

Carlsbad 1819

Like another Chouannerie

Prince Ludwig Windischgraetz's predictions of European economic community

April 3, 2018 by Nulle Terre Sans Seigneur

Fürst Ludwig Aladar von Windischgraetz (1882-1968), descendant of a Lower Styrian noble lineage, published his memoirs (<https://archive.org/details/mymemoirs00wind>) in 1921, (shortly before the Little Entente defense pact was signed between Yugoslavia, Romania and Czechoslovakia to prevent Karl I of Austria from exercising his legitimate birthright), dealing with his tenure as a WWI-era Austro-Hungarian diplomat.

At the end of the book, he draws some fascinating remarks on the future of international politics, which he believed would be intimately connected with the foundation of a European economic community or union of some sort.

In the intermediate term, Windischgraetz believed that there would be three main spheres of influence: Russo-Siberian-German, Pan-American and Anglo-French.

“The small States — Italy, Rumania, South Slavonia, Poland, Hungary and Austria — do not come into question at all in future as concurrent world factors. Nothing but their inclusion in one of the existing systems can guarantee their economic and political existence,” he said.

Either the small states were to be absorbed into the Russo-German bloc, or they would have to be crystallized into a “common economic organization which takes the essential conditions of the individual nationalities into the fullest account.”

Economic reconstruction was paramount, and more specifically integration into an international system of credit. On the national level, “credit must be given until industry, agriculture and all commercial undertakings have been given the utmost possible opportunity of development. The worst mistake of our financial policy is the idea of a levy on capital.”

The specific claim that there would be a “formation of a uniform economic sphere from Vladivostok to the Rhine” did not pan out quite that far to the east, but within the European continent itself it mostly did.

Windischgraetz's statement that "free trade is the indispensable basis of its future development" and that "extreme Socialism and Bolshevism are ideas of yesterday — diseases whose causes are to be found in the circumscription of the economic life of the nations," also turned out to be correct, at least in theory. Drawing distinctions between "free trade" and "managed trade" is difficult, but institutions like GATT, WTO and various multilateral trade agreements pointed to such an ideological alignment, on a scale far dwarfing the Zollvereinen of old.

The period of 1919-1921 had with it a lot of uncertainty with many Bolshevik and socialist revolutions sprouting up like mushrooms throughout the continent. The Russo-German axis would not materialize, except perhaps with the GDR after WWII. The Pan-American bloc became larger than so many people would have anticipated, engulfing England, Western Europe and ultimately much of the Eastern Bloc, too.

But overall a lot of the sentiment proved to be on the right track.

It should be little surprise that an Austro-Hungarian prince should have proved so internationally minded. Dating back to the medieval glossators of Roman law, the notion of Holy Roman Emperor as *dominus mundi* (lord of the world, an idea taken from the Corpus iuris civilis) was widely accepted. The Italian jurist Baldus de Ubaldis (1327-1400) held to a fraternity between Church and Empire, the Pope and the Emperor divinely constituted, the Empire proceeded from God. In the first place, God had authorized universal stewardship to the Roman people, who had then transferred their power to the Emperor via the *lex regia*, this action in turn receiving both divine and ecclesiastical confirmation. Papalist and ultramontanist theories such as those of Augustinus Triumphus, Henry of Segusio, James of Viterbo and others had similarly universalist implications that extended to temporal power.

Charles V held to a conception of universal monarchy, in 1556 stating (<http://www.habsburger.net/en/chapter/charles-v-and-vision-universal-monarchy>) that "I sought the imperial crown not in order to rule over a multitude of kingdoms but merely to ensure the welfare and prosperity of the country and my other kingdoms, and to preserve peace and concord in the whole of Christendom..."

The Italian Franciscan friar Tommaso Campanella, better known as a proto-communist, was a strong adherent of the idea of universal monarchy, publishing a treatise c.1600 to the King of Spain advising him on how to achieve it. The causes by which the Spanish monarchy may be enlarged, or become lesser, were defined by Campanella as follows (<https://quod.lib.umich.edu/e/eebo/A32922.0001.001/1:13?rgn=div1;view=fulltext>):

The Occasions, by which the Spanish Monarchy may be kept up, or perhaps be enlarged also, are these: First of all, The Virtue of the King; Secondly, the Goodnesse of the Lawes; thirdly, the Wisdome of the Councel; fourthly, the Iustice of the Officers of State; fifthly, the Obedience of the Barons; sixthly, the Multitude, and good Discipline of Souldiers and Commanders; Seventhly, a Full Treasury; Eighthly, the Mutual Love of the People among themselves, and toward their King; Ninthly, Good Preachers, in their Sermons speaking for subjection to Kings; Tenthly, the Good Agreement betwixt his own Kingdomes, and the Disagreement betwixt his Neighbours. And on the contrary, this Monarchy hath these things that may be the ruine of it: as First, A wicked King; Secondly, Bad Lawes; Thirdly, an Ignorant Councel; Fourthly, Unjust Officers of State; Fifthly, a Disobedient Nobility; Sixthly, the Want of Souldiers and Commanders, and those He hath, not well disciplined; Seventhly, Want of Mony; Eighthly, The Mutual Hatred of the People among themselves, and toward their King; Ninthly, False Prophets, or else perhaps True ones, that may rise up against Monarchy; Tenthly, The Discord of his Own Kingdomes, and the Agreement among others. All which things are Prudently to be considered, and weighed; seeing that the present Disagreement among the Enemies of Spain, and his Power at Sea all over the World, have rendered the Attempt not only of maintaining, but of enlarging this so great a Monarchy very feasible.

Balance of power, Machiavellianism, romantic nationalism, etatisme, cabinet absolutism and a variety of other developments would largely displace such theories after the consolidation of the Reformation, and the need for Counter-Reformation theorists to make their peace with some of these novelties.

Windischgraetz's musings on the future of Europe:

The development of political organisms in Central Europe on both banks of the Danube was due to natural causes. A categorical imperative of a purely economic nature au fond threw heterogeneous peoples on one another. The East Mark threw in its lot with the half Asiatic Magyar people, the buffer to what was still at that time the barbaric East. In this way the central block of the Austro-Hungarian Monarchy was formed, in the course of centuries, round about the mountain chains and the Hungarian plains on either side of the Danube.

The schoolbooks of our childhood tell us that it was the reigning dynasty which, rightly or wrongly, co-ordinated and formed the German Austrians, Slavs and Magyars into a great political structure in days of yore. That is a superficial view, and a traditional improvement on the facts, which has been encouraged by the dynasty. For the experience of our riper years has taught us that the coalescence of heterogeneous peoples was the basis of our economic existence, in spite of the reigning House, in spite of century-old, for the most part unsuccessful, Habsburg policy.

Nevertheless, in the centuries gone by, the artificial political structure influenced by such different architects was still the only possible organism of the Danube countries adapted to the requirements of the various peoples. The best proof of the vitality and necessity of this German-Magyar conglomerate was that foreign nationalities from north, south and east joined it, and owe what is best in their civilization to German-Magyar influences. In their calamity, the German Austrians and the Magyars can point with pride to the fact that the level of civilization of the peoples which found a home within the frontiers of the old Danube Monarchy was still higher than that of their kinsmen living in independent States beyond the frontiers.

As a result of misguided Cabinet policy, the Magyars and German Austrians were, so to speak, defenceless beside the powerful German Empire in the World War. Although our ultimatum to Serbia set light to the powder-barrel, the causes of the war were to be found (not even then ultimately) in the difference between the Potsdam view of life and the democratic views held in the West. Ultimately the war was in no way attributable to Court motives, though Court policy had a hand in it ; the war was a natural necessity, an economic-technical test of the nations' strength, which finally changed into class warfare.

In spite of the fact that Austria worked like a boiler overheated by Imperialist German engine-drivers, and at last burst under the pressure of this overheating, yet the alliance with Germany was a matter of logic. From the moment when Russia's Pan-Slav tendencies threatened the existence of the Monarchy, Austria-Hungary had hardly any choice but to look for help from Germany.

[...]

World political problems are geographical problems. Economic facts are evolved from geographical conditions. Failure to recognize this principle drove Germany into her senseless colonial adventures. If the immense economic strength of the German Empire had been directed into its natural channels, if Germany had rightly understood her world historical duty — to look on herself as the fashioner of the raw material from European and Asiatic Russia, instead of indulging in a taste for colonial expansion and revelling in melodramatic catchword politics — Germany's policy would have achieved gigantic results, Germany's future would not be wrecked as it is to-day.

The former state, when the rise or fall of industries was regarded as a question of fluctuating Stock Exchange values, will cease. In future it will be impossible to convey raw material long distances unnecessarily. In other words, the plus the world had stored up and on which the Stock Exchange

gambled is consumed. To-day, products can only be transported in large quantities on the basis of economic necessity.

This theory necessitates free trade in international economic life. Free trade is the indispensable basis of its future development. Extreme Socialism and Bolshevism are ideas of yesterday — diseases whose causes are to be found in the circumscription of the economic life of the nations. The barriers to free development are called customs barriers. They serve the capitalistic interests of the individual States, have the same obstructive effect as economic transportation of products in large quantities, and only benefit a privileged Phaeacian class. Modern policy must take the simple geographical and economic facts into account.

The vital economic and geographical conditions of the Germans and Magyars in the Danube countries have not been altered by the war. What was right in the past is right in the present, and will remain so for all time. The fact that the peoples who were formerly our fellow-citizens (Slavs and Rumanians) have broken away from the rule of the German Magyars does not bring about any economic-geographical change in Central European life. The customs frontiers have been shifted, nothing more — the tariff policy altered (the natural result of which is that the working classes will be ground down under altered conditions). This reorganization and frontier redistribution in Central Europe only took place a few months ago, and it has already given conspicuous proof of its inefficiency. The cataclysm of the World War, the loss of economic values running into millions, necessarily led to the break-up of all weak political and social ties ; but the economic and geographical facts remain and will compel adequate organizations.

The policy of the future will show us a regrouping of the European States under the categorical influence of their economic interests. We shall see the formation of a uniform economic sphere from Vladivostok to the Rhine.

Petty intrigues and particularist interests may try to divert Russian and Siberian raw material to America, England and France, but in future these raw material supplies will be more profitably and economically turned to account in Germany than elsewhere ; the transport to Germany will be cheaper than shipping them anywhere else. The oppressive peace imposed on Germany is just the stimulus which will give the people a salutary insight into the sphere of their real interests, after decades of mistaken policy. The outcome of a Russo-Siberian-German agreement would be a system of forces unparalleled in the world. In a contest, whether economic or physical, with no matter what other combination of States, this system must always be victorious.

In spite, or rather in consequence, of the Versailles peace, we shall have fresh wars before many years, unless a broadminded policy of understanding finds ways and means of eliminating sources of friction which have become apparent almost all over the world to-day.

Wilson tried to fix the principles of a peaceful organization of the world ; but he lacked the strength to carry his ideas into effect. He did not succeed in securing pacifist defensive capacity — military defensive capacity remains. As to this there can be no doubt : even Socialist and Bolshevik circles, which came into power in the last stages of the war, began their work of organization by armed force.

World problems and epochal ideals, which change the spirit of the world, are clear and simple. The ideal of Christianity and Buddha's ideal are expressed in simple maxims. The maxim which has really brought the world, as constituted to-day, nearer to the complicated theories of Pacifism, is free trade. This one maxim, carried into effect honestly, and consistently with its sense, means more than the theories and developments of Wilson's Fourteen Points.

And the victorious Entente rulers had it in their power to take these steps which would revolutionize the world.

Meanwhile, it is clearer to-day than ever before the war that questions of strength and power alone count and influence the world to-day. The gleam of hope of a peaceful future has vanished. It will only be possible to maintain peace and the cultural and economic development of the peoples, even in the near future, by a balance of strength and power. The political theories of the past still hold good. Compromises and half-measures continue to decide the system of the world.

One thing, however, must not be forgotten, that a five- years' mortal combat has schooled the peoples of the earth. In the last years before the war, human beings fighting one another to death was not a problem so intelligible as to speak for itself; to-day, every schoolboy has the key to the mystery. The ultima ratio re gum that war is an instrument to be turned to account for attaining wishes wholesale has sunk into the minds of the people. Formerly there were Cabinet and Court wars; to-day we are faced with the probability that every race, every village, which is dissatisfied with its conditions of life will take up arms. The World War has been at an end for a year, and already quite a number of groups of power are starting fresh conflicts, whose causes are to be found in the chance wishes of a few individuals.

The World War has further shown us the importance of great economic spheres. Just as the working man has found that a coalition of forces is the most practical instrument for attaining the wishes of his daily life, so races, nay, even small groups of individuals, have found by experience during the war that their coalescence with others of similar views brings them nearer the fulfilment of their wishes. This principle promises war after war in the future.

As in political so in economic warfare. Efforts to prevent mutual destruction in future can only be in the direction of a broadminded policy, based entirely on the principle of balancing the power of great antagonistic groups of interests. Geographico-economic systems will be the sole basis of such future groups of forces. The great constructions of this description will probably be : (i) the Russo-Siberian-German coalition ; (2) the Pan-American Union (to which the whole of South America will belong for geographico-economic reasons) ; (3) the Anglo-French group of interests.

The small States — Italy, Rumania, South Slavonia, Poland, Hungary and Austria — do not come into question at all in future as concurrent world factors. Nothing but their inclusion in one of the existing systems can guarantee their economic and political existence.

The policy which aimed at a Central Europe was quite illogical. The great problem of the present day is that of the small nations (mixed language territories have always been hotbeds of wars . . .). The development and organization of the American nationalities has given us an example. Nothing but the union and economic co-operation of peoples which are thrown upon one another, and interested in one another as neighbours, will make it possible for the small formations within the great economic units to live together in peace. In this sense England and France are also small formations, which will probably have to join one of the great geographically logical complexes.

This view applies to Central and East Europe as well. There are only two possibilities for the small Central, Eastern and Southern European States : either to be entirely absorbed in the Russo-German bloc or for the individual States to be crystallized into a common economic organization which takes the essential conditions of the individual nationalities into the fullest account.

We have come back to the century-old facts to which the old Monarchy owed its existence. The mental and spiritual motives which induced millions of human beings in the old Monarchy to sacrifice their lives can only ultimately be attributed to their instinctive recognition of these facts. It is based upon historically correct discernment, and is as indestructible as the idea of adhering more or less to the outlines of the old Monarchy.

Their native soil, their homes and livelihood, the happiness of the individual were points of defence the people could understand, and motives for self-sacrifice. These motives continue to take ineradicable root in every nation. The greatest mistake made by the victorious Entente is in asking the defeated adversary to renounce his own particular. The future construction of the world will not be on the lines imagined by well or ill disposed theorists, but in accordance with the sound instincts of the peoples inhabiting the individual territories. The victor was able to destroy everything external — but one thing is the indestructible property of the soul of a nation : national pride, pride of race, pride in the actual social work their fathers and forefathers have done, not for a reigning House, not for abstract ideas, but in the interest of their own nation, their native country. It is childish to suppose that new economic measures, which play havoc with vital autochthonous interests, can be forced on the defeated adversary for all eternity, or even for decades, by a shortsighted paragraph from a green table — to suppose that sane, able-bodied peoples (such, for instance, as Magyars and Tirolese) can be rendered powerless by petty armament limitations.

[...]

Our economy cannot exist without connection with international credit and international economic life. The failure of the Soviet policy from the financial standpoint was its refusal to conform to the rules which govern the international economic complex. What we need in Austria and Hungary is increased production. The first duty of those who guide the State is therefore to stimulate the power of production under State supervision. Before the State takes from the citizen by imposing taxes on him, it will have to give, and give in the form of credit. Credit must be given until industry, agriculture and all commercial undertakings have been given the utmost possible opportunity of development. The worst mistake of our financial policy is the idea of a levy on capital. That may sound paradoxical, and suggest that I want to speak in favour of capitalism. Far from it. But a levy on capital brings in comparatively minimum financial values to the States, particularly as the largest fortunes have already been conveyed into safety across all the frontiers in good time, apart from this. It is consequently too late to assess a levy on capital fairly.

[...]The only salvation of our economic existence lies in carrying one idea of the communist programme into effect. This idea is to subordinate the efforts of each citizen of the State to the general welfare up to a certain point ; the production of every industry must belong up to a certain percentage to the State, to the general public, and, converted into money, will be spent by the State on reconstruction.

When our finances are set in order, the question of Judaism will have to be specially considered and dealt with, both in Hungary and Austria, for in no country in the world has Semitic co-operation, both mental and material, so permeated national life as with us. The struggle between the Jewish and Christian standpoints has been productive of convulsions in the two Danube States, to which these countries are no longer economically, any more than politically, equal. A change must be made. It should be observed that it is only politicians who have no positive constructive programme to offer their country who foist the catchword of anti-Semitism on the dissatisfied masses. What we need is constructive policy.

Above all, economic union between Austria and Hungary. The more small States are formed and cut themselves adrift, the more costly the separate measures each must take to protect its interests within its own borders. The new customs barriers and separate administrations will absorb the peoples' best efforts. Why, even now the Czech State's army budget is far higher than that of the old Dual Monarchy.

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