficult to determine, yet it seems the most important part of British produce to pass through the the German states was cloths - which had been sold at the trades fairs and then made their way east to Austria and the Balkans, yet increasingly went directly, and rather to Poland and Russia. Iron was also increasingly transported, especially iron rails for railway track. The direct transit through the German states was facilitated by the second factor which must be taken into account when discussing the development of trade flows - the formation of a railway network.

The 1840s and 1850s were a period during which there was an immense growth in the railway network within the German states - but especially within the non-Austrian part of it. Where in 1835 there had been just 6km of rail, by 1845 there was 2143km and by 1855 7826km.²⁹ By 1865 the German states outside Austria already had over 75% the length of track in Britain. The transformation of transport was thus at high speed and on a huge scale. Apart from the dominant influence this had on the import of iron during the 1840s,³⁰ this transformation also affected the routes which British trade took, as well as changing the market structure, the extents of which had previously been dominated by water and roads.

The introduction of railways meant for one thing that goods could avoid the transit duties which still existed on rivers. Textiles were attracted from the Rhine.³¹ The amount of business on the Weser was also harmed by the effects of competition from rail.³² At least as far as the Rhine was concerned, this led to renewed anti-particularism, and efforts to get rid of the remaining duties.³³ While on the one hand the importance of the Hansa states was increased by the new rail connections which meant easier and cheaper access to the hinterland, for example by the Minden-Cologne route leading to the increased trade at

Cologne through to the southern states and Prussia,³⁴ the connection of Eastern Prussian ports to the railway system meant that goods which would normally have gone through Hamburg in transit - ie. textiles - and Bremen - ie. colonial goods - could now use the Baltic route. This was also especially the case in the wake of the reduction of the Danish Sound duties, and the increased amounts of British goods reaching Stettin, cotton goods going to Austria, and coal to Berlin, was noted by the British Consul at Stettin, Mr Blackwell. He noted that between 1856 and 1857 the amount of transit duties levied there increased by 89%, and that the merchants of Stettin were now making every effort to make their town the main route to the Viennese market. Where in 1836/40, Hamburg had accounted for 98.5% of British shipments of yarn into the German states, and other "German" ports (ie. Harburg, Altona) for 1.5%, by 1857/9 this figure had dropped to 77.6%, while the Prussian ports already took in 10.1%.³⁵

At the same time the building of railways facilitated more direct connections between merchants and their markets. The connection of railways with the demise in the importance of trades fairs for British goods was noted by John Ward, Consul General at Leipzig in 1860:

The utility of the German fairs at the present day is questioned by many, and it must be admitted that Germany has been intersected with railways in all directions, and the facilities for travelling, and for the conveyance of merchandise, have become so great the necessity for continuing these periodical marts is not very obvious. The great advantage of the Leipzig fairs in former times was their conveniency as stations of free entrepot for foreign goods; but now, the quantities of foreign goods which arrive during the fairs is comparatively small...³⁶

On the one hand the markets of transit goods going through Leipzig had changed from the Balkan countries and Austria, which were being increasingly supplied - in the wake of the Crimea - through the Black Sea, to the markets of Russia and Poland.³⁷ On the other, Ward was touching on

another affect the building of railways within the Confederation was having on British markets - the fact that the railways were fast facilitating the growth of German markets for German goods.

Though the pattern of railway building was in competition with rivers in the southern German states, that is, a pattern of 'isolation', in the north a main characteristic of the new infrastructure was the extension of the river connections by rail, and thus 'rail-river integration.'³⁸ This meant above all that the new centres of production, especially in the Rhineland, the Ruhr, and Westfalia, were now more easily reached both by each other and by German consumers. The railways, while thus on the one hand seemingly making possible the easier transportation of British goods through the Confederation, were also setting up new obstacles to it. Where previously the profitability of British goods had depended upon the expense of transportation, the advantage was increasingly going over to German manufacturers. This was especially the case as far as the markets of the eastern provinces as well as the eastern European countries were concerned.

Both Rolf Horst Dumke and Otto-Ernst Krawehl have noted the existence of a particular three-way economic relationship between Britain and the parts of the Confederation east and west of the Elbe. This Dumke refers to as the concept of *Dreieckshandel*.³⁹ It was maintained with reference to this that Britain filled a gap while the industry of the western parts of the Confederation was unable to reach eastern markets. Otto-Ernst Krawehl, in his study of Hamburg's trade notes the same phenomenon, and that a positive trade balance in the eastern provinces, due to the dominance of exportation there, was balanced by a negative one in the west:

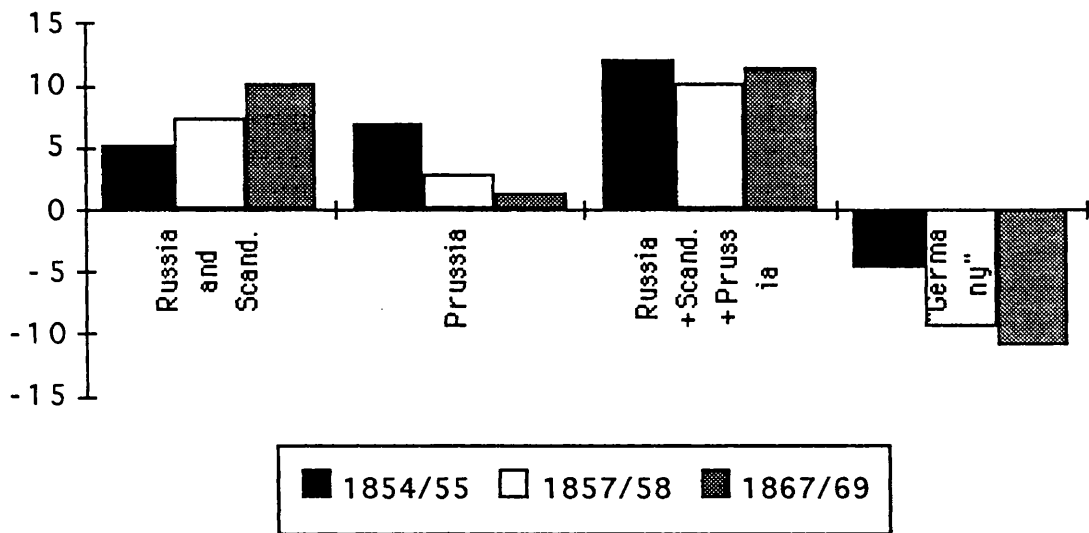


Table 5. Trade balance between Britain and the Baltic Countries, and Britain and "Germany" (in millions £s).⁴⁰

Krawehl also notes, however, the increasing tendency of the manufactures of the *Zollverein* to find their markets in the eastern provinces of Prussia, as well as in the Balkans and in Scandinavia. To this extent the third side of the triangle was increasingly being inserted by the products of the German states after 1850, and British products found themselves competing for their traditional markets there.⁴¹

One of the main things to note, however, about this situation, is that the relationship, at least between Britain and the areas east and west of the Elbe, was not simply one of competition, but also one involving a high level of mutuality. The areas to the east, especially the coastal ones, benefited strongly from their relationship with Britain. In the west, as will be seen, the import of British goods, because of the nature of these goods, was also not without benefit.

These, then, were some of the general factors which affected the flow of trade between Britain and the German states and the development of markets. Yet it was not just the system of transportation which was changing the Anglo-German trade relationship, but also the more complicated factors concerning the tariff system and increasing industrialisation. To understand the way this changed the structure of trade, and to at least go some way to explaining why the British government and commercial population dealt with these changes in the way they did, it is necessary to describe the changes within each category

in more detail. Because this trade was not diverse, but was concentrated on several important products, this study will restrict itself to the main sectors of agriculture to Britain, iron, coal, and textiles to the German states.

3. MAIN ARTICLES OF TRADE

a) Agriculture

As has already been shown, the German states remained one of the most important providers of wheat for Britain throughout the 1850s and into the 1860s.⁴² These figures, as an amalgamation of the exports of wheat from both Prussian and "German" ports (ie. Mecklenburg and the North Sea ports), also show an increase throughout this period which perhaps encouraged thoughts at the time in Britain that the German states were continuing to be important agricultural suppliers, and served to strengthen the belief that the theories of Free Trade, which foresaw each country concentrating on what it did best, were having the right effect in there.⁴³

Yet the figures also hide a basic change in the structure of agricultural exports to Britain from the German states. This can be seen when one notes that whereas in 1829/30 agriculture (wool, corn, wood) accounted for 88.3% and in 1832/3 for 81.3% of total exports from Prussian and "German" ports, by 1859/60 this had sunk to 54.8% and by 1867 this figure was already 41.5%.⁴⁴ In other words, as a general proportion of German exports, agriculture was fast diminishing in importance. This transformation in the pattern of exports is even more astonishing when one distinguishes between the ports of Prussia and "Germany":

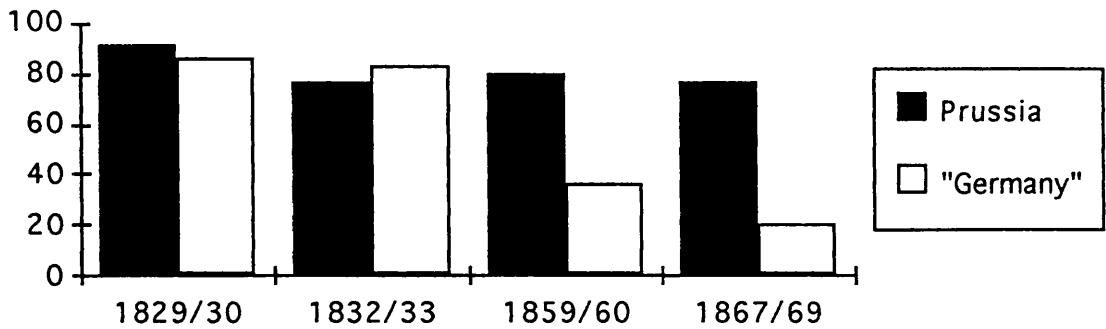


Table 6. Exports of agriculture as percentages of total value.⁴⁵

By 1859 the proportion of agricultural goods leaving the western ports had already sunk to 35.8% of the total. Yet the value of the total exports of both these places still expanded enormously, though that of the Prussian ports was somewhat less dynamic than that of the western ports.

The reason for these changes are to be found firstly in the increase in industrial exports through the western ports, and secondly in the rapid increase in agricultural exports from the Prussian ports after the lifting of the British Corn Laws:

In the period before the Corn Laws were abolished, the system of taxation on foodstuffs entering Britain meant that the export of corn from the German states was highly erratic:

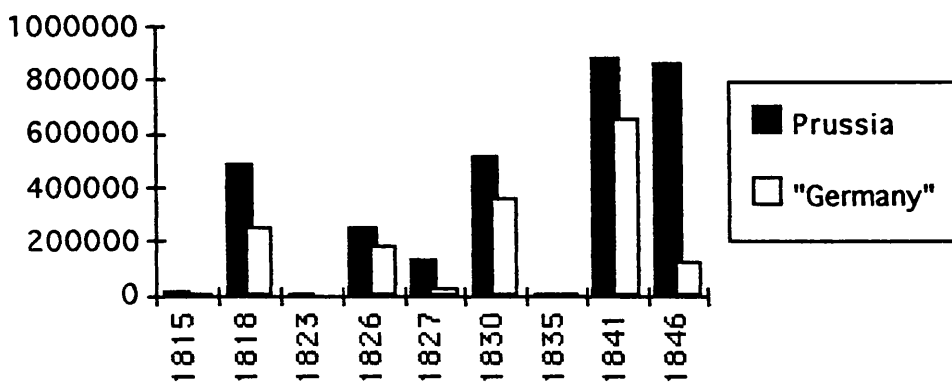


Table 7. Relative Amounts of Wheat Exported from Prussia and "Germany" (in quarters).⁴⁶

The highly unstable nature of trade with Britain was at the root of much of the unpopularity in the German states with regards to British commercial policy during the 1830s and 1840s. This possibly contributed to the will to industrialise

in the western regions, leading to the decrease in relative importance of agriculture there and amounts produced for foreign consumption.⁴⁷ In the eastern coastal provinces, however, where the accessibility of the materials of industry was so much less, the lifting of the Corn Laws led to the relative stabilisation of the corn trade to Britain, which in turn meant that the export of agricultural produce to Britain remained an important part of the export trade there.

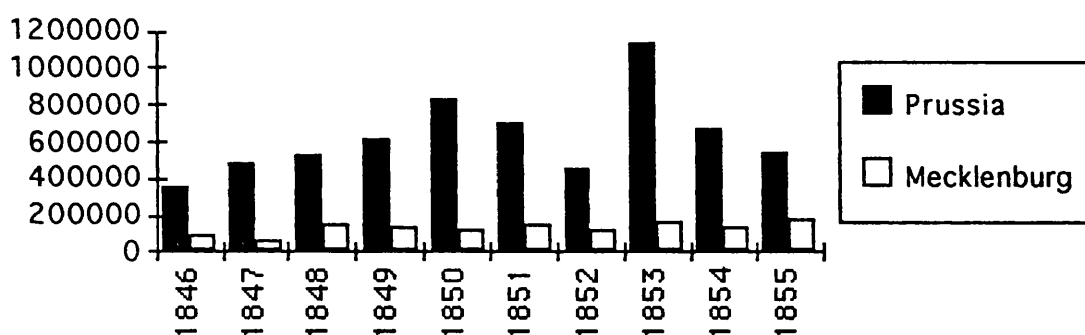


Table 8. Imports from Baltic Ports.⁴⁸

Table 8, which shows the amounts of corn as measured passing the Danish Sound, shows how the coastal state of Mecklenburg similarly benefited from the lifting of the Corn Laws.

The assumption that the growth of industry in the western provinces of the Rhineland was not unconnected with the will to separate from the dependency on the erratic intake of corn by Britain appears to be supported by the fact that the Corn Laws' abolition was viewed by many who were interested in seeing the growth of industry - especially the national economists - with great suspicion. The interest of the eastern Prussian provinces in cultivating their links with British trade, and their interests in Free Trade and the diminishing of tariffs was viewed in many respects as anti-German, though it was really simply an expression of economic interest. The collusion of interests between Britain and the coastal agricultural areas allowed the abolition of the Corn Laws to appear in an unfavourable light to national economists. In many respects the release of the trade in corn allowed a further polarisation of interests to develop within the German states, and even between the eastern and western parts of Prussia.

The problems which the Corn Laws had caused for the German states largely had to do with prices. When the British demand for corn rose, so too did the price of foodstuffs in the German states. There was in effect an umbilical link between prices in London and in the German hinterland which lasted beyond 1846.⁴⁹ It is interesting to note that even after the abolition of the Corn Laws, there were two peaks in the price of Corn in London, one in 1847 as a premonition of the revolution, and another lasting through the Crimean War.⁵⁰ The blockade of Russian ports in the Baltic during the latter had on the one hand the effect of creating a rush of trade through the Prussian ports⁵¹ - which had become a replacement for routes to and from Russia. On the other hand, the blockade caused the demand for corn from the German states to increase, and with it prices.⁵² Corn also remained 'one of the principal circumstances which affects the exchange between England and Germany,'⁵³ and the success of British sales in the German states. The fact that in many respects the economies of the German states were still agriculture dominated meant the effects of this were widespread. The release of corn flows in 1856, coupled with a good harvest, led to an enormous spurt in these economies and renewed investment in many areas of industry.⁵⁴ Still, the dominant position of Britain made itself felt through agriculture in the German states even into the 1860s.

b) Coal

In terms of weight, coal formed the most copious of all the British goods exported to the German states in the 1850s. Its total rose from an average of 524,289 tons in 1847/51 to 1,099, 541 tons in 1857/60 shipped to all the German ports.⁵⁵ The fact that coal was so heavy meant that it formed a convenient and accessible ballast for otherwise empty ships returning to the German states having unloaded their cargo of corn, or increasingly, other produce.⁵⁶ These ships could unload their goods in London, or other east coast ports, then collect

coal from Newcastle.⁵⁷ In the wake of the continental blockade imposed during Napoleonic domination, British coal became the staple fuel in the German port towns, and yet increasingly was also shipped inland, mainly via the Elbe, but also by canals and other waterways. The main inland markets for British coal were in places as far south as Erfurt, but mainly in Magdeburg, reached by the Elbe. For a time British coal also found its way to Berlin, via Stettin. The markets for British coal thus consisted on the one hand of the domestic consumption of the port towns, and on the other of the supply of inland industry via the waterways. The increase in urban consumption of coal coupled with a growth in demand of industry meant that throughout the middle third of the century there was an increase in the amounts of coal exported from Britain to the German states:

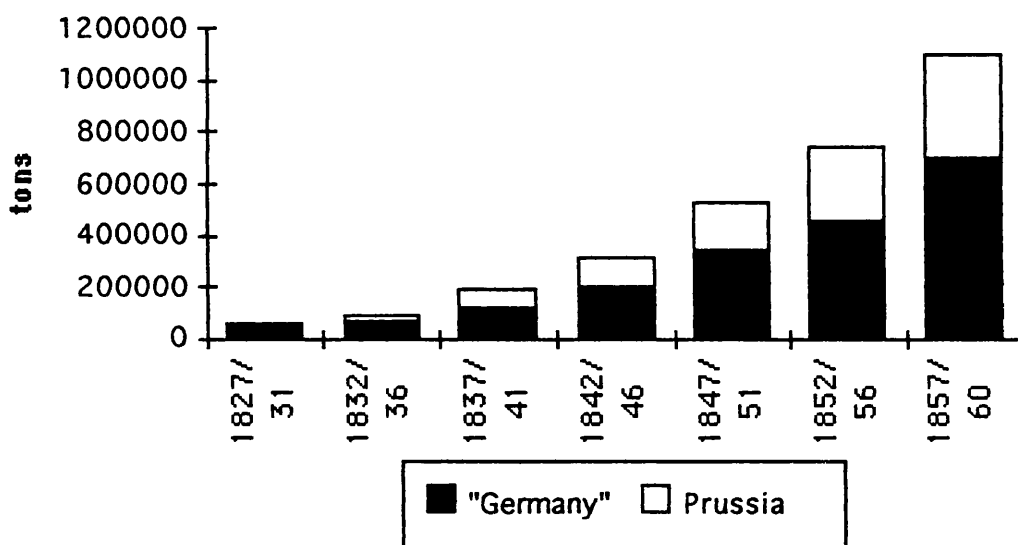


Table 9. Relative Imports of British Coal to "German" and Prussian ports.⁵⁸

This continual growth in the amounts of British coal taken by the German states must be taken into account as explaining an overall ^{lack of} interest on the part of the British government in the nature and fluctuation of the coal markets in the German states, for indeed there was a massive change taking place in the nature of the market of British coal there. This fact is only really revealed when one regards the rate of growth, rather than the amounts. For the same time periods, the percentage of increase, went from 44.7% to 110.7%, but then

down to 61%, 66.2%, 40.9% and 48%⁵⁹ - revealing a gradual slow down, especially in the 1850s, in the rate of increase in British coal exported to the German states.

Domestic coal production in the German states *really began to increase* around the mid-century. As a total, the amounts mined in the *Zollverein* rose from around 87 million Zentner⁶⁰ in 1848 to 225 million in 1857. The main areas of production, in order of amounts produced, were in Westfalia, the Rhenish provinces, Schlesien, but also Saxony and Bavaria.⁶¹ In conjunction with this, the extension of railway connections meant that the markets for coal produced in the German states were extending themselves as transport became easier, and thus increasingly competing with foreign producers (Britain, France and Belgium) and forcing back the frontiers of their markets.

Because coal was such a heavy good, it was largely the cost of transport which dictated the difference in price, and thus the success of sale. The markets for British coal lay almost exclusively north of the river Main - the cost of transport further south acting as a prohibitive tariff. While the relative cheapness of British coal to the coastal towns ensured its continuing dominance there, especially in the eastern ports, and some resistance was offered by virtue of the high quality of British coal, the inland markets for British coal began to suffer greatly from the new competition. This was especially so in the western Rhenish provinces - where British coal had also to compete with Belgian, but also in Magdeburg and Berlin, which were being increasingly supplied by Saxon and Westfalian coal (in 1853, where British coal cost between 13 and 19 Thaler per Last, Saxon cost around 11-13 Thaler). This meant that at least as far as the eastern Prussian ports were concerned, the coal which was taken there was increasingly for local, rather than inland markets.

The process of diminution of markets for British coal was given a decided boost, as has been shown by Otto-Ernst Krawehl, by the Crimean War. Here, the low value of coal in comparison to its weight, meant that ships were suddenly attracted to more lucrative trade in other parts of Europe, making the price of British coal (as seen above) even higher as the costs of transport rose, and

disturbing the markets still further. The effects of this on the growth rate of coal exports can clearly be seen on a more detailed chart of British coal exports to Hamburg:

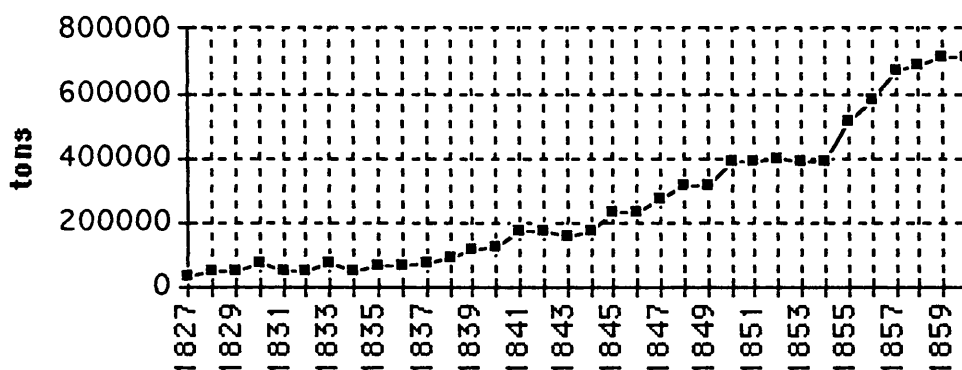


Table 10. Total Coal Imports to "German" ports.⁶²

The inroads which the domestic coal production of the German states was making on the British market were known to John Ward - the British Consul General at Leipzig, as they were to several other interested parties. The effects of the Crimean on the coal trade, and the need to reduce above all the price of transport of coal was reflected in their accounts to the parliamentary Select Committee on the abolition of the Stade Duties - which were believed to be artificially raising the price of British coal as they were raised on the basis of weight, and thus disallowing fair competition for British coal with Belgian and German products.⁶³ John Hargreaves, Private Secretary to Colonel Hodges, the Consul General in Hamburg, specifically noted the fact imports should be increasing at a faster rate as German consumption of coal was growing enormously, and yet they were not.⁶⁴ Even so, these expressions of concern for, and knowledge of, the British coal market were rather the exception than the rule throughout the 1850s - a fact which is only intelligible when the continued rise in British coal exports to the German states, despite these changes, is considered. The matter of abolition of the Stade tolls was likewise more the product of a change in principle of British commercial policy towards transit dues, and the result of effective campaigning on the part of the Hamburg government than any concern for British coal markets.⁶⁵

The truth was, that consumption in the coastal regions of the German states, in line with the rest of the Confederation, was increasing to such an extent that the intake of British coal continued to rise anyway and thus camouflaged the serious changes in the basis of the coal market. The market for British coal, which had started off as restricted to the consumption within port towns, had reverted back to there as its main focus. Especially in the eastern ports, British dominance remained absolute. On top of this come the facts that in terms of value coal remained a small part of British manufactures to the German states (some 2.2% in 1852/57 and 2.7% in 1858/60⁶⁶), the German states represented just one part of the global market for British coal (18.84% in 1847/51, 16.98% in 1852/56 and 16.59% in 1857/60⁶⁷) and for that matter part of a total coal export which continued to rise phenomenally throughout the 1850s (from 2,699 thousand tons in 1848 to 8,861 tons in 1865⁶⁸). In other words, the British coal industry was in not in the least disposed to protest about foreign markets. Only those British representatives actually in the German states were aware of the extents of the fluctuation in the British market, and the possible consequences of its loss.

c) Iron

In some respects, British exports of iron to the German states were affected by a similar configuration of factors as the trade in coal: Iron goods suffered from matters such as the expense of transportation as a heavy good, and the transformation of possible routes for its dissemination. Yet iron was also more closely bound up with the process of industrialisation in the German states - one could even assert its key role in the process. It was also more seriously influenced by the existence of the *Zollverein* tariffs.

The categories of iron on which it is useful to concentrate for the purpose of following the dynamics of trade are those of crafted iron products, pig iron (*Roheisen*) and wrought iron (*Stabeisen*). Because of the changing industrial

relationship of Britain and the German states the changing importance of each of these categories in British exports to the German states reveals the middle third of the 19th century to be split into three periods.⁶⁹

The first of these periods, lasting approximately until 1837, had the character of the pre-industrial period. The exports of British iron products to the German states remained by and large restricted to the small crafted iron goods, coming from towns such as Sheffield and Birmingham.⁷⁰ These *included* knives, scissors, needles, blades and so on. Because of the nature of these goods as quality articles and products of craft, their markets were relatively safe from German competition, and German and British markets existed side by side, rather than reducing each other. This situation also meant that the export of British articles of this nature to the German states remained a steady one, remaining unaffected by the technological changes which were introduced in the production process of heavier metal production, and hence growing throughout this period but also through the 1840s and 1850s.⁷¹ As far as larger iron goods were concerned, British exports remained limited in terms of market. Wrought iron formed the larger part of this, though inland markets were cut off both by domestic and foreign competition and by the existence of a tariff. Raw iron formed a tiny proportion, though it is significant to note that even in the 1830s this proportion showed all the signs of booming which was to characterise the iron trade over the coming two decades.⁷²

The second period was dominated by the sudden explosion in railway-building which took place in the German states through the 1840s. This meant that the amounts of wrought iron - or rather iron for rails - increased dramatically, and somewhat artificially.

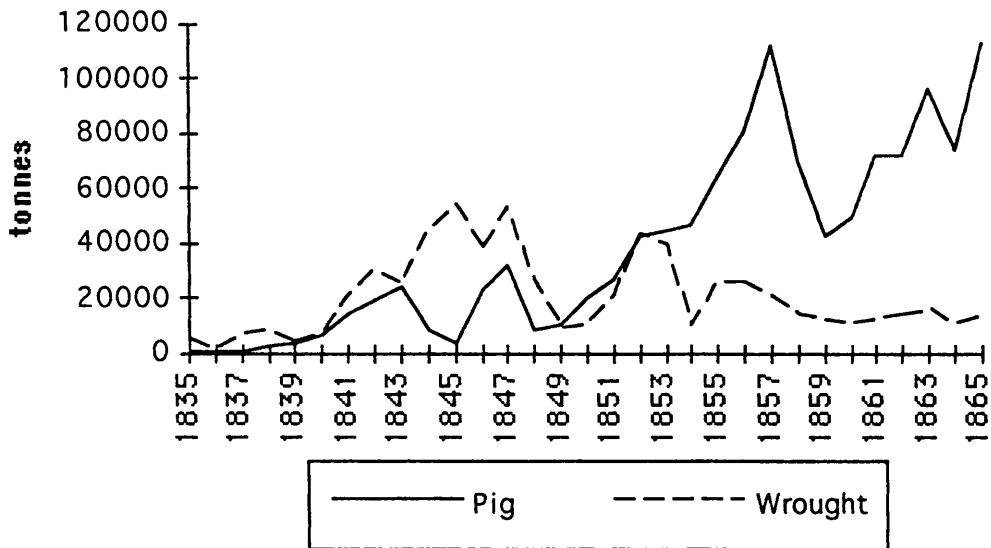


Table 11. Amounts of British Wrought and Pig Iron to the German States.⁷³

In effect, the demand for iron in the German states was so large and production of domestic iron so inadequate that British iron was used to fill the shortfall. At this point British iron for rails was being imported into all the German ports, and was especially used in the coastal areas. Yet the demand for iron for rails also represented a major spur to the domestic iron producers, creating, as it has been termed, a *Vorwärtsskopplungseffekt*.⁷⁴

Yet the price of British wrought iron was also subject to massive fluctuations during this period:

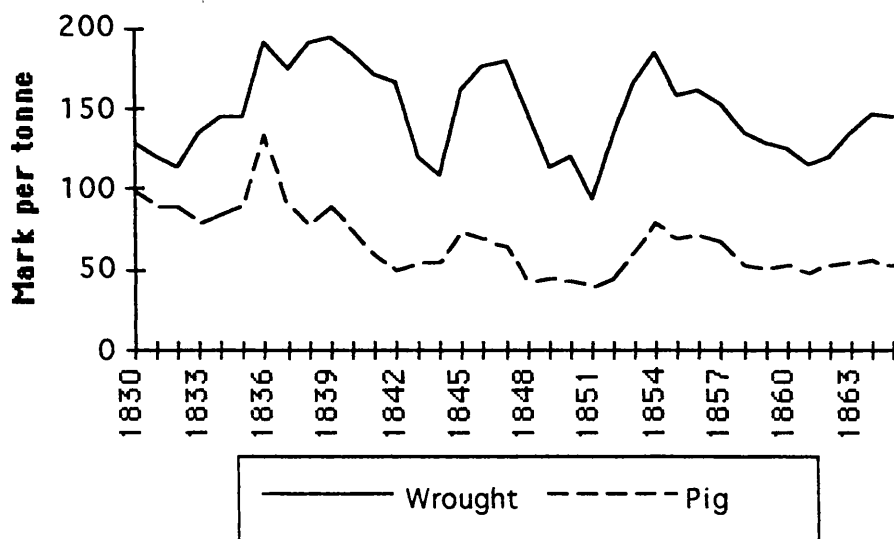


Table 12. Price GB Wrought and Pig Iron (In Liverpool and Glasgow Respectively).⁷⁵

Table 12 shows how to a large extent the wrought iron prices in Britain were an exaggeration of those of raw iron there. The British prices dominated those on the German market, creating a lasting resentment of British trade because of the fluctuation of prices, which was to be reflected in the support of iron workers for the protection of national industry and the national economists,⁷⁶ and yet also furthered the desire to see the growth of a domestic industry independent of British price deviations.

The growth of iron manufacture in the German states from that point on boomed, and was to increasingly dominate throughout the third period - roughly speaking, the 1850s. What was to characterise above all the period in the wake of the 1840s was the increasing ability of domestic manufacturers to supply domestic demand. The amounts of wrought iron thus fell off after the 1840s, and the demand for British iron for rails was to be increasingly limited to the more coastal regions of Hanover and the eastern ports. The inclusion of Hanover into the *Zollverein* in 1853 was to incorporate that region further into the German states' market.

Another major boost to this process, however, was given by the adoption on 1.9.44. of an import tariff, which, as it weighed far more heavily on wrought iron than it did on pig iron,⁷⁷ represented a major boost to iron manufacturers in the German states. British markets were also more disturbed by the fact that Belgium, Britain's main contender on the northern markets to which British iron goods were confined, was to be allowed a concession of half this rate.⁷⁸ Naturally, this protection of the interests of iron manufacturers was to have the side-effect of antagonising the coastal regions of the *Zollverein*, which still profited more from importing British wrought iron than those of the hinterland, reflecting again the way the existence of the British market in the German states opposed the desires of the national economists. This situation meant that inside the *Zollverein*, around the Rhine area, which was the key competition area between Belgium, Britain and the domestic manufacturers, the tariff was enough to sway the market one way or another: While the existence of the tariff gave Belgium the edge, the decision to put Belgian iron on an

equally high footing as Britain's again gave British iron a chance of competing. Eventually, however, it was to be the German domestic manufacturers whose prices would dictate their success.⁷⁹ Outside the *Zollverein* area, in Hamburg where the tariff did not count, British wrought iron maintained its competitiveness.⁸⁰ It was, however, one of the main failings of the British information-gathering system, that the trade entering the German states via the Rhine could not be differentiated from that of trade with Holland.

The pig iron (known in the German states most commonly as "English" iron) originated mostly in Glasgow, from where it was shipped via the Forth-Clyde Canal to Grangemouth and thence to the ports of the German states. Wrought iron, on the other hand, originated mostly in South Wales. The more highly manufactured types of wrought iron came from the areas of northern England and Staffordshire, and were shipped from Hull or Goole.⁸¹

The third period, into which that of 1848-65 falls, as table 10 shows, was characterised above all by the diminishing amounts of wrought iron being introduced into the German states at the same time as a steady increase in the importation of pig iron. This was encouraged by the gradual fall in prices of pig iron demonstrated in table 12. The most important factor in this development however stemmed from the same growth in domestic production of iron which negatively affected British wrought iron sales: The dramatic increase in manufacture of iron in the German states meant that there was a demand for the raw product which could not be fulfilled by German raw iron supplies. The real retrieval of good quality iron ore, similar to the Scottish 'blackband' did not really take off until the later 1850s. The surge in imports of 1856 (seen in table 11) can likewise be connected to the sudden spurt in iron production in the German states in the wake of the Crimean war and the freeing of capital connected with this which has already been mentioned.⁸² The importation of pig iron was likewise favoured by the tariff system, or at least not as seriously hampered by it as wrought iron. The fall in prices meant that British raw iron was still able to compete in spite of the tariff, at least in the

northern parts of the Confederation. Whereas the iron manufacturers of the Rhine were interested in increasing tariff protection on wrought iron, there was increasing interest in the manufacturing districts of Prussia in seeing the abolition altogether of tariffs on raw iron - a fact which was to distance Prussia from its southern neighbours whose relative technological state still seemed to demand protection even in this good. Again, then, the continued rise of British exports in pig iron to the German states appeased various parts of the home industry, while distracting attention from, or at least not encouraging the topic of, burgeoning German industry and the threat it might or might not represent. At the same time it must be noted that the process of industrialisation in the German states, as far as this important article was concerned, did not involve direct competition, as is often maintained, but the relationship was again one of mutual benefit; industrialisation was taking place with the help of British pig iron.

Even so, it still might appear odd that the markets for wrought iron could be allowed to shrink so much without any real activity on the part of the British government in the realm of commercial politics. On the one hand, it should be noted with regards to this that the matter of iron was in fact one of the few topics which was repeatedly the subject of representations by John Ward and others throughout this period, though always strictly within the confines of Free Trade persuasion.⁸³ On the other, there are various factors regarding the context of the German states within Britain's total iron exportation structure which explain the seemingly relaxed attitude to this momentous fluctuation: The exportation of wrought iron to the German states was simply one small part of this total trade - about a tenth in 1848 and a twentieth in 1860.⁸⁴ More importantly, as the German states receded in importance as a market for wrought iron, exports were in fact 'soaked up' elsewhere: Until 1855/56 the markets in British North America and in the U.S. grew phenomenally. Their role as markets was so much larger than that of the German states that attention was likely to go there rather than to European markets.⁸⁵ In the immediate aftermath of the Crimean this trade was attracted to France, but in later years

the markets of places like S. America, Australia, and Asia became more important. Added to this, trade in wrought iron to Austria and S.E. Europe, as well as to Russia also increased in the wake of the Crimean War. As far as the European markets were concerned, what in effect was happening was that the huge trade in rails which had underpinned exports to the German states in the 1840s had not ceased, but had rather now moved to the periphery of Europe rather than its centre. At least, therefore, until 1856, the amounts of British wrought iron exported in total boomed considerably. The return to a lower - but stable - export level after 1856 contributed to the movement leading up to the trade treaty with France in 1862, though again it would have been more likely seen as the influence of American protectionism than problems with central European markets. Another factor which may have contributed to the relative quietude of iron manufacturers in the face of changes in the German market was the growth in other areas of iron production - such as cast iron.⁸⁶

d) Textiles

Again in the sector of textiles, by far the most important part of Britain's export trade with the German states,⁸⁷ and thus the most important in terms of the perspective the British government had of the state of its exports to the German states, there were enormous changes taking place. Above all else, the changes in the nature of British textile exports to the German states were brought about by the increasing industrial productivity of the *Zollverein* states, and by the introduction of tariffs by the *Zollverein*, which manipulated the imports of cotton goods along a certain pattern. These factors effected between them a transformation in the market for British goods. Yet it will be argued here that for several reasons these were changes which did not make themselves immediately obvious to the British government or propelled them towards any action, and in some ways represented benefits rather than threat.

The period of the 1850s in many ways forms the rear end of a peculiar situation in the textile sector which had existed since the opening up of trade after 1815 - this being the trade relationship between an industrialised and an industrialising power. Britain entered the European market at that time in a position of strength, meaning the market for British textiles in the German states was quickly established and increased - forming 80.9% of the total.⁸⁸ At the same time, the decreasing costs of raw cotton and of production meant that the prices of British cotton manufactures was steadily reduced. This sudden influx of large quantities of British textiles at an ever cheaper price was to form an early basis for later recriminations among the national economists - citing the harm done to the domestic - mainly Saxon - textile industry⁸⁹ as evidence of British malevolence towards native industry.

As a total of the value of British exports, some 53% was made up of cloths, and 27.9% of threads. By 1867 this had changed to 38.5% and 41.7% respectively. During the time leading up to, and including the 1850s, there had been a transformation in the nature of the trade in textiles which involved the gradual increase in importance of threads and yarns and the decrease in that of British trade in cloths.

There were several reasons for this: First, there was an increasing capacity for production of cloths in the German states itself which began during this time to compete with British manufactures - particularly in the coarser, heavier articles. This was facilitated by the existence of the *Zollverein* tariff, which, because it was a tariff ordered by weight, was particularly prejudicial to heavier articles. By the 1850s, there was indeed a high level of self-sufficiency in the production of the more ordinary types of cloth in the German states.

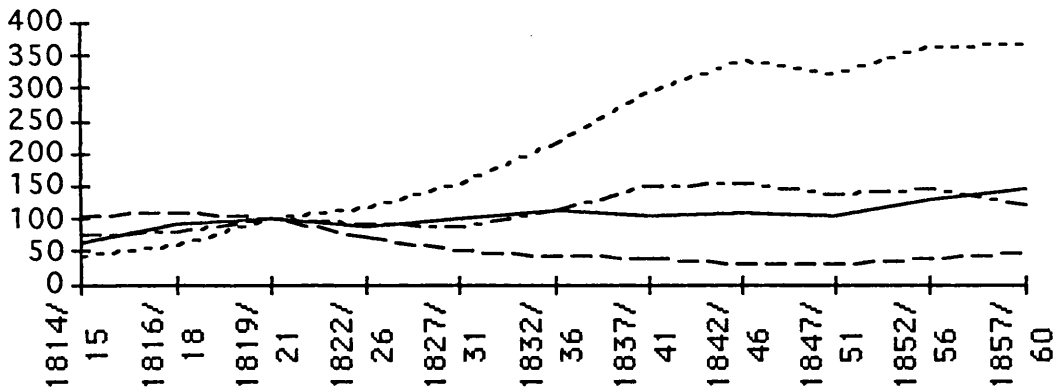
At the same time, the huge increase in cloth manufacture in the German states meant that there was a vast demand for threads and yarns which could not be supplied fully, or for an equivalent price, by the home consumption - this being particularly the case in finer threads. The tariff of the *Zollverein* implicitly recognised this state of affairs by later increasing the tariffs on threads also. Yet as far as the finer threads were concerned British goods still

maintained their advantage. Thus British textile exports were placed increasingly in the role of supplier of semi-manufactured goods for their further manufacture in the German states. By the period of the 1850s domestic production had however also reached the stage where it was beginning to make inroads into Britain's yarn exports. Even so, this only had the effect of slowing down the rate of increase in thread imports; the level remained high, and one can still note, as with iron imports, the high level of interest German manufacturers had in their economic connections with Britain.

Another dynamic which influenced British textile exports throughout the mid-century was the gradual fall in cotton prices. By 1847/51 the price of cotton cloths to "Germany" was just 28.6% of its price in 1819/21, while that for thread was 42.9% of its original price.⁹⁰ This meant on the one hand that the price of British manufacturers forced down those in the German states and surely made it difficult to compete - again encouraging protests from the national economists. This was a large contributing factor in their welcome for the *Zollverein* with its protective tariffs on manufactured textiles. The falling off of value for cotton articles however also meant that the remuneration for the same amount of British goods became less, a fact which, it might be expected, would have brought some active British marketing strategy or campaign. This, along with the factors of increasing domestic production and the *Zollverein* tariff meant that cotton, as a proportion of the total value of British exports to the German states, became vastly reduced: Where in 1819/21 cotton cloths made up 43.3% of the value of British exports into Hamburg, by 1858 this was just 11.5%, while the value of cotton yarn went from 27.9% of the total to 19.7%.⁹¹

The extents of these changes being described, it seems almost common sense that there should be some sort of official reaction on the part of the British government. Yet for several reasons, some to do with the economic context of these changes, and some to do with the manner of information-gathering, the threat to British trade interests did not lead to any great worry.

Firstly the figures given above are as proportions of the total value of British trade; some account needs to be taken of the volume of manufactures entering the German states and their value in themselves. This is especially true with regards to cotton goods:



Values in 1819/21 given as: Cloths, 41,806 Million Yards/£ 2.411 Millions; Value Threads, 116,331 Zentner/£1,575 Millions.

Table 13. Volume and Value of British Cotton Imports to "Germany" (Using 1819/21 as 100).⁹² ✗

Table 13, derived from British statistics, shows the booming amounts of cotton thread into the 1850s. Yet it also shows that the volume of cotton cloths exported in the 1850s in fact increases after the revolution in 1848. Furthermore, the value of these goods in the 50s appears to have stabilised: the inroads into British exports of thread only make themselves obvious at the tail-end of the decade, and the value of cloth exports actually increases slightly. Thus the decreasing percentages for the value of cotton goods seems to be due more to the growth of trade in other areas. Though the signs were there of the vast economic changes which were taking place in the German states, changes which would mean ultimately the end of this period of mutual benefit, in the 1850s, the statistics still bore a character which was not extremely worrying.

Part of this is down to the fact that, as far as cotton was concerned, many goods managed to maintain their hold on the German market because of their ever decreasing price, which meant they could still compete despite the import tariff. A main contributor to this had been the fall of price of raw cotton. It is

interesting to note that though the price of raw cotton rose again in the late 1850s, the prices for cotton yarn and cloth sold to the German states rose only marginally at that time - leading to the assumption that the edginess of British manufacturers leading up to the Cobden/Chevalier commercial treaty⁹³ had more to do with the narrowing of profit margins due to the new expense of raw cotton supplies rather than worries about European markets.

British cotton cloth manufacturers also still were able to dominate in the areas of more high-quality cotton goods - such as printed ones - and were more flexible and more capable of technological advance to keep one step ahead of the German manufacturers. This meant, however, that increasingly British exports in cloths were made up of quality goods rather than the heavier materials of earlier years. This, however, was a fact which could not be reflected in British statistics, because these tended to measure the export of textiles according to length, not according to weight, and thus no official idea could be formed of the real changes taking place in textile exports with regards to this.

The exports of British thread were likewise increasingly centred on higher quality sorts, though the situation was still not yet quite as desperate; British threads were till highly competitive and indeed the demand for thread was too high for domestic production to fulfill. One factor which made British statistics unreliable in regard to thread exports was the fact that increasingly thread was being imported for transit rather than domestic consumption in the German states, going to the weavers further east in Bohemia. This type of business was one facilitated above all by the building of railways connecting the German ports with the interior. Its growing importance is reflected in the fact that where in 1836/40 98.5% of thread passed through Hamburg and 1.5% through other "German" ports, by 1857/59 just 77.6% of this trade came through Hamburg while 12.3% went through the other "German" ports and 10.1% through Prussian ports.⁹⁴ Again, however, British statistics were unable to distinguish between thread for the German states and that for other countries, and could only note an increase in the overall export to the German states.⁹⁵

The fact that transit business increasingly by-passed the trades fairs simply added to the inability of really making any judgements on the threat to the British market due to domestic manufacture.

Though it is important to show how the British government could be ignorant of the changes affecting its markets negatively, it is also worth noting the changes which were taking place in the other sectors of textiles. These were in general positive developments from the viewpoint of British trade. Woollen cloths and articles maintained a surprising degree of stability throughout this period, due more than anything to the dominant influence of Britain in terms of dictatorship of fashion in this good, and the fact that British wool was highly praised for its quality. Woollen yarn as well as linen yarn increased considerably, supplying domestic industry in the German states. Meanwhile British linen stuffs increased their share of the market due to their increase in quality, and the demise of Russian competition in this regard after the Crimean War. In short, the prospects for these sectors of production seemed extremely hopeful.⁹⁶

Again, then, it seems that the period 1848-65, as far as British textile exports go, was one where the enormous changes which were taking place in the German states were already having an effect in the qualitative nature of British goods exported. Up to this point, however, German industrialisation had not turned fully against British economic interests, and a high level of mutual benefit was involved on both sides. Where British interests were being harmed, the methods of information-gathering on this matter meant that little information was at hand.

4. SUMMARY

Any study of the perspectives on British commercial policy at the mid-century cannot fail to take into account the factor of imbalance in the relationship between Britain and the German states. Britain's vast economic

connections and strength of industry encouraged an attitude of less interest towards the German states, while there the role of trade with Britain was so much more tangible and important than vice versa.

At the same time, the German states represented an important market for British manufactured goods within the global configuration. Economic changes were taking place within the German states which were making Britain's hold over that market less sure than formerly. For various reasons, the British government was less likely to be aware of the the threat which industrialisation in the German states might be supposed to pose: Throughout the fifties, the process of industrialisation in the German states largely worked in tandem with British export interest, and both the industrialising sectors of the German states - more especially in the northern parts, though increasingly also in the southern states - as well as Britain benefited from closer interchange of materials. The real inroads on Britain's markets in the German states were hidden either by increasing levels of consumption in general, or by the way these figures were collected. When the shift in attitude towards protection of ^{British} markets in the German states did come, it did so as a result of changes in Britain's ^{global} trading connections. It was this new ^{global} constellation which encouraged a keener interest in British markets in the German states.

¹ Works regarding this include: Bodo von Borries, *Deutschlands Außenhandel 1836 bis 1856. Eine statistische Untersuchung zur Frühindustrialisierung*, 1970, Rolf H. Dumke, 'Anglo-deutscher Handel und Frühindustrialisierung in Deutschland 1822-1860,' 1979, Otto-Ernst Krawehl, *Hamburgs Schiffs- und Warenverkehr mit England und den englischen Kolonien 1814-60*, 1977, Martin Kutz, 'Die deutsch-britischen Handelsbeziehungen von 1790 bis zur Gründung des Zollvereins,' 1969, Walther G. Hoffmann, *Das Wachstum der deutschen Wirtschaft seit der Mitte des 19. Jahrhunderts*, 1965.

² See Chapter 1.

³ See Chapter 2.

⁴ Kutz, 1969. pp179-183. Compare these values printed in B.R. Mitchell, *Abstract of British Historical Statistics*, 1962, pp282-283.

⁵ Theodore S. Hamerow, *The Birth of a New Europe...*1983, pp1-10.

⁶ Taken from Mitchell, *Abstract of British Historical Statistics*, 1962, pp282-3.

⁷ *ibid.*

⁸ *ibid.*

⁹ From: Borries, 1970, p196.

¹⁰ Borries, 1970, p196.

- 11 See Krawehl, 1977, p335. While the average annual import figure for corn for 1841-50 was 2892000 quarters, by 1858 this had risen to 5876000 quarters.
- 12 Walter Steitz, *Quellen zur deutschen Wirtschafts- und Sozialgeschichte im 19. Jahrhundert bis zur Reichsgründung...*, 1980, p412.
- 13 Steitz, p418.
- 14 Steitz, p281.
- 15 See Tipton, *Regional Variations...*, 1976.
- 16 The principal articles of import being corn, coffee, sugar, tea, wine, timber, raw cotton, raw wool, silk goods, tobacco, flax, hemp, oils, hides and skins and dyewoods and stuffs. The figures for import in thousands sterling for corn, sugar and raw cotton respectively were 1848 - 9,491, 10,185, 23,405; 1851 - 14,178, 12,276, 24,582; 1854 - 10,139, 13,764, 28,657. In 1848 corn formed 12.92% of the total value of British imports, sugar 13.86%, raw cotton 31.85%; in 1851 these were 14.49%, 14.28% and 28.60% and in 1851 11.07%, 15.82% and 31.28%. Mitchell, 1962, pp291-292.
- 17 The figures for Prussia become amalgamated in Germany for 1857 onwards. From: Mitchell, 1962, p100.
- 18 Taken from the computed figures included in: Mitchell, 1962, pp315-327.
- 19 This is a term used in Krawehl's statistical study of Hamburg trade and derived from the distinction used in British figures. "Germany", as defined in 1817, meant all the ports not belonging to Prussia - ie. most notably Hamburg and the Hansa towns, Hanover, Mecklenburg, Oldenburg, Harburg, and Altona. See: Krawehl, pp194-195. It also has wider significance here because these ports did indeed represent the main route into the German states, while the transport of British goods further inland from the eastern ports remained less significant (see below).
- 20 Hamburg represented the main route for British manufactures into the German states and thus represents a fairly useful yardstick with regards to British exports. Krawehl notes that the larger part of manufactured goods tended to take this route. Those goods whose transport was more expensive and yet whose value was less, such as coal, tended to go to the provinces east of the Elbe via the Baltic, yet their value was relatively so little as to make only a slight difference to the figures given here.
- 21 Krawehl, 1977, pp200-202.
- 22 See note 19.
- 23 Rainer Fremdling, *Technologischer Wandel und internationaler Handel...*, 1986, p320.
- 24 It must also be admitted that the growth of markets in the east also contributed to this development. See Chapter 8.
- 25 Hartmut Kimmich, *Die Entwicklung der Mainschifffahrt...*, 1965, p135.
- 26 Klaus Megerle, *Württemberg im Industrialisierungsprozeß...*, 1982, pp167-8.
- 27 Though the economic configuration of the southern states was rapidly changing, the importance of agriculture has been underlined by: Dieter Langewiesche, *Liberalismus und Demokratie in Württemberg...*, 1974, pp42-43.
- 28 Mr Koch recorded the amount of British goods to have made their way via this route as 538544 kilos in 1856 and 1776409 in 1857. The main part of this appears to have been cotton goods and iron. Koch, 29.9.59. Report Relative to the Trade of Southern Germany, printed in: Abstract of Reports on the Trade of Various Countries...1857-8-9, PP, Accounts and Papers, 1859, XXX. Also Milbanke to FO, 4.8.58., FO9/137 PRO.
- 29 Steitz, pp398-9.
- 30 See below.
- 31 Karl-Heinz Reinhardt, *Der deutsche Binnengüterverkehr 1820 bis 1850...*, 1969.
- 32 Hermann Meyer zu Selhausen, *Die Schifffahrt auf der Weser und ihren Nebenflüssen*, 1911, p14.

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- 33 Eberhard Gothein, *Geschichtliche Entwicklung der Rheinschiffahrt im 19. Jahrhundert...*, 1903, pp304-306.
- 34 Reinhardt, pp571-3.
- 35 Krawehl, p142.
- 36 John Ward, Report on Easter Fair at Leipzig, FO68/114 PRO. See also on this: Krawehl, p265.
- 37 Krawehl, pp265-6.
- 38 Reinhardt, 1969, p590.
- 39 Rolf Horst Dumke, 'Anglo-deutscher Handel und Frühindustrialisierung...', 1979, p183.
- 40 Taken from: Krawehl, p226.
- 41 Krawehl, p227. Note that Krawehl is using the reports from British consuls on this matter printed and discussed in R.J.S. Hoffmann, *Great Britain and the German Trade Rivalry 1875-1914*, Philadelphia, 1933.
- 42 See above.
- 43 See Chapter 2.
- 44 Krawehl, p213.
- 45 Krawehl, pp213-4.
- 46 From: Krawehl, p215.
- 47 This, indeed, was the main premise of the reports of John Bowring on the development of industry in the German states, and was to become part of the reasoning for the removal of the Corn Laws. See Chapter 2.
- 48 Taken from: Returns of Imports printed in: Report on Sound Dues, PP, Reports Committees, 1856, XVI.
- 49 Krawehl, p190.
- 50 Mitchell, 1962, p488.
- 51 Krawehl, p223.
- 52 25.3.56., John Ward to Clarendon, FO68/100 PRO.
- 53 25.3.56., John Ward to Clarendon, FO68/100 PRO.
- 54 Report on the Trade of Leipzig 1856, in: FO68/103 PRO. Also Memorandum of the Harvest of 1856, in FO68/103 PRO.
- 55 Krawehl, p277.
- 56 Krawehl, p273.
- 57 Wolfgang Zorn, 'Die Wirtschaftliche Integration Kleindeutschlands...', 1973, p312.
- 58 Taken from Krawehl, p277.
- 59 Krawehl, p277.
- 60 1 Zentner=110lb (British).
- 61 Steitz, pp411-412.
- 62 Taken from: Krawehl, p277.
- 63 14.7.58., The Stade Toll, PP, Reports Committees, 1857-8, XVII,
- 64 15.6.58., Hargreaves, *ibid.*
- 65 See below.
- 66 Krawehl, p198.
- 67 Using the figures given for British coal exports to all Germany by Krawehl: Krawehl, p277, in conjunction with the figures for total British coal exports printed in: Mitchell, 1962, p121.
- 68 Mitchell, 1962, p121.
- 69 This configuration has been pointed out in: Krawehl, pp279-291.
- 70 *ibid.*, p280.
- 71 Krawehl gives the average figures of exports as £35,931 in 1837/41, £61,675 in 1847/51 and £167,504 in 1856/57.
- 72 The proportion rose from 4.2% in 1830/31 to 13.6% in 1838/39. *ibid.*, p283.

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- 73 From: Rainer Fremdling, *Technologischer Wandel und internationaler Handel im 18. und 19. Jahrhundert...*, 1986, p387.
- 74 Translates as: Forward industrial input or linkage.
- 75 Taken from Fremdling, 1986, p380. Note Fremdling uses the conversion rate of 20 Marks=£1.
- 76 The domination of British prices on the Rhine is described in more detail in: Heinrich Best, *Interessenpolitik und nationale Integration 1848/9*, 1980.
- 77 Being 20 Marks per Zentner for pig and 90 Marks for wrought. Fremdling, 1986, p308.
- 78 This was aimed at persuading Belgium from joining a commercial union with France.
- 79 Fremdling notes that in 1851 the prices for Rhenish, Welsh and Belgian wrought iron were 206, 219 and 224 Marks per Tonne. By 1854 this had changed to 248, 264 and 277 Marks. Fremdling, 1986, p313.
- 80 *ibid*, p313.
- 81 Krawehl, p286.
- 82 See above.
- 83 See Chapter 6.
- 84 Fremdling, pp383+387.
- 85 According to Fremdling's statistics the amount of wrought iron going to the U.S. and to the German states in 1848 and 1865 was 26,946, 164,670, and 12,174, as opposed to 92,428. Fremdling, pp387+402.
- 86 Fremdling, p383.
- 87 Some 76.4% in 1845 and 75.3% in 1858. See above.
- 88 Krawehl, p202.
- 89 Also referred to as the *Überschwemmung* - a *Leitmotiv* of the national economist school. See Chapter 1.
- 90 Krawehl, p229.
- 91 Krawehl, p202.
- 92 Taken from: Krawehl, p228.
- 93 See Chapters 8 and 9.
- 94 Krawehl, p242.
- 95 From 324,375 to 490,116cwt between 1836/40 and 1857/59. *ibid*.
- 96 For information on wool and linen/canvas goods see Krawehl, pp243-255.

1. BRITISH TRADE POLICY AND GERMAN UNITY 1848-9

One of the greatest impulses behind the revolution of 1848 in the German states was economics, and the resulting National Assembly at Frankfurt had as one of its central tasks the reorganisation of economic life in the German states.

This assertion stands in many ways in opposition to an historiography of the revolution which has preferred themes of unity, liberalism and political idealism: Successive generations of Germans, searching perhaps for an historical basis for unity or the roots of misguided liberalism have tended to overlook one of the central concerns of the revolutionary movement of 1848:

The commercial organisation of Germany. t

Hubert Kieseletter for the economic historians has remarked that 'the revolutionary development in Germany cannot be seen or understood without reference to hunger and economic crisis.'¹ Throughout the forties, discontent with the commercial system of Germany had been intensifying: Friedrich List's theories on the need for protection for burgeoning industry had spread themselves among the new industrial circles, and were espoused openly by several publicity organs, including such widely-read² newspapers as the *Augsburger Allgemeine Zeitung*. Many groups interested in the protection of industry looked to the idea of a 'German national' protection. A German national commercial system was also latched on to by many of the German nationalist liberals. The commercial question had simmered for 10 years or more in the German states across the whole political and social spectrum. The economic crisis and discontent of 1847, which encouraged the revolution, put wind in the sails of the commercial argument and transported it to the top of the list of grievances to be answered at Frankfurt.

Heinrich Best describes in his study³ of the role of interest groups how important economic concerns were to the revolutionary movement. The most striking impression to be drawn from his work is the sheer ferocity of debate on the commercial question in the German states leading up to and during the revolution - perhaps one of the reasons the subject has remained largely untouched is that a Western observer (at least until today's EEC debates) could hardly suppose that commercial relations were of such huge public concern: In the period between March 1848 and the period of the reintroduction of restrictions on the press in 1849, the force of public feeling on the commercial question - as on other matters - was released. A mass of publications were printed. Groups formed - such as the protectionist agitation group *Deutscher Verein zum Schutz Vaterländischer Arbeit*, or the Free Trade groups of merchants in Hamburg or the Baltic ports. Best notes however the numerical extent of the public mobilisation expressing itself in petitions to the National Assembly on the matter of commerce.⁴ He notes some 25-30,000 petitions handed in to the National Assembly, and (though tentatively) estimates that around 25% of the electoral register were involved in these. The number of these petitions which concerned commercial matters was 3775, or 396,356 signatures, which, Best concludes, 'leads one to recognise that during the years 1848/49 commercial policy was an important topic for a public ready to participate.'⁵ Though couched in a statistical analysis, Best's study begins to show the force of the public debate over commercial organisation.

The commercial debate offered a scenario which had not often been seen in pre-March Germany, ie. that of a controversy which had to a large extent escaped the control of the governing classes: The differing opinions of north and south German states at the same time as divergencies inside the Prussian bureaucracy forced the censor to relax, and in so doing throw a surprisingly clear light on the social and economic conflicts going on behind the façade of an authoritarian state system.⁶

The debate on commercial organisation in Germany was so heated because it affected so many interests keenly. The ramifications of the commercial debate as it was in 1848, which was essentially that of Free Trade or protection (Austro-Prussian rivalry soon to follow) were so all-encompassing, crossing so many social, political and geographic boundaries, that it can be seen ultimately as a battle between the status quo, and a new order. Burgeoning industrial interests, in collusion with the followers of List, demanded protection from foreign competition. Merchants, however, preferred freedom of trade. Agricultural states which exported to other German states naturally wanted to preserve inner-German markets and thus tended to protection. Those agricultural areas which exported abroad, however, separated from the German hinterland because of the fact that adequate land transportation had not yet been built, looked to Free Trade as creating commercial liberalism and facilitating easier commercial interchange abroad. Small-scale craftsmen feared the influence of foreign large-scale industry and thus were invariably protectionist. The battle lines were by no means restricted to the borders of states, as the example of Prussia shows with its Free Trade agricultural eastern provinces, and its industrial and mining districts in the west.* Tipton's idea of the regional nature of industrialisation⁷ expresses itself through the debate on the commercial organisation of the National Assembly. There was a general tendency for north German states to be for relaxation of tariffs, while southern ones were for protection, but Best's analysis shows that the interests involved were grouped according to the predominant economies of each area, thus argument raged not just between states, but inside them. The protection argument naturally carried along with it the debate on the role of the state - and thus also entered the arena of state bureaucracies and political élites. The role of the Diet,⁸ which had had as one of its aims the organisation of commercial affairs, and that of the *Zollverein* or German Customs Union, set up by Prussia, were also discussed - and thus also ultimately the power balance amongst the German states as it had been in the pre-March period. It is not possible to describe here the many

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*For more general works on the organisation of interest groups see W. Haller, "Regional and National Free Trade Associations in Germany 1859-9," in *European Studies Review*, vol.6, no.3, July 1976, and I.N. Lambi, *Free Trade and Protection in Germany 1868-73*, V.S.W.G., Beiheft 44, 1963. Both these accounts concentrate largely on the 1860s. They do, however, contain useful general discussions of the configuration of interests in the 40s and 50s.

along with it the debate on the role of the state - and thus also entered the arena of state bureaucracies and political élites. The role of the Diet,⁸ which had had as one of its aims the organisation of commercial affairs, and that of the *Zollverein* or German Customs Union, set up by Prussia, were also discussed - and thus also ultimately the power balance amongst the German states as it had been in the pre-March period. It is not possible to describe here the many

different ways in which the debate concerning the commercial organisation of the states expressed itself.⁹ What is important is simply to note that the commercial question was a high-profile element of the revolutions of 1848, and above all a primary part of the German national experience.

At the eye of this commercial storm in the German states was the relationship with Great Britain. It is impossible to over-emphasise just what a huge cultural dominance Britain had achieved in the states in the years leading up to 1848. Its constitution and political institutions were the subject of intense scrutiny in the growing political debates. The British process of industrialisation was admired and feared. Its technology needed to be constantly watched by budding German entrepreneurs, and there was the presence of many British men in the German states often owning and running factories. In many areas of life - politics, philosophy, commerce - the fascination with Britain was marked by both fear and admiration. Friedrich List characterised this double-edged relationship thus:

Love towards Britannia is like love towards Jupiter: Whoever wishes to draw her to themselves is consumed by her fire like Semele.¹⁰

The Free Trade/protection debate centred largely on the relationship of the economy of the German states with British trade. The love/hate *Leitmotiv* prevalent in the German states regarding Britain was at its most obvious here. Hamburg and the Hansa States profitted greatly from British trade as the go-betweens, the merchants for the huge British trade into the German area and the East.¹¹ Hanover looked to Britain as the supplier of colonial goods. The eastern districts of Prussia exported their grain almost entirely to Britain, and thus fought any attempt by industrial interests in the west to raise tariffs on British goods. Theorists of the national economy school, however, such as List, saw industrialisation as the future of the German states, and thought this was only possible once British competition had been eradicated and the manufacturing interests given a higher role than agricultural. Higher tariffs

were to be used to keep out cheaper British industrial goods, and attract capital which the state could then use to promote industry. The relationship with Britain was seen as the key to creating a German 'national' economy, and thus excluding British goods became part and parcel of the drive for unity - the two matters were inseparable.

Running through the vast number of publications of the national economists is a strong vein of anglophobia, and the belief that the hardship in the German states was attributable to an aggressive British commercial policy which aimed to divide and rule, and above all keep German industry in check. This was summed up by the *Augsburger Allgemeine Zeitung* thus:

The history of all federated states instructs us as to what the guiding principle of these honourable times should be: The 'Unity of the German Fatherland' can only be seen as being a reality and fact once material and spiritual protection is in place against the outside world...and has been placed in one hand...while in the other hand is formed a common union for the purpose of protecting German labour and developing the whole unlimited wealth of the German lands.

If we would only look beyond the apparently unending difficulties which seem to us almost insurmountable in dealing with these problems...if we would only remember the elements of resistance which alienated the *Steuerverein*¹² from the German cause under English influence...in other words if we would remind ourselves clearly that commercial unity must be based on the principle of mutual concession, upon which England will jealously glare, and which its devious policies have been able to decimate with such complete success for centuries helped by German weakness and fragmentation.

The petitions which flooded into the National Assembly showed also that the fear of Britain and its commercial policy was widespread, and not just common among economic theorists. The general fear was that the British intended to

price them out of work. This was particularly true of the iron industry, which had become increasingly suspicious of the Prussian government's commitment to maintaining a protective duty on iron: They complained that 'our German seas, rivers, and railways are all working for the benefit of the English iron industry.'¹³ They feared 'that the English, once they have completely destroyed the German iron industry, will arbitrarily raise their presently low prices, by that time with much more ease since our own industry, once gone, cannot so easily be revived.'¹⁴ Petitions from all the various sectors of industry and agriculture expressed this overwhelming fear of British domination, and the idea that British commercial policy was bent on German subjugation.

The National Assembly in Frankfurt had as one of its foremost tasks the regulation of 'Germany's' commercial interests, and the outcome of this was likely to directly affect British interests. Any British reaction, including non-intervention, would be interpreted in the German states in the light of all the various interests involved, and would go to the heart of all the political debates being carried on. Britain's high profile in the German states, culturally, politically and economically, and the widely-held resentment and suspicion towards British commercial policy are factors which cannot be forgotten in any explanation of the outcome of British relations with the German states in 1848.

2. COMMERCIAL UNION

In the early days after the outbreak of revolution in 1848, Prussia, which had in any case been pursuing its own policy of commercial unification for the north German coastal states allowed the matter to be taken up by the pre-March Confederation, the central institution of cooperation between the German states after the 'Wars of Liberation', which was still meeting. At this point, Britain's senior reporter on commercial affairs in the Germanic Confederation, John Ward, reported

There is every reason to believe that the German Customs Union, as at present constituted, is approaching its close and that it will soon merge in a more comprehensive Customs Union, embracing the entire Germanic Confederation.¹⁵

Ward reported that as a follow-up to Prussia's policies, the Confederation intended approaching the 6 commercial bodies included within the Confederation¹⁶ 'to frame the requisite arrangements for the approval of the Diet, who are now determined to carry into effect the principle of the 19th article of the existing constitution which has so long been allowed to remain a dead letter.' The Confederation, creaking under the strain of trying to keep up with revolutionary demands, was trying to forestall the commercial question being taken out of its hands by aiming for unity under its own aegis. Ward carried on:

In case a new tariff should be established or proposed for all German states, the rates of that tariff will of course be of much importance to British interests and British commerce is also much concerned in the question how far the new tariff may be connected or not with any system of differential duties, and whether facilities of warehousing will be allowed in the Hansa Towns, as otherwise the subjecting of the Hansa Towns to the new tariff would cause much dissatisfaction...¹⁷

One of Ward's main jobs in commercial matters was the collection of information at commercial conferences¹⁸, and he determined to hasten to Frankfurt, though only for a short stay as a prolonged stay 'might possibly subject me to unfounded suspicions which it will be better to avoid.' The experiences of British diplomats involved in German commercial affairs of the 40s had taught them of the counter-productivity of loud measures in the heated anti-British atmosphere of German commercial affairs.

However, before Ward could report upon the proceedings at the Confederation, the commercial question was 'now transferred to the constituent assembly.'¹⁹ At the beginning of July 1848 the National Assembly had already anticipated this by appointing a Committee for the National Economy (*Volkswirtschaftlicher Ausschuß*) consisting of 30 members. The matters it was now to discuss, as Ward reported, were land use, trade and mining, internal communications, currency and banking, coins, weights and measures, but ominously for Britain, navigation, commerce and the *Zollverein*.²⁰ The navigation question was tied to that of the commercial organisation of the new 'Germany'; the protection of national industry was to be bolstered by a new German merchant fleet and an attempt was thus being made to bring to fruition in Frankfurt the desire held by many to build up German shipping in the face of Britain's highly protective navigation laws.²¹

Almost immediately the Committee had been formed, discussion began on the raising of tariffs on foreign goods. The threat, as portrayed by Ward and other diplomats, did not seem initially so menacing. Ward had noted on questions of tariff that 'opinion was very much divided.'²² It soon also became apparent that this question could only be raised, once that of the geographic extents of any new German Customs Union had been sorted out. But as Ward reminded, 'the motion is of some importance as embracing the views of the protectionist party...the proposals contained in the motion, though now premature, should ultimately be carried.'²³

The *Times*, whose tone toward the National Assembly had, till this point at least, been laudatory, began to warn of the danger of an expansion of the tariff of the *Zollverein* into the northern ports of Germany under the guise of a liberal policy.²⁴ The Bradford Chamber of Commerce, ever suspicious of the tariff policy of the German states since the formation of the *Zollverein*, and sensitive to any changes in the German tariffs on manufactured cotton and woollen articles, warned of 'the further attempts now making to shut out English goods from continental markets,' and 'the danger to which we believe our trade is exposed,' and, directly referring to the proposals of the National

Assembly, called for 'such steps as may prevent this further blow being inflicted on our manufacturing interests.'²⁵

The potential harm to British trade interests seemed enormous. Those convinced that British trade policy still ran according to mercantilist principles must have been positive that British action would be imminent. Yet it was at this time that Lord Cowley was appointed Envoy Extraordinary to the Assembly at Frankfurt. In his instructions he was told:

With the political arrangements which the Germans may think fit to adopt for their own organisation the British government has no right, and no wish to interfere, but when the time shall arrive for discussing the commercial arrangements which may be proposed for Germany, Her Majesty's Government will give you such instructions as circumstances may then appear to suggest with a view to recommend to the Germans that liberal and enlightened system of commercial policy which the prospective diffusion of political knowledge has convinced all reflecting men is bound in theory and which the experiences of late years has proved to be advantageous in practice. You will not fail to point to the recent example of England as affording a proof, these moderate import duties are the most productive in revenue and tend to improve the native industry by the spur of competition.²⁶

The tone of these instructions is common to almost all official dispatches. Here is the lofty didactic attitude, the belief that Free Trade is the ideal state for any civilised economy, and that all attempts at protection are merely misguided and will be ultimately self-defeating. The important thing to note, however, is that under these strictures, which are only understandable after consideration of the domestic debate in Britain of the 40s,²⁷ Britain's official reaction to the threat of exclusion from the German market is limited to a stern lecture. Though Free Trade had been introduced by Robert Peel, it was seen as a Liberal

victory; this was a Liberal Government, and Palmerston, the Foreign Secretary, had himself been at that centre of Free Trade teaching, Edinburgh University.

It is important to note that Free Trade didactics involved an inevitability, as it was this which largely underpinned British passivity at this time and into the 60s. At least in 1848 this idea was strengthened by the belief that things already seemed to be going the right way. At this early stage in the life of the National Assembly, hopes were still high that more liberal institutions would lead to liberal trade. The trade policy of the National Assembly hung in the balance, and could as yet just as easily go in a liberal direction. This view was shared by Palmerston who noted German protectionism but believed this to be a result of 'the commercial jealousy on the part of the German manufacturers, who wished to be able to obtain prohibitory or at least excluding duties upon British commodities, but that feeling was studiously and to a considerable degree successfully encouraged and profligated by the secret agents of the late monarchical government of France.'²⁸ As far as Palmerston was concerned this monarchy appeared now to be conveniently out of the way.

The conviction that everything would turn out right was allowed to continue even as the policy of the National Assembly began to take a shape harmful to British trade interests. There were several reasons for this. At the beginning of August 1848, Arnold Duckwitz²⁹ a Senator of Bremen was appointed President of the Economic Committee and given the job of drawing up plans for a commercial policy. Prior to this, he had published a memorandum on this subject, which had caused a great stir throughout the German states.³⁰ Rather than simply pander to protectionist demands, Duckwitz's plan, which was seen as the likely basis for a 'German Commercial System' was a mixture of liberalisation and protection. Actually it was in many ways an expression of the ideas of Friedrich List, as Ward noted, separating between 'goods of necessity' and 'goods of luxury'. It combined liberal measures such as the abolition of monopolies on sugar production created by tariffs, a reduction of the tariff on iron imports which Britain had long desired³¹ with more threatening ones such as reprisals for governments not granting full

reciprocity, certificates on goods coming into German states via Holland, Belgium and France that they were for German consumption,³² a flat-rate tariff of 25% on manufactured goods imported, with a claw-back on twist if manufactured goods were taken in payment.³³ It was, in effect, an attempt to use the tariff as a tool to promote German industry, on the Listian model.

The Duckwitz plan therefore baffled British Free Trade doctrine. Neither truly Free Trade nor protectionist, it offered a third way - manipulation. It is a pattern seen frequently after this in Prussian policy within the Zollverein. It offered Britain the prospect of liberalisation in several articles of trade, and could not, therefore, lead to immediate opposition. John Ward's resumé of Duckwitz's memorandum noted that though the tariff was aimed at promotion of industry, it was not unfavourable to many British manufactured goods.³⁴ The British attitude towards this kind of arrangement was one of 'take what you can get,' itself a result of the institutional capacity to process commercial information at the pragmatic level and the emphasis on simple reaction.

The plan also offered the prospect of growing industry, which in some ways fitted neatly into the British Whigs' Free Trade model; if one could draw little benefit now, it was hoped the just rewards would eventually be reaped. As the *Times* commented:

We have no right in England to hurl reproaches at the Germans for their slowness in apprehending the great principles of commerce...but will content ourselves with quietly awaiting the time when the increasing mercantile knowledge and growing requirements of Germany will demand and necessitate the adoption of a Free Trade tariff.³⁵

It is an important point that what seemed to the British a movement in a Free Trade direction was to Duckwitz, and the German governments using similar policies throughout the fifties, a strategy for the promotion of a national economy.

Duckwitz - just as the Prussian trade ministers after him - was probably well aware of this situation, and artfully encouraged the belief that Free Trade was the ultimate goal. There was indeed much uncertainty among the British representatives as well as among Germans, about whether Duckwitz would take a Free Trade or a protectionist course. After the Economic Committee had viewed Duckwitz's suggestions on a German commercial system on 23.9.48.,³⁶ he was given permission to go ahead and deal with the problem of the new German power's commercial relations with foreign governments. Britain, naturally, was the power which could make or break this. Duckwitz, looking for support for his plan accordingly approached Lord Cowley, stressing the liberal side of any new commercial arrangement. Cowley quite obviously was at first completely taken in by this. Duckwitz stressed that 25% would be the maximum of any duty imposed as a flat rate on British manufactures. Cowley - astoundingly - told him this would be acceptable from what he knew of British manufactures, and concluded:

Upon the whole I consider it most fortunate that the commercial affairs of the Empire should have fallen into the hands of the present minister, he is an enlightened practical man, fully aware of the faults of the old system of high duties and desirous to profit by every opportunity of lowering them in Germany.³⁷

It had indeed become of great importance to Duckwitz, and to the success of the National Assembly's role in the commercial organisation of the German states to enlist Britain's help. By the same quirk which had driven Friedrich List to approach Britain in 1846 for a commercial alliance against the US, Duckwitz now also saw himself drawn to seek British help. He proposed to Cowley that the new German Commercial Power ally itself with Britain and the US in a system of differential duties which would force other states - Duckwitz used the example of Spain - to lower their tariffs.³⁸

Duckwitz by proposing this was in fact attempting to sort out one of the major problems of the National Assembly - that of recognition. Gustav von Mevissen, Secretary of the Economic Committee and Duckwitz's junior, complained later that the attempt to sort out commercial policy 'was hindered at every step by the provisional nature of the present Power.'³⁹ In order for the National Assembly to overrule the opposition of separate states, above all Prussia, to its government of commercial affairs, it needed the support of Britain as the foremost commercial power. Britain, if it had agreed to this plan would have tacitly accepted the National Assembly's dominance in the organisation of German commercial affairs. This ran parallel to the on-going effort in the political realm to get the accreditation of a British Minister to the National Assembly.⁴⁰ Britain thus indeed played a key role in the success or failure of the National Assembly⁴¹ - but for reasons which were much more to do with inner-German issues of sovereignty and the attempt to assert control over its member states, than any policy on the part of Britain.

Duckwitz's policy here was in fact a gross miscalculation of British policy, one only understandable against the backdrop of German suspicions about the motivations of British trade policy. One of the foremost effects of Free Trade on British foreign commercial policy was to rule out any decisions to take coercive action - including differential duties. The reaction of the Board of Trade to Duckwitz's proposals was sharp:

The plan thus suggested is one which their Lordships cannot approve, since it is wholly at variance with the declared principle of this country upon this branch of national policy, that principle being, to adopt such regulations, and to impose such rates of duty, as are considered best for our own interest, leaving other countries to follow the like course, having had reason to know that efforts of a contrary nature serve chiefly to confirm the government to which they may be addressed in the propriety of their previous practice, and being on the other hand convinced, that if by the reasonable scale of our tariff we become

purchasers of the products of any country, that country will be forced to purchase the products of our industry, such being the only means available for their obtaining payment.⁴²

The theoretical basis of British commercial policy shines out here - the stand-off from commercial cooperation finding its reasoning in the inevitabilities of Free Trade. There too is a belief that Free Trade is in itself a powerful enough tool against the aggression of foreign protection. Later in the Board of Trade's answer, the loss of revenue feared if Britain were to raise tariffs which had just been abolished was also mentioned.

The more telling point is that Duckwitz proposed this type of plan to start out with. The plan was based on the assumption about British commercial policy that its conscious aim was to dominate and to this end would impose differential duties; that is, that it was still essentially mercantilist. It was one of the greatest misunderstandings of the period that German commercial politicians never fully grasped or simply could not believe the reality of the domination of theory in British foreign commercial policy.

The official British attitude towards Duckwitz's project began to harden. Mellish, a Foreign Office official privately warned Cowley later in the month:

I think it right...to inform you that we look upon that gentleman here as eminently opposed to Free Trade and as a staunch advocate for protection, and that his proceedings are regarded not the less hostile to us because he makes so much use of the word "liberal" and "reciprocity". What these gentlemen wish to have is reciprocity in navigation but none in tariffs, a sort of reciprocity which we do not understand.⁴³

This change was on the one hand down to the recognition that Duckwitz's plan would not involve movement in the direction of Free Trade judging from more information sent by John Ward.⁴⁴ In other word this was part of the reactive policy which rejected anything involving raised tariffs.

In a report to the Economic Committee at the beginning of October, Duckwitz had further outlined his commercial objectives. Free Trade was only to be attained through reciprocity, differential duties were specifically called for, and the slant was on importing raw products. There was also a section on using reprisals to gain the equality of shipping.

Most importantly though, Duckwitz now intended rectifying the National Assembly's provisional nature by dissolving all treaties between separate German states and non-German powers.⁴⁵ The question of what to do with each separate state's treaties with foreign powers had long been a thorn in the side of movements towards commercial unity, dogging the efforts of Prussia and the *Zollverein* in the 40s. Above all, the treaties between Britain and Hanover, and Britain and Hamburg were seen by supporters of unity in Germany as obstructionist British commercial policy. What, however, these people tended to overlook was the fact that German Commercial Unity, like its political counterpart which it was to underpin, was not a fore-gone conclusion, either in the German states or Britain, and that states such as Hamburg or Hanover were not being influenced by Britain, but were acting from their own self-interest, and were in fact the main upholders and promoters of these foreign treaties. Lloyd Hodges, Consul General for the Hansa Towns at Hamburg reported on the matter:

Under the disguise of liberal phrases Mr Duckwitz has shown his intention to introduce a system of protection for German industry, and of differential duties in favour of the German flag and the direct importation from producing countries. A course directly contrary to what Hamburg has proved in her memoir to be the real interests of Germany, and which if persevered in must bring her into conflict with all the other European states...

Hodges went on to describe the attempts by Hamburg to oppose Duckwitz's plans at Frankfurt, but noted that they were too small a state, and thus numerically under-represented, to be able to effect change alone. He continued:

Unless Prussia could be induced to place the whole weight of her influence in the scale against the Frankfurt government the measures of Mr Duckwitz will be carried out. It must depend on Prussia to decide whether Germany shall obtain the advantage of Free Trade or be, more than she is now, shackled by commercial restrictions...but if the commercial policy of Germany depends upon the part taken by Prussia, no less would the conduct of Prussia in the matter be guided by the commercial regulations of Great Britain.⁴⁶

Hodges, a military man with a perhaps more 'gung-ho' attitude than that of the Free Traders in London suggested increasing dues on German shipping, increasing duties on cattle, corn 'and the other most important export articles sent from Germany to British ports' as Germany was in a weakened state and would respond quickly. This, however, would have been to go entirely against the flow of British commercial ideas of non-intervention and especially relaxation of tariffs. Considering the seriousness of the threat being posed, and the fact that the National Assembly was now attempting to assert its authority with regards to treaties which affected British trade directly, it is surprising to note that all that Britain did was to forward the information to the Prussian government.⁴⁷ There were, in fact, no retaliatory acts; simply consultation with Prussia.

The Prussian government, which already knew of the matter, reassured the British minister in Berlin, Lord Westmorland, that Prussia would not allow any increase in duties.⁴⁸ Prussia, like Hamburg, uninfluenced by the British, had begun to view the prospect of commercial unity under Duckwitz with alarm. Though not pro-Free Trade in the manner of Britain, Prussian national interests were becoming increasingly served by relaxation of tariffs. It was

toward this end Prussia had been working in the *Zollverein* in the 40s, and there was a reluctance to see commercial leadership taken out of Prussian hands. The *Zollverein* indeed was viewed generally as a success and this was no different under the liberal Prussian ministries. Tension began to mount between Prussian commercial politicians and Duckwitz. The Prussian Trade Minister von Bülow argued that until the political nature of the National Assembly had been sorted out, foreign treaties could not be dissolved.⁴⁹ In a counter-offensive to Duckwitz, revealing the genius which was to characterise Prussian commercial policy throughout the next two decades, Prussia proposed at Frankfurt that should the matter not be sorted out by 1.1.49 the borders of the *Zollverein* should be extended to the German borders.⁵⁰ Throughout this debate the parties opposing Duckwitz again and again referred to the opposition of foreign powers to any cancellation of treaties. It seemed to become the central argument in Prussian attacks on the Duckwitz plan. Britain had however made no more approaches on the subject than that above, and the only other power involved was Belgium.⁵¹ There were in reality no measures taken by foreign powers against Duckwitz - the opposition came from the German states themselves, most especially Hamburg and Prussia, which repeatedly referred to British opposition, and though not receiving practical help, used the British silence on the subject and the obvious and increasing British coldness towards the National Assembly's plans to their own purposes. Contemporary observers might pronounce that the Assembly failed 'apart from anything else because of the opposition of foreign countries,'⁵² and historians might carry on this myth,⁵³ but this is to assume a version of events which was 'created' at the time to cover the fact that the National Assembly's commercial plans collapsed under their own weight.

The British government, blindly following the dogma of Free Trade doctrine, relied rather upon propaganda. This was not honed to fit the case of the National Assembly but was simply universal in its application and automatic. This involved many tracts sent to diplomats on the unavoidability of Free Trade and the fact that 'high duties tell as much against the country which imposes

them as against the country upon whose products they are imposed.'⁵⁴ The campaign was intensive and high-profile, being carried on at Frankfurt and at the courts. There was also a limited amount of money spent on supporting publications which spread the news of the benefits of Free Trade.⁵⁵ This was of course based on the belief in the self-evidence of the benefits of Free Trade. Yet the campaign was being launched upon a public, part of which was already highly suspicious of the motives of British policy, and the effect of the campaign was to simply heighten these suspicions. A petition from the Limburg branch of the *Verein zum Schutz nationaler Arbeit* commented typically:

Greasy English agents, who for several years have been hanging around those cities they felt were most receptive to their principles of trade, and who spared neither gold nor energy in making the advantages intelligible to the good Germans, have now made their way to the high Assembly, in order to place the crown upon their efforts up until now. They have as their true accomplices all those who have enthusiasm for a free and happy Germany on their tongues, and yet selfishness and greed in their hearts.⁵⁶

The idea was gaining currency, not helped by Richard Cobden's visit to explain Free Trade, and the activities of the Free Trade activist of the English-born but Prussian nationalised John Prince-Smith, that agents were responsible for the preferences of the north for Free Trade, and that there was a conspiracy of the coastal states with Britain to ruin inland manufacturing and indeed German unity. The *Schwäbische Merkur*, another Liberal protectionist paper commented:

The Free Trade party...which wants to tear down protection for home labour and lay it open to the pitiless and blood-sucking competition of English industry. Its centres are most of the marine and agricultural

countries in north Germany which want to expose the labour of the hard-working man...It is significant that at the head of this movement are men of English birth. Hamburg is a fulcrum of the movement, but also Frankfurt, where they long for those pre-*Zollverein* years, because the city was one of the main storage places for English goods...Industry's motto must now be: Beware.⁵⁷

British trade policy - if it can be even called this - was limited to Free Trade propaganda, in the form of its repeated lectures to diplomats. This however was combined with a silence as to measures which Britain would take on the immediate level, or a definite policy. This was the result of Free Trade theory, but also very real perceptions that to do otherwise could discourage cooperation in the German states and thus be counterproductive. Yet in the increasingly heated debate over the commercial arrangements of Germany and the popular fears about British domination, this silence only laid British policy open to speculation, and to interpretation according to each German state's own interest. Though Free Trade had reduced the extents of action on commercial issues abroad to persuasion of its benefits, British foreign policy seemed to encourage the belief, as did blind Free Trade propaganda in the maelstrom of German unity, that Britain was violently opposed to commercial and political unity, and indeed aggressive to the national cause in general.

3. BRITAIN AND THE DANISH BLOCADES

Britain played a crucial role in the events of the first Schleswig-Holstein crisis of 1848-1852.⁵⁸ Throughout the 1850s the outcome of this crisis was viewed with anger and shame by German and Prussian nationalists, who felt they had been forced to relinquish a great national objective.⁵⁹ Above all the signing by Prussia of the armistice at Malmö under the pressure of the great powers Britain, France and Russia became a popular grievance to find its voice

again in the campaigns of the 60s under Bismarck and in the writings of historians celebrating his victory.

The fact that Britain had been a country whose system was in many ways admired by the liberal movement of Frankfurt,⁶⁰ and the accompanying expectations which there undoubtedly were that Britain, with its royal family sympathetic to the nationalist cause in Schleswig would at least tacitly support the military occupation of Schleswig led only to a burning resentment when this support was not forthcoming and, worse still, Britain seemed to positively support Denmark.⁶¹ This has found its way into later historical accounts of British policy. A leitmotiv of these accounts has been the role of trade in British policy-making at this point, and this is again more prevalent among the more nationalist writers. Hans Precht, typical, and indeed a culmination of this school, recounts the British role as that of 'the double one of mediator and protector of Denmark' and maintained the role of commercial interest in British thinking on the dispute.⁶² The Schleswig Holstein crisis is used to show that for reasons of trade, Britain was opposed to German unity.

It is no coincidence that the dominance of the doctrine of Free Trade went hand in hand with a foreign policy which promoted *status quo*. Both were to be attributed to domestic satisfaction in Britain leading to ^{lack of} interest in foreign causes.⁶³ Peace was indeed desired by Britain, as indeed it would be by any power which was 'satiated' as Britain was, where the economy was booming and politics was characterised by a new unanimity. *Status quo* was the desirable state of things in Europe seen by Britain. Yet the distinction must be made that though the maintenance of the *status quo* was an explicit part of British foreign policy, this was not the result of commercial influence.⁶⁴

Keith Sandiford, in his study of Britain's handling of the Schleswig-Holstein crisis states 'British interests therefore seemed to require the maintenance of the status quo in the Baltic. Britain simply could not allow any powerful European state to extend its influence in Northern Europe.'⁶⁵ He continues 'The Treaty of Vienna had established a certain delicate European equilibrium which seemed best suited to the perpetuation of British maritime supremacy.

Palmerston believed that any major shift in this constitutional balance might endanger Britain's position.⁶⁶ Britain's interest in the *status quo*, while undoubtedly connected with trade interests, was seen much more as a question of power relations. It was a reactive stance, and was not directed at one country in particular. British preeminence was assumed by a broad cross-section of British politicians, and thus the balance only needed to be restored once it had been violated.

Britain's trade interests were in fact directly affected by the Schleswig-Holsten crisis. In retaliation for the invasion of Schleswig, the Danish government threatened, and then carried out a blockade of north German ports, including Hamburg.

Though many in Germany believed Hamburg to be specially guarded by Britain, the relationship was much more pragmatic. It rested on a common interest in Free Trade, and the perceived political connection came about because the Hamburg government were particularly strident at campaigning for British support when under threat from their more protectionist neighbours.⁶⁷ When Hamburg appealed to Britain however to remonstrate with the Danish government about the hindrance of trade, Palmerston responded ^{that} the best way for Hamburg to prevent the molestations of its commercial interests 'would be for the Hansa Towns not to be parties to any measures against Denmark.'⁶⁸

This was of course to create the feeling in Hamburg and the German states that Britain was holding them to ransom - using its vast commercial weight to force 'Germany' out of Schleswig. As the blockades were imposed, and their effect was anticipated through the German states,⁶⁹ the suspicion grew that Britain was attacking Germany through commerce. From the partisans' point of view, of course, there was no way Britain could extricate itself from blame one way or the other. If it had forced the Danes to withdraw the rumour would have remained that British policy was motivated by trade, if not, the idea of interests in the Baltic as well as fears that Britain was trying to ruin German industry would prove the same thing.

In Britain there was strong protest from the Chambers of Commerce of those districts most deeply involved in trade into Central Europe. At the beginning of May, the Manchester Chamber of Commerce brought to the government's attention 'the baneful effect which the unhappy war has already had upon the commerce of this district and the fearful consequences which they apprehend from a protracted continuance of it.'⁷⁰ The Chamber of Commerce estimated conservatively that 33.3% of all British cotton yarns exported went via the Elbe, 15% of hosiery, 48% of woollen yarns and 15% of woollen goods. They also pointed out importantly that Hamburg, as the main route for exports to Britain represented the main means of payment for British goods received.

The direct trade furnishes therefore, a large share of the employment of our operatives, but your Memorialists do not venture to estimate, in their present haste, the extent to which that employment is further affected by the indirect trade; both, however, are destroyed at this instant and the shipping in them rendered idle, by the existing hostilities; and thus has an amount of depression been added to that which previous unhappy circumstances had so long gathered around us, that your Memorialists cannot contemplate an extended duration of it without grave apprehensions of most appalling consequences both to the well-being of our long-suffering and patient people, and perhaps, to the peace of the district.⁷¹

Several days later the threat was seen as serious enough for the President of the Chamber of Commerce, Mr Hazley, to go to London to represent personally to Lord Palmerston the seriousness of the threat to British interests.⁷² Here he mentioned the threat to woollen and cotton yarns, manufactured and printed goods, coal and shipping 'and statements were made to him showing that our exports through the river Elbe have afforded two days labour, weekly, to the industrious classes of Lancashire and Yorkshire.' The upshot of the representation, however, was the plea for Palmerston

to restore peace, in order that the return of industrial property might follow; and they ventured to express their hope that this country would be spared all direct participation in war, and that in this instance we should distinguish ourselves by no other conquest than that obtained by peaceful negotiation.

Despite then what was perceived as a great threat to trade interests from the blockades, the Manchester businessmen were in no way interested in becoming involved in the conflict, but rather in the reintroduction of peace by negotiation. The emphasis was on peace rather than any defined political position. Mr Hazley underlined that the purpose of these representations was 'purely commercial and pacific' thus betraying the deference typical to almost all commercial bodies to political decisions.

The Germans were hoping that Britain would put pressure on Denmark to cease the blockade. Yet to do this would be to lend sanction to a change in the status quo, and British foreign policy was guided here above all by this political principle - that status quo should be maintained. Commercial bodies inside Britain only added pressure on Palmerston to do this, and furthermore by negotiation. They certainly did not encourage anti-German measures. British public opinion popularly characterised the German cause as the aggressor or as Sandiford puts it 'largely because they sympathised with the underdog.'⁷³ The blockades therefore were not questioned in Britain though they harmed domestic commerce, and they were seen if anything as a pressure, which might not be coming from Britain, but which was useful in forcing the Germans to the negotiating table. To hammer the message home a propaganda campaign was introduced. Palmerston lectured on why the German states should accept an armistice:

I say nothing of the commercial pressure which the naval operations of the Danes are beginning already to inflict upon the sea ports of

Germany, and which must inevitably spread through the interior, and be felt both by the manufacturers and the consumers of the inland states, because that pressure will soon speak intelligibly for itself. But it is surely unwise to create this unnecessary embarrassment, at a moment when, from other causes beyond the control of the Diet of the German governments, German industry is suffering under an unusual cessation of employment and all commercial transactions are in a state of comparative stagnation.⁷⁴

In the German states Britain's refusal to help remove the blockades was seen as evidence that trade with Britain did not come without political strings attached as the British Free Trade propaganda had been maintaining. British support for the blockades encouraged the idea that commercial interchange was a means for Britain to dominate, that the promotion of trade with Britain had a political motive. For the liberal nationalists the Schleswig-Holstein crisis proved to them that this political motive was above all anti-German. The finishing touches were given to this impression by Disraeli's resoundingly danophile speeches in parliament⁷⁵ which also accused the Germans of only being in Schleswig for reasons of commercial aggrandisement, and by the *Times* whose capacity to aggravate on the continent was never rivalled. The net effect of the Danish blockades on German perceptions of British commercial policy, was to encourage a feeling of 'encirclement'.

4. SHIPPING

a. The Flotilla.

The years 1848-49 saw the culmination of the debate on the abolition of Britain's Navigation Laws, that 'imposing edifice of restriction,'⁷⁶ which had long been a source of friction with other powers, including the German coastal

states.⁷⁷ Their abolition was intended and interpreted at the time in Britain as removing a British monopoly and throwing open the seas to the competition of the world. It was seen in Britain as a generous and, by some, foolhardy measure.⁷⁸

Yet it was at this time that Britain was being accused in the German states of viciously maintaining its preeminence on the seas, and stamping out the first flickers of a German maritime force.

The goal of forming a German national flotilla was one central to the national movement and promoted by above all by the national economists.⁷⁹ Their theory was that in order for German industry to be strong, there was not only to be a unified commercial system, but one fleet which would then guard merchant interests and, with its flag flying, assert united German national status abroad.⁸⁰ It is important to note that the arguments for a flotilla were both commercial and military simultaneously. They also rested on the general assumption, based on the British example, that economic strength was to be derived from maritime strength. Britain was also seen as the key to the success or failure of this plan.

The question suddenly gained the utmost urgency with the imposition of blockades by the Danish government and the conduct of the war in Schleswig-Holstein. The protection of commerce and the question of German security were thus fused. On the 22.4.48. the Diet, which had not yet been superseded by the National Assembly, and which under Frederick William IV of Prussia's influence was still vying for the support of nationalists, resolved to send the Syndic Banks of Hamburg, with Dr Hermann Sieveking as his deputy, to London 'for the double task of speedily acquiring the means of a defence, and the lasting basis for a future German Marine.'⁸¹ They were to make cost estimates, and given a moderate amount of capital to reserve for prospective acquisition.

Across the German states committees formed to discuss the setting up of the flotilla. The most important of these was the Hamburg Committee for the Formation of a German Fleet.⁸² This was also to send representatives to Britain to look into the viability of purchasing ships, and to cooperate with the Syndic

Banks.⁸³ This was an expression of the public feeling in Hamburg, and Hamburg was indeed looked to by those desiring a fleet throughout the German states as the key player, as it was seen as having the knowledge, and a special interest in the creation of a defensive maritime force.

Yet the position of Hamburg was a peculiar one. With business under threat from the blockades, and with all Germany looking to the Hamburg government, they were bound at least outwardly to cooperate. The Senate of Hamburg, however, was much less enthusiastic, recognising the absurdity that a German fleet could be 'created' overnight and, seeing the plan as the result of south German idealism, it resolved to keep the financial side of the matter away from Hamburg, and leave it to the Diet. The Syndic Banks, though under orders from the Diet, was informed of this by the Senate.⁸⁴

As the crisis progressed Hamburg indeed had been trying to stress its neutrality⁸⁵ and thus the freedom of its flag from becoming seen as 'German'. Hence at a meeting of Germans in London to discuss the funding of a fleet, Colquhoun⁸⁶ was commended by the Syndic Merck for not attending,⁸⁷ while at a later date Hamburg was *studiously to avoid* the assumption of its flag by the ship-owners of Schleswig and Holstein.⁸⁸

Hamburg was acting again for reasons of self-preservation. These were decisions based purely and simply on Hamburg interests. Hamburg, predominantly reliant on commerce, had more to lose than any other German state. In the aftermath of the crisis however, when the nationalist embarrassment at the Danish success erupted, the blame was again to be laid at the door of the British, and Hamburg's 'unpatriotic' attitude to the formation of a fleet connected to its relationship with Britain. This was the obvious message of the *Augsburger Allgemeine Zeitung*, the protector of the idea of the fleet, when it noted:

If, since the re-awakening of the German national consciousness, since 1840, not only we journalists and a few poets, but also the governments or at least the great tradesmen at Hamburg and Bremen had accustomed

themselves to the idea of a German Fleet and had seriously busied themselves with its execution...if only Hamburg, which has often, rightly or wrongly, been influenced by foreign ideas, would give us shining proof of its spiritual bond with our great fatherland.⁸⁹

The idea that it was Hamburg's relations with Britain which prevented its enthusiasm for German unity was so commonly held, and so often repeated,⁹⁰ that this explained to the German nationalists, and indeed by this time all those interested in the success of the Schleswig-Holstein conflict, why Hamburg lacked enthusiasm for the cause. The idea of Hamburg as the most anglicised of all the German states was common currency even at this time. It was, however, wrong, and Hamburg, protecting its interests, was in fact simply acting according to the same particularist self-interest as the other German states.

In England, the activities of Banks, Godeffroy, and one Captain Hederich, who had been enlisted as a man with special naval knowledge, began to run into trouble. There were few suitable ships for sale at such short notice,⁹¹ and thus the emphasis was going to have to be on the kitting out of commercial ships with weaponry. Though some of this could be produced in the German states, Banks was trying to persuade the Federal Diet to order more from British manufacturers.⁹² Repeatedly the three in Britain appealed for the money to make the necessary purchases, aware that time was of the essence but this was frustrated by inactivity at the Federal Diet. This situation was most visibly highlighted by Banks' effort to enlist officers in Britain, necessary due to the lack of wherewithal in the German states. Banks noted;

we shall not be able to acquire good officers if we cannot offer them a steady job and a future in the pay of the Federal Diet, and we will not be able to agree on the matter of contributions and responsibilities unless we form a Federal Marine Authority.⁹³

The matter of payment was made only more difficult by the encroachment of the National Assembly. This might, as Palmerston said, 'govern opinion,' but it did not have fiscal control over the separate states. The problem in Frankfurt revolved now not only round the reluctance of states to pay for the flotilla, but also the jealousy between the Prussian government, the Diet which it had been using for its own aims, and the National Assembly. From May into June of 1848 the situation worsened in Schleswig-Holstein, and yet the flotilla question was still in a state of disarray due to this institutional paralysis. Banks wrote in desperation from the St James Hotel in London 'no one can any longer doubt the need for a Flotilla of War' and that the only way to sort out the institutional *tangle* would be 'not that the Federal Diet decides whether it will buy this ship or that ship, but that an authority be formed of 1 or 2 people, which can communicate with the Committee in Hamburg, and will have the authority to appoint officers and buy ships and material.'⁹⁴

Again, then, it was the inner rivalries and self-interest of the German states which was to bring the flotilla project to a halt. Yet one incident was to propel Britain into the role of perpetrator of the crime. At a time when the need for a flotilla was felt to be at its greatest, and it had become obvious that efforts would have to be limited to the export of arms and materials of war from Britain, the British government, heeding Danish information, disallowed this on grounds that it contravened an agreement of 1819⁹⁵ on dealing in the contraband of war. Similarly to the blockades, British foreign policy - supported by public opinion - was directed to finding the *status quo*, which meant bringing about an armistice and a retraction of German forces. The emphasis was on non-involvement and neutrality - and the permission to export *cannon* would quite obviously have been in breach of this position. This was a political, not a commercial decision. Yet it had a strong knock-on effect on the formation of a flotilla, which was also a commercial project, and thus the perspective of the German states on British commercial policy. Banks, in protesting to the British Under-Secretary of State for Foreign Affairs pointed out:

The event has made a bitter impression in Germany, the action of the British government is viewed as partisan and unfair, and I cannot say there will not be retaliations, which to be even more regretted because our trade policy is at present in the process of formation, and the positive impression made by the abolition of the Navigation Laws, which is so important to England and to the principles on which we are to base it, may by this act be destroyed.⁹⁶

There was in fact no official British reaction to the formation of a German commercial flotilla.⁹⁷ There was however definitely political opposition to what was seen as an aggressive campaign on the part of the German states of which the War Fleet was an expression. In the minds of British policy makers commercial and political affairs were separate matters, yet to the German nationalists they were fused together in the national movement. If anything the flotilla cause was treated in Britain with a condescending humour.⁹⁸ This however was to rub salt in the wound; the *Augsburger Allgemeine Zeitung* responded:

There was a time when the idea of an English flotilla might have had the same impact on the German Hanseatic fleet.⁹⁹

b. The Abolition of the Navigation Laws.

The abolition of the Navigation Laws was viewed in Britain at the time as the true beginning of the era of Free Trade and the withdrawal of the state from the business of shipping. This is an opinion in which generally those concentrating on British history have agreed. Yet it is interesting that in German historiography runs a strain of thought which maintains that the Navigation Laws were in fact an answer to the danger of the introduction of a shipping system in a united Germany based on a differential tariff which would

have the power to retaliate against these restrictive laws.¹⁰⁰ This implies firstly, that British commercial policy was still operating on a mercantilist, reciprocal basis, and secondly, that the abolition of the Navigation Laws was part of a commercial policy towards the German states bent above all on the avoidance of unity or the extension of the *Zollverein*.

In the period shortly before the revolution of 1848, Prussia had been making plans for a Union of the Coastal States which would be able raise a differential tariff against British ships. The official aim was to gain access to transatlantic trade, which had hitherto been reserved to Britain by its Navigation Laws, the unofficial one was to draw the Hansa states and the states of the *Steuerverein* into the *Zollverein*.¹⁰¹ This plan however was put on hold when the National Assembly took the matter of a shipping policy to itself. Prussia had thus lost for the moment its chance of incorporating the coastal states in the *Zollverein*, and the leadership in the differential union project seemed to have gone to Frankfurt.

Initially it seemed as if the Prussian government, by this time also under a liberal ministry, was working with the National Assembly on this project¹⁰² to demonstrate its leadership of the German movement. The approach of the abolition of the Navigation Laws changed this, the main aim of the differential system, which had been proposed first by the Prussian project but was now being deliberated at Frankfurt, looked as if it was to be answered, and the Prussian government realised that if it could induce the National Assembly to drop this matter Prussia would appear to have succeeded through its efforts and it would be again in the position of undisputed leader of commercial affairs.

Thus there were several attempts by the Prussian representative in London, Bunsen, to get assurances from the British government that the Navigation Laws would be introduced in the parliamentary session of 1849. He assured Palmerston and Lord John Russell that if they could give assurances that the abolition would be dealt with next session it would have 'a positive effect on the trade policy of a united Germany.'¹⁰³ Both men however refused to contemplate such an assurance.

The abolition of the Navigation Laws was truly nothing to do with the threat of differential duties in the German states. It was the culmination of almost 20 years of debate on the nature of Britain's trade policy based on the domestic needs of the country. As Sarah Palmer asserts in her book on the process of this decision,

The drive to pursue free trade into the port and shipyard was political; it owed little to demands outside Whitehall and Westminster.¹⁰⁴

Ironically, the heated debate in Britain, and the opposition of the shipowners to a measure which they had regarded as injurious to their interests¹⁰⁵ meant that if there had been seen to be any pressure from outside Britain, the Laws would have been bound to fail. It was most probably this which motivated the government's refusal to pander to the National Assembly. The Hamburg government, itself strongly opposed to differential duties, refrained from action for this reason. The Syndic Merck replied to Colquhoun's suggestion to lobby in Britain:

I am not entirely of your opinion that our sentiments in favour of the Bill will have great weight with the Board of Trade, and that they may be used as arguments in Parliament. It is not unlikely that they would be received with suspicion as proving the Bill to be in the interest of Hamburg rather than of Great Britain.¹⁰⁶

There was however strong resistance in Britain from an alliance of protectionist shipping interests and those, such as Gladstone, who believed there should be some sort of assurance that other states would follow Britain's lead.¹⁰⁷ The Board of Trade asked the Foreign Office to get written assurances from foreign governments 'of a sufficient formal character to induce parliament to judge with confidence of the course which other nations would be prepared to follow in certain events.'¹⁰⁸ As Palmer rightly comments:

This memorandum is one more indication that the repeal of the Navigation Laws should not be seen as a response to pressure from foreign powers. The public pronouncements of Ministers might reasonably lead to the historical judgement that ending protection for shipping was thought necessary for the progress of Free Trade because the Acts stood in the way of others. But in 1848 neither the politicians concerned nor their officials had any clear idea of how the commercial policy of other powers might be affected by repeal.¹⁰⁹

The abolition of the Navigation Laws was then a typical piece of foreign commercial legislation under the doctrines of Free Trade in that it was the result of an entirely domestic process, and was brought in without regard to any power in particular and to be applied universally. It was also without any direct reference to foreign policy.

But in the German states, where commerce was a political question, and where the question of responsibility for the commercial organisation of the states was becoming crucial, the Navigation Laws' abolition had a major political impact. The message was conveyed by Palmerston in December to the German courts that Britain would almost certainly introduce the abolition, but that its application to other states was dependent on their own shipping policies.¹¹⁰ By informing the German states that this was the case, Britain was inevitably deflating the case at Frankfurt for a united differential policy, and hence passively undermining the National Assembly. But in also transmitting the message that only states with similarly liberal policies would be able to benefit from this, the pressure was now on the coastal states not to cooperate with the Assembly, and they were also provided with an excuse not to do so.

The Prussian government took the opportunity of presenting the abolition as its work, and thus reasserting its dominance in the commercial realm. Britain had unwittingly passed the torch of commercial leadership back to Prussia, and

the *Zollverein*. This fact was recognised at the Prussian Ministry for Foreign Affairs. Thus Bülow, Under-Secretary there, argued that:

By the intended reforms, Britain is in fact entering on a course in which Prussia, among all the other great nations of Europe has been taking the lead.¹¹¹

Yet at the same time, the Prussian government used the Navigation Laws' abolition as a way of distancing itself from the plans of the National Assembly as well as angling for British support for its position:

The subject of the abolition or modification of the English Navigation Laws was the object of careful discussion both at the time of the cancellation of our treaty of commerce and shipping with England, and during the discussions on the founding of a treaty to set up a differential tariff system with the German North Sea states, and we expressed to the government of Britain at the time of the first of these the willingness of the *Zollverein* to come to an agreement based on true and equal reciprocity...Indeed the cancellation of our treaty was due to consideration of this fact. But even if the English shipping legislation is to change in the manner we have wished for such a long time, we are not any longer able to give the English government any assurances with regards to our own policy. We can only point to the present nature of our shipping policy... and to the negotiations now going on in Frankfurt regarding commercial and customs unity, and add that the success of these negotiations is by no means assured.¹¹²

The abolition of the Navigation Laws in Britain was therefore a purely domestic affair in its intention. The liberalisation of shipping was unconnected with the threat of harmful retaliation in other states, notably the German. Though the information that their abolition would be followed by similar action

by foreign states was important, this had more to do with the political forces in parliament reassuring themselves than with any threat of differential duties from abroad. It was unconnected with the movement toward German unity. Yet despite this in the German states it played an important political part in the demise of the commercial policies of the National Assembly which had been seen as such an important reason for its existence. Prussian commercial leadership was bolstered by the abolition, and thus later historians with a *kleindeutsch*, pro-Prussian, nationalistic stance would celebrate this, and by maintaining the myth of Prussian differential plans forcing the abolition of the Navigation Laws reinforce the basis of their idea of unification and paper over the reality of Prussia's own hesitations about German unity on the Frankfurt model.

¹ Hubert Kiesewetter, *Industrialisierung und Landwirtschaft Sachsens...*, 1988.

² The *Augsburger Allgemeine Zeitung* was one of the most popular daily newspapers in the southern German states, being of a moderate liberal, *großdeutsch* (ie pro-Austrian) and protectionist/Listian persuasion.

³ Heinrich Best, *Interessenpolitik und nationale Integration 1848/9*, 1980.

⁴ Best, *Interessenpolitik*, p131.

⁵ *ibid*, pp127-8.

⁶ *ibid*, p16.

⁷ Frank B, Tipton, *Regional Variations in the Economic Development of Germany During the Nineteenth Century*, 1976.

⁸ Known also as the *Bund* as well as the Germanic Confederation, or simply the Confederation.

⁹ See Chapter 6, Part 3, on Free Trade in the German states.

¹⁰ 'Die Liebe zu Britannia ist wie die Liebe zu Jupiter: Wer sie umarmen will, wird von ihrem Feuer verzehrt wie Semele.' Printed in: E. von Beckenrath, *Friedrich List...*, 1931, Vol. VII, p255

¹¹ See Chapter 3.

¹² Commercial union made up of Hanover, Oldenburg and Brunswick, though latter left in 1840.

¹³ Petition an die Hohe deutsche Nationalversammlung zu Frankfurt...Schützzölle auf Eisen betreffend. Von den obererzgebirgischen und voigtländischen Eisenhütten-Werksbesitzern, Bundesarchiv Frankfurt, DB 58/61.

¹⁴ Petition der beim schlesischen Eisenhüttenbetriebe und Bergbau beteiligten Arbeiter um Schütz der vaterländischen Industrie...4.9.48. Oberschlesien, and 17.9.48, Jakobswalde, Bundesarchiv Frankfurt, DB 58/61.

¹⁵ 26.5.48., Ward to Palmerston, FO299/3 PRO.

¹⁶ The *Zollverein*, the *Steuerverein*, the Austrian Empire and the three Hansa states.

¹⁷ 26.5.48., Ward to Palmerston, FO299/3 PRO.

¹⁸ As stipulated in his General Instructions dated 6.5.45., mentioned 26.5.48., Ward to Palmerston, FO299/3 PRO.

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- 19 3.7.48., Ward to Palmerston, FO299/3 PRO.
- 20 3.7.48., Ward to Palmerston, FO299/3 PRO.
- 21 See below.
- 22 3.7.48., Ward to Palmerston, FO299/3 PRO.
- 23 5.8.48., Ward to Palmerston, FO 299/3 PRO.
- 24 20.7.48., *The Times*.
- 25 29.7.48., Mr Walker of the Bradford Chamber of Commerce to Board of Trade, FO30/119 PRO.
- 26 29.7.48., Palmerston to Cowley, FO30/107 PRO.
- 27 See Chapter 2.
- 28 31.8.48., Palmerston to Cowley, FO30/107 PRO.
- 29 Note that Duckwitz was on friendly terms with Friedrich List. Beckenrath, *Friedrich List...*, 1931, Vol. VII, p25. See also H. von Treitschke, *Deutsche Geschichte...*, 1927, V, pp477-8. Duckwitz was an activist for German transatlantic steam connections and inner-German transport improvements.
- 30 3.9.48., Ward to Palmerston, FO299/3 PRO. See also A. Duckwitz, *Dendwürdigkeiten*, 1877.
- 31 See Chapter 6.
- 32 This answered the long-standing complaints about British ignorance of the value of the German market for British goods. See above.
- 33 3.9.48., Ward to Palmerston, FO299/3 PRO.
- 34 3.9.48., Ward to Palmerston, FO299/3 PRO.
- 35 6.9.48., *The Times*.
- 36 Bericht des volkwirtschaftlichen Ausschusses über die in der Sitzung von 23. Sept. gemachte Vorlage des Reichs-Handelsministers Duckwitz, GStPK Merseburg, Rep 120, CXIII, 4, Nr 67, vol.I.
- 37 11.10.48., Cowley to Palmerston, FO30/111 PRO.
- 38 11.10.48., Cowley to Palmerston, FO30/111 PRO.
- 39 30.8.48., Mevissen Familienbrief. Printed in: Joseph Hansen, *Gustav von Mevissen...*, 1906, Vol. II.
- 40 2.10.48., Palmerston to Cowley, FO244/91 PRO. Palmerston notes in answer to a request of Heinrich Gagern to give the Assembly full accreditation 'that Assembly is not as yet a really national representation...the Parliament and Government of Frankfurt may be said to govern opinion rather than territory, and to be founded upon ideas rather than facts.' Also: 24.7.48., Banks to Schmerling, Bundesarchiv Frankfurt, DB 53/71. Palmerston tells Banks that Britain will wait to see what rank the Emmissary of the National Assembly will have to Britain before Britain will appoint one to the National Assembly.
- 41 'Die Sorge, die mich hauptsächlich beschäftigt ist, daß ein Regentschaft des Herrn Reichsverwesers, als des Vertreters der Gesamtmacht Deutschlands sofort und unumwunden vom Auslande anerkannt werde. Gelingt dies in Großbritannien so ist kaum eine Unterbrechung unserer auswärtigen Verbindungen zu behaupten.' 20.7.48., Banks to Schmerling, Bundesarchiv Frankfurt, DB 53/71.
- 42 26.10.48., Porter to Addington, FO30/119 PRO and BT3/38 PRO.
- 43 17.10.48., Mellish to Cowley, private, FO519/157 PRO.
- 44 2.10.48., Le Marchant (Joint Secretary of the Board of Trade) to Addington (Foreign Office), BT3/38 PRO.
- 45 2.10.48., Camphausen (Prussian Representative in Frankfurt) to Dönhoff (Prussian Minister of Foreign Affairs), GStPK Merseburg, Rep 120, CXIII, 4, Nr 67, vol.I.
- 46 6.10.48., Lloyd Hodges to Palmerston. Enclosed in: 13.10.48., Palmerston to Westmorland, FO244/91 PRO.
- 47 23.10.48., Westmorland to Palmerston, FO244/94 PRO.
- 48 23.10.48., Westmorland to Palmerston, FO244/94 PRO.

- 49 4.10.48., Bülow to Camphausen, GStPK Merseburg, Rep 120, CXIII, 4, Nr 67, vol.I.
- 50 10.10.48., von Reden to Camphausen, GStPK Merseburg, Rep 120, CXIII, 4, Nr 67, vol. I.
- 51 9.12.48., Bülow to von der Heydt, GStPK Merseburg, Rep 120, CXIII, 4, Nr 67, vol.I.
- 52 A. Bergengrün, *Von der Heydt*, 1908, p150.
- 53 H. Precht, *Englands Stellung...*, 1925, p74. NB later historians have at least accepted the fact that politically the National Assembly was bound to self-destruct. See D. Langewiesche, *Germany and the National Question...*, 1992.
- 54 31.10.48., Palmerson to Cowley., FO30/108 PRO.
- 55 10.11.48., Cowley to Palmerston, FO30/113 PRO, and 20.11.48., Palmerston to Cowley, FO208/36 PRO. Here the British government are supporting a publication *Freie Verkehr* which has a small circulation, and considering supporting a writer to publish articles on the benefits of Free Trade elsewhere.
- 56 'Verschwitzte englische Agenten, die sich schon seit einigen Jahre in denjenigen Städten Deutschlands, die sie für ihre Handlungsgrundsätze am empfänglichsten hielten, herum getrieben und weder Gold noch Mühe sparten, um den guten Deutschen die Vortheile begreiflich zu machen, welche ihnen der Freihandel darbieten würde, haben sich auch an den Sitz der hohen Nationalversammlung begeben, um dort ihren bisherigen Bemühungen die Krone absetzen zu lassen. Sie haben als treue Genossen alle Diejenigen zur Seite, welche Begeisterung für ein freies und glückliches Deutschland auf der Zunge, dagegen Selbstsucht und Eigennützig im Herzen tragen.' Denkschrift über die Notwendigkeit der Gewährleistung eines ausreichenden Schützes der nationalen Arbeit. 4.1.49., Bundesarchiv Frankfurt, DB 58/62.
- 57 22.8.48., *Schwäbische Merkur*.
- 58 See Keith A. Sandiford, *Great Britain and the Schleswig Holstein Question*, 1975, Chapter 2.
- 59 *ibid*, p30. Bunsen, for example almost resigned over the prospect of signing the Treaty of London, 8.5.52.
- 60 Here takes above all the US and Britain as models of activity for the forthcoming National Assembly: 'Noch einmal: Was würde in England und Amerika eine solche Versammlung der Notabeln des Volkes tun? (Eine Stimme: Wir sind ja in Deutschland!) Allerdings, allein Lehren brauchen wir, und diese dürfen wir von freien Völkern schöpfen. (Bravo!).' Bericht über die Verhandlungen zur Gründung eines deutschen Parlaments, 1. Sitzung, 31.3.48. On same subject, see Charles E. McClelland, *The German Historians and England...*, 1971, pp71-80.
- 61 Cowley reports that it is common opinion in Frankfurt that Britain is supporting Denmark, these views based above all on the opposition of the British press: 20.8.48., Cowley to Palmerson, FO30/109 PRO.
- 62 H. Precht, 1925, p30.
- 63 Paul Kennedy, *The Rise and Fall of the Great Powers*, 1988, p197.
- 64 See Chapter 2, which explains this connection more fully.
- 65 Sandiford, 1975, p20.
- 66 *ibid*, p25.
- 67 See below and Chapter 8.
- 68 12.4.48., Palmerston to Hodges, FO33/112 PRO.
- 69 12.5.48., Palmerston to Strangeways, FO244/89 PRO.
- 70 4.5.48., M8/2/4 MCC.
- 71 4.5.48., M8/2/4 MCC.
- 72 18.5.48., M8/2/4 MCC.
- 73 Sandiford, 1975, p25.
- 74 12.5.48., Palmerston to Strangeways, FO244/89 PRO.
- 75 Bunsen reports Disraeli calls the Prussian commercial policy 'hinterlistig' and continues 'dessen gegenwärtiger Krieg mit Dänemark eigentlich es

- bezwecke, sich die Häfen dieses Reiches anzueignen.' 17.6.48., Bunsen to Arnim, GStPK Merseburg, 2.4.1., Abt.II., Nr. 4268. Also in Precht, 1925, p39: Precht sees this speech as typical of British conservative opinion.
- 76 Sarah Palmer, *Politics, Shipping and the repeal of the Navigation Laws*, 1990, p40.
- 77 For details of the Prussian remonstrations regarding the Navigation Laws in the earlier 1840s see: Krawehl, 1977, pp110-113.
- 78 Palmer, 1990, p3-4.
- 79 Again one of the most strident organs defending this idea throughout the 40s and 50s was the *Augsburger Allgemeine Zeitung* - the moderate liberal, *großdeutsch* newspaper which pronounced Friedrich List's theories long after his death.
- 80 'Die Flagge ist die Seekrone auf dem Haupte der Nationen. Man setze der deutschen Nation diese Krone auf, und das übrige wird sich finden...ohne dieses Zeichen werden sie ewig Englands Kammerknechte bleiben.' From 'Die Deutsche Flagge'. Beckenrath, *Friedrich List...*, 1931, Vol. VII, p57.
- 81 '...aus dem doppelten Gesichtspunkte eines schnell herbeizuschaffenden Verteidigungsmittel und einer dauernden Grundlage der künftigen deutschen Marine.' Instruktionen und Erlasse Banks, Separatprotokoll, 39 Bundestagssitzung, 22.4.48., Staatsarchiv Hamburg, C1, I Lit S/a, vol 20b, Mappe A, Fasc 1.
- 82 Comité zur Bildung einer deutschen Flotte zu Hamburg.
- 83 The representative of the Committee was Gustavus Godeffroy, who arrived in London at the beginning of May. 9.5.48., Staatsarchiv Hamburg, 132-5/7, 1 Band VIII.
- 84 25.4.48., Dr Kaufmann (Member of Senate) to Banks, Staatsarchiv Hamburg, Senat, C1 I Sa, vol 20b, Mappe A, Fasc 4.
- 85 As in the representations for British help in removing the Danish blockade: 'Such measures are of course ruinous to the extreme of our shipowners and I therefore take leave to turn your fullest attention to them. As we have kept up till now the most perfect neutrality there is no reason at all to believe that the Danish government will intrude upon our navigation, by blockading the river Elbe or by issuing letters of marque against us.' Staatsarchiv Hamburg, 132-5/7, 1, Band VIII.
- 86 Dr.Jur. James Colquhoun. Resident and Consul General for the Hansa Towns. One of the Colquhoun dynasty to occupy this post, including his father and son.
- 87 9.6.48., Merck to Colquhoun, Staatsarchiv Hamburg, 132-5/7, 1 Band VIII.
- 88 24.10.48., Merck to Colquhoun, Staatsarchiv Hamburg, 132-5/7, 1 Band VIII.
- 89 'Wenn seit dem Wiedererwachen des deutschen Nationalsinns, seit 1840, nicht bloß wir Regierungen oder doch wenigstens die großen Handelsherren in Hamburg und Bremen sich mit dem Gedanken einer deutschen Flotte innig vertraut gemacht und sich mit der Ausführung ernstlich beschäftigt hätten...wenn Hamburg, das öfter, mit Recht oder Unrecht, fremdländischer Gesinnungen geziehen worden ist durch einen kühnen und tapferen Schlag einen glänzenden Beweis seines innigen Anschlusses an das große Vaterland gäbe.' 'Die deutsche Seeunmacht,' 22.8.48., *Augsburger Allgemeine Zeitung*.
- 90 See Beckenrath, 1931, Vol.VII, p145 and p574.
- 91 'Es kann für den Augenblick nicht die Rede davon sein, eine vollständige Flotte zu bilden und anzuschaffen, sondern nur davon, ob es möglich ist in kurzer Zeit die Verteidigungsmittel herzurichten...' Bericht in Marine-Sachen Nr.1. Memorandum über temporäre Verteidigungsmittel unserer Seeküsten und eine später zu bildende Kriegsflotte für Deutschland, 28.4.48., Hederich, Deutsche Marine Apr-Aug 1848, Staatsarchiv Hamburg, Senat C1, I Sa vol. 20b, Mappe A, Fasc 4. Also, 23.5.48., Godeffroy to Banks, Deutsche Marine Apr-Aug 1848, Staatsarchiv Hamburg, Senat C1, I Sa vol. 20b, Mappe A, Fasc 4.
- 92 23.5.48., Banks to Grafts Colloredo and Wallsee, Deutsche Marine Apr-Aug 1848, Staatsarciv Hamburg, Senat C1, I Sa vol. 20b, Mappe A, Fasc 4.

- 93 23.5.48., Banks to Grafs Colloredo and Wallsee, Deutsche Marine Apr-Aug 1848, Staatsarchiv Hamburg, Senat C1, I Sa vol. 20b, Mapped A, Fasc 4.
- 94 9.6.48., Banks to Schmerling, Deutsche Marine Apr-Aug 1848, Staatsarchiv Hamburg, Senat CI, I Sa vol 20b, Mapped A, Fasc 4.
- 95 This apparently restricted British supply war materials to any power in conflict with Denmark: 20.6.48., Banks to Schmerling, Deutsche Marine Apr-Aug 1848, Staatsarchiv Hamburg, Senat CI, I Sa vol 20b, Mapped A, Fasc 4.
- 96 20.6.48., Banks to Schmerling, Deutsche Marine Apr-Aug 1848, Staatsarchiv Hamburg, Senat CI, I Sa vol 20b, Mapped A, Fasc 4.
- 97 Hans Precht bases his argument that Britain would not recognise the German flag on the incident when a German steamer pursued a Danish vessel into the waters of Helgoland. Hodges, Consul General at Hamburg was instructed to say if no German power could be identified as responsible, the German flag would in future be treated as 'pirates'. This does not prove a policy towards a flotilla, but rests on typically Palmerstonian bluster and the real frustration felt by him at the inability to decide just who was responsible for the German cause in Schleswig altogether. The same theme is to be found in the confusion over Bunsen's role as *both* Prussian and German emissary in London. The confusion was seen as a tactic to avoid coming to the negotiating table.
- 98 'Namentlich belächelt der praktische Engländer oft die deutsche Unerfahrenheit, besonders die sich überstürzende Hast womit so viele unserer tätigsten und wohlmeinendsten Marinen auf einmal Dinge erstreben wollen zu deren Erlangung namentlich England Jahrhunderte bedurft hat.' 28.7.48., *Augsburger Allgemeine Zeitung*.
- 99 This was in answer to an article in the normally pro-German Liberal *Daily News*: '...gab es doch eine Zeit wo der deutschen Hansa die Anfänge der englischen Flotte fast ebenso erscheinen mochten.' 16.7.48. *Augsburger Allgemeine Zeitung*. Note that another strain of popular belief on this matter maintained that the demise of the glorious days of the Hanseatic League was caused by growth of English competition.
- 100 Precht, 1925, p116. H. von Treitschke, *Deutsche Geschichte...*, 1927, p477.
- 101 See Chapter 5.
- 102 16.5.48., Strangeways to Palmerston, FO30/106 PRO.
- 103 8.7.48., Bunsen to Arnim, GStPK Merseburg, 2.4.1., Abt.II., Nr 4268, 1848-9.
- 104 Palmer, 1990, p1.
- 105 Banks indeed, reporting to the National Assembly, reported 'die öffentliche Meinung hat sie verdammt' and opined the measure would not be introduced at all. 21.7.48., Banks to Schmerling, Bundesarchiv Frankfurt, DB53/71.
- 106 22.11.48., Merck to Colquhoun, Staatsarchiv Hamburg, 132-5/7, 1 Band, VIII.
- 107 Palmer, 1990, p139.
- 108 26.10.48., BoT to FO, *ibid*, p139.
- 109 *ibid*, p139.
- 110 22.12.48., Palmerston to Westmorland, FO244/94 PRO.
- 111 'Durch die beabsichtigten Reformen betritt Großbritannien die Base, auf welcher Preußen allen größeren Staaten Europas vorgegangen ist.' 12.2.49., Bülow to Minister of Foreign Affairs, GStPK Merseburg, Rep 120, CXIII, Fasc 10, Nr.1, Vol.15.
- 112 'Die Aufhebung resp. Modifikation der englischen Navigationsakte ist bei Gelegenheit der Verhandlungen sowohl unter der Kündigung des Handels- und Schiffahrts-Vertrages mit England als über die Gründung eines auf ein differentiales Zollsystem zu basierenden Handels- und Schiffahrts-Vertrag mit den deutschen Nordseestaaten Gegenstand sorgfältiger Erörterung gewesen, und es ist bei der ersteren Gelegenheit der englischen Regierung ausdrücklich die Bereitwilligkeit des Zollvereins zu einer Vereinbarung ausgedrückt worden, welche auf dem Grunde einer wahren und vollständigen Gegenseitigkeit beruhe, und geeignet sei, die wechselseitigen Verbindungen mehr und mehr zu entwickeln und zu befestigen. Man hatte hier ebenso die Beseitigung der

Beschränkungen der fraglichen Navigations-Akte vor Augen, als der gedachte Handels- und Schiffahrts-Vertrag im Wesentlichen gegen diese Beschränkungen gerichtet sein sollte. Wenn aber auch, wie angenommen, die engl. Schiffahrts-Gesetzgebung gegenwärtig diejenigen Veränderungen erfahren sollte, welche man diesseits seit langer Zeit herbeigeführt zu sehen wünschte, so werden sich doch gegenwärtig bei den so veränderten Verhältnissen der engl. Regierung bestimmte Versprechungen über die künftige Gestaltung der diesseitigen Schiff. Gesetzgebung nicht machen lassen. Man durfte sich vielmehr darauf zu beschränken haben, dem Grafen Westmorland von den Augenblick diesseits bestehenden Schiff. Verhandlungen zu machen und auf die Verhandlungen welche in Frankfurt zur Herbeiführung eines Zoll- und Handels-Einigung Deutschlands schweben, mit dem Bemerken hinzuweisen, daß sich der Erfolg derselben zur Zeit noch nicht mit Sicherheit angeben lasse.' 7.1.49., Bülow (Prussian under-secretary at foreign ministry) to von der Heydt (Minister of Commerce), GStPK Merseburg, Rep 120, CXIII, Fasc 10, Nr.1, Vol.15.

1. INTRODUCTION

The period from 1849 to 1854 saw a growing acceptance of the efficacy of Free Trade in Britain in regulating trade with foreign nations. Whigs and Peelites, who had been responsible for the abolition of the Corn Laws and Navigation Laws were now joined by an increasing number of Conservatives. Where in 1849 there were still many voices appealing 'to the sober sense of our own less volatile countrymen from the delusive theories advanced under the appellation of 'Free Trade,'"¹ by 1852 even Disraeli conceded;

The time has gone by when the injuries which the great producing interests endure can be alleviated or removed by a recurrence to the laws which, previously to 1846 protected them from such calamities. The spirit of the age tends to free intercourse and no statesman can disregard with impunity the genius of the epoch in which he lives.²

The Chamber of Commerce in Manchester, which was one of those most interested in foreign commercial policy, also just happened to be one of the centres of the promulgation of Free Trade doctrines. By the beginning of 1850 it could already commend the visiting Lord John Russell for his 'determination to adhere resolutely to a policy fraught with so much promise and so many blessings,' and view Free Trade as 'that freedom of commerce which forming the only foundation on which industrial energy may securely rely for prosperity, has already placed the labouring classes of this district in the possession of comfort and enjoyment rarely experienced by them.'³ Later, when the businessmen of Manchester feared the Corn Laws would be re-introduced they were actively to campaign against this.⁴

There was in fact a growing and general consensus on the matter of Free Trade which pervaded all the institutions which were involved in the making of trade policy. Having ridden out the period of political instability, and being bolstered by what was believed to be the growing wealth of Britain, trade policy ceased to be an issue of intense political debate in Britain and instead took on the nature of a law of physics. Free Trade, along with its close relation political liberalisation, were now only a matter of time in other countries.

Thus also the commercial policy of Britain towards its European neighbours had become a reactive one - that is, one where no action was to be instigated by the British government, but where movement in the direction of liberalisation of trade was to be encouraged and that towards protection discouraged, but on a weak and purely advisory basis: Lord Granville, appointed Foreign Secretary in the wake of Palmerston, wrote:

While the Cabinet do not believe that all considerations of a higher character are to be sacrificed to the pushing our manufactures by any means into every possible corner of the globe, yet considering the great natural advantages of our foreign commerce, and the powerful means of civilisation it affords, one of the first duties of a British Government must always be to obtain for our foreign trade that security which is essential to its progress.

Though this may seem to prove the high role of trade in British foreign policy, it actually says more about the British belief in the moral righteousness of commerce, and anyway Granville continued;

With respect to those internal arrangements of other countries, such as the establishment of liberal institutions and the reduction of tariffs, in which this country has an indirect interest, H.M. representatives ought to be furnished with the views of H.M.'s Government on each subject, and the arguments best adapted to support those views, but they should at the

same time be instructed to press these views only when fitting opportunities occur, and when their advice and assistance are required. The intrusion of advice which is suspected to be not wholly disinterested, never can have as much effect as opinions given at the request of the person who is to be influenced.⁵

The Foreign Office, the Board of Trade, the Chambers of Commerce were in fact now all agreed on the matter of non-interference in the matters of trade, and whatever action was to be taken was to be ad hoc, reactive, and in essence, non-political. In Britain, at least, commercial matters really were separate from those of foreign policy in the minds of almost all those concerned, and decisions taken were purely and simply a matter of reaction to the the rise and fall of foreign tariffs.

2. BRITISH COMMERCIAL POLICY AND AUSTRO-PRUSSIAN RIVALRY: THE POLITICISATION OF TRADE

Though commercial policy in Britain was becoming increasingly apolitical, and more and more governed by the doctrine of Free Trade, in the German states the transition from the 'Crazy Year' of the National Assembly to the period of reaction saw commercial matters embroiled in only new heights of political tension. This was caused by the growing rivalry between Austria and Prussia for leadership of the German states in the wake of the National Assembly.

The attempt by Duckwitz to create a German commercial entity at Frankfurt⁶ had opened a veritable Pandora's box. The idea which had been mooted of commercial union including Austria was continued even after the proclamation of a separate Austrian constitution at the beginning of March 1849. It was taken up by the Austrian Minister of Commerce, Karl Ludwig von Bruck (1798-1860), who, in a series of memoranda, proposed the setting up of a commercial

body which would take in all the peoples of the old German Confederation in a *Siebzigmillionenreich*.⁷ Bruck, himself formerly the successful Chairman of the Austrian Lloyd shipping company and an imaginative and idealistic commercial politician, considered the union from the position of a *großdeutsch* patriot⁸, working less for objectives of Austrian national interest than from the conviction that only through unity would central Europe be able to improve its commercial position.⁹ He proposed a commercial union which would have a protective tariff as envisaged by the National Assembly and before it Friedrich List. Thus in this respect Bruck's biographer Charmatz was right to point out that Bruck was simply expressing in his plans a generally-held idea.

Schwarzenberg's position on the same matter was much more pragmatic. The declaration of the separate Austrian constitution meant that Austria was now *de facto* separate from any unified German state, and the best way for Austria now to regain leadership of the German states would be to re-convene the German Confederation, or *Bund*, at Frankfurt. To the Austrian government it had long been a source of displeasure that the Prussian *Zollverein* had till this time prevented the *Bund* from acting in commercial affairs as stipulated in the Federal Act XIX, and it was this route which Schwarzenberg chose.

It is important to note, however, that just as the National Assembly's commercial plans had been directed largely at British commerce, so the plan instigated by Bruck centred on 'wresting control' from this commercial giant. Charmatz notes that Bruck had concluded:

*Mitteleuropa*¹⁰ could grow economically only if it was able to compete successfully with England. Neither the *Zollverein* nor the Empire on its own would have the capacity and the energy to wrest from it the position of first commercial power.¹¹

The whole impetus of the Bruck plan was directed at British competition and the setting-up of a tariff barrier to protect German manufacturers from British competition. In so doing, Bruck was also courting the same supporters who had

campaigns for a protectionist regime at Frankfurt. This included south German liberal national economists, Austrian industrialists, *großdeutsch* nationalists, conservatives who supported a return to the old order of the *Bund*, but above all the smaller German courts - the *Mittelstaaten* - who supported a more protectionist tariff, and were suspicious of an increasingly liberal Prussian commercial policy and afraid of the growing likelihood of mediatisation under the Prussian crown after Frederick William IV had extricated himself from the events at Frankfurt. Again the subject of commercial organisation was to become a subject of great importance in the media. The Austrian government, indeed, like the other German governments, had begun to wage warfare in the realm of public opinion and made official contacts with the press to support its policy.¹² Amongst others the Austrian government was supported by the *Allgemeiner Verein zum Schütz vaterländischer Arbeit* - the same organ which had been working using anti-British propaganda in 1848, and by the *Augsburger Allgemeine Zeitung*, the most influential of the newspapers in the southern German states.¹³

Again the rallying cry was to be anti-British, and this was to be seen in the rhetoric used by the Austrian government. It was to be an implicit part of the patriotic card played by Austria throughout its battle to gain control of commercial matters, and any attempt in another direction, for example in a Free Trade direction, or in support for the *Zollverein* was by definition unpatriotic, and pro-British. To be influenced by the British was then again a slur which would be used by the German states against each other for their own ends. It is by understanding this point that one can fully grasp the German interpretation of British policy towards the Bruck plans.

At around the same time as the Bruck plan was being mooted, the Prussian King Frederick William IV, who had turned down the crown of a *kleindeutsch* empire offered to him by a delegation from Frankfurt, was making his own bid for leadership of the German states. After various attempts to come to some sort of compromise with the Frankfurt Assembly failed, Frederick William IV appointed Josef Maria von Radowitz,¹⁴ who had been the Prussian emissary at

Frankfurt, as his minister for German affairs, and the latter now set about creating a new organisation with the constitution accepted at Frankfurt with modifications to provided for a college of princes.

It was at this point in mid-July 1849 that Lord Palmerston, seemingly breaking the rule of non-intervention which had been adhered to until this point,¹⁵ issued his support for the Prussian scheme. Noting that until now the British government had abstained from any sort of comment on the political organisation of the German states as being a matter 'so purely German' and involving 'so many detailed considerations,' Palmerston went on to pronounce:

The scheme of German unity which has led to no result at Frankfurt has been taken up at Berlin; and to a certain extent as to geographical ranges, and to a limited degree as to political organisation, had, provisionally at least, been worked out into a practical measure. Prussia, Hanover, Saxony, and many of the smaller states, appear to have united themselves together by formal engagements for a limited time, and for specified purposes. Such an union as this, which would allow at least the larger of the subordinate members of the league, such as Hanover and Saxony, to retain their separate political existence as European states, but which would place the smaller states practically towards Prussia in a position which, though not entirely mediatization, would, in regard to their international relations, be tantamount to it, would seem to be a scheme which might be worked out in theory and executed in practice...

Palmerston went on to note that the difference between this and the Frankfurt plan was that the separate German states would be allowed to exist, thus the federated nature of a 'Germany' preserved. This would prevent any sort of hegemony;

By the Prussian plan, it would seem that separate nationalities would, oppose themselves still to her being the head of a purely German league.

If victory should attend the standards of the imperialists, and if conquest should crown their arms, the Hungarians and Transylvanians, though subdued, would not be made Germans, and a conquest so effected by the overwhelming aid of Russia, would for a long course of time place Austria in such a condition of political dependency towards Russia, as would utterly disqualify her from being chosen by the Germans to be the chief of their national organisation. But if the war, contrary to all apparent probability should end unfavourably to the combined forces of Austria and Russia, and if Hungary and Transylvania should succeed in establishing for themselves an entirely separate and independent European existence, the political union of those countries with Austria having ceased, although Austria would on the one hand by such an event be brought nearer to the condition of a purely German state, nevertheless she would on the other hand still retain under her rule much which is not German, and the loss of consideration and of political weight which such a defeat would entail upon her, would naturally render the Germans averse to placing themselves under her guidance.

It appears therefore to Her Majesty's Government, that if Germany is to be organised upon a principle of intimate union, such an organisation can be effected only under the leadership of Prussia...¹⁶

This dispatch seemed to contradict the policy of non-intervention and of upholding Austria as a power in Europe which had been adhered to. It took even those at the Foreign Office by surprise, Mellish, in his personal correspondence with Lord Cowley wrote;

What do you think of our German dispatch? We look upon it here as a mistake into which the German influence in high places has forced the Chief [Palmerston]. Prussia is even frightened at it, and declines to episcopate. As far as my opinion goes I still expect that any ultimate

organisation of Germany as a whole will be on the Austrian scheme of unity...¹⁷

To suspect Palmerston of coming under the influence of the clique including Bunsen, the monarchy and the like would have been to underestimate the man.¹⁸ Largely based on Palmerston's fulminations regarding political liberty, and his known opposition to Austrian presence in Italy,¹⁹ it was believed at the time, and has also since been maintained that Palmerston was anti-Austrian. In fact, he was seriously committed to the maintenance of Austrian power in Europe. But at the time of this dispatch Austria had already created its own constitution as a unified state. The prospect of German unity including Austria thus now presented Palmerston with the vision of an extension of the German Confederation to take in Austria's non-German territories - again an extension of political power which was opposed in a similar manner in Schleswig. If indeed Austria managed to retain its eastern territories, Palmerston knew this would involve an expansion of Russian influence - and again, Palmerston wished to avoid this. It must be understood that this dispatch was written at a moment when the return to pre-March circumstances seemed impossible, and when Palmerston was striving to maintain some sort of *status quo* as it had existed before 1848. It is often asserted that Palmerston was against German unity, but it must be understood that at the time there was no reason why the British Government or Foreign Office should expect a German unification on any more centralised pattern than the Confederation.

This dispatch had much more to do with Russian power than it did with the organisation of the German states. Palmerston, obviously aware soon after that he had overstepped the role he himself had defined of 'anxious observer',²⁰ was to reiterate in a long and powerful dispatch his commitment to Austrian power,²¹ and to send to the various courts a copy of a letter to the British Minister at Hanover assuring Britain's non-involvement, but the harm was already done inside the German states. Lord Cowley noted among his German colleagues at Frankfurt

a great suspicion that the policy of Great Britain is in favour of Prussian supremacy in Germany and although I have over and over again assured them that Her Majesty's Ministers were silent though certainly neither inattentive nor uninterested observers...I do not think that my assurances carried that conviction with them which I could have wished. I was not sorry therefore to have so sticking a proof under your Lordship's own signature.²²

As the Austrian government began to use the question of the commercial organisation of the German states to regain political leadership, the Prussian political union seemed to offer resistance. From September 1849 onwards public opinion again became polarised to an extraordinary degree.²³ The suspicion about Britain's political preferences for the North German Union dovetailed with the heated debate about Free Trade or protection, and was made even worse by many of those wanting Free Trade saying that a *Siebzigmillionenreich* would cut them off from the West - ie. Britain.²⁴ The idea again among those favouring protection was that Britain was pursuing a policy which was bent on preventing any sort of German industrial strength, and thus avoiding any Empire in *Mitteleuropa*. Again then, British foreign policy was seen to be influenced by commercial interests. This idea has found its way into historical accounts of British policy, which use as their source either press accounts or Palmerstonian histrionics. One of these is Doering-Manteuffel,²⁵ who also notes Britain's opposition to Hamburg being involved in the Bruck plan.

In fact there is no evidence to suggest that Britain's support for Prussian political union had anything to do with avoiding the success of Bruck's plan. Palmerston's support for Prussian union was based on purely political considerations, on maintaining the separate political entities which had formed the basis of the Vienna settlement up to that day. Support for Prussia in this case had nothing whatever to do with commercial affairs in British eyes. Britain's attitude to commercial developments in the German states, and indeed

in general, were based purely and simply on the question of whether tariffs were to be raised or lowered. The information which flowed and the decisions taken on commercial matters were done so without any reference whatever to political considerations. This was the real meaning of John Ward's summary of the attempts to build a commercial union of all states when he said 'as regards the character of the new tariff it would no doubt be more liberal without than with [sic] Austria as a party to its formation.'²⁶ Such an expression to a German ear would carry with it all kinds of connotations of political preference, which in consideration of Palmerston's dispatch, and the ominous silence which was otherwise the net output of British foreign policy on the question of rivalry, would convince that Britain was opposed to the plan for political reasons. There is in fact more evidence to suggest that commercial union in itself was not unwelcome to the British government, the inner hindrances to trade in the German states having long been a matter of complaint, and that the problem itself was really the matter of Austria's high tariff.²⁷ Commercial union in Britain did not carry with it the political connotations which it did in Germany, and though in terms of politics it involved a degree of cooperation, and was to be welcomed in the general course of 'progress' as stipulated by Free Trade, there were no thoughts of its relevance being any more than commercial. Hence the *Times* could quite happily welcome the Austrian commercial plan:

The adoption of a more liberal commercial policy by the Austrian government is not necessarily contingent on the conclusion of a definitive union with the existing *Zollverein*, but the political and mercantile considerations attending such a fusion of German interests might powerfully contribute to surmount the repugnance of protected interests and rival governments. The project has therefore our good wishes.²⁸

There were then two levels of misinterpretation: First British foreign policy was viewed in the German states as being heavily influenced by commercial

interests. Second, what was in Britain seen as a commercial matter was viewed in the German states as a statement of political preference.

3. THE KASSEL CONFERENCE

British commercial policy was purely and simply a matter of supporting those steps which would bring down tariffs, or at least oppose their increase. This had nothing to do with political considerations. In the German states however commercial affairs had now become politicised to such an extent that there was no such thing as a non-political commercial policy. This was visibly demonstrated by the Kassel Conference of the *Zollverein* between 7 July and 2 November 1850.

The Prussian government, which had yearly postponed the conference throughout the revolutionary period now decided the time was right for a revision of the tariff to be discussed. John Ward, the central figure in Britain's reportage on matters of the *Zollverein*, and whose position at Leipzig gave him a peculiarly accurate view of the cross-section of opinions in the German states, noted that 'it may naturally be supposed that the zeal of the Prussian cabinet in favour of Free Trade has been a good deal quickened by the Austrian scheme of a tariff for united Germany upon the principles of protection - besides the wish of making a new effort to overcome the objection of Hanover to join the Customs Union.'²⁹ Ward hoped the Prussian government would continue in the same vein as the liberal tariff formulated by merchants at Frankfurt in 1848.

Though Ward was right in his assessment of the motives of the Prussian cabinet, he was wrong in his prediction of the means by which Prussia intended carrying out her counter-attack. The Prussian government, feigning deference to public opinion, called on a deputation of manufacturers for advice on the formation of a new tariff. Predictably, this resulted in a proposal not unlike that at Frankfurt - where raw materials were to be subjected to a liberal

duty, but where semi- and fully manufactured goods were to be much more heavily charged.³⁰ Ward noted gloomily;

Such extraordinary demands show how very little moderation is to be expected from manufacturers when they are consulted upon questions in which their own real or supposed interests are involved.

Such reactions on the part of German manufacturers throughout the period were seen by British Free Traders as examples of the need for good education as to the principles of political economy. Ward continued by noting the several areas which were to be hit most by the proposed tariff notably the northern English textile producing areas.

The Prussian tariff was in fact a direct attempt to win back the support of the southern German states. It was use of the tariff system for political ends - ie. to counter the plans for a commercial union led by Austria, and to that end was only a temporary deflection from the general Prussian policy of gradually lowering tariffs.³¹ Yet to Britain the threat of raised tariffs was as real, if not more real than that threatened by the Austrian commercial union.³² Ward, on a fact-finding mission to Berlin previous to the conference to see whether or not the Prussian government really intended introducing the higher tariff, concluded that the plan, emanating from the Minister of Commerce, von der Heydt, would be carried out by Prussia.³³ Palmerston, receiving this information, consulted the Board of Trade as to the response which was to be given to Prussia under these circumstances. The answer, which was delivered in a two-prong attack in Berlin and Kassel, revealed again the nature of Britain's commercial diplomacy under the doctrine of Free Trade. It noted that until now

the great argument the Prussian government used was that the commercial system of Germany should be determined by the nature of the commercial system which England might resolve to adopt; that if we

persisted in our restrictive system the *Zollverein* would maintain or even increase the existing rates of duties on the products of British industry. But that if, on the contrary, England should adopt a liberal commercial system towards Germany, Germany would treat the productions of British industry with a reciprocal measure of commercial liberality. But Great Britain has now abolished the duty on foreign corn, and has placed foreign shipping with the single exception of the coastal trade upon a footing of perfect equality with British shipping and Her Majesty's Government think they are fairly entitled to expect the same principle of enlightened policy, which have dictated these changes in the commercial system of England, shall be manifested in the regulations to be established by the *Zollverein*.³⁴

In the eyes of British commercial politicians, imbued with Free Trade, there was then a moral obligation on foreign countries to follow suit in relaxing their tariffs. This was part of the 'domino effect' which was foreseen by Free Trade doctrine - ie. that there were not just economic rules which would dictate the relaxation of tariffs in other countries but also that there was an element of 'fair play' involved. The Prussian government in proposing a raise in the *Zollverein* tariff was going against this. It was also taking a step which in the eyes of the British government was in opposition to the idea of progress inherent in Free Trade doctrine. Action was continued on the level of propaganda at the conference itself. Ward, armed with a list of goods which Britain wished to see exempted from any raise in tariffs, carried on the didactic attack. In his representations to Delbrück, the Prussian delegate, he recounted:

The immediate effect of such changes would most probably be to diminish the British exports to Germany of cotton yarns, whilst its further effect would be to increase somewhat the price of German yarns which must prove injurious to the German manufacturers, excluding

their goods in all probability from some markets where they now meet and compete with the cottons of England.³⁵

The same barrage of logic was used to protest about the raise in iron duties - a good which was continually threatened with raised duties.³⁶

Ward would probably have continued using the stock approach being advised by the Board of Trade had Saxony not suggested that the tariff under discussion be discussed with a view to making it the basis of an Austrian-*Zollverein* union. Any such agreement, Ward knew, would be for 15 years, where the present tariff discussions were for 3 only. The *Zollverein* depended for its decision-making on unanimity, and Prussia, in suggesting the present raise for even 3 years, had been treading a fine line.³⁷ Ward knew that if the tariff was supposed to be for 15 years, one of the more liberal northern states would oppose the measure and the whole scheme would fall to the ground. Ward thus worked on the merchants of Leipzig to pressurize their government to stick to their suggestion.³⁸ He later noted:

The position of the conference was therefore a peculiar one. The southern states were trying to carry the protective duties; Prussia was at least lukewarm in the matter; and the foreign powers, viz. Great Britain, Belgium and Switzerland, through their commissioners at Kassel, were assisting Austria in her efforts to nullify the business of the conference, and to bring about its dissolution without doing anything.³⁹

Ward also conspired to have the conference dissolved by other means. He informed Palmerston

I have thought it right to apprise Lord Cowley of the possible contingency of the Prussian proposals being carried, and have urged his Lordship to use any means in his power to procure the dissolution of the present conference, suggesting to him that in consequence of the

removal of the seat of government from Kassel to Wilhelmsbad near Frankfurt, the Hessian Minister Hassenpflug, who is very anti-Prussian, might probably be induced to withdraw the Hessian Toll-Commissioner from Kassel which would have the effect of arresting the procedures of the conference.⁴⁰

It must be underlined, however, that these actions were not as a result of any directives from London, but on Ward's own initiative. It was a fact often to be noticed that British representatives in the German states were often much more aware of the political intricacies of the commercial situation, and were aware of the deficiencies of British Free Trade propaganda as a means of effecting any change in the views of the German states.⁴¹ Ward had foreseen the danger that the protective duties were to be carried. As it was, Cowley reported that Hassenpflug was not able to do anything about this, and told Ward he would be better concentrating on the former plan and the smaller states' opposition to Prussia.⁴² Ward reported that he was proceeding in this direction by supporting Brunswick.⁴³ The latter state, he knew, had been increasingly worried by the prospect of high tariffs as discouraging Hanoverian union with the *Zollverein*. Brunswick had most to gain from this as it was geographically isolated by Hanover from the *Zollverein*. It was, in the end, Brunswick which put a stop to the Prussian tariff by its veto at the continuation of the affairs of Kassel at Wiesbaden.

Ward's actions at Kassel prove conclusively that there was no political interest behind Britain's commercial policy. It highlights the fact that Britain was merely reacting to raises in tariffs wherever they may appear, and in the course of opposing these increases Britain would take any allies. In one case this may be Prussia, in the next Austria. In the sphere of British commercial thinking this made complete sense.

It must be noted that the extent of British action (Ward's *ex officio* actions excepted) was limited again to the delivery of lectures on the theory of Free Trade and on the obligations which Britain's unilateral liberalisation placed

upon other countries. There were no threats of reprisals and no pressure was exerted. Transferred into the realm of the German states, however, where commercial affairs carried with them considerations of the utmost political importance, Britain appeared to be pursuing a foreign policy which was both provocative and contradictory. The political naïvety of British commercial policy-making was a factor which the commercial politicians in the German states found hard to understand. The propaganda campaign was having a highly destabilising effect. Thus the Prussian ministers noted with surprise that Britain was working against her at the Kassel conference. The question was discussed in Berlin whether the British government should be told about the fact that Prussia was only acting to keep the *Zollverein* together.⁴⁴ There was indeed some panic that the British would make another formal representation on the matter, as the Prussian government, now saved by Brunswick from actually having to introduce the tariff, was afraid this would only bring the question up once again.⁴⁵ They were also afraid of making any sort of binding arrangement with Britain at a time when such would have only alienated the other states still further.⁴⁶ It should be underlined, said Delbrück, the Commissioner at Kassel, 'that Prussia here really was working in her own interests in so doing, and the British statesmen will not make the mistake of forgetting that in this matter the interests of Prussia and of Britain go hand in hand.'⁴⁷ What Delbrück did not guess, and what those making commercial policy in the German states would not believe, was that British policy was not guided as was Prussian by national interest in such a direct sense, but by Free Trade, which was not pragmatic but inflexible and prescriptive.

The affairs of the Kassel conference, which was finally halted because of the military proceedings leading up to the armistice of Olmütz, were to be continued in January of 1851 at Wiesbaden. At the same time the Conference at Dresden was convened, representing Prussia's concession to Austrian demands for discussions regarding the reconvening of the Federal Diet which had been the organ of German cooperation before the revolution. Britain was to be able to do little at either of these conferences.

Though the Dresden conference was ostensibly to organise the political affairs of the German states, its Third Committee was to discuss the arrangement of the German states' trade arrangements - and thus was in competition with the Prussian *Zollverein*. There was very soon quite obviously an impasse on this point. Though Britain's representative to Saxony, Henry Forbes, was given strict instructions not to become involved in the affairs,⁴⁸ John Ward was sent to watch over the commercial committee though he records 'the British government merely desired to know what was passing and did not seek to exercise any influence over the proceedings.'⁴⁹ There was, however, by this point little the British government could do. Though Ward had warned earlier of the prospect of an Austrian commercial union,⁵⁰ Lord Cowley was now reporting that Bavaria and Saxony were in fact only paying 'lip-service' to the plan, and that 'it may be doubted whether their support is more than outwards to satisfy the clamour of the manufacturing interests in their respective states.'⁵¹ More importantly, as Ward reported, Prussia soon decided to drop her project for a raised tariff, and instead to lower certain duties to prepare for a union of the *Zollverein* with the commercially more liberal *Steuerverein*. This, at least, seemed to put off the proposition of a central European protective system for the moment.

The sum of British actions during the period leading up to the Wiesbaden conference of the *Zollverein* and *Steuerverein* states was then, propaganda and persuasion. Ward's own personal dynamism hardly detracts from the fact that the British response had been weak. Yet the frequent and vociferous avowals through all the various British representatives of the virtues of Free Trade had strong political connotations in the German states of which British commercial policy makers seemed unaware. It was hardly surprising, therefore, that Prussia had tried to keep her distance from giving any sort of firm commitment on the matter of relaxing tariffs. Philipsborn, the deputy Minister of Commerce, noted;

There was no reason, unless absolutely necessary, to express ourselves on this matter. Any expression would have been taken by England immediately as a binding agreement. This would have only led to compromising our position with the rest of the members of the *Zollverein*, which is a situation we should avoid at this time more than ever.⁵²

Indeed there was a reluctance on the part of all states to cooperate with Britain on communicating commercial information.⁵³ British commercial policy was indeed making it very difficult for Prussia to pursue the line of policy which she intended, ie. the relaxation of tariffs for the sake of union with Hanover: Once the Prussian government had made known its decision at the time of the conference in Wiesbaden, the immediate assumption of protectionists and the southern governments was that Britain had had a hand in the matter. The government of Württemberg, a country whose government had taken a strong protectionist line, and many of whose countrymen were particularly virulent in the protectionist campaign, had noted at the Conference:

While many small companies here are being stamped out by the dominance of large capital and the most extensive machinery, they have as yet not been allowed to replace themselves by large-scale industry, and so one cannot be surprised by the fact that many rich sources of labour in the *Zollverein* are being exploited by foreign countries, particularly England, for the object of enriching its own industry and enlarging its national wealth, while the German worker at home is unable to find work.

In the face of experiences and facts like this economic theories ought to be silenced, theories which at least until now have shown themselves to be more or less mere shells, used to veil the deeper political plans of such states as have developed their national potentials to the highest

degree and by their material might are able to have a dominant influence over the less-developed industries of other countries.⁵⁴

The decision of the Prussian government to drop its plans to raise tariffs, coupled now with the fact that Prussia was to *lower* its duties for the entrance of, of all states, Hanover, whose royal connection with Britain was still fresh in many Germans' minds, into the *Zollverein* began to make the whole course of developments seem like one vast British conspiracy to achieve through Prussia the decimation of German industry.

4. THE STEUERVEREIN/ZOLLVEREIN UNION

Conspiracy theories were given an extra boost by the conclusion of a treaty in September of 1851 between Prussia and the Hanoverian-led *Steuerverein*. The significance of this treaty was large. The *Steuerverein* had had as its basis a tariff which had been considerably more liberal than that of the *Zollverein*. Its entrance into the *Zollverein* seemed to throw down the gauntlet to the protectionist plans of Austria and those southern states who supported a commercial union under Austrian leadership. It seemed to commit the *Zollverein* to a more liberal direction. It was also an enormous political *coup* for Prussia, as the extension of the *Zollverein* to the North Sea coast had been an objective for a long time,⁵⁵ and Prussia's strength in the north of Germany now seemed assured with or without the southern states. Gustav Mevissen, the protectionist but liberal industrialist who had been Duckwitz' deputy at Frankfurt acknowledged:

the treaty is a very clear pointer as to which direction Prussian policy will be forced to take if Austria does not cease denying her her rightful position of parity in Germany. Although I do not care for this so-called Free Trade, which in reality is nothing more than the freedom of the

purchaser without the corresponding freedom of the seller, yet the idea of moulding together the *Zollverein* with the *Steuerverein* is of too high a political importance not to be able to agree to it...⁵⁶

Hanover, of course, had long been suspected of having some special relationship with Britain even after the termination of the royal bond.⁵⁷ It was never forgotten that Hanover had opposed the foundation of the *Zollverein* under British influence.⁵⁸ With the rumours already circulating that Britain was working with Prussia to defeat Austrian plans, the September treaty seemed to set the seal of reality to an already too obvious set of circumstances. The fact that Britain really did not have anything to do with the negotiations for this treaty was proved by Ward's comment that the treaty was 'a fortunate circumstance with respect to British interests.'⁵⁹

Ward, however, was quick to recognise what exactly this would mean for British commercial interests in the German states. Unwittingly he was sounding a shift in attitude towards the *Zollverein* when he noted that the inclusion of Hanover in the *Zollverein* could actually have the effect of weighing the balance of interests in the *Zollverein* more in favour of liberalisation. He had noted;

this judicious line of reasoning is, I submit, also applicable to British interests as regards the trade with Germany. Experience has shown that the accession of Brunswick to the *Zollverein* has operated in favour of a liberal commercial policy. When Brunswick entered the union in 1848 lamentations and apprehensions of evil were expressed in some quarters. But what has been the result? At the toll conference at Kassel in 1850 it was the single vote of Brunswick which negated the increased protective duties - a fact which sets in a strong light the advantage of introducing Free-Trade elements into the composition of the German customs union.⁶⁰

Ward was entirely accurate in seeing the accession of Hanover to the *Zollverein* as fortunate. The impetus for Hanover to join the union was the result the fact that a ministerial crisis in that country had necessitated the government taking this step in order to stay in power.⁶¹ The country was also mainly agricultural, and as a large importer of goods, especially colonial wares and iron, it was strongly committed to Free Trade.⁶² Without the knowledge of Ward and, indeed, of the other governments, the Hanoverian government was indeed attempting to bind the Prussian government secretly to a liberal commercial course.⁶³ Hanover, indeed, was driving a hard bargain, one which even in Prussia was accepted only with some difficulty.

The situation, then, was that Hanover and Prussia were making an agreement for their own national interests, without any pressure from foreign powers. In fact, it seemed the Hanoverian government was angling for British support by announcing its intentions to Lord Cowley at Frankfurt as early as February of 1851.⁶⁴ It was the case that the interests of these countries were simply running parallel to Britain's. And yet this fact was seen by many in the protectionist south as no coincidence. It was not long before Ward noted:

The Austrian organs (including those of the Saxon government) continue to complain of what they call the bad faith of Prussia on the late occasion, and some of them even go the length of asserting that the late treaty was the work of England. They say this, of course, with the view of making the treaty unpopular in Germany; but the assertion contrasts curiously with the declarations of certain London newspapers which have pretended that the Hanoverian treaty has given a death blow to the progress of Free Trade in Germany.⁶⁵

Whichever British papers Ward was referring to,⁶⁶ it could not have been the *Times*, which glowingly welcomed the treaty and saw Prussia as 'fortifying herself against the extravagant pretensions of the southern members of the *Zollverein*, and preparing to maintain with greater vigour those principles of

freedom of trade which public opinion and the general interests of northern Germany more and more imperatively describe.⁶⁷ The obvious favour shown by the *Times* towards this agreement would, of course, merely encourage the belief in the German states that Britain was involved in this treaty. There was a tendency in the German states to regard the *Times* as the voice of the British government. It was, however, merely recognition that the interests of Britain and the north German states in commercial matters were now flowing in a similar direction:

Whatever tends to the increase of trade in the German ports by opening a freer communication with the interior of the country must eventually prove advantageous to ourselves in common with all mercantile nations.⁶⁸

This communality of interests, however, was still quite different from an active promotion of the treaty.

5. BRITAIN AND THE *ZOLLVEREIN* CRISIS

The Prussian agreement with Hanover and Oldenburg of September 1851 had been negotiated in secret to avoid any interference on the part of Austria. When its conclusion was announced to the other partners of the *Zollverein*, and when acceptance of the agreements was made a pre-requisite for any renewal of the *Zollverein*, which was due in 1853, a crisis ensued which was to raise the pitch of political tensions in the German states still further.

In November of 1851 Schwarzenberg published a new Austrian tariff which was the prospective basis for a commercial union with Austria as its head. The other states were invited to Vienna to discuss this in January of 1852. Only Prussia did not attend the conference. Schwarzenberg was to die before the conference was over, taking much of the pith out of Austrian intentions; the

conference broke up several weeks later leaving the door open to Prussian initiatives. Over the year of 1852 Prussia was to hold a series of conferences in Berlin at which the Prussian determination to push through the *Steuerverein-Zollverein* union and renew the *Zollverein* under Prussian leadership was to be made increasingly clear. Gradually, the fronts became clearer, with the southern states forming themselves into an alliance, the Darmstadt coalition, which was to insist on Austrian inclusion into the *Zollverein* and was in fact heavily influenced by Austria, and the northern states headed by Prussia, which finally threatened *also to break* from the *Zollverein* to form their own more liberal north German commercial union.

At this point already John Ward was stressing to the British government repeatedly the fact that Prussia was working in the British interests and should be supported.⁶⁹ Ward indeed was one of several diplomats including Alexander Malet - who by this time had been appointed to Frankfurt - and later to be joined by Joseph Archer Crowe and Lord Augustus Loftus, whose positions and more liberal outlook gave them a more astute grasp and a more active role in the relaying of information on commercial matters and in calling for the bland avowals of Free Trade to be made more applicable to the heavily charged political sphere of the German states.⁷⁰

Ward, as has already been noted, had advised the British government of the sagacity of allowing Prussia to carry through its plans of expansion of the *Zollverein* to include the other northern and more liberal states.⁷¹ He now pressed them for reasons which he could use to persuade the other German states to support Prussia and to uphold the *Zollverein*. The Board of Trade, reflecting the fact that the bottom line for Britain was the access to the European market for British goods, noted that the ideal state would be a commercial union including *all* German states with a liberal tariff. It noted:

Such an union would be hailed as affording means for greatly extending the trade of this country. The population of the Austrian states exceeds by nearly 10 millions the populations of all the states now composing the

German Customs Union while Austria proper, Lombardy, Venice, Hungary and Transylvania offer returns of various kinds suitable for our manufactures which would be of much value in setting British industry in motion.

This was an important recognition of the fact that the question of the commercial organisation of the German states in British commercial eyes was solely governed by that of access to a market. There was no opposition to the expansion of commercial organisations as long as this did not mean raised tariff. There was also no *a priori* preference with regards to political supremacy. And yet the Board of Trade went on to acknowledge the fact that the chances of this situation occurring, given the protectionist policies of Austria, were slim. Prussia, on the other hand, was offering a union with of a decidedly more liberal character. The Board of Trade tacitly recognised this contiguity of interests. Its words also reflected those of John Ward earlier on the advantages to be reaped by allowing Prussia ~~Further to carry out~~ the aim of including the other more liberal states of the north in the *Zollverein* :

Their Lords would rather see the Commercial Union [*Zollverein*] having Prussia for its centre, extended by including within it those states in Northern Germany which have not already joined the league with the confident expectation that thus the more liberal systems of duties established by the new members would be by degrees, and it might be rapidly, adopted by the states already in the union.⁷²

It must be underlined that the preference for the commercial plans of Prussia was commercial rather than political, and based rather on the recognition of the similarity of interests of the north of Germany with Britain. Another extremely important fact is that here the Board of Trade was expressing its hope that the *Zollverein* remain intact, in the belief that the solution offered by Prussia was the lesser of two evils. This is an extremely

important point as the historiography of the *Zollverein* in general concentrates on the 1840s, and in so doing, stresses above all Britain's opposition to the formation of the *Zollverein*. This, however, is to make the mistake of viewing British commercial policy of the 50s as the same as that of the 40s - which it was not. That of the 50s was no longer the former aggressively mercantile one, but one under Free Trade, automatically following and promoting the liberalisation of tariffs in other countries - non-political and unbiased. Throughout the 50s, the *Zollverein*, and Prussia in particular, were following a course which was generally in the British interest, and thus to be upheld. This was a fact which escaped many at the time and many after.

It is also important, however, to clearly specify that this recognition of the contiguity of interests did not add up to any more than the very guarded, and, in effect, weak expression of preference. If John Ward had been hoping for anything more than this he was to be disappointed. The Board of Trade carried on to note:

It is a somewhat doubtful policy on the part of this country, to interfere in the commercial legislation of foreign states...it is not improbable that more rapid and greater changes in the direction of liberality will be found to follow from the effects which attend upon and follow our Free Trade measures, than from any less practical arguments that we may offer to that end.⁷³

The Board of Trade, therefore, having stated its preference, was backing off again from any more definite steps. As was the nature of things it was the Board of Trade's wishes which were to direct the actions of the Foreign Office. The Foreign Office was to be even more guarded in sending out instructions to the British representatives in the German states. Non-involvement was the net result ^{of} Free Trade theories, but also of a realistic assessment from past experience that, as the Board of Trade here said 'through a misconception of our motives' action might have the opposite effect.

To bolster the belief, which there undoubtedly was, that economic theory meant at the end of the day there would be liberalisation anyway, there were a string of reports throughout the year which seemed to emphasise the certainty of Prussian victory. With the appointment of Alexander Malet⁷⁴ to Frankfurt, there was now a strong partnership of commercial reportage created with John Ward. Ward's position at Leipzig gave him a special vantage-point from which to watch the changing balance of power between the pro-Austrian government of Saxony and the strong commercial interests of Leipzig. It was indeed this dichotomy in Saxony which gave Ward's dispatches throughout the 50s their peculiarly astute flavour. From here he was typically to report

In Saxony, I know that the line taken by the government does not correspond with the wants and wishes of the commercial classes. The protectionists seem to agree with the Free-Traders that it would be injurious to the general interest if the Commercial Union were allowed to drop...

Ward - rightly - judged that in the end economic interests would prevail, and the *Zollverein* would not be dropped.⁷⁵ Ward was, however, also commuting to and fro between Leipzig and Berlin, where he reported on the on-going conference between Prussia and her errant southern partners. From Berlin he also predicted that Austria would not force the issue to the point where the *Zollverein* would be broken-up, as this would put Prussia in a position of absolute hegemony in the northern segment of the German Confederation.⁷⁶ Malet, promoted from the court of Württemberg to the Diet at Frankfurt, was in a position offering a different but also important circumspection. His knowledge of the southern German courts and their connections with Austria, coupled with an obviously greater interest in commercial affairs than the average diplomat and his position at the Diet where he could communicate with representatives of all states meant he was at an important nexus from which he could report the shifting alliances of the states. Malet indeed it was who

through personal connections with their courts reported on the swithering of the southern governments,⁷⁷ and Malet it was who judged rightly that the effort of the southern states to leave the *Zollverein* must end either in their embarrassment or revolution.⁷⁸

As long as things seemed to be going in the right direction in the German states then, there seemed to be no reason to intervene. The British government therefore maintained its stance of non-intervention on commercial affairs. Yet the level of disagreement over the rival systems of commerce in 1852 in the German states meant that the refusal of the British government to become involved was used by the various sides in the German states to support their own cases. The Secretary of Legation at Frankfurt reported:

The new Hanoverian Minister here paid me a visit yesterday and in the course of conversation said that he had heard that we were displeased at the Treaty they had made with Prussia. This is not the case is it? If it is not, this is one of the many false impressions which at this moment are attempted.⁷⁹

John Ward unambiguously campaigned throughout the year for the support of the British government for the Prussian line of policy. From the Berlin Conference in April he noted that 'in so far as any British interests are involved in the proceedings of the present conference, I beg leave to submit to your Lordship that the desirable thing is, that the Prussian policy should prevail.'⁸⁰ By June the Darmstadt coalition had begun to stiffen its resolve to oppose the Prussian plans and Ward was more blatant about his views:

In case the present crisis would end in a rupture with the southern states, they cannot fairly say that Prussia is to blame for such a result - a part of the Austrian policy has all along been to neutralise Prussian influence in the *Zollverein* by forming a federative commercial union in which Austria herself would predominate. Prussia made a successful

move in the other direction by the treaty with Hanover of the 7th of September last; and now Austria is trying to prevent the extension of the Prussian commercial hegemony in the north for which purpose she uses as instruments the governments of the Darmstadt coalition. Austria is here evidently the disturbing party, for, if she had not interfered the status quo [sic] of the *Zollverein* would have been maintained with the addition of the states of the Hanoverian Union.⁸¹

Malet, also, was trying to get the British government to move from its unbending and bland adherence to passivity. To these men, made acutely aware of the enormous tensions and the stakes involved, this non-interference was as much dangerous as it was foolhardy. Malet stressed the political importance of these commercial matters throughout the year, noting in his private correspondence, in which diplomats could be more honest, that 'it is of some importance that I should be informed what tone it is the wish of Her Majesty's Government that I should assume in any communications here, both in the political and commercial questions at present agitating Germany,'⁸² and later that 'it is the most important question now in agitation in Germany and our commercial interests are deeply interested in the solution.'⁸³ Malet, however, was also involved, together with Lord Augustus Loftus, the then Secretary of Legation at Württemberg - and a man who also took an unusual interest in commercial matters - in reporting on the affairs of the Darmstadt conference. More aware than anyone of the deficiencies of British commercial policy under these taunted conditions, he finally put his views into an official dispatch:

In the actual crisis of these affairs it is impossible to avoid discussions on the political as well as the commercial interests at stake, and your Lordship will therefore see it is become of importance to me to be instructed as to the views of Her Majesty's Government.

An opinion of the representatives of the Queen's Government in favour of either of the adverse systems of Austria or Prussia must have a

certain weight, and it is necessary that I should be honoured with your Lordship's instructions as to the language I ought to hold, and whether as in the views of Her Majesty's Government my language should uphold the policy of Prussia or whether that of Austria meets the approval of Her Majesty's Cabinet.

These points solely occupy the public mind at Frankfurt and your Lordship cannot but perceive that it is out of the power of the representative of Great Britain to remain wholly aloof from the expression of opinion.

Should he do so, it would be a virtual abdication of the influence we have a right to exercise in whatever sense Her Majesty's Government think proper to direct.⁸⁴

British representatives were indeed being left high and dry by British abstention, and, uncertain of their own government's attitude to commercial developments in Germany, were giving out information which was easily misinterpreted. Lord Augustus Loftus was rebuked by the Foreign Office for appearing 'to write as if you considered a union of all Germany as a desirable object, instead of being fatal to English commercial interests.'⁸⁵ Given the opinion which had been expressed by the Board of Trade that the union of all Germany was the ideal state, Augustus Loftus' misapprehension was understandable. In his own defence he replied:

The views I have formed during a long residence in northern and southern Germany, are in direct opposition to the Austrian commercial system.

Being without instructions from your Lordship, and ignorant of the opinions of Her Majesty's Government, I carefully abstained in my official interviews with the Württemberg minister for Foreign Affairs from expressing any opinion on the commercial relations of Germany and confined myself to instilling into those who I knew possessed

influence in high quarters such principles as I conceived were for the benefit of English interests.⁸⁶

In answer to Malet's direct request for clarification of the position of the British government he was to receive instructions which, by their very wording, and by the fact that the information was for him only, betrayed only further the ambiguous attitude of the Foreign Office to any kind of involvement. The dispatch noted the principle that

in regard of the immediate interests of this country and of those of Europe in general, it is the duty of the British Government to promote by all means in their power the establishment and extension of a liberal commercial system among the nations of the continent. Assuming this principle as that on which you are to act you will easily understand that in the negotiations now pending it is the wish of H.M. Government that the influence of the British representative should be exerted on the side of Prussia.

Again, then, the recognition that Prussia was heading in a direction believed at the Foreign Office to be in British interests. Again the non-partisan reasoning behind this. Yet the dispatch went on to seemingly step back again from committing itself to any action:

At the same time it is for you to consider (and it is a point on which your own judgement will be a better guide than any advice which we can give you) how far the object which we have in view is likely to be promoted by an open and decided advocacy on your part. It certainly appears to us here a possible, though I am far from saying a certain danger that a too earnest expression of opinion, coming from the representative of England, might tend to defeat its own object, by creating suspicions unfavourable to our national disinterestedness on a question which

really concerns the continental powers far more than it does us. You are now in possession of the wishes of Government and Lord Malmesbury⁸⁷ is willing to leave in your hands a large discretion as to the means which you should use for carrying them into effect. But it is his clear opinion that if a doubt exists in your mind on any occasion as to the expediency of expressing or withholding the sentiments of Government on this subject, you will do better, as well as incur less risk, in adopting the latter course. Lord Malmesbury would wish that your advice on this question should be asked not offered: and that whatever observations you think it right to make should not be of such a nature as to encourage a belief on the part of those to whom they are addressed, that England has a strong and direct interest in the nature of the settlement by which these commercial differences shall be terminated.⁸⁸

Britain viewed the maintenance of the *Zollverein* as in its interests, and the intentions of the Prussian government as helping to bring about that situation on the continent which Britain would like to see - ie. the extension of her own liberal system to Europe. But this was as far as it went. It was an expression of sympathy with the Prussian cause, but certainly no official measures were foreseen. On the other hand, Malet was being given a very guarded freedom to work on the German governments. Again it must be noted that even this involved only persuasion tactics, and at the lowest possible key. The Board of Trade and the Foreign Office, by a mixture of Free Trade principles and pragmatic reasoning about the possibilities of any interventionism back-firing was in effect restraining itself from action, though the situation was one tempting to them.

In Britain the chambers of commerce, particularly Manchester and Bradford - the most virulent in affairs of continental commercial matters because they were the ones most heavily involved in export to the continent⁸⁹ - had approached the Foreign Office on the subject of the Conferences in Berlin. They were less sanguine as to the favourable results of the conferences,

remarking 'that few sessions of the deputies of the *Zollverein* have been hitherto held without some short-sighted endeavour to disturb the commerce of this country, and it may be that such attempts may be repeated in the present congress.' Couched in the reasoning that 'the commercial policy adopted by this country, so beneficial at once to her own people and to the whole human family' the Chamber of Commerce at Manchester stressed the right they felt Britain had which 'affords every British minister abroad a solid justification for remonstrance on every suitable occasion, not only against every new restriction upon commerce which fatuity may cause to be proposed but against the continuance, after the originating cause has been removed, of a system more injurious to the masses of the people of the prohibitory countries than to those whose industry they may temporarily disturb but vainly attempt to shut out.'⁹⁰ The chambers of commerce were here expounding the theory, which belonged to the panoply of Free Trade reasonings, that protection abroad, and the *Zollverein* in particular, was the result of Britain's former protective system, especially the Corn Laws. Now that the Corn Laws were gone they cherished the expectation, naïvely, that the German states would obligingly return the compliment. It must be noted however, that though the tone of this petition was obviously less muted than the attitude of the Foreign Office, yet it still only amounted to a call to remonstrate.

The Foreign Office, illustrating clearly the reluctance to take any steps at all, answered that

Her Majesty's Government are fully sensible of the importance of the negotiations to which this memorial relates, and look forward with deep interest to their result, but the memorialists will easily understand that any official interference on the part of Her Majesty's Government in the internal arrangements on the financial administration of Germany could not fail to increase the jealousy which already exists of some of the states in question with regard to the commercial policy of this country and might even tend to promote the adoption of that very prohibitory system

which it is equally the interest of England and the intention of Her Majesty's Government to discourage.⁹¹

This frustration of active policy became even more apparent once the Darmstadt coalition had formulated their joint response to the Prussian ultimatum in August of 1852. The Hanoverian government, now seeing itself possibly deserted by its southern co-members, and fearing, as ever, Prussian domination, began to have second thoughts about union with Prussia. The game of bluff had reached its peak between Prussia and the members of the Darmstadt coalition. In the midst of this, the forces of economic and political interests pitted against each other, and Prussian/Austrian rivalry pushed to breaking point, Britain's reluctance to become involved bordered, in the view of several of her representatives abroad on the abrogation of duty.

Alexander Malet, in his special position at Frankfurt, and his connections with the smaller states was approached by Prince Wittgenstein, Minister for Foreign Affairs of Hessen-Nassau. The latter desired 'that the great powers would intervene to prevent the hazard which to him appeared imminent of a breach between Austria and Prussia' and based his appeal on the claim 'that it was no longer a German but an European question, that the part which the minor states played was that of mere puppets, the strings being pulled by Austria and Prussia.'⁹² By this point, in mid-September, the smaller German states of the Darmstadt coalition were beginning to feel that their position was becoming increasingly untenable. Austria, to keep them in line, had used the veiled threat of leaving them to the mercies of France. The Austrian government had also pointed to the constitutional leanings of Prussia,⁹³ something which the southern monarchies felt very distinctly to be a threat to their sovereignty, particularly in the wake of 1848. The German Confederation represented to the smaller states a guarantee for their existence, and allowed them to play off Austria and Prussia against one another. Prince Wittgenstein thus expressed to Malet the very real fear 'that the success of Austria in detaching the southern states from Prussia would very likely cause the

dissolution of the Confederation.'⁹⁴ It is interesting to note that being jammed as they were between the opposing policies of Austria and Prussia, they looked to British intervention as a way out. Britain enjoyed at least an association in the minds of these men with the Vienna system and thus the maintenance of the Confederation. Malet, seemingly also thinking at this point that intervention might be safely carried out gave his support to the appeal:

I should fail in my duty if I omitted stating as much as I have done to your Lordship and adding that the purely political character which this grave question assumes endangering the Peace of Europe, must enable her Majesty's Government to occupy themselves with it without any suspicion of other motives than those which really belong to the highest interests of general policy.⁹⁵

In the atmosphere of hostility, Malet went to such lengths to secure the safety of this dispatch, that it was to arrive in London in a form unintelligible to the Foreign Office and he was forced to repeat it in an even more direct form.⁹⁶

Hanover was by this point also beginning to become less certain of the benefits of being left alone with Prussia in a North German Customs Union of some sort. The British government was made aware of this fact by their Minister at the court of Hanover, Bligh. Fearing that Prussia may no longer be able to succeed in carrying through her policies of liberalisation if this were the case, Bligh asked for instructions, perhaps hoping he would receive permission from London to press Hanover to stay with Prussia. Considering that by now the matter seemed to threaten the very basis of the Confederation, considering that John Ward's dispatches had by this point also reached a level of intensity in pressing home the message that the Austrian plans should not be carried, considering also that representatives as conservative in their nature as Forbes at Saxony were warning regarding the Austrian cabinet 'that its object on the part of Austria is the exclusion of British commerce and manufactures which was a favourite plan of the late Prince Schwarzenberg, who thought it

the only way of making war on England,⁹⁷ the nature of the Foreign Office's reply to Bligh was at the most, anodyne:

In reply I have to inform you that however much Her Majesty's Government may regret the dissensions which have arisen in Germany upon commercial matters, they still think that the question is one upon which Her Majesty's R.R. in Germany cannot with propriety be instructed officially to interfere.

The dispatch noted that Britain's desire for the extension of a liberal commercial system on the continent would, however, be endangered if Hanover were to separate from Prussia at this moment, and thus Prussia be forced to agree to the demands of the southern states. It carried on:

If under these circumstances the opinion of Her Majesty's Government were to be asked by that of Hanover they would undoubtedly recommend a speedy understanding between Hanover, Prussia, and the other states of northern Germany on a liberal commercial basis, a course which would put an end to any supposition still entertained that these states or any one of them are still disposed to be fettered by a restrictive policy; it might thus pave the way to a more general understanding. The jealousy which however appears to be entertained of the Prussian Government in Hanover or elsewhere would seem to offer a serious obstacle to this course, and I can therefore only instruct you to exert your influence in so far as it can with propriety be employed at all in smoothing down this jealousy...⁹⁸

The tone, therefore, of this dispatch is simply the same as all those which went before it. It was little more than an expression of interest in the victory of liberal tariffs in Germany. The permission to make representations to the German powers throughout the crisis was always a very guarded one, and

distanced from the Foreign Office by allowing the discretion of diplomats. If the diplomats did make representations they were likely to be diluted by the knowledge that any strong reaction might have brought the wrath of the Foreign Office upon them. The emphasis on unofficial expressions of interest would indeed give rise to more suspicions of British conspiracy adding to those already in existence. The passivity of British policy during this period was, however, very real, and its inapplicability at a time of great tension was felt keenly by the several enlightened British representatives abroad.

Finally, it must be noted that the *Zollverein* crisis of 1852-3 highlighted the tension, which was beginning to be felt, between the organisation of the German states along the lines of the Confederation, based on particularist, monarchical states, with a decentralised dual power structure balanced by the *Mittelstaaten* - ie. the smaller states, and a new economic structure. The latter was based more around connections with Prussia, and with the markets of the west of Europe. This was perhaps the corollary of the gradual industrialisation of the period. The great involvement of public opinion of the German states during the crisis, made it obvious that the political connections of these small absolutist states were no longer adequate to secure their being. Even the central authority for business and trade in Württemberg, a semi-official body and normally protectionist in its leanings was forced by the crisis to admit that

The natural circumstances of the time dictate that the flow of trade of the *Zollverein* tends more and more to be towards the North and Baltic Seas, whereas that of Austria tends towards the Adriatic and the Black Sea.

The *Zollverein's* emphasis will therefore be more and more towards the Elbe and the Rhine, mainly towards the latter of the two, while that of Austria is on the lower Danube and will remain there in the future.⁹⁹

Whether this in reality dictated the future form of united Germany is not the point. This was the perspective of those involved at the time. Alexander Malet,

blessed as he was with perspicacity as to the dynamics of the German states noted;

There is still a latent force in an order of things so long established as the *Zollverein* has been that renders its dissolution an affair of great difficulty and there is room to hope especially if Hanover maintains the treaty of September, that Prussia may not be reduced to the isolated position she must occupy if deserted in this crisis by that state.¹⁰⁰

The strict adherence of Britain to a the promotion of Free Trade on the continent, here felt through propaganda and the unofficial representations which were being made throughout the German states, fitted into this conflict between the new order and the old. The support - passive as it was - for Prussian victory and the introduction of Free Trade, would be associated in the minds of all those interested in maintaining the conservative order as being agitating at the least, and at the most, revolutionary. Britain was fast becoming viewed as a revolutionary on the continent.

¹ *Quarterly Review*, LXXXIII, June - September 1849, p149. The *Quarterly* was a conservative periodical.

² Disraeli - 'Speech to the Electors of Buckinghamshire. 2.6.52.,' Printed in: *Edinburgh Review*, XCVI, Oct 1852, p530.

³ 2.4.50., M8/2/5 MCC.

⁴ 9.3.52., Special AGM to petition against the re-imposition of the Corn Laws, M8/2/5 MCC.

⁵ Quoted in: H. Temperley and L. Penson, *Foundations...*, 1938, pp183-5.

⁶ See Chapter 4.

⁷ Translates as: The empire of seventy million.

⁸ Heinrich Friedjung, *Historische Aufsätze*, 1919, p66.

⁹ R. Charmatz, *Minister Freiherr von Bruck...*, 1916, p58-9. This is backed up by Friedjung, 1919, p74.

¹⁰ Translates as: Middle/Central Europe, though denotes the somewhat amorphous entity which would have resulted from a *großdeutsch* unification.

¹¹ Charmatz, 1916, p45.

¹² Friedjung, Heinrich, 1919, p73.

¹³ Friedjung, 1919, p72.

¹⁴ General Josef Maria von Radowitz, 1797-1853. Minister for German affairs 25.4.49 - 2.11.50.

¹⁵ M.E. Chamberlain, *'Pax Britannica'...*, 1988, p96.

¹⁶ 13.7.49., Palmerston to Westmorland, confidential, FO208/41 PRO.

- 17 31.7.49., Mellish to Cowley, FO519/161 PRO.
- 18 Apart from the fact that Palmerston showed a studied and documented observance of distance from Bunsen, the antipathy between himself and the monarchy based on his views on German politics is notorious.
- 19 'As for myself I am very Austrian north of the Alps, but very anti-Austrian south of the Alps...the Austrians have no business in Italy and they are a public nuisance there. They govern their own provinces ill and are the props and encouragers of bad government in all the other states of the peninsular.'
- 30.6.59., Palmerston to Granville, PRO 30/29 18/6 PRO.
- 20 As defined in 13.7.49., Palmerston to Westmorland, confidential, FO208/41 PRO.
- 21 Printed fully in Temperley and Penson, 1938, pp172-177.
- 22 1.10.49., Cowley to Palmerston, FO30/130 PRO.
- 23 Hans-Werner Hahn, *Mitteleuropäische oder kleindeutsche Wirtschaftsordnung...*, 1990, p202-203.
- 24 *ibid*, p203.
- 25 Anselm Doering-Manteuffel, *Vom Wiener Kongreß...*, 1991, p161-3.
- 26 10.7.49., Ward to Palmerston, FO68/71 PRO.
- 27 'It is the anxious desire of H.M.G. to be upon the most friendly terms with the government of Austria and your Lordship will also say that undoubtedly any material relaxation of the prohibitive and highly protective tariff of Austria would contribute greatly to improve the relations between the two countries to the manifest advantage of both.' 11.10.49., Palmerston to Cowley, FO30/122 PRO.
- 28 10.11.49., *The Times*.
- 29 15.4.50., Ward to Palmerston, FO299/4 PRO.
- 30 16.5.50., Ward to Palmerston, FO299/4 PRO. Particularly heavy were the duties proposed on linen, cotton and woollen yarns, and certain manufactured stuffs of linen cotton and silk; in other words, on goods predominantly supplied by British manufacturers.
- 31 See below, and Chapters 7 and 9.
- 32 'I think therefore that the proposed Commercial Union between Austria and the *Zollverein* except in some minor matters, is reserved for accomplishment to a more distant day than the Vienna officials appear to anticipate.' 26.11.49., Ward to Palmerston, FO68/71 PRO.
- 33 26.6.50., Ward to Palmerston, FO68/77 PRO. Also enclosed in 14.8.50., Palmerston to Howard, FO244/105 PRO.
- 34 14.8.50., Palmerston to Ward, FO68/77 PRO.
- 35 21.8.50., Ward to Palmerston, FO68/77 PRO.
- 36 8.8.50., Ward to Palmerston, FO68/77 PRO.
- 37 Ward's dispatches on the subject of the Kassel Conference and the Prussian project of a raised tariff describe in detail the various interests and groups conflicting over this question, and the dissatisfaction of the Free Traders in Germany. See 25.5.50., Ward to Palmerston, FO68/77 PRO.
- 38 23.9.50., Ward to Palmerston., FO68/77 PRO.
- 39 John Ward, *Experiences of a Diplomatist*, 1872, p98.
- 40 23.9.50., Ward to Palmerston, FO68/77 PRO.
- 41 See for more examples of this Ward's advice during the 1862-4 *Zollverein* crisis: Chapter 9.
- 42 25.9.50., Cowley to Ward, FO519/186 PRO.
- 43 28.9.50., Ward to Palmerston, FO68/77 PRO.
- 44 'Der königlichen Regierung konnte das Erwachen und die Verbreitung solcher Sympathien nicht gleichgültig sein und durch...teils wesentliche Emäßigungen, teils mäßige Erhöhungen der Zölle...die Stimmung der Regierungen, der öffentlichen Meinung in Süddeutschland von dem Zollanschluß an Österreich ab, und dem Zollverein wiederzuzuwenden.'

15.11.50., Delbrück to Manteuffel, GStPK Merseburg, Rep.120, CXIII, Fasc 10, Nr.1, Vol.15.

45 '...weil etwaige kommerzielle Verhandlungen mit Österreich die Wiederaufnahme der dieseitigen Tariffsvorschläge zur Folge haben könnte.' 18.11.50., von der Heydt to Manteuffel, GStPK Merseburg, Rep.120, CXIII, Fasc 10, Nr.1, Vol.15.

46 3.1.51., Philipsborn to Manteuffel, GStPK Merseburg, 2.4.1., Abt.II., Nr.4269.

47 15.11.50., Delbrück to Manteuffel, GStPK Merseburg, Rep.120, CXIII, Fasc 10, Nr.1, Vol.15.

48 'Mr Forbes' instructions recommended him to 'entire silence.'" Ward, 1872, p104.

49 *ibid.*

50 'Might not the protective principle be carried to a height which would be equivalent to a continental blockade against some of the leading articles of British manufacture?' 30.11.50., Ward to Palmerston, FO68/77 PRO.

51 13.1.51., Cowley to Palmerston, FO30/148 PRO.

52 3.1.51., Philipsborn to Manteuffel, GStPK Merseburg, 2.4.1., Abt.II., Nr.4269.

53 'I have more than once apprized your Lordship of the difficulty I have experienced in obtaining accurate information relative to the proceedings of this congress.' 9.7.51., Cowley to Palmerston, FO30/151 PRO.

54 Besonders Protokoll den Vereinstariff betreffend. Printed in: *Verhandlungen der Neunten General-Konferenz in Zollvereinsangelegenheiten*, Wiesbaden, 1851, pp47-48.

55 This indeed had been the secret objective of the Prussian cabinet in its plans for a north German shipping union. In a Cabinet Order of December 1846, Frederick William IV mooted the idea of uniting with the other coastal states for the encouragement of direct transatlantic (colonial) trade. He also, however, noted 'wenn damit unmittelbar der Zweck erreicht werden könne, die Länder des Hannover-Oldenburgischen Steuervereins und die Hansastädte ganz in den Zollverein zu ziehen...' and that this would be 'sehr wünschenswert, wenn auf diesem Wege der Zollverein bis an die Nordsee ausgedehnt und damit die kommerzielle Einigung ganz Deutschlands mit Ausnahme Österreichs angebahnt werden könnte:' 26.12.46., Cabinet Protokoll, Friedrich Wilhelm IV to Rothes, von Thile, von Bodelschwingh et al, GStPK Merseburg, Rep.120, CXIII, Fach 10, Nr.1, vol.14.

56 Joseph Hansen, *Gustav von Mevissen...*, 1906, Vol.1, p694.

57 'Also blieb das deutsche Welfenkönigreich auch nachdem es sich von der englischen Krone getrennt hatte, noch immer ein Brückenkopf der deutschen Handelspolitik auf dem Festlande.' H. Treitschke, *Deutsche Geschichte...*, 1927, Part 5, p439. Even Frederick William IV, sending Radowitz to London in late 1850 to procure support for the Prussian German policy hoped (in vain) to be able to work on Hanover through the London cabinet. See: W. Möring, *Josef von Radowitz...*, 1922, p357.

58 Charles P. Kindleberger, *Economic Response...*, 1972, p195.

59 22.9.51., Ward to Palmerston, FO68/80 PRO.

60 1.10.51., Ward to Palmerston, FO68/80 PRO.

61 28.7.51., Nostitz (in Hanover to negotiate the treaty) to Pommeresche, GStPK Merseburg, Rep.92, von der Heydt 11-23, Acta betr. den Zoll. Vertr. zwischen Preußen und Hannover von 7.9.51.

62 A. Bergengrün, *Staatsminister August Feiherr von der Heydt*, 1908, pp156-7.

63 16.8.51., Manteuffel to Münchhausen, GStPK Merseburg, Rep.92, von der Heydt 11-23, Acta betr. den Zoll. Vertr. zwischen Preußen und Hannover von 7.9.51.

64 4.2.51., Cowley to Palmerston, confidential, FO30/148 PRO.

65 1.10.51., Ward to Palmerston, FO68/80 PRO.

66 Possibly here the *Economist*, which on 20.9.51. greeted the treaty in a very lukewarm fashion, seeing it as 'a sign, indeed, of the necessity of governments

to do something - they hardly know what - to adapt their own regulations to the necessities of the times, and enlarge and promote a communication they can no longer stop, even such a treaty is valuable.'

67 16.9.51., *The Times*

68 16.9.51., *The Times*

69 26.12.51., Ward to Palmerston, FO68/80 PRO.

70 See also Chapter 9

71 See above.

72 13.1.52., Porter to Addington, BT3/41 PRO.

73 13.1.52., Porter to Addington, BT3/41 PRO.

74 See Chapter 2.

75 20.4.52., Ward to Malmesbury, FO68/85 PRO.

76 25.6.52., Ward to Malmesbury, FO68/85 PRO.

77 15.3.52., Malet to Malmesbury, FO208/57 PRO.

78 29.6.52., Malet to Malmesbury, FO30/157 PRO.

79 10.1.52., Edwardes to Granville, confidential, FO30/156 PRO.

80 20.4.52., Ward to Malmesbury, FO68/85 PRO.

81 25.6.52., Ward to Malmesbury, FO68/85 PRO.

82 30.3.52., Malet to Malmesbury, FO30/156 PRO.

83 15.6.52., Malet to Stanley, private, FO30/157 PRO.

84 19.7.52., Malet to Malmesbury, FO244/114 PRO.

85 13.7.52., Malmesbury to Augustus Loftus, FO163/75 PRO.

86 (Undated) August 1852, Augustus Loftus to Malmesbury, FO82/71 PRO.

87 Foreign Secretary Feb. 1852 - Feb. 1853.

88 29.7.52., Stanley to Malet, draft and confidential, FO30/155 PRO.

89 See above on the amounts of trade estimated to be transported there during the dispute in Schleswig and Holstein.

90 3.7.52., Memorial to Earl Malmesbury, M8/2/5 MCC.

91 13.7.52., Stanley to Bazley (President of Manchester Chamber of Commerce), M8/2/5 MCC.

92 18.9.52., Malet to Malmesbury, FO30/158 PRO.

93 21.9.52., Malet to Malmesbury, FO30/158 PRO.

94 18.9.52., Malet to Malmesbury, FO30/158 PRO.

95 7.9.52., Malet to Malmesbury, FO208/56 PRO.

96 Dispatch of 7.9.52., Malet to Malmesbury, thus re-worded and dated 18.9.52.; Malet to Malmesbury, FO30/158 PRO. The second time revealing the personalities involved.

97 23.9.52., Forbes to Malmesbury, FO244/115 PRO.

98 19.10.52., Malmesbury to Bligh, FO208/56 PRO.

99 Helmut Böhme, *Vor 1866. Aktenstücke zur wirtschaftspolitik der deutschen Mittelstaaten...*, 1966, p17.

100 1.11.52., Malet to Malmesbury, FO30/158 PRO.

BRITAIN AND THE IRON TARIFFS

British attempts to get a reduction of the duties on the import of iron into the *Zollverein* illustrate vividly the fact that commercial policy in Britain was being made on bases quite different from those of the German states, and thus completely misinterpreted by them. The failure to come to an understanding over the matter of reducing the *Zollverein* tariffs on iron in the years 1853 and 1854, though Prussian and British interests would have each been served by this, offers a faintly entertaining picture of two states making wrong assumptions about each others' motives on the grounds of their own differing principles of commercial policy.

Though iron was an important part of British exports to the German states, it was still just one of many goods, and British iron exports to other countries were more important.¹ Yet in the German states the availability of British iron was a matter which went deep into questions involving industrialisation, national economic theories of freeing oneself from British influence, transportation, the creation of national markets, technological change - in short, the subject of British iron imports was a highly sensitive one and simply bristling with all sorts of political tentacles. It is important to note the imbalance of the significance of iron here.

The tariff on iron - 20 Marks on pig and 90 Marks on wrought iron - had been set by the treaty of 1.9.44. with Belgium. By this treaty, which was widely seen as the first commercial diplomatic *coup* of the *Zollverein* Belgium was given concessions on the import of iron - being allowed half the above rate. This was not just seen in Berlin as avoiding the threat of Belgium becoming involved with a French plan for a customs union, but was also regarded as providing the iron foundries of the *Zollverein* with protection from British competition - widely viewed as the greatest danger. By placing a higher tariff on wrought-iron than on pig, the tariff was also meant to make the importation of produced

iron more expensive and thus reward home production - ie. the manipulation of tariffs for the encouragement of industrialisation, which was one of List's central ideas. The iron tariffs were thus to become one of the *causes célèbres* of the German national economic movement.

British iron, however, by dint of its technologically advanced means of production, was being produced at increasingly cheap rates, allowing it nevertheless to make inroads into the German market and to compete with the Belgian and the German product.² It is difficult to pin down the extents of the markets for British iron exactly, as the *Zollverein* method of statistics merely took into account the border crossed by incoming goods, and did not specify from which country the goods had come. However, on the basis of a previous chapter, it is safe to make several generalisations about the market for iron at this time. Because of the high transport costs for heavy goods such as iron, the market for British iron lay mainly in the northern states, and where there was access by river or sea. Rail transport was still prohibitively expensive. The southern German states were, then, isolated from the supply of British iron, and their means of production were also not as advanced as those in the Rhine area, preferring the small-scale charcoal method of production. Because of these factors there was a divergence of interests building up between north and south, but also between east and west. The south had little interest in reducing the tariffs on imports from abroad as the demand simply was not there for raw iron, and there was a great fear of the advanced means of production of Belgium and Britain putting many iron-workers out of business in iron manufactures. The west of Prussia, the iron-works of the Rhineland and Westfalia had an increasing interest in procuring pig-iron from abroad, which could then be worked there. This was juxtaposed, however, with a simultaneous desire on the part of foundry workers to see themselves protected from competition from abroad in the sector of manufactured iron. In the later 50s the domestic production of pig-iron also began, though the fact that demand was still too large for German producers alone to satisfy, and the natural advantages of transport cost, meant this did not result in a convincing

movement for protection. It was in the Rhineland that the British and Belgian markets for coal met. The northern states, Hanover and Oldenburg, were interested in retaining low tariffs on iron, especially on iron rails, and this was to be part of their agreement on acceding to the *Zollverein*.³ In the east of Prussia, the difficulties of supplying themselves with iron from the mainland due to the enormous costs of transport meant that there was a great interest in these provinces in access to British iron, especially for use in agricultural work. Britain was indeed the main supplier of iron to these areas into the sixties. The pressure to retain the British supply of iron was to be even bigger as the agricultural sector modernised during the period and the demand for iron grew. In sum, there was a strong interest in the north in obtaining iron at a cheaper price from abroad. In the south the tendency was towards protection. Prussia, however, spanning east and west, had conflicting interests, or perhaps interests which dictated a more careful calculation of the effects of tariff regulation.

The presence of the British market within the *Zollverein* area was however the source of much frustration in to various interests in the German states. For those involved in the iron industry itself, the British iron production - whether it did or did not - was *perceived* to present a constant threat to the livelihood of thousands involved in the industry. Throughout the 30s and the 40s the fear was constantly expressed that British iron would put the German manufacturers out of work. This harked back to the experiences made in the German states in the wake of the lifting of Napoleon's continental blockade and the reintroduction of British goods into a sphere which had for years enjoyed protection. Hubert Kiesewetter notes the belief of industrialists in Saxony as early as 1832 that 'the gradual increase of competition from neighbouring countries, England's enormous progress in this branch of industry, the political developments of 1813 to 1815 and the protectionist systems of other neighbouring and also more distant countries' were at fault for the collapse of the Saxon iron industry.⁴ The fact that, as Kiesewetter points out, competition from other German states was probably more to blame is beside the point - by

the late 1840s Britain was widely seen as the main obstacle to the flourishing of a German iron industry: This was reflected in the flood of petitions on the matter in 1848. Quite typical was the one from the iron-workers of Berlin, who noted

It is only in recent times that Britain has seemed to want a system of freer trade, in the knowledge that her own industry, which has been able to increase its strength under the blessing of a protectionist tariff, will be able to compete with that of any other state, and that thus there are no disadvantages to be expected, only advantages. For if we now get rid of our own protectionist tariff, England - and here we refer only to our own branch of industry - will flood us with iron and thus put herself in complete control of the German market.

The makers of the petition were expressing here a commonly held belief that Britain above all was standing in the way of the creation of a unified German market. It was felt with much chagrin that the German producers were unable to supply the north German states with iron, and thus the relaxation of the duties on iron became for national economists, and indeed all those in the German states interested in the creation of a domestic market, a patriotic question. Significantly, the National Assembly was also to try and work the tariffs around the creation or extension of a German market for iron.⁵ The petitioners continued;

The Free Trade party maintains that iron is a product which is so expensive to transport that the coastal-states can acquire it more cheaply from abroad. Germany however had many water-ways, and all parts have connections with the Rhine. It would only need the setting-up of a regular shipping service to the coastal states in order to make inland iron accessible to them, and what a blessing this would also be for domestic shipping, which is at present suffering the competition of

railways. It is also the case that we can offer the coastal states a happier future if they turn to our inland industry, since once domestic industry has been decimated, all traffic on the coasts will cease and then we shall be little more than field-workers.⁶

The matter was, then, again one which was strongly imbued with all sorts of political questions for the German governments. Whoever should propose the reduction of the *Zollverein's* tariffs on iron was meddling in matters of German national sensitivities. What is more, as the question of the renewal of the Belgian treaty came up for discussion once more the debate heated up. The question was now whether or not Belgium was going to be allowed the continuation of the differential advantages granted to her by the treaty of 1844.

Britain, it might be expected, would have a great interest in seeing the differential advantages given to Belgium cancelled. Those in the south of Germany, protective of the German industry in iron ore were quite definitely interested in the equalising of the tariff for Belgian and what they termed 'Scottish' iron. The *Augsburger Allgemeine Zeitung* the spokesman for south German protectionism, noted smugly that for once their interests seemed to be running alongside Britain's.⁷

The first real opportunity Britain had to take any action on this was at the Kassel conference, to which John Ward was sent. Ward, however, soon recognised that the Belgian treaty was not the real issue at stake, but rather that the whole issue was now of such national enormity that the danger was that the tariff would now be raised.

One of the first actions taken by John Ward during his attendance on the conference in Kassel, was to make representations to the Prussian Commissioner on the matter of iron. There were no threats of reprisals, nor offers of deals; the line taken by Ward was the usual mixture of certainty of the ultimate demise of the iron tariffs, and pontificating about the advantages of Free Trade, and the economic logic of relaxing duties.⁸ This ran according to the line that the tariffs on goods imported into the *Zollverein* would only result

in an increase in the price of the goods concerned, and would thus be paid by the consuming country rather than the exporter. Ward's actions were in response to a deputation of iron-manufacturers to the Board of Trade who had noted that the increase in amounts exported to central Europe had slackened.

Ward, himself was very aware of the fact that such representations would not go any way to bringing about a reduction in the tariff, but he was also too aware of the schism of interests within the *Zollverein* states on the question of the iron tariff, and knew that Prussia was already working in a British direction. In focussing on the Prussian Commissioner, he knew about the very strong interests Prussia had developed in more recent years in the pursuit of more liberal tariffs on iron. He noted in his reports of his activities at Kassel:

I have suggested to the Prussian commissioner the inexpediency in a Prussian sense of agreeing to such a motion [ie. raising the tariff on iron] when the agricultural, the ship-building and other interests are clamorous for the admission of foreign iron duty-free.⁹

Yet he also simultaneously noted the existence of the ubiquitous *Verein zum Schütz vaterländischer Arbeit*, which amongst other things was campaigning specifically at Kassel for the increase of the tariff on iron.¹⁰ Ward knew that the position of the Prussian government was a special one, playing off its own economic interests against those of maintaining the unity of the *Zollverein*, and thus informed the British government that though he had perhaps supported the Prussian government in its resistance to demands for increasing the tariff on iron, there was no chance of the tariff being removed.¹¹

Such indeed was the pattern of British concern about the iron tariffs. Because of the fluctuations of the market, not necessarily in the German states, but in general,¹² there was concern for the rate of duty paid and Ward was highly sensible to the potential dangers to the British market, and thus the British government followed developments in the German states throughout this period of reorganisation of the *Zollverein* for any chance of a reduction.

Their action was, however, limited to repeated reminders of British interest in lowering the tariff, plus reminders of a similar interest in Prussia and the north. There was, of course the whole weight of dogma which informed the British government that relaxation must come as a result of domestic pressure, and that in any case Britain did not any longer have anything to give. More than these reasons, however, for the lack of any strong action on a subject as important as the iron duties, was the fact that the British government was led to believe - it must be added, correctly - that the Prussian government itself had an interest in the lowering of the tariffs. Their mistake in so doing consisted however in believing that the Prussian government would therefore simply and automatically introduce such a policy. The Prussian government, however, were far too aware, not only of the disputes connected with the iron tariffs amongst the German states, but between its own eastern and western provinces, to be able to enter upon binding principles of liberalisation. To the Prussian government, reciprocal agreements were of necessity, in order that they held in their hand some promised concession with which to persuade those opposing liberalisation.

It is important to note that Ward assessed the Prussian interest correctly. He was also of the opinion, following the theory mentioned above, that Prussia, allowed to her own devices, would work in Britain's direction in the *Zollverein*. He had already concluded at the Kassel conference that 'it cannot be denied that the German consumer has suffered by the raising for the benefit of the home producer, the price of an article of so indispensable primary, necessity,'¹³ and was now convinced that Prussia, at least, had seen the error of her ways. Ward, it must be noted, throughout the 50s, was always a keen observer of commercial affairs, but also strongly of the opinion that relaxation of tariffs would only be a matter of time. When the Prussian government finally came to an agreement with the Belgian government on a transitional arrangement whereby the tariff on Belgian iron would be increased but still not brought to the level of that on British iron, Ward called for British representations, though again only on 'general principles.'¹⁴ In the midst of the political realities, however, he was

probably more realistic about the time-scale involved in this waiting game than the British government, who were now led to believe that the Prussian government were firmly on track for relaxing the iron duties and had little knowledge of the confusion of political interests the Prussian government was facing in its battle against the iron tariffs. Ward, in effect, was also prepared to sit and wait, though in his case it was for more pragmatic reasons than at the Board of Trade, and his judgement of the likelihood of relaxation was to be much more based on the political dynamics of the question than that of the Board of Trade, where commercial matters were stripped of their political context. Ward was repeatedly assured by the Prussian Minister for Trade, von der Heydt, that Prussia fully intended to get rid of the tariffs on iron once the present crisis of the *Zollverein* had been sorted out. But to his credit he also fully reported the fact that von der Heydt would only relax these duties when it was seen to be in the Prussian interest, and not through pressure from abroad.¹⁵ He also had rightly judged von der Heydt to be a man much more influenced by his connections with the manufacturing sector than by any commitment to Free Trade principles, and thus the unsuitability of anything more than an appeal to economic logic.¹⁶

The British government, then, cocooned as it was from the political connotations which trade had in the German states, by now thought the Prussian commitment to Free Trade in iron was a certainty, and it was thus probably with some glee at the Board that the great day seemed suddenly to have arrived. Lord Bloomfield, the British minister at Berlin, in the course of his repeated representations on the matter of iron, had inquired privately whether there were any concessions which Britain might be able to make which would bring about the reduction of the iron tariffs.¹⁷ As Bloomfield knew that reciprocal arrangements were not in the nature of British commercial policy, this was possibly merely just a matter of interest. But in his reply, the Prussian Minister President, Manteuffel, noted that the reclassification of velveteens in the British tariff would give Prussia an extra bargaining point against the southern states when she pressed them to relax

the iron tariff. For the British government this presented an opportunity of circumventing any ideas of reciprocity, as the arrangement did not seem to involve the making of a treaty, or even so much as a bargain, but the carrying out of a measure which in any case was in the interests of Free Trade at home: Illustrating vividly the inadequacies of the British system to making such arrangements, and the odd routes of communication which such arrangements were forced to take, Bunsen, the Prussian minister in London, was notified of the conversation between Manteuffel and Bloomfield by Queen Victoria, who read all German dispatches avidly.¹⁸ Bunsen had conversations with both Lord John Russell and with Aberdeen, who both assured him that it would be possible to re-classify velveteens without going to the lengths of a treaty, which would have transgressed Britain's principles, and reported this back to Manteuffel. They underlined, however, that this would be as a *quid pro quo* for a reduction of iron duties.

The reclassification of goods made with silk, which had hitherto been grouped together under the heading of 'velveteens' in the British tariff and thus over-charged, had been a source of some frustration to the German states since the 40s.¹⁹ The fact that Britain now seemed ready to agree to correct this matter encouraged the Prussian government in the belief that the British government were now readily admitting that they were, after all, interested in reciprocal arrangements. In clarifying the Prussian position to Bunsen, the Minister President Manteuffel, now went beyond the matter of velveteens to include several other articles which were still being taxed on import into Britain, hoping that these too could form part of a Prussian-British arrangement. Manteuffel saw no need for a treaty - which in any case would have formally linked the Prussian government to the British one and, in the heatedly anglophobic arena of the *Zollverein* -conferences scuppered the Prussian plans before they had begun. The intention of the Prussian government was to simply exchange notes linking British reductions to those of iron²⁰ in the *Zollverein*. As he was later to point out in a further explanation to Bunsen of the motives of the Prussian government, Prussia by now also

wanted to get a reduction of the iron tariffs of the *Zollverein* but alone would never get the measure passed. Prussia, in other words, wanted to use the promise of British concessions as a carrot and stick to the other *Zollverein* members.²¹

Bunsen, realistically assessing the nature of British commercial policy, noted that there would be no chance of getting a change in the British tariff without a new act of parliament, though he again underlined that the matter of velveteens on its own would be easy enough to carry out.²² Any chance of the Prussian government settling for this offer was however soon removed by the introduction of the Minister for Trade into the debate. Manteuffel had consulted von der Heydt on the matter of which articles it would be most effective to remove for the purpose of influencing the other *Zollverein* members.²³

Von der Heydt's principles of action in the commercial realm were quite different from those of Manteuffel. With strong connections with the manufacturing and trading classes, and a survivor of the liberal ministries of 1848, his motives were not those of a power politician such as Manteuffel, whose aims revolved around the subversion of the southern states to Prussian will, but those of economic realities and the economic aggrandizement of Prussia. So though he and Manteuffel were in agreement that it would be in the interest of Prussia to relax the duties on iron, he was much more stringent about making concessions on matters of economic principle. Von der Heydt was much more aware than Manteuffel of the conflicting economic interests within Prussia, and the interests of the western industrial provinces. He viewed the intimations transmitted by Bunsen as Britain trying to get a reduction of the iron duties on the cheap - ie. without considerable counter-reductions, and suspected Bunsen's anglomania, and his chuminess with Gladstone, as being at the root of this soft approach. He saw the claim that Britain could not make any concessions on a reciprocal basis as a mere excuse, and a sly tactic. He also viewed the matter of velveteens as one of Prussia's right to fair treatment and refused to allow Britain to use this as a bargaining point. He demanded

therefore that this wrong be righted without reference to the question of iron. He was also suspicious of the British government's intimations, viewing them as a way of influencing the Prussian government in the matter of the revision of the treaty with Belgium, which was under way. He noted:

If furthermore our government is interested in working towards a considerable reduction in the iron duties, and even if the matter of getting rid of the differential preferences for Belgian iron lie in their intentions, yet the English government must be left in no doubt about the fact that Prussia will be directed in this question by her own needs and interests, and that any changes in the English tariff which might be offered will make no difference in a question on the decisions have already been made.²⁴

Von der Heydt, betraying a scepticism about the motives of British Free Trade typical of those involved in the making of commercial policy in the German states, continued that 'despite the system of Free Trade so decisively proclaimed by England the English tariff still contains several positions bearing the nature of an extensive protectionist system.' He went on to note that the Prussian government would only be able to gain success in the matter if Britain could make large concessions on several of these goods which were produced in the southern German states - and here he mentioned silk and linen goods, but also chess and domino games, pencils, brushes, colours and paints, glasses and optical instruments, and sealing wax.

The Prussian government, therefore, though disagreeing on the amounts, was acting in its own interests and influenced by no-one in trying to link the prospect of British concessions to the debate in the *Zollverein* about reducing the tariff on iron. If the southern states were to agree to a reduction in the tariff, the logic went, Britain would make changes in its own tariff which would allow them access to the highly-valued British market. The Prussian government, it is important to note, was acting on the basis of several

assumptions about the nature of British commercial policy. First that the goods which were being taxed for importation into Britain were so on the basis of protection, as in the German states. Second, that the British government, like the German ones, would be willing to use these as concessions in a reciprocal trade deal. These assumptions were common amongst the German governments and found their root in a generally-held conception of what a commercial policy was for - the mercantilist pursuit of national self-interest on the basis of reciprocal wheeling and dealing, and the idea that British Free Trade was nothing but a subterfuge for a continuing mercantilist policy.

The assumptions, however, were wrong. The warning signs were already there when Bunsen discussed the possibilities of a deal with Mr Cardwell, Secretary at the Board of Trade. Cardwell welcomed the proposals, positively enthused about them, a fact which Bunsen joyfully reported back to Berlin. Cardwell noted that 'it would be his advice to get rid of the [British] duties on the articles altogether as they belong to the positions upon which it is hardly even worth charging a duty.'²⁵ Cardwell also noted that 'the political value of this could not be valued highly enough.' This would, of course, have seemed an extremely positive response to the Prussian proposals. Cardwell noted that the Chancellor of the Exchequer, Gladstone, was not however as liberal as he.

Gladstone, though during his time at the Board of Trade and also later, a less enthusiastic adherent of Free Trade unilateralism than many of his contemporaries, was offered the prospect of attaining the full confidence of the by now vast interest in Free Trade at home. The retention of import duties was by now seen almost universally as an evil in Britain. The prospect of a reduction of duties in the German states in return for a reduction of duties in Britain which was in any case viewed as the merely the continuation of a course Britain had been pursuing since 1846 probably both appealed to his Free Trade sympathies while it appeased his more reciprocalist conscience. In his budget of 1853 the tariffs on goods suggested by Prussia were swept away.²⁶ However those on silk goods were retained, again as a financial measure, (ironically this was against the wishes of the British silk-industry which was

by this time asking for import-duties on silk to be lifted in Britain²⁷). In a confidential note to Bunsen, Gladstone noted, in a language worthy of the most assiduous pilgrim in the Free Trade crusade, that his actions were taken

without asking you for any specific reductions in return, but in the hope nevertheless that I may on the part of this country thus be strengthening the hands of your enlightened sovereign and government in their communications with the less forward states of Germany and so doubly promoting that freedom in the interchange of commodities which is in the social and civil order so great a blessing to mankind.²⁸

The Prussian government, however, was shocked by this move. The British government, by simply getting rid of the tariffs on the articles which had been suggested, without any request for the deal to be reciprocated, had pulled the rug from under the feet of Prussia's *Zollverein* policy. Manteuffel wrote to Bunsen seeking to stop the action, pleading there could still be found some way of linking the reduction in Britain to that in the *Zollverein*. Von der Heydt noted that 'by the immediate execution of these plans an effective bargaining point with regards to the southern *Zollverein* states will have passed out of our hands.'²⁹ Several days later in a full report to Manteuffel von der Heydt noted wryly that the negotiations had taken 'an unexpected turn.' He did not hide his cynicism with regard to the motives of British policy. He viewed the fact that Gladstone had decided to hold onto the tariffs on silks as evidence that Britain was really still following a policy of protection, noting that Gladstone's letter 'does not leave us in any doubt that they are only willing to discuss the completely unimportant goods and not the really important ones.'³⁰ He doubted that Prussia would gain any help from Britain and advised breaking off the negotiations.

Bunsen, having received Manteuffel's letter stating the need to link the two reductions together for any effect to be achieved was now in the unenviable

position of appearing to have brought about the British reductions too early. He wrote defensively, but actually accurately, of the British commercial policy:

The government puts its trust in the favourable impression which voluntary, unconditionally made, concessions and reductions will make sooner or later, and quite especially in the obvious self-interest of the parties concerned.

It would not have made any difference whatsoever whether your Excellency's [ie. Manteuffel's] dispatch had arrived here days or weeks late. Reductions can only be made or refused as part of a large-scale plan, and it is certainly better that they should be made now than that they should have to wait for years.

Bunsen further noted that the duties on silk, which were higher than those on other goods³¹ were a remainder from the days of Peel, and were still charged for fiscal reasons. This explanation, however, would not be believed by a trade ministry so strongly imbued with mercantilism.³²

The Prussian government was obviously not prepared for the British steps. The cynicism of von der Heydt was mixed with Manteuffel's disbelief that Britain could have voluntarily foregone the possibility of getting reductions on iron, and disappointment that they themselves would be now unable to get the reductions they desired with as much ease as they would have done had the British government supported them. Again, the actions of the British government testify to the omnipotence of Free Trade doctrines, but here they also show how naïve British commercial decisions were, how little flexibility was involved and how blinkered to the possibilities of achieving concessions by reciprocal means. On the one hand it seemed Britain had totally missed the point that Prussia needed some sort of definite agreement binding the reduction in Britain with that of Prussia. On the other, such an arrangement tying British reductions to those abroad, was simply not in the rules handed out by Free Trade. The two governments, acting on very different assumptions

about commercial policy, had thus judged each other wrongly, and failed to achieve cooperation at a point where this seemed natural.

Of course, the British actions were taken with the intention, as Bunsen rightly observed, of *influencing* Prussia in liberalising the tariffs on iron. Indeed Britain's commercial policy, as Bunsen said, now consisted in a blind trust in the spread of the influence of Free Trade. The concessions which had now been made by Britain unilaterally, and the knowledge conveyed by John Ward and now bolstered by this interchange with the Prussian government, left the British government in no doubt that in the course of the next few months Prussia, now provided with the concessions requested of the British government, would work in favour of British interest (and its own, naturally) by further influencing the other *Zollverein* states. Thus British diplomats were instructed to watch more closely the unfolding of this policy at the conference convened by Prussia at Berlin to discuss a new tariff.³³

In the *Zollverein* conference, however, Prussia was now faced by the opposition of the southern states to any reduction in the iron duties. Without the golden prize of British reductions to offer, there was little chance of succeeding in the face of this opposition and their use of the *Zollverein's* veto. Though Prussia pleaded that the 1844 tariff on iron had been introduced for the sake of allowing the German iron industry to strengthen itself away from the 'English' competition, and that that goal had been reached, this point was contradicted by Bavaria, which noted that the transition from charcoal to coal-fired production was not yet advanced enough in the south. Württemberg was however the most strident in pointing out the fact that British prices had a highly depressing effect on those of the German states, and caused all sorts of financial turmoil. Perhaps more illuminating was its claim that it would be a dangerous thing to make a country such as Britain the main supplier of an article as important to national security as iron 'when the acquisition from such places could become difficult at any moment.'³⁴ The idea of British enmity to the German states had obviously left its mark in the south. Prussian interest in the reduction of the iron tariff was not yet strong enough for it to force the

issue, and at this point the union of the *Zollverein* was of more importance. Thus the reductions in the tariff on iron were left. This, noted Lord Clarendon, the Foreign Secretary, was

to the express disappointment of Her Majesty's Government...It is true that no specific engagement was made on the part of the Prussian government but Her Majesty's Government were certainly led to expect some reduction upon articles of British produce in return for reductions of duties that have been made upon various articles of Prussian origin.³⁵

The situation with regards to the iron duties was thus condemned to remain in the same state until the breakthrough of the Prussian-French treaty of 1862. Britain and Prussia had failed to achieve any basis of cooperation due to the different principles governing their commercial policies. The British government, under the influence of Free Trade, was unable and unwilling to make any kind of reciprocal deals, and further, incapable of appreciating the political twists and turns of commercial matters in the German states. Their policy - if it can be termed such - consisted in relying on economic logic, enlightening by example, and, at bottom, good faith. In Prussia, however, commercial policy involved a strong sense of national economic policy based on reciprocal measures and national self-interest. Prussia's attempts to get a reduction of the iron tariffs would only further fuel speculation about its links with the British government,³⁶ when in reality they were the result of Prussia's own interests, and, if anything, it was Prussia who was pulling the strings in the link with British commercial policy, while Britain sat and watched. What becomes clear, however, is that there was an increasing community of interests between the northern German states and Britain, based on their industrial advances and interests in each other's markets.

¹ See Chapter 3.

² See Chapter 3 for descriptions of extents of markets.

³ 27.5.51., Nostitz. Notatum. GStPK Merse., Rep.92, Von der Heydt, 11-23.

- ⁴ Bericht über die Ausstellung sächsischer Gewerb-Erzeugnisse, im Jahre 1831. Dresden/Leipzig. 1832. Quoted from: Hubert Kiesewetter, *Industrialisierung und Landwirtschaft...*, 1988, P417.
- ⁵ The new Minister for Trade, Biersack, had worked out a plan for tariffs on iron and steel which would build up the German metal industry around that of Britain. Included here in 27.8.49., Pommeresche to von der Heydt, GStPK Merse., CXIII, Fach 4, Nr.67, Vol.2.
- ⁶ 31.1.49., Die Maschinen-Fabrikanten Berlins an die hohe National-Versammlung. GStPK Merse., Rep.120, CXIII, Fach.4, Nr.67, Vol.1.
- ⁷ 15.7.51., *Augsburger Allgemeine Zeitung*. The writer of this article was Wilhelm Oechelhäuser, one of the foremost spokespersons of the national economics school.
- ⁸ 7.7.50., Ward to Palmerston, FO68/77 PRO.
- ⁹ 7.7.50., Ward to Palmerston, FO68/77 PRO.
- ¹⁰ 7.7.50., Ward to Palmerston, FO68/77 PRO.
- ¹¹ 8.8.50., Ward to Palmerston, FO68/77 PRO.
- ¹² See Chapter 3 on statistics.
- ¹³ 8.8.50., Ward to Palmerston, FO68/77 PRO.
- ¹⁴ 5.1.52., Ward to Granville, FO68/83 PRO.
- ¹⁵ 25.6.52., Ward to Malmesbury, FO68/85 PRO.
- ¹⁶ 25.8.53., Ward to Malmesbury, FO68/85 PRO.
- ¹⁷ 26.2.53., Manteuffel to Bunsen, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ¹⁸ 14.2.53., Bunsen to Manteuffel, GStPK Merse., Rep.120, CXIII, Fach 10, Nr.1, Vol.16.
- ¹⁹ The Prussian government was trying to get this matter sorted out early in 1848. The details of this disagreement can be found in GStPK Merse., 2.4.1., Abt.II, Nr.4268.
- ²⁰ Manteuffel foresaw a reduction of 25% on pig-iron and 33% on wrought iron. 26.2.53., Manteuffel to Bunsen, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²¹ 22.3.53., Manteuffel to Bunsen, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²² 15.3.53., Bunsen to Manteuffel, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²³ 26.2.53., Manteuffel to von der Heydt, GStPK Merse., Rep.120, CXIII, Fach.10, Nr.1, Vol.16.
- ²⁴ 22.3.53., von der Heydt to Manteuffel, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²⁵ 31.3.53., Bunsen to Manteuffel, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²⁶ 8.4.53., Gladstone to Bunsen, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²⁷ 30.3.53., Bunsen to Manteuffel, GStPK, 2.4.1., Abt.II, Nr.4269.
- ²⁸ 6.4.53., Gladstone to Bunsen, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ²⁹ "...durch die sofortige Ausführung dieser Absichten würde allerdings eine wirksame Negotiationsmittel gegenüber den süddeutschen Vereinsstaaten in der Eisenzollfrage aus den Händen gegeben werden:" 17.4.53., von der Heydt and Bodelschwingh to Manteuffel, GStPK Merseburg, 2.4.1., Abt.II, Nr.4269.
- ³⁰ 23.4.53., von der Heydt to Manteuffel, GStPK Merse., 2.4.1., Abt.II, Nr.4269.
- ³¹ 15% rather than the 10% (*ad valorem*) normal on other commodities still taxed.
- ³² On the document concerned are the words, probably in the hand of von der Heydt; 'Wer glaubt das?' and 'Während man Geld zuviel hat.'
- ³³ 30.4.53., Clarendon to Bloomfield, FO244/118 PRO.
- ³⁴ *Verhandlungen der 10ten General-Konferenz in Zollvereins-Angelegenheiten*, Berlin, 1854.
- ³⁵ 29.9.53., Clarendon to Loftus, FO244/120 PRO.
- ³⁶ 12.4.53., *Schwäbische Merkur*: On the fact that the Prussian government seemed to have returned to the fold and dropped its demands for a lowering of the iron duties: 'Angenommen, daß eine solche Herabsetzung finanziell richtig wäre, so wird uns kein Engländer einreden wollen, es wäre für Deutschland ein

staatswirtschaftlicher Gewinn, die einheimische Eisenindustrie durch die Konkurrenz mit der britischen zu Grunde zu richten...'

THE INTERPRETATION OF BRITAIN AS REVOLUTIONARY

1. ENCIRCLEMENT

In the years immediately following the revolution, the regimes of the *Vormärz* were reinstated, and the Confederation reconvened at Frankfurt under Austrian behest. Austria, indeed, spearheaded the movement of reaction, both from the view-point of the other German governments which were now fearful for their positions, and desirous of the good-neighbourly protection of the Austrian government - especially now that the Prussian government appeared to have staked its claim in to reorganise the German states according to its leadership, and from the perspective of British public opinion.

The *Times*, representing as it did that conservative liberalism of the Whigs, and connected in the minds of those abroad with the figure of Palmerston, had lost interest in the National Assembly as soon as it appeared to negate cooperation with the monarchs. It praised the Prussian King for separating himself finally from the Frankfurt liberals, noting that 'there is literally no abuse of power too extravagant and absurd for these visionary politicians to ^{itself now suggested the dissolution of the National Assembly and a new Diet, though it} commit.'¹ In the same article, in May 1849, the *Times* warned, however, that 'while these measures are rendered necessary by the pretensions of the Frankfurt Assembly and the popular excitement, it is indispensable that they should not be regarded as the prelude to the restoration of absolute governments or military despotism - the time is come when constitutional monarchy must be rescued from both the extremes which threaten its existence.' The attitude of the *Times* towards the plans for a north German union under Prussian leadership similarly underwent a change as the project bore more and more the nature of a move towards Prussian hegemony: For a time, it seemed the smaller states were cooperating willingly with the project, and the *Times* noted that 'no-one in Europe can seriously desire the

maintenance of the petty states of Germany if they themselves are willing to merge into a more powerful political body.² The *Times* had also hoped in this case for some constitutional settlement of the situation of the monarchs, which would rest on a compromise, similar to the one which liberal Whigs viewed themselves to have made in Britain with so much success.³ As soon as the arrangement lost the glow of its voluntary spirit the *Times* condemned the plan saying that 'the intentions of the King are honourable though fatalistic'⁴ and later that 'they [ie. the Prussians] constituted a tribunal without jurisdiction, a supreme authority without laws, an empire without subjects...Prussia had employed the scenery and decorations of constitutional empire just as long as it served her purpose of subjecting central and northern Germany to her supremacy.'⁵

The interest in seeing compromise in the form of a constitution was even more obvious in the *Times'* s coverage of the introduction of Friedrich Wilhelm's new constitution for Prussia. Here the *Times* explicitly stated that

For the welfare of Prussia herself and for the protection of those continental interests of this country - we entertain a sincere desire that this compromise may prove successful - that it may be found to satisfy the just demands of the people without sacrificing too much of the authority of the Crown.⁶

later also the *Times* considering which path Prussia should take in Radowitz' wake decided that

the chief service which the Prussians can now render to the cause of freedom and good government is to set the example to Germany of a well regulated and effective constitutional system amongst themselves...to make the constitution a work of good faith and reality, to govern by a majority in the Assembly which represents the people and to select the advisers of the crown from its ranks.⁷

The hope that the return to order would not mean a return to the absolutism of the *Vormärz*⁸ was also extended to Austria, when the *Times* noted on its previous condition that;

Her political and social condition loudly demanded vast and vigorous measures of reform, her policy at home and abroad was senile and deficient even in the duties of self-defence; her Sovereign was an idiot and her Prime Minister incapable of providing for the wants of a new generation...Nothing can be more absurd than to accuse them of a design to construct a rotten edifice.⁹

The period then between the folding of the National Assembly at Frankfurt and the reconstitution of the Diet at Frankfurt gave the *Times* which was an expression of moderate liberal Whig opinion, as far as they concerned themselves with German affairs, a chance to hope that now things could be resolved in the German states in a manner which would preserve the system of monarchical government - even if this was to be at the cost of some of the minor courts - and yet introduce a stronger sense of accountability. It would probably be safe to say that moderate Whig liberals, no doubt as well as many liberal conservatives in Britain viewed the best system of government which could possibly be introduced in the German states as the British one. The overall aim of this should be the concession of reforms by the German monarchs for the purpose of ultimately upholding the status quo. The Confederation, in general, or rather the decentralised organisation of the German states which had existed before 1848, seemed to have presented no great problems in British eyes. The political turbulence of 1848 was viewed in the eyes of British liberals as being rather the result of despotic government, and the failure to go with the spirit of the times. The result of this, therefore, was a sympathy in Britain amongst liberals of moderate persuasion towards the demands for political liberalisation in the German states, a support for the

calls for constitutional government, but nothing stronger than that in terms of either radical action or support for radical change.

Sympathy, indeed, was as far as this went. Yet the expression of support for constitutional monarchy, or at least for reformed government in the German states was put forward by the British press, but especially the *Times*, in terms strong enough to make themselves heard across Europe. The tone of the *Times'* admonishments to the German powers became more strident the more the reaction progressed. As the minor states came to the support of Austria against the Prussian Erfurt Union, the *Times* commented that

the princes of Germany may succeed for a time in perpetuating their ancient prerogatives at the expense of popular rights but in such a position affairs can never long remain. The great bulk of the German nation desires the rights exercised by Englishmen and Frenchmen. The result is a deep and universal disaffection, not only menacing to the order of things now existing, but calculated to embarrass any future negotiations in a serious and perhaps fatal degree.¹⁰

The failure of the Radowitz plan, and the accord between Prussian and Austria after their agreement at Olmütz was seen by the *Times* as 'base, improvident and dangerous...their union has proved as unproductive of advantage to the nation as their late differences.'¹¹

Importantly the tone of the *Times* seemed to darken suddenly when the Austrian Emperor pronounced his cancellation of the constitutional arrangements which had been worked out for the Empire, and the return to absolutism. Until this point, the *Times* had been at least fair in the meting out of criticism to both Prussia and Austria. From this point on, Austria was to bear the brunt of the British liberal press' criticisms.¹² The *Times* immediately noted that 'the Austrian government was drifting with the stream of reaction' and that the revoking of the Austrian constitution was a 'bare-faced breach of faith from a Sovereign...the work of reconstruction is thrown by rash and

incapable hands into the rude and brutal form of military despotism....We undertake to affirm that the experience of absolute military power over whole nations of educated, enlightened and exasperated men is an impossibility.'¹³

There is, of course, a danger involved in using newspapers as the yardstick of public opinion in the nineteenth century. Yet it must be pointed out that though the *Times* was a particularly blistering and self-confident mouthpiece for a certain British view, it was in this case vocalising a sentiment which was being expressed by liberals of several hues. The *Times* was just one of several British newspapers giving vent to a liberal sympathy with what was seen to be the frustration of liberalism abroad.¹⁴ Though the reportage of the *Times* has in retrospect gained a reputation for its 'thundering' at the countries of the continent, what was in fact going on was the fairly natural expression of public sentiment and discussion of the affairs of foreign countries which belongs to the press of a more liberal state. Britain, however, as far as its press laws were concerned, was much more permissive than the German states, and such bombastic attacks could not be taken as such a matter of course there. The conservatives and monarchs who were now on the offensive as far as their political survival was concerned were particularly sensitive to the attacks of the press - and the *Times*' bark on the continent at this time was thus far worse than its bite. The constant battering of the British press of the reactionary movement in the German states fed a process leading to an extreme low-point in Austrian-British relations in the early fifties. The sensitivities of conservatives at this moment, and the failure to understand that the British press was speaking for itself and not for the government was leading to the impression among conservatives that Britain favoured revolutionary movements. The dividing line between press and official opinion was for them blurred.¹⁵

The blurring of the distinction between this liberal sentiment of British public opinion in opposition to the reaction and the official British line was probably more than anything else caused by the figure of the Foreign Secretary of the time, Lord Palmerston. Of course, as Foreign Secretary, and later as Prime Minister, he is a figure who cannot be overlooked in the

determination of official policy. Yet his sympathies for the liberal movements of the continents, as well as the extent to which these pervaded his work in the official realm, were overestimated at the time, and in retrospect also by historians. The emphasis was, and has been, on 'Palmerstonianism'; the great *Civis Romanus Sum* speech, Palmerston's defence of the rights of the people of Hungary and Italy and his reluctance to eject foreign radicals from Britain are used time and again as evidence that Palmerston actively promoted the cause of national liberation abroad, and was committed to the undermining of the order embodied by Austria and the Holy Alliance.

Yet Palmerston himself, though not really a party man, was in fact - and on paper as opposed to in public - a much more conservative man than was thought. Though it would not be right to call his liberal sympathies into doubt, it is perhaps necessary to place them more into the context of his own political idiom, and the domestic political situation in Britain. It should be noted that in essence he was a conservative Whig, and his liberal sympathies did not take him as far as supporting democratic movements. His logic ran according to the thought that if the governments of the continent ran their houses in a more efficient and just manner, Britain would not have to become involved. Indeed the non-involvement strain in his foreign dispatches is as strong and continuous as is his adherence to a system of government involving the monarchy unswerving. In the sense, therefore, that his views on the liberalisation of government on the continent were confined to expressions of sympathy and the avoidance of radicalism, he was indeed, as Llewellyn Woodward claimed, 'the personification of England' - or at least the broad, middle-class liberal part of it.¹⁶

Yet running parallel to this was his use of public opinion to further his own ends. This is not to say that his encouragement of the constitutional movement was done with any less conviction, but the fact was that Palmerston had a tendency to 'play to the gallery.'¹⁷ In his Foreign Office dispatches, in his parliamentary speeches, and in the gesticulatory style of a man who is perfectly aware of the importance of the manipulation of the press,

Palmerston's rhetoric pounded on the door of absolutism abroad. His strong pronouncements against despotism were done however less with the intention of effecting any change there than feathering his own nest at home. Possibly he felt it all the more convenient to make himself the vanguard of change abroad, as this gave him the appearance of favouring liberal causes in British eyes, while he could carry on pursuing a line in domestic matters which was notoriously conservative.¹⁸

The extents of Palmerston's sympathies in the realm of his official duties at the Foreign Office were in fact limited to what he viewed as 'friendly counsel and advice' to foreign powers.¹⁹ Cases like that of Don Pacifico, where the rights of an apparently British citizen were protected by British force in Greece, were high-profile events simply because they were so rare, and the significance of this one event has been allowed to get out of proportion and is repeated intermittently down to the present in historiographical coverage of the period. Doering-Manteuffel's recent work on the policy of Britain towards the German states, for example, has seen this event as being indicative of a new desire in Britain to dominate in Europe.²⁰ In fact, the emphasis under Palmerston at the Foreign Office was just as much on non-intervention as it had been under previous ministers, but the willingness to pontificate and bluster on arrangements in foreign states was more pronounced. The bluster, however, was falling on ears which were sensitive at the time to any kind of meddling in the affairs of their government, and this is where the exaggeration of Palmerston's liberal sympathy really finds its roots. If, however, one looks at the opinions of liberals in the German states, one begins to note that opinion was mixed as to whether Palmerston was actually one of them, or a reactionary. Thus, as Woodward rather chauvinistically concluded;

It would be a mistake to judge Palmerston by the angry criticisms of foreign statesmen. Englishmen have a right to judge their leaders by their devotion to English interests. The abuse of Palmerston came mainly from reactionary statesmen and reactionary powers.²¹

From the viewpoint of continental statesmen it seemed that Britain was sending out conflicting messages of an interest in both *status quo* and in revolution. This was seen most clearly in the expressions of anti-Austrianism of the early fifties in Britain, which Palmerston went to great pains himself officially to rectify²² but which he himself was encouraging by his loud criticisms of despotic government, and which actually persisted into the sixties. The most important factor in this development was the fact that in British political life, and most especially in the realm of foreign policy, public opinion was coming to play an increasingly important role. The press saw it as their right to discuss the matters of foreign countries as their own, whilst politicians were being made more aware of the strength which they could receive from the backing of a large section of the public. Palmerston, indeed, was one of these men, and it was to be his knack for judging the spirit of the public - or the influential part of it - which would bring him back into office on the tide of feeling which was raised by the Crimean War. It was Greville, in his coverage of the period, who noted with reference to the anti-Austrianism and its connection with a broad band of sympathy for national causes of certain peoples that

there is something romantic and imposing in the Hungarian war, which was pretty sure to take in people so profoundly ignorant as the British public.²³

There was indeed a certain type of romantic sympathy amongst liberals of the middle, upper-middle, and even some of the aristocracy²⁴ with the causes of Italian and Hungarian nationalism to which British politicians could and would appeal - one which had much to do with the idea of the foreign oppression.²⁵ Yet these enunciations to the ears of those interested in the maintenance of the Austrian Empire, and here one speaks of conservatives throughout the German states, would interpret such words as profoundly agitating. As it was, such expressions were merely recognition of, or deference to, this broad band of

public opinion shared by those with liberal persuasions in Britain - a band which no amount of debate over the extents of public opinion can do away with - and yet were far from becoming the basis of foreign policy goals. This was expressed by Lord Aberdeen, Prime Minister in 1853-4, when he said that;

An English Minister must please the newspapers...and the newspapers are always bawling for interference. *They* [sic] are bullies, and they make the Government bully.²⁶

The role of public opinion - and the limits of its impingements on foreign policy - must be taken into account in the assessment of the depression in relations between Britain and the German states at this period. It must be remembered that only for a very brief moment in 1848 had the press in the German states enjoyed anything like the independence to which the press in Britain had accustomed. There was a failure to understand the place of the press in the British system of government, in many cases an over-estimation of its influence. Even Bismarck, an astute observer of British politics, would repeatedly complain of the press' influence in Britain and note that any thoughts of relying on lasting British support were thus flawed:

It is difficult to calculate the politics of any British government, they are often dependent on domestic developments which are quite outwith the realm of statesman-like reason.²⁷

Since the Reform Bill the 'inherited wisdom' of earlier days has not been able to cast its light upon the passions of the disorderly party system, and it is not possible for me to coax myself into any sort of trust for a country where newspaper articles mean more than statesman-like evaluation. Its insular security means that it is easy for Britain to desert any ally at its leisure, and any change of ministers is enough to justify and carry out a *révirement* [sic] as Prussian experienced during the Seven Years' War.²⁸

There was then a liberal sympathy in Britain in the early fifties which strongly opposed the forces of reaction in so far as they meant the abolition of rights and an anti-constitutional force in the continental states. This was voiced in a press which was unusually free in its practices, and for this reason, and for the reason that it was delving into the paranoia of the conservative élite of the German states, its effects were magnified out of proportion there.

All this had not served, however, to budge the official line of the Foreign Office that non-interference in the affairs of foreign states was essential - yet there was still a willingness in the political realm to pronounce judgement, and Palmerston's flirtation with nationalist causes, the apparent stubbornness of the British government in the eyes of absolutist states to eject or arrest the political refugees of 1848 who had found safe haven under British law,²⁹ were all serving to create the impression of the revolutionary intent of the British government abroad which it was going to prove hard to shake off.

Alexander Malet, in his private correspondence with Lord Cowley followed the development of this idea amongst the German governments. Malet reassured his colleague and friend that the suspicions of Cowley's anti-Austrianism did not have their root in the latter's own actions:

As to the ill will borne you [sic] from the Austrian quarter, I don't think there can be one bit of personality in it, but it is the reflection of bitterness felt towards our Chief [Palmerston]. Anything to equal the intense hatred nourished by some Austrians towards that person I never yet heard of. I assure you I have knowledge of some expressions of it which would make the remaining hairs on his head stand on end - if he were capable of emotion from such a cause.³⁰

Though Malet admittedly had his own personal axe to grind against Palmerston³¹ he was giving an account of a phenomenon which was generally

recognisable from conservative circles in the German states when he further told Cowley that

I assure you that though I am quite aware we English were never beloved [sic] on the continent, no one can observe the signs of the times without having it forced on his conviction that we are getting more and more detested - excepting by whom? And whom have we to thank for it?³² - go on a little longer in the course we are pursuing and an Englishman will be generally regarded as an Agent of Mazzini or Struve, and treated accordingly, and going from the individual to the collective, our interests will be thwarted and interfered with in all quarters.³³

It is obvious that the Foreign Office's official line of non-interference in the German states was being undermined by the vociferous and demonstrative expression of liberal public opposition in Britain to the reaction. It is interesting that here Malet chose Mazzini and Struve, for Mazzini as the focus of the Italian nationalist movement, and Struve as the leader of democratic radicalism in the southern German states were figures seen as particularly dangerous by Austria and the *Mittelstaaten* - and it was from these states which the loudest accusations of British support for revolution were to come. These states, after all, looked to the *status quo* of the *Vormärz* as assuring their existence, and thus the conservatives and monarchs here were arguably more sensitive to the threat of revolution.

Yet conservative eyes sharpened by the events of 1848 could discern British involvement in revolutionary movements all around them. Switzerland, united by the events of 18-48 was seen by many - including Prussian conservatives who saw themselves 'robbed' of Neuenburg - as a revolutionary thorn in the side throughout the fifties, yet Britain morally protected its existence and campaigned actively against the intervention of the German states in its affairs. The British protection had much more to do with fears of French involvement in the case of German military intervention, but the fact that the

Swiss border had represented the escape route for political refugees, and the fact that they were now able to travel to similar protection in Britain lent this support a much more sinister character. The rumours were strong indeed that Mazzini used the route via Switzerland to safety in Britain. This was just one way in which Britain was also connected in the conservative's mind's eye with the 'subversive' Italian cause. Gladstone's pamphlet on the state of government of Naples was high-profile evidence of British meddling.³⁴ A particularly strong impression on the southern governments was made by the British support for the removal of the Greek King - the brother of the Bavarian King Max II. The question had rumbled on through the forties, with Palmerston protesting about the poor government of King Otto and his failure to introduce a constitution - which he saw as a stipulation of the Three Powers' Agreement which secured the existence of the monarchy there. Indeed Palmerston's handling of the question demonstrates his strong adherence to the idea of constitutionalism,³⁵ but in his assertion of the right to see a constitution in Greece introduced it has been pointed out with some reason that he was coming close to contradicting Canningite non-interference on the matter.³⁶ The order for the intervention of a British citizen's rights in Greece by the British navy was a one-off contravention of a principle largely kept, but also the result of a long pent-up frustration with Otto's non-compliance. It confirmed for many southern monarchists however the British conspiracy in the demise of monarchy as a system of government. Milbanke, Minister at Munich reported:

It would not be easy for me to describe the excitement which had been produced by the news which arrived here two days ago from Athens, nor need I take up your Lordships' time by recapitulating all the abuse heaped upon the British government in consequence of the measures adopted by the admiral in command of Her Majesty's squadron off the Piraeus.

Mons. von der Pfordten³⁷ has spoken to me on the subject and characterised the conduct of the British PP³⁸ as harsh and hasty

assuming that the justice of the claims set up go as by no means established and stating that in his opinion the proper course would have been to submit them to some disinterested party for arbitration. He dwelt upon the fatal consequences which in the present unsettled state of Europe might result from the step taken, and insinuated that the British government must have some other object in view than the mere satisfaction of these unimportant claims which indeed I find to be the general impression here.³⁹

Interestingly the rumours of British insurrectionism in Greece reached their zenith in the Crimean War, when the minor states' fear of the new system which seemed to be being ushered in by the French alliance with the British was at most acute.⁴⁰

The British connection with France from the viewpoint of the conservatives and monarchists of the German states was what probably clinched the misconception of Britain's policy as being revolutionary. To many of them France was the source of all political turbulence, and the return of a Napoleon to the seat of power only heightened their perceptions to this threat. The alliance during the Crimean was to them a development which was seen as being most disturbing. But before this there were also signs that Britain was allying itself with the revolutionary - such as Palmerston's hasty recognition of Napoleon as Emperor.

Perhaps a more tangible example, however, was the Franco-British cooperation to oppose the inclusion of the Austrian and Prussian provinces into the Confederation in 1851. For the Foreign Office the question of the organisation of the German states was a matter with which they did not want to become involved, but as soon as this began to look like the aggrandizement of one of the signatory states of the Vienna settlement, or as soon as German organisation meant expansion into non-German territories, the Foreign Office felt it had a right to intervene based on its role in that settlement.⁴¹ Together a note was presented to the Diet protesting against the proposal. To the German

states, and here especially the minor ones who looked to the Confederation as a means of securing their existence, and Austria, which saw it as a means of control, this was viewed as intervention in a matter concerning issues central to their sovereignty.⁴² This, and the concurrent difficulty of getting British acquiescence to accord the Confederation with the accreditation of a representative,⁴³ was creating the impression that Britain was refusing to accept the *status quo* represented by that body.

The British government, then, was giving out strong signals that it was opposed re-imposition of order in the German states, and that it was ready to intervene in other states' affairs. In the southern German states, but also in the states generally, order - as defined by reactionary conservatives - seemed to be threatened from outside, and Britain appeared to be central to this fear. The British system of government, which had been the object of admiration for Prussian conservative reformers of the early nineteenth century, appeared now to be irksome, and the source of instability.⁴⁴ Now that the Prussian government had embraced a constitution it seemed that an encirclement by the forces of western constitutionalism was taking place and gradually encroaching upon the Confederation.

Any account of the evaluation of British commercial policy in the German states at this time must include the feeling of encirclement on the part of those conservatives and monarchists who held to the *ancien régime* and the Holy Alliance. To them the relative economic power of Britain seemed to sustain this feeling of threat. Alexander Malet, commenting on the poor state of relations of the reactionary regimes with Britain noted:

Our commercial preponderance is almost universally at the root of the ill will and suspicion expressed towards us, and the liberal portion of the press which used to take frequent occasion to praise our political institutions are at present so muzzled that its voice is seldom heard.⁴⁵

In this atmosphere, various developments encouraged still further the idea that Britain's commercial policy was working in parallel with its subversive foreign policy.

One of these was the expression of interest in seeing a new constitution brought in in Hamburg. The possibility of a more liberal arrangement there was welcomed by the Foreign Office in the way that it was welcomed in many countries. There is no reason to believe that Britain's commercial connections with Hamburg made the Foreign Office any more interested than it would have been anyway, indeed Hodges, the British Consul General, warned of the dangers introducing this might bring to the commercial freedom of the Hamburg state.⁴⁶ It was feared however that the Diet at Frankfurt would be used by Prussia and Austria to stamp out any political liberalisation, so representations were made warning against this. Cowley, however, fully aware of the mood prevailing opinions of the German states at Frankfurt informed Hodges;

Since I last wrote to you I have received instructions to urge the Diet not to interfere with the Hamburg constitution. I have replied to Lord Palmerston that as yet the question is not before the Diet, the Austrian and Prussian notes never having been laid before that body. I am sorry that we have taken any step in this matter for the Diet is not well inclined toward us, and would, I believe interfere in Hamburg if it had had no previous intention of doing so simply because we asked them not.⁴⁷

This matter took place at the same time as the Franco-British representations on the inclusion on non-German territories in the Confederation, and was viewed as a parallel interference in the Confederation's 'sovereign' rights, this time with the extra dimension of Britain's renowned (at least in the German states) commercial attachment to Hamburg.

Another case in which the British government's commercial policy appeared to intertwine with its involvement with the 'forces of revolution' and the

encirclement of reaction in the early fifties involved Switzerland. As stated, the case of Neuenburg remained high on the agenda of many Prussian conservatives throughout the decade, and even the anglophile Friedrich Wilhelm IV believed Britain to be the guarantor of the Swiss Republic and the key to getting back control of Neuenburg.⁴⁸ Palmerston was to dispute this, and to point out that the British government in fact fully recognised Prussia's claim:

But his connection with Neuchatel [Neuenburg], though gratifying to him personally, is of no value to him as Sovereign of Prussia, and is of no use to the Prussian Monarchy. On the contrary, his connection with Neuschatel rather tends to hamper him as sovereign of Prussia, because Neuschatel is an exposed and vulnerable point remote from the Prussian territory, and from Prussian assistance, - both contiguous to France, and liable, in the event of war between France and Prussia, to be severed from the Prussian Crown.⁴⁹

Palmerston, in the same dispatch, noted that Britain was thinking of the preservation of the 'General Peace of Europe', though what in essence this case highlights was that for Britain the ties of monarchy, which were so important a basis of sovereignty in the German states, though still to be respected, did not claim the same rank in the political thinking of British foreign policy makers.⁵⁰ The fear that any intervention from the German states in Swiss republic would bring on French reprisals, and thence war, was the paramount motive here however. From the viewpoint of many conservatives in the German states, it seemed Britain was merely protecting the revolution in Switzerland - a fact borne out in their eyes by British support for Swiss asylum.

In the light of this fact, British cooperation with Switzerland over its commercial relations with the southern German states could only seem like a bolstering of this relationship. On 1.2.51. Switzerland introduced its new tariff. Württemberg protested that this trampled on earlier agreements with cantons,

harmed the free flow of goods so necessary to a bordering state, and made a mockery of the system of mutual privileges which had been in place since 1835 and 1838

but especially that Switzerland in effect has practically introduced a differential tariff on one of the *Zollverein's* most important articles of export - namely iron - by means of preferences for English iron.⁵¹

A period of crisis ensued, during which the three southern states, Württemberg, Baden and Bavaria revealed themselves to be a commercial grouping bound together by common interests in the *Zollverein*. A conference was convened at Karlsruhe in July which failed to bring agreement between Switzerland and the three states.⁵² The British government, worried about the possibility of a trade war, at that time campaigned against any aggressive commercial action by the three southern states.⁵³

Frustration with Switzerland's harbouring of political refugees was to boil up again in 1853. Unrest in the Austrian province of Lombardy was blamed on the guarding of political refugees by Britain and Switzerland simultaneously. The Austrian government expelled 6000 Tessinians as a reprisal - it appeared the Swiss government would now do the same. Friedrich Wilhelm of Prussia, possibly welcoming the chance of military action against Switzerland, but also frustrated by the refugee question, travelled to Vienna to arrange joint action with the Austrians over the matter.⁵⁴ The British government, aware of the danger to Switzerland, tried to cool down the Swiss government,⁵⁵ while remonstrating in return the lack of understanding in the German states. Austria, meanwhile, attempted to get the southern German states to support a commercial blockade against Switzerland. The British Foreign Office sent messages of support for the Bavarian government when it initially refused to comply because of its own commercial interests in Switzerland. Possibly as a way of circumventing the direct harm to its commerce, and in deference to the Austrian government, Bavaria then suggested that the matter be taken up at the

Diet. Again the British Foreign Office demonstrated its unwillingness to see the Diet take up questions of European importance, recognising that such matters had a tendency to snow-ball at that forum.⁵⁶ Meanwhile the British government, with figures drawn up by the British representative in Berne, Christie, busied itself in persuading Baden and Württemberg that a commercial blockade would be very harmful to their interests. The southern states were also reminded of the fact that the most likely outcome of the affair would be that Swiss trade would move over to France.⁵⁷ Interestingly these states were not unwilling to concede that they would be greatly harmed commercially. Eventually, however, the matter was dropped by Prussia, though yet again, the British government had appeared to throw its commercial weight around in the defence of a revolutionary state and to protect Sardinia.

A striking example of just how political and commercial matters seemed to be working in tandem in creating the feeling of encirclement was provided by the rumours surrounding the building of a rail connection from Sardinia through Switzerland. It must be noted that the Swiss Republic, short of money to support the building of railways from the state exchequer, decided in 1851 to allow private funding for their construction. British money was heavily involved in this early stage, as were British technology, engineers and so on.⁵⁸ The 1850s saw the massive expansion of railways in central Europe, and their construction was often a highly political matter, involving state rivalries and the competition of markets. The project of a railway linking the port of Genoa to Switzerland, and then to the southern German states and Austria would mean access for western Europe, ie. Britain, by rail to the markets and products of central Europe. the prospect of this in the early fifties almost by definition meant competition to the Austrian plans for a *70-Millionenreich* or any such ideas of becoming the main route south for goods of the *Zollverein*. Until 1851 the whole matter had been hampered by the fact that such a terrain would demand not just expert engineering, but also cash. Yet the plan suddenly seemed to come one stage nearer with the conclusion of a commercial treaty between Prussia, the *Zollverein* and Sardinia, and the discussions of the matter

at that time, and the formal commitment in the Swiss/Sardinian treaty of 1851 to its construction.

The westward connection of the *Zollverein* and even Austrian markets did not just affect Bruck's plans. The British Minister in Turin was quick to note that such connections could also be used to contain the reaction:

That it is for the interests of Her Majesty's Government to watch carefully the progress of the policy of the cabinet of Vienna and by timely concert and arrangement with continental states reposing political institutions similar to those of Great Britain to prepare against the changes which may be expected to result from the successful accomplishment of the Austrian policy at present indicated I do most firmly believe, and it is for this reason that I have ventured when reporting to Your Lordship the preliminary arrangement entered into between Sardinia and Prussia, to express my opinion with regard to the probable ultimate existence and results of the Austrian Commercial League in the manner I have done.⁵⁹

In effect, the Sardinian government was asking the British government for money to help construct the railway. In an answer redolent of the sympathy which Palmerston had for such causes, but holding to the official line of non-interference, Palmerston refused to help officially with the funding of the project. He did offer his moral support however, though it must be noted that even this was restricted. In communicating all this to Lord Westmorland, the Minister in Berlin, he underlined there was no need to intervene overly in a process which appeared to be going the right way:

...as to the political and commercial advantages of such a railroad communication they must be too obvious to the Prussian government to need being pointed out in detail. Prussia and England appear to have both an interest in the completion of the undertaking.⁶⁰

Palmerston may of course have also been put off getting involved as the Minister in Berne, Christie, informed the Foreign Office of the engineer's (who was British) report that the costs would be enormous and the building highly intricate. Yet even he could not deny the temptations offered by the project:

Territorial or political considerations may perhaps present sufficient motives for an endeavour to overcome these physical and financial obstacles, but it does not fall within our province to give an opinion on these.⁶¹

Though the Foreign Office was interested in the plan, it was holding back. This, however, was not obvious to the public gaze, which in any case saw the heavy involvement of British nationals and private British money in the construction of routes in Switzerland and, though wrongly, were putting two and two together. The *Augsburger Allgemeine Zeitung*, which though moderately liberal was also *großdeutsch*, and supported heavily the idea of commercial union with Austria, pointed gleefully to the conclusion of a railway treaty in July of 1851 between Bavaria and Austria. It welcomed the fact that business with Italy would thus be able to circumnavigate Switzerland, using rather passage through the Tirol, and that the British-funded plan (as they saw it) would not compete.⁶² Christie, reporting from Berne, pointed to the root of these assertions of British involvement as the Swiss official newspaper which had maintained Palmerston's support for the plan. He noted also that an Austrian newspaper had commented on the project that:

The political principle at bottom is the idea of a reunion of the Western constitutional states, Sardinia, Belgium, Switzerland and even Southern Germany under the protectorate of England. In a commercial point of view there is a great competition involved in the project with the Austrian schemes.⁶³

Thus the building of railways, the system of treaties just signed, and the tone of sympathy of the British government for constitutionalism was coming to be mingled together. Lord Cowley, reporting from Frankfurt, noted in September 1851 that there was a fear expressed in the southern German press about losing the Swiss market completely to Britain, and that

it is rumoured that it is England that encourages this for the purpose of converting Genoa into a vast storehouse for her manufactures and employing the railway which she wishes to see constructed to smuggle her goods into the Vorarlberg and thence by the Lake Constanz into Bavaria, Württemberg and Baden.⁶⁴

The idea therefore, that the British government had a foreign policy of subversive encirclement appeared to be spilling over into the commercial realm, and commercial developments seemed to encourage the idea of a conspiracy of western constitutional states against not just the economy but even the *status quo* of the German states.

Perhaps, however, the strongest connection between these ideas in the minds of conservatives and monarchists was made during the Crimean War. The heightened sensitivities of these people caused by the year of 1848 was roused again in the German states by the prospect of conflict between Britain and France, on the one side, and Imperial Russia on the other - a country which was still associated by the German governments with the idea of the Holy Alliance, monarchical order as represented by the particularist states, and which was viewed as having allowed the resuscitation of Imperial Austrian power in 1848 by its military intervention in Hungary. John Ward summed up the feeling amongst conservatives at the beginning of 1854:

That there is a considerable Russian party in Germany is not to be denied. Many of the nobility, the bureaucracy, landed-proprietors, and other

wealthy persons have a decided leaning to the Russian system as the strong-hold of conservative, and reactionary principles, and they appear to look to the Czar [sic] as their last refuge for help, in the event of Germany being visited by another revolution. Persons of this class are in the habit of grossly exaggerating the resources of Russia, and of affecting to ridicule the attempts of England and France to compete effectively with so gigantic a power.

But however absurd may be the language of the reactionists, I have no hesitation in stating that the opinion of the great mass of the German people sets entirely in an opposite direction. [sic] The intelligence of the country is decidedly anti-Russian, the middle and working classes detest the name of Russia. Those of the higher class who belong to the constitutional party, - that is, who promote not revolution but a moderate and progressive reform of existing institutions in a constitutional sense - sympathise cordially with the efforts of H[er] M[ajesty's] G[overnment] and of France to restrain the encroachments of the violence of the Czar.⁶⁵

Ward, with moderate liberal sympathies for German unity, was possibly trying here to drive a wedge between the Foreign Office and the German monarchs. Still, the situation he described was one which was generally obvious. Milbanke, the Minister at Munich, reported further of Bavaria

The court party, however, especially, as well as most of the members of the aristocracy who have anything to lose, continue to place their whole faith in the power and will of the Emperor of Russia to save them from democratic violence: and the efforts of the German press are increasingly directed toward persuading the public mind that he is the only sovereign capable of resisting the subversive principle which it maintains is fostered by England for the purpose of ruining the rising commercial prosperity of the continent.⁶⁶

Just how far the propagandist connection of Britain's War policy with its commercial policy lodged itself was difficult to tell.

The reportage on commercial matters in the German states at this time was overtaken by matters concerning the war, to the extent that Alexander Malet, who normally laid great political importance on commercial matters, felt it to be 'almost necessary to apologise to [Lord Clarendon]' for reporting on the *Zollverein* conference of 1854.⁶⁷ The normally virulent pursuit of Free Trade was replaced temporarily by the blockade of the Russian Baltic ports, and the stipulation by Britain of the regulation of trade with neutral countries.

These two measures in tandem, however, had the effect of making the relationship between the governments of the German states, with their pro-Russian aristocratic leanings, and large portions of the commercial and working classes, even more tense. John Ward reported that commercial bodies had begun to make their voices heard at the Court of Berlin;

representing that if a maritime war should close the Sound [of Denmark], above a thousand Prussian ships must lie idle in harbour, and a capital of 7 million dollars or above a million sterling be rendered unproductive - from Stettin and Stralsund addresses to the King are said to have been adopted praying for an immediate alliance between Prussia and the Western powers.⁶⁸

As the Prussian government swithered in its attitude to the war, Ward noted that;

in addition to the addresses from the Baltic ports, addresses from Breslau and Magdeburg have been sent up to Berlin, praying that measures may be taken to put an end of uncertainty so injurious to trade. The commercial classes are generally uneasy at the prospects before them. the principles laid down in Her Majesty's Declaration with respect to the

commerce of neutrals have given great satisfaction in Germany, and the mild and liberal spirit of these regulations is universally recognised.⁶⁹

In effect Britain's system of allowing the free passage of neutrals, while demonstrating what would happen should that neutrality be revoked was creating a schism of interest between the pro-Russian party, which was generally aristocratic, and commercial interests, and though the force of protest might have been limited, it was probably felt to be proof by those convinced of Britain's insurrectionary leanings that the enemy was now simply nearer at hand.

John Ward, in March of 1854, noted further that the prices for corn in the German states were already unusually high. He transmitted a report by the agricultural department of the Prussian Ministry for Trade on the matter:

The cause is believed to lie partly in the failure of the potato-crop, and partly in the increased demand from foreign countries. The war, and the late blockade of the Prussian ports, stopped the Russian exportation to some extent; and at the present day the increased facilities of transport tend more and more to consolidate the interests of the European states as regards corn, and to establish the same rule of prices for them all. The corn markets of Prussia are therefore materially influenced by those of England, Holland and other commercial countries.⁷⁰

The German states, it should be remembered, though in varying degrees, were still largely dependent on agricultural produce as the basis of the economy. The blockades were thus seen to be raising the price of food; something which the governments would be sensitive to in the light of the consequences of food shortages in 1847.

For the Hamburg government in particular the blockades posed a problem by disallowing the exportation from Russia of corn which had already been paid for by their merchants. The Syndic Merck made repeated efforts in London and

Paris to at least allow the merchants to collect that corn which had actually already been paid for. Merck's words, though a bargaining ploy, were probably not wholly empty when he argued that 'it is of the greatest importance for almost all parts of Europe and the maintaining of order in them, that the prices of corn be lowered by ample importation.'⁷¹ The Hamburg representative in charge of this appeal in Paris, Herr Rumpff, noted of the French government that "in fact everything, licenses inclusively in regards to the rights of the neutrals seemed to be arranged according and even beyond [his] boldest wishes." Yet Lord Clarendon⁷² refused to allow it, and the French government followed suit: 'The 'entente cordiale' [sic] being of course the vital question for the moment no other consideration can have any weight.'⁷³

The move was viewed as a harsh one in the German states, especially in the face of the domestic demand. For Clarendon, however, the matter was closely connected to a growing frustration with the German states, not simply with their neutrality, but with the obvious sympathy of the minor states for Russia, and the fact that contraband of war appeared still to be making its way there through the German states. The angry opinion at the Foreign Office was that this was foul play, and loud remonstrances were made, and even the threat of intervention by force to search ships. The Hamburg authorities viewed this as the molestation of innocent shipping.⁷⁴ The problem, ultimately, was that Britain found it difficult to regulate the flow of trade through the German states as it was not one state but many, and what was viewed as transit by the British government was in fact trade with neutral allies in Hamburg. The Hamburg government was noticeably sensitive to the fact that Britain appeared to be encroaching on its rights to trade with other members of the Confederation - and thus again slighting that body.⁷⁵ The Syndic Merck was finally to observe;

We have no sympathy here with Russia at all, it is obviously not in our interest: but everyone must agree that Russia has treated the neutrals with much more principle and much less pedantically than the western powers - namely England.⁷⁶

In the early fifties the belief that the British government was interested in getting rid of the political *status quo* newly set up by the reaction was finding ground amongst those most interested in that order. The official foreign policy of non-intervention was being compromised by the liberal sympathy for causes of national liberation and against the anti-constitutionalism and the fact that this was expressed clearly in the British press and courted by British politicians. The feelings of encirclement in the German states, which were a by-product of the post-revolutionary neurosis of conservatives, spilled over into the commercial realm, and were encouraged by the apparent omnipresence of British commerce.

2. THE PASSIVE EFFECTS OF BRITISH COMMERCIAL POLICY UNDER FREE TRADE IN THE GERMAN STATES

One of the biggest problems in drawing up a true view of British commercial policy has been the fact that the perceptions of this commercial policy, and the effects it was having in the German states, were quite different from the intentions. Indeed, while foreign commercial policy during the Free Trade era, was a universal set of principles, specific to no one country, and non-political in its immediate goals,⁷⁷ its effect in the German states was a strongly destabilising one, and very political.

One of the most important causes of this was the new fissure which had appeared between on the one hand the governments, system of government, territorial delimitation and political organisation of the German states, and on the other, new social and economic circumstances. In effect, the economic and social changes, which have made the mid-nineteenth century important to economic historians as the 'take-off' period, had begun to conflict with the political *status quo*. To this extent, the revolution of 1848, which has tended to be studied apart from the period in some kind of sealed political case study, was

a brief symptom of a more deep-lying malaise and discontent, a blip on the cardiograph which showed that change was alive. The effect of the revolution, in fact, was to externalise a problem that had been developing for some time, to place an ~~element of doubt~~ ~~around~~ the *status quo* which was to characterise political life in the German states throughout the fifties. Sovereignty, as it had been in the *Vormärz*, was no longer outside the field of debate.

This phenomenon, which Muriel Chamberlain has referred to as 'the legacy of excitement and tension' of the revolution,⁷⁸ was not just a black-and-white one of the alienation ~~from~~ governments. One of the most important effects of the revolution was to introduce into the concept of sovereignty factors other than the divine right of kings. The German governments of the fifties in many ways felt the need to address the new economic questions, the consequences of inactivity on this front having made themselves clear. Economic questions were up-graded in the decision-making of the German states of the fifties.⁷⁹ Yet the emergence of this state paternalism in economics itself undermined the concept of divine right still further, by actively connecting political authority with the regulation of economic affairs. Meanwhile new expectations in the economic realm meant that authorities outside those of the local monarch were becoming of importance and interests outgrew the realm of the state. Ultimately, therefore the monarchs were contributing to their own downfall. This is not to say that the Bismarckian solution of unity was pre-ordained, but rather that the claim to do away with the minor sovereigns could be made with more conviction.

Without any pre-determined end, therefore, the political *status quo* was being eroded in the German states.⁸⁰ It was onto this situation which British commercial policy was projected, and this to a large extent explains the disfigured nature of its perception there.

Essentially propagandist, British commercial policy involved the exporting of the ideology of Free Trade, pronouncing damnation on the protectionism of other countries, and prophesying the certain doom of conservative economic principles. Various notables - such as Richard Cobden, with his 'agitating'⁸¹ -

as well as other less notable persons - such as representatives from chambers of commerce - travelled to the German states to spread the good word. British newspapers were strident in their support, but British money was also spent on supporting Free Trade publications abroad, British diplomats also contributed articles to newspapers in the German states,⁸² as well as handing over endless tracts on the benefits of Free Trade. Perhaps most importantly of all, Britain itself stood in many ways as a model state for its own theories; political stability appeared to have been proved, Britain led the world in industrial prowess, and now the economy also boomed under Free Trade. In effect, Britain was one large bill-board for the glorification of Free Trade.

It is difficult to overestimate the symbolic value attached to Britain by all those in the German states who were involved in the process of economic and social transition - either for or against. Though the naïve admiration of Britain's political compromise between monarch and people amongst both conservatives and liberals had begun to wane by the fifties, Britain's role as a focus of debate had widened to the arena of economics, society, and the state. This debate, of course, was not one carried out openly, but rather in the realm of economics, through economists' publications, chambers of commerce, commercial conferences, and increasingly also in the various representative chambers allowed under the reaction. Indeed, one of the few lasting contributions of the revolution were the commercial institutions which had been set up to allow the voice of commerce and industry a say.⁸³ It is precisely because political aspirations had moved to the realm of economic debate that Britain as the leading industrial power, and thus also British commercial policy, had such a far-reaching influence in the German states at this time.

Attitudes towards the goal of an industrial society as represented by Britain were ambiguous. The relationship could be characterised in very general terms as love-hate. For many the prospect of industrialisation represented a threat. Before Marx and Engels hit upon the doctrines of social revolution after the year of 1848, their theories, as expressed in radical publications, and in the *Neue Rheinische Zeitung*, centred upon the portrayal of the ills of the

industrial society, at their most vivid in Engels' *Die Lage der arbeitenden Klasse*.⁸⁴ Engels held up to the German-speaking world the image of filth and poverty, betraying also an almost Romantic attachment to values of the *Handwerker* or artisans, and underlining the dangers of instability - the Damokles' sword of economic crises resulting from an attachment to the international industrial economy. Of course the communist movement was unable to secure mass support during the forties and fifties. However it is important to note with regards to their writings firstly that they felt the need to counteract the enormous attraction which the British model had - especially in political terms,⁸⁵ and secondly that their writings to a great extent drew from a plethora of fears and prejudices which were to be found in other anti-industrial movements. In other words, the feelings and prophecies of the Communists were nothing special. Interestingly - and typically - their use of Britain as embodiment of evil was strong enough to be termed morbid fascination - an awesome admiration, and thus in itself again merely increasing Britain's profile in the debate. Martin Schumacher in his description of the relationship between Britain and the industrial aspirations of the German states, takes Gustav Mevissen as an example. A publicist, politician and businessman, Mevissen travelled yearly to Britain, and was fascinated by life there. Yet in an article of 1842 he betrays the mixed feelings common to many groups:

That dizzying industry which which inspires us with awe, did not grow naturally from the soil of healthy circumstance, it is the unnatural offspring of a forced, close atmosphere, and like a green-house plant it turns rotten as soon as it is touched by the air of free life. We are on the eve of its terrible twitches and spasms.⁸⁶

It is no surprise that the communists should address the *Handwerker*. The latter indeed believed themselves to be the losers in a newly industrialised society. The first half of the century had seen them successively stripped of

their protection through the system of guilds, and thus sensitive to the threat which cheaply manufactured goods presented. Though recent research has shown that the *Handwerker* were in fact extraordinarily resilient, and managed to survive and accommodate themselves into the twentieth century,⁸⁷ this was not the perception at the time. The fact that the system of trade restrictions had not yet been abolished in all the German states meant that the mid-century was a time of extraordinary tension as regarded the future of this class. The *Handwerker* were particularly virulent writers of petitions, and organised their own movements for self-protection, in which the fear of industrialisation figured highly.⁸⁸ It was no accident that Richard Wagner's *Meistersinger von Nürnberg*, produced in 1868, looked back to an ideal German society of *Meister*.

The *Handwerker* were seen also as the basis of a particular social order in many quarters, and the incursion of industry on this sector an erosion of this. The *Schwäbische Kronik*, a southern conservative newspaper referred to the "order which belongs to the happy God-fearing family life of our good *Handwerker*, their righteousness, their real, German sense of propriety."⁸⁹ Meanwhile the Prussian conservative *Neue Preußische Zeitung* or *Kreuzzeitung* - the organ of the Prussian arch-conservatives, praised the *Handwerker* and their guilds as christian institutions.⁹⁰ The inference was that the *Handwerker* were part of a divine order of things in which the *Handwerker* represented the base and the Monarch the pinnacle. A threat to the economic order embodied by the *Handwerker* could also be viewed as a threat to the political order of the *ancien regime*. To confuse matters, however, conservatives of the same group were interested in the emulation of British industrial strength, and were promoting this process.

Arraigned against the opponents of an industrial society, however, were all the various groups whose aspirations lay in that direction. The wealth created by industry, and the status and power perceived to come as a result of this made Britain an object of admiration for those interested in increasing their own power and wealth, and that of the German states. This touched the

governments, which began to see industrialisation as the route to political stability, as it did businessmen, merchants, industrialists and entrepreneurs, who looked to Britain as the 'workshop of the world', the place where the newest, the greatest and the most profitable was to be had. Admiration, however, was also tinged in many cases with jealousy and feelings of rivalry - a relationship which was described by Martin Schumacher as that of *England als Vorbild und Zerrbild*⁹¹ - or England as hero and anti-hero of the industrialists. A corollary of this relationship of course was the fact that this admiration led to awareness of the deficiencies at home, and dissatisfaction, a consequence which could not be ignored during the reaction.

The whole question of industrialisation was therefore a sensitive one in the German states. This was the more so as each particular interest had mixed feelings about the matter. It was a situation which kept Britain at the fulcrum of economic debate, lending Britain a high symbolic value. It was precisely because of this situation that the British policy of Free Trade was felt to be so destabilising: One of the main tenets of this ideology was the idea that foreign states could be brought to change their protectionist ways by being presented with the example of British success; self-publicity carried to state level. The Messianic portrayal of the world that was to be was feeding directly into a system of aspirations and rejection with regards to the industrial society, thus magnifying its effects.

The dissemination of information was therefore of central importance to this policy. Yet this was a principle which did not sit comfortably with that of absolutism. Neither did the dissatisfaction which was often the product of this knowledge. Perhaps the most vivid examples of this were the Great Exhibitions of 1851 and 1862. The system of exhibitions was a natural off-shoot of the British official Free Trade policy. Here, the various industrial nations were to display the latest technology and their greatest achievements of industry. This would allow each commercial body to compare and contrast, and even buy each others' products. For the British, however, the exhibitions were also a good opportunity to impress foreign countries with the sheer grandiosity of British

achievements under Free Trade. The liberalisation of knowledge would lead inevitably to the liberalisation of commerce. There was also the further aspect that British liberals viewed liberalisation of commerce to be naturally followed by political liberalisation, and it was no accident therefore that visitors were to be shown the Houses of Lords, the Royal Mint, and the model prison at Pentonville.

The German states, individually, and together through the *Zollverein*, sent representatives to the exhibitions, who reported back on the state of industry displayed, and had the power to buy goods there and record plans for the good of home industry. In the sense that the German governments supported this, then, they were bowing to the pressure for knowledge in economic matters at home. The exhibitions were the subject of the intense scrutiny, not just of the representatives, but also of the press of the German states. Any reading of the vast weight of material concerning the exhibitions reveals the admiration, jealousy and self-criticism which was engendered by contact with British prowess.⁹² The *Augsburger Allgemeine Zeitung*, not untypically, had a serialised coverage of the Exhibition called 'Letter from London'. It must be noted that this newspaper was a fervent protectionist organ, and normally venomous in its tirades against Britain. In these letters again is reflected this mixture of admiration, jealousy, and self-criticism awakened by British industrial power. The hint to the German governments will not have been missed when it stated:

the British government had been watching the revolutions on the continent in the past years with especial attention and has managed to extract from them the lesson that reforms must be enacted at the right time and in the right place in order to secure her against similar inner convulsions...Forwards is the solution for England, as it is for the whole world, and if the key to the door of the modern age is the encouragement of material interests, then practical Albion is marching at the forefront of the civilised world as an honourable example.

In the same article, however, it warned that the Exhibition was simply a way of checking out foreign competition:

It is a mistake if anyone abroad thinks they can make a large profit out of the Exhibition, and we admit here quite openly that we do not share the hope for great blessings which is held by many Germans who are loading themselves up with their produce in order that they may travel to England so that they may return richer or at least rewarded for their efforts. The only one to get any practical advantage from the Exhibition will be England, and it is worth walking about the streets of London just in order to see how England is making every effort to squeeze every last drop of profit from [the Exhibition].⁹³

Free Trade, then, was simply encouraging economic and political aspirations, and thereby also critical examination of the social order and the state as it was in the German states. It must be remembered though that Britain's bellowing of the Free Trade message, connected as it was with all manner of ideas of the inevitability of Free Trade, and even political liberalisation as a consequence of this, was jarring on the already testy nerves of the conservative German regimes: The *Economist* writing at the same time as the Exhibition in 1851 was indulging in what must have seemed to the powers of reaction awful Whiggery when it stated that:

The people of England see clearly, and so do the Germans, that civilisation is everywhere rapidly developing itself without the aid of Prince-Ministers, and they will not allow these long to prevent or restrain it. They see the railroad, the steamboat and the press, - and we have now journals published in London in all of the principal languages of Europe - fusing all civilised nations into one; they see national animosities on which the power of many separate governments is

founded, disappearing, diminishing the necessity for huge armies, and extravagant expenditure, and they will have the expense and the functions of their government cut down in proportion. They see the telegraph - that yet mysterious manifestation of Divine power which enables us to write at once to Edinburgh and Plymouth, almost to connect Paris with Moscow now and probably destined ere long to connect the Old World and the New - they see the wire traversing the boundaries of Kingdoms, and wherever erected and extended, laughing to scorn interposing of obstacles of customs-houses and policemen, and they are sensible of that society, of which the telegraph is a part and a convenience, is not made, and is rarely directed and governed by those who have assumed the office of ruling it.⁹⁴

A similar state of affairs existed with regards to the debate about commercial policy which raged throughout the forties and fifties in the German states. The core theory of national economy enunciated by Friedrich List foresaw protection of 'German' industry - 'German' at least initially referring to the *Zollverein*. The central idea was the creation of a 'home' market, and the levying of high duties to exclude some products, and create a revenue by which industry could be promoted. The concept of protection revolved specifically around protection from British industry, however. This meant that national economists generally saw the achievement of their goals as being the eradication of British influence inside the German states.

Opposing them were those who saw the relaxation of tariffs as in their interests, both because it allowed the acquisition of cheap materials which could be used in their own production, or because liberal traffic was itself advantageous to their export. The pure Free Traders, those led by John Prince-Smith, did not attract the vast forces of capital and industry.⁹⁵ The main opponents to the protectionist movement were then also thinking of their own self-interest. Here too the relationship with Britain was paramount.

Though the process of industrialisation was patchy, and it has been pointed out rightly that it is dangerous to generalise, yet it must be recognised that the greater involvement of the northern German states in British trade - a fact that had as much to do with transportation as anything else - meant that they were the ones more interested in maintaining the British trade link, and thus interested in low or lower tariffs. One of the most important developments to mention here is the growth in interest of the Prussian government in relaxation of tariffs on several key goods in the late forties and fifties. Meanwhile, the governments of the southern German states, especially Bavaria, Württemberg and Baden, perceived it to be in their interests to opt for the highest protection possible. These governments felt they had more to lose and less to gain from foreign connections - though this situation was changing,⁹⁶ and though their industry was developing rapidly, the income they received from the *Zollverein* tariff was still an important source of revenue.⁹⁷

Britain was also involved in this debate by the fact that at the end of the day the objective of both of these larger groupings of interests was industrialisation. As Britain was perceived to be the world leader in this, so too was its commercial policy a central part of the debate. Only by dint of the protection of the Navigation Acts and the Corn Laws - it was argued by the national economists - could Britain have reached pinnacles of industrial success, *ergo*, the same must be introduced in the German states.

The effect, therefore, when Britain unilaterally and officially assumed the garb of Free Trade apostle, was enormous. Mainly it was one of polarisation, though this acted at many levels: Those most interested in trade with Britain could point to the relaxation as obliging the German governments to follow suit. In terms of the two main streams of thought, the cause of relaxation of tariffs was given moral support. Though this by no means meant that Free Trade in its entirety was to be assumed over- night, it also handed those willing to see the relaxation of duties the baton of the future; they could argue that liberalisation of tariffs, since it was introduced by Britain, was a course in keeping with the 'spirit of the times.' Even Bismarck in the early fifties was to opine that 'the

future belongs to Free Trade.'⁹⁸ By the same token, the protectionists were able to point to the need to wait for a later date, when the industry of the German states would be able to compete with the British.

The assumption of Free Trade by Britain poured petrol on the fire in the German states: The debate flared up, and lasted throughout the decade. The underlying motives of the debate, however, was the scrutiny of the state's role in the economy, and Britain, by its unilateral move, and its loud-mouthed assertions of Free Trade, together with the predictions of the ultimate down-fall of conservative commercial systems, was making a strong contribution merely by its example.

There was also the fact that the polarisation of debate on commercial policy meant that groups began to organise themselves according to common interests and not according to the territorial order of particularist German states. These interests looked in many cases beyond the state government to the authority of the *Zollverein* or to Prussia, or even to Austria, for the achievement of their commercial aims. The example of Britain, and its propaganda war against protectionism, constantly pounded home the message that Free Trade was the theory of the future. In so doing, it gave indirect, unintentional, but real support to Prussian leadership in the commercial organisation of the German states, for Prussia increasingly let it be known that its commercial policy was tending in that direction. Throughout the German states, then, certain classes began to look to Prussia as the power which would represent their interests. In parallel to this, Free Trade considerably strengthened the hand of the northern German states by making them the natural outlet for the goods of the *Zollverein* which was beginning more and more to look abroad for its markets, rather than to the east, and Austria. This was a process, the consequences of which were to be felt when the prospect of a split of the *Zollverein* appeared in the crises of 1852 and again in the 1860s. The British policy of Free Trade thus handed the Prussian government a strong bargaining point in any battle with Austria over the right to lead commercially the *Mittelstaaten*, and the latter found themselves less and less able to resist the pull to the north.⁹⁹ British Free Trade

did not cause the shift of commercial power to Prussia, but it certainly provided the basis for it.

In the sense that British Free Trade strengthened the hand of the Prussian case for commercial leadership, it simultaneously encouraged passively the *Zollverein's* pre-eminence in the regulation of commerce. This was an important factor in the breaking down of the system of duality of rule which had allowed the Confederation to exist. At the same time, the apolitical, reactive nature of Britain's commercial policy also helped this process by the fact that by automatically promoting the quickest route to low tariffs, it used Prussia as the most effective way of achieving this. The Confederation, which would have been the alternative, was much too ineffective, and the danger there would have been that of allowing in Austrian interference - an influence which always seemed to tend towards protectionism. This preference had no political aspect to it in British decision-making, but was the result of sheer necessity. Still, the matter undermined quite considerably the Confederation's standing, and the Confederation itself was the sheet anchor by which the minor states, and Austria, clung to the old political order.

All of this, was in fact evidence of a growing together of commercial interests between the countries in the north-west of Europe. The Prussian government was in no way commercially liberal in the sense of Britain; its commercial policy was the direct result of perceived national interests, and thus much more pragmatic.¹⁰⁰ The form of liberalisation which was chosen in Berlin was chosen with direct reference to what would be best for Prussian industry. British Free Trade did not directly cause the will to liberalise tariffs on the continent with its propaganda and admonishments. Yet British Free Trade allowed a surprisingly large amount of goods produced in the German states to be exported to Britain, and the Prussian interest in reductions of the *Zollverein* tariff - even if this interest was limited and in some sense a manipulation of the tariff for self-interest - were signs of a growing internationalisation of markets. In aiming its commercial policy westward, Prussian was naturally contradicting the structure of power which had been

the basis of order in the German states - namely the Holy Alliance, and the inclusion of the Austrian Empire.

The real losers in this tug-of-war, were naturally the *Mittelstaaten*, whose existence had involved a convoluted process of balancing Austrian and Prussian power. The commercial battle of the 1860s, when Prussia finally formalised its connection with the western commercial system of France and Britain, showed that in the commercial realm also, the sense of encirclement was strong. It is no surprise, therefore, that Free Trade at least here, was regarded with the utmost suspicion.

3. REVOLUTIONARY IN THEORY

The concept of a wave of modernisation flowing in an easterly direction from British shores, affecting the European states throughout the mid-nineteenth century¹⁰¹ arises from an anglo-centric and Whiggish form of history which has been countered in the last few decades. Modernisation, according to this school, is some huge amorphous process combining industrialisation with the spread of liberalism.¹⁰² Economic historians have questioned the determinism of this idea by looking at the inconsistencies of industrialisation on the continent.¹⁰³ On the political front, the concept of the homogeneous process of liberalisation on the British model has been shaken most notably by Lothar Gall,¹⁰⁴ who reawakened interest in the course of German liberalism by suggesting that the cataclysmic development of German history in the twentieth century was due to the 'failure' of liberalism in Germany in the nineteenth century, and the development thus of a *Sonderweg*, a course of development peculiar to Germany, and by definition 'abnormal' as defined by the British model.

Gall's hypothesis has resulted in a burgeoning of research into the development of liberalism in the German states,¹⁰⁵ some of which has been explicitly comparative in nature, and almost all of which has had an implicitly

comparative edge; invariably Britain is taken as the yardstick.¹⁰⁶ In a strange sense, therefore, British liberalism has until recently remained centre-stage, the point from whence liberalism evolved, and thus the Whiggery lives on. For the moment this is an aspect which must be merely noted, though it will be discussed later.

Suspending judgement on which country provides the norm of liberalism, a consensus has built up among historians that the course of liberalism was different in Germany and Britain. John Breuilly, in his comparative work on liberalism in nineteenth century Britain and Germany notes the difficulty of defining liberalism, though he identifies as the 'key value' that of individualism. Yet he recognises also this general variation in the course of liberalism in the German states and Britain, explaining;

Liberalism, after all, had a diverse set of historic roots arising out of religious conflicts, clashes with arbitrary monarchy and noble privilege, the pursuit of economic liberty and much else. It is therefore hardly surprising that these diverse concerns should divide liberals from one another at times, even while at the same time providing the idea of liberalism with an all-round character.¹⁰⁷

This is an especially important fact when carried over to the realm of Anglo-German relations, as it goes deep to the heart of many of the mutual misapprehensions of contemporary observers. For liberals in Britain Free Trade was simply part of a wider process of political and economic reform. It was supposed at the time in Britain, and it has been supposed by historians since,¹⁰⁸ that the emergence of the commercial debate in the German states of the fifties about the relaxation of duties, was evidence that the same process had been transferred there. The reduction of duties there would signify also the advance of liberalism along the same lines as Britain both politically and economically. Yet the debate in the German states - which was as loud in the fifties and sixties as that in Britain had been in the forties - was fundamentally

different from that in Britain. In order to understand this it is necessary to go somewhat deeper into the nature of the arguments used and the parties involved.

Friedrich List, and his followers of the national economy school, argued for the protection of German industry by means of high import tariffs. Though the main focus of List's attack was to be the *Zollverein* he intended its extension to the other German states. List proposed that the revenue raised should be used for the promotion of 'home' industry. In opposing the relaxation of duties, List appeared to be in opposition to liberalism, allying himself with political conservatives of the southern states who favoured protection. Rightly, however, Eugen Wendler in his recent biography of List has pointed out that;

His [ie. List 's] economic credo - encouraging the industrialisation of underdeveloped states by means of developmental tariffs - has been branded as anachronistic protectionism. This, however, is to overlook the circumstances of the time in which List developed his political-economic structure.¹⁰⁹

It is indeed important to recognise the environment in which List was working and the goals which he wished to achieve: List's theories foresaw the creation of a national, unified market, the freedom of transport and communication within that area, economic unity. In the German states during the fifties List's recommendation of higher duties was allowed to colour the fact that essentially his goals were the same as those of the other, commercially more liberal, groups. His theory of national economy, as opposed to what he called the theory of cosmopolitan economics of British Free Trade,¹¹⁰ was in any case not intended as an anti-liberal system: The method of protective tariffs prescribed by List were intended as temporary measures - once a certain level of industrial strength had been achieved the tariffs could be removed and the international flow of trade freed of restrictions:

The protective system as we understand it is not in contradiction to the principles of cosmopolitan theory but rather in complete harmony, as by its means all nations can gradually be brought to the same level of industry, civilisation, and political power, this being the only level upon which the unity of all nations is possible under the laws of egalitarianism which lie at the root of free trade.¹¹¹

Furthermore it was List's main objective to raise the importance of industry politically at a time when most of the states still looked to agriculture as the mainstay of their economies. In this his theories were no different in their ultimate aim from those of the British Free Traders. In other words, List's theories, and those of the national economists of the fifties who followed him, were not those of some retrograde conservative group upholding the forces of reaction, but were also an expression of economic liberalism and aspirations, but a liberalism which could only find its success by adapting to its circumstances.

Latterly research into liberalism has underlined the factor of the environment in which liberalism acts as a determinant of its development.¹¹² This is particularly important when regarding the doctrines as espoused by List: For the achievement of the goals he outlined he quite realistically looked to the means available. Where British Free Traders could concentrate on lobbying parliament, any movement in the direction of economic liberalism, including the contradictory one of Friedrich List, which stressed economic reform more than commercial liberality, had no such access to power: Pre-March parliaments were little more than advisory in nature. The necessity for at least a modicum of liberalism to be already in place in order for the exercise of the influence of liberalism at all has recently been recognised,¹¹³ and faced as List was with the political system of absolute government of the German states, it was no coincidence that he looked to the state for the achievement of his plans, and the medium of state intervention for the promotion of industry, or reform, as it were, 'from the top'.

By adopting the methods of state intervention and a high import tariff, List was cutting his theories according to the cloth provided. This, however, meant that states which simply preferred protection, because they were mainly agricultural and had little interest in opening up small-scale and new industry to full-blown competition, could assume the garb of List's theories. At the popular level, it also provided a more sophisticated argument in defence of protection, an argument which was to be widely propagated by the *Verein zum Schütz vaterländischer Arbeit*. Perhaps, however, its main appeal was to nationalist liberals, who would see in List's theories the end of particularism and the creation of a German economic force. Indeed a large part of the liberal movement of 1848 was bound up with the goals of the national economists.

It is important to note the tenet of state intervention as a component of List's thought, and to realise that the fact that his theories called for intervention to promote industrialisation in no way separated his ideas from those of what has long been considered to be more 'main-stream' expressions of German economic liberalism: In fact the role of the state in the liberalisation process was just as important to what proved to be the main protagonists of commercial liberalism - the governments of the north German states - especially Prussia.

Here, as elsewhere in the German states, the real source of impetus for the relaxation of tariffs was to come from the bureaucrats and government.¹¹⁴ The interest in making reductions in import tariffs, which to British eyes would look like signs of a positive development in the direction of *laissez-faire* were, in fact, also mainly the result of hard-headed thinking about what would be most in the state's interest. In effect, it was still expected that the state would promote industrialisation, but here it was more in the interest of the state to manipulate the tariff according to the needs of industry. To elucidate; if Britain could provide semi-manufactured goods cheaper than the German states themselves, then it was in the interest of the Prussian government to apply for a reduction of the tariff on these goods and thus promote manufacturing industry higher up the chain. This line of thinking was accompanied by a very guarded acceptance of the value of lowering tariffs as a means of allowing

competition from outside in order to stimulate efficiency - though this was always a very carefully balanced line of thinking. The *juste milieu* commercial policy of the Prussian bureaucrats,¹¹⁵ that is their attitude of partial and self-interested acceptance of Free Trade, was actually no less centred round the idea of state intervention than that of List. In fact the difference lay merely in the relatively advanced level of economic development of Prussia and the government's appreciation of what was in the state interest.

The closest approximation to the British Free Trade movement, that is, where the relaxation of tariffs was linked to ideological precepts, was that spearheaded by John Prince Smith.¹¹⁶ Prince Smith himself, an English-born naturalised Prussian, borrowed widely from the doctrines of Cobden and the anti-Corn Law league, earning his supporters the title of the *Deutscher Manchestertum*. Yet Prince Smith never really enjoyed any kind of mass support on anything more than a regional level - predominantly that of the eastern and coastal provinces. The interests in a fully liberal commercial policy were too restricted and multifarious to constitute a solid backing on their own. Prince Smith himself was more concerned with practical matters than historiography has suggested, which limited his own appeal. (The idea of him as an unrealistic ideologue was one propagated by the Listian school who used the name of Manchester as a slur, thereby connecting him with anti-patriotism, and accusing him of being 'like the fox which preaches morals to the hens.'¹¹⁷) For these reasons, as W.O. Henderson noted, 'Prince Smith never became an influential demagogue like Cobden or Bright.'¹¹⁸ Furthermore, as Volker Hentschel has pointed out in his study¹¹⁹ of the *Kongreß deutscher Volkswirte* or congress of German economists, which was formed in 1860, when larger mass support did arrive for a more extensively liberal commercial policy, it did so for reasons of political aspirations - ie. as part of the new era - rather than any ideological conviction of the value of Free Trade. The group was more interested in immediate economic problems,¹²⁰ and in any case the representatives of industry and

capital, the true holders of the balance in economic debate, remained aloof from the movement.¹²¹

Most importantly, Free Trade theories never made their way into the relevant institutions of the Prussian state, where, because of the separation of government from the influence of the masses, whence any impulse towards economic liberalisation would have to originate. Moreover, the Prussian government - especially the Ministry for Trade which had remained as an institution created by the revolution of 1848 - purposely distanced itself from any long-term commitments on the liberalisation of commercial policy. Where, for example, the Minister President Manteuffel, was willing to make unconditional commitments to gradual reductions in tariffs as a means of securing the union with Hanover's *Steuerverein*¹²² in 1851 - this, in itself being token Free Trade, or reduction merely for political and tactical ends - the Minister for Trade, von der Heydt,¹²³ robustly refused to allow any such commitments to be made, and in fact offered to resign rather than see any long-term concessions made with regards to the protection of industry. He informed Manteuffel, in what was a brief synopsis of his views that:

Your Eminence knows already that I do not share the opinion of those who regard industry in Prussia as disposable or even disadvantageous, and who would therefore rather see industrial produce taken from abroad than allow some protection for home industry. I believe that Prussian wealth can only be secured by careful nursing and strengthening of our own industry, and even if I do not believe in prohibitive or immoderate protective tariffs, yet I still hold it to be far more stupid to gradually reduce the tariffs on industry in the given factual circumstances and thus pursue the theoretical ideal of Free Trade. I believe that the principles which were assumed for the protection of home industry by our tariff law of 1818 should even now be maintained, and I would therefore not be able, even with the best possible intentions, to lend my hand to such a task.¹²⁴

Both August von der Heydt, the Minister for Trade, and indeed the Prussian Trade Ministry, were forged from the revolutionary demands of 1848,¹²⁵ and it is worth noting that von der Heydt was both moderate liberal politically, and yet simultaneously - representing the industrial interests of the Eberfeld-Wuppertal Rhenish provinces - a 'moderate protectionist.'¹²⁶ Von der Heydt, though not really belonging to any party, was initially regarded during the reaction as a left-over of the revolution, and thus treated with some friction by the aristocratic camarilla which had been returned to power, and which was much more influenced by old aristocratic agricultural interests. This disagreement with Manteuffel - though the latter was himself not absolutely part of the upper echelons of the Gerlachs - is symbolic of this divergence in approach, and the reference to the anti-industrial forces in Prussian government was an expression of von der Heydt's aggravation with the camarilla. This arch-conservative group was much more interested in the reduction of tariffs than often supposed, yet the reduction of tariffs for them was based largely on the old predominance of agricultural interests in state thinking and less on the benefits for industry - about which they remained ambivalent. Indeed part of their opposition to protective tariffs emanated from fears about the development of a 'revolutionary' proletariat which would be produced by any new industry.¹²⁷ Yet because of their lack of interest for careful promotion of industry, their espousal of Free Trade was much closer to Prince Smith's unconditional endorsement. Thus both the arch-conservatives and the Ministry of Trade under von der Heydt were interested in lowering tariffs, yet at different rates (and for different reasons). As the fifties progressed, however, Prussian industry developed to such an extent that the potential benefits of reductions in the tariff for industry began to press on the Trade Ministry, and thus the positions of arch-conservatives and *juste milieu* bureaucrats were harmonised - this being so much the case that von der Heydt was eventually viewed as having given up any political principles, and by the 1860s being one of the 'left-overs of the hated Manteuffel ministry.'¹²⁸

Meanwhile, under von der Heydt's direction, and because of the vast increase of work in the economic realm, the Ministry of Trade had firmly established itself in the Prussian bureaucratic structure.

This process of the integration of commercial and manufacturing interests in the apparatus of the state was by no means restricted to Prussia, but widespread among the German states - though it would take different forms. It was not merely the result of the states' efforts to defuse the liberal revolution, but also the result of the fact that a large body of liberals had been calling for state intervention. Yet this integration of liberal demands into the bureaucratic structure meant above all that the motivation of action at the Trade Ministries was that of the self-interest of commercial and manufacturing sectors rather than that of ideologues and thus any decisions made in commercial policy would be a balancing act of real political and economic interests. It meant that the basic inclination of the bureaucracy was an interventionist one. It also meant that any desire to lower commercial tariffs would be on the basis of the immediate self-interest of industry.

It would be a mistake, therefore, to recognise in the commercial debates of the 1850s in the German states, any process towards the liberalisation of commerce from state control: Though there was a group which advocated this, it was practically cut off from the real focus of debate. Where the debate was influential, that is, in the governments and at the level of intergovernmental discussion, those interests and governments which advocated commercial liberalism did so for reasons of self-interest, and with no thoughts about the freeing of commerce from state control as it had been in Britain. In this they were no different from their opponents. As Wolfram Fischer commented;

Yet even they were doing no different basically than any other of all of the 39 sovereign parts of the German Confederation; they acted according to the principle that their shirts were closer than their coats.¹²⁹

So as the government interest in lower tariffs began to grow in the north German states during the 1850s, and especially in Prussia, this did not signify liberalisation from the state, but simply a changing economic interest. It is, therefore, understandable that Charles Kindleberger, for example, should claim that there simply was no commercial revolution in the German states,¹³⁰ for the emergence of low tariffs resulting in the Franco-Prussian trade treaty did not signify the victory of Free Trade principles in the German states, but simply a higher stage of economic development.

Because of the different ways liberalism was expressing itself in the German states and Britain, observers in one place of the commercial policy of the other tended to form their judgement on a false set of assumptions about each other's intentions. Those in Britain who concerned themselves with commercial matters in the German states, merchants and businessmen, the press, and quite certainly the Foreign Office and the Board of Trade, had expectations of the German states based upon their own experiences in Britain. Their commercial thinking to a large extent was conditioned by the British experience. There was less awareness of the deeper machinations of commercial thinking in the German states. Thus a *Leitmotiv* of British commentary on German commercial matters was the frustration with what all those imbued with liberal economic thought in Britain saw as the prevarication of the German states, and a sneaking distrust of their motives.

This, however, was only outdone by the misapprehension of British commercial policy in the German states, where the development of thought on commercial matters equally moulded reception. Because Britain represented the most successful industrial power, because Britain was so much a part of the debate about industrialisation, and because Britain was a focus of interest in terms of its political system not just for liberals but also conservatives, British commercial policy was a topic which was more popularly discussed and which more thoroughly stamped itself on the minds of many different groups. Above all, it became a focal point of the commercial debate in the German states,

becoming an integral part of the propaganda campaign of the Free Traders of Prince Smith as well as the national economists of the Listian school.

The writings of Friedrich List are indicative of the way British commercial policy was regarded, as, even though he died in 1846, he lived until the cusp of the Corn Law/Free Trade era, and set the tone of debate throughout the fifties. List himself recognised that the 'cosmopolitan' theory propagated in Britain meant the relaxation of state interference, and yet his own recognition of the fact that true international Free Trade would mean the survival of the fittest led him to see British Free Trade as a theory 'designed' to meet British interests but not those of other countries. It was a small leap from this recognition of British self-interest to that of state action, and List allowed this suspicion of the ulterior motive to dominate in his literature, doubtless right as he was about the damage which would be caused by immediate and complete relaxation of tariffs. This suspicion itself often spilled over into the direct accusation of self-seeking and destructive tendencies on the part of the British government.

This leap of argument was a small one, and it was the latter, more conspiratorial version which would become popularised. No matter whether List at heart was a liberal, he did not shun the flirtation with rapidly strengthening nationalism, and played knowingly to an audience greedy in its envy and quick to identify a foreign perpetrator. In the realm of German commercial policy-making, where the large majority also agreed on the principle of state intervention, nothing was more natural than to suppose that Britain was acting on the same principles. Free Trade was increasingly viewed among the national economists as mercantilist conspiracy against the industry of the 'German nation'.

During the fifties, as state bureaucracies increasingly took over economic reform, it only became more natural to assume that the institutions of the state were there to provide liberal reform, but always on the basis of national self-interest. The assumption of full-blown Free Trade in Britain, where it actually was the relaxation of state interference and generally held to be part of a natural process in which Britain need only wait, was widely interpreted in the

German states, by all sides apart from the ideologues, as a state action in recognition of its advanced state of industry. The call for the liberalisation of other countries was thus interpreted as 'hypocrisy' by List, and after him, Treitschke.

It is important to notice that attempt made by Treitschke to harmonise the life and work of Friedrich List with his own particularly *kleindeutsch* interpretation of German history,¹³¹ as this is in many ways symbolic of the way in which the nation-building of the *Reich* assumed much of the propaganda of the nationalist liberal movement, and especially that of List. In his major work on the nineteenth century, Treitschke reproduces a letter from Friedrich List which offered his services in the Prussian bureaucracy and refutes allegations of his anti-Prussianism.¹³² Treitschke here papers over the differences which existed between the Listian national economists - for example those represented by the *Augsburger Allgemeine Zeitung* - who were for higher tariffs and a *großdeutsch* solution to the German question, that is the inclusion of Austria - and the Prussian government which in the fifties increasingly strived for lower tariffs and the exclusion of Austria from commercial and political leadership.

To explain this process of harmonisation, and the way in which the interpretations of British commercial policy belonging to the national economists and nationalist liberal movement were handed on to the 1870s, it is necessary to look at the way the debate developed before this. The commercial debate of the fifties, in which the interpretation of British commercial policy played so high a part, involved the protectionists - made up of political conservatives and national economists favouring higher protection - and commercial liberals - made up of the ideologues of Prince Smith's persuasion and national economists who favoured lower tariffs. During the fifties the protectionist conservatives as represented at government level increasingly found themselves outmanoeuvred by political events and by economic developments which began to demand closer connection with foreign countries. As the Prussian government began to demonstrate its leadership of

commercial affairs, the attentions of those interests which had supported national economics turned to Prussia - the manufacturing and business classes, together with a proportion of nationalist liberals who favoured a *Kleindeutschland*. The Free Trade ideologues were debarred from effective commercial leadership, which was restricted to the bureaucracies and governments; increasing support in parliament for Free Trade merely gave the movement for lower tariffs on the part of governments moral support, while failing to dictate their motives. Hence the part of the debate which was effective was that of the *juste milieu* - trade policy of the Prussian government, supported increasingly by national economists - the debate was thus about lower or higher tariffs, though the questions such as state intervention remained untouched.

The regime which was introduced by the Franco-Prussian treaty of 1862 and its final acceptance by the other *Zollverein* states in 1865 thus marked a victory for the national economists of a commercially more liberal persuasion and no refutation of the belief common to all national economists of commercial policy as an expression of self-interest. Treitschke's welcome of List to the Prussian fold is indicative of the manner in which, for the purpose of self-justification the national economists' views were tucked into that result of general logic called *Kleindeutschland*. Because, however, the general view of the state, and of the international commercial system held up by the national economists was not contradicted but absorbed by the new Prussian-led state, so too the conceptions of the motives of British commercial policy were allowed to persist and even grow in the coming period of increased trade rivalry.¹³³ In simple terms, therefore, much of the misinterpretation of British commercial policy of the 1850s goes back to the propaganda of the national economists, which was based on a fundamentally different conception of liberalism to that in Britain, but one which was shared by those who were ultimately the successful party and thus borrowed for use in the nation-building programme of Prussian-led German unity.

There have been several explanations for the different development of economic liberalism in the German states throughout the 1850s and 1860s. It has been included in the realm of liberalism in general, where philosophical basis, different foreign influences, class composition have all been discussed. In economic liberalism, attempts have also been made to show that a more mercantilist interpretation of Adam Smith evolved through intellectual progression through the universities of the German states, or even through different religious interpretations of the Smithian philosophy: Wilhelm Treue argued that;

At the end of the day, it was discovered that Smith had not recommended Free Trade as unconditionally as had been believed by German professors and statesmen. Furthermore there developed among the Romantics [the beginnings of economic conservatism]¹³⁴ which developed via the agricultural economics of Schulze-Gavernitz (1826) and ended with Friedrich List.¹³⁵

while Karl Heinz Grenner has maintained;

After a period of enthusiastic reception of Smith under the recognisable influence of contemporary German philosophy among non-Catholic scholars in the sciences, there began an increasing amount of criticism of economic liberalism, which finally resulted in the whole matter being called into question.¹³⁶

In economic liberalism, however, the most promising or realistic theories pertain to the symbiosis of the demands of liberals and the environment in which these demands are made. The course of liberalism is determined by the nature of the desire for liberalism coupled with the institutions through which it seeks to exert pressure. It has been noted, for example by Henderson, that the

political tradition of absolute government in Prussia was carried over into the economic realm; that:

Tradition died hard in Prussia and the notion that the country was a vast estate to be managed by the King and his advisers survived into the modern age of steam-engines and railways.¹³⁷

The willingness of the state to take over economic affairs is an important factor in explaining the occurrence of interventionism: Indeed the states had already made obvious their intention of involving themselves in economic matters by the Federal Acts of the Confederation, in the reintroduction of a Prussian general tariff in 1818, and in the formation of the *Zollverein*. Yet the willingness of governments to boost the position of the economy in the affairs of the state was greatly strengthened by the events of 1848-49¹³⁸ and which resulted in the institutional incorporation of the interests of industry and commerce in the state bureaucracy of Prussia and many other states.

Yet because of the close relationship of the bureaucracy with the manufacturing classes, it was to be their self-interest which would dictate the tone of Prussian commercial policy as well as of the other German states. In Britain the Board of Trade and the other organs involved in the process of economic and commercial policy were separated from the direct influence of manufacturing and business interest. Though Free Trade was also the result of debate about the national interest, debates, in which the various economic sectors had been involved, finally it was introduced by several Acts of Parliament, and thus accepted on principle. British commercial liberalism was differentiated from its counterpart in the German states by this principle. This principle was also enacted in the British political realm, where the tradition of non-intervention of the state acted as a strong under-current. Though British commercial liberalism might be interpreted in the German states as the result of a similar configuration of state-bureaucracy-interest, this was to fail to recognise, or even simply not believe, the dominance of the principle in

British commercial policy - a fact which indeed leads back to the existence of parliamentary government.

The commercial liberalism which emerged victorious from the debate carried on at inter-state level was an expression of the immediate economic interests of Prussia and increasingly the other German states. In Prussia, however, the economic interests were configured, not as they were in Britain, along the lines of the most industrially advanced nation, but rather industrialisation was 'taking off' at a later stage, and yet in a different form - one which has been characterised, for example by Charles Kindleberger as 'industrialisation that progressed from finished goods to components and input, rather than iron to steel to machinery, or from yarn to cloth to clothing.'¹³⁹ The interests of industry and commerce were largely interested in the partial use of tariffs for protection, for the acquisition of cheap semi-produced goods which could then be finished in the *Zollverein*, because they were operating in a relationship with Britain largely at the levels of competition with Britain, and of benefiting from British goods which could act as 'input' into the home industry. For these reasons the manufacturing and business classes were more accessible to ideas of state intervention, and it could thus also be maintained, at least, that the form of economic liberalism which was assumed by the German states was the result of the very practical differences of which the stage and nature of industrialisation was one.

In the light of this assertion, that the development of economic liberalism was dictated by the nature of the economic problems faced, it is interesting to return to the initial question of the German *Sonderweg*. The enunciation of the *Sonderweg* theory was followed by a sequence of works denying the idea's suitability, either by underlining the similarities of British and German liberalism,¹⁴⁰ or by denying the use of any norm,¹⁴¹ from which liberalism can deviate. Recently it has increasingly less tentatively been suggested that it might, in fact, be Britain that was pursuing a *Sonderweg*.¹⁴² If one accepts that economic liberalism is dictated by the economic environment, then it might be further suggested that at least in terms of economic liberalism, the

advanced state of British industry and lack of international competition did indeed grant to the British its own unique form of liberalism.¹⁴³

1 4.5.49., *The Times*.

2 5.11.49., *The Times*.

3 *The Times* called the Prussian scheme 'perfectly innocent. The annexation of a few principalities, discontented with inglorious independence and alarmed by an insecure liberty may strengthen Prussia without dividing Prussia or threatening Europe.' 22.10.49., *The Times*

4 7.3.50., *The Times*.

5 8.5.50., *The Times*.

6 14.2.50., *The Times*.

7 29.8.50., *The Times*.

8 Literally: 'pre-March'.

9 3.9.50., *The Times*.

10 11.9.50., *The Times*.

11 28.7.51., *The Times*.

12 Anglican anti-popery no doubt also lent a hand in this preference. See the article 'The Unholy Alliance,' printed in: 13.9.51., *Economist*.

13 11.9.51., *The Times*.

14 *The Economist*, for example also warned the German governments at the same time: 'Within the last 37 months empires have been broken to pieces and again clumsily put together - some kings have been actually, and others, when they have been forced to change their organisation or have changed their titles, have been virtually deposed, resuming again their own nominal rank, but with diminished respect and diminished authority. To suppose for one moment, because Austria has been pieced together and Germany has returned to something like its old relations, that the authority of the government of the continent is restored in all its vigour as it existed before 1848, betrays an equal ignorance of the sources of human authority and of the nature of the human mind.' 20.9.51., *Economist*.

15 Queen Victoria requested Lord Palmerston 'to point out to the managers of The Times [sic] (which derives some of its power from the belief abroad that it represents more or less the feeling of the Government) how great the injury is which it inflicts upon the best interests of this country.' 25.10.61., Queen Victoria to Palmerston. Printed in: *The History of the Times*, 1939, p588.

16 Llewellyn Woodward, *The Age of Reform*, 1962, p222.

17 John Clarke, *British Diplomacy and Foreign Policy 1782-1865...*, 1989, p233.

18 In 1864 Palmerston is quoted as saying on the matter of reform 'We cannot go on adding to the statute book ad infinitum.' *ibid*, p169.

19 Kenneth Bourne, *Palmerston, the Early Years 1784-1841*, 1982, p369.

20 Anselm Doering-Manteuffel, *Vom Wiener Kongreß zur Pariser Konferenz...*, 1991, pp95-102.

21 Woodward, 1962, p225.

22 See above.

23 Quoted in: Gavin B. Henderson, 'The Pacifists of the Fifties,' *Journal of Modern History*, 1937, p325.

24 See for example the (guarded) sentiments of support of the Stanleys of Alderley - Lord Stanley being a close friend of Palmerston's and a member of

his cabinets. Letters of Maria Josepha 21.10.51. and of Lady Stanley 31.10.51. Printed in: Nancy Mitford, *The Stanleys of Alderley...*, 1968.

25 The liberation aspect seems to have been particularly important in defining which peoples, as these nations, together with the Poles, were to be the object of much more sympathy than a movement like German nationalism, a fact which was bemoaned by British diplomats in Germany, Queen Victoria and her coterie, and German liberals themselves.

26 Quoted in: Gavin B. Henderson, 1937, pp326-7.

27 18.5.57. Printed in: Heinrich von Poschinger, *Preußen im Bundestag...*, 1882, Part 1, p270.

28 'Seit der Reform bill hat die "erbliche Weisheit" der früheren Tage noch nicht wieder die Leidenschaften eines ungeordneten Parteigetriebes lichten können, und wo Zeitungsartikel mehr zu bedeuten haben, als staatsmännische Erwägungen, da ist es mir nicht möglich, Vertrauen zu gewinnen. Die insularische Sicherheit macht es England leicht, einen continentalen Bundesgenossen je nach dem Bedürfnis der britischen Politik zu halten oder sitzen zu lassen, und ein Ministerwechsel reicht zur Bewirking und Rechtfertigung der *révirement* hin, wie Preußen das im siebenjährigen Krieg erlebt hat...' *ibid*, Part 2, 26.4.56, p365.

29 In a note from the Austrian government to that of Britain read to the Diet: 'Aus diesem sicheren Verstecke schleudern sie ihre brandstiftenden Proclamationen und ihre Aufrufe zur Empörung auf den Continent; von dort gehen ihre Emissare aus; dort eröffnen sie endlich ihre Anlehen und Subscriptionen zu dem unverhohlen ausgesprochenen Zwecke, Waffen und Schießbedarf anzukaufen, und den Vernichtungskampf zu erneuern, den sie der Gesellschaft geschworen haben...' Note in this the Austrian government was also probably reassuring the minor monarchies that it could procure protection. 20.1.51., Flüchtlinge, politische, in England, Bundesarchiv Frankfurt, DB 1/120.

30 20.1.50., Malet to Cowley, FO519/162 PRO.

31 This letter concerns itself with Malet's own aspirations to leave the court of Württemberg and acquire a better post - here Minister at Turin. Ironically the post went to Hudson, Malet commenting: 'Yes I should have liked Turin very well - I won't say the grapes are sour - but I know full well I have but small chance of anything [sic] at L[ord] Palmerston's hands. I am not surprised at Hudson's move. P[almerston] kills two birds with one stone, and serves "God and Mammon," he sticks a thorn in the side of Austria, and he serves the Tory party or the Peelites, whichever it may be that Hudson belongs to.' 3.12.51., Malet to Cowley, FO519/163 PRO.

32 Malet appears here to be referring to democrats and Palmerston.

33 3.12.51., Malet to Cowley, FO519/163 PRO.

34 The minutes of the Diet in Frankfurt noted on this question; 'daß hier zwei von einem Primatmanne veröffentlichte Pamphlete über die inneren Angelegenheiten einer fremden Regierung den Gegenstand einer officiellen Mitteilung an eine dritte unbeteiligte Macht bilden...Man ist demzufolge zur natürlichen Annahme berechtigt, daß die Regierung, welche eine von einem Privaten verfaßte Schrift offiziell mitteilt, deren Inhalt und die darin aufgestellten Ansichten sich aneignet. Der Deutsche Bund, der jederzeit die ungeschmälerte Aufrechterhaltung seiner eigenen völkerrechtlichen Unabhängigkeit sorgsam bewacht, stets eingedenk seiner auf Recht und Selbstständigkeit beruhende Existenz, sich nie erlaubt, gegen Andere die

Rücksichten außer Acht zu lassen, welche er für sich selbst in Anspruch nimmt.' 20.9.51., Bundesarchiv Frankfurt, DB 1/155.

35 'Her Majesty's Government do not happen to recollect any country in which a constitutional government has been established that has not on the whole been better off in consequence.' 19.3.41., Palmerston to Guizot. Printed in H. Temperley, and L. Penson, *Foundations of British Foreign Policy...*, 1938, pp111-113. Note also that here Palmerston says the British Government is not attached to any one particular form of constitution.

36 Temperley, and Penson, 1938, p107.

37 Bavarian Minister President and Foreign Minister.

38 Common short-hand for 'Plenipotentiary.'

39 5.2.50., Milbanke to Palmerston, FO244/103 PRO.

40 The *Augsburger Allgemeine Zeitung*, the most widely-read of the southern newspapers, reported 21.5.54.: 'So verbinden sich heute Frankreich und England um ihr Zerstörungswerk gemeinschaftlich fortzusetzen.' Also 22.5.54.: 'Die 100.000 verbannten [now allowed home] in ihre ursprüngliche Heimath zurückgewiesenen Griechen sollten nach Lord Redcliffes Meinung das Ferment bilden um in Verbindung mit andern englisch-französischen Mitteln und Manipulationen einen anarchischen Zustand herbeizuführen.'

41 In the statement communicated to the Diet, it was stated that 'H[er] M[ajesty's] G[overnment] are consequently of the opinion that no important change can be made in the national character of in the territorial composition of the Confederation without the formal consent and concurrence of all the powers who were parties to the general treaty of Vienna.' 16. Sitzung. 17.7.51., Einschreitens Großbritanniens und Frankreichs gegen Gesamteintritt Preußens und Österreichs, Bundesarchiv Frankfurt, DB 1/39.

42 'Was die hohe Bundesversammlung aus deren Inhalt mit gerechten Erstaunen entnommen haben wird, daß die gedachten Zuschriften Fragen berühren, welche unbezweifelt in das Gebiet der inneren Angelegenheiten des Bundes gehören. Bei einem Schritte, welcher somit die Autorität des obersten Organs des Willens und Handelns des Bundes antastet, wird daher die Bundesversammlung sich bemüßigt sehen, über die Unverletzbarkeit ihrer eigenen Stellung strenge zu wachen.' 16. Sitzung. 17.7.51., Einschreitens Großbritanniens und Frankreichs gegen Gesamteintritt Preußen und Österreichs, Bundesarchiv Frankfurt, DB 1/39.

43 This was an on-going question until January 1851 when Malet was accredited accordingly, replacing Cowley's provisional status. In the British correspondence on the affair, Palmerston notes quite reasonably that the Confederation as such did not yet seem to have the full backing of all the German powers. On the other hand, he also noted that to do so would be to seem to approve the Diet's right to intervene in member states to avoid the introduction of constitutions - here Hesse: 18.11.50., Palmerston to Magenis, FO208/50PRO.

44 The *Neue Preußische Zeitung*, or *Kreuzzeitung*, the staunchly monarchist Prussian newspaper asked 4.3.52.: 'Ist es nicht die Hauptkrankheit des heutigen Englands, daß die alte parlamentarische Verfassung je länger desto mehr in das moderne constitutionelle Wesen übergeht?'

45 1.1.53., Malet to Lord John Rusell, FO208/58 PRO. Interestingly here Malet was sending details of an article which had revived the calls for an alliance between Prussia and Britain - strengthening yet again this imaginary Prusso-British political axis.

- 46 'Should any political commotion take place in this part of Germany, its consequences might fall most severely upon those who are the promoters of such a line of conduct and prove very injurious to the commercial interests of this city.' 19.9.51., Hodges to Palmerston. Enclosed in 7.10.51., Palmerston to Howard, FO244/111 PRO.
- 47 16.10.51., Cowley to Hodges, FO519/292 PRO.
- 48 Leopold Ranke, *Aus dem Briefwechsel Friedrich Wilhelms IV mit Bunsen*, 1873, 9.1.54., p321. See also Chapter 6: 'Neuenburger Verwicklung,' [sic], pp154-9.
- 49 25.2.50., Palmerston to Westmorland. Printed in Veit Valentin, *Bismarcks Reichsgründung im Urteil englischer Diplomaten*, 1937, pp506-8.
- 50 Importantly Friedrich Wilhelm came back to the restoration of Prussian rule in Neuenburg as a bargaining point for joining the Western powers in the Crimean War. He noted to Bunsen: 'Sie sagen mir, es gäbe keinen britischen Minister, der die Restauration Neuenburgs auf seine Verantwortlichkeit nehme. Möglich - aber vergessen Sie nicht - es giebt keinen König Preußens, der die Restauration Neuenburgs nicht zur conditio sine qua non "seiner Dienste" machte.' 9.1.54., Friedrich Wilhelm IV to Bunsen. Printed in: Ranke, *Aus dem Briefwechsel Friedrich Wilhelms IV mit Bunsen*, 1873, p321.
- 51 31.5.51., Finanzminister, Bericht an den König, Hauptstaatsarchiv Stuttgart, E10/104.
- 52 18.7.51., Finanzminister, Bericht an den König, Hauptstaatsarchiv Stuttgart, E10/104.
- 53 26.7.51., Malet to Palmerston, FO244/111 PRO.
- 54 19.3.53., Clarendon to Bloomfield, FO244/117 PRO.
- 55 29.3.53., Bloomfield to Christie. Enclosed in: 19.3.53., Clarendon to Bloomfield, FO244/117 PRO.
- 56 14.6.53., Clarendon to Milbanke, FO163/77 PRO.
- 57 2.6.53., Clarendon to Magenis, FO163/77 PRO.
- 58 One of the main British companies in charge of several important railway developments at this time was the Quest Suisse. Details of the circumstances of the Sardinian/Swiss railway project taken from Hans-Henning Gerlach, *Atlas zur Eisenbahngeschichte. Deutschland. Österreich. Schweiz*, 1986, ppLXX-LXXIII.
- 59 21.3.51., Abercromby to Palmerston, FO244/110 PRO.
- 60 24.6.51., Palmerston to Westmorland, FO244/110 PRO.
- 61 11.7.51., Christie to Palmerston, FO244/111 PRO.
- 62 10.7.51., *Augsburger Allgemeine Zeitung*.
- 63 19.7.51., Christie to Palmerston. Enclosed in 30.6.51., Palmerston to Bloomfield, FO244/111 PRO.
- 64 2.9.51., Cowley to Palmerston, FO30/151 PRO.
- 65 28.2.54., Ward to Clarendon, FO68/93 PRO. Note that in answer to Ward's regular emphasis on the opportunity Britain had of using this situation to its advantage, Clarendon replied that this was a matter for the Germans to sort out, and that 'it may be important for you to know that no arrangement of any kind with respect to Germany are under the consideration of Her Majesty's Government nor have any proposals on the subject been made by Austria or Prussia.' 22.3.54., Clarendon to Ward, FO68/93 PRO.
- 66 21.1.54., Milbanke to Clarendon, FO9/121 PRO.
- 67 30.10.54., Malet to Clarendon, FO208/61 PRO.
- 68 23.3.54., Ward to Clarendon, FO68/93 PRO.
- 69 3.4.54., Ward to Clarendon, FO68/93 PRO.

- 70 7.3.55., Ward to Clarendon, FO68/94 PRO.
- 71 12.3.54., Merck to Colquhoun, Staatsarchiv Hamburg, Hanseatische Residentur London, 132 - 5/7, 6.
- 72 Clarendon: Secretary of State of Foreign Affairs 1853-8, 1865-66, 1868-70.
- 73 2.5.54., Rumpff (Hamburg Representative in Paris) to Colquhoun, Staatsarchiv Hamburg, Hanseatische Residentur London, 132 - 5/7, 6.
- 74 9.5.54., Merck to Colquhoun, Staatsarchiv Hamburg, Hanseatische Residentur London, 132 - 5/7, 6.
- 75 20.4.54., Merck to Hodges, Staatsarchiv Hamburg, Hanseatische Residentur London, 132 - 5/7, 6.
- 76 26.5.55., Merck to Colquhoun, Staatsarchiv Hamburg, Hanseatische Residentur London, 132 - 5/7, 6.
- 77 See Chapter 2.
- 78 Muriel Chamberlain, *'Pax Britannica'? British Foreign Policy...*, 1988, p97.
- 79 Richard Tilly, *Vom Zollverein zum Industriestaat...*, 1990, p33.
- 80 On this subject, Lothar Gall, *Europa auf dem Weg in die Moderne...*, 1984.
- 81 John Morley, *The Life of Cobden*, 1903, p408.
- 82 John Ward, who had had a period of article writing for various British publications before his posting to Leipzig, now carried on an active role in providing articles for German newspapers - such as the *Augsburger Allgemeine Zeitung*. Copies of these are to be found in FO68 PRO.
- 83 Two notable examples of this would be the Prussian Ministry for Trade, and the Württemberg *Zentralstelle für Gewerbe und Handel*.
- 84 In the forward of the German version 1845, Engels describes his aim as 'meinen deutschen Landsleuten ein treues Bild eurer Lebensbedingungen, eurer Leiden und Kämpfe, eurer Hoffnungen und Perspektiven zu zeichnen.' F. Engels, *Die Lage der arbeitenden Klasse*, 1845. Reprinted in: K. Marx, and F. Engels, *Werke*, (1953-66), 1959, Vol.2, p229.
- 85 'Die ganze englische Verfassung und die ganze konstitutionelle öffentliche Meinung ist nichts als eine große Lüge, die durch eine Anzahl kleiner Lügen immer wieder unterstützt und verdeckt wird.' *Vorwärts*. in Marx and Engels, *Werke*, (1953-66), 1958, vol.1, p577.
- 86 Article 'Englische Zustände.' 1842. Gustav Mevissen. Quoted in: Martin Schumacher, *Auslandsreisen deutscher Unternehmer...*, 1968, pp160-1.
- 87 James J. Sheehan, *German History*, 1989, p771.
- 88 'Von den Kapitalisten und der Fabrikindustrie wird ein Bild des Grauens und Verderbens gezeichnet, durch die der Mittelstand "nach und nach völlig verarmt und zu Grund geht."' H. Kiesewetter, *Industrialisierung und Landwirtschaft...*, 1988, p180.
- 89 '...Ordnung des glücklichen gottesfürchtigen Familienlebens der braven Handwerker an der strengen Rechtlichkeit, dem ächt deutschen Biedersinn.' 14.9.48., *Schwäbische Kronik*.
- 90 Article in response to Prof. Huber's 'Die gewerblichen und wirtschaftlichen Genossenschaften der arbeitenden Klassen in England, Frankreich und Deutschland.' In Beilage: 2.2.62., *Neue Preußische Zeitung*. (This was one in a series of discussions by that paper).
- 91 Martin Schumacher, *Auslandsreisen deutscher Unternehmer 1750-1851...*, 1968, p170.
- 92 The reports of representatives are to be found at many of the relevant German archives.
- 93 'England und die große Weltausstellung.' 25.4.51., *Augsburger Allgemeine Zeitung*.

94 13.9.51., *Economist* .

95 See Volker Hentschel, *Die deutschen Freihändler...*, 1975, p14.

96 See that their increasing interdependence was to dictate their yielding to Prussian policy in the *Zollverein* crisis of 1864: Chapter 9.

97 Hans-Werner Hahn, *Geschichte des Deutschen Zollvereins...*, 1984, pp131-2. The *Zollverein* divided its total income from its tariffs among the member states according to population size.

98 'Daß dem Freihandel die Zukunft gehört, erkennen sogar die Männer der Coalition und das Wiener Cabinet an, sie wollen nur etwas warten.' Bismarck during the *Zollverein* crisis. 23.9.52., Poschinger, *Preußen im Bundestag...*, 1882, p114.

99 The developing importance of northward-bound market outlets from the perspective of the southern states is a phenomenon which is best recorded in Helmut Böhme, *Vor 1866. Aktenstücke zur wirtschaftspolitik der deutschen Mittelstaaten...*, 1966.

100 See below.

101 For discussions of this see: Lothar Gall, *Europa auf dem Weg in die Moderne...*, 1984. Theodore Hamerow, *The Birth of a New Europe...*, 1983.

102 See on this Gall: 'Allerdings ist unübersehbar, daß der einer solchen Deutung zugrundeliegende Begriff der Moderne, auf die alle historische Entwicklung unwiderstehlich zustrebe, selber in vielerlei Hinsicht eine Konstruktion ist.' Lothar Gall, *Europa auf dem Weg in die Moderne...*, 1984, p1.

103 Frank B. Tipton, *Regional Variations...*, 1976.

104 Lothar Gall, *Liberalismus...*, 1975.

105 For a short summary of this literature see: John Breuilly, *Liberalism and the bourgeoisie. Germany in comparative perspective...*, 1992.

106 On this subject see Rudolf Muhs, 'Deutscher und britischer Liberalismus im Vergleich'...1988. pp223-4.

107 John Breuilly, *Labour and Liberalism...*, 1992, pp228-232.

108 See Doering-Manteuffel, *Vom Wiener Kongreß...*, 1991, p163.

109 Eugen Wendler, *Friedrich List. Politische Wirkungsgeschichte...*, 1989, p14.

110 List's theories on this are fully espoused in: F. List, *The Natural System of Political Economy. 1837. Et la patrie et l'humanité*. Translated and edited by W.O. Henderson, 1983.

111 Taken from F. List, 'Die englische Kornbill und das deutsche Schutzsystem.' Printed in Beckenrath et. al. *Friedrich List. Werke*, vol.5, 1928, pp118-9.

112 Breuilly, *Labour and Liberalism...*, 1992, pp228-232. Note that Breuilly stresses the importance of 'constraints' against which liberalism strains and thus forms itself.

113 This indeed is one of the central components of the essays in Dieter Langewiesche, *Liberalismus im 19. Jahrhundert...*, 1988 as recognised in the review of this: Breuilly, *Liberalism and the bourgeoisie...*, 1992, p385: '...a central theme throughout Langewiesche's study is that liberalism requires, for its development, some of the institutional arrangements which it also demands.'

114 On this see W.O. Henderson, *Britain and Industrial Europe...*, 1972, p177.

115 Term borrowed from Hahn, *Geschichte des Deutschen Zollvereins...*, 1984, p115.

116 John Prince Smith. Born 1809. Member of Prussian Second Chamber and collaborator on the Elbinger Adresse which praised the British system of government. See V. Hentschel, *Die deutschen Freihändler...*, 1975, p39-41.

117 '...ist doch nichts natürlicher, als daß man sie mit dem Fuchs vergleicht, der den Hühnern Moral predigt.' This was taken from an article in the publication

- initially edited by List, the *Zollverein-Blatt*, 1945, Nr.31. Reprinted in Beckenrath, et. al. *Friedrich List. Schriften/Reden/Briefe...*, 1931, vol.7, pp343-4.
- 118 W.O. Henderson, *Britain and Industrial Europe...*, 1972, p178.
- 119 V. Hentschel, *Die deutschen Freihändler...*, 1975.
- 120 *ibid.* p14.
- 121 *ibid.* p35.
- 122 The *Steuerverein* - or Tax Union - was committed to a liberal commercial policy due to its more agricultural and coastal nature, and the fact that it had a high consumption of colonial goods.
- 123 For more on von der Heydt see A. Bergengrün, *Staatsminister August Freiherr von der Heydt*, 1908. See also information on his work in W.O. Henderson, *The State and the Industrial Revolution in Prussia*, 1958. See especially 'Von der Heydt and the Prussian Railway' which recounts the Minister's own personal commitment to the process of industrial development.
- 124 'E.E. wissen, daß ich die Meinung deren nicht teile, welche die Industrie in Preußen für entbehrlich, oder gar für nachteilig erachten, und die deshalb die Industrie-Erzeugnisse lieber vom Auslande nehmen, als der inländischen Industrie einen Schütz gewähren möchten. Ich halte dafür, daß Preußens Wohlstand nur durch sorgsame Pflege und Erstarkung der eigenen Industrie gehoben werden dann, und wenn ich auch nicht in Prohibitiv oder unmäßigen Schutzzöllen das geignete Mittel dazu erkenne, so halte ich es für weit törichter, durch allmälige Aufhebung der Industriezölle bei den gegebenen faktischen Verhältnisse das theoretische Ideal des Freihandels zu verfolgen. Ich glaube, daß die im Zollgesetz von 1818 zum Schutze der inländischen Gewerbsamkeit angenommenen Grundsätze auch jetzt noch festgehalten werden müssen, und ich würde zu einem Aufgeben dieser Grundsätze bei bestem Willen die Hand nicht bieten können.' 19.8.51., von der Heydt to Manteuffel, GStPK Merseburg, Rep.92. von der Heydt. 11-23. Acta betr. den Zoll-Vertrag zwischen Preußen und Hannover von 7.9.51..
- 125 The *Handelsministerium* was an up-moded version of the *Handelsamt*, which had already been formed in 1844. Von der Heydt followed the two extremely short-term holders of the post Patow and Milde on 4.12.48.. Von der Heydt left the Ministry in September of 1862.
- 126 See A. Bergengrün, *Staatsminister August Freiherr von der Heydt*, 1908, pp138ff.
- 127 'Das Proletariat in England, Schottland und Wales ist verschwunden mit dem Aufblühen der Handelsfreiheit; das Proletariat in Preußen ist gestiegen mit dem Schützzoll.' 16.1.52., *Neue Preußische Zeitung (Kreuzzeitung)*.
- 128 Bergengrün, *Staatsminister von der Heydt*, 1908, p265.
- 129 Wolfram Fischer, *Wirtschaft und Gesellschaft...*, 1972, p131.
- 130 'But while a commercial revolution facilitates industrialisation, it is neither sufficient - as the case of Holland illustrates - nor necessary - as Germany proves.' Charles P. Kindleberger, *Economic Response...*, 1978, p190.
- 131 Treitschke, *Deutsche Geschichte im neunzehnten Jahrhundert*, 1927.
- 132 31.7.46., List to Friedrich Wilhelm IV. *ibid.*, appendix.
- 133 This aspect, beginning notably in 1860, is described in more detail in Paul Kennedy, *The Rise of the Anglo-German Antagonism*, 1980.
- 134 Quoted in English.
- 135 Wilhelm Treue, *Adam Smith in Deutschland...*, 1951, p131.
- 136 Karl Heinz Grenner, *Wirtschaftsliberalismus und Katholisches Denken...*, 1967, p41.

137 W.O. Henderson, *The State and the Industrial Revolution in Prussia...*, 1958, pXIX.

138 The Revolution made it obvious that economic problems must be tackled. As W.O. Henderson, commented: 'When adverse geographical, political, social and economic factors combined to slow down the advance towards the expansion of manufacturers and to check the activities of private entrepreneurs it was not unnatural that the government should intervene to promote industrial development which would ultimately increase both the wealth and the power of the state.' W.O. Henderson, 1958, pp192-3.

139 Kindleberger, *Economic Response...*, 1978, p196.

140 See D. Blackbourn, D. and G. Eley, 1984.

141 See Rudolf Muhs, 'Deutscher und britischer Liberalismus im Vergleich...', 1988, p224.

142 Muhs notes that Sidney Pollard had already remarked that geography, the pioneer role and the parliamentary system was an exception to the rule. Also that Gottfried Niedhart has spoken of the 'englischer Sonderweg'. He also quotes James J. Sheehan, who said: 'If it makes sense at all to talk about a national Sonderweg in the nineteenth century, surely liberal England is the case to which the term can most readily be applied.' See Muhs, 1988, pp250-251. Note that W.O. Henderson, also records that the continental states regarded the attitude of the British government towards intervention as 'abnormal': *The State and the Industrial Revolution...*, 1958, pXVI. Correlli Barnett also comments: 'For other nations did not see the world as one great human society, but - just as the British had done up to the nineteenth century - as an arena where, subject to the mutual convenience of diplomatic custom, nation-states - the highest effective form of human society - competed for advantage.' Correlli Barnett, *The Collapse of British Power*, 1972, p50.

143 Muhs himself adds that 'Insofern ist auch jetzt schon die Vermutung wohl nicht ungerechtfertigt, daß der Liberalismus in Großbritannien von einem Faktorenbündel bestimmt war, das so oder ähnlich nicht nur in der deutschen Staatenwelt fehlte, sondern auch in den meisten anderen Ländern.' Muhs, 1988, p251.

BRITISH COMMERCIAL POLICY TOWARDS THE GERMAN STATES 1855-60: THE
TRANSITION OF FREE TRADE

1. THE TRANSITION OF FREE TRADE IN THE WAKE OF THE CRIMEAN WAR

Many of Bismarck's contemporaries, Lothar Gall states in his *Europa auf dem Weg in die Moderne*, conceived of the Crimean War as a type of watershed. Gall notes this idea has continued to exist down to the present.¹ It is difficult to define what was different, however, because on the one hand changes had both domestic and international dimensions, on the other they were of various kinds - political and economic. On top of the changes emanating from the war, there were also other factors, such as the improving systems of transportation and communication, which added their spice to the new concoction of the late 1850s but which had more to do with the general process of industrialisation.

In terms of British foreign policy, the principle of distance from the continent had gone. Though this principle, based as it was upon conceptions of superiority of political ranking, was continued in the Palmerston/Russell combination and old Whig bluster until Palmerston's death in 1865, it stood at blatant odds with reality. Bismarck's main point about the new era was centred on Britain's alliance with France, which he saw as having altered the previous balance of power for good.² The old distance between the British and French governments had been dissolved in joint military objectives, leaving Britain to some extent dependent on France.

The conclusion of the Crimean War and the Paris Peace raised France to the level of fellow victor and upholder of the system. At the same time Britain had now more than before security demands in Eastern Europe and was thus also more dependent on French support for peace in general. Yet the combination of this with the revisionism of Napoleon III meant that British relations with

France were at once friendly and suspicious. This only served to heighten Britain's - and especially the Whigs' - concern with France and the continent.

The main thing to note here, therefore, is that Britain had lost the position of distance from the continent based on superiority of political standing which it had until that time been studiously able to maintain. With some reason Corelli Barnett notes that the Crimean War effectively 'laid Wellington's ghost' and that 'Britain's diplomacy could no longer dine out on Waterloo.'³ This was a fact which was more obvious abroad than in Britain, and more noticeable in the British public awareness than in the government - a fact which means Doering-Manteuffel is wrong to assert that the British government had become interventionist yet right in affirming the new era,⁴ while Paul Kennedy's assertion of new non-interventionism after the Crimean War must also be qualified.⁵ In any case, whether Palmerston and Russell accepted it or not, the magic of Vienna had vanished and Britain had moved nearer to the continent.

British foreign policy and commercial policy were indirectly linked through their reliance on a particular conception of the international constellation - ie. with Britain above and somewhat removed from the other states of Europe. This basis had now changed, and so there were also new demands on commercial policy. The story of the development of British commercial policy from 1855 until 1865 is indeed one of a gradual and tentative progress from pure unilateralist Free Trade to the more assertive and innovative version of the 1860s and 'Fair Trade'. To some extent this process is symbolised in the rising figure of Gladstone, representing as he did guarded opposition to unilateralist Free Trade before 1850 and yet returning to prominence at the end of the 1850s as Chancellor and collaborator in the era of Most Favoured Nation treaties concluded in the 1860s. Outwardly this looks like the return to life of the reciprocalism drowned in the Free Trade evangelicalism of the 1840s.

Yet care must be taken in defining the nature of change in British commercial policy. There was, in fact, little in the way of policy initiative taken, or any new programme formulated. The change in Free Trade policy which occurred was one rather of tone, or attitude. There was a gradual

increase in the eagerness to see Free Trade adopted abroad, and a gradual increase in the readiness to take the opportunities offered abroad for cooperation. To a large extent, the new British attitude can be defined as a new opportunism with regards to commercial relations. On the other hand, it must be stressed that the mainspring of commercial policy remained the old, pure version of Free Trade. The underlying attitude of universalising commercial principles remained, as did much of the complacency with regards to the future development of Free Trade. On top of this, the changing nature of British commercial policy increasingly found itself stepping on the toes of the old institutional set-up, and frustrated by it. Britain still, in effect, waited for opportunities to be presented abroad, though the will to react to such opportunities had increased.

Part of the change effected in British commercial policy was indeed motivated by events of the Crimean War. For one thing, the war concentrated the minds of political public opinion on matters overseas. This was also true of those involved in commerce and industry, many of whom had been involved in the peace party of Bright and Cobden, but who as the war continued began to consider the future prospects of peace. The Paris conference which set as its task the re-ordering of European relations opened the prospect of revamping commercial issues. The Manchester Chamber of Commerce informed Lord Clarendon on his departure for Paris that;

remembering with a vividness that can never be effaced the gross and culpable negligence, with respect to British commerce, displayed by the representatives of Great Britain at the Congress of Vienna in 1815⁶ they respectfully, yet with full confidence in [Lord Clarendon's] patriotism, entreat [him] not to lose any opportunity that may present itself of increasing the numbers of European outlets, and providing facilities for the export of British industry.⁷

In answer to this, Edward Hammond, Under-Secretary at the Foreign Office, assumed the Chamber was referring to France only and reminded it of the protectionist forces there and the lack of point in protesting.⁸ This, however, highlights the lack of understanding at the Foreign Office for the real needs of commerce. The Chamber of Commerce, represented by Thomas Bazley, replied;

I fear from the tenor of your letter that the object of the Chamber has not been well-defined in our memorial. It was not, by any means, the intention of the Chamber to limit its observation to France; in fact, its views embraced a much wider range. It looked to the free navigation of seas and rivers, and such other general arrangements amongst all the contracting parties as might facilitate commercial operations hereafter, when special negotiations for more intimate intercourse may become practicable with individual states. The Chamber was therefore anxious that his Lordship should indulgently receive an expression of its hope that, from the very commencement of negotiations the ultimate desideration would be kept steadily in view, so that the future accomplishment of it should neither be rendered difficult nor barred by any objective admission or concession now.⁹

This second definition was important for several reasons. It showed that the concern for access to Europe was extended not just to France but to the continent as a whole. The freedom of rivers was a question which referred quite definitely to the German states, as it was here more than anywhere else that river communication was important as a form of access to the European heartland. It is also important to note, however, that this does not refer to one country in particular, but is a call for an improvement in commercial policy in principle. Again therefore, the commercial debate is on the universal plane. Also important is the initial reference in the Chamber's communication to the Vienna Congress. The Paris Peace Conference of 1856 in effect presented Britain with the opportunity of re-opening questions which had not been

settled at Vienna - such as freedom of commerce and transport - and stating anew the principle of commercial freedom as a tenet of international law. What is also important to note here is that the Chamber at this point looked to the setting up of an international principle in preparation for separate negotiations with states. To this extent, it was already indicating this preparedness to negotiate - though of course this was a Chamber of Commerce and not yet the official policy of central government.

Nevertheless, the Paris Treaty of 30.3.56. did indeed revive the principles of freedom of navigation and commerce of 1815. This universalised commitment was naturally attractive to the British government as it fitted in with the rest of its commercial policy. This also encouraged a renewed interest in questions of freeing of transit, while lending more support at the moral level to the British government's lecturing of foreign countries on the benefits of Free Trade. More than anything else, however, it made commercial affairs abroad - and specifically transit - a matter of international law and thus at least signalled a willingness to become involved. To this extent it formed a parallel to the new political attitude to Europe in that Britain was no longer isolated.

Another factor which encouraged an interest in the freeing of transit was the development of markets for British goods in the east and south-east of Europe, both in the wake of the Crimean War which opened up the opportunity of trading through the Black Sea as well as through the Baltic, but also as a consequence of the natural movement of markets away from the centre of Europe to its periphery.¹⁰

It cannot be maintained that the opening of markets there led to a mercantilist or assertive commercial policy bent on the acquisition of these for Britain, however. The way the East fitted into the rationale of the British government was that it was seen to be unfair to Britain that it should be hindered by tolls and tariffs from equal access there. In other words, the eastern markets simply enlarged the feeling of moral right in the British attitude - a tone which can be traced through all the negotiations for freedom of navigation which were to follow.

It was not just the Crimean War which affected the tone of British commercial policy. There was also the matter of domestic developments in Britain, above all connected with the way politics and commercial policy was conducted. In the years at the end of the Crimean, and immediately after it, there was a combination of changes which together meant the atmosphere was no longer as accepting of unilateralist Free Trade. More Members of Parliament were elected with interests in commerce. Though Palmerston, with a short interval, would go on to rule until his death, there had built up a strong element of criticism of the administration in Britain, and a new desire to reform.¹¹ This was increasingly applied to matters of commercial policy, and there was a marked increase in parliamentary interest in commercial matters and select committees on such questions ranging from the Sound and Stade Dues in the earlier years to the Select Committee on Trade with Foreign Nations of 1864.¹² As will be shown, the new influence of representative bodies in the sphere of commercial policy-making had the effect of sharpening British keenness to see commercial developments abroad, even though its influence was slow in reaching fruition.

At a different level, there appeared to be some kind of change within the spread of liberalism in the wake of the Crimean, one which also affected the attitudes to non-reciprocalism/unilateralism. On the one hand, the idealism of the Manchester school, which had consistently begged for peace during the war, but which was also largely made up of supporters of Free Trade in its pure unilateralist form, lost some credibility. This fact was made obvious when Cobden and Bright later lost their seats over their opposition to involvement in China.¹³ In its dissection of this state of affairs the Liberal *Edinburgh Review* referred to 'this waste of strength of the Liberal party and artificial increase of the numbers of Conservatives.'¹⁴ Yet as mentioned, the old Whiggery of Palmerston and Russell could also no longer go unchecked. It was in these two wings of the liberal spectrum, however, that support for unilateralist Free Trade had found support. The new type of liberal, the less aristocratic but more assertive liberalism of Gladstone was beginning to assert itself. Cobden's own

individuality in breaking with the unilateralists and supporting more the interests of industry were proved by his alliance with this in commercial affairs.¹⁵ Other key figures included the likes of William Hutt,¹⁶ the Member for Hull, and soon to be Vice President of the Board of Trade, and one especially committed to matters relating to freedom of navigation, and the ex-Vice President of the Board and MP for Manchester, Thomas Milnes Gibson.¹⁷

Perhaps a large part of this change in the emphasis of liberalism was also generational. Significantly the *Edinburgh Review* also maintained in its introspective article, that

The Liberal Party have suffered. They have suffered in a mere party point of view, by the now undisputed triumph of their own principles...Liberal principles are now uncontested and because uncontested are less remembered and less applied by their professors...Material goodwill and content, the fruit of mild and popular government, and great material prosperity, the consequence of Free Trade, have half superseded the vocation of the reformer.¹⁸

The great commercial debates were by this time receding into the past, the economic benefits had been measured and celebrated, and yet the countries of Europe had not yet to any great extent moved on the subject of Free Trade. An air of impatience is also one of the aspects of this period which emanates increasingly from areas of British involvement in foreign commercial developments.

As the sentiments of dissatisfaction grew in Parliament, so too did new factors in the British global trade pattern alter somewhat the perspective of those involved with commerce on relations with Europe. These included the Indian mutiny and Chinese conflict as well as the increasing protectionism of the U.S.. Though these developments took some time to be reflected in the Board of Trade's correspondence,¹⁹ they contributed to a considerable rise in the interest of Chambers of Commerce in the commercial affairs of Europe - a fact

reflected in growth of their correspondence on the subject. The frustration of the Chambers of Commerce at the old-fashioned Free Trade of the Board and Foreign Office was to lead to their seeking help through the Select Committee of 1864.²⁰ Again, the effect on foreign relations was more in the realm of attitude than in initiative, involving a more emphatic avowal of Free Trade, though the changing importance of the European market also mirrored developments in the political sphere.

As stated, the effects of all of this were largely restricted to the creation of a new will to innovate, or openness to suggestion. The new thrust in the direction of freeing transit was made more desperate by it, yet it remained the sole expression for a time largely because freeing of traffic did not contravene Free Trade but was an extension of it, and fitted, by dint of the idea of international law, into Britain's universalist approach. For a time, the British government maintained its pure Free Trade policy because things did not seem too unfavourable still, and because of the official attitude that Britain had no more to give in the way of concessions. The real breach on this front was to be the Treaty of Commerce with France and the subsequent Most Favoured Nation (MFN) clauses.²¹ Where, however, the limits of British action in transit were determined by international law, the MFN approach had more to do with security interests and the instigation of France than it did with any larger commercial plan of action. The treaties which followed the Anglo-French one represented haphazard attempts on the part of the British government to catch up with the French commercial initiative. The approach of the British government remained reactive, rather than initiative, and the results *ad hoc* and, as will be seen, unsatisfactory. The real symptom of the transition of Free Trade from unilateralism to the Gladstonian 'Fair Trade' was the growing sense of frustration. The other main point about this is that again the results were attempts at universalisation rather than designed to meet the specific needs of any policy towards the German states.

2. TRANSIT AND THE GERMAN STATES

In the years before the Crimean War, British commercial policy towards the German states did not really exist individually but was merely the output of universalised principles and a policy of reaction. This remained the predominant logic in the years after the war. Yet it cannot be denied that a new potential was developing with regards to the use of the German states, particularly in relation to central and eastern Europe. This section will argue that this did not, however, lead to a policy designed particularly to cope with the German states and transit; British policy on transit as it touched the German states being motivated rather by principles of international law and attitudes of universalised free navigation of the seas and more directed at sea routes to the East rather than land (or river) routes. The British government remained aloof from the important questions of inner-German transit barriers - the combination of *Zollverein* transit duties and river tolls - where it might be expected to have intervened. Yet the very fact that Britain had revived the principles of the Vienna Congress on the international right to freedom of transit and travel meant that the moralising tone of antipathy to all petty kind of barriers, as well as to the institutions which had been erected to protect them, spilled over unconsciously and unofficially into matters within the German Confederation.

The growth in importance of the eastern markets in the British trading constellation meant a parallel and subtle change in the meaning of the German states within British commercial policy: The existence of transit dues there meant that the German states formed a kind of barrier to reaching the East by land.

This did not, however, lead to the creation of a policy to deal with German transit tariffs. For one thing, there was little knowledge, because of the statistical system of the *Zollverein*, of the extents of any British transit trade through the German states. Because of this, there was also little interest in the subject of transit in consular correspondence. John Ward's reports during the

Crimean War and after broach the subject, but are unable to give any figures, and because, as Ward himself was aware, less and less British produce was coming via Leipzig, he was only able to approximate the levels of transit. Mr Blackwell, Consul at Stettin, and another exception, reported on the increasing importance of that port as an access point to the markets of Vienna.²² The only point from which collection of data on this was obvious was in the eastern Prussian provinces. Here Lord Augustus Loftus, in the same report on the consular establishment²³ maintained that;

There can be no doubt that if not at present the period is not far distant when the interior of Poland and of Russia will offer a rich market for British merchandise and it would appear to me that it should be the interest of the Prussian Government to strive to attract this commerce to their own ports by facilitating in lieu of obstructing the trade by their present high rate of transit dues which will inevitably act to the advantage of the Russian ports...²⁴

As far as Loftus' realisation of the growing use of the German states as a route for British goods to the east, this was, however, an exception, and more of an example of Loftus' own assertiveness and imagination.

The fact was that the appearance of the eastern markets did not suddenly transform the German states into a natural route, but rather into an obstacle around which British merchandise must travel. The emphasis for Britain was on the freedom of sea routes and waterways rather than land. Indeed, the role of the German states was becoming rather that of competitor in the eastern markets, and as such the problem for Britain was not so much the commercial organisation of the German states as how to compete successfully with the latter's geographic advantage.

This alteration in the commercial relationship, though not affecting British policy towards the German states, and not officially recognised, was fully reflected in commercial reports arriving in London. John Ward's Easter Fair

Report of 1855 already highlighted the beneficial effects the concentration of armies in the Crimean was having on trade at Leipzig, outlined the vast sums Westphalian and other German manufactures were taking because of the east, and commented 'it will be easily understood how deeply Germany is interested in preserving this market for her produce and manufactures.'²⁵ His report of 1857 already noted that the Leipzig fairs were being used to transport mainly German produce to the East, while British goods were unable to compete.²⁶ Occupying another vantage point, Henry Elliott, Secretary of Legation at Vienna, noted that of the transit statistics through Austria the trade from the German states to the east was increasing rapidly. In fact he maintained that around 50% of goods going through the Empire were bound for Turkey. More importantly, he noted with regards to this trade that:

its importance had become very great to Austria, through whose hands must pass almost the whole of the supplies destined to satisfy the growing demand in the northern provinces of the Turkish Empire for goods of western production, until some access is found for them to the Adriatic, which may prove an inlet by which sea-borne goods shall be enabled to enter into competition with those now sent from Central Germany...²⁷

Perhaps the most important recognition of this new relationship was however again by Augustus Loftus, who by this time had been promoted to the position of Minister at Vienna. Loftus had already proved himself in his report on the Baltic consular establishment to have an astute eye for commercial developments and an aptitude for prediction in this regard. His approach differed from the norm both in its circumspection as well as in its combination of imaginative suggestions and assertiveness on behalf of British interests. In this regard his reports were set apart from other diplomatic staff dealing with commerce. Loftus now again proved this capacity in a lengthy memorandum to Lord Malmesbury. This report, dated 14.7.58.,²⁸ suggested encouraging the foundation of two new *entrepots*²⁹ on the Danube in Galatz and Semlin. Loftus

initially stated his attention had 'been directed to the great development which has during late years taken place in the manufacturing wealth of Germany and to the large increase in the exportation of articles of German manufacture,' thus recognising the fact that the new relationship with the German states was as much due to industrialisation as to anything else. He continued by noting that the system of *entrepot*, which had existed at Leipzig and Frankfurt, had in the past proved of considerable benefit to British trade. Loftus now suggested using the same system to present British produce to the eastern markets of Silesia, Poland, Hungary, Transylvania, Austria, the Danubian Principalities, Serbia, Bosnia, Northern Turkey and West Russia. He also noted the possibilities occurring due to the extensions in rail connections in that area. More importantly, however, the main thrust of the memorandum was to suggest a way of getting round the German states and thus beating them in the eastern markets.

He noted first that the Leipzig fairs as an access point to the east were now effectively shut:

the German manufacturers have necessarily great, indeed, incalculable advantages over the British manufacturer and are able to compete more easily and successfully with him by having it in their power constantly to undersell him, and to keep exclusive possession of the market in consequence of the advantage which they enjoy by their protective duties, as well as also by the expense of carriage of his goods to which the British manufacturer is exposed.³⁰

Thus Loftus suggested that because of this the system of *entrepot* should be re-developed, but this time on the lower Danube, and specifically with the intention of beating German competition:

There can be no doubt that a new commercial sea would spring up as regards British trade with Eastern and Southern Europe. As matters at

present stand, the German manufacturers enjoy an incalculable advantage over British merchants throughout an extended range of countries and populations where English goods could be appreciated and find sale.

This project would in no degree tend to force trade or induce undue or unhealthy commerce or wild speculation; it would merely prepare a way, or rather a network of avenues, for the legitimate sale of English manufactures on a large scale, on the one hand, and accessible stations for the regular purchase of abundant supplies of cheap corn and agricultural produce on the other....

I believe that the English merchant will be able to transport his goods by English ships to Galatz cheaper than the Rhenish-Prussian manufacturers can bring their goods to the same market...

Of course the amount of profit reaped by English merchants and manufacturers in obtaining a speedy and regular market for their goods and wares, would depend on the usual causes and sources of prosperity; the peace of Europe, and the general influence of supply and demand; but little doubt appears to exist that the mode suggested would tend to supersede, in these distant markets, the Prussian traders and manufacturers, and to replace them by the British merchant.³¹

It is important here to note that Loftus felt it necessary to underline that his suggestions by no means meant a sharp deviation from Free Trade by introducing a measure of mercantilism, but that he felt that equal competition between merchants was a natural and universal right. Also important is the inclusion of the suggestion that corn could be collected as a return freight; Loftus continued this theme further in the memorandum, highlighting the abundance and cheapness of corn as making the profit margins doubly great. Importantly, however, also Loftus chose to finish his memorandum with the words:

This would have the indirect effect of carrying out the whole spirit of the Treaty of Paris, as regards the free navigation of the Danube, taken in connection with the commercial interests of Great Britain. An immense amount of English influence never fails to be introduced wherever large commercial marts are opened, and this influence would be increasingly established throughout the widely extended regions referred to...³²

Again, therefore, the plan is steeped in the ethos of universal principles, ingeniously fusing Loftus' personal approach of assertive commercial policy with the commercial principles espoused by the British government.

This report surely represents an early example of the commercial competition on third markets which was to characterise the Anglo-German relationship in later decades, and as such a symptom of what was fast becoming a relationship between two industrialised nations. On the other hand, it must be underlined that at this point Loftus' memorandum remained a real exception - a mark of his personal approach and capacity and not of any change in British policy. Its significance at this point is merely to show that at least some of the British representatives were aware of a change in tenor of the commercial relationship with the German states and the east due to the Crimean War and industrialisation.

The potential of the German states as a route to the east for British goods had not at this stage been realised and thus led to no specific policy on the transit duties of the German states. In addition to the statistical uncertainty, sea remained the cheaper option for transport to the south-eastern areas, making the German states a less obvious route. This was also the case in the north-east, where the question of access had more to do with the Baltic. Goods passing through the trades fairs were in any case not subject to transit duty. Another important factor which led to there being no real need for a policy on the transit duties of the *Zollverein* was the fact that there seemed to be increasing interest within the German states themselves for a reduction of transit duties.

Mr Blackwell, reporting from Stettin, which was one of the few places where the effects of the transit duties was noticeable due to its importance as a transit funnel to Vienna and the east, noted in 1857 that the abolition of the transit dues was 'a mere question of time, the system being already condemned.'³³ The duties' abolition had also become the subject of repeated motions at the *Zollverein* conferences. Despite the initial rejection by Prussia of abolition suggested by Austria, basically a tactic to oppose Austrian entrance to the *Zollverein*,³⁴ Ward noted the growing interest of Prussian commerce in abolition, and the Prussian attempts to get this passed at the Braunschweig *Zollverein* Conference of 1859.³⁵ As far as Britain was concerned with the transit duties, there seemed no reason to intervene.

A direct influence on British relations with the German states was, however, caused by the extension of the principles of the Paris Peace to the question of the transit dues levied by Denmark at Elsinore on entrance to the Baltic. It should be noted that the British government only became involved with the question once the U.S. had contested the legality of Denmark's right to levy the duties, and that the plan of capitalisation - ie. a joint sum of money as a compensation to Denmark for the dues' abolition - was not immediately supported by Britain. It was well known that the government - Palmerston, Clarendon, and even Lord Stanley, President of Board of Trade - were reticent about the financial side of any involvement in capitalisation, especially in the wake of the Crimean War.³⁶ There were, indeed, hopes that a Prussian scheme for a terminable annuity might be accepted.³⁷ Even so, once the issue had been raised and was the subject of Select Committee, Britain became the coordinator of this project, and as the main interested party, especially because of the dues' effects on British exports of coal into the Baltic,³⁸ the Select Committee soon pushed the government into becoming highly involved in the capitalisation.³⁹ The mood of the time was expressed as early as 1848 by William Hutt in private correspondence with John Ward when he stated on the Sound Dues that 'we must get rid of these barbarisms.'⁴⁰

In many ways the abolition of the Sound Dues corresponded to a desire which had been increasing for some time in the northern German states, to free themselves from this burden. Some, indeed had looked to commercial unity as the only means of forcing Denmark to release them from the dues, and the *Handelsarchiv* - the Prussian semi-official commercial paper - was not alone in bemoaning in 1850 that 'the prospect of achieving the abolition of the oppressive toll through the joint negotiation by German powers as a matter for the great Fatherland...has, to our great pain, receded once again into the background.'⁴¹ To those merchants in the German states concerned with the Baltic, the issue was of great importance, and a common interest with Britain meant that they, too, welcomed this initiative.

Perhaps the German state most affected by the above developments was Hamburg. The prospect of improved access to the Baltic meant the possibility of the deflection of some British trade - particularly the heavier kinds - away from that North Sea entrance to the German states in favour of the Prussian ports. This was to encourage a new fervour in the Hamburg authorities to see its position improved with regards to access to the *Zollverein*, resulting first in an attempt to free itself from land transit duties crossing Danish territory, and secondly in its agitation for British support for the revocation of the Stade Toll raised by Hanover on goods travelling up the Elbe.

The first of these, indeed, was directly connected with the Sound Dues. The transit dues raised by Denmark both on the Tönning-Flensburg route through Schleswig and on the route through Lauenburg which represented a main land route both to Prussia and Berlin from Hamburg, and to Lübeck and the rest of the Baltic, were seen as a counterbalance to the Sound Dues - meaning access to the Baltic was fully controlled by Denmark. The abolition of the Sound Dues, Hamburg quite justifiably maintained, made the existence of the land tariffs illogical on this basis - and weighed most heavily on Hamburg.⁴² Significantly, the urgency of the Hamburg case was magnified by the fact that the railway connection between Hamburg and Lübeck had just been completed in 1852, and the railway link between Flensburg and Tönning was also near completion,⁴³

another example of how advances in transport were now sharpening the arguments for freedom of travel.

What is important about this case, is that Hamburg shows itself to be acting for the protection of its own interests in the cause of liberalisation, and further, that it was Hamburg which influenced the British government rather than the other way round. The Syndic Merck, after instructing the Hamburg Minister in London, Alfred Rücker, to consult the British government as to the possibility of attaching the land transit question to that of the Sound,⁴⁴ further instructed him to lobby various MPs, first John MacGregor,⁴⁵ and then Milnes-Gibson, while also supplying various reasons which Rücker was to use in persuading the British government that it would also be in its interest to support the abolition of the transit dues. Merck also transmitted a statistical study of the transit dues with reference to British trade,⁴⁶ which was to be used in the later Select Committee on the question. Hamburg eventually achieved a successful interpellation in the British parliament by Milnes-Gibson which led to the matter being taken on board by the Committee, and to Palmerston assuring that he would make representations to the Danish government on the question when the time was right.⁴⁷ Later on, Rücker would also press Sir Charles Villiers, the Chairman of the Sound Dues Committee on the matter.⁴⁸

In other words, as far as any special political relationship between Hamburg and Britain existed, it did so in the ability of Hamburg to enlist British help in its own interests, and was thus a case of the tail wagging the dog. The Hamburg government proved itself to be particularly successful lobbyists in London - probably more because their own state interests lay parallel to those of Britain - ie. in the direction of Free Trade.

Another important factor of this case is that Britain in fact finally resisted tying the question of land transit to that of the Sound Dues, even though the Select Committee on Sound Dues did suggest making representations in its report.⁴⁹ The Danish government proved itself to be particularly adamant about its right to levy the land duties. pointing to the fact that should it reduce them, it was bound by treaty also to reduce on the crossing from Hamburg to

Lübeck and Hamburg to Mecklenburg/Prussia. The freeing of this trade, it pointed out, could never benefit Denmark in any way.⁵⁰ Significantly, the British government decided to concentrate on the sea dues rather than those of land,⁵¹ reflecting on the one hand its continued interest in water as a means of access, and on the other, as Wodehouse⁵² suggested in his initial conversations with Rücker, the fact that land transit dues could not be attacked on sovereign grounds the same as sea tariffs.⁵³ This, if anything, again harked back to the British preference for a universalist approach.

Another example of more direct spillover of the sentiments of the Paris Peace and the new era into the British attitude towards freedom of transport in the German states was provided in the negotiations concerning the abolition of the Stade Toll. This was a toll levied on goods passing up the Elbe past Hanoverian territory. The tolls had been the subject of inquiry at an earlier stage in the 1840s, when Hanover's right to levy them was queried by both Hamburg and Britain.⁵⁴ Hanover's attempt to maintain its right by letting the rate of tariff be recognised by the Dresden Convention of 1844 of Elbe states and thus insinuating that the toll was a river duty was contested by Britain, but Britain's opposition had been calmed by the concession of a reduced rate on British vessels and goods - a concession which was similarly extended to Hamburg.⁵⁵ The British and Hamburg contention about the nature of the tolls in many ways, however, was not overcome, and the subject was to now to resurface in 1856 with the new atmosphere of antipathy towards tolls in general.

Again, indeed, the raising of the subject was initiated by Hamburg, which had several reasons for feeling oppressed by the tariff at this point. By an order of 1850, the Hanoverian government had exempted vessels belonging to Harburg⁵⁶ - a port on the other side of the Elbe in Hanoverian territory - from the tariffs. The advantages thus granted to Hanoverian vessels in trade up-river to the inland markets of Magdeburg, Dresden and Halle were also compounded by the conclusion of union between the Hanoverian *Steuerverein* and the *Zollverein* in 1853; the port of Harburg had thus now obtained the potential status of the *Zollverein's* main North Sea port - a position Hamburg

cherished as its own. The growth of railway connections and infra-structure within Hanover also enhanced Harburg's profile in this regard. In the years following this, the trade of Harburg had increased considerably; British trade being deflected there.⁵⁷ Also now that it appeared that the Sound Dues into the Baltic would disappear, Hamburg was, as already shown, encouraged in removing all obstacles to trade on the Elbe. Due to the fact that no convenient return freight could be picked up by ships heading back to Britain in Harburg, ships now often stopped in Hamburg on the way back down river and thus now often paid two sets of port duties rather than one - only increasing the attraction of the Baltic route.⁵⁸

The Hamburg government's position was itself now slightly precarious, as it was involved in negotiations for the construction of a bridge with Hanover, and thus suffered the contradictions of both competition and cooperation with its neighbour. For this reason, once the Hamburg Minister in Paris, Rumpff, had initiated the matter by bringing it to Clarendon's attention even as early as Peace Congress,⁵⁹ the Hamburg government played the careful game of encouraging the subject in London yet not becoming too involved. The Syndic Merck, informing Rücker in London of Rumpff's approach, felt the need

...to make [Rücker] aware of the fact that the matter is only to be handled with one's fingertips and feelers are only to be stretched out very tentatively, because we have a great interest in not ruining things with Hanover.⁶⁰

Hamburg, in effect, was channeling the tide of opposition in Britain to sea tariffs towards the Stade question, and Rücker continued this in conversations with Clarendon by craftily agreeing with Clarendon's fulminations on such 'old thieves' dues of the Middle Ages.'⁶¹ Even so, it was a sign of the times and Hamburg's growing dependency on the *Zollverein*, that, as Rücker noted, 'the agreement to an Elbe bridge, to river clearance and a railway to Cuxhaven is more important than the whole Stade Toll.'⁶²

In the initial consultations over the matter between the Board of Trade and the Foreign Office, and before the important reports of the Select Committee and of John Ward on the matter had been drawn up, it is interesting to note that the objections of the Board⁶³ to the Stade Toll lay primarily with the principle of the raising of tariffs for the purpose of revenue. At this point there was little specific to the German states. The Board called the tariff 'vicious in principle', maintaining that the tariff was low, yet 'the principle, however, is, in any case, equally objectionable.' It noted the influence in terms of international law which the abolition of the Sound Dues had on such matters and that 'it is obvious that a prima facie case is at once made out in favour of a similar redemption of the Stade Dues.' At the same time, it agreed at this point that there appeared to be a legal basis for Hanover's levying the dues because of Britain's recognition of them in the Vienna Treaty and in the Dresden Convention of 1821.⁶⁴ In other words, at this point the Board's opinion was confined to the fact that the principle of such tariffs alone made it objectionable. Furthermore, in a revealing point, the Board noted:

It would not seem that the Stade Dues in their present modified form are found very oppressive by the merchants of this country, as my Lords are not aware that more than one memorial on the subject of the dues has been addressed to this Department since the conclusion of the treaty of 1844.⁶⁵

The Board at this point also advised not allowing any sort of payment for the abolition of the dues, on the basis, using good Free Trade logic, that as it was the German consumers who in any case paid the tariff by the difference in price, Britain should not have to pay money for a cause which would benefit the German states.

This rather muted beginning, taking as it did the new international atmosphere as its starting point, was however soon to be magnified into a much more aggressive policy. First, John Ward, in his report on the question

underlining the fact that Hanover used no part of the money for the upkeep for the river but as revenue only, assessed correctly that the Hanover government would not relinquish its right by arguments alone. Ward encouraged a hard-line policy against Hanover on this, if not least for Hamburg, 'one of the best commercial allies of Great Britain.' He suggested that Hanover would attempt to hide behind the Dresden Convention and the Elbe Commission for the purpose of supporting its legal right, and thus advised approaching Prussia and Austria first, and using first persuasive arguments about the competition of railways and the benefits to their trade.⁶⁶ This suggestion, which became policy,⁶⁷ was important for it revived the old British interpretation of the Vienna Treaties which in British eyes had always been meant to include rivers, but which had been thwarted by the various riverain commissions which had been set up by the German states, and represented the spillover of support for freedom of transit into an increasing antipathy on the part of the British government for the institutions of a *status quo* which supported particularism and in their eyes, only complicated matters.

The Board's naïvety with regards to the effects of the toll on British trade were soon dispelled with the setting up of a Select Committee on the question. Ward underlined that the unusual system of calculating the level of tariff by combining factors of weight and value led to great prejudice against certain types of British goods. Betraying the statistical fog in which British representatives existed, Ward admitted that as far as this went '[he] could only speak from public rumour,' yet with the aid of John Hargreaves, Colonel Hodges' Private Secretary, the Committee concluded 'that the tax is specially prejudicial to the part of our produce and trade which has to compete in foreign markets with similar articles not subject to the tax, and this is felt sensibly in the coal trade.'⁶⁸ More importantly, however, the Select Committee called for the termination of the commercial treaty between Hanover and Britain of 1844 as a means of pressurising Hanover.⁶⁹ This handed to the government the power of threat for the purpose of commercial concessions, and represented above all a marked movement away from the usual tenets of Free Trade.

The Select Committee, and the subsequent parliamentary attention it received, were just one of many ways the snowballing of opinion among commercial classes in Britain on the subject of transit dues in the wake of the abolition of those on the Sound found its voice. The Manchester Chamber of Commerce, now awakened to the subject, petitioned the Board on the Stade dues as 'a remnant of barbarous times' and 'an offence against all right and an exaction which carries upon its face an insult to common sense.'⁷⁰ A strong moral force was building up behind the government - despite the fact that what it wanted involved no small amount of renegeing on earlier policies.

Between 1856 and 1858, the strength of feeling over the matter led to intense interest also in the U.S., where the Senate showed a similar interest in the abolition of petty tolls in Europe. The Hanoverian government, as a point of public relations, had translated and printed there a defence of its position. Discussing this, Emerson Tennent, Secretary at the Board, illustrated the hardening of opinions there: He dismissed the right of the Hanoverian government to levy the toll, noting 'all disquisitions on this subject have become entirely irrelevant to the consideration of the Stade toll at the present day, and are only interesting as objects of antiquarian research,' and bemoaned the Hanoverian defence as 'the frank confession of this attempted subterfuge and its failure.' Importantly, he now called for a full inquiry as to whether Hanover was allowed to levy the toll on the basis of the treaty of Vienna.⁷¹

Stiffened by parliament, therefore, the British government by the end of 1858 was in the position of threatening Hanover with the cancellation of its treaty, while refusing the offer of capitalisation. A plan for capitalisation had indeed been floated by Hamburg earlier - another example of that state oiling the works. Now, in what was surely the first directly active commercial measure by Britain since the assumption of Free Trade, Count Kielmannsegge, the Hanoverian Minister in London, conceded some ground by offering to abolish the dues in return for an indemnity. Britain, however, continued to press for full and free abolition, the Select Committee now allowing the

government full rein, showing what its commercial muscle could do when used on such a small state.

This, indeed, was a spillover from the universalised principles of the Paris Peace. That the British position involved a departure from the Free Trade doctrines of the early 1850s was illustrated vividly when the British Minister in Hanover, in a conversation with Count Platen the Prime Minister there, assured him that Britain would not introduce reprisals against Hanover, should the treaty be cancelled. For this he received a serious rebuke from Malmesbury, who wrote;

You justify [your actions] by saying you were not aware that there had been a change of system, as regards the question of Free Trade policy on the part of Her Majesty's Government, although you assume such to be the fact.

This gratuitous assumption is incorrect as your attempted justification is irrelevant and you stand in the anomalous position of having supported Hanoverian against British interests and against the Hanoverian Minister who was prepared to favour them.⁷²

The departure from the dogmas of Free Trade in this particular direction were, however, checked in the final instance by a ruling by the Law Officers of the Crown - to whom the question of Hanover's right to levy the duty on the basis of the Vienna Treaty had been submitted - which in fact ruled that Hanover was actually legally entitled to the toll.⁷³ This ruling was, however, not just important in reducing the pressure on Hanover by the new Palmerston government of 1859,⁷⁴ but also showed that the fervour of spirit against such tolls had in fact led Britain to the point of opposing the legal system of Vienna - a system which, it should be said, had come to protect particularism rather than freedom of transit, and the *status quo* of pre-industrial Europe. Emerson Tennent conceded wryly that 'my Lordships observe that a more extended

application has therein been given to the Law Officers' words than in strictness they are susceptible of.'⁷⁵

With the Palmerston/Russell partnership reinstated, the Stade question lost this element of brinkmanship. Hanover eventually agreed to a plan for capitalisation of the tolls, in which Britain and Hamburg paid the largest part, while other countries contributions were sought. Britain, indeed, took over the vast project of coordinating this plan.

Another way in which the British support for the universals of the Paris Peace were allowed to spill over in to other areas was the disturbing effect of all this in the sphere of intra-German politics. The Prussian policy throughout this matter highlights more than anything else just how British non-political commercial principles touched the German states in a political way. Initially, when it appeared Hamburg was being oppressed by the advantages enjoyed by Harburg, the Prussian government, sensing the chance of achieving the long-harboured goal of absorbing Hamburg into the *Zollverein*, considered letting Hamburg sweat.⁷⁶ On the other hand, the prospect of a renewed treaty between Hanover and Britain was also not welcome, as this would only place a further obstacle in the way of Hanover's full acceptance of the *Zollverein* and the extension of its activities to a common shipping policy.⁷⁷ To this extent the Prussian government prevaricated, before finally accepting the plan of joint capitalisation.⁷⁸ The political grounds for this prevarication were, of course, anathema to Britain, where Russell simply interpreted them as 'hostility to Britain.'⁷⁹

A last point to mention about the capitalisation plan is that its very acceptance by the Palmerston government, though certainly not realised at the time, marked not just a climb-down of sorts for Britain, but also a contradiction of the Free Trade point of dogma that it was the consumer who paid for tariffs. The idea of capitalisation in effect recognised an increasing belief in Britain that this form of abrogation of responsibility for tariffs was no longer acceptable.

It must be noted that the active, interventionist attitude taken by Britain on the Stade question was not immediately extended to the other German river dues. In the main, Britain's stance on these remained dictated by the principle that it had more right to intervene in matters of the sea, and by the fact that as far as was reported, the German states appeared to be moving in the right direction on this front. Treitschke was correct in asserting that where river dues were concerned 'it was the railway which first tore the nation from its economic still-birth.'⁸⁰ The 1850s saw the increasing provision of an alternative to the oppressive duties on rivers, leading to increasing support for the dues to be scrapped. John Ward reported the lifting of duties on the Weser by the conclusion of a Bremen/*Zollverein* treaty of 1856.⁸¹ Meanwhile, from 1848 onwards there were continued efforts with regards to the Rhine and the gradual liberalisation of the system of octroi,⁸² which, though not successful, at least until 1859 appeared promising and were presented as such in British reports.

Even so, the snowballing effects of the Paris Peace on British attitudes meant there was a burgeoning antipathy to the organisation of the German river dues, and the whole process of re-invigorating the principles of Vienna also meant the simultaneous triggering of the old debates and disagreements which surrounded the various river commissions set up by the German states afterwards. This was splendidly demonstrated by Emerson Tennent's study in 1858 of the Vienna principles in relation to what had recently passed regarding the Danube,⁸³ which noted that

the construction which had been placed upon the stipulations of that treaty in the instances of the Rhine and the Elbe...are notoriously erroneous and have been the subject of remonstrance at former periods on the part of Great Britain...

The spirit of the Treaty of Vienna is expressed in the 5th article of the Treaty of Paris which directs the navigation of rivers to be rendered free for the encouragement of the "commerce of all nations and also pour

faciliter les communications entre les peuples et les rendre moins étrangers les uns aux autres."

It cannot possibly be contended that commerce of "all nations" is to be facilitated by confining it to a few - or that strangers are to be rendered less strange by excluding them from the very trade by which it is sought to correct their estrangement.⁸⁴

The British government was thus more antipathetic towards the institutions governing the Elbe and Rhine on the basis of principles reawakened by the Paris Peace. This only, however, made itself obvious in terms of policy output once the German states' own efforts to liberalise appeared to run into trouble at the end of the 1850s. On the Rhine this took the form of supporting the Netherlands' efforts for liberalisation in Berlin,⁸⁵ while on the Elbe the British interest in its coal markets led to it later to lobby Hamburg and Denmark for their support. Even here, however, the Board of Trade would note that 'this is, however, rather a matter of equity than of legal right.'⁸⁶

Where, however, the involvement of Britain with freedom of transit in the German states remained the strongest, however, was in its contribution to a general mood of opposition to petty barriers to trade. The Paris Peace, and Britain's support for its principles, strengthened a movement which had been gathering pace since the abolition of the Navigation Laws. Indeed, the river dues were initially viewed by the German governments as a retaliation for the British navigation laws - thus their basis had now disappeared. The Paris Peace now strengthened the moral case against petty tolls.

Connected to this, it cannot be overlooked that this whole movement was in many ways in opposition to the political tradition of particularism in the German states. The raising of tariffs for the purpose of revenue of minor states was increasingly discredited, and the legal constructs which supported this directly and indirectly questioned by the new tone of British commercial policy. Though British commercial policy remained principle-orientated, its

new tone contributed in no uncertain way to the development of a new political atmosphere in the German states.

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- 1 Trans: 'Diese Auffassung hat sich bis heute gehalten.' From: Lothar Gall, *Europa auf dem Weg in die Moderne*, 1984, p160.
 - 2 23.4.56., Bismarck. Printed in: Poschinger, *Preußen am Bundestag*, p361.
 - 3 C Barnett, *The Collapse of British Power*, 1972, p49.
 - 4 Anselm Doering-Manteuffel, 1991, pp202-5.
 - 5 Paul Kennedy, 1980, pp6-7.
 - 6 Here the petition was doubtless referring to the failure of Lord Clancarthy to effect any real change with regards to river tolls.
 - 7 5.2.56., Petition of the Manchester Chamber of Commerce to Lord Clarendon, M/8/2/5 MCC.
 - 8 7.2.56., Hammond to Manchester Chamber of Commerce, M8/2/5 MCC.
 - 9 14.2.56., Bazley to Hammond, M8/2/5 MCC.
 - 10 See Chapter 3.
 - 11 Kenneth Bourne, *The Foreign Policy of Victorian England*, 1970, p81.
 - 12 See Chapter 9.
 - 13 Kenneth Bourne, 1970, p81.
 - 14 *Edinburgh Review*, CV, January 1857, p553.
 - 15 John Morley, *The Life of Richard Cobden*, 1903, p799.
 - 16 Sir William Hutt, 1801-1882. MP for Hull 1832-41 and Gateshead 1841-1874. A Free Trader, Vice President of the Board of Trade 1860-65.
 - 17 Thomas Milnes Gibson, 1806-1884. Initially a conservative MP, Gibson went over to the liberals, persuaded above all by his commitment to Free Trade doctrines. He was one of Cobden's closest allies which won him the seat in Manchester. Vice President of the Board of Trade 1841.
 - 18 *Edinburgh Review*, CV, January 1857, p557.
 - 19 See Chapter 9.
 - 20 See Chapter 9.
 - 21 See Chapter 9.
 - 22 Report of Mr Blackwell, Consul at Stettin. Printed in PP, Accounts and Papers, 1859, XXX.
 - 23 See Chapter 2.
 - 24 12.11.56., Report on the Consular Establishment... Enclosed in 26.11.56., Bloomfield to Clarendon, FO97/328 PRO.
 - 25 Report Mr Ward Leipzig Easter/Jubilate Fair 1855. Printed in: PP, Accounts and Papers, 1856, LV.
 - 26 Report Mr Ward Leipzig Michaelmas Fair 1857. Printed in: PP, Accounts and Papers, 1857-8, LV.
 - 27 Report Mr Elliot, Secretary of Legation, Vienna, 1858. Printed in: PP, Accounts and Papers, 1857-8, LV.
 - 28 14.7.58., Augustus Loftus to Malmesbury. Enclosed in: 29.1.59., Hammond to Ward, FO299/10 PRO.
 - 29 The system of free warehousing and usage of the running accounts which was so beneficial to the dissemination of goods prior to quick land transportation.
 - 30 *ibid.*
 - 31 *ibid.*
 - 32 *ibid.*

- 33 Report Stettin 1857. Mr Blackwell. Printed in: PP, Accounts and Papers, 1859,XXX.
- 34 27.3.58., Malet to Malmesbury, FO208/67 PRO.
- 35 10.8.59., Ward to Russell, FO68/110 PRO.
- 36 24.2.56., Rücker to Merck, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 37 17.6.56., Clarendon to Bloomfield, FO244/137 PRO.
- 38 In the figures provided as an Appendix to the Report on the Sound Dues (see below) it is maintained that in 1852 1009 cargoes of coal passed Elsinore, compared with 156 of herring, 146 of salt, and 125 of cotton - the three other most frequent cargoes.
- 39 For information on this see: Report on the Sound Dues. Printed in: PP, Reports, Committees, 1856, XVI.
- 40 9.2.48., Hutt to Ward, CUL Add.MS.6157.
- 41 '...die Aussicht durch gemeinsame Verhandlungen der deutschen Mächte die Ablösung und Beseitigung der drückenden Abgabe als Angelegenheit des großen ganzen Vaterlandes betrachtet und gefördert zu sehen ist zu unserem größten Schmerz in den Hintergrund getreten.' 'Stettin's Handel im Jahre 1849.' Printed in: *Handelsarchiv*, II Statistik, 1850.
- 42 24.2.56., Rücker to Merck, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 43 Report on the Danish Transit Dues. Printed in: PP, Reports Committees, 1857, XXXVIII.
- 44 20.2.56., Merck to Rücker, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 45 29.2.56., Merck to Rücker, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I. NB MacGregor had by this time become a Member for Glasgow. See above.
- 46 10.3.56., Merck to Rücker, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I. Note that the figures are reprinted in the Report on the Danish Transit Dues, PP, Reports Committees, 1857, XXXVIII.
- 47 25.3.56., Merck to Rücker, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 48 10.7.56., Rücker to Merck, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 49 See: Report on Sound Dues, PP, 1856, XVI.
- 50 10.12.56., Andrew Buchanan to Lord Clarendon. Printed in: Report on the Danish Transit Dues, PP, 1857, XXXVIII.
- 51 10.7.56., Rücker to Merck, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 52 Wodehouse, John, First Earl of Kimberley, 1826-1906. Whig member of Palmerston's government 1852-6, then sent to St Petersburg till 1858. Returned as Under Secretary of Foreign Affairs.
- 53 24.2.56., Rücker to Merck, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 54 Britain's main negotiator and advisor on this question at the time was none other than John Ward - whose reputation as an expert on the details of inner German trade regulations was thus founded and whose future career in the German states formulated.
- 55 Interesting information on this point contained already in Colonel Hodges' Report on the Traffic and Navigation of Hamburg During the Ten Years 1845-1854. Printed in: PP, Accounts and Papers, 1856, LVII.
- 56 Report Colonel Hodges on the Trade and Navigation of Hamburg 1855. Printed in: PP, Accounts and Papers, 1856, LVII.
- 57 Hodges, in his Report...During the Ten Years 1845-54 gives the figures showing that between 1853 and 1854 the number of British ships (according to port of origin) into Harburg grew on the following scale: 1853: Fraserburg 9; Grangemouth 15; Liverpool 0; London 27; Middlesborough 41; Newcastle 12. 1854: Fraserburgh 13; Grangemouth 42; Liverpool 14; London 97; Middlesborough 102; Newcastle 23. PP, 1856, LVII.

- 58 Report on the Trade of Hamburg 1855, PP, 1856, LVII.
- 59 29.4.56., Merck to Rücker, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 60 '...Sie zugleich aber darauf aufmerksam zu machen, daß die Sache mit sehr spitzen Fingern angefaßt ist und die Fühlkörner nur sehr vorsichtig auszustrecken sein werden, da wir ein sehr großes Interesse da bei haben, es nicht mit Hannover zu verderben.' 29.4.56., Merck to Rücker, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 61 1.5.56., Rücker to Merck, Staatsarchiv Hamburg, 132-5/7, 7, Bd.I.
- 62 *ibid.*
- 63 The following contained in the communication: 16.3.57., Porter to Hammond. Found both in BT3/51 PRO and FO244/146 PRO.
- 64 'When it is remembered that Hanover was until the year 1837 an appendage of the British Crown it is not surprising that the government of England should have formerly viewed without much disfavour, a state of things which had a direct tendency to enhance the political and commercial importance of Hanover and to add to her sources of revenue.' *ibid.*
- 65 *ibid.*
- 66 9.4.57., Ward to Clarendon, John Ward Papers, Peterhouse, Cambridge.
- 67 The Board agreed with Clarendon's referral Ward's suggestion to them: 23.5.57., BT3/51 PRO.
- 68 Report of the Select Committee on the Stade Toll. Printed in: PP, Reports Committees, 1857-8, XVII.
- 69 This would involve the possibility of Hanover then having to treat Britain on the basis of the stipulations of the *Zollverein*, thus opening the way for reprisals by Britain: 20.4.59., Malmesbury to Gordon, FO159/30 PRO.
- 70 6.7.57., Petition of the Manchester Chamber of Commerce to Lord Clarendon, M8/2/5 MCC.
- 71 20.7.58., Tennent to Fitzgerald, BT3/53 PRO.
- 72 4.4.59., Malmesbury to Gordon, FO159/30 PRO.
- 73 7.12.58., Tennent to Hammond, BT3/54 PRO.
- 74 19.7.59., Russell to Gordon, FO159/30 PRO.
- 75 2.4.59., Tennent to Seymour Fitzgerald, BT3/55 PRO.
- 76 '...da es keinen Zweifel unterliegt, daß die Fortsetzung des jetzt bestehenden Zustandes der Begünstigung Harburgs ein mächtiges compelle für den Anschluß Hamburgs an den Zollverein bildet.' 2.2.57., Kamptz (Prussian Minister in Hamburg) to Manteuffel, GStPK Merseburg, Rep.120, CXIII, 4, Nr.49, vol.5.
- 77 '...daß die britische Regierung in ihrer Auffassung sich wegen der Höhe der Ablösungssumme nicht abgedindert mit Hannover zu verständigen, zu bestärken sei.' 12.2.60., von der Heydt to Patow (Finance Minister), GStPK Merseburg, Rep.120, CXIII, 4, Nr.49, vol.5.
- 78 26.3.61., Schleinitz (Foreign Minister) to von der Heydt, GStPK Merseburg, Rep.120, CXIII, 4, Nr.49, vol.5.
- 79 20.3.61., Russell to Augustus Loftus, FO244/169 PRO.
- 80 'Erst die Eisenbahnen rissen die Nation aus ihrem wirtschaftlichen Stilleben.' Quoted in: P.J. Bouman, 'Der Untergang des Holländischen Handels- und Schiffahrtsmonopols auf dem Niederrhein 1831-1851,' 1933, p261.
- 81 11.2.56., Ward to Clarendon, FO68/100 PRO.
- 82 For more on this system see: Eberhard Gothein, *Geschichtliche Entwicklung der Rheinschiffahrt im XIX Jahrhundert*, 1903.
- 83 28.1.58., Tennent to Shelburne, BT3/53 PRO.
- 84 *ibid.*

85 23.12.59., Russell to Malet, FO208/69 PRO.

86 27.9.62., Board of Trade to Foreign Office, BT3/62 PRO.

BRITISH COMMERCIAL POLICY TOWARDS THE GERMAN STATES 1860-1866: THE
ANGLO-FRENCH AND ANGLO-ZOLLVEREINTREATIES OF COMMERCE

1. THE MOST FAVOURED NATION AND NEGOTIATIONS BETWEEN FRANCE AND
PRUSSIA FOR A TREATY OF COMMERCE

The other main symptom of this gradual departure from a commercial position of pure Free Trade was represented by the sequence of treaties of commerce with foreign countries, which was inaugurated by the Anglo-French Treaty of 1860. The very idea of making reciprocal commercial treaties had until that point been viewed as at odds with Free Trade dogma, and the project drawn up by Cobden and Chevalier was initially faced with no little opposition.¹ John Stuart Mill, indeed, commented that those 'who insist on treating their science as if it were a thing not to guide our judgement, but to stand in its place, denounced the doctrine of treaties as a new-fangled heresy.'² For Cobden, as indeed for the British government, it represented in some ways a climb-down from the position of optimistic faith in the prognostications of Free Trade theory. At the time of the abolition of the Corn Laws, Cobden had promised voters that 'there will not be a tariff in Europe that will not be changed in less than 5 years to follow your example.'³ Such, however, was blatantly not the case.

Even so, the treaty did not mean that the government had carried out a conscious revision of its attitude on commercial policy. For one thing, the treaty was defended as being in accordance with the universalist traditions of Free Trade. The concessions made to France were to be extended to all other countries, and, at least initially, faith was put in the good will of foreign governments and their desire to get equal access to the French market as levers to further liberalisation elsewhere. Gladstone, indeed remarked that

It is the fact that, in concluding that treaty, we did not give to one a privilege which we withheld from another, but that our treaty with France was, in fact, a treaty with the world, and wide are the consequences which engagements of that kind carry in their train.⁴

The other important factor, to which Gladstone here undoubtedly also referred, was the fact that the treaty represented a commercial concession on the part of Britain not so much on the basis of deviation from Free Trade theory, but rather because of the political relationship with France. Though the state finances made the treaty desirable,⁵ it was in fact for Cobden as well as for the British government the need to tie Britain more closely to the French government at a time when Europe was nearing crisis which mattered.⁶ The treaty was more the result of the old peace party of Cobden and Gladstone than it was of new reciprocalists. In fact, it could be claimed that the really important departure from Free Trade commercial policy which the treaty represented was the fact that for the first time in a decade a commercial treaty had been concluded with European states for specific political objectives. Universalism was in fact untouched by the treaty itself, and as far as Free Trade was contravened, it was so by accident.

In fact, though the treaty was portrayed as a British victory then and later, the real mover behind it was France. It is much more likely that Napoleon saw the treaty as a means of pacifying Britain over his decisions in Italy.⁷ It was also the case that the treaty represented for him part of an active commercial policy which was to be extended quickly to approaches to the other European states. The treaty with Britain was soon followed up with one with Belgium, and then an approach to Prussia and the *Zollverein*. The British government soon found itself awakened from dreams of commercial success by a single 'treaty with the world' to the reality that it was to lose out as France made a series of treaties reflecting its, and not Britain's, commercial interests. The British government's attempts to cover itself, and especially with regards to its negotiations with the *Zollverein*, were belated, and reflected a sudden panic

with regards to commercial interests, rather than any new policy regarding the German states. The British government simply found itself having to follow in France's footsteps, mopping up as much of the benefits as it could by getting Most Favoured Nation agreements with those states and thus receiving all the benefits attributed to France.

To this extent, the British approach to the Prussian government was, initially at least, as a function of relations with France. There had, indeed, been no significant approaches to the German governments regarding their import tariffs since 1853. Again, things were continuously reported as going in the right direction of liberality, soothing any doubts in Free Trade's extension to the German states. The demise of Frederick William IV and the 'New Era' in Prussia all tended to encourage this. Even Joseph Archer Crowe, appointed because of his special journalistic capabilities to undertake a mission reporting on the state of feeling in the German states of the 'New Era' noted:

The truth indeed is that a great change has taken place in the relations between the people of the various states of Germany. The immense facilities of circulation given to the population by the railways, the enormous increase of circulation of the daily journals, have conquered the old lethargy to such an extent that a new life has been infused into the whole frame of society. If as yet the full meaning of what constitutional rights consist in is not thoroughly understood, still the progress of the masses is evident everywhere and shows itself markedly in efforts to abolish the antiquated forms and to destroy the decrepit institutions which fetter trade...

Alongside the many reports which supported Crowe on the coming of commercial liberalism, it was also reported that there was really now little that could be done to influence things, both until the expiration of the Austrian/*Zollverein* arrangement in 1860,⁸ or until the expiration of the treaties which bound the *Zollverein* together in 1866. These reports also tended

to portray the likely scenario as in a liberal direction, with the worst scenario being the exclusion of Austria and the protectionist southern states.⁹

This state of limbo continued even in 1860. The British attitude initially towards the German states in the light of the French treaty was that liberalisation could now be looked forward to more than before as the pressure to gain equal access to the French market would force tariffs down there. This attitude was reflected in Ward's and Crowe's dispatches of the time, Ward conscientiously reporting loopholes which could be used by the German states to avoid this pressure.¹⁰ At this point the attitude of the British government was one of hope that France could be used as a kind of battering-ram to break what it saw as the chain of protectionism between continental countries.

This attitude, however, was to change at the beginning of 1861. This again had initially nothing to do with the German states, but rather with the fact that France now appeared to have achieved a separate arrangement with Belgium.¹¹ In other words, Britain was faced by the prospect of the continental countries making trade concessions to each other and not to Britain - under the circumstances a logical step from their points of view, and one which Britain, had it not laboured under universalist blinkers, should have foreseen. Suddenly the Board of Trade was faced by the brutal truth of its vulnerability on this point, bombarded as it was by petitions on the possible exclusion from the Belgian market.¹² In this atmosphere, the Board was forced to re-assess the value of its European markets. It noted:

To obtain free access to the markets of Europe at the present time is an object of grave importance. The existing suspension of activity in the manufacturing districts and the consequent distress of the unemployed operatives is not to be ascribed merely to the difficulty of obtaining the raw materials for our great staples. Along with that difficulty is conjoined the simultaneous contraction of some of our most important outlets for foreign exports. There is a serious decline in our export trade to the U.S.; and a doubtful prospect of its early revival in the face of their

financial difficulties and their fiscal policy. Much disappointment has been experienced with regard to China and a market for British manufactures arising as my Lords fear from causes which are likely to be of long duration; simultaneously the shock which has been given to our Indian export trade and its liability to future fluctuations, as well as the evident indications in some important British colonies of protectionist tendencies, point to the necessity of opening other markets, as some compensation for these which are thus contracting. Hence it is probable that for some years to come greater attention must be paid to our commercial relations with European countries than has hitherto been deemed necessary...¹³

The Board directly cited the case of Belgium and the fact that 'by this arrangement, France has acquired a hold on the Belgian market which it may be difficult to weaken even if we hereafter secure similar advantages.'¹⁴ The Board now extended its point of reference to Prussia, Austria and Italy. Somewhat naïvely, as it turned out, the Board saw the greatest hope of getting first an agreement with Austria, maintaining that its protectionist interest was not so organised and that 'the revenue derived from customs...is so small, and the extent of contraband importation so large, that there could be no reasonable apprehension of loss.'¹⁵ Even so, in a conclusion revealing the state of things after a decade of inactivity the Board admitted that;

The limited information possessed by this Board upon all questions connected with our foreign relations, prevents them from giving more than a very general expression of their views upon the subject of this communication.¹⁶

This indeed was an early admission of the fact that Britain's institutional and information-gathering system was not geared up to the new era of treaty

making. A fact which was to become increasingly obvious in what was to follow.

Forced now into a general reappraisal of its relations with European states, the Board noted that treaty relations with the *Zollverein*, which had remained throughout the 1850s on the provisional footing left by Prussia's cancellation of the treaty of 1847,¹⁷ were 'of the most meagre and unsatisfactory character and [are] very far from meeting the requirements of the extensive commercial intercourse between this country and the German commercial union.'¹⁸ The Board - in what was at first, therefore, simply another expression of the policy of reaction to impending commercial harm - now launched itself on a course petitioning the Foreign Office to exact equal access for British goods to the *Zollverein*, and the British Minister in Berlin, by this time in the form of none other than Augustus Loftus, made enquiries about negotiating in parallel to the French government.¹⁹

The period from this point in February 1861 until the end of March 1862²⁰ when the treaty between France and Prussia was finally signed was thus characterised in British terms by repeated efforts to get a treaty negotiated simultaneously to that of France. The main channels of communication here were Loftus at Berlin, and Ward, who made repeated visits there, empowered as he was as Britain's main negotiator. Yet the period saw the consistent frustration of this aim for various reasons.

In conversation with Augustus Loftus, Schleinitz, the Prussian Foreign Minister pointed initially to the fact that as the *Zollverein* treaties must be renewed anyway in 1866, and as all the benefits of the Franco-Prussian treaty would certainly be extended to Britain, there was little reason to negotiate at present.²¹ This was, however, just the tip of the iceberg. For the Prussian government the opportunity of negotiating with France meant the opportunity of revising its tariff in a liberal direction but on a reciprocal basis - it had no interest in making generalised commercial agreements at this point.²² The more pressing reason, however, was hinted at later in the year, when Schleinitz pointed to the special arrangements the *Zollverein* had with Austria,

and the fact that as Prussia had put off negotiations scheduled with Austria for 1860 on the basis of negotiations with France, it could not now negotiate with Britain.²³ The treaty with France in effect meant the possible liberalisation of the *Zollverein* tariff without interference from Austria. The British government's repeated applications for negotiation revealed again the obvious disconnection of commercial policy-making from political. Meanwhile the Prussian resistance to tie itself down represented a first minor victory of determination in its grand strategy.

Another important reason for not wanting any formal link between negotiations was that, as British representative reported,²⁴ and as was later admitted by Delbrück,²⁵ the Director of the Department of Commerce, negotiations between France and Prussia were near breaking point constantly. The assertions of the French negotiator, Le Clerq, that France could have done with British cooperation²⁶ were probably mere sham. The prospect of a treaty with Britain, the most industrialised and most competitive power, would have caused a storm of protest from all sorts of protectionist quarters. Though the Prussian government ultimately intended joining the western commercial system of France and Britain, France remained a friendlier countenance to southern protectionists.²⁷ The negotiations thus remained top secret, and British representatives were to complain of the impossibility of getting any sort of information about the state of negotiations.²⁸

This was, then, a period of successive frustration of the British government's attempts to represent its own commercial interests. This drawn out process of disappointment, however, itself had interesting side-effects within the British commercial policy-making structure.

First, an amount of pressure was beginning to build up between the Board of Trade and the Foreign Office. While the negotiations between Prussia and France continued, the Board repeatedly saw its suggestions frustrated by, as it saw it, British representatives abroad. The truth behind this was that its suggestions were blatantly unsuitable to the political environment in the German states. For one thing, its suggestions,²⁹ such as the initial application

for a 10-year agreement, and the stipulation of an *ad valorem* tariff were manifestly unrealistic, as Ward pointed out;³⁰ the *Zollverein* treaties were to run out in 1866, and the system of tariff by weight was the only one suitable to a commercial union made up of several states. More importantly, however, Ward repeatedly advised against submitting any particular application to the Prussian government at this point. In conversation with Philipsborn, an official of the Ministry of Commerce, Ward was told the formal linking of the French negotiations with Britain would indeed be ruinous to Prussian success of persuading the southern states to accept the treaty³¹ - a point which Ward himself was aware of and supported. Ward himself was also only too aware of the political connotations of the Prussian commercial initiative, and preferred a waiting game.³² Furthermore, he was aware of the precariousness of negotiations, and if anything rather pessimistic about their successful outcome.³³

In November of 1861, however, Loftus suddenly reported that the negotiations were still under way, contradicting newspaper reports. To this end he suggested that the Chambers of Commerce send 'one or two competent persons' to represent British interests.³⁴ Furthermore, in a successful breach of the cordon of secrecy and ambiguity surrounding negotiations, he reported that Prussia now planned to make any tariff agreed with France the basis of the future *Zollverein* tariff.³⁵ This, however, would not just have been another commercial *coup* for Prussia by circumventing southern protectionist opposition to a liberalised *Zollverein* tariff in 1866, but also meant that Britain would have missed the opportunity its government had expected of representing its interests at the later *Zollverein* conference.

In Berlin, a significant difference now appeared between Loftus and Ward. On the question of getting formal commitment by Prussia to an MFN agreement, Loftus tended to support applying - even maintaining that Austria had no special claim to preference in the German states;³⁶ a somewhat radical position and indicative of his assertiveness. Ward, however, still advised waiting, calling Loftus' suggestion 'a move in the dark.'³⁷ For Ward, who had a much

deeper sensibility of the political machinations of commercial matters in the German states, a successful outcome was still not assured, and he only suggested weighing down the Prussian government with British demands if the French treaty fell through and the Prussian government was forced to return to revision of the *Zollverein* tariff on an individual basis.³⁸

Meanwhile, in London, the Board received the news of secret Prussian plans with dismay, grumbling about the lack of warning, and the fact it was now probably too late to represent British interests.³⁹ Noting that an effective consultation of the Chambers would take time, it now referred somewhat bitterly to Ward's stalling efforts earlier in the year, and complained that;

It would however have greatly facilitated the preparation of such a statement if Her Majesty's Minister at Berlin had been enabled to obtain some indication of the general views of the Prussian cabinet in entering upon the proposed revision of the *Zollverein* tariff.⁴⁰

The truth was that as the year had progressed, more and more petitions had been received at the Board of Trade demanding action in Berlin,⁴¹ and more attention than ever before paid to the question of the *Zollverein* tariff. This perhaps culminated in that from the Manchester Chamber of Commerce, the arch-supporter of Free Trade and *laissez faire*, which now noted the combination of industrialisation and tariffs which had weighed on Manchester cloths 'until ultimately we were driven altogether from the market.' It noted that up to this point, at any rate, business in yarns had continued;

but even this cannot be relied upon inasmuch as in the case of a nation which possesses within itself so many elements of cheap production such as light taxation, low rate of wages, and cheap water supply, every improvement in machinery has the direct tendency to render it more formidable as a competitor.⁴²

Though still not converted from Free Trade, the Board was no longer the body it had been 10 years previously, and the pressure from the Chambers undoubtedly was contributing to a much more active and less complacent attitude. This was resulting in an increasingly critical attitude to the way the Foreign Office was dealing with foreign commercial relations; for under the era of Free Trade the division of labour on this had been clear - the Board was the centre of regulation of trade, both domestic and foreign. Now, in a period of foreign commercial negotiation, this was less so. The Foreign Office naturally felt itself responsible for the negotiation of treaties - including those of commerce - and to some extent was duplicating the work of the Board.

The approach of the Foreign Office in general now became the subject of the Board's correspondence, and the state of affairs in Berlin, coupled as it was with similar situations elsewhere led to direct calls by the Board for the Foreign Office to pay more attention to the course of commercial negotiations, and, pointing to the record so far, the Board now importantly set out its intentions to improve all information on this point.⁴³

As a response to this, Augustus Loftus was ordered in February 1862 to get at least an agreement for a Most Favoured Nation clause between Britain and Prussia,⁴⁴ while Louis Mallet, a Senior Clerk at the Board of Trade, was sent to Berlin to arrange more specific concessions.⁴⁵ Again, however, this attempt was to be frustrated. The Prussian government pointed to the fact that it had only been given a mandate by the states of the *Zollverein* to negotiate with France; the most it could offer was indeed an informal note assuring that Britain would receive all the benefits conceded to France. Russell's insistence that this should take the form of a treaty⁴⁶ was to no avail - the Prussian government was only too aware of the stigma an agreement with Britain would carry with it in the other German states.⁴⁷ Though Prussia in fact soon submitted for permission also to negotiate with Britain, the matter was in effect put on ice while the states considered the implications of the French treaty, and, as Baron Hügel, the Prime Minister of Württemberg commented, the request was indeed like 'inviting them to eat a second dinner, immediately after

the first; and that too when they were not certain whether the latter would not disagree with them.'⁴⁸ The real victory here, however, was Prussia's, as it had achieved the important task of peeling France and Britain apart. The whole matter was now to go to the German states in what was to become the biggest and most dramatic of the *Zollverein* crises.

Yet during this first year the continued frustration of British appeals for equality with France and the growing restlessness of domestic commercial interests contributed to what can only be termed a learning process with regards to the importance of the German states to British commerce. Ward, now quite rightly enquiring whether or not Britain was to support the French treaty, as it had been negotiated apart from Britain and without reference to its interests, received, in a huge espousal of the Board's position⁴⁹ on all that had happened so far, the reply that the tariff as negotiated with France should be supported as it was 'of a far more liberal character than the existing tariff of the *Zollverein* and that in some branches of industry in which England is greatly interested, considerable advantage may be expected from its adoption.' The Board continued;

My Lords attach still greater importance to the conclusion of the treaty, as the commencement of a new era in the commercial legislation of Germany, and as another step towards the fulfilment of the policy which originated in the commercial treaty with France and which has for its object the subversion of the system of monopoly and prohibition which has hitherto prevented the free exchange of their products between the great countries of Europe.

In the promotion of this policy both England and France have now a deep and common interest, and my Lords would look for the greatest advantage from their common and cordial action.

The Board now continued to consider the effectiveness of its past negotiations with the *Zollverein*, noting that on its own, it could not influence the Prussian

government, and, in what can only be described as an admission of the shortcomings of pure Free Trade, it stated that;

That government [ie. Prussia] is still so much under the influence of class interests that nothing short of the reciprocal concessions which it is in the power of France either to confer or to withhold could in my Lordships' opinion have induced them to agree even to the reductions which this treaty would effect.

Although therefore the influence of Her Majesty's Government may be beneficially exerted in representing the claims of British industry and the results of their own experience, they have deprived themselves of the most effective weapon in negotiations with the government of Germany and their best hope of advantage lies in the indirect results which may be obtained from its use by France who still retains it in her hands.

With the enlightenment which only failure was able to introduce, the Board conceded;

It is difficult to overestimate the value of obtaining for the trade of this country a freer access to the markets of the Germanic Union. The states composing it contain a population of 33,000,000 steadily advancing in wealth and civilisation, and it is easy to foresee that even if the governments of the vast contiguous empires of Russia and Austria should refuse to adopt similar reforms, the manufactures of Western Europe once allowed to circulate freely throughout the heart of Germany, would soon find their way in spite of custom houses to the countries which lie beyond its frontier.

The Board now concluded by saying that all influence should now be spent on encouraging the acceptance of the French treaty by the other German states.

Finally, then, though the Board at least now recognised that Free Trade in its pure, non-reciprocalist form no longer retained its efficacy, it was still to some extent holding to a universalist view itself while looking to France to bring down the tariffs of Europe - a somewhat hypocritical stance perhaps. This was, indeed, reciprocalism by proxy. The adoption of the MFN as the main approach to the European states reflected this fact - containing the strains of universalism while mopping up the benefits reaped by France. Nevertheless, it cannot be denied that a certain awareness of the value of the German states both as a market in itself and as a key to markets further afield was growing, both at the Board and among the Chambers of Commerce and commercial men. Even so, it must be underlined that again this change in the tone of Britain's commercial policy towards the German states was the product of economic factors - the possible exclusion from the German market - rather than political ones. The only political connection was in the initial purposes with respect to France.

2. BRITAIN IN THE *ZOLLVEREIN* CRISIS

In August 1862, soon after the ratification of the treaty between Prussia and France, the other states - excepting Saxony and Baden⁵⁰ - informed Prussia that they could not accept the application of this treaty to the *Zollverein*; pointing both to their commercial interests and their insistence that the relationship with Austria be sorted out first. The Prussian government, however, let it be known that a rejection of the treaty would be interpreted in Berlin as an expression of a desire to see the *Zollverein* discontinued - in effect putting the other states under great pressure. This position of stand-off was continued until October of 1864, when the various attempts of the *Mittelstaaten* to unite against Prussia crumbled completely and Bavaria and Württemberg - the last of the recalcitrants - followed Hanover in submitting themselves to Prussia.

This period, lasting over two years, was one of the utmost crisis within the German states. Just as in the early 1850s, the crisis was given its special intensity by dint of its being a brew of both economic and political factors. The commercial reforms which Prussia was in effect trying to push through in the form of the French treaty would also mean the effective exclusion of Austria from the *Zollverein* - in contravention of the agreement of 23.2.53.. Again therefore, trade and politics could not be separated in the German arena, and Prussia's eventual victory in this regard was indeed viewed by many as, in the Württemberg economist, Schäffle's words,⁵¹ a commercial Villafranca against Austria.

British commercial policy, the limits of which have been described above, remained primarily economic in its motivation at this time, with no specific political aims regarding the German states. There was no intended political support of Prussia; a fact which was proved by the, if anything, obstructionist and inconvenient efforts of the British to intervene in Franco-Prussian negotiations.⁵² Even so, British commercial policy as expressed by the Anglo-French commercial treaty had strong political ramifications in the German states, and, though these were largely indirect and unintended by the British government, they were attributed to it in the heated sphere of the *Zollverein* crisis.

The main effect was that the era of treaties heralded by that between Britain and France handed to Prussia the opportunity of achieving several of its goals at once. On the one hand it meant Prussia had an opportunity to liberalise its tariff. Prussia had doggedly pursued this course throughout the 1850s but had been consistently thwarted by the system of veto at the *Zollverein* conferences. Prussian industrial interests had developed to the extents where access to foreign markets and foreign produced goods had become a necessity. The treaty in effect meant an indirect way for Prussia to achieve this, and indeed, the Prime Minister of Saxony, Beust, likewise believed the treaty represented the only way in which Prussia was ever going to get commercial liberalisation.⁵³ It was also, however, in many respects a contravention of the spirit of the

Zollverein - after all, the southern states had a duty to protect their economic interests as they perceived them. Britain and France had thus involved themselves indirectly in this Prussian push for dominance.

Another side of this was that the Prussian government was enabled by the treaties to side-line Austrian influence in the affairs of the *Zollverein*, not just by the clever manipulation of the treaty timetable - making binding agreements with France before allowing negotiations with Austria to begin, which had, after all been the agreement since 1853 - but also by formally linking its, and the *Zollverein*'s, commercial policy to the commercial liberalism of France and Britain. Though Austrian commercial policy had likewise advanced throughout the 1850s in the direction of lower tariffs, it was recognised in Prussia that that by no means meant a real commitment to economic liberalism. The further Prussia could push the *Zollverein* in a liberal direction, Prussian ministers calculated, the less likely was any sort of commercial *Anschluß* with Austria.

It should be noted that Prussia was in reality particularly canny in choosing to negotiate with France rather than by any other means. As Delbrück noted, this meant indeed that though Prussia was thus seen to be going with the tide of commercial liberalism set up by France and Britain, the negotiation of particular articles with France did not carry with it the same commitment to Free Trade by principle which Britain represented. Prussia, in other words, fulfilled its inner economic desire for lower tariffs, without taking on board simultaneously the whole array of ideological and theoretical accoutrements found in British official commercial liberalism

Another side-effect of the negotiations by Prussia was that in many ways the fact that Prussia itself was negotiating on behalf of the *Zollverein* states with the foremost commercial nations seemed to support its bid for political leadership against Austria.⁵⁴

Indirectly, therefore, decisions of British commercial policy, taken as they were out of commercial considerations, and little to do with politics in the German states as such, had strong political reverberations there. Yet because of

the nature of this crisis, this indirect connection became more and more portrayed as a direct one.

The *Zollverein* crisis was in fact characterised above all by the heated and intense debate carried on in the public realm. This was now facilitated by the atmosphere of the so-called 'New Era', and involved not just the representative chambers of the various states, but also their chambers of commerce, as well as newspapers and petitions. Again, in fact, issues were being discussed which though on a commercial plane had direct relevance to the nature of government in the German states and the political balance.

Britain, similarly to the debates of the 1840s and early 1850s, appeared to become a central feature of public argument about commercial liberalism. With the whole question of revision of the *Zollverein* now in the public domain, attention returned in all the public organs to the effects of Free Trade in Britain, and the interest in Britain again rose as an object of inspection. Naturally, the commercial debate carried with it so many other significances that this theoretical and academic inspection of the British track-record was of a much higher intensity than would normally have been the case.

On top of this, however, the Free Traders, who in any case made Britain their mascot, now presented more strongly than ever the benefits of Prussia joining the new British commercial system. Though the Prussian government itself tried to avoid any direct connection between itself and Britain - aware of the negative effects this would have on the suspicions and fears of the protectionists in the south - it could not stop those campaigners and to no little extent exploited the interpretations of its actions as going with the times. Both in the Prussian statements in support of its actions, as well as in the various espousals of support for the treaty in the states, it is surprising to note a certain echo of the British Whiggery of Free Trade; perhaps the efforts of British propaganda had indeed achieved some impact after all. It must be said, however, that the similarity of message at this point possibly simply served to reinforce the growing ideas of Anglo-Prussian collusion at this point.

The debate in the Prussian Lower Chamber on the Treaty,⁵⁵ for example, revolved around Britain. This debate involved some of the central characters in Prussian commercial policy making as well as other notable figures, such as Friedrich Harkort, the Rhenish industrialist and protectionist, Delbrück, Michaelis, the statistician and co-editor of the *Handelsarchiv*, and John Prince Smith; Harkort pointing to the need for protection, and suspicious of British motives, Delbrück pacifying as to British motives and maintaining Prussian competitiveness, Prince Smith pointing to the beneficial effects of Free Trade to British wealth, and asserting that 'Free Trade, Gentlemen, is the victorious principle of our times.'⁵⁶ This was a pattern which was to be repeated all over the German states.

The trumpeting of the Free Traders of the connection with Britain was, however, simply an encouragement for the phalanx of opponents to the treaty who suspected all kinds of predatory and suspicious British connections with Prussia. On the one hand, conservatives in any case saw the connection of Britain with France as a fearful situation; France, after all, remained the main threat to security in the south, and there were various scares at the end of the 1850s and early 1860s with regards to Napoleon III's intentions towards the southern states. France also represented to many conservatives the main source of all that was revolutionary, and the events of 1848 lingered on still. At the same time, it cannot be forgotten that French actions in Italy now appeared to denote a particular malevolence towards Austrian power - and thus also to the political situation which Austria upheld in Europe. That Britain and France had joined forces to get access to the markets of the German states, and, as it seemed, to force the decimation of the *Zollverein* and the exclusion of Austria in a treaty with Prussia all seemed to denote a new and threatening alliance of liberal parliamentary states. These suspicions were also by no means calmed by the emergence in the early 1860s of the Gothaist movement and the *Nationalverein* - which, though in reality less of a threat than thought, caused tremors with its advocacy of a *Kleindeutschland*, and its anglophile leadership and royal connections. The liberal Badenese ministry of Roggenbach, itself Gothaist,

could not restrain reference to the political significance the commercial connections with Britain would carry with it.⁵⁷

Meanwhile the protectionists and national economists feared above all for German industry and expressed their view in a mass of petitions and meetings. At the same time, the southern governments of Bavaria and Württemberg, who, as the most recently industrialised probably did have most to fear, also pointed to their economic vulnerability. It was, however, British competition, rather than French, which was mainly discussed and feared in the petitions which arrived at the various capitals, and which was the subject of debates in the various chambers. The Secretary of Legation at Munich, Mr. Bonar, reported of the Bavarian industrialists 'that though they expected to pass scatheless through the trial of competition with France, they saw nothing but ruin awaiting them from a rivalry with the industrial intelligence and capital of Great Britain.'⁵⁸ To these people it seemed that the Prussian agreement with France was merely a subterfuge for the British decimation of industry.

Among protectionists and conservatives, therefore, as well as among nationalist liberals, conspiracy theories abounded about Prussian/British cooperation. Moritz Mohl, the Württemberg protectionist and publicist, and government adviser on the treaty, coordinated a mass campaign against it, including fulminations in the protectionist *Frankfurter Postzeitung*. In a letter to Max von Gagern he stated his view that:

The whole of this Free Trade theory is simply a trap laid by Britain (but not by France, for that country really harbours protectionism) for the younger and weaker industrial nations, in order that it may crush their industry with the superiority of its own.

All of this is known to the Austrian and German, and even the Prussian commercial classes. Those who agitate in the cause of Free Trade, such as Herr Fauche and Herr Prince Smith are English agents...

The Prussian government however has certainly been working in this direction for some time and is under English influence.

This predatory interpretation of British commercial policy was, however, also to some extent facilitated by Prussia itself, which pointed to the loss of the French market to Britain in order to further pressurise the other states in agreeing to its own treaty with France, and even noted its own success in saving the German states from having to negotiate with Britain.⁵⁹ In this respect Prussia was simply whipping up the fear of industrialists about British competition for its own ends.

Despite the fact, then, that British commercial policy towards the German states at this point was still made according to factors unconnected with German politics, it again had taken on a high profile position there, and was also weighed down with political significances. Britain, though it certainly had not intended it, in fact was felt by many to be the instigator of a new, politically and commercially liberal wave of influence through the German states, one which fundamentally called into question the political *status quo* of particularism and weakened Austrian influence. This was underlined when the crisis reached its conclusion with the states realising that their economic interests meant they could no longer cut themselves off from the markets of the north and west, as represented by Prussia and Britain.

3. THE BRITISH SYSTEM OF COMMERCIAL POLICY-MAKING AND THE CONCLUSION OF THE ANGLO-PRUSSIAN TREATY OF COMMERCE

That the commercial debate in the German states had now moved onto the political plane as well as the commercial was a fact which was not immediately obvious to those involved in the making of British commercial policy. Thus at the ratification of the Franco-Prussian treaty in August 1862, Britain again followed its reactive, automatic policy of pressing for an MFN agreement simultaneously,⁶⁰ despite the fact this was patently not going to come about. When the Prussian government again refused to extend any agreement to

Britain without first gaining the agreement of the southern states, Russell simply interpreted this as the commercial preferment of France, and the obstructionism of Prussia which he saw as using the other states as a means of hiding from acceding to a British agreement, and in the atmosphere of growing domestic pressure his anger was evident when he responded:

The two powers ought to be treated with equality, otherwise it is not to be expected that Great Britain will in such matters treat the *Zollverein* in the same manner as France.⁶¹

Britain was by no means helping the Prussian cause. Any ideas of Anglo-Prussian collusion at this time were misplaced.

Despite these threats, however, the question had now altered in that it had gone to the states for their decision, and as Prussia made the continuation of the *Zollverein* contingent on the acceptance of the treaty, the matter was just as much commercial as it was political.

The nature of the problem for British commercial policy had now fundamentally altered. The British attitude in general remained that of automatic support for the French treaty. As the matter had now left Berlin and was being carried on at many different levels, the main sources of information for Britain tended now to be at the southern courts of Munich and Stuttgart, where the Austrian/Bavarian/Württemberg coalition was forming, at Leipzig, where Crowe's unique journalistic training and contact with all manner of political and commercial classes accorded his reports a special astuteness, and from Berlin, where Augustus Loftus' own flair for circumspection in such matters as well as the fact that Berlin had now become an important forum of *Zollverein* politics also lent his reports weight. Crowe's reports were also being sent through Berlin by flying seal, meaning Loftus had the benefit also of this information.

Both Crowe and Loftus to some extent resigned themselves to the fact that Britain could do little under the circumstances (a position, as already described,

supported by Ward throughout). Both underlined the fact that the matter was of a political nature, laying the blame for obstruction now squarely at the door of Austria. This was, of course, identification of guilt for commercial reasons, Loftus noting;

...the opposition caused by Austria to the conclusion of the treaty with France amounts virtually to arresting the progress of that liberal commercial policy which has been so wisely initiated, successfully promoted by Great Britain, and that in refusing to give their adherence to the Treaty of Commerce with France, Hanover and the southern German states are indirectly depriving Great Britain of the advantages which it will confer upon her trade and manufactures.⁶²

While identifying Austria as the main culprit, Loftus also noted that the southern states did not necessarily want Austria in the *Zollverein* but did want the matter of relations with Austria to be sorted out. To this end he also suggested that the British government should do everything in its power to discourage Austro-Prussian rivalry and restore good relations if it wanted to see the French treaty passed.⁶³

Yet both Loftus and Crowe argued early on that though the matter was political, economic necessities would carry the day,⁶⁴ making any thoughts of breaking up the *Zollverein* unrealistic, Crowe reporting that;

such is the agitation which is now taking place all over Germany on this point that every month adds strength to a feeling of discontent that the interests of the nation should be sacrificed to the views of a minority or to political motives.⁶⁵

While Loftus added;

The commercial question is one of such vital importance to all classes of the German nation that however political motives may exercise a temporary influence on the policy of the several governments of the German states, it cannot be doubted but that it will be finally judged on its own merit and necessities, and that Prussia will not permit the vital material interests of the nation to be sacrificed to mere considerations of a political nature.⁶⁶

More realistically, it was also mentioned that any active approach by the British government was at this stage more likely to be harmful to British commercial intentions as 'it would at the present moment increase the general alarm at the prospect of foreign competition which has taken such deep root among the southern manufacturing interests.'⁶⁷

The approach, therefore, which suggested itself to the British government, was the combined one of monitoring events in the German states - both economic and political, and encouraging Austrian agreement to the treaty, or at least harmony among the states. It should be noted that these two facets also fitted neatly into the British reluctance to force the issue, as well as its impotence to do so which had already been proved at an earlier stage, and its long-standing tradition of persuasion by argument. The British attitude was to be characterised by watchfulness and a little oil in the works.

It should also be noted that this watchfulness dove-tailed with the Board's earlier stated view that more attention should be paid to commercial affairs in the German states.

Yet this position also hit the problem that the British representative system was not really suited to reporting on both economic, commercial and political matters, as well as the fact that there was no one centre from which all matters could be covered completely. It is significant, therefore, that the problem was solved on an *ad hoc* basis with the mission at the end of 1862 of Robert Morier to Munich and to Vienna to report on the whole question of the southern states

agreement to the treaty, which would take in both governments as well as representatives of industry and commerce.⁶⁸

As Morier himself stated, '[his] mission had nothing of an official character and was limited to the collection of data.'⁶⁹ Its main concern was to find out the nature of Austria's obstruction to the French treaty, as well as to sound out the Austrian government with regards to a separate treaty with Britain.⁷⁰ To this extent this was part of the monitoring programme. On the other hand Morier also made certain cleverly worded suggestions that a treaty with Britain would prove to the other *Zollverein* states Austria's real commitment to commercial liberalism, making its inclusion into the *Zollverein* more possible. Count Rechberg,⁷¹ however, who maintained his own personal support for Free Trade noted he could not appear before the *Reichsrat*⁷² with such a suggestion, noting, in what was a clear reference to the differences between British commercial policy and that of the German states,

They [ie. the *Reichsrat*] don't care for a liberal commercial policy for its own sake, but only as a means to a closer union with the *Zollverein*. No step therefore can be taken in a free trade direction otherwise than along this road.⁷³

Morier soon concluded on this front that there was little chance of opening negotiations with Austria until the *Zollverein* crisis had been sorted out. Nevertheless, this suggestion again demonstrated that the aim of British commercial policy was commercial liberalism, and that the union or non-union of Austria and the *Zollverein* in a commercial sense was not, until this point, the issue.

The real significance of Morier's report lay in the fact that in its synopsis of the Austrian government's actions, it underlined now more than anything that the Austrian government was opposed to the treaty for political reasons, not commercial, though these also contributed something to public opposition there. Morier repeatedly used the tactic of sticking only to commercial

arguments to find that they bore no relevance to the Austrian position. He pointed to the coming Munich conferences, and noted that Austria would use that conference, under the auspices of Austria and Bavaria, to oppose the Prussian commercial treaty. Morier's own *pro-kleindeutsch*, Gothaist leanings probably also contributed to the strength of his portrayal in blaming the Austrian government. In his conclusion, he referred to the words of Max von Gagern, the liberal *pro-großdeutsch* politician who maintained of the Austrian government that it had it entirely in its hands to stop the Franco-Prussian treaty, 'and it is a power we shall certainly use if Prussia does not come to terms with us.' Morier noted;

this last statement...seems to me to afford the key to the entire Austrian position. Not in the protectionist sympathies of Bavaria and Württemberg, not in the commercial vices of the tariff of the French treaty, not in the belief that she can appeal to a 'great-German' public beyond her frontier, is the backbone of Austria's *Zollverein* policy to be sought, but in the conviction that in the personal hatred of the Elector of Hesse for the King of Prussia, and in the traditional jealousy of Hanover for Prussia she possesses allies, whose fidelity will stand the test of popular storms and whose position, taken up for political purposes only, she is ready to defend...⁷⁴

An interesting side-line to all of this was the approach to Morier of the Bavarian minister at Vienna, Count Bray, who welcomed Morier's future trip to Munich as possibly 'getting the people there a little off their political high horse and getting them to see things in a more reasonable light.' This betrayed a certain restlessness which was already beginning to be felt in the southern courts at what was gradually being seen as oppressive Austrian behaviour, or as Bray termed it, an 'open bribe.'⁷⁵

Morier's emphasis of the Austrian commitment to oppose the treaty, as well as the events of the Munich Conference of 1863, at which the governments of

Württemberg, Bavaria, Frankfurt, Nassau and both Hessen states stated their support for negotiations with Austria before acceptance of the Franco-Prussian treaty, led however to a new expression of sympathy on the part of the Board of Trade with the Prussian cause:

My Lords can neither believe or desire that the course taken by Austria can be successful, on the contrary they think that it can lead to no other result than delay and confusion. They are convinced that far more is to be expected from the independent action of the two great German powers than from their fusion into a common system which from the completely conflicting elements which it would contain would inevitably retard, if not altogether arrest all liberal progress.

They can therefore only hope that Prussia may have the will, as she appears to have the power, of compelling her confederates to continue their union with her on a reformed liberal principle and of constraining Austria to move forwards in the same direction on independent grounds.⁷⁶

This was, then, a clear statement of preference for the Prussian case. It also, notably, was a statement of support for the existence of the *Zollverein* as it presently existed. It should be underlined that this was the result of the Board's view, as gleaned from Morier's words, that Austria would not compromise. It was, however, a statement of preference made purely on commercial criteria that a *Zollverein* without Austria would be decidedly less protectionist than one with, as well as a continuation of the policy of supporting the Franco-Prussian treaty.

Another important point about this is that it was also a statement of 'hope' - there was still nothing Britain could really do beyond lending moral support.

Interestingly, the prospect of losing the *Zollverein* now led the Board to magnify its effort to find out as much as possible about it so as to calculate how its possible dissolution would affect British trade. Referring to Morier's earlier

'able reports', the Board in fact now commissioned him to assess just how far the course of Free Trade had advanced in the *Zollverein*. This was an important step, in that for the first time the Board was trying to make some realistic assessment of the effects of British commercial policy since 1848. Even so, the report was to be carried out along the lines of Free Trade parameters; Morier was to concentrate his activities on the consuming classes of the German states 'as every advance in commercial freedom is in the interest of the consuming class,' while looking into the 'financial results of the experiment' - by which the Board condescendingly referred to the *Zollverein's* tariff system - and looking at the development of industry there as the 'misapplication of resources.'⁷⁷ In other words, the policy of monitoring had now been extended to the realm of some kind of long-term assessment - a new development in the British government's approach to the *Zollverein* under Free Trade.

The increasing interest taken by the Board was also an expression of its new assertiveness in the face of what it saw as a situation brought about by the slackness of the Foreign Office. This also corresponded to the increasing anger of the British commercial community involved in exporting to the German states. As the *Zollverein* crisis continued, the Manchester and Bradford Chambers of Commerce initiated a joint action to protest at the lack of effective action in European commercial matters. The main point of protest was at what they believed to be 'the double action of the Foreign Office and the Board of Trade,'⁷⁸ a reference to the fact that while the Foreign Office felt itself to be responsible for foreign treaty negotiations, the Board was responsible for trade. At the beginning of February 1864, the Chambers made a joint representation to Lord Palmerston that due to 'the tardiness and inefficiency of the system at present existing in those departments of the government, whether at the Foreign Office or the Board of Trade, which are supposed to look after our commercial interests with foreign countries that we do not appear to make that progress which we are fairly entitled to expect.'⁷⁹ They expressed their feeling that 'it is most disheartening to the enterprise of the British manufacturer to observe that his immediate interest should be lost sight of by our foreign

diplomats,' and noted that though efforts had been made to improve this, 'the reality discloses a division of authority which in effect, renders neither the one nor the other responsible for the discharge of the important functions relating to our commercial intercourse abroad.'⁸⁰

Lord Palmerston's defence against this is revealing in the extreme of the continuing attitude of British politicians to the question of negotiations. He noted there were effectively three modes of influence open to Britain;

by persuasion, by equivalence or by compulsion. The first he need hardly say had been and would continue to be exercised on every suitable occasion, as to the second, we have none to offer, and the last was of course out of the question.⁸¹

Despite Palmerston's dismissal of this, the head of steam which was building up among the chambers of commerce and industrialists with regards to the situation in the German states led on to the instigation of the Select Committee on Trade with Foreign Nations of mid 1864.

The connection of the Select Committee with the application of British commercial policy to the German states was extremely close. On the one hand, its conclusions reflected the fact that institutionally, Britain had no central point of coordination for foreign commercial policy; the institutional situation in fact suited the reactive, passive stance of Free Trade. It was fairly clear from the tone of the Committee that it was the German states above all which had highlighted this fact. Both Robert Morier and Louis Mallet were called as witnesses, and Morier received especially close questioning with regards to John Ward's role in delaying a British representation to Prussia. Though Morier presented a stout defence of Ward's actions,⁸² it was still clear that the institutional relationship between the Board of Trade and the Foreign Office was no longer applicable to the new relationship with the German states.⁸³

That it was the problems of the German states which were above all creating this public frustration with the government was also proved by the fact that

the government attempted to at least absolve itself by sending Ward on a grand tour of the British chambers of commerce in October of 1864.⁸⁴ The truth was that the matter of the *Zollverein* treaty still appeared to be eluding the British government despite the fact the *Zollverein* crisis itself was now to some extent past - the southern governments having given way to economic realities, and stated in June of 1864 their acquiescence in the renewal of the *Zollverein*. Ward had yet again been sent on another useless trip to Berlin, this time because there were to be discussions about the new *Zollverein* tariff, and, yet again, had noted the pointlessness of representing particular interests to the Berlin government. In a conference with the Director of the Commercial Department of the Prussian Foreign Office, Philipsborn, Ward was told Prussia would be applying the French treaty to all anyway, that the informal agreement to sign an MFN once French negotiations were finished, with which the Prussian government had successfully fobbed Britain off, had only extended this far in the first place, and that the whole question for Prussia revolved around the renewal of the *Zollverein* at this juncture. Ward had stated:

It really appears to me to be out of the power of Prussia to open new questions of such a nature either with the assenting or dissenting states; nor do I believe there ever has been a period between the time when Prussia began to negotiate with France in 1861 and the present day when it would have been of the slightest utility for Her Majesty's Government to insist officially upon the wants and wishes of the British Chambers of Commerce being taken into consideration at Berlin. Private suggestions enough have been made on behalf of British industry to the Prussian authorities - by Lord Augustus Loftus for instance - by myself - and by other persons in Her Majesty's service. But such suggestions have received no further attention than suited the objects of Prussia herself and the new *Zollverein* tariff had been framed in accordance with

German interests only, whether rightly or wrongly understood by the German governments.⁸⁵

Ward then backed up this case privately in a letter to Hammond, the Under Secretary at the Foreign Office;

I have thought it best to state the case exactly as it is without any varnish. The notion that opportunities have been lost for proffering the claims of British industry here is completely erroneous.

Ward then summed up his own attitude on matter, also revealing his own attitude which had been so influential throughout the preceding decade:

We can do nothing but watch the progress of Free Trade principles in Germany (which really do advance, though slowly) and see whether the next triennial period of revision will bring with it a favourable moment for making suggestions for the further reduction of the tariff.⁸⁶

Ward's trip to the Chambers of Commerce in fact killed two birds with one stone by allowing Ward to explain the particular case of the German states to the Chambers, and thus pacifying them and relieving the government from what was becoming an open criticism of the whole style of government under the Whigs and liberals, and also allowing Ward to see the frustration of the Chambers, allowing them to explain their particular needs, and perhaps influence his own stance on the German states. More importantly, the direct contact of Britain's chief representative on German commercial affairs with the Chambers represented another *ad hoc* improvement on the state of institutional dismemberment of the commercial policy-making apparatus which had been allowed to exist under Free Trade. Ward noted that the Chambers of Commerce in fact welcomed his visit as 'the beginning of a new epoch in the administration of the foreign affairs of the country,'⁸⁷ and the

Manchester Chamber of Commerce hoped 'that Mr Ward might be followed by others, so that there might be an indication that diplomacy abroad was animated by the same spirit as mercantile affairs at home.'⁸⁸

Ward's report in fact showed that the complaints of British commercial men in Britain were largely on a regional basis, depending on what kinds of produce dominated in a given area. His trip put him in contact with deputations from Leeds, Huddersfield, Dewsbury, Batley, Bradford, Newcastle upon Tyne, Dundee, Manchester, Sheffield, Birmingham, Wolverhampton, Leicester and Stoke on Trent. While the Yorkshire interests were diverse - woollen, silk, iron and machinery, those of Dundee were concerned with jute yarn and cloth, Manchester with cotton, Sheffield with iron and steel. Interestingly, the new *Zollverein* tariff was not seen as harmful to all - Manchester actually welcomed it, probably because of its concessions on yarns. Yet Ward's report from the trip also reveals the lack of understanding among these commercial classes for the machinations of the *Zollverein*, Ward noting;

they did not always appreciate the difficulties with which the British government has had to contend in the urging a free trade policy upon foreign powers, nor did they seem fully aware of the nature of the obstacles which have hitherto made it impossible for Prussia to establish a really liberal customs tariff in Germany against the wishes of other states of the Union.⁸⁹

Nevertheless, Ward's trip was more than anything an effective dissemination among the commercial classes about the politics of the *Zollverein* and the whole commercial system in the German states, and William Hutt, noting to Ward that his report had been circulated widely in many departments of government, noted it was 'highly approved of. It certainly did good in more ways than one.'⁹⁰

The Prussian line on not negotiating with any other power was in any case held. The reports of Lord Napier, appointed as Minister to Berlin in November

of 1864, only served to underline the fact that Prussia would not bend on this point, and that the present negotiations between the *Zollverein* would now be limited to the 'the clench of the treaty'⁹¹ with France. This followed in December.⁹²

Bismarck, indeed, now sure of his victory over protectionists and Austria alike, now signalled his readiness to sign a treaty with Britain. The British draft treaty now approached the several areas which had caused concern, import and export, transit, and also an article on patents - a consistent irritant throughout the fifties and a symptom in itself of growing industrial competitiveness. Most importantly, the British draft treaty included in Article 5 the Most Favoured Nation clause, 'affirming the principle of equality in the largest sense and including every point which might arise but which might not strictly fall under the categories of import or export duties.'⁹³ Even in these last closing stages, Bismarck, using the commercial allies of Delbrück and Philipsborn, attempted to avoid the universalist commitments to a principles which this implicated. They pointed to the fact that there were commercial practices peculiar to border areas which were simply used to facilitate local cross-border cooperation in industry. The article which Bismarck now proposed inserting made commitments only in as far as future concessions to third powers was concerned and not on such wide, and almost moral terms. Napier now noted on Bismarck's proposals that 'in lieu of [the British] broad and conclusive assertion of a principle the Prussian government offered us a guarded and limited stipulation taken from a narrow treaty of equivalents.'⁹⁴ He went on to point out the whole idea of the new era of treaties as it had been foreseen in Britain, underlining the fact that the MFN clause for Britain was again part of this universal approach. At the same time, Bismarck, pointing to the fact that 'the Prussian government was in a very peculiar position at the head of a susceptible complicated commercial organisation with which it was not always easy to deal,' and noting that such a commitment would 'arouse a multitude of undefined apprehensions and suspicions,'⁹⁵ was basically

underlining the point that the Prussian government was not, and never could, work on this universalist basis.

Nevertheless, by this point the difference was a matter of detail, and the Board of Trade's insistence on the MFN clause, as well as the fact Prussia had largely got what it had wanted in the treaty with France meant an agreement was soon achieved, resulting in the signature of an Anglo-Prussian treaty of commerce on 30.5.65. and of navigation on 16.8.65.⁹⁶

1 A.A. Iliasu, 'The Cobden-Chevalier Commercial Treaty of 1860,' 1971, p67.

2 Quoted in: John Morley, *The Life of Richard Cobden*, 1903, p799.

3 Quoted in: Theodore S. Hamerow, *The Birth of a New Europe...*, 1983, p273.

4 Morley, *The Life of Richard Cobden*, 1903, p809.

5 Iliasu, 1971, p67.

6 Iliasu, 1971, pp75-77.

7 Iliasu, 1971, p74.

8 Including: 28.5.56., Malet to Clarendon, FO208/64 PRO. Also: 20.1.58., Commercial Report of Lord Augustus Loftus on the Trade of Prussia. Printed in: PP, Accounts and Papers, 1857-8, LV.

9 Including, for example, Lord Bloomfield's reports on conversations with Manteuffel, in which the latter assured him of Prussia's intention not to give way to Austria as early as 1857: 21.3.57., Bloomfield to Clarendon, FO208/65 PRO.

10 See for example 19.4.60., Ward to Russell, FO68/113 PRO. Ward here notes that by the 1st article of the Anglo-French treaty there may be a loophole by which the German states could avoid having to make any real concessions. This involved the circuitous practice of sending goods to France via Britain.

11 11.1.61., Tennent to Foreign Office, BT3/59 PRO.

12 11.1.61., Tennent to Foreign Office, BT3/59 PRO.

13 5.2.61., Board of Trade to Foreign Office, BT3/59 PRO.

14 *ibid.*

15 *ibid.*

16 *ibid.*

17 This had been cancelled ostensibly on the grounds that it did not offer Prussia the benefits it had desired, and as a protest at the Navigation Laws. The more real aim had been to facilitate the setting up of a union of coastal states for the purpose of taking common reprisals against the Navigation Laws.

18 5.2.61., Board of Trade to Foreign Office, BT3/59 PRO.

19 16.3.61., Augustus Loftus to Russell, FO244/172 PRO.

20 The treaty between France and Prussia was signed on 29.3.62. and ratified 2.8.62.

21 16.3.61., Augustus Loftus to Russell, FO244/172 PRO.

22 Reflected later in the fact that the treaty was to become the basis for a renewed *Zollverein*. See below.

23 10.8.61., Augustus Loftus to Russell, FO244/172 PRO.

24 4.5.61., Augustus Loftus to Russell, FO244/172 PRO. Also: 6.9.61., Ward to Russell, FO33/172, PRO.

25 Delbrück laid this at the door of the French, who he accused of prevaricating in order to pressurise the Prussians, who quite obviously wanted access to the French market. See Delbrück, *Lebenserinnerungen*, 1905, p207.

26 23.2.61., Augustus Loftus to Russell, FO244/172 PRO.

27 See below.

28 Loftus commented: 'There is an uncertainty and a mystery attaching to them which renders it difficult to ascertain how far these negotiations have

- advanced or are likely to lead to any satisfactory issue.' 4.5.61., Augustus Loftus to Russell, FO244/172 PRO.
- 29 Draft Treaty enclosed in: 3.8.61., Russell to Augustus Loftus, FO244/171 PRO. The Draft Treaty also highlighted various other long-standing commercial grievances such as the conclusion of an agreement on patents, and one on navigation.
- 30 17.8.61., Ward to Russell, FO33/172 PRO.
- 31 31.8.61., Ward to Russell, FO33/172 PRO.
- 32 18.9.61., Ward to Russell, FO33/172 PRO.
- 33 6.9.61., Ward to Russell, FO33/172 PRO.
- 34 16.11.61., Loftus to Russell, FO244/172 PRO.
- 35 26.11.61., Tennent to Foreign Office, BT3/59 PRO.
- 36 16.11.61., Loftus to Russell, FO244/172 PRO.
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- 41 Including petitions from the Birmingham Chamber of Commerce (see 8.4.61., Tennent to Birmingham Chamber of Commerce, BT3/59), and those of the Associations of Bleachers, Finishers and Linen Merchants of Ireland, and the Chamber of Commerce at Newcastle and Gateshead (see 3.7.61., Tennent to Russell. Enclosed in: 17.7.61., Russell to Augustus Loftus, FO244/171 PRO).
- 42 13.2.62., Memorial Manchester Chamber of Commerce to Emerson Tennent, FO64/534 PRO.
- 43 18.2.62., Board of Trade to Foreign Office. Enclosed in: 19.5.62., Board of Trade to Foreign Office, BT3/61 PRO.
- 44 27.2.62., Russell to Augustus Loftus, FO244/176 PRO.
- 45 26.2.62., Russell to Augustus Loftus, FO244/176 PRO.
- 46 5.3.62., Russell to Augustus Loftus, FO244/176 PRO.
- 47 See below.
- 48 15.4.62., Gordon to Russell, FO82/104.
- 49 28.4.62., Tennent to Foreign Office, FO64/534 PRO. Also in: BT3/61 PRO.
- 50 Saxony and Baden declared their support for the treaty as early as May and June 1862 respectively.
- 51 A.E.F.G. Schäffle, *Aus meinem Leben*, 1905, p95.
- 52 See above Part 1.
- 53 Beust, *Aus Drei Viertel-Jahrhunderten...*, 1887, vol.1, p303.
- 54 Prussia had increasingly been taking the role of main negotiator for the interests of the *Zollverein* in foreign commercial arrangements before this, but negotiations with France and Britain gave it a new political status.
- 55 On 23.7.62. and 24.7.62., Stenographische Berichte, Haus der Abgeordneten, 1862.
- 56 23.7.62., Stenographische Berichte, Haus der Abgeordneten, 1862.
- 57 '...welches seiner Rückwirkung auf die politischen Beziehungen und den Gang der politischen Ereignisse nicht ermangeln wird.' 'Bericht des Ministers des Großherzoglichen Hauses und der auswärtigen Angelegenheiten, Franz von Roggenbach, vom 21.6.62. "den Handelsvertrag mit Frankreich betreffend."' Printed in: Böhme, *Vor 1866. Aktenstücke zur Wirtschaftspolitik der deutschen Mittelstaaten...*, 1966, p69.
- 58 18.3.62., Bonar to Russell, FO9/150 PRO.
- 59 Delbrück, *Lebenserinnerungen...*, 1905, p224.
- 60 6.8.62., Russell to Augustus Loftus, FO244/177 PRO.
- 61 23.8.62., Russell to Augustus Loftus, FO244/177 PRO.
- 62 12.7.62., Augustus Loftus to Russell, FO244/179 PRO.
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- 64 12.7.62., Loftus to Russell, FO244/179 PRO
- 65 11.11.62., Crowe to Russell, FO68/123 PRO.
- 66 22.11.62., Augustus Loftus to Russell, FO244/181 PRO.
- 67 1.12.62., Augustus Loftus to Russell, FO9/154 PRO.
- 68 26.11.62., Russell to Loftus, FO244/177 PRO.

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- 69 22.12.62., Morier to Russell. Enclosed in: 2.1.62., Buchanan to Russell, FO64/538 PRO.
- 70 Earlier over-optimistic plans to conclude a treaty with Austria had had to be shelved in 1861, 'the attention of that government being engrossed by important domestic questions:' 25.7.61., Board of Trade to Foreign Office, BT3/60 PRO.
- 71 Johann Bernhard, Count von Rechberg und Rothenlöwen, 1806-99, Austrian Foreign Minister 1859-64.
- 72 The Austrian chamber.
- 73 22.12.62., Morier (see above).
- 74 30.12.62., Morier to Russell. Enclosed in 2.1.63., Buchanan to Russell, FO64/538 PRO.
- 75 28.12.62., Morier to Russell. Enclosed in 2.1.63., Buchanan to Russell, FO64/538 PRO.
- 76 17.8.63., Board of Trade to Foreign Office, BT3/63 PRO.
- 77 *ibid.*
- 78 10.2.64., Joint Meeting of the Manchester and Bradford Chambers of Commerce, M8/2/6 MCC.
- 79 8.3.64., Report on the Deputation to Lord Palmerson, 22.2.64., M8/2/6 MCC.
- 80 *ibid.*
- 81 *ibid.*
- 82 '...his chances of success, as far as such success depended on persuasion, appear to me to have been as good as those of any other persons, however well qualified in other respects.' 28.6.64., Morier, Report Select Committee on Trade with Foreign Nations, PP, Reports Committees, 1864, VII.
- 83 See: Report from the Select Committee on Trade with Foreign Nations, PP, Reports Committees, 1864, VII.
- 84 5.10.64., Hammond (Under Secretary at the Foreign Office) to Ward, FO33/186 PRO.
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- 93 24.3.65., Napier to Russell, GStPK Merseburg, 2.4.1., Abt.II, 4271.
- 94 *ibid.*
- 95 *ibid.*
- 96 FO208/65 PRO and J. Ward, *Experiences of a Diplomatist...1872*, p212.

CONCLUSION

The period 1848-1866 represents not just a specific stage in German History, but also in British History. It is the period during which Free Trade was the determining force of British commercial policy. For this reason, British commercial policy towards the German states cannot be judged by the same criteria as the 1830s and 1840s.

Free Trade was motivated primarily by British domestic factors, and was the result of a long and intense domestic conflict between various interests. It was not the result of any foreign policy objectives beyond very vague notions, derived again from the British experience, about links between political and commercial liberalism. Free Trade was, also, fundamentally only possible against the backdrop of British economic and industrial superiority. Because of these facts, Free Trade as applied to foreign countries meant unilateral tariff reductions, it meant faith in the economic logic of Free Trade, the direction of commercial policy only at the level of universal principles and not at any specific or political level. It also, therefore, meant the demotion in importance of developments in foreign countries in the assessment of commercial policy and a reliance on regulation and reaction. At the same time British Free Trade involved much propaganda, though this was not aimed at any one country in particular but stemmed again from economic logic and from the universal approach as applied by Britain.

Another conditioning factor in the way the German states figured in British commercial policy-making was the structure of information-gathering and decision-making. Though there were several exceptions to the rule, commercial correspondence remained in general of an inferior quality and an inferior importance. There was much ambivalence about the state of British markets in the German states. The more important centres of information-gathering tended also to reinforce the belief in Free Trade in London, and information was processed according to its logic. At the same time, the nature of the British representative system meant that information gathered did not

include the political dimensions of commercial affairs necessary for any effective commercial policy towards the German states, and the nature of the central decision-making bodies meant the magnification of this phenomenon. The overall effect of this structure was simply to reinforce the non-political, universal, and naïve aspect of British commercial policy.

Meanwhile, prosperity meant that throughout the 1850s the tone of commercial classes was more disinterested in foreign markets than otherwise. Again this allowed the relationship of the Board of Trade and Foreign Office to continue. Towards the end of this period this complacent atmosphere began to change somewhat, yet this still did not amount to much more than a change in tone, and the universal nature of British commercial policy remained. This change also had little to do with matters in the German states and more with Britain's global trade relations and the political and economic effects of the Crimean War.

British commercial policy towards the German states during the so-called *Reichsgründungszeit* can only be considered against this backdrop, and it is impossible to discuss British policy towards developments in the German states without first taking this peculiarly British aspect into account.

British commercial policy towards the German states remained universal, and largely governed by principles applied to Europe in general. Though the real importance of the German market was undoubtedly large, it was not fully appreciated in London. Political aspects were not connected to commercial questions. Commercial policy was determined by domestic developments rather than foreign ones. Further, the German states remained merely one part of a developed, global pattern of trade. All in all, German historians must possibly face the fact that the German states remained of low importance in British commercial policy-making in general.

There was little connection of political with commercial matters. This was not mere political cant for the sake of commercial evasiveness as was often the case in the German states, but was institutionally and psychologically fact. Commercial policy remained governed by Free Trade. Protectionism was to be

avoided and liberalisation was welcomed. There was little in the way of differentiation between 'true' commercial liberalism in the British sense, or the Prussian version which meant merely lowering tariffs for state economic interest.

This policy of reaction typified Britain's commercial relations with the German states throughout the period 1848-1866. It governed the response of the British government to the attempts for commercial unity in 1848-9, in the *Zollverein* crisis of the early 1850s, and through the later *Zollverein* crisis and period of rivalry of 1862-4. There was no political preference involved, merely a preference for the party offering the most liberal tariffs. This was not perceived to have any political connotations in London, which was a fact that simply could not be believed in the German states.

In the light of this, the various accounts of British opposition to German commercial unification must be revised. Britain was certainly not averse to the process of commercial integration in the German states. Indeed, the British government was quite happy to see the removal of petty barriers which the commercial unity of 1848-9 would have involved, and indeed in later developments. It was, however, the increasing dominance of the protectionists in this process which drew British opposition, rather than commercial unity itself. At the same time, commercial unity did not, for the British government, necessarily mean political unity. This again reflected the separation of politics from economics in the thinking of British foreign policy. It was, however, an approach which was fundamentally different from that of the German states and those who sought commercial unity.

Similarly, the coverage of Britain's attitude to the *Zollverein* needs more clarification with regards to the 1850s. The almost traditional view that Britain was a firm opponent of the *Zollverein* is not applicable once Britain had assumed Free Trade policies. The events of 1849 to 1853 showed that the continued existence of the *Zollverein* was of great importance to Britain. The alternatives to it - commercial union with Austria above all - meant only increasing protectionism to the British government, and thus were to be

avoided. The dominance of List's rhetoric in historical coverage of the *Zollverein* is called into question by this fact. Naturally, the British government were now officially and practically unable to intervene in foreign commercial matters, yet the sympathy of Britain with the cause of the *Zollverein* cannot be denied.

Yet British support for the *Zollverein* had all sorts of unintended but clear political reverberations in the German states. The naïve policy of reaction, made as it was on only commercial bases, carried a high political charge with it in the atmosphere of the German states of the 1850s. Though the *status quo* had been restored, the situation of the utmost rivalry meant that British statements of preference were quick to be viewed as political support or opposition. Institutionally, however, the British government was neither aware of the connotations of its actions, nor able to make its policy any more flexible to avoid this situation. The voices of representatives who were aware of this short-fall were lost in the institutional gap at home.

The fact that British policy increasingly supported the Prussian cause in commercial matters had no political grounds. This was proved by the fact that Britain could be equally obstructionist on the occasions that Prussia suggested higher tariffs. Yet it cannot be denied that as Prussian economic interests increasingly dictated the lowering of tariffs as the economy of the northern part of the Confederation industrialised, a certain contiguity of interests began to emerge between this part of the Confederation and Britain. Again, however, this involved no political preference. Yet the fact that British and Prussian parallel interests began to lead to negotiations for a treaty, and the final conclusion of that treaty, meant Britain and Prussia's shared commercial interests had a direct and visible political side-effect in the German states.

The unintentional side-effects were similarly felt with regards to the *status quo* of political particularism in the German states. British avowal of Free Trade, supported by a strong line in propaganda and self-publicity, together with its success, was feeding into the social and economic changes of the time in the German states. This was not just a question of social and political

organisation of the Free Trade and protectionist movements, but also the industrial and commercial classes who, whether they wanted to or not, had to take account of developments in Britain.

Free Trade was by definition an economic philosophy which was in opposition to small states and the old methods of state finance. It also meant a different political attitude to the state; one which was in opposition to absolutism and divine right. By German historians it should be remembered that such political effects were largely unintentional. By British historians it should be remembered that Britain's adoption of Free Trade was not a phenomenon whose effects stopped at the British coast.

Finally, the recurrent aspersions regarding British antipathy with regards to German industry must be countered. As economic historians have increasingly pointed out, there was a high degree of mutual benefit in the Anglo-German relationship in the mid-century. This must now, however, be extended to the political level where it should also be noted that the rivalry model is not applicable. On the one hand, the British government was not particularly interested in the level of advance in industry in the German states at this time. It is true that the Board of Trade, and indeed Free Trade logic, viewed industrialisation in the German states as a misdirection of resources. Yet it cannot be maintained that this led to any action, and there was little in the way of reportage on this subject. In addition to this, the German states, notably Prussia and city states like Hamburg, but also others when it suited their interests, used the British connection to their own purposes. Accusations at the time of British interference were misdirected. The root of the matter lay in the intra-German commercial and political conflict itself. At this point, at least, active rivalry lay only in the rhetoric and imagination of national economists.

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