

TRANSITION TO CAPITALISM IN CROATIA, HUNGARY
AND AUSTRIA (1830s to 1867/8): A STUDY IN UNEVEN
AND COMBINED DEVELOPMENT

Mladen Medved

A DISSERTATION

in

HISTORY

Presented to the Faculties of the Central European University in Partial
Fulfillment of the Requirements for the Degree of Doctor of Philosophy

Budapest, Hungary

2018

Supervisor of Dissertation

Susan Zimmermann

Copyright in the text of the dissertation rests with the Author. Copies by any process, either in full or part, may be made only in accordance with the instruction given by the Author and lodged in the Central European Library. Details may be obtained from the librarian. This page must form a part of any such copies made. Further copies made in accordance with such instructions may not be made without the written permission of the author.

I hereby declare that this dissertation contains no materials accepted for any other degrees in any other institutions and no materials previously written and/or published by another person unless otherwise noted.

Abstract

This thesis examines the transition to capitalism in Croatia, Hungary and Austria in the period between the 1830s and 1867/8 from the perspective of uneven and combined development that theorizes development as intersocietal and multilinear and unifies social and geopolitical modes of explanation. Providing an interpretative framework for the analysis of both contemporary politics of elite-actors and socio-economic development in the period, the thesis demonstrates that this approach is best suited to address a number of deficiencies in the historiography of the Monarchy. Within this framework, the thesis also contributes to closing an empirical gap in the scholarship that has examined the transition to capitalism by providing an analysis of the discourse of political economy in Croatia, Hungary and Austria.

The thesis argues the Hungarian gentry, despite a lower level of development that characterized the country when compared to Austria, was ready to initiate the transition to capitalism in response to its social decline and the geopolitical challenge posed by Austria that was undergoing industrialization. In the process, the gentry relied on readymade ideologies and organizations from social formations on a higher level of development. The specificity of the Hungarian social formation and not its position in the world-system is considered a key factor for explaining strong state structures in Hungary in the period under examination. By contrast, the centralized, authoritarian Austrian state could not mobilize social forces into a more hegemonic project after the revolutions of 1848. The political elites of Croatia and Hungary rejected the Austrian developmentalist and civilizing discourse because the Austrian state was deemed both incapable of developing the peripheries and too authoritarian. Systemic conditions further exacerbated the difficult position of the Austrian state, as changes in international relations left it exposed to considerable strain. The thesis thus explains the

emergence of Austro-Hungarian Settlement as a result of the Hungarian revolution, state-society relations in Austria and changes in international relations.

With regard to divergence in socioeconomic development in the Monarchy before 1848, the thesis considers social property relations rather than Austrian tariffs as crucial for generating the economic stagnation of the Croatian and Hungarian social formations. While explaining why the gentry in Hungary was ready to initiate the transition to capitalism, the thesis maintains that Croatia did not have an endogenously driven transition to capitalism despite similarities in social structures with Hungary due to a smaller territorial container. The thesis considers post-1848 economic stagnation in Croatia as caused by the legacy of centuries of extra-economic coercion, uneven development under capitalism, the centralized regime of accumulation in the Austrian Empire and an upswing in the world-economy that did not favor a relocation of economic activities. It maintains that a relatively meager development of Croatia after 1848 cannot be explained with reference to feudal dispositions of the landlords. The thesis claims that the Hungaro-Croatian Settlement, rather than being caused by the Croatian class structure, was more geopolitically determined.

Contents

Introduction	1
1. Theoretical framework: transition(s) to capitalism	18
1.1. Political Marxism: social-property relations.....	20
1.2. World-systems analysis	34
1.3. Uneven and combined development	59
2. The uneven and combined origins of the Austro-Hungarian Settlement (1867)	78
2.1 Transition to capitalism in the Habsburg Monarchy	79
2.2. The Hungarian revolution.....	90
2.3. Habsburg passive revolution (1849-1867).....	110
2.4. The international and the coming of dualism	152
3. Croatia before 1848	162
3.1 Rudolf Bićanić on the transition to capitalism in Croatia-Slavonia.....	164
3.2. The market and feudal social property relations: refeudalization.....	172
3.3. The red herring: colonial policy	185
3.4. Accumulation without dispossession: The Military Frontier	192
3.5. Islands of “development”	204
3.6. Non-Smithian “liberalism”	209
3.7. Uneven and combined development not activated: the missing social link in the Illyrian project.....	225
4. Waiting for development: difficulties of Croatian transition to capitalism (1848-1867)	236
4.1. The stagnation of the neo-absolutist period and lack of catch-up in Croatian historiography	237
4.2. The trap of transition: legacy of extra-economic coercion and uneven development.....	243
4.3. From free to expensive: shortage of labor	247
4.4. Difficulties of adaptation	257
4.5. Capital, communications and a disarticulated economy	264
5. “Barbarians” can read: discourse of political economy in Croatia under neo-absolutism (1849-1867)	277
5.1. The limits of Croatian historiography of liberalism.....	278
5.2. Discourse on Croats, Serbs and Slavs in German lands during 1848/49 revolutions	281
5.3. The disenchanted liberal: Imbro Tkalac	284
5.4. The “radicals”: The Party of Right.....	299

5.5. Defense of the household economy: Ognjeslav Utješenović Ostrožinski	308
5.6. Conservativism supported by socialism: Lazar Hellenbach.	314
5.7. Discourse of political economy and core-periphery hierarchy	324
6. Between Vienna and Pest: Croatian Politics in the 1860s	330
6.1. Turn from Vienna.....	331
6.2. Failed rapprochement with Hungary	346
6.3 From pro-Austrian government to the Settlement with Hungary	353
6.4. The geopolitical origins of the <i>nagodba</i> (1868).....	366
7. Conclusion.....	370
Bibliography	383

Introduction

After World War I, the demise of the Habsburg Monarchy appeared inevitable to historians, burdened as it was with seemingly insurmountable national conflicts taking place in conditions of economic backwardness, both further exacerbated by a defective political system presiding over them.¹ However, as with many other empires under the so-called imperial turn,² the pendulum started to swing in the other direction. The appreciation of the cultural contributions of the Monarchy³ was followed by a fundamental revision of its economic history. Far from being a backward society, these historians argued that the Monarchy had a vibrant economy, with some regions on the same level of development as Western Europe.⁴ Politics of the Monarchy underwent a reappraisal too as the new historiography stresses a stronger civil society and the protection of different nationalities.⁵ Some scholars argue that the Monarchy could

¹ Oszkár Jászi, *The Dissolution of the Habsburg Monarchy* (Chicago: University of Chicago Press, 1929); A. J. P. Taylor, *The Habsburg Monarchy, 1809-1918: A History of the Austrian Empire and Austria-Hungary* (New York: Harper Torchbooks, 1965).

² A. I. Miller and Alfred J. Rieber, *Imperial Rule* (Budapest; New York: Central European University Press, 2004); Jane Burbank and Frederick Cooper, *Empires in World History: Power and the Politics of Difference* (Princeton: Princeton University Press, 2010).

³ Carl Schorske, *Fin-de-siècle Vienna: Politics and Culture* (New York: Vintage Books, 1981).

⁴ Péter Hanák, "Hungary in the Austro-Hungarian Monarchy: Preponderancy or Dependency?," *Austrian History Yearbook* 3, no. 01 (1967): 260–302; John Komlos, *The Habsburg Monarchy as a Customs Union: Economic Development in Austria-Hungary in the Nineteenth Century* (Princeton, N.J: Princeton University Press, 1983); David F. Good, *The Economic Rise of the Habsburg Empire, 1750-1914* (Berkeley: University of California Press, 1984).

⁵ John W. Boyer, *Political Radicalism in Late Imperial Vienna: Origins Of the Christian Social Movement, 1848-1897* (Chicago: University of Chicago Press, 1981); Pieter M. Judson, *Exclusive Revolutionaries: Liberal Politics, Social Experience, and National Identity in the Austrian Empire, 1848-1914* (Ann Arbor, 1996); Pieter M. Judson, *The Habsburg Empire: A New History* (Cambridge, Mass: The Belknap Press of Harvard University Press, 2016); Jonathan Kwan, *Liberalism and the Habsburg Monarchy, 1861-1895* (Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2013).

provide useful lessons to the contemporary EU,⁶ while others seem to regret the Monarchy's demise⁷ or even consider it a "paradigm state" that should be emulated.⁸

Most of these accounts offer partial insights into the history of the Monarchy, without providing a unified perspective that could bring together the problematic of development and politics of a multinational empire. Revisionist history is also rarely theoretically informed. An exception to both of these tendencies is the work of Andrea Komlosy, who attempts to provide, from the perspective of world-systems analysis, an explanation of the Monarchy's economic dynamism and "modern" politics by conceptualizing the Monarchy as a world-economy of its own.⁹ However, as I argue extensively in chapter 2, Komlosy does not provide an explanation of the economic dynamism nor the emergence of the Austro-Hungarian Settlement, where, contrary to the framework of world-systems analysis, a peripheral social formation (Hungary) was placed on the same level with and was even preponderant over a core society (Austria). Komlosy also expels the world-economy and geopolitics from the analysis, thus reducing the importance of the international for the development of the Monarchy.

Less theoretically informed revisionism also suffers from interpretative difficulties that are caused by the lack of a clear theoretical perspective. New accounts of the Monarchy's economic history by John Komlos and David Good, while providing

⁶ Catherine Horel, *Cette Europe qu'on dit centrale: des Habsbourg à l'intégration européenne, 1815-2004* (Paris: Beauchesne, 2009).

⁷ Charles W. Ingrao, *The Habsburg Monarchy, 1618-1815* (Cambridge: Cambridge University Press, 1994), 247.

⁸ Hugo Hantsch quoted in: Éva Somogyi, "A dualizmus államrendszere. Negyven év után a kiegyezésről [The Dualist State System. Forty Years Later on the Settlement]," in *A Monarchia kora ma [The Age of the Monarchy Today]*, ed. András Gerő (Budapest: ÚMK, 2007), 111.

⁹ Andrea Komlosy, *Grenze und ungleiche regionale Entwicklung. Binnenmarkt und Migration in der Habsburgermonarchie*. (Promedia, 2003); Andrea Komlosy, "State, Regions, and Borders: Single Market Formation and Labor Migration in the Habsburg Monarchy, 1750-1918," *Review* 27, no. 2 (2004): 135–77; Andrea Komlosy, "Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy." In *Nationalizing Empires*, ed. Alexei Miller and Stefan Berger (Budapest: Central European University Press, 2015), 369–429.

indispensable data for the discussion of the Monarchy's development, are marred by two major problems. The first is that economic growth is not accounted for but is rather merely quantified. Thus, the new economic history states when what it considers self-sustaining growth commenced without specifying what the social basis for that development was. This literature does not explain how capitalist laws of motion, which bring about continuous growth, were established and came to prevail over societies. By assuming that economic growth characteristic of capitalism is to be expected, the new economic history cannot explain its occurrence at a specific point in time. The second major problem is that the new economic history does not discuss let alone explain why, given far lower level of development than in Austria, Hungarian gentry acted towards the abolition of extra-economic coercion and why Hungary was in the vanguard of the political transformation of the Monarchy in 1848. Relying on a linear and diffusionist model of development, the new economic history of the Monarchy does not have the terms to deal with this, from its perspective, highly anomalous occurrence. For if the development of markets in itself leads to the transition to capitalism, Hungary should not have been at the forefront of that transition in the Monarchy as it was far less developed than Austria and Bohemia.

Literature on the politics of the empire mirrors on the level of politics the problems I identified with economic history. Revisionist historians like Pieter Judson and Jonathan Kwan are confronted with the problem of explaining why the stronger liberal forces they claim were present in Austria were not able to transform the Austrian state according to their wishes. Moreover, they downplay the fact that the establishment of a more liberal state in Austria in 1867 was a result, among other things, of an intersocietal dynamic between Austria and Hungary. Indeed, the Austrian liberals were not even allowed to negotiate the Austro-Hungarian Settlement. It was thus not the

Austrian liberals themselves that achieved this transformation. In the case of political history then, new interpretations of the Monarchy's history are too faced with the fact that Hungary was in the vanguard of political change in the entire Monarchy.

New accounts of the Monarchy, exemplified in Pieter Judson's massive *Habsburg Empire: A New History*, which is a culmination of revisionist scholarship, also employ a conceptually problematic notion of empire which appears to partly contradict their stress on a liberal state in the empire. It was Jane Burbank and Frederic Cooper's reinterpretation of imperial rule that was the conceptual guide for approaching the Monarchy.¹⁰ Jane Burbank and Frederic Cooper argue that empires are distinguished by managing "difference" among their populations while nation-states tend to homogenize them. They hesitantly retain the repressive aspect of empires by referring to "hierarchy", but hierarchy takes second stage to "difference" and "repertoires of power" whereby empires continuously adapt to new circumstances. Crucially, "modernity" and "nation" are not considered necessary to "explain the course of history".¹¹ In a similar vein, Alan Mikhail and Christine M. Philliou argue that the "diversity, flexibility, and indeterminacy of imperial subjecthood" should be seen in contrast to the "homogenizing, micromanaging, modern nation-state".¹²

According to a more traditional definition, empire is primarily a hierarchical political organization where a core society dominates a peripheral one and attempts to integrate the peripheral elite into the imperial order.¹³ The strength of this definition is that it is more precise and seems to correspond well to political practices of empires

¹⁰ Pieter M. Judson, "L'Autriche-Hongrie était-elle un empire?," *Annales. Histoire, Sciences Sociales* 63, no. 3 (June 2008): 577.

¹¹ Burbank and Cooper, *Empires in World History*, 7–8, 3.

¹² Alan Mikhail and Christine M. Philliou, "The Ottoman Empire and the Imperial Turn," *Comparative Studies in Society & History* 54, no. 4 (October 2012): 722.

¹³ Alexander J. Motyl, *Imperial Ends: The Decay, Collapse, and Revival of Empires* (New York: Columbia University Press, 2001), 3–4.

throughout history. New attempts to define the empire are problematic due to the fact that the repressive political structure of empires is downplayed and the notion of management of difference is not accompanied with a specification of what the conditions of possibility were in pre-capitalist societies for that apparent management of difference as opposed to modern societies. This literature does not address potentially enormous differences between the political economies of extra-economic coercion and a capitalist society with a dissociation between the economic and the political expressed in the existence of civil society. Moreover, this scholarship does not discuss the relationship between the capitalist world-system and the multiplicity of states. Its ahistorical assumptions thus leave it unable to explain some major aspects and specificities of the capitalist world-system. In the context of the Monarchy, this framework, in conjunction with the uncontroversial notion that national identities are constructed, which in Habsburg scholarship is still considered a novelty,¹⁴ leads to the absence of an explanation of nationalist conflicts in the Monarchy. Considering that national identities are constructed, and that the Habsburg state was successfully managing difference, it remains puzzling within the framework of revisionist scholarship why there were nationalist conflicts at all. This is in stark contrast with the literature after World War I, which also did not necessarily consider national identities natural, but tried to explain conflicts in the Monarchy by uneven development and class struggle finding expression in conflict between nationalities.¹⁵ In sum, revisionist historiography rests on ahistorical, stageist and diffusionist assumptions of development and politics. This lacuna calls for a historicizing interpretation of the Monarchy's history.

¹⁴ Tara Zara, "Imagined Noncommunities: National Indifference as a Category of Analysis," *Slavic Review* 69, no. 1 (Spring 2010): 93–119; Judson, *The Habsburg Empire: A New History*.

¹⁵ Jászi, *The Dissolution of the Habsburg Monarchy*, 206–8, 215, 253.

My thesis aims to contribute to these debates by situating the Monarchy in the world-historical process of the expansion of capitalist social relations from the perspective of uneven and combined development. Examining the transition to capitalism in the Austrian Empire in general and Hungary and Croatia in particular, I argue that it is necessary and possible to overcome the inadequacies of revisionist literature. This thesis relies on the Marxist injunction: “Always historicize!”¹⁶ Instead of transhistorical logics of the economy, the state or the international, we should relate them to a specific mode of production and examine how their nature is related to the mode of production. If a historicizing approach is taken, societies cannot be seen as bundles of different transhistorical logics operative in them but rather as social totalities. This is not say that all social phenomena are reduced to mere expressions of the totality but rather that the dialectics between the whole and parts needs to be placed under scrutiny, which then results not in the reduction of the part to the whole, but rather in a more precise understanding of the identity of a phenomenon within the social totality.¹⁷ Thus, with the transition to capitalism, we can ask how that major social change related to the politics and ideology in the Habsburg Monarchy without directly reducing these instances of the social formation to a capitalist economy.

While the historicizing agenda of historical materialism is necessary to overcome ahistorical assumptions, it may not be enough to overcome unilinear and diffusionist models of development. These problematic aspects of the notion of development, as I argue extensively in chapter 1, can be overcome in the framework of uneven and combined development. Uneven and combined development retains the historicizing agenda of historical materialism while further elaborating the concept of

¹⁶ Fredric Jameson, *The Political Unconscious: Narrative as a Socially Symbolic Act* (Ithaca, N.Y.: Cornell University Press, 1981), ix.

¹⁷ Jameson, *The Political Unconscious*, 24–26.

development, which is theorized as intersocietal and multilinear. Social relations are always already intersocietally constituted, which leads to the undermining of stageist and unilinear concepts of development and to the emergence of numerous “anomalies” and “non-correspondences”. With the tools of the framework of uneven and combined development, we can overcome the interpretative inconsistencies and cul-de-sacs in revisionist literature and arrive at an explanation of the transition to capitalism and core-periphery relations in the Monarchy where social and geopolitical modes of explanation, usually separated, are brought together in one unified perspective. In this manner the thesis is an intervention in the debates on the transition to capitalism, uneven development and state formation as well the historiographies of the Habsburg Monarchy in general and Hungary and Croatia in particular. It contributes to the growing scholarship on uneven and combined development, which, although voluminous,¹⁸ has

¹⁸ Jamie C. Allinson, *The Struggle for the State in Jordan: The Social Origins of Alliances in the Middle East* (London ; New York: I.B.Tauris, 2016); Jamie C. Allinson and Alexander Anievas, “The Uses and Misuses of Uneven and Combined Development: An Anatomy of a Concept,” *Cambridge Review of International Affairs* 22, no. 1 (March 2009): 47–67, <https://doi.org/10.1080/09557570802680132>; Jamie C. Allinson and Alexander Anievas, “Approaching ‘the International’: Beyond Political Marxism,” in *Marxism and World Politics. Contesting Global Capitalism*, ed. Alexander Anievas (London ; New York: Routledge, 2010), 197–215; Jamie C. Allinson and Alexander Anievas, “The Uneven and Combined Development of the Meiji Restoration: A Passive Revolutionary Road to Capitalist Modernity,” *Capital & Class* 34, no. 3 (October 1, 2010): 469–90, <https://doi.org/10.1177/0309816810378723>; Alexander Anievas, *Capital, the State, and War: Class Conflict and Geopolitics in the Thirty Years’ Crisis, 1914–1945* (Ann Arbor: University of Michigan Press, 2014); Alexander Anievas and Kerem Nisancioglu, *How the West Came to Rule* (London: Pluto Press, 2015); Alexander Anievas and Kamran Matin, eds., *Historical Sociology and World History. Uneven and Combined Development over the Longue Durée* (London ; New York: Rowman & Littlefield, 2016); Neil Davidson, *The Origins of Scottish Nationhood* (London: Pluto Press, 2000); Neil Davidson, *Discovering the Scottish Revolution 1692–1746* (London: Pluto Press, 2003); Neil Davidson, *How Revolutionary Were the Bourgeois Revolutions?* (Chicago, Ill: Haymarket Books, 2012); Neil Davidson, *We Cannot Escape History* (Chicago, IL: Haymarket Books, 2015); Kamran Matin, *Recasting Iranian Modernity: International Relations and Social Change* (Routledge, 2013); Robbie Shilliam, *German Thought and International Relations - The Rise and Fall of a Liberal Project* (Palgrave MacMillan, 2009); Justin Rosenberg, “Why Is There No International Historical Sociology?,” *European Journal of International Relations* 12, no. 3 (September 1, 2006): 307–40, <https://doi.org/10.1177/1354066106067345>; Justin Rosenberg, “Basic Problems in the Theory of Uneven and Combined Development. Part II: Unevenness and Political Multiplicity,” *Cambridge Review of International Affairs* 23, no. 1 (2010): 165–89; Justin Rosenberg, “Kenneth Waltz and Leon Trotsky: Anarchy in the Mirror of Uneven and Combined Development,” *International Politics* 50, no. 2 (March 2013): 183–230, <https://doi.org/10.1057/ip.2013.6>; Justin Rosenberg, “Uneven and Combined Development ‘The International’ in Theory and History,” in *Historical Sociology and World History: Uneven and Combined Development over the Longue Durée*, ed. Alexander Anievas and Kamran Matin (London ; New York: Rowman & Littlefield, 2016), 17–31.

only a few historical studies and merely two explicitly engaging with the problematic of the transition to capitalism.¹⁹

A new interpretation this thesis offers would of course have been impossible without an engagement with different historiographies whose empirical advances made possible the arguments I put forward. These accounts are thoroughly examined both for the validity of their theoretical framework and the empirical evidence they use to support their arguments. As I am engaging in providing an alternative account with a new theoretical framework for several historiographical traditions, it was necessary to place under detailed scrutiny the contradictions in theoretical frameworks and the inconsistencies between the theoretical framework and the empirical evidence in current interpretations before proceeding to give an account I consider an improvement on earlier ones. I also engage with an array of sources, from government and parliamentary minutes to journals and books on political economy. When it comes to sources, the greatest empirical contribution of the thesis is the examination of the contemporary discourse of the political economy in Austria, Hungary and Croatia, especially when it comes to transition to capitalism and uneven development. As discussed in chapter 1, where theoretical frameworks of the transition to capitalism are examined, the discourse of contemporaries is related to the analysis of development. I argue that discourse itself was, under certain conditions, a material force that was instrumental in the transition to a new mode of production, which is reflective of the fact that human agency and superstructure gained greater weight in later transitions to capitalism as opposed to earlier ones where it was socioeconomic transformations that were more decisive. To assess which actors promoted the transition to capitalism, it is important to have a theory

¹⁹ Alexander Anievas and Kerem Nisancioglu, *How the West Came to Rule* (London: Pluto Press, 2015); Neil Davidson, *Discovering the Scottish Revolution 1692-1746* (London: Pluto Press, 2003).

of development that explains that transition so that their discourse could be situated in a proper context. Yet this is not to assess the validity of arguments of historical actors from the perspective of uneven and combined development, but merely to use the vantage point of uneven and combined development to detect forces that strove towards the abolition of feudalism. Without any notion of development and transition to capitalism we would be unable to adequately assess which actors and social forces argued for or against such a transition. In this sense, my analysis goes beyond mere intertextual analysis in intellectual history by relating discourse to development. As hegemony is rooted in the intellectual and moral leadership of the most developed regions that can achieve consent of other and thus augment their power,²⁰ discourse analysis is also relevant in the context of the Austrian's state attempt to achieve consent on the periphery and the reactions to that endeavor. Furthermore, discourse of contemporaries is important for analyzing how different actors tried to adapt to the capitalist economy, develop productive forces and spread best practices.

This thesis is organized around the importance of 1848 when feudal dues and lords' judicial power over former serfs was abolished. It provides an analysis of the processes leading to it and the consequences it resulted in, ending with the reorganization of the politics of the Monarchy in 1867/8, which endured until its dissolution. As it will become clear in chapter 1, the problematic of the transition to capitalism is riddled with interpretative difficulties. The main point of confusion is that between the world system and the capitalist nature of societies comprising it. The capitalist world-system is a complex social formation comprising societies with different social relations, from wage labor to slavery, that exchange their products on

²⁰ Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (Verso, 1994); Antonio Gramsci, *Selections from the Prison Notebooks* (New York: International Publishers, 1987); Peter D. Thomas, *The Gramscian Moment: Philosophy, Hegemony and Marxism* (Brill, 2009).

the world market. It, however does not follow that if the exchange on the world market is important for a society, that society can be considered capitalist. In this thesis, those societies where enterprises, either agricultural or industrial, employing wage labor are forced to produce according to socially necessary labor time are considered capitalist. However, even in societies where wage labor is most important or dominant, other forms of employment of labor are of course present.²¹ Thus, 1848 was extremely important for paving the way towards a capitalist society but did not immediately introduce it in all parts of the Monarchy. Furthermore, by removing extra-economic coercion, the revolutions of 1848 have dissociated the political from the economic, leading to major political reconfigurations in the Monarchy. For these reasons, 1848 is an appropriate point for the analysis of the transition to capitalism. In analyzing the transition to capitalism, the thesis also provides a new interpretation of core-periphery relations in the Monarchy by examining relations between Austria, Hungary and Croatia. The title of the thesis tries to capture the intersocietal nature of development and stresses interrelatedness between these areas. It brings together different historiographies that have hitherto been developing without greater recourse to advances made in each of them.

The first chapter provides a critical overview of the main frameworks of the transition to capitalism: Political Marxism, world-systems analysis, and uneven and combined development.²² The leading figure of Political Marxism, Robert Brenner, provides a rigorous interpretation of the transition to capitalism rooted in the concept of

²¹ Samir Amin, *Unequal Development. An Essay on the Social Formations of Peripheral Capitalism* (The Harvester Press, 1976); Davidson, *How Revolutionary Were the Bourgeois Revolutions?*; Davidson, *We Cannot Escape History*.

²² Parts of chapters 1 and 2 have been respectively published in *Historical Materialism* and *East-Central Europe*: Mladen Medved, "A Combined Argument: Beyond Wallerstein?," *Historical Materialism* 26, no. 3 (2018): 125-142; Mladen Medved, "Trotsky or Wallerstein? Approaching the Habsburg Monarchy in the Nineteenth Century," *East Central Europe* 45, no. 1 (2018): 39-62.

social property relations, with which Brenner replaced the conventional Marxist term “relations of production”. He did so to highlight the fact that productive forces do not determine the type of social relations in which production occurs, but rather that social relations impose rigid limitations on the development of productive forces. He also wished to bring to the fore that it was not only vertical relations between exploiters and exploited that were determinative of societies’ development but also the horizontal relations between exploiters. Although Brenner’s interpretation of the transition to capitalism is arguably the most rigorous, Brenner’s analysis is problematic due to the neglect of international determinations in the transition to capitalism and because of discussion of societies as homogenous, either capitalist or non-capitalist. Political Marxism in general rejects the analysis of the social totality, and does not theorize the relationship between capitalism, the state and the international. Immanuel Wallerstein’s world-systems analysis, on the other hand, analyzes the capitalist world system as a totality. Wallerstein argues that the capitalist world-system is not characterized only by wage labor but also by other forms of labor, including extra-economic coercion. However, Wallerstein vacillates between the definition of capitalism as production for the market and that of capitalism as a mode of production based on wage labor. Ambiguous conceptualization of capitalism thus results in the lack of explanation of capitalist development. Moreover, Wallerstein overextends the term capitalist to all societies in the capitalist world-system. The theory of uneven and combined development is a powerful synthesis of both approaches as it marries social property relations of Political Marxism with the perspective of the world economy found in world-systems analysis as well as social and geopolitical modes of explanation. It goes beyond the nation state in Political Marxism by providing an intersocietal notion of

development and beyond world-systems analysis as mixed social formations and multilinear development are seen as expected consequences of intersocietal dynamics.

In chapter 2, I offer a new account of the transition to capitalism in the Monarchy. The chapter explains why Hungary, a relatively underdeveloped region of the empire, initiated the transition to capitalism and formed a stronger state structure than Austria. I point out that current accounts written from the perspective of world-systems analysis cannot explain how a peripheral social formation was politically stronger than a more developed one. According to the framework of world-systems analysis, Hungary was supposed to be marked by docile peripheral producers exporting primary products to core areas while having at its disposal a weak state apparatus. I argue that the emergence of a weak peripheral state in Hungary was precluded by the specificities of the Hungarian social formation where nobility comprised almost 5 percent of the population. Facing social decline and being relatively removed from the process of production due to reliance on state offices as well as facing the threat of industrializing Austria, the Hungarian gentry was ready to initiate the transition to capitalism to prevent peripheralization and secure its position as the ruling class of the new order by controlling the Hungarian state. It could initiate that transition despite a relatively low level of development because it had readymade ideologies and organizations that it could borrow from more developed social formations. The next section of the chapter turns to the neoabsolutist regime of accumulation and the passive revolutionary road to capitalism carried out by the Austrian state. I conceptualize passive revolution not as a complete opposite of hegemony, but as a more authoritarian transition to capitalism that still could, to a lesser extent, rely on persuasion and consent. However, I argue that the centralized regime of accumulation in Austria was ill-suited for gaining legitimacy in the periphery. The imperial state towered above any social

class below it and was not bound by representative institutions, which is why this period of Monarchy's history is described as neoabsolutism. Thus, the Austrian state did not mobilize social forces as part of a more hegemonic project which weakened its effort to politically unify the empire. These aspects of the Austrian passive revolution seriously undermined Austrian developmentalist and civilizing discourse. In Hungary, the Austrian state was criticized for being authoritarian and unable to bring development. Lack of Austrian hegemony was further exacerbated by a tension between capitalist and territorialist logics of power in the Monarchy's foreign policy. These weaknesses made the Monarchy unprepared to face an opponent undergoing uneven and combined development, namely Prussia, the defeat against which finally brought about the emergence of the Compromise. The chapter provides a challenge to recent revisionism of the Monarchy's politics since revisionists exclude the importance of the transition to capitalism and pay insufficient attention to the intersocietal dynamic. Importantly, they cannot explain, considering the allegedly greater strength of liberals and civil society, why a major transformation of the Austrian state came about only in the context of the Austro-Hungarian Settlement and was moreover demanded by the Hungarian political elite.

Chapter 3 first examines Rudolf Bićanić's account of the transition to capitalism in Croatia, the most important contribution to this problematic in Croatian historiography. I argue that Bićanić does not provide an adequate explanation of the Croatian transition to capitalism because he employs a stageist argument and lays too great an emphasis on the Austrian tariff policy to explain Croatia's underdevelopment, thus neglecting the limitations on development imposed by social property relations. I offer a new interpretation of the political economy of pre-48 Croatia and Hungary by focusing on feudal social property relations. I argue that it was the nature of these social

property relations that placed rigid limits on Croatian and Hungarian development. I reject the thesis that their backwardness is explicable by Austrian tariff policy as property relations themselves would have, regardless of the tariff policy, strongly contributed to generating backwardness. On the other hand, I point out that the focus of historians on the allegedly colonial policy of Austria blinded them to significant transfer of value from the Military Frontier. I employ the concept of de-development for the Frontier, as opposed to underdevelopment in Croatia and Hungary, to contrast the agency of the Austrian state in the Frontier and that of feudal lords in Croatia as explaining socioeconomic stagnation.

With reference to discussion of Hungary in chapter 2, the chapter contributes a reinterpretation of the Croatian discourse of political economy. For Bićanić and other Croatian historians, it was important to demonstrate that the Croatian national movement – Illyrianism – included advocates of the abolition of feudal social property relations. They claimed that the Illyrians not only attempted to overcome feudalism but also articulated an industrial policy. However, after closely examining the major texts of political economy, I maintain that neither of these claims can be sustained. Lastly, contrary to earlier interpretations, I argue that the class position of the Croatian gentry does not explain the absence of a political movement that would have aimed to do away with extra-economic coercion. The Hungarian gentry was in a very similar class position and yet was instrumental for the transition to capitalism. The difference in the political behavior of these classes primarily stems from the fact that Croatia had a much smaller territorial container at its disposal.

In chapter 4, I turn to the consequences of the abolition of extra-economic coercion for Croatian development. I argue that previous accounts of the transition to capitalism in Croatia were marred by a commitment to modernization theory, eclectic

reasoning combining modernization theory with the notion of uneven development, and an unclear conceptualization of what constitutes “feudal remnants”. The notion of modernization theory implied convergence in development with core countries that was somehow blocked by allegedly feudal dispositions of the landlords. But the explanation of the economic behavior of the landlords, I argue, does not require the concept of feudalism because there is not an inherent tendency for capitalist agencies to develop local industry, which is often at least implicitly equated with the capitalist mode of production in Croatian historiography.

Croatian historians take the Austrian state to task for the lack of development after 1848. While I concur that this argument has some validity, I maintain that centuries of extra-economic coercion greatly determined the developmental difficulties of Croatia. This led to weak development of productive forces in an area with relatively low labor supplies. Then there was the uneven development of capitalism, with core areas already having established high value-added production. Uneven development of capitalism was reinforced by the upswing of the world-economy, which favors the existing geographical distribution of economic activity, and a highly centralized regime of accumulation of Austrian neo-absolutism.

Alongside the examination of Croatian political economy, I analyze contemporaries’ discussions of several aspects of the transition. I examine what specific problems of the transition were discussed, in what way it was believed that the improvements to the economy could be made and how the economic policy of Vienna was assessed. In this manner, the chapter relates to both chapter 2 that discussed Austrian developmentalist discourse and the following chapter 5 that turns to the contemporaries’ more sustained reflection on capitalism and the political economy of the Monarchy and Croatia.

Chapter 5 contains the first comprehensive analysis of major interventions in the contemporary discourse of political economy in Croatia during the period of neoabsolutism. Some texts of political economy are discussed for the first time in modern historiography and others are related to their hitherto unknown intellectual influences. Formerly neglected discussion of uneven development and capitalism is brought to the fore. I argue that Croatian intellectual history has relied on a methodologically problematic separation of discourse from social structure and on a definition of liberalism that neglects its authoritarian and imperialist character. In doing so it has both neglected the contradictions of liberal discourse on the periphery and potentially new forms of knowledge that could arise due to a necessarily different epistemological position. This chapter tries to explain the relatively radical nature of the discourse in Croatia, which had strong anarchist and socialist influences, by positioning it into the core-periphery hierarchy of the system. Building on the analysis of chapter 4, I also question the assumption of earlier historiography regarding a strategy of industrialization in Croatia by showing the contemporaries' preference for gradual development and an agricultural society. As all the authors were highly critical of the notion of Austrian civilizing mission in the East, stressing the lack of development in Croatia and constitutional life in Austria, the chapter points to the failure of the Habsburg developmentalist discourse to achieve consent on the periphery of the empire and paves the way for the next chapter which deals with the Croatian politics of the 1860s.

In chapter 6, I examine politics in Croatia in the 1860s and the emergence of the Hungaro-Croatian Settlement (the *nagodba*). This chapter relates to the discussion of the Austrian passive revolution in chapter 2 and highlights the contradictions of the Austrian strategy of using nationalities to bring Hungary to kneel. It demonstrates the

alienation by Austria of Croatia, a former ally, and argues that Austria did not pursue a policy of strengthening the nationalities, which is directly related to the weakness of its bid at hegemony. The direct rule from Vienna and the fact that foreign bureaucrats were brought in to manage Croatia in the 1850s, alongside no territorial concessions that the Croatian political elite wanted, are important in explaining the attempt of a Croatian rapprochement with Hungary despite the 1848/49 conflict. However, this failed too as Hungary was intransigent when it came to territorial demands and wanted Croatia to accept the 1848 Laws and common affairs with Hungary. I argue that the major political party of the time, the National Liberal Party, was characterized by an absence of strategic thinking and pursued a politics of passivity that can be explained by the lack of agency determined by structural constraints of a small territory and a weak national movement. I do not accept the argument that the *nagodba* was merely an expression of Croatian class interests, either of the aristocracy or the gentry. This is a too immediate translation of class into the international. While the *nagodba* preserved the interests of the gentry and the intelligentsia by guaranteeing only Croatian citizens would be hired in the administration (save for finance and railroads) and guaranteed the payment of their wages as well as the redemption payments for the landlords, the specificities of the Settlement were mostly dictated by the international context. Croatia was not given independent finances not only due to Hungarian but Austrian pressures too as this would have endangered the Austro-Hungarian Settlement. Moreover, if class structures were easily translated into the international, Hungary would not have been made equal to Austria while Bohemia would receive greater political autonomy.

1. Theoretical framework: transition(s) to capitalism

In this chapter I provide a critical overview of the main frameworks of the transition to capitalism: Political Marxism, world-systems analysis, and uneven and combined development. The leading figure of Political Marxism, Robert Brenner, provides a rigorous interpretation of the transition to capitalism rooted in the concept of social property relations, with which Brenner replaced the conventional Marxist term “relations of production”. He did so to highlight the fact that productive forces do not determine the type of social relations in which production occurs, but rather that social relations impose rigid limitations on the development of productive forces. He also wished to bring to the fore that it was not only vertical relations between exploiters and exploited that were determinative of societies’ development but also the horizontal relations between exploiters. Although Brenner’s interpretation of the transition to capitalism is arguably the most rigorous, Brenner’s analysis is problematic due to the neglect of international determinations in the transition to capitalism and because of discussion of societies as homogenous, either capitalist or non-capitalist. Political Marxism in general rejects the analysis of the social totality, and does not theorize the relationship between capitalism, the state and the international. Immanuel Wallerstein’s world-systems analysis, on the other hand, analyzes the capitalist world system as a totality. Wallerstein argues that the capitalist world-system is not characterized only by wage labor but also by other forms of labor, including extra-economic coercion. However, Wallerstein vacillates between the definition of capitalism as production for the market and that of capitalism as a mode of production based on wage labor. Ambiguous conceptualization of capitalism thus results in the lack of explanation of capitalist development. Moreover, Wallerstein overextends the term capitalist to all

societies in the capitalist world-system. The theory of uneven and combined development is a powerful synthesis of both approaches as it marries social property relations of Political Marxism with the perspective of the world economy found in world-systems analysis as well as social and geopolitical modes of explanation. It goes beyond the nation state in Political Marxism by providing an intersocietal notion of development and beyond world-systems analysis as mixed social formations and multilinear development are seen as expected consequences of the intersocietal dynamics.

One can also encounter new institutional economics and proto-industrialization literature in the context of the debate on the transition to capitalism. I, however, do not consider that this scholarship contains a rigorous account of the transition to capitalism. Institutional economics of Douglass North and Robert Thomas is burdened by its Smithian assumptions.¹ As Robert Brenner points out, their argument is contradictory. On the one hand, North and Thomas want to show that institutions are important and constrain individual behavior. On the other, North and Thomas resort to a Smithian argument overlaid with institutional limitations by attempting to demonstrate that institutions evolve in the direction of greater efficiency as a consequence of rational individual actors. In this manner, they significantly reduce the importance of institutions.² Protoindustrialization theory is merely a description of one aspect of the early modern economy, and not an account of the transition to capitalism in its own

¹ Douglass Cecil North and Robert Paul Thomas, *The Rise of the Western World: A New Economic History* (Cambridge [Eng.]: Cambridge University Press, 1992).

² Robert Brenner, "The Low Countries in the Transition to Capitalism," *Journal of Agrarian Change* 1, no. 2 (2001): 189–90.

right.³ Its interpretative reach is thus highly limited. It can be assimilated to other frameworks that explain the transition to capitalism.

1.1. Political Marxism: social-property relations

At the center of Robert Brenner's analysis, the representative of the school of Political Marxism, are the "social-property relations" through which a class of "non-producers" is extracting an unpaid surplus from the "producers".⁴ This phrase is used to replace the conventional Marxist term "relations of production". It is important for the subsequent discussion to understand why Brenner decided to introduce this new terminology:

First, the term social relations of production is sometimes taken to convey the idea that the social structural framework in which production takes place is somehow determined by production itself, i.e., the form of cooperation or organization of the labor process. This I think is disastrously misleading. Second, I think it is necessary not only to lay bare the structuring or constraining effects of vertical class, or surplus extraction, relations between exploiters and direct producers, which is generally what is meant by social relations of production. It is, if anything, even more critical to bring out the structuring or constraining effects of the horizontal relationships among the exploiters themselves and of the direct producers themselves.⁵

³ Peter Kriedte, Hans Medick, and Jürgen Schlumbohm, *Industrialization before Industrialization: Rural Industry in the Genesis of Capitalism* (Cambridge: Cambridge University Press, 1981).

⁴ Robert Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe," in *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, ed. T.H. Ashton and C.H.E. Philpin (New York: Cambridge University Press, 1985), 11–12; Robert Brenner, "The Agrarian Roots of European Capitalism," in *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, ed. T.H. Ashton and C.H.E. Philpin (New York: Cambridge University Press, 1985), 213–14.

⁵ Robert Brenner, "Property and Progress: Where Adam Smith Went Wrong," in *Marxist History-Writing for the Twenty-First Century*, ed. Chris Wickham (Oxford; New York: Oxford University Press, 2008), 58.

Brenner argues that these social-property relations impose strong constraints on how societies develop. Therefore, any demographic or commercial trends that other scholars considered capable of explaining social change under feudalism cannot in themselves undermine feudal social-property relations as it is precisely the nature of social-property relations that determines the type of reaction to demographic and commercial factors. Any analysis based on these factors cannot explain a transition from a pre-capitalist to a capitalist economy. That transition is explicable only as a result of changed social-property relations, which are in turn determined by class struggle. These new capitalist social-property relations then bring about different behavioral patterns of classes in society.⁶

From this perspective, feudal social-property relations imposed rigid limits on the development of productive forces. In feudalism, the “strategies of reproduction” of the main social classes- the feudal lords and serfs – were such that they generated a general stagnation of the feudal economy. The feudal class extracted the surplus from the serfs via extra-economic coercion, while the serfs reproduced themselves as a class within the framework of a subsistence economy. Neither the lords nor the serfs were in a position to alter these conditions as this would have entailed introducing a wholly new class structure. Thus, the most rational course of action for the lords to increase their share of the surplus was to extract more of it from the peasantry. The serfs, on the other hand, were exposed to this rising pressure of extra-economic coercion and the rigidities of the peasant economy, a change in which would have entailed a substantial transformation in social relations that was beyond the powers of any individual serf, should they have decided to engage on that course of action. The serfs were thus not able to substantially increase productivity under feudal social-property relations.

⁶ Brenner, “Agrarian Class Structure and Economic Development in Pre-Industrial Europe,” 15–24.

Because of these social-property relations, the feudal economy was characterized by a lack of specialization of economic units, systematic reinvestment of surplus into increasing production and continuous technological development. Economic “development” was mostly quantitative, based on tilling new, hitherto unoccupied lands through colonization by a rising population. As productive forces were not systematically developed, feudalism had an in-built tendency towards declining productivity and socio-economic crises that would lead to population drop-off, laying the basis for a new cycle of expansion.

Considering the relatively stagnant output, the feudal class tended to increase their share of the surplus by perfecting the instrument of extra-economic coercion. Instead of capital accumulation, which was made impossible by the system of social-property relations, the lords turned to “political accumulation”, which entailed a more developed “surplus-extracting machinery” and bigger and more organized military capacities of the feudal state. The feudal state provided a stronger instrument of class struggle than the mere “parcellized sovereignty” of the earlier stage of feudalism as well as protection from other feudal lords. These horizontal relations were important for the feudal class as the relatively stagnant output and the limits of extra-economic coercion meant that the only other way to increase the available surplus was through conquering other territories. The endemic warfare between the feudal states brought about the development of armaments industry, whose increasing costs generated the need for even greater states and more expenditure on warfare. The feudal system thus opened the way towards the emergence of more developed areas specializing in armaments and luxury goods production (Flanders, northern Italy). However, these more developed areas were firmly embedded in the feudal social-property relations as they relied on the demand from feudal lords, whose access to peasant surplus was achieved by extra-economic

coercion, resulting in stagnant agriculture. These relatively developed pockets were thus not embryos of capitalism but an integral part of feudalism, whose social-property relations they did little to alter.

Capitalist social-property relations on the other hand are characterized by the removal of extra-economic coercion and the “freeing” of the peasant producers from the means of subsistence. Both the landlords and peasants are forced to rely on the market for social reproduction. This reliance on the market led the landlords to cut costs as they had to compete with other landlords employing wage labor. Unlike under feudalism, the landlords, that is tenants whom the land was leased out to, were now faced with the possibility of going out of business unless they adjusted their productivity to that of the average level of the economy. Instead of few potential improvements by motivated feudal lords under feudal social-property relations, now the entire class of landowners had no other choice but to respond to the rigors of the market as they could no longer rely on extra-economic coercion to reproduce themselves as a class. This compulsion to cut costs resulted in the specialization of economic units, accumulation of capital, and investment in productivity-enhancing innovations.⁷

The first country where these social-property relations prevailed was England. Enjoying high rates of exploitation, relatively large share of land and one of the most advanced feudal states in Europe due to the Norman conquest, the English lords were still incapable of subjugating the serfs when the medieval crisis broke out as their feudal state proved insufficient to tackle peasant resistance. Turning to military expansion in France to capture more surpluses, defeated by its early absolutist state, the lords turned inward and ravaged the country in the civil war, destroying the feudal state in the

⁷ Brenner, “The Agrarian Roots of European Capitalism,” 214–15, 233–42.

process and thus closing off another potential exit out of the feudal crisis: the building up of the absolutist state. Only in this situation did the lords use their feudal prerogatives in a manner that led to the emergence of capitalist social-property relations as they appropriated the empty lands the crisis brought about and imposed high fines on peasants for inheritance or sale of property. In this manner they increased their share of the land to a very high 70-75 percent. The increases in agricultural productivity that ensued led to a growing internal market, laying the ground for the industrial revolution in England.⁸

Brenner also attempted to explain the developmental trajectories of France and Poland by the outcomes of class struggles in those countries that resulted in different social-property relations. In France, the state transformed itself into a class-like actor that guaranteed peasant property, which in contrast to England controlled almost half the land and extracted the surplus through taxation. However, these social-property relations could not generate continuous growth as the security of peasant property did not expose the peasants to the rigors of the market. As population increased, France's political economy became characterized by high taxation and rents as well as division of plots into inefficient units. In Poland, it was again the outcome of class conflict that determined society's developmental trajectory. The grain boom and increase in trade did not lead to the development of capitalism in Poland but to the strengthening of serfdom as the ruling class found it in their interest to use extra-economic coercion to respond to market signals. The strengthening of serfdom then led to disastrous consequences on Poland's development. Greater extraction of surpluses from the peasantry weakened the internal market, while the availability of free labor hindered

⁸ Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe," 45–54; Brenner, "The Agrarian Roots of European Capitalism," 247, 252.

innovations in agriculture. Tying the peasantry to the land weakened the cities and reduced the supply of labor. The feudal lords wanted to do away with intermediaries with the West, thus hindering the development of an autochthonous merchant class. This economic stagnation is primarily explicable in terms of social-property relations that imposed rigid limits on Poland's development. Poland could have avoided this path had different, capitalist property-relations been introduced. But this did not come to pass because of the inferior class organization of Polish peasantry.⁹

The advantages of this theory seem obvious. It explains different developmental trajectories of three regions of Europe by grounding the interpretation in the concept of social-property relations that are dependent on the outcomes of class struggles. And it also provides a very rigorous interpretation of the transition to capitalism by situating it in the most important sector of the feudal and early capitalist economy: agriculture. Even Brenner's critics like Neil Davidson admit that "the Brenner thesis is an intellectual achievement remarkable for its internal consistency and explanatory power".¹⁰

Explanatory power notwithstanding, Brenner's interpretation of the transition to capitalism has been exposed to severe criticisms. One is the character of feudal agriculture. The argument of those critical of the view of the feudal economy as mired in stagnation and dominated by a subsistence economy is that peasants did not necessarily have plots in which they could reproduce themselves, that they were more open to market stimuli and that medieval society had already undergone differentiation, which explains the existence of tenants that form a part of Brenner's triad of landlords,

⁹ Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe," 27, 56–61; Brenner, "The Agrarian Roots of European Capitalism," 258–64; Robert Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," *New Left Review* I, no. 104 (1977): 73–75.

¹⁰ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 406.

tenants and agricultural labor. Furthermore, many of the innovations came from middle and smaller estates, rather than large estates Brenner focuses on.¹¹ Feudalism is thus compatible with a mild development of the forces of production and the continuous growth of the capitalist economy is not explicable merely by the existence of large estates. Brenner also seemed to have neglected rather large differences within countries. As J.P. Cooper and Immanuel Wallerstein pointed out, France did have large estates in the North that seem to compare well with their English counterparts.¹² Even more problematic for Brenner, France's record of economic development was quite good,¹³ suggesting that economic development is possible through another path than complete separation of producers from the means of production. Kaoru Sugihara's account of Japanese and Kenneth Pomeranz's of Chinese political economy, particularly that of the Yangtze Delta, also suggest a different route to development.¹⁴ Indeed, as Kenneth Pomeranz points out, alongside France, Taiwan, Japan, parts of China and the Low Countries industrialized without substantial proletarianization Brenner considers necessary for capitalist development.¹⁵ And directly relevant for this project, Austria's

¹¹ Robert Allen, "Agriculture during the Industrial Revolution, 1700-1850," in *The Cambridge Economic History of Modern Britain: Industrialization 1700-1860*, ed. Roderick Floud and Paul Johnson, vol. 1 (Cambridge University Press, 2006), 97, 108-9; Terence J. Byres, "Differentiation of the Peasantry under Feudalism and the Transition to Capitalism: In Defence of Rodney Hilton," *Journal of Agrarian Change* 6, no. 1 (2006): 17-68; S.R. Epstein, *Freedom and Growth. The Rise of States and Markets in Europe, 1300-1750* (London; New York: Routledge, 2003), 46-47, 50, 72; Immanuel Wallerstein, *The Second Era of Great Expansion of the Capitalist World-Economy, 1730-1840s* (San Diego: Academic Press, 1989), 12-13.

¹² J.P. Cooper, "In Search of Agrarian Capitalism," in *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, ed. T.H. Ashton and C.H.E. Philpin (Cambridge University Press, 1985), 158; Immanuel Wallerstein, *Mercantilism and the Consolidation of the European World-Economy, 1600-1750* (New York: Academic Press, 1980), 90.

¹³ Stanley Engerman and Patrick O'Brien, "The Industrial Revolution in Global Perspective," in *The Cambridge Economic History of Modern Britain: Industrialization, 1700-1860*, ed. Roderick Floud and Paul Johnson, 2006, 457.

¹⁴ Kaoru Sugihara, "The East Asian Path of Economic Development," in *The Resurgence of East Asia. 50, 150 and 500 Year Perspective*, ed. Giovanni Arrighi, Takeshi Hamashita, and Mark Selden (London; New York: Routledge, 2003), 78-123; Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton, N.J: Princeton University Press, 2000).

¹⁵ Kenneth Pomeranz, "Beyond the East-West Binary: Resituating Development Paths in the Eighteenth-Century World," *The Journal of Asian Studies* 61, no. 2 (May 1, 2002): 553.

industrialization was comparable to the French one.¹⁶ In all these cases high levels of development were achieved without the dispossession of the peasantry. These accounts seemed to confirm the viability of the Smithian path to development that Brenner tried to intellectually demolish. Participation of units in the market, regardless of social-property relations, appears to have resulted in development.

Nonetheless, these arguments do not seem to completely undermine the core of Brenner's thesis. Although living standards in the Yangtze Delta were comparable to England in the early 19th century, Brenner could still point out the declining productivity of labor and lack of Smithian growth (in the sense of specializing in economic activities to get a higher rate of return), which suggests that the Chinese tributary formation did not have the social basis for development that capitalist England had.¹⁷ And Brenner accepts that some differentiation of the peasantry was possible under feudalism, but that it was much lesser than under capitalist social-property relations and that the argument for the emergence of tenants confuses cause and effect as tenants started to emerge as a significant group only under capitalism.¹⁸ Middle-sized farms could innovate but the political economy of early modern England evolved towards larger estates, showing the efficiency of economies of scale.¹⁹ Brenner thus insists on the change of social-property relations as absolutely essential for England's economic development while denying development of productive forces under feudalism. As Alexander Callinicos argues, this is too strong an emphasis on relations of production. One could simply reformulate this proposition by stating that relations of production did impose serious "limits" on the development of productive forces, thus leaving the overriding importance of social-

¹⁶ Komlos, *The Habsburg Monarchy as a Customs Union*, 91.

¹⁷ Robert Brenner and Christopher Isett, "England's Divergence from China's Yangzi Delta: Property Relations, Microeconomics, and Patterns of Development," *The Journal of Asian Studies* 61, no. 2 (May 1, 2002): 624, 631.

¹⁸ Brenner, "The Low Countries in the Transition to Capitalism," 191.

¹⁹ Brenner, "The Low Countries in the Transition to Capitalism", 196.

property relations in place while still acknowledging that forces of production had, however meager, room to develop.²⁰ Brenner was careful not to take this path as it might imply that capitalism is less of a contingency than he argues. This leaves his theory of development, as Neil Davidson argues, without any mechanism of social change inherent to the mode of production. In a striking parallel with structural Marxism, Brenner's Political Marxism seems to conceptualize feudalism as a self-perpetuating mode of production which can be torn asunder only by an "overdetermined" conjuncture.²¹ Guy de Bois thus characterized this type of analysis Political Marxism because he thought that it "amounts to a voluntarist vision of history in which the class struggle is divorced from all other objective contingencies and, in the first place, from such laws of development as may be peculiar to a specific mode of production."²²

As both Callinicos and Davidson point out, as well as the entire school of world-systems analysis to which I will turn later in this chapter, Brenner leaves unexplained the role of towns and trade in the transition to capitalism. He was forced to address this issue as he had difficulties incorporating the Netherlands into this model, arguably the center of world capitalism in parts of the 17th century with higher GDP *per capita* than England and comparable or higher growth rates.²³ In his pathbreaking essays, Brenner noted developed markets in the Netherlands, but substantially qualified this assertion by emphasizing the dependence of the Netherlands on external markets. Thus, the Netherlands was not an economy "in its own right" and was not to be considered capitalist.²⁴ Since then Brenner has significantly changed his position on the

²⁰ Alex Callinicos, "The Limits of Political Marxism," *New Left Review*, I, December 1990, 114.

²¹ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 405.

²² Guy Bois, "Against the Neo-Malthusian Orthodoxy," in *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, ed. T.H. Ashton and C.H.E. Philpin (Cambridge University Press, 1985), 115.

²³ J. L. van Zanden, "The 'Revolt of the Early Modernists' and the 'First Modern Economy: An Assessment'," *Economic History Review* 55, no. 4 (2002): 632.

²⁴ Brenner, "The Agrarian Roots of European Capitalism," 321, 325–26.

Netherlands. Aside from seeing it as capitalist, what is important to recognize is the role of the capitalist world-system in the Netherlands becoming capitalist. After explaining the proletarianization of the peasantry along the coastline with peat oxidization and soil erosion, which undermined peasant plots and forced dependence on the market, Brenner notes that the emergence of wage labor and production for the market do not in themselves mean that capitalist development would occur. This happened in the Netherlands because the peasants had the towns of Brabant and Flanders at their disposal. The fortunes of those towns, in turn, depended on the world market. Furthermore, it was the import of Baltic rye which reduced living costs in the region and freed up incomes with which local agricultural produce could be bought.²⁵ Brenner still notes the greater dependence of the Netherlands on the world market as compared to England, but now argues that the capitalist character of the economy enabled the Netherlands to exit the 17th century crisis in a manner not available to feudal economies.²⁶

This is an important departure from an earlier version of the Brenner thesis. First, capitalism is far less of a contingency. Brenner argues that wage labor emerged in *regions*, plural, of Netherlands, which suggests that capitalist relations of production can appear far more often than earlier suggested.²⁷ Second, the rise of capitalism is in this case connected to local and world markets. Third, considering that English wool exports were dependent on Dutch demand, the transition to capitalism in England is connected to the one in the Netherlands, which in turn depended on the world market.²⁸

²⁵ Brenner, "The Low Countries in the Transition to Capitalism," 198, 207–10.

²⁶ Brenner, "The Low Countries in the Transition to Capitalism," 231–233.

²⁷ In parts of coastal Flanders it was not peat exhaustion and soil erosion but rather the inability to enserf the peasantry alongside the lack of semi-proletarian labor and the proximity of markets that lead to leasing out of lands to tenants and the emergence of capitalist social-property relations: Brenner, "The Low Countries in the Transition to Capitalism," 218.

²⁸ Brenner, "The Agrarian Roots of European Capitalism," 296–97, 324–25.

And lastly, Brenner's later account of the English Civil War lays a great emphasis on the role of merchant capital.²⁹

This still leaves us with the later transitions to capitalism, in the case of France, Austria and Japan to name a few, that seem to diverge substantially from Brenner's accounts of transition to capitalism, especially the English one. Brenner clearly saw that later transitions had to be different after the first country (or countries) transitioned to capitalism. He put it thus:

...what was "the rule" in medieval and early modern Europe cannot be taken to hold good for all times and all places. For the relationship between certain property systems and certain paths of economic evolution, especially of the development of productive forces, are not governed by trans-historical laws. In particular, once breakthrough to ongoing capitalist economic development took place in various regions, these irrevocably transformed the conditions and character of the analogous processes which were to occur subsequently elsewhere. Over time, *and especially in the course of the nineteenth century*, the significance for economic advance of agriculture based on small owner-operators was altered. The incentives for production for the market grew; the pressures to orient production to subsistence declined; and the technological potential of the small family farm was expanded.³⁰

He later pointed out that the dual pressure of peasant revolts and geopolitical competition forced feudal absolutist states like Prussia and Russia to engage in agrarian reforms.³¹ It was especially the latter element that was to be taken up by Political Marxists. However, before turning to the role of geopolitical competition it is important to highlight considerable differences between Robert Brenner and other Political

²⁹ Robert Brenner, *Merchants and Revolution Commercial Change, Political Conflict, and London's Overseas Traders, 1550-1653* (London; New York: Verso, 2003).

³⁰ Brenner, "The Agrarian Roots of European Capitalism," 323, my emphasis.

³¹ Brenner, "The Low Countries in the Transition to Capitalism," 191, fn. 4.

Marxists, especially Ellen Meiksins Wood, who was also very influential on Political Marxist scholarship. Wood discusses the Netherlands merely in the context of nodes of international trade while not considering it capitalist and rejects Brenner's argument that the Netherlands was capitalist since, Wood maintains, peasants were not dispossessed, enabling them to invest during high demand and disinvest during economic depressions, while capitalist agencies in England were forced to innovate during downturns to cut costs and withstand the competition of other capitalist businesses.³² In this interpretation capitalism is again narrowed down to England, more precisely, the major sector of its economy: agriculture. For Wood, trade, let alone imperialism, are completely irrelevant to the emergence of capitalism.³³ This may be considered a hardened version of the Brenner thesis. In some instances, the logical conclusion of such a view is that France was not capitalist until mid-20th century.³⁴

It was on the basis of this interpretation of the transition to capitalism that other Political Marxists, namely Benno Teschke, tried to theorize the role of the international in subsequent transitions to capitalism. According to Teschke, the spread of capitalism, unlike what Marx and Engels thought, was not a transnational process of market integration but rather an international process characterized by the geopolitical pressure the first capitalist state England exercised over pre-capitalist states of the continent. Faced with greater economic potential as well as more developed armaments of the

³² Ellen Meiksins Wood, *The Origin of Capitalism: A Longer View*, New ed. (London: Verso, 2002); Ellen Meiksins Wood, "The Question of Market Dependence," *Journal of Agrarian Change* 2, no. 1 (January 1, 2002): 50–87, <https://doi.org/10.1111/1471-0366.00024>. Charles Post has taken over Wood's position: Charles Post, "Comments on the Brenner–Wood Exchange on the Low Countries," *Journal of Agrarian Change* 2, no. 1 (January 1, 2002): 88–95, <https://doi.org/10.1111/1471-0366.00025>. Interestingly, Javier Moreno Zacarés takes over Wood's position in principle, but gives an account of the origins of capitalism in Catalonia that places a great emphasis on international trade, which is contrary to Wood's notion of capitalist development: Javier Moreno Zacarés, "Beyond Market Dependence: The Origins of Capitalism in Catalonia," *Journal of Agrarian Change*, accessed August 30, 2018, <https://doi.org/10.1111/joac.12263>.

³³ Ellen Meiksins Wood, *Empire of Capital* (New York: Verso, 2003).

³⁴ Davidson, *We Cannot Escape History*, 219.

English state, especially after the Industrial Revolution, the other states were forced to change their socioeconomic systems in order to counter the English threat. In a somewhat curious turn of phrase, Teschke dubs this process “socially uneven and geopolitically combined development”.³⁵ Considering the fundamental role of the international and the specificity of societies integrated into the capitalist system, Teschke argues that new transitions necessarily result in different developmental trajectories.³⁶ This leads him to intimations of a more robust notion of uneven and combined development:

...the developmental potential of regionally differentiated sets of property régimes generates inter-regional unevenness, which translates into international pressures that spark sociopolitical crises in ‘backward’ polities. These crises activate and intensify the domestic fault lines in regionally pre-existing class constellations – processes that lead to power struggles within and between polities that renegotiate and transform class relations, territorial scales and state forms. These social conflicts result in highly specific combinations of the old and the new. The dynamics of domestic trajectories are thus accelerated, their sociological composition transformed, and their directionality deflected in unforeseen ways, while their results react back on the international scene...domestic property relations have a determinate effect on how different polities are inserted into the interstate-system, how they conduct their foreign policies and how they respond to external pressures. The international enters as an intervening moment in the determination of revolutionary origins, courses and outcomes... this dialectical internal external nexus cannot be reduced to the mechanical

³⁵ Benno Teschke, *The Myth of 1648: Class, Geopolitics, and the Making of Modern International Relations* (London: Verso, 2003), 262; Hannes Lacher and Benno Teschke, “The Changing ‘Logics’ of Capitalist Competition,” in *Marxism and World Politics. Contesting Global Capitalism*, ed. Alexander Anievas (London; New York: Routledge, 2010), 40.

³⁶ Benno Teschke, “Bourgeois Revolution, State Formation and the Absence of the International,” *Historical Materialism* 13, no. 2 (June 2005): 6–7, <https://doi.org/10.1163/1569206054127273>.

intersocietal interaction between social and political forces, but also has to integrate the growing sense of ‘system’s consciousness’ that pervaded public opinion and the minds of policy-makers into the analysis.³⁷

Illuminating as it is and promising as a research agenda, Teschke's analysis remains marred by some of the problematic assumptions of Political Marxism. A major problem is the relationship between geopolitical competition and capitalism. Rightly criticizing the Webberian argument of transhistorical logics, Teschke argues that the international needs to be related to the prevailing mode of production, i.e. capitalism. But this relationship is conceived as simply one of capitalism inheriting the states-system from feudalism, a states-system that cannot be derived from the concept of capitalism: “Capitalism and the state-system are the diachronical *disiecta membra*, synchronized in one contradictory totality.”³⁸ Rejecting any relationship between imperialism and capitalism, the former seems merely a consequence of the feudal past subsisting in capitalist modernity. This argument that the relationship between states under capitalism need not be antagonistic seem to be at least partly based in Teschke's belief that capitalism is not characterized by uneven development. This too, it inherited from the feudal past.³⁹ And while Ellen Wood believed capitalism needs a state system, she did not provide an explanation for it.⁴⁰ Here Brenner does not stand out as the one providing a more nuanced argument. His argument is rooted in the different constraints capitalist firms and states are exposed to. Emerging within the context of multiple states, capitalist agencies have never completely transformed them, Brenner argues. While firms interact under the rigid structural constraints of the world market where failure means bankruptcy, it is much harder for states to go geopolitically bankrupt. Rigors of

³⁷ Teschke, “Bourgeois Revolution, State Formation and the Absence of the International”, 21–22.

³⁸ Teschke, *The Myth of 1648*, 265.

³⁹ Lacher and Teschke, “The Changing ‘Logics’ of Capitalist Competition,” 40.

⁴⁰ Wood, *Empire of Capital*.

the market thus never take over the international that is governed by the unpredictability of actors interacting in it, with each action potentially destabilizing the system.⁴¹ Geopolitical conflict is just an accidental miscalculation.⁴²

This seems problematic as the peak of imperialism occurred exactly at the time that, even according to some Political Marxists, core states of the world-system have transitioned to capitalism.⁴³ It is here that the reduction of analysis to social-property relations becomes highly problematic. As Neil Davidson points out, if the analysis is thus reduced, then all the other phenomena “have to be analyzed on their own terms”, exactly as Brenner suggests in relation to the international. This is the abandonment of the Marxist commitment to the analysis of society as a “mediated totality”.⁴⁴ *Contra* Teschke’s ambition to overcome transhistorical arguments, Political Marxism seems to provide no conception of how to relate social-property relations to the social totality. The state, the international, gender and race relations, in an extreme version of it, are tangentially related to capitalism. World-systems analysis, to which we may now turn, offers a view of the capitalist totality where these phenomena are precisely to be explained by their relationship to the capitalist world-system.

1.2. World-systems analysis

When it comes to world-systems analysis, the problem is greater in terms of the representativeness of certain authors for the entire scholarly tradition than is the case with Political Marxism. I shall take Immanuel Wallerstein’s work as most

⁴¹ Robert Brenner, “What Is, and What Is Not, Imperialism?,” *Historical Materialism* 14, no. 4 (December 2006): 84–85.

⁴² Brenner’s view has recently been accepted by Perry Anderson: Perry Anderson, “Imperium,” *New Left Review*, II, no. 83 (October 2013): 40. Literature on transnational class formation relies on a similar insistence on the dissociation between the geopolitical and capitalism. For a classic statement see: Kees van der Pijl, *Transnational Classes and International Relations* (London: Routledge, 1998).

⁴³ Charles Post, “How Capitalist Were the ‘Bourgeois Revolutions’?” *Historical Materialism* 25, no. 4 (2017): 28.

⁴⁴ Davidson, *How Revolutionary Were the Bourgeois Revolutions*, 427.

representative of world-systems analysis, both because he is the most influential author in this body of scholarship and because he has offered the most exhaustive historical analyses of the capitalist world-system.

Let us first begin, considering the departure from classical Marxism, with what is a capitalist world-system according to Immanuel Wallerstein. Challenging traditional Marxist interpretations, Immanuel Wallerstein put forward a world-system perspective where capitalism as it emerged in the 15th and 16th century was not a mode of production characterized by free labor but by different forms of “labor control”. Free wage labor was concentrated in the core; coerced-cash crop production and slavery were mostly found in the periphery; the semiperiphery took mid-position between these two extremes. The mentioned division of labor resulted from short-term profit maximization strategies of economic actors in different zones of the world-economy. Since the system maximized unequal development, initial minimal differences turned into a significant gap by the workings of system’s structures. This system is a social totality due to the fact that “commodity chains” across different political jurisdictions are important for the functioning of all the units of the system. Classes are thus formed globally but act within the states of the system. Political fragmentation is opposed to economic integration. The secular tendency of the world system is commodification, meaning that all areas would one day join the club of free labor countries. But the unequal development would therefore not be surmounted since economic activities with highest profit rates, capital intensity and wages will continue to be overwhelmingly concentrated within core areas as the system is dominated by oligopolies. To an extent these differences in development are a result of a locked-in development resulting from specialization in the world market.

However, they are also connected to state strength. The states of the core are usually those with strong state structures while the states in the periphery vary from non-existence (as in the colonial period) to quite minimal autonomy (as in the post-colonial period). The strength of the state apparatus is crucial in perpetuating differences in development. As the function of the state is to enhance the economic position of its ruling class in the world-system, while minimizing the cost of that assistance so as not to interfere significantly with capital accumulation, strong states of the core can use their power to curb development in other states that might endanger their core status. The strength of state structures does not only mean relative power advantages against other states in the system but also the power of the state apparatus *vis-à-vis* its own population. This power is not to be seen only in the sense of “hard” power available to the state in question but also to the strength of its ideological apparatus. Powerful core states are more capable to control the dynamics of class conflict on their territories, unlike the unstable peripheral ones. Akin to the growing divergence in the economic sphere, the differences between the capacities of states for any kind of power projection are also maximized by the workings of the system.⁴⁵

One core state can achieve economic supremacy in all economic activities (agro-industrial, commercial and financial) and achieve hegemonic status (Netherlands in the 17th, Britain in the 19th, US in the 20th century).⁴⁶ The rise to hegemonic status starts by outcompeting the current hegemon in the realm of production. Commerce and finance

⁴⁵ Immanuel Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (San Diego, Calif: Academic Press, 1974); Immanuel Wallerstein, *The Capitalist World-Economy: Essays* (Cambridge: Cambridge University Press, 1991); Immanuel Wallerstein, *The Essential Wallerstein* (New York: The New Press, 2000); Immanuel Wallerstein, *World-systems Analysis: An Introduction* (Duke University Press Books, 2004).

⁴⁶ Fernand Braudel agreed: „At the centre of the world-economy, one always finds an exceptional state, strong, aggressive and privileged, dynamic, simultaneously feared and admired. In the fifteenth century it was Venice, in the seventeenth, Holland; in the eighteenth and the nineteenth, it was Britain; today it is the United States“: Fernand Braudel, *The Perspective of the World: Civilization and Capitalism 15th-18th Century*, Vol. 3 (Berkeley: University of California Press, 1992), 51.

follow suit. However, the hegemonic position is usually achieved only after a thirty-years world-war. The Dutch thus become a hegemonic power after the Thirty Years War (1618-1648), the British after the war with the French at the end of the 18th and the beginning of the 19th century (1792-1815) and the US after the First and Second World War, which Wallerstein considers to have been one single conflict (1914-1945). The postwar settlement is aimed at strengthening the current hegemonic power. This arrangement is usually “liberal” in the sense that the hegemon propagates free flow of the factors of production throughout the world-economy. Although beneficent for the hegemonic power at the start, this system is already pregnant with the new hegemon. The liberal organization of the international political economy makes it difficult to curb the spread of technological know-how, while increased real income of workers and cadres of the hegemonic power further cut the profit margins. Profit levels fall in the productive sector, investors turn to commerce and finally finance, “the sign of autumn”, as Braudel put it. The policies of the hegemonic state are (in most of the cases) widely accepted by other states in the world-system, whether weak or strong. Hegemony is not solely an expression of military strength rooted in economic supremacy, but also of its leading position in the ideological sphere. The hegemon, like the ruling classes on a national level, represents its own interests as universal.⁴⁷

Although the capitalist world-system is characterized by uneven development, limited upward mobility is possible. The greatest chances of upward mobility are found in the semiperiphery. According to Wallerstein, semiperipheral states, having a roughly equal mix of core and peripheral activities and relatively strong state apparatuses, have a possibility for substantial upward mobility (all hegemons were formerly

⁴⁷ Immanuel Wallerstein, *The Politics of the World-Economy: The States, the Movements, and the Civilizations: Essays* (Cambridge [Cambridgeshire]: Cambridge University Press, 1984), 37–47.

semiperipheral states). This is usually achieved in the period of contraction (Kondratieff B-phase). But upward mobility to core status is not open to all: success of some implies the failure of others since the hierarchical structure remains the same. The behavior and options of semiperipheral countries are seen by Wallerstein as substantially conditioned by systemic conditions. In times of economic expansion, the semiperipheral states are less prone to challenge the existing relations and may seek alliances with the core. In moments of contraction, the tables turn since the overaccumulation of capital in the core makes semiperipheral states more attractive for core states as capital outlets. Due to their more advanced economic structure semiperipheral states can rely to an extent on their own forces, but to do this they need a substantial home market (and/or the availability of some nearby peripheral markets) since this can in the short run increase their profit margins. This is an option that only larger semiperipheral states can pursue. Furthermore, technological dependence rises with the passage of time, posing ever greater challenges to states pursuing protectionist policies. An aggressive economic policy necessitates a strong state apparatus. Thus, the “political” nature of the economy is greatest in semiperipheral states. It follows that they are most “nationalist” when they seek to transform their role in the global division of labor.⁴⁸

How did this world-system come into existence? Like Brenner, Wallerstein does not see any inevitable transition from feudalism to capitalism. Feudalism was for Wallerstein a system without a systemic reinvestment of surplus into production that was prone to cyclical crises as occupation of marginal lands and overpopulation reached the limits the feudal economy could bear. The transition to capitalism, Wallerstein argues, is explicable as a conjuncture of a secular trend of increasing exploitation, the

⁴⁸ Wallerstein, *Mercantilism and the Consolidation of the European World-Economy, 1600-1750*, 179; Wallerstein, *The Politics of the World-Economy*, 20; Wallerstein, *The Capitalist World-Economy*, 71–77, 84–89.

cyclical crisis of the feudal economy and changes in climate which exacerbated the effects of the first two factors. Considering the development of productive forces, the only way out of the crisis were geographical expansion, development of different forms of labor control in different zones of the system and the emergence of stronger states in the core areas of the capitalist world-system.⁴⁹ Not content with this interpretation, Wallerstein later focused on the collapse of lords, feudal states and the Church as well as the lack of an external force which would have imposed a tributary system due to the collapse of Mongols. In this acute crisis of feudalism that was not replaced by another pre-capitalist social system through outside intervention the feudal lords could simply no longer reproduce themselves as a class under feudal relations of production. Only then did they opt for capitalism.⁵⁰

Like Brenner's, Wallerstein's interpretation of capitalism has been subject to numerous criticisms. We may begin with one of the most commonly used charges: "Smithianism". Robert Brenner argued that Wallerstein's interpretation of capitalism is Smithian because Wallerstein does not provide an explanation for the dynamism of the capitalist world-economy. And he cannot account for that dynamism because wage labor is not at the core of his definition of the world-system. Defining capitalism as "production for market", Wallerstein derives wage labor from that production.⁵¹ But this to Brenner is a fatally flawed interpretation because production for market in itself cannot bring about capitalist social-property relations. Alexander Anievas and Kerem Nisançioğlu have recently revived this criticism, arguing that "Smithianism" leaves world-systems analysis incapable of differentiating between different social systems in

⁴⁹ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, chapter 2.

⁵⁰ Immanuel Wallerstein, "The West, Capitalism and the Modern World-System," *Review* 15, no. 4 (1992): 601, 612–13.

⁵¹ Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," 32–33.

history.⁵² These charges seemed further confirmed by Andre Gunder Frank's thesis that capitalism itself is not a necessary category of historical analysis. Rather, we are living in a five-thousand-year-old world-system.⁵³ Critics could plausibly claim that Frank's argument is a logical consequence of "Smithianism" present in world-systems analysis. If indeed it is the world-economy that explains trade, it is hard to see why earlier world-economies would have been incapable of reaching same levels of development that contemporary capitalism has reached. Our current society is then merely another, more successful repetition of a several-thousand-year-old pattern in human history.

Two potentially contradictory pronouncements by Wallerstein are important in this context:

The point is that the "relations of production" that define a system are the "relations of production" of the whole system, and the system at this point in time is the European world-economy. Free labor is indeed a defining feature of capitalism, but not free labor throughout the productive enterprises. Free labor is the form of labor control used for skilled work in core countries whereas coerced labor is used for less skilled work in peripheral areas. The combination thereof is the essence of capitalism.⁵⁴

This reply leaves room for an interpretation where it is precisely the existence of wage labor in the core areas of the capitalist world-system that defines capitalism as a system. The peripheral areas using other modes of labor control contributed to the accumulation in the core, but that accumulation was "ceaseless" precisely because the existence of wage labor which prevented the backsliding that characterized earlier social

⁵² Alexander Anievas and Kerem Nisancioglu, *How the West Came to Rule* (London: Pluto Press, 2015), 21.

⁵³ André Gunder Frank and Barry K. Gills, *The World System: Five Hundred Years or Five Thousand?* (Routledge, 1993).

⁵⁴ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 127.

systems. However, this is not necessarily a definition of the capitalist world-system that Wallerstein in fact employs. Some formulations suggest that there is no relation between continuing growth and wage labor. Indeed, Wallerstein seems to invoke other factors while suggesting that otherwise the modern world-system would have met the same fate as earlier ones:

I have said that a world-economy is an invention of the modern world. Not quite. There were world-economies before. But they were always transformed into empires: China, Persia, Rome. The modern world-economy might have gone in that same direction—indeed it has sporadically seemed as though it would—except that the techniques of modern capitalism and the technology of modern science, the two being somewhat linked as we know, enabled this world-economy to thrive, produce, and expand without the emergence of a unified political structure.⁵⁵

It remains unclear where the “techniques of modern capitalism and the technology of modern science” come from. For modern capitalism is a social system and cannot be added as an additional factor to explain the dynamism of a world-economy. This proposition alongside the suggestion that wage labor is to be derived from the expansion of the world-system leave Wallerstein’s account of capitalism imprecise.⁵⁶ Moreover, Wallerstein at times seems to explicitly conflate world-economies and capitalism: “Capitalism and a world-economy (that is, a single division of labor but multiple polities and cultures) are obverse sides of the same coin. One does not cause the other. We are merely defining the same indivisible phenomenon by a

⁵⁵ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 16.

⁵⁶ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 38.

different characteristic”.⁵⁷ This seems an explicitly formulated thesis that capitalism had existed from time immemorial. In a later reformulation of the emergence of capitalism, Wallerstein still does not give a definition that does away with the quoted ambiguities of his interpretation.⁵⁸ Critics such as Robert Brenner could then credibly argue that techniques and technology appear as a “*deus ex machina*” in Wallerstein’s system because they are not directly derived from the social properties of the world-economy.⁵⁹ Indeed, even one of the most important scholars of world-systems analysis, Giovanni Arrighi, noted that Wallerstein’s definition of the modern world-system is ambiguous because he cannot seem to differentiate between world-economies and the capitalist world-system.⁶⁰ This is an unfortunate and substantial omission on Wallerstein’s part because much of world-systems analysis, as Eric Mielants points out, can be seen as compatible with the Marxist emphasis on modes of production.⁶¹ Indeed, Wallerstein too sometimes refers to the capitalist mode of production as a characteristic of the modern world-system.⁶² However, Wallerstein’s theoretical prevarications have made that compatibility far less apparent.

Another problematic aspect of Wallerstein’s interpretation stemming from an imprecise definition of the capitalist world-system is the occasional designation of all societies in the capitalist world-system as “capitalist” and rejection of the existence of transitional societies. One of the most famous critiques of this position, aimed at Andre Gunder Frank, was made by Ernesto Laclau. According to Laclau, the fundamental

⁵⁷ Immanuel Wallerstein, “The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis,” *Comparative Studies in Society and History* 16, no. 4 (September 1974): 391.

⁵⁸ Wallerstein, “The West, Capitalism and the Modern World-System,” 566–67.

⁵⁹ Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” 57.

⁶⁰ Giovanni Arrighi, “Capitalism and the Modern World-System: Rethinking the Nondebates of the 1970’s,” *Review* 21, no. 1 (1998): 116.

⁶¹ Eric Mielants, *The Origins of Capitalism and “The Rise of the West”* (Philadelphia: Temple University Press, 2007), 11.

⁶² Wallerstein, *The Politics of the World-Economy*, 14.

mistake made by Frank, and by extension Wallerstein, is, same as with the process of transition to capitalism, to confound “participation in the world market” with a mode of production.⁶³ Frank is confusing an economic system whereby different modes of production interact with a mode of production because his definition of capitalism is bereft of any reference to relations of production. Contrary to Frank, not only did participation in the world market not lead to a capitalist mode of production on the periphery, it has in fact strengthened pre-capitalist modes of production. To designate those societies capitalist is therefore erroneous.⁶⁴ What then was the difference between feudal lords and these capitalist producers relying on extra-economic coercion? Wallerstein argues that it was threefold:

...the difference between the gleb serf of the Middle Ages and the slave or worker on an *encomienda* in sixteenth century Hispanic America, or a “serf” in Poland, was threefold: the difference between assigning “part” of the surplus to a market and assigning “most of the surplus;” the difference between production for a local market and a world market; the difference between the exploiting classes spending the profits, and being motivated to maximize them and partially reinvest them.⁶⁵

In another formulation, Wallerstein argues that one can use the concept of a feudal mode of production only when it is “determinative of other social relations”. However, when incorporated into the capitalist system, the feudal mode of production loses its “autonomous reality” and is not determinative of other social relations.⁶⁶ To Wallerstein, these new social relations, as the inverted commas suggest, present wholly

⁶³ Ernesto Laclau, “Feudalism and Capitalism in Latin America,” *New Left Review* 1, no. 67 (June 1971): 39.

⁶⁴ Laclau, “Feudalism and Capitalism in Latin America,” 24–25, 30–31, 33–34.

⁶⁵ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 128.

⁶⁶ Wallerstein, *The Capitalist World-Economy*, 147.

different social relations that are not comparable to the feudal past. This seems to be the main reason why he introduced new terms such as “coerced cash-crop labor” to describe them. However, does that warrant the designation capitalist? Here again Wallerstein tergiversates. In some places, Wallerstein argues that development under modern capitalism is uneven and combined.⁶⁷ On the other hand, Wallerstein designated Latin American *hacendados* and East-European nobles “capitalist farmers”⁶⁸ and considered all labor in the world-system as “many *forms* of bourgeois employment of proletarian labor.”⁶⁹ More importantly, he has recently rejected any hesitation on the matter, arguing that the concept of articulation between modes of production is a “halfway house”.⁷⁰ This radical position is problematic. It undermines Wallerstein’s entire argument. Production for the market is unsustainable as a definition of capitalism because that would mean that capitalism is eternal, precisely a position Wallerstein tried to avoid while criticizing Frank. Of course, Wallerstein may claim that the fundamental difference here is that the capitalist world-system is the first one where the ceaseless accumulation of capital was made possible and that therefore the areas that specialized in providing raw materials to the core were forced to respond to the rigors of the world market on which they also competed with core capitalist states whose production enjoyed constantly growing productivity. Aside from the fact that I cannot find such an explicit formulation in Wallerstein’s writings on this matter, it is still questionable to claim that greater interaction with the world market means the complete abolition of an old mode of production and its identity with capitalist social formations. A more subtle

⁶⁷ Wallerstein, *The Capitalist World-Economy*, 143–44.

⁶⁸ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 289, 353.

⁶⁹ Wallerstein, *The Capitalist World-Economy*, 147.

⁷⁰ Immanuel Wallerstein, “Prologue to the 2011 Edition,” in *The Capitalist World System I. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (Berkeley, Los Angeles, London: University of California Press, 2011), xxi.

position, a type of position that Wallerstein believes we should take when discussing historical capitalism,⁷¹ and the one found in the writings of other world-systems authors such as Arrighi and Amin, as well as Fernand Braudel, would be to simply state that although participating in the world market, the peripheral formations of the capitalist world-system were still fundamentally shaped by the type of social-property relations that prevailed in them as those social-property relations were determining the types of responses to changes in the world market available to the ruling classes. As Fernand Braudel put it about Polish landlords: “The great landowner was not a capitalist, but he was a tool and a collaborator in the service of capitalism in Amsterdam and elsewhere. *He was part of the system.*”⁷²

In this context it also seems unpersuasive to simply designate all labor as “proletarian”. As some of Wallerstein’s more recent critics as Alexander Aniveas and Kerem Nisançioğlu argue, some coerced labor on slave plantations indeed had much in common with proletarian labor. But not all labor in the peripheries shared these commonalities with wage labor in the core (while, naturally, wage labor in the core too was less “free” when compared to contemporary standards).⁷³ These types of designations should be the result of a scrupulous historical inquiry and not invoked with a radical interpretative gesture. Indeed, by doing so, Wallerstein is taking away one of the potentially great advantages of world-systems analysis over Political Marxism, and that is the exploration of articulations between different modes of production in social formations. By arguing that all ruling classes are capitalist and all labor proletarian Wallerstein commits the same error as Brenner and that is to consider social totalities

⁷¹ Wallerstein, “The West, Capitalism and the Modern World-System,” 571.

⁷² Fernand Braudel, *The Wheels of Commerce: Civilization and Capitalism 15th-18th Century*, Vol. 2 (London: Books Club Associates, 1983), 271.

⁷³ Anievas and Nisançioğlu, *How the West Came to Rule*, 161.

as homogenous. This seems paradoxical considering Wallerstein's emphasis on different forms of labor control in the modern world-system and use of phrases such as "historical capitalism",⁷⁴ all of which seems to strongly suggest a historicizing agenda. However, it appears that Wallerstein is not fully committed to this agenda in light of the examined pronouncements.

This position also reinforces the problem of the contribution of the periphery and the rationality of peripheral forms of production. If peripheral producers are capitalist farmers maximizing profits, then their mode of employment of labor must have been the most efficient possible. Wallerstein stresses that what is essential is "short-term profit maximization", implying that that course of action need not be beneficial to the economy in the long run. The problem with this argument is that it abstracts away the mode of production and presents decisions made in the context of existing class structure as determined by market logic. This implies that relations of production emerge according to current market requirements and have virtually no role in explaining development. This seems quite problematic in the case of Eastern Europe where the landlords could use the already existing superstructure of extra-economic coercion. This was indeed rational as any other course of action, for example, introduction of capitalist relations of production, would have been, considering labor shortage and market trends, quite irrational. But it is a mode of production already in place, not brought into existence by the world market.

It is furthermore quite unclear how the capitalist world-system benefited from this arrangement. Because Eastern European societies were not capitalist, defined by competitive accumulation between enterprises employing wage labor, they were not

⁷⁴ Immanuel Wallerstein, *Historical Capitalism with Capitalist Civilization* (London: Verso, 1996).

capable of long-term productivity growth. And that is why Robert Brenner could point out that stagnant development in Poland necessarily hindered the development of the core as it could not meet rising demand nor provide a market for industrial goods.⁷⁵ Wallerstein's account of the 17th century crisis in Eastern Europe is almost identical to that of Brenner.⁷⁶ It is indeed striking how similar the descriptions of the developments on the periphery are between Wallerstein and his critics are. Theoretical perspective and conclusions are another matter.

However, there are other regions where Wallerstein's model works better. In the case of Atlantic slavery, it seems that it was indeed the case that relations of production, again different from the slavery of antiquity, were introduced to cater to the needs of the world-economy because some tasks could not be done by wage labor. And these peripheries, alongside the production of American colonies, provided the core, Kenneth Pomeranz argues, with a much greater market considering the greater dependence of labor on market access.⁷⁷ Thus, it is important to take into account potentially vast differences between peripheral formations of the world-system. But even this qualification leaves Wallerstein open to the charge that it is far from clear that these peripheries' social development is explicable to such an extent by the world market when abstracted from local relations of production and that it is also doubtful as to what extent the peripheral products are essential to the process of accumulation in the core. Wallerstein has stated that the focus should not be on the needs of the system and the core but simply on the channeling of the surplus to the core of the world-system.⁷⁸ This

⁷⁵ Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism.," 68–72.

⁷⁶ Wallerstein, *Mercantilism and the Consolidation of the European World-Economy, 1600-1750*, 128–78.

⁷⁷ Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy*, (Princeton, N.J: Princeton University Press, 2000), 20, 83, 258-269.

⁷⁸ Wallerstein, *Mercantilism and the Consolidation of the European World-Economy, 1600-1750*, 168–69.

does away with the debate on how “essential” the periphery was for capitalism, a matter that cannot be easily solved. From this perspective, criticisms of Wallerstein are less convincing when it comes to pointing out that a relatively minor share of the total output of Eastern Europe went to the world market.⁷⁹ What is more important is the share of the surplus extracted by the landlords that is going to the market. And it was precisely the landlords who were in a position to substantially influence the development of their states as well as react to curves on the world market by squeezing the peasantry and expanding the demesnes. In this sense one could argue that there indeed was a substantial difference between the capitalist world-system and earlier ones, while still not warranting the use of the label capitalism for societies where extra-economic coercion was dominant. Wallerstein himself unwittingly undermines his argument that societies are either capitalist or non-capitalist by arguing that the capitalist world-economy consolidated only in the seventeenth century. But the terminal illness of feudalism is diagnosed for the fifteenth century. What type of society prevailed in the interim, in the 1450-1640 period during which the modern world-system was emerging? As Cornelis Terlouw points out, if there indeed was a transitional period during the very emergence of the capitalist world-system, the “next logical step” is to acknowledge that there were societies within this capitalist world-system that were not necessarily capitalist.⁸⁰

Wallerstein’s designation of the system as capitalist is also problematic when it comes to the relationship between the state and the economy. One of the major problems in this respect is Wallerstein’s claim that the economic base of the system emerged

⁷⁹ Perry Anderson, *Passages from Antiquity to Feudalism* (NLB, 1974), 259; Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” 69–70.

⁸⁰ C.P. Terlouw, *Regional Geography of the World-System* (Utrecht: State University of Utrecht, 1992), 57–58.

during the long sixteenth century but that the superstructure only caught up during the French Revolution.⁸¹ The actors of the system were unaware of the capitalist nature of the system but were anyway the unconscious agents of its expansion. But if agents were unconscious of participating in capitalism, is it possible that state actors might have acted in ways that had little relation to capitalist accumulation? Could states have consolidated property regimes that were not most propitious for capital accumulation? Potential contradictions between the base and superstructure are simply ignored as the system is already fully capitalist. The relationship of the economic and political is conceived as that of an expressive totality with the base determining the superstructure. Bourgeois revolutions and state agency are simply subsumed under the process of transition from feudalism to capitalism. These formulations make one less sensitive to the emergence of new state forms and their role in facilitating systemic tendencies since the extent to which certain states are more or less conducive to capital accumulation is marginalized by the claim that the world-system is already capitalist from 16th century onwards. As stressed in the earliest critiques of world-systems analysis,⁸² the emergence of modern ideologies and political organizations increased the chances of stronger peripheral states in the transition to capitalism as I will try to show on the example of Hungary in chapter 2.

Not only the relationship between the state and society, but also the relationship between states is problematic in Wallerstein's account. One problem are the conceptual difficulties involved with the notion of hegemony in the world-system. This notion is problematic because Wallerstein does not specify what the conditions for hegemony in

⁸¹ Immanuel Wallerstein, *The Second Era of Great Expansion of the Capitalist World-Economy, 1730-1840s* (San Diego: Academic Press, 1989), 52; Immanuel Wallerstein, *Centrist Liberalism Triumphant, 1789/1914*, 4 (Berkeley: University of California Press, 2011), 277.

⁸² Theda Skocpol, "Wallerstein's World Capitalist System: A Theoretical and Historical Critique," *American Journal of Sociology* 82, no. 5 (March 1, 1977): 1075–90.

other countries than the hegemon should be for hegemony to be exercised. While the hegemon may reach preponderance in all spheres of economic activity as well as erect a corresponding “liberal” superstructure above it, hegemony in the modern sense is only possible within a social system wherein extra-economic coercion had been abolished.⁸³ It is the separation of the economic and political that opens the way to consent that is needed for hegemony to be achieved. By definition, hegemony was then impossible in the great majority of societies in the 17th century, but also in much of the 19th century. Hegemonic states could thus exercise hegemony- in a much narrower sense- over some core societies and the ruling classes of peripheral societies over which hegemony could not be exercised. But this move entails at least a qualified acceptance of a realist definition of hegemony, rooted in the economic and military weight of the hegemon, and dissociated from the types of societies in question and the specificity of modern politics.⁸⁴

The other problem is the ability of the hegemon to shape systemic policies. Aside from the fact that the Netherlands cannot be said to have been able to do so, there is also doubt about Britain’s capacities in the 19th century.⁸⁵ Indeed, Wallerstein himself describes 19th century international relations in twentieth century terms, stating that the international system was characterized by the existence of “two superpowers”, namely Britain and Russia.⁸⁶ However, Russia was at best a semiperipheral state of the world-system and should by definition not have played such a momentous role in the capitalist world-system. The British hegemony itself is dealt with in a contradictory fashion, its

⁸³ I discuss this point in greater detail in chapter 2.

⁸⁴ Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1995); Kenneth Neal Waltz, *Theory of International Politics*, 1st. ed (New York: McGraw-Hill, 1979).

⁸⁵ Hannes Lacher and Julian Germann, “Before Hegemony: Britain, Free Trade, and Nineteenth-Century World Order Revisited,” *International Studies Review* 14, no. 1 (2012): 99–124; Michael Mann, *The Sources of Social Power: The Rise of Classes and Nation-States, 1760 - 1914* (Cambridge University Press, 1993).

⁸⁶ Wallerstein, *Centrist Liberalism Triumphant, 1789/1914*, 39.

“apogee” achieved in 1860s, but the very fact that Britain had to fight in the Crimean War at all without threats to other states being enough showed that it was already limited.⁸⁷ As Hans-Heinrich Nolte pointed out, Wallerstein does not account for state formation in the East, where state power was stronger than the base allowed.⁸⁸ As I will show in the second chapter, the Habsburg Monarchy also shows well the problems Wallerstein has with state formation. Wallerstein’s discussion of hegemons is relevant in the context of the previous discussion of the neglect of social differences. Although he considers hegemonic cycles the most important for the world-system alongside Kondratieff waves, Wallerstein, as Giovanni Arrighi pointed out, seems to reduce the role of the hegemon to the properties of the world-system:

Whether and to what extent unit-level processes...simply play out a script dictated by system-level properties or themselves write the script and thereby form and transform the system is a question that ultimately can be settled only on empirical-historical grounds. It is indeed on those grounds that we have found Wallerstein’s model wanting.⁸⁹

There are problems with the concept of the semiperiphery as well. The definition of semiperipheral states is ambiguous. Giovanni Arrighi and Jessica Drangel attempted to overcome the inconsistency of the term by leaving only the position in the international division of labor and doing away with state strength. This is more precise. But since state strength is an important factor in promoting economic power it does not

⁸⁷ Wallerstein, *Centrist Liberalism Triumphant*, 129–30.

⁸⁸ Hans-Heinrich Nolte, “Zur Stellung Osteuropas im Internationalen System der Frühen Neuzeit. Außenhandel und Sozialgeschichte bei der Bestimmung der Regionen,” *Jahrbücher für Geschichte Osteuropas*, 28, no. 2 (1980): 165.

⁸⁹ Giovanni Arrighi and Beverly J. Silver, “Introduction,” in *Chaos and Governance in the Modern World-System*, ed. Giovanni Arrighi and Beverly J. Silver (Minneapolis, London: University of Minnesota Press, 1999), 25–26.

seem analytically justifiable to make such a separation.⁹⁰ What is important to highlight is the fact that there is a substantial difference between semiperipheral areas in general and large semiperipheral states such as the Habsburg Monarchy that are both economically advanced and militarily powerful. Furthermore, Wallerstein perhaps overemphasizes that centralized semiperipheral states are best positioned for upward mobility. Christopher Chase-Dunn argues that we have to distinguish between highly stratified semiperipheries and those having an intermediate capital-intensity production. Highly stratified semiperipheral states can be politically unstable and will have a hard time achieving a coalition of capitalists who will stand behind the state and see it as representing their interests. Different fractions of capital might pull the state in contradictory directions, wasting resources that could have been used for a more coherent political strategy. It was usually easier for “relatively less stratified and politically liberal semiperipheries” to “achieve the degree of class harmony necessary for upward mobility within the capitalist world-economy.”⁹¹ An important caveat is added: liberal states can have a home underclass, like in the United States.⁹² Of the two semiperipheries that made a bid at hegemonic status in the 20th century, it could be claimed that both were closer to this model. Both the US and even Germany were closer, in the context of their time, to “liberal” states.

Wallerstein’s model of the capitalist world-system is much more comprehensive than Brenner’s. It provides an explanation of the unevenness of development, assigns an important role to the international system and states for perpetuating it, provides an explanation of the changes in the structure of international relations as a consequence

⁹⁰ Giovanni Arrighi and Jessica Drangel, “The Stratification of the World-Economy: An Exploration of the Semi-Peripheral Zone,” *Review* X, no. 1 (Summer 1986): 9–75.

⁹¹ Christopher Chase-Dunn, “Resistance to Imperialism: Semiperipheral Actors,” *Review* 13, no. 1 (January 1, 1990): 9.

⁹² Chase-Dunn, “Resistance to Imperialism: Semiperipheral Actors,” 13.

of the dynamics of the system and also allows for limited mobility within the capitalist world-system. Here the unit of analysis moves from the nation-state to the totality of the capitalist world-system. However, these advantages are undermined by a problematic conception of capitalist development.

Nonetheless, before turning to the framework of uneven and combined development, it is worthwhile briefly examining two other authors within world-systems analysis: Samir Amin and Giovanni Arrighi. This will serve the purpose of providing a more robust notion of uneven development under capitalism as well as examples of world-systems analysis that are more attuned to the complexities of social systems, thus justifying my future reliance on some aspects of world-systems analysis while distancing my interpretation from that of Wallerstein. Samir Amin's interpretation of the transition to capitalism is conceived as that of a peripheral formation of a global Afro-Eurasian system overtaking more developed social formations. It was the discoveries that triggered an explosive development of protocapitalist forces, which means that Europe was experiencing an accelerated transition to capitalism.⁹³ However, the transition from feudalism to capitalism in Europe, Amin contends, was fundamentally different from all subsequent transitions. For Amin, the debate on the transition to capitalism, which has to involve the formation of wage labor and accumulation of capital, should be reformulated as the transition of "European feudal formations to central capitalism".⁹⁴ In these central formations the capitalist mode of production destroyed the previous modes of production and established itself as the only mode of production. In the capitalist core the mode of

⁹³ Samir Amin, "The Ancient World Systems Versus the Modern Capitalist World-System," in *The World System. Five Hundred Years or Five Thousand?*, ed. Andre Gunder Frank and Barry K. Gills (London: Routledge, 1996), 251–55, 267–70.

⁹⁴ Samir Amin, *L'accumulation à l'échelle mondiale*, vol. 1 (Paris: Editions Anthropos, 1970), 243.

production and the social formation thus tended to become identical.⁹⁵ This makes the development in the core “autocentric” as what Marxists would call Department I and II (respectively production of the means of production and consumer goods) develop organically, generating a positive spiral of ever greater demand between sectors that furthers new investment and ever higher levels of development.⁹⁶ On the other hand, in the peripheral social formations capitalism was able only to “subjugate” the precapitalist modes of production, but not “destroy” them.⁹⁷ In place of an “autocentric” development one finds a “disarticulated” economy where production in one sector, however “advanced” it may be, does not generate the feedback mechanism into others as in core countries. This is so because the whole structure of the economy is shaped by its integration into the capitalist world-system, and not as a result of a local, organic transition to capitalism. Added to this is the enormous productivity gap that arose because of an earlier transition to capitalism in Europe. The gap forces the periphery to become something of an appendage to the core areas of the world-economy. These difficulties are further exacerbated by the usual “hypertrophy” of the tertiary sector, weakening further an underdeveloped economy.⁹⁸

There are noticeable differences in relation to Wallerstein. Amin sees a transitional social formation in Europe in the early modern period. He also notes that the peripheral formations of capitalism are characterized by the articulation of capitalist and precapitalist modes of production. Unlike Wallerstein’s occasional reference to “capitalism” in every nook and cranny of the capitalist world-system, Amin stresses the survival of precapitalist modes of production. And Amin’s greater commitment to a

⁹⁵ Amin, *L’accumulation à l’échelle mondiale*, 1:243–44.

⁹⁶ Amin, *L’accumulation à l’échelle mondiale*, 1:487–88.

⁹⁷ Amin, *Unequal Development. An Essay on the Social Formations of Peripheral Capitalism*, 22.

⁹⁸ Amin, *Unequal Development*, 200–201; Amin, *L’accumulation à l’échelle mondiale*, 1:31–42.

mode of production analysis leads him to underline internal mechanisms of development within the capitalist mode of production. This is an important point to make, as Amin thereby provides a model of development where the periphery is not an essential component for explaining the transition to a developed capitalist economy. Amin can thus conclude that, to use Brenner's term, the nature of social property relations is a major factor in explaining the move of the United States and other offshoots from the periphery into the core. Here it was the establishment of petty-commodity production that, over time, laid the basis to a capitalist economy with a strong internal market, reproducing the autocentric development of Britain.⁹⁹

Giovanni Arrighi has also provided a rigorous analysis of the articulations between modes of production in an account of the political economy of Rhodesia.¹⁰⁰ He had also further developed the interpretation of the unevenness of the capitalist world-system by taking over David Harvey's geographical arguments on unevenness under capitalism. According to Arrighi, one of the major innovations of Harvey's work is to add locational advantages alongside technological innovation in securing excess profits for capitalist enterprises, which are then in turn challenged by the tendency of the profit rate to fall because other capitalist agencies strive to use these sources of excess profits.¹⁰¹ It is crucial to underline that these locational advantages are not God-given geographical realities but rather an outgrowth of social relations. Indeed, as Neil Smith puts it, it is in capitalist geography that space "is more systematically and completely an integral part of the mode of production than was the case with any earlier mode of

⁹⁹ Amin, *Unequal Development. An Essay on the Social Formations of Peripheral Capitalism*, 365–67.

¹⁰⁰ Giovanni Arrighi, "The Political Economy of Rhodesia," *New Left Review*, I, no. 39 (1966): 35–65.

¹⁰¹ Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (London; New York: Verso, 2007), 45, 47, 217–18. He and Jessica Drangel made a similar claim in 1986 without reference to Harvey, stating that Schumpeter's stress on the temporal aspect of innovations that offer excess profits to capital need to be supplemented by a spatial perspective. Thus, innovations do not merely occur in time but also "cluster in space": Arrighi and Drangel, "The Stratification of the World-Economy: An Exploration of the Semi-Peripheral Zone," 20.

production.”¹⁰² As David Harvey points out, even if we would abstract away the geographical diversity of the world, capital would still generate uneven geographical development.¹⁰³ Harvey’s interpretation is based on the importance of fixed capital for capitalism. Fixed capital is that part of the social wealth used for the production of surplus value, for the circulation of capital in the production of new value. Harvey argues that capitalism produces “a vast, humanly created resource system, comprising use values embedded in the physical landscape”. Harvey sees all “these use values ... as both general preconditions for and direct forces of production.”¹⁰⁴ However, it is the very definition of capital that it is value in motion. The danger of devaluation thus always lurks in the corner.¹⁰⁵ While capitalism in the process of accumulation becomes embedded in a physical environment with a specific organization, labor processes, patterns of distribution and consumption, this at some point in time becomes a barrier that capital must overcome. Although tied by investment in fixed capital, making the change less immediate, capital will have to destroy the existing spatial division of labor by moving to new pastures and creating a new landscape that will serve the need of a new cycle of accumulation.¹⁰⁶ But why does capital move at all? It is due to the so-called crisis of overaccumulation, wherein capital is finding less and less outlets for profitable employment and surpluses of labor and capital emerge.¹⁰⁷ This crisis is usually resolved by a spatio-temporal fix:

The term “fix” has a double meaning in my argument. A certain portion of the total capital is literally fixed in and on the land in some physical form for a relatively

¹⁰² Neil Smith, *Uneven Development: Nature, Capital, and the Production of Space*, 2nd ed (Blackwell) (Oxford, UK: Blackwell, 1990), 134.

¹⁰³ David Harvey, *The Limits to Capital* (Oxford: Blackwell, 1984), 389.

¹⁰⁴ Harvey, *The Limits to Capital*, 232–33.

¹⁰⁵ Harvey, *The Limits to Capital*, 193–194.

¹⁰⁶ Harvey, *The Limits to Capital*, 380, 427; David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2003), 101.

¹⁰⁷ Harvey, *The Limits to Capital*, 192.

long period of time (depending on its economic and physical lifetime). Some social expenditures (such as public education or the health-care system) also become territorialized and rendered geographically immobile through state commitments. The ‘spatio-temporal fix’, on the other, is a metaphor for a particular kind of solution to capitalist crises through temporal deferral and geographical expansion.¹⁰⁸

Temporal deferral through investment into projects that produce new spaces and the subsequent geographical expansion of those areas lead to devaluation of assets and destruction of existing social relations in the former center of accumulation.¹⁰⁹ However, is the interest of the local actors to enhance the value of capital fixed in a certain region, which results in tensions between the local political alliance and the production of new spaces.¹¹⁰

Harvey’s major intervention in historical materialism is a welcome addition as it further elaborates the mechanisms of uneven development in the capitalist world-system. Arrighi has used this framework in relation to his “systemic cycles of accumulation” in the beginning of which capitalist agencies engage in production (M-C-M’), only to later abandon it in favor of finance as profits fall in production (M-M’). These financial expansions then serve the rise of a new hegemon of the world-system where new organizational and technological innovations cluster.¹¹¹ Relying on Fernand Braudel, Arrighi had also substantially expanded the scope of Harvey’s argument by showing that these periods of financial expansion that Harvey seems to limit to capitalist modernity were occurring at earlier points in history. However, Arrighi’s reliance on Braudel has left him too without a clear conceptualization of the transition to capitalism,

¹⁰⁸ Harvey, *The New Imperialism*, 115.

¹⁰⁹ Harvey, *The Limits to Capital*, 403.

¹¹⁰ Harvey, *The Limits to Capital*, 428.

¹¹¹ Arrighi, *The Long Twentieth Century*; Arrighi, *Adam Smith in Beijing*.

which is undermining the arguments he puts forward in his eclectic interpretative framework. For Arrighi, “the really important transition that needs to be elucidated is not that from feudalism to capitalism but from scattered to concentrated capitalist power.”¹¹² It was only in Europe that capitalist agencies located in the centers of international trade were able to free themselves from a non-capitalist environment and impose capitalist relations on the European continent. Political centralizations in Japan and China prevented such a possibility.¹¹³ Taking over Braudel’s argument that China shows well that there is a difference between market and capitalism,¹¹⁴ Arrighi argues that even the presence of capitalist institutions does not define the system as capitalist:

the capitalist character of market-based development is not determined by the presence of capitalist institutions and dispositions but by the relation of state power to capital. Add as many capitalists as you like to a market economy, but unless the state has been subordinated to their class interest, the market economy remains non-capitalist.¹¹⁵

But this distinction is sustainable only if capitalism is defined merely as production for the market. Indeed, Arrighi’s argument focuses almost exclusively on trade and finance while relations of production are not discussed,¹¹⁶ opening him to the charge of Political Marxists that he is arguing for capitalism since “time immemorial”.¹¹⁷ Arrighi’s interpretation is thus liable to the same criticism that he himself has levied against Wallerstein. What is required to overcome these deficiencies

¹¹² Arrighi, *The Long Twentieth Century*, 11.

¹¹³ Giovanni Arrighi et al., “Historical Capitalism: East and West,” in *The Resurgence of East Asia*, ed. Giovanni Arrighi, Takeshi Hamashita, and Mark Selden (London; New York: Routledge, 2003), 278–81; Arrighi, *Adam Smith in Beijing*, 333–35.

¹¹⁴ Braudel, *The Wheels of Commerce*, 588–89.

¹¹⁵ Arrighi, *Adam Smith in Beijing*, 331–32.

¹¹⁶ Richard Walker, “Karl Marx between Two Worlds: The Antinomies of Giovanni Arrighi’s Adam Smith in Beijing,” *Historical Materialism* 18, no. 1 (2010): 52–73.

¹¹⁷ Teschke, *The Myth of 1648*, 137.

is a framework of analysis wherein international determinations are examined jointly with social property relations. That framework is uneven and combined.

1.3. Uneven and combined development

The roots of the revival of interest in uneven and combined development stem from the reformulation of Trotsky's concept by Justin Rosenberg in order to address the perennial problem of IR scholarship: the theoretical separation between the international and social. Trotsky's concept seemed to offer a promise of a theoretical approach marrying geopolitical and social explanations into one unified perspective and, moreover, explaining the very existence of the international within capitalism. Rosenberg distinguishes between three aspects of combined development. On the most abstract level, the concept might be seen as referring to interaction between different societies, moving then to dependence of societies' economic, social and cultural life on interaction with other societies and ending, more in line with Trotsky's original formulation, in the social amalgamations within societies resulting from the interaction of developmentally differentiated societies. Thus, any notion of a pre-combined society is rejected in this reformulation of uneven and combined development.¹¹⁸ As societies are not distinct entities of classical social theory nor subjected fully to systemic pressure generating same units, as in Wallerstein's world-system or realist IR, the theory of uneven and combined development articulates the difference between units of the capitalist system as the numerous combinations between units, structural pressures of the system notwithstanding, cannot result in unit homogenization. Rosenberg's goal was to provide a theory that could organically unite domestic and international

¹¹⁸ Rosenberg, "Why Is There No International Historical Sociology?," *European Journal of International Relations* 12, no.3 (2006): 321-325.

determinations, which necessarily produce a series of “paradoxical inversions” in units of the system which are supercharged by this abundance of determinations.¹¹⁹ Rosenberg invites researches to constantly keep in mind this dialectical process between the domestic and international which “super-adds a lateral field of causality over and above the ‘domestic’ determinations arising from each and every one of the participant societies.”¹²⁰

There are a few basic intersocietal mechanisms that the theory identifies. The first is the so-called “whip of external necessity”, meaning geopolitical competition between societies, which are naturally on different levels of development. The more developed societies are exerting pressure on less developed ones, forcing them to develop in order to counter the external threat. In doing so they will by definition not repeat the same path as the more developed ones. Instead, they will skip over stages by directly importing the ideological, organizational and technological innovations from more developed societies, resulting in a time-compressed development. In this sense, backward societies may profit from the “privileges of backwardness”. As Trotsky famously put it:

The privilege of historic backwardness - and such a privilege exists - permits, or rather compels, the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages. Savages throw away their bows and arrows for rifles all at once, without travelling the road which lay between those two weapons in the past...The development of historically backward nations leads

¹¹⁹ Justin Rosenberg, “Kenneth Waltz and Leon Trotsky”, *International Politics* 50, no.2 (March 2013): 217.

¹²⁰ Alex Callinicos and Justin Rosenberg, “Uneven and Combined Development: The Social-Relational Substratum of ‘the International’? An Exchange of Letters,” *Cambridge Review of International Affairs* 21, no. 1 (March 1, 2008): 158, <https://doi.org/10.1080/09557570701828600>.

necessarily to a peculiar combination of different stages in the historic process. Their development as a whole acquires a planless, complex, combined character.¹²¹

On the other hand, more developed societies might suffer from “advantages of priority” as being ahead might lead to ossification of existing structures and innovations may occur in new areas (which could be located within the same state). Furthermore, the same agencies will most likely not be introducing these innovations due to differences in class structures between the less and more developed societies, leading to “substitutionism”. A state or a different class might take over the “task” that was achieved in the more developed formation by another class.¹²²

Another major advantage of uneven and combined development is that the mode of production analysis has much more purchase in uneven and combined development scholarship than in world-systems analysis as transitional social forms are an expected result of intersocietal development between capitalist and non-capitalist societies. The concept of uneven and combined development highlights the interaction between spatiotemporally distinct societies. To describe those processes of combination the concept of “stages” is used, but only as a means of conceptually capturing the process of combination, not as a commitment to stageist theory. As Alexander Anievas and Kerem Nisancioglu argue, uneven and combined development refers to stages only to immediately subvert them since Trotsky’s theory was a protest against stageist thinking.¹²³ Thus, to conceive of uneven and combined development as suffering from stageism seems unwarranted.¹²⁴

¹²¹ Leon Trotsky, *History of the Russian Revolution* (Chicago, IL: Haymarket Books, 2008), 5.

¹²² Justin Rosenberg, “Uneven and Combined Development: ‘The International’ in Theory and History,” in *Historical Sociology and World History: Uneven and Combined Development over the Longue Durée*, ed. Alexander Anievas and Kamran Matin (London; New York: Rowman & Littlefield, 2016), 21–25.

¹²³ Anievas and Nisancioglu, *How the West Came to Rule*, 54.

¹²⁴ Christopher Chase-Dunn and Thomas D. Hall, *Rise and Demise: Comparing World-Systems* (Westview Press, 1997), 82; Gurminder K. Bhambra, “Talking among Themselves? Weberian and

Whether the “privileges of backwardness” or “disadvantages of priority” will be more salient for a particular society depends on the socioeconomic and cultural capacities of the borrower society as well as the timing and manner of its incorporation into the capitalist world-system. And the manner of the incorporation of a society into the capitalist-world system is not merely the outcome of particular systemic properties favoring it, but rather of the type of society in question and the outcome of class struggles within it. Attention to specific class structures and state formation of societies is thus essential for specifying the enabling conditions for a fully activated process of uneven and combined development.¹²⁵ Contrary to critiques of uneven and combined development as yet another systemic theory reifying the imperative of transformation in accordance with the needs of the capitalist world-system,¹²⁶ the outcome of uneven and combined development is indeterminate, although it can be explained after the fact. This is so because it is in the end the outcome of local agency which refracts the pressures of the capitalist world-system through pre-existing structures that ends in the activation of uneven and combined development or alternatively in the lack of that activation. Although the agential moment is stressed, structural properties are invoked in order to explain the (un)successful outcome of agency.¹²⁷

There is considerable disagreement on whether to limit uneven and combined development to capitalist modernity or extend it to the entire history of humanity. As is suggested by Rosenberg’s formulation of the theory, it is Rosenberg’s belief that uneven and combined development can be seen as a transhistorical dynamic present already in

Marxist Historical Sociologies as Dialogues without ‘Others,’” *Millennium* 39, no. 3 (May 1, 2011): 675, <https://doi.org/10.1177/0305829811401119>.

¹²⁵ Alexander Anievas, *Capital, the State, and War* (Ann Arbor: University of Michigan Press, 2014), 46–47; Anievas and Nisancioglu, *How the West Came to Rule*, 50–51.

¹²⁶ Benno Teschke, “IR Theory, Historical Materialism and the False Promise of International Historical Sociology Benno Teschke,” *Spectrum: Journal of Global Studies* 6, no. 1 (2014): 1–66.

¹²⁷ Anievas, *Capital, the State, and War*, 48.

pre-Neolithic hunter-gatherer bands which were dependent on the intersocietal for their social reproduction.¹²⁸ The obvious danger here is that uneven and combined development may be reduced to the nebulous concept of “interaction” and bereft of any explanatory power. For if the intersocietal refers to all interactions regardless of their consequences, what in fact is its contribution to social theory?

There have been two major attempts to rescue uneven and combined development from this potential pitfall. Perhaps the most consistent one is that of Neil Davidson, who argues that uneven and combined development can only be used in the context of capitalist industrialization.¹²⁹ According to Davidson, uneven and combined development has already become a “superconcept” that seems capable of explaining virtually everything.¹³⁰ Davidson argues that this overextension stems from the confusion between two rather distinct terms: that of uneven development and that of uneven and combined development. Although there are superficial similarities between the two, the concepts are quite different. The concept of uneven development refers to the catching up of backward with more developed social formations. This notion of development had already been used in the European Enlightenment. Combined development, on the other hand, refers precisely to areas that could not catch up with the core states of the world-system, which could not undergo uneven development. By the late 19th century the paths to core status were mostly closed, and most of the countries of the world were formal or informal colonies of Western powers. There was

¹²⁸ Justin Rosenberg, “Basic Problems in the Theory of Uneven and Combined Development. Part II: Unevenness and Political Multiplicity,” *Cambridge Review of International Affairs* 23, no. 1 (2010): 165–89.

¹²⁹ Sam Ashman takes the position of Davidson: Sam Ashman, “Capitalism, Uneven and Combined Development, and the Transhistoric,” in *Marxism and World Politics Contesting Global Capitalism*, ed. Alexander Anievas (London ; New York: Routledge, 2010), 183–96.

¹³⁰ Neil Davidson, “The Conditions for the Emergence of Uneven and Combined Development,” in *Historical Sociology and World History. Uneven and Combined Development over the Longue Durée*, ed. Alexander Anievas and Kamran Matin (London; New York: Rowman & Littlefield, 2016), 34.

a group of countries, however, that were able to emulate some aspects of the core countries but were unable to catch up with them. Considering this partially successful emulation these countries created unstable, crisis-prone social amalgamations. The type of development of those countries substantially increased the chances of a revolutionary outbreak due to the fact that their development was far less organic and that the working class was not formed in a reformist tradition.¹³¹ This situation then opens the path towards the strategy of permanent revolution, the conditions of which were theorized in the framework of uneven and combined development. For Davidson, the core of the term is “that former levels of stability are disrupted by the irruption of industrial capitalism and all that it brings in its wake: rapid population growth, uncoordinated urban expansion, dramatic ideological shifts.”¹³² This can only occur with “rapid industrialization.”¹³³ Pre-industrial societies, whether capitalist or not, were thus incapable of bringing about uneven and combined development as no previous social change was comparable to the consequences of capitalist industrialization. Thus, even already capitalist societies can undergo uneven and combined development.¹³⁴ Davidson’s usage of the term entails substantially narrowing the jurisdiction of the concept of uneven and combined development in time. However, while thus limiting it in relation to the concept of uneven development, there is also a potentially great spatial extension of the term, as many societies in the 20th century were undergoing rapid industrialization but could not catch up with core states.

Jamie Allinson and Alexander Anievas take a position midway between Rosenberg and Davidson. Allinson and Anievas argue that the way to specify what

¹³¹ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 298; Davidson, *We Cannot Escape History*, 166–69.

¹³² Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 303.

¹³³ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 298.

¹³⁴ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 303.

constitutes combination is to differentiate it from articulation. They state that while articulation refers to the interlinking of modes of production without one driving the transformation of the other, combination is a subset of articulation, but in this case one mode of production forces the transformation of the other. In another formulation, they point out that “the logics of different modes of production interact with one another in consequential ways in ‘backward’ countries.” They seem to believe that this position brings them closer to Davidson’s insistence on fundamental social transformation that industrial capitalism brings about.¹³⁵ Aside from industrialization not being part of the definition, Allinson and Anievas seem to extend it further by stating that in contemporary China different regimes of accumulation are combined-competitive, neoliberal, and monopoly capitalism.¹³⁶ Anievas and Kerem Nisançioğlu continue with the extension in their account of the transition to capitalism where uneven and combined development is defined “at the most abstract level” as referring to internal relations of any society being constituted by its interaction with other, developmentally different societies, which results in amalgamations in each social formation.¹³⁷ A wholesale transformation implied in rapid industrialization seems lost.

Nonetheless, Allinson and Anievas want to retain as much of the original meaning of the concept of uneven and combined development while extending it back in time. They believe this can be done by considering the role transhistorical abstractions have in Marxist discourse as opposed to, for example, realist IR.¹³⁸ They argue that in realist IR “the abstraction takes the form of the primary *explanans* of the argument, from which all other relevant concepts are to be deduced.” Thus, the

¹³⁵ Allinson and Anievas, “Approaching ‘the International’: Beyond Political Marxism,” 212–13.

¹³⁶ Jamie C. Allinson and Alexander Anievas, “The Uses and Misuses of Uneven and Combined Development: An Anatomy of a Concept,” *Cambridge Review of International Affairs* 22, no. 1 (March 2009): 52, <https://doi.org/10.1080/09557570802680132>.

¹³⁷ Anievas and Nisançioğlu, *How the West Came to Rule*, 48.

¹³⁸ Waltz, *Theory of International Politics*.

abstraction is the theory itself. However, in Marxist theory abstraction is “a posited presupposition or assumption that accounts for the existence of a concrete general condition whose historically specific form has to be accounted for by still further *explanans*.”¹³⁹ They argue that uneven and combined development can be a transhistorical category if it is used only as a general condition of historical development which then invites the introduction of further, more specific categories. Thus, the universalization of the necessity to accumulate capital and geopolitical pressures of capitalist on noncapitalist (or not fully capitalist) societies fundamentally transforms the nature of uneven and combined development and carries with it rapid socioeconomic and political transformations in a compressed period as well as bringing about a much greater likelihood of potentially explosive contradictions of social amalgamation. The results of the process of uneven and combined development then feed back into the international that provided the conditions of possibility for their emergence.¹⁴⁰

The concept of uneven and combined development is also compatible with a consequentialist reinterpretation of “bourgeois revolutions” where outcomes - namely the transition to a capitalist society and/or the restructuring of the state so as to make it more compatible with the requirement of capital accumulation - rather than type of agents stand in the forefront. As is well-known, Wallerstein is opposed to the notion of bourgeois revolution because if societies are already capitalist there seems to be no need for any changes in the superstructure. It is similar with Brenner: societies are either feudal or capitalist. This is problematic. Bourgeois revolutions, in most cases in the form of Gramsci’s passive revolution from above discussed extensively in chapter 2, could serve to eliminate obstacles to the spread of properly capitalist relations of

¹³⁹ Allinson and Anievas, “The Uses and Misuses of Uneven and Combined Development,” 55.

¹⁴⁰ Allinson and Anievas, “The Uses and Misuses of Uneven and Combined Development,” 57.

production and/or introduce capitalist property relations *regardless* of the level of the development of such relations of production within the society in question. These types of revolutions might be seen as midway between process, as in the transition between modes of production, and moment, as in the imagined socialist revolutions that never came. As Neil Davidson argues, the later bourgeois revolutions were to be much more agency-oriented than earlier ones, consonant with the general trend of increased weight of agency over structure in human history. The first ones occurred in the context of non-existence or still weak capitalist world-system but with already ongoing socioeconomic transformations within the societies in question. The later ones tended to occur in the context of the dominance of the capitalist world-system but with much weaker socioeconomic transformation in the societies where they took place.¹⁴¹

Neil Davidson stresses that since revolutions are not a structured relationship, like that of capital and wage labor, any standard yardstick is bound to disappoint and only few cases of classic bourgeois revolutions could be identified (essentially, 17th century Britain, revolutionary France, Civil War US). In fact, in accordance with the Trotskyist notion of “substitutionism”, other agencies were ready to introduce capitalist relations of production, especially since the bourgeoisie became ever timider in the 19th century due to the emergence of its class enemy: the proletariat. And geopolitical pressures of more developed capitalist states made accommodation in that direction essential for the purpose of pure survival.¹⁴² The non-capitalist classes were willing to act against their class interest in the short-term so that they could survive as part of the ruling class in the changed social order.

¹⁴¹ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 495, 507–8.

¹⁴² Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 489, 318–20.

Another debate related to the revival of the concept was the one on the relationship between capitalism and the state system. We have already seen that Political Marxism has no terms with which to explain the existence of the state system. One of the most influential accounts of the state system was that of David Harvey who saw capitalist imperialism as:

...a contradictory fusion of the ‘politics of state and empire’ (imperialism as a distinctively political project on the part of actors whose power is based in command of a territory and a capacity to mobilize human and natural resources towards political, economic and military ends) and the ‘molecular processes of capital accumulation in space and time (imperialism as a diffuse political-economic process in space and time in which command over and use of capital takes primacy).¹⁴³

Harvey continues that these “the two logics tug against each other, sometimes to the point of outright antagonism.”¹⁴⁴ This marriage of realist IR and Marxism was accepted by Alex Callinicos, who argues that it is compatible both with the notion of different interest between capitalist enterprises and state managers and Marx’s method.¹⁴⁵ For Marx’s argument, argues Callinicos, is that of “non-deductive” addition of new, more complex determinations. It is non-deductive for these new determinations cannot be simply derived from earlier, less complex ones. They are rather introduced so that issues emerging at earlier stages of analysis could be solved. Therefore “these

¹⁴³ Harvey, *The New Imperialism*, 26.

¹⁴⁴ Harvey, *The New Imperialism*, 29. Harvey refers here explicitly to Giovanni Arrighi’s conceptual apparatus. Yet, as Arrighi points out, Harvey misreads his account of the two logics: “[Harvey’s] use of the distinction...differs from mine in two important ways. In his, the territorialist logic refers to state policies, while the capitalist logic refers to the politics of production, exchange, and accumulation. In mine, in contrast, both logics refer primarily to state policies. Moreover, Harvey seems to assume that all market processes (including trade, commerce, labor migration, technology transfer, information flows, and the like) are driven by a capitalist logic. I make no such assumptions”: Arrighi, *Adam Smith in Beijing*, 212, fn. 2. Although based on a misreading, Harvey’s interpretation is still relevant for the discussion of capitalism and the state system.

¹⁴⁵ Sam Ashman and Alex Callinicos, “Capital Accumulation and the State System: Assessing David Harvey’s *The New Imperialism*,” *Historical Materialism* 14, no. 4 (December 2006): 107–31.

determinations are explained by their place in the overall argument, but each possesses specific properties that are irreducible to those of the determinations posited earlier.”¹⁴⁶ But as Rosenberg argues, Callinicos does not actually provide a theory of the geopolitical within a “generative sociological discourse”. He merely posits the existence of the geopolitical and relates it to capitalism. This problem can be overcome by “incorporating the general abstraction” of uneven and combined development into it, Rosenberg asserts.¹⁴⁷ Interestingly, however, Neil Davidson provides an explanation of the existence of the state system without reference to uneven and combined development. For Davidson there are two basic reasons why there has to be a state system in the capitalist world-system. The first is that capitalist enterprises need the capitalist state to help them in competition with other enterprises and shield them from the vagaries of the market. The second is that workers need the ideology of the nation-state to receive psychic compensation for their exploitation under capitalism.¹⁴⁸ This position is very close to that of Wallerstein, who also argues that capitalist states have a fundamental role in the protection of their own enterprises in the capitalist world-system. A world state would not only not be able to do it, but might deprive capital of the much-needed room for maneuver that the states system provides and would potentially end capitalism altogether.¹⁴⁹ Anievas argues that uneven and combined development still provides a superior alternative to world-systems analysis because it

¹⁴⁶ Alex Callinicos, “Does Capitalism Need the State System?,” *Cambridge Review of International Affairs* 20, no. 4 (December 2007): 542, <https://doi.org/10.1080/09557570701680464>.

¹⁴⁷ Alex Callinicos and Justin Rosenberg, “Uneven and Combined Development: The Social-Relational Substratum of ‘the International’? An Exchange of Letters,” *Cambridge Review of International Affairs* 21, no. 1 (March 1, 2008): 165, <https://doi.org/10.1080/09557570701828600>.

¹⁴⁸ Neil Davidson, “Many Capitals, Many States: Contingency, Logic or Mediation?,” in *Marxism and World Politics. Contesting Global Capitalism* (London; New York: Routledge, 2010), 77–93.

¹⁴⁹ Wallerstein, *The Politics of the World-Economy*, 1–37.

provides an explanation for the existence of societal multiplicity in the first place and also integrates the fact of societal multiplicity into the very concept of development.¹⁵⁰

The only currently available systematic account of the transition to capitalism from the perspective of and uneven and combined development, written by Alexander Anievas and Kerem Nisançiolu, shows well the explanatory potentials of the framework. Anievas and Nisançiolu take over Perry Anderson's formulation of the rise of capitalism as a process gaining in complexity and weight as it moves from one area to another, starting in the Italian city-states and moving towards north-western Europe.¹⁵¹ While Giovanni Arrighi too discussed how capitalism moved from one center of accumulation to another, Anievas and Nisançiolu also offer a discussion in the change of social property relations which substantially strengthens their argument. Indeed, one of the major advantages of their argument is that they explicitly state that the "commercialization model", where they place world-systems analysis, which stressed circuits of trade and the social property relations model, focused on changes in social relations, should not be regarded as mutually exclusive.¹⁵² Their perspective is further strengthened by intersocietal dynamics that are neglected in other accounts. For Anievas and Nisançiolu it is not just important to discuss developments in international trade and changing property relations, but also the geopolitical space that these processes needed to continue to grow in importance. Major factor here was the Ottoman Empire, a more developed social formation than feudal Europe based on a tributary mode of production, which curbed the power of the Habsburgs, gave geopolitical space to north-western Europe and moved trade towards the Atlantic. This gave a decisive advantage to late-developing Europe to reap the advantages of backwardness and

¹⁵⁰ E-mail communication with the author, 21 March 2018.

¹⁵¹ Anievas and Nisançiolu, *How the West Came to Rule*, 25.

¹⁵² Anievas and Nisançiolu, *How the West Came to Rule*, 219

transition to capitalism.¹⁵³ Aside from being directly relevant for the discussions of state formation in Hungary and political economy of pre-48 Croatia discussed respectively in chapter 2 and 3, this interpretation brings in non-European actors into the rise of the West and improves on Brenner, who does not provide any reflection on the issue, but also on Wallerstein, for whom the Ottoman Empire was in the “external arena” of the world system.¹⁵⁴ As Aristide Zolberg argued, this is a problem for Wallerstein because the Ottoman Empire “drastically altered the strategic configuration of Europe” and showed that the processes of the world economy “were generated at the level of a more comprehensive world-system”.¹⁵⁵ Defined as an autonomous totality with areas in it connected by exchange of bulk goods, Wallerstein’s concept of the world-system seems inadequate to incorporate the importance of the Ottoman Empire in the rise of the West. A more expansive notion of the intersocietal, as theorized in uneven and combined development seems better equipped to deal with the role of the Ottomans.

However, Anievas and Nisançioğlu conclude that the system finally consolidated only in the late 18th century, following a series of bourgeois revolutions. In contrast to both Wallerstein and Brenner, bourgeois revolutions play an important role in their argument. As we have seen, Wallerstein did away with them by assuming that capitalism was already in place. For Brenner, similarly, the state was either participating in extra-economic surplus extraction or presiding over a capitalist economy. For Wallerstein, events like the French Revolution did not matter when it came to social relations as France was already capitalist; for some Political Marxists it

¹⁵³ Anievas and Nisançioğlu, *How the West Came to Rule*, chap 4.

¹⁵⁴ Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 301.

¹⁵⁵ Aristide Zolberg, “Origins of the Modern World System: A Missing Link,” *World Politics* 33, no. 2 (January 1981): 263, 272–73.

did not matter because it did not in fact introduce capitalism at all.¹⁵⁶ Anievas and Nisançioğlu argue that the political economy of 18th century France was characterized by growing strength of the bourgeoisie and a strong feudal presence in the absolutist state, which the revolution did away with.¹⁵⁷ And since France was not definitively in the capitalist camp until the end of the revolution, they, like Neil Davidson, see the system stabilizing after the Seven Years War when English capitalism was finally able to do away with the threat from France.¹⁵⁸

This account shows well how it is possible to rely on insights from the frameworks that uneven and combined development transcends. By accepting uneven development and the importance of the world market characteristic of world-systems analysis with a simultaneous discussion of social-property relations, and integrating both into an intersocietal, multilinear perspective of development, uneven and combined development seems best placed to account for the peculiarities of the Habsburg history in general and Hungarian and Croatian history in particular. And while it is closer to world-systems analysis than Political Marxism, it still substantially improves on it by theorizing articulations and combinations between modes of production. Furthermore, not only is unit homogenization done away with in uneven and combined development, but societal multiplicity is inserted into the very notion of development, fusing the hitherto externally related geopolitical and sociological modes of explanation. Uneven and combined development also provides a more agential perspective as it requires attention to local agencies through which systemic pressures were refracted. Lastly, as Jamie Allinson and Alexander Anievas point out, the

¹⁵⁶ George Comninel, *Rethinking the French Revolution: Marxism and the Revisionist Challenge* (London: Verso, 1987).

¹⁵⁷ Anievas and Nisançioğlu, *How the West Came to Rule*, 193–218.

¹⁵⁸ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 584–85; Anievas and Nisançioğlu, *How the West Came to Rule*, 272.

intersocietal might explain the perennial problem of the non-correspondence between the base and superstructure,¹⁵⁹ a problematic of great relevance for the history of the Habsburg Monarchy as we shall see in the next chapter.

As mentioned in the introduction, this thesis engages with the discourse political economy, which is its major empirical contribution. I thus need to end this theoretical introduction by relating uneven and combined development to interpretative models of intellectual history. Arguably the most influential strand of intellectual history, the Cambridge School, is methodologically problematic because it separates texts and social change. While expending a lot of effort to properly contextualize texts, Quentin Skinner, a leading figure of this school of thought, acknowledges that the analysis of texts would have been greatly improved with a theory of social change underpinning it. However, since Skinner does not believe there is a valid theory of social change, he decides not to theorize the relationship between social and discursive transformations.¹⁶⁰ As Ellen Meiksins Wood has pointed out, Skinner did little to advance intellectual history beyond the intertextual realm: “What emerges from Skinner’s assault on purely textual histories or the abstract history of ideas is yet another kind of textual history, yet another history of ideas – certainly more sophisticated and comprehensive than what went before, but hardly less limited to disembodied texts.”¹⁶¹ In this framework, there is a great danger, as Jan Nederve Peterse argues, of falling into “discursivism”, whereby discourse is severed from the larger socioeconomic context

¹⁵⁹ Allinson and Anievas, “Approaching ‘the International’: Beyond Political Marxism,” 207.

¹⁶⁰ Quentin Skinner, *Visions of Politics* (Cambridge University Press, 2002), 180.

¹⁶¹ Ellen Meiksins Wood, *Citizens to Lords. A Social History of Western Political Thought from Antiquity to the Middle Ages* (London; New York: Verso, 2008), 9.

while it is paradoxically simultaneously implied that the intellectual construction of reality is the main driving force of history.¹⁶²

Attempts to bridge the gap between discourse and socioeconomic context proved unsatisfactory because of an unspecified relationship between the social and the ideological or by a commitment to a problematic sociology. The German tradition of *Begriffsgeschichte* is characterized by highlighting the connection between discourse and social change, without however being more explicit about the theory of social change that is adhered to.¹⁶³ Critical discourse analysis is more explicit, but opts for Anthony Giddens's "duality of structure" to relate discourse to social and political context.¹⁶⁴ Yet Giddens's sociology offers little in the way of theorizing the transition to capitalism and tackling the uneven development of capitalism. The duality of structure and agency that forms its theoretical base neglects the varying degrees of agency available in different periods of history or regions in the core-periphery structure of the world-system.¹⁶⁵ Historical materialist writing has much more to offer when it comes to the relationship between ideas and social structure but here too there are some inadequacies. Ellen Meiksins Wood, for example, grounds her analysis in the context of the transition to capitalism but eschews an intersocietal perspective.¹⁶⁶

The scholarship on uneven and combined development is well-positioned to tackle this deficiency. As Robbie Shilliam points out, the production of knowledge

¹⁶² Jan Nederveen Peterse, "Trends in Development Theory," in *Global Political Economy. Contemporary Theories*, ed. Ronen Palan (London; New York, 2002), 206.

¹⁶³ Reinhart Koselleck, "Einleitung," in *Geschichtliche Grundbegriffe: historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, ed. Otto Brunner, Werner Conze, and Reinhart Koselleck, vol. 1 (Stuttgart: Klett-Cotta, 1997), xviii, xxi.

¹⁶⁴ Gilbert Weiss and Ruth Wodak, "Introduction: Theory, Interdisciplinarity and Critical Discourse Analysis," in *Critical Discourse Analysis. Theory and Interdisciplinarity*, ed. Gilbert Weiss and Ruth Wodak (New York: Palgrave MacMillan, 2003), 10.

¹⁶⁵ Erik Olin Wright, "Giddens's Critique of Marxism," *New Left Review* I, no. 138 (1983): 11–35.

¹⁶⁶ Wood, *Citizens to Lords. A Social History of Western Political Thought from Antiquity to the Middle Ages*; Ellen Meiksins Wood, *Liberty and Property. A Social History of Western Political Thought from Renaissance to the Enlightenment* (London; New York: Verso, 2012).

needs to be situated in the context of developmentally differentiated societies. Considering developmental differentiation, the transfer of knowledge is not to be investigated merely from the perspective of the borrower society attempting to achieve the original it endeavors to emulate. What should be examined as well is how the process of translation of the ideologies from more developed social formations may generate different and new forms of knowledge. Far from it being irrelevant to the analysis of texts, the comparison of one's own societies' social structures and political system to that of more developed societies, especially in the context of the existence of capitalist and non-capitalist societies, is crucial for intellectual history. The reflection on backwardness of the intellectuals on the periphery of the system thus seems an especially salient point of entry for the examination of discourse on the periphery.¹⁶⁷ This approach is compatible with the already existing literature on discourse that takes at its starting point the uneven development in the capitalist world-system and a different epistemological position of the periphery, even though a different notion of development may be used in those works.¹⁶⁸

This manner of analyzing discourse could be seemingly susceptible to the charge that uneven and combined development might be used as a yardstick to assess the validity of arguments of historical actors. Texts would then be graded according to a lesser or greater approximation to the framework uneven and combined development. Historical actors would thus be treated as our contemporaries, the veracity of their claims could be examined and ideas would be treated in a teleological fashion as

¹⁶⁷ Robbie Shilliam, *German Thought and International Relations - The Rise and Fall of a Liberal Project* (Palgrave MacMillan, 2009), 13, 16–17, 20.

¹⁶⁸ Joseph LeRoy Love, *Crafting the Third World: Theorizing Underdevelopment in Rumania and Brazil* (Stanford, Calif: Stanford University Press, 1996); Manuela Boatca, "Peripheral Solutions to Peripheral Problems: The Case of Early 20th Century Romania," *Journal of World-Systems Research* XI, no. I (July 2005): 3–26; Manuela Boatca, "Semiperipheries in the World-System: Reflecting Eastern European and Latin American Experiences," *Journal of World-Systems Research* XII, no. II (December 2006): 321–46.

embryonic articulations of the yet-to-be-articulated theory of uneven and combined development, all methodological procedures that Quentin Skinner considers unsustainable.¹⁶⁹ I would in principle agree that these are problematic approaches to texts, but, as already stated, Skinner's criticism does not offer a satisfactory alternative as Skinner merely narrows down the scope of historical inquiry and argues for an impoverished notion of context. Since I am analyzing the transition to capitalism, it is critical to have a theory of development that I consider adequate for explaining that transition. That theory enables me to identify processes and actors that brought about that transition. Contemporary discourse can then be assessed as arguing for that transition, against it, or some position between these extremes. This does not mean that I expect historical actors to express an embryonic vision of uneven and combined development. Whatever their theory or notion of development might have been, I merely approach the discourse of the time in relation to transition to capitalism. Not only that the framework of uneven and combined development does not imply an ahistorical projection of contemporary theories into the past, it explains, as argued in the introduction, why certain types of discourse were more or less salient in different societies by specifying the forces responsible for the transition to capitalism. Conversely, absent a theory of social change and transition to capitalism, it would be next to impossible to relate the discourse of historical actors to transition to capitalism as we would not have the necessary framework within which to situate and evaluate that discourse. This procedure does not require us to submit the texts under examination to semantic meaning, i.e. truth conditions that the discourses satisfy, which is also usually considered inappropriate in intellectual history.¹⁷⁰ It requires us, however, to relate them to what we consider to have historically occurred without expecting the discourse in the

¹⁶⁹ Skinner, *Visions of Politics*, 57, 60, 79–80.

¹⁷⁰ Mark Bevir, *The Logic of the History of Ideas* (Cambridge University Press, 1999), 31–77.

past to contain the same explanatory model we hold to be true today. Given the extreme skepticism in some types of intellectual history and philosophical inquiry to veracity, facts and authorial intention in the analysis of texts in general,¹⁷¹ it is important to point out, as already stated in the introduction, that I submit historiographical texts to a different standard and critically examine both the coherence of the theoretical framework, where there is one, and the correspondence between theoretical arguments and the available empirical material. Like Mike Bevir, I do not believe we should use semantic meaning to analyze texts in the past, but this does not imply at all that we should reject truth conditions in general,¹⁷² with the understanding that “reality” is always reached through our conceptual apparatus.

Although I have outlined the theoretical framework in this chapter, I would like to highlight that my manner of proceeding will be to further develop and refine these theoretical arguments depending on the empirical materials of the following chapters. Thus, the theoretical clarifications of this chapter, while substantial, are far from definite. I believe that in this fashion it will be easier to demonstrate the relevance of theory for each chapter as well as to maintain a dialogue between the theoretical and other chapters and thus show more concretely the relevance of the theoretical chapter.

¹⁷¹ Roland Barthes, *The Rustle of Language* (Blackwell, 1986); Jacques Derrida, *Limited Inc.* (Evanston, Illionis: Northwestern University Press, 1988); Jacques Derrida, *Of Grammatology* (London, Baltimore: Johns Hopkins Press, 1997); Michel Foucault, *The Order of Things* (Taylor & Francis, 2002).

¹⁷² Bevir, *The Logic of the History of Ideas*, 117–18, 99–100.

2. The uneven and combined origins of the Austro-Hungarian Settlement (1867)

In this chapter I examine the transition to capitalism in the Monarchy. The chapter explains why Hungary, a relatively underdeveloped region of the empire, initiated the transition to capitalism and formed a stronger state structure than Austria. I point out that current accounts written from the perspective of world-systems analysis cannot explain how a peripheral social formation was politically stronger than a far more developed one. According to the framework of world-systems analysis, Hungary was supposed to be marked by docile peripheral producers exporting primary products to the core areas while having at its disposal a weak state apparatus. I argue that the emergence of a weak peripheral state in Hungary was precluded by the specificities of the Hungarian social formation where nobility comprised almost 5 percent of the population. Facing social decline and being relatively removed from the process of production due to reliance on state offices as well as facing the threat of industrializing Austria, the Hungarian gentry was ready to initiate the transition to capitalism to prevent peripheralization and secure its position as the ruling class of the new order by controlling the Hungarian state. The next section of the chapter turns to the neoabsolutist regime of accumulation and the passive revolutionary road to capitalism carried out by the Austrian state. I conceptualize passive revolution not as a complete opposite of hegemony, but as a more authoritarian transition to capitalism that still could, to a lesser extent, rely on persuasion and consent. However, I argue that the centralized regime of accumulation in Austria was ill-suited for gaining legitimacy in the periphery and that the imperial state towered above any social class below it and was not bound by representative institutions, which is why this period of Monarchy's

history is described as neoabsolutism. Thus, the Austrian state did not mobilize social forces as part of a more hegemonic project which weakened its effort to politically unify the empire. These aspects of the Austrian passive revolution seriously undermined the developmentalist and civilizing discourse of the ideologues of the Austrian passive revolution. In Hungary, the Austrian state was criticized for being authoritarian and unable to bring development. The lack of Austrian hegemony was further exacerbated by a tension between capitalist and territorialist logics of power in the Monarchy's foreign policy. These weaknesses made the Monarchy unprepared to face an opponent undergoing uneven and combined development, namely Prussia, the defeat against which finally brought about the emergence of the Compromise. The chapter also provides a challenge to recent revisionism of the Monarchy's politics since revisionists exclude the importance of the transition to capitalism and pay insufficient attention to the intersocietal dynamic. Importantly, they cannot explain, considering the allegedly greater strength of liberals and civil society, why a major transformation of the Austrian state came only in the context of the Austro-Hungarian Settlement and was moreover demanded by the Hungarian political elite.

2.1 Transition to capitalism in the Habsburg Monarchy

Most of the accounts of mid-19th century Habsburg Monarchy or the political economy of the entire 19th century do not provide a theoretically controlled account of the transition to capitalism. Indeed, in many instances this problematic is simply absent. Considering the massive literature on economic development of the Monarchy and the danger of losing the coherence of the argument by engaging with each and every work, in the following I will critically examine more recent accounts which are symptomatic of the problems I wish to highlight.

The absence of a theoretically controlled account of the transition to capitalism is most evident in the influential quantitative economic history which, while providing a much-needed examination of statistics and approximations of the Monarchy's GDP, does not provide an explanation of the social basis of economic (under)development. David Good argues that modern economic growth, defined as sustained development of the economy, should be considered an "economic epoch".¹ But modern economic growth needs to be explained, not simply assumed. Good's definition sidesteps the issue of what kind of society can generate economic growth. His explanation of the previous causes of backwardness is a list of numerous factors without an established hierarchy among them. Furthermore, modern economic growth is explained in a diffusionist model whereby backward societies simply follow in the footsteps of more developed ones.² But what were the mechanisms of that diffusion, why was development uneven and why did the Austrian empire introduce these innovations considering their potentially revolutionary consequences? Moreover, why did Hungary, a far less developed social formation than Austria, initiate the transition to capitalism? This seems to clearly contradict a diffusionist notion of development.

John Komlos's contribution is also marred by a similar kind of explanatory difficulties. The problem is again the lack of definition of capitalist development. Without such a definition Komlos cannot explain the economic growth he describes. He notes that feudalism was not "debilitating" to economic growth and that capitalism preceded the 1848 reforms. Capitalism was slowly developing towards free labor under feudalism.³ But these sweeping statements about the Monarchy do not take into account uneven development and drastically different shares of free labor in different parts of

¹ Good, *The Economic Rise of the Habsburg Empire, 1750-1914*, 12-13.

² Good, *The Economic Rise of the Habsburg Empire*, 13-14.

³ Komlos, *The Habsburg Monarchy as a Customs Union*, 23, 26-27.

the Monarchy. This then again leaves unexplained why it was Hungary, hardly the center of modern economic growth, that initiated the transition to capitalist social property relations. Moreover, between the introduction of Law IX of 1840, which allowed for the elimination of serf status via an agreement between landlords and peasants, and the abolition of serfdom in 1848, only 100 out of 10 000 communities made use of this provision.⁴ Thus it was not that capitalism had overtaken feudal social property relations by 1848. But for Komlos, the revolution was irrelevant as “the market had been evolving for the century previous to 1848 and made the adjustment to a commercialized, capitalistic environment much more smoothly and less violently than the body politic did.” Indeed, 1848 occurred “as a political adjustment to a radically new conception of man’s view of his place in society: one which necessitated abolishing noble privileges and raising the peasant to the status of a full citizen of the nation.”⁵ However, as we have seen in chapter 1, the market existed throughout human history and has not resulted in sustained economic growth. Invoking the market as a factor in itself is thus not an explanation. Komlos does not demonstrate how the prevailing social property relations hindered or did not hinder sustained development. He also does not account for the origins of the new ideology of society and its efficacy in a backward society like Hungary. Ideology is thus a *deus ex machina* that serves as an explanation of the transition. And Komlos contradicts himself when he later claims that “the 1848 events merely adjusted the political and legal system to a commercialized socio-economic environment that had become a fait accompli by mid-century.”⁶ But why was that adjustment even necessary as the market anyway developed on its own? Komlos

⁴ Gábor Pajkossy, “Kossuth and the Emancipation of the Serfs,” in *Lajos Kossuth Sent Word...Papers Delivered on the Occasion of the Bicentenary of Kossuth’s Birth*, ed. László Péter, Martin Rady, and Peter Sherwood (London: Hungarian Cultural Center London; School of Slavonic and East European Studies, university College London, 2003), 74-75.

⁵ Komlos, *The Habsburg Monarchy as a Customs Union*, 50–51.

⁶ Komlos, *The Habsburg Monarchy as a Customs Union*, 109.

thus simultaneously suggests that property relations do not matter and that they have to adapt to the growth of markets, whose origin Komlos does not account for.

Similar problems are encountered in Hungarian accounts of transition. Although the limitations of feudal property relations play a greater role with Iván Berend than with John Komlos,⁷ the explanation of the transition to capitalism is lacking. Berend and György Ránki note the mild transformations of the Hungarian society in the decades before the revolution but eschew an explicit formulation of its causes.⁸ In an overview of Hungarian social and economic history, György Kövér notes that unlike in the West where the dependency theory was replacing modernization theory, in Hungary it was the inverse, modernization theory replacing the earlier accounts stressing dependency.⁹ These frameworks, alongside other problems, leave little room for the explanation of a transition to capitalism as they do not explain the social basis of economic development. Kövér's own account is made problematic by these deficiencies. Kövér argues that “instead of starting from changes in the system of institutions, we start by relating the decisive economic changes to the introduction of the market or to commercialization” and considers “monetarization and commercialization” as more “accurate” tools for “measuring economic change.”¹⁰ While these are useful indicators, they in the end need to be explained by social relations. For these economic trends are not natural developments but rather conditioned by the nature of the social and economic system which needs to be defined rather than assumed. Like with Komlos, this shift entails the

⁷ Iván Berend, “A Delayed Agricultural Revolution and the Development of Agriculture,” in *Evolution of the Hungarian Economy 1848-1998. Volume I. One-and-a-Half Centuries of Semi-Successful Modernization, 1848-1989*, by T. Iván Berend and Tamás Csató (Boulder, Colo: Social Science Monographs, 2001), 70.

⁸ Iván Berend and György Ránki, *A magyar gazdaság száz éve [Hundred Years of Hungarian Economy]* (Budapest: Közgazdasági és Jogi Könyvkiadó, 1972), 9–10.

⁹ György Kövér, “Inactive Transformation: Social History of Hungary from the Reform Era to World War I,” in *Social History of Hungary from the Reform Era to the End of the Twentieth Century*, ed. Gábor Gyáni, György Kövér, and Tibor Valuch (Boulder, Colo: Social Science Monographs, 2004), 19–20.

¹⁰ Kövér, “Inactive Transformation”, 31.

abandonment of the attempt to explain the social basis of economic development. Unsurprisingly, Kövér's theoretical framework used to interpret 19th century Hungarian social change contains no mention of Brenner or Wallerstein. Kövér seems to rather endorse proto-industrialization theory,¹¹ an approach that can be subsumed into either Political Marxism or world-systems analysis but is not necessarily a theory of its own. Kövér in fact refers to numerous frameworks without opting for either one of them or providing his own alternative, leaving his account burdened by a potentially unsustainable eclecticism.

The contributions of Andrea Komlosy written within the framework of world-systems analysis address many of these problems. Aside from providing a better attempt at an account of the transition to capitalism written from a more explicit theoretical perspective, Komlosy gave a far more comprehensive interpretation of the political economy of the Habsburg Monarchy because she strives to explain both the Monarchy's economic dynamism and political formation. Even though Komlosy uses the framework world-systems analysis, her account of the Monarchy is a critique of Wallerstein. According to Wallerstein, the Monarchy's loss of Silesia to Prussia in mid-eighteenth century was as a sign of decline and it was from then on doomed to be a "second-rate world power" because it never formed a coherent state necessary for the modern world-system because of the Ottoman incursion. Wallerstein also suggests that the political economy of the empire is comparable to the territorial expansion strategies of pre-modern empires when he compares the eighteenth-century dilemmas of the Habsburgs with those of Charles V.¹² But contrary to Komlosy's claims,¹³ and relevant for her own

¹¹ Kövér, "Inactive Transformation", 102–3.

¹² Immanuel Wallerstein, *Mercantilism and the Consolidation of the European World-Economy, 1600-1750*, (New York: Academic Press, 1980), 232, 234.

¹³ Komlosy, "State, Regions, and Borders: Single Market Formation and Labor Migration in the Habsburg Monarchy, 1750-1918," 142.

interpretation, Wallerstein does not seem to call it a world-empire. It would have been surprising had Wallerstein done so since a world-empire in world-systems analysis is a totality alongside world-economies and mini-systems. Since the Monarchy was a semiperipheral state of the capitalist world-system it could not also have been a world-empire, implying it was not part of that system.

Komlosy argues not only that the loss of Silesia was not a sign of decline but that this loss of territory served as a shock that spurred the Monarchy to reform.¹⁴ Exposed to geopolitical challenges, the state needed to embark on economic reforms so as to sustain competition in the international system. The reform package amounted to a substantial dismantling of feudal institutions and the introduction of a large customs area in what would become the Austrian part of the Monarchy, while the Hungarian half was left out of this reform agenda since the local aristocracy and nobility were able to refuse taxation. The internal customs favored the development of industry in Austria and Bohemia, thus relegating the East to an agrarian periphery.¹⁵ Komlosy argues that the Monarchy was similar to a replica of the capitalist world-system. Core-periphery relations within the Monarchy thus explain why the level of development of the Habsburg core was comparable to the core countries of Western Europe. Komlosy does not see the differences of development within the Monarchy as a problem, but rather an advantage that accounts for Monarchy's economic dynamism and political stability. However, even though the Monarchy occupied a semiperipheral position in the capitalist world-system, Komlosy argues that it was a world-economy of its own, with weak ties to the capitalist world-system¹⁶ In this she follows Jenő Szűcs, according to

¹⁴ Komlosy, *Grenze und ungleiche regionale Entwicklung*, 25.

¹⁵ Komlosy, "Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy," 397–98.

¹⁶ Komlosy, *Grenze und ungleiche regionale Entwicklung*, 1–15, 24–26, 40, 142–43.

whom the Monarchy was a “copy” of the world-economy.¹⁷ Far from being in contradiction to modernity, Komlosy argues that the Monarchy was open both to capitalist development and political adaptation, and describes her as “a modern state” comparable to its Western European counterparts.¹⁸ However, modern state formation was an uneven process starting in Hungary a century later than in the Western part, but was nonetheless achieved in the second half of the nineteenth century.¹⁹

Although a significant improvement on other interpretations of the Monarchy, Komlosy’s account is problematic for several reasons. The claim that the Monarchy was a world-economy of its own poses the question of whether this was a capitalist world-economy. A world-economy separate from the capitalist world-system should not be able to generate, according to Wallerstein, the “ceaseless accumulation of capital” that characterizes the modern world-system. Komlosy’s claim would mean that all world economies generate ceaseless growth, which would make the debate on the transition to capitalism redundant as capitalism would have then existed throughout history. Komlosy’s claim that core-periphery relations in themselves generated development comparable to the Western core countries is thus not sustainable. Another issue with the image of the Monarchy as a world-economy is that Komlosy neglects the great importance of the world-economy for the Monarchy’s history, not to speak of the geopolitical competition in the world-system that was of vital importance for the “internal” dynamics of the Habsburg “world-economy”. More concretely, how are we to explain, for example, Habsburg finances without international financial markets? Just one creditor, the House of Rothschild, seems present at many a critical juncture in

¹⁷ Jenő Szűcs, “The Three Historical Regions of Europe: An Outline,” *Acta Historica Academiae Scientiarum Hungaricae* 29, no. 2/4 (January 1, 1983): 183.

¹⁸ Komlosy, “State, Regions, and Borders,” 172.

¹⁹ Komlosy, “Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy”, 409.

Habsburg financial history, from the much-needed credits in the 1820s to the *Creditanstalt* and later.²⁰ And as we shall see later in this chapter, railroad building in the Monarchy was also at times dependent on foreign capital, especially after the fire sale of state assets in the 1850s and before the later nationalizations. Even more importantly, geopolitical competition in the world-system was disastrous for Austrian state finances and capital accumulation. Moreover, it had substantial consequences for state formation in the Monarchy. For these reasons, it is implausible to consider the Monarchy as a world-economy of its own.

Komlosy's interpretation of core-periphery dynamics is also problematic. Most of Komlosy's argument is focused on the exchanges between Austria and Bohemia, one of the most developed regions of the Monarchy, because they had "the highest intensity of interregional linkages". The relative unimportance of other regions of the Monarchy is emphasized by Komlosy's statement that Hungary was mostly a "military fortress". And Komlosy suggests that Galicia, Bukovina, the Littoral and Dalmatia were at certain points in time not even integrated into the Monarchy's world-economy.²¹ Thus, by Komlosy's own statements, some regions could not have contributed to Monarchy's development and/or did so primarily in terms of geopolitical competition. This makes it doubtful that uneven development in itself has always contributed to development. It also might have hindered the development of the Monarchy. There is, however, a way out, and that is to argue that even within developed regions of the western part of the Monarchy, peripheries in fact existed, an argument Komlosy resorts to.²² But here the argument about cores and peripheries is perhaps reaching a breaking point, and if we

²⁰ Adolf Beer, *Die Finanzen Oesterreichs im XIX. Jahrhundert* (Prague: Verlag von F. Tempsky, 1877), 114, 122, 159–60, 249–50, 267.

²¹ Komlosy, "State, Regions, and Borders," 137, 172, 151.

²² Komlosy, "State, Regions, and Borders: Single Market Formation and Labor Migration in the Habsburg Monarchy, 1750-1918," 151.

were to accept it, it would make it quite difficult to talk about the Monarchy as a world-economy of its own. Evidently, core-periphery relations may be said to exist on every level of the capitalist world-system, from cities to regions and states, and the world-economy itself. However, if one is to argue that internal peripheries of the core were substantially more important than the peripheral areas of the Habsburg world-economy and that some of them did not practically contribute anything to the world-economy, it is hard to argue that uneven development in the Monarchy as a whole is somehow responsible for the levels of development in the core. And using the term periphery as a catch-all term can also be misleading as there were substantial differences in development between inner peripheries of the core and those on the periphery of the world-system, which Komlosy herself suggests when the peripheries in the core areas are said to have enjoyed quite high standards of living.²³ However, such an argument need not be made in the context of the Monarchy, as Hungary, “the granary of the empire,” provided a very important export market for Austrian industry²⁴ and accounted (with Croatia-Slavonia and Transylvania) for about a third of the Monarchy’s GDP (based on Schulze 2007b: Table 4).²⁵ This is not to say that Komlosy is unaware of such dynamics, but that her argument seems to downplay rather than highlight the Monarchy as a world-economy by focusing on relations between Austria and Bohemia and the internal peripheries within them. The other peripheries, including Hungary, then appear as mere icing on the cake of unequal exchange.

²³ Komlosy, “State, Regions, and Borders”, 172.

²⁴ Scott Eddie, “Economic Policy and Economic Development in Austria-Hungary, 1867-1913,” in *Cambridge Economic History of Europe*, ed. Peter Mathias and Sidney Pollard (Cambridge [Eng.]: Cambridge University Press, 1989), 858, 838–40.

²⁵ Based on: Max-Stephan Schulze, “Regional Income Dispersion and Market Potential in the Late Nineteenth Century Hapsburg Empire,” Monograph, November 2007, table 4, <http://www2.lse.ac.uk/economicHistory/workingPapers/economicHistory/home.aspx>, accessed June 20 2017.

Finally, although one of the great advantages of Komlosy's account is a comprehensive account of the political economy of the Monarchy including state formation, Komlosy's explanation of state structures in the Monarchy is unsatisfactory. Although Komlosy notes the lack of correspondence between economics and politics in the Monarchy,²⁶ her interpretation of state formation in Austria and Hungary suffers exactly from that assumption of correspondence. Komlosy argues that the political economy of the Habsburg Monarchy tied the Hungarian aristocrats to the western markets of the Monarchy and uneven development in the Monarchy thus contributed to political stability.²⁷ She neglects the specificity of the Hungarian social formation and the role of the gentry that is often stressed in Hungarian accounts.²⁸ She does not provide an explanation for the emergence of the two halves of the Monarchy in 1867 and the strong state structures in Hungary.

While not providing such a comprehensive interpretation of the Monarchy as Komlosy, the work of Balázs Szelényi on the Hungarian political economy held the promise of overcoming the problematic conceptualization of capitalist development found in other accounts of the Monarchy and her regions. This improvement was to be expected considering Szelényi's reliance on Robert Brenner.²⁹ However, Szelényi did not provide a thorough discussion of the Brenner thesis nor has he operationalized

²⁶ Komlosy, "Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy", 400.

²⁷ Komlosy, "Imperial Cohesion, National-Building and Regional Integration", 398, 402.

²⁸ Ernő Lakatos, *A magyar politikai vezetőréteg 1848-1918 [The Leading Political Stratum in Hungary]* (Budapest, 1942); István Deák, *The Lawful Revolution: Louis Kossuth and the Hungarians, 1848-1849* (New York: Columbia University Press, 1979); Andrew C. Janos, *The Politics of Backwardness in Hungary, 1825-1945* (Princeton, N.J: Princeton University Press, 1982); László Péter, "The Aristocracy, the Gentry and Their Parliamentary Tradition in Nineteenth-Century Hungary," *Slavonic & East European Review* 70, no. 1 (January 1992): 77; Pap, József. 2007. "Két választás Magyarországon": az országgyűlési képviselők társadalmi összetétele a 20. század első éveiben" ["Two elections in Hungary": The social composition of the members of parliament at the beginning of the twentieth century], *Aetas* 22, no. 1: 5–31.

²⁹ Balázs A. Szelényi, *The Failure of the Central European Bourgeoisie: New Perspectives on Hungarian History* (New York: Palgrave Macmillan, 2006), 9–11, 146.

Brenner's category of social property relations for a consistent Political Marxist account of the Hungarian transition to capitalism. In fact, Szelényi provides no explanation of the transition to capitalism. Szelényi does refer to a transition to capitalism which commenced on the “cultural front” and argues that Hungary “made an awkward if incomplete transition into modernity.”³⁰ But Szelényi, despite the framework of Political Marxism, does not demonstrate why this transition took place. Ironically for a work inspired by Political Marxism, Szelényi assumes precisely that what needs to be explained. Szelényi’s contribution is rather focused on how towns were an integral part of feudalism. They were not “islands of modernity” and had a “symbiotic relationship with the countryside”.³¹ Therefore, he does not directly contribute to the problematic of the transition to capitalism.

I will try to address most of the hitherto mentioned deficiencies by providing an interpretation of the political economy of mid-19th century Habsburg Monarchy from the perspective of uneven and combined development. I argue that by fusing social and geopolitical modes of explanation uneven and combined development offers us a perspective that can best illuminate the Hungarian revolution and the emergence of the Austro-Hungarian Compromise. It is thus an improvement on historiographical contributions bereft of social theory and the accounts rooted in the competing paradigms of Political Marxism, world-systems analysis and quantitative economic history. It also provides a better alternative to the only rather cursory account of the Monarchy from the perspective of uneven and combined development by Alexander Anievas as part of his work on geopolitical conflicts in the 20th century.³² Although Anievas too neglects the gentry, Anievas’s problematic interpretation, unlike with Komlosy, is more of an

³⁰ Szelényi, *The Failure of the Central European Bourgeoisie*, 155, 139.

³¹ Szelényi, *The Failure of the Central European Bourgeoisie*, 8, 154.

³² Anievas, *Capital, the State, and War*, 92–94.

empirical rather than theoretical nature. The same claim could be made at least in part of Szelényi's work on Hungary. However, a Political Marxist account of the Monarchy as a whole would most likely prove problematic because of the complex social formations in the core of the empire before 1848 that cannot be easily designated either as feudal or capitalist in the sense that Political Marxists use those terms. The first step in a new interpretation from the perspective of uneven and combined development is to account for the causes of the Hungarian revolution, to the examination of which we may now turn.

2.2. The Hungarian revolution

Friedrich Engels argued that the political life of Hungary, as that of Poland, although based on a "semi-civilized" economic base, was more progressive than that of economically more advanced Germany. The social basis of such an advanced politics was the large gentry class, which Engels went to great length to distinguish from aristocracy. Responding to the critiques of a seeming paradox that the Left is supporting the nobility, Engels argued that, at least in the case of Hungary but, it was strongly implied, in the case of Poland too, much of the gentry was proletarianized, making any comparison with the aristocracy baseless. Furthermore, the gentry class had a strong democratic potential not just due to proletarianization but to its sheer size in society, making it in that regard comparable to developed capitalist countries as France.³³ In the first major account of that period written after the defeat of the revolution, the Hungarian historian Horváth neglected this class basis of the revolution and mentioned

³³ Friedrich Engels, "Die Polen Debatte in Frankfurt," in *Karl/Marx-Friderich Engels-Werke*, vol. 5 (Berlin, DDR: Dietz Verlag, 1959), 335–37; Friedrich Engels, "Der magyarische Kampf," in *Karl/Marx-Friderich Engels-Werke*, vol. 6 (Berlin, DDR: Dietz Verlag, 1961), 175; Friedrich Engels, "Die „Kölnische Zeitung" über den magyarischen Kampf," in *Marx/Engels Werke*, vol. 6 (Berlin, DDR: Dietz Verlag, 1961), 304. All the translations, if not otherwise indicated, are mine.

the gentry explicitly only once.³⁴ It also could not be claimed that the gentry as a class played as significant a role as in Engels's argument in the thorough account of the history of political economy written by Gyula Kautz in 1868.³⁵ The class dimension seemed to have been abandoned.

Hungarian conservative historiography brought it back but argued, in contrast to Engels, that the gentry was to be seen as the Hungarian *tiers état* doing away with feudal society that was against its essentially capitalist impulses.³⁶ This would later be repeated in Marxist accounts too.³⁷ As later scholarship showed, the problem with this argument is that the gentry seemed to have been a class in decline. This is not to say that it is not to be considered as the rough equivalent of the western bourgeoisie, but merely that the term "bourgeoisie" should not refer to a prosperous class of smaller entrepreneurs with good prospects on the market. Indeed, economically, the aristocracy seemed to have been doing much better, and was able to export on the world market. The gentry, on the other hand, was forced to rely more on local markets and the county offices that served as an important source of income.³⁸ They were thus not only reliant on the direct extraction of surplus value via private extra-economic coercion but also on the tax powers of Hungarian counties which collected more in taxes for their administration than the war tax, the other major tax that Hungary paid to the central

³⁴ Mihály Horváth, *Huszonöt év Magyarország történelméből I. [Twenty Five Years of Hungarian History I]* (Geneva, 1864), 414.

³⁵ Gyula Kautz, *A nemzetgazdasági eszmék fejlődés története és befolyása a közviszonyokra Magyarországon [The Development of Political Economic Thought and its Influence on Public Relations in Hungary]* (Budapest, 1868).

³⁶ Gyula Szekfű, *Három nemzedék. Egy hanyatló kor története [Three Generations. A History of a Declining Age]* (Budapest: Élet, 1920), 69–78.

³⁷ Péter Hanák, "Historizálás és történetiség a kiegyezés vitájában [Historization and Historicity in the Debate about the Settlement]," in *A kiegyezés [The Settlement]*, ed. András Cieger (Budapest: Osiris kiadó, 2004), 442.

³⁸ István Deák, *The Lawful Revolution Louis Kossuth and the Hungarians, 1848-1849* (New York: Columbia University Press, 1979), 7, 49-50; Andrew C. Janos, *The Politics of Backwardness in Hungary, 1825-1945* (Princeton, N.J: Princeton University Press, 1982), 60, 64–65.

government in Vienna. Furthermore, this tax grew faster than the war tax.³⁹ The social decline of the gentry was accompanied by a growing restlessness of the peasantry, resulting in a few rebellions which seemed to indicate that the system was resting on feet of clay. The starkest expression of a troubling class dynamics for the gentry was Galicia, where the serfs slaughtered hundreds of nobles who tried to rebel against Vienna.⁴⁰

As a class in decline, the gentry was open to alternative ways of social reproduction. That this potential became actualized is to be explained by the world time in which the Hungarian gentry found itself in because modern ideologies and organizations brought about a substantial change in the superstructure of the Hungarian social formation, leading to contradictions of social amalgamations. Modern ideologies were perhaps the most important as they showed this declining class the way out of the crisis of feudal society by providing a viable alternative. The growing politicization of social life was evident in the greater weight of the press which, as Gyula Kautz pointed out, turned into a “real power” that not only reflected but shaped public opinion.⁴¹ Medieval institutions were also used in a new fashion. In Hungary the counties played a key role. Hungarian counties historically enjoyed a substantial autonomy. They could themselves decide whether orders of the central government were legal. If they deemed them illegal, they could refuse implementation. They had their own tax (the already mentioned home tax), appointed their own officers, had their own courts and prisons.⁴²

³⁹ Ervin Szabó, *Társadalmi és pártharcok a 48-49-es magyar forradalomban [Social and Party Struggles in the 1848-49 Hungarian Revolution]* (Budapest: Népszava Könyvkiadó, 1948 [1921]), 42–43.

⁴⁰ Szabó, *Társadalmi és pártharcok*, 50.

⁴¹ Kautz, *A nemzetgazdasági eszmék fejlődés története és befolyása a közviszonyokra Magyarországon*, 343.

⁴² Szabó, *Társadalmi és pártharcok*, 38–39; András Gergely, “Területi autonómiák - lokális önkormányzatok a XIX. századi Magyarországon [Territorial Autonomies - Local Government in 19th Century Hungary],” in *Autonómiák Magyarországon 1848-1998 [Autonomies in Hungary 1848-1998]*, ed. Jenő Gergely (Budapest, 2004), 44–45.

They could become, in the words of István Széchenyi, a leading figure of the Hungarian reform movement, “fifty two tiny kingdoms”.⁴³ In a similar formulation, József Eötvös, a towering Hungarian intellectual, considered them 52 separate legislatures.⁴⁴ During the 1830s and 1840s they were used for political mobilization and organization of the gentry class and were considered a bulwark against the absolutist state. As Gyula Kautz put it, they turned themselves into numerous “countryside parliaments”.⁴⁵ The conservative Aurel Dessewffy acknowledged their importance as institutions bringing together the old and the new, expressed by Dessewffy in geographical terms:

...the Hungarian municipal structure is an Eastern institution in its spirit [but it must change substantially] to match the Western conditions. Our throes and wriggles are caused by the painful operation our Eastern type and specificity are undergoing, being forced to fuse with the paraphernalia of Western civilization. In this process of fusion the county...is the amalgamating furnace.⁴⁶

Paradoxically, the aristocrats, usually proponents of local autonomy and a weak state, were suddenly transformed into adherents of a stronger central authority to respond to the challenge of the liberal movement, while the liberals, much more eager to do away with feudalism, clung to one of the major institutions of Hungarian feudalism: the county. With the help of the central state, the use of force and bribes (the insecure social position of the poor gentry increased their efficiency), the aristocrats had some success in curtailing the power of the liberals.⁴⁷ This did not mean a serious

⁴³ Gergely, “Területi autonómiák - lokális önkormányzatok a XIX. századi Magyarországon,” 44.

⁴⁴ Gábor Vermes, *Hungarian Culture and Politics in the Habsburg Monarchy, 1711-1848* (Budapest: Central European University Press, 2014), 321.

⁴⁵ Kautz, *A nemzetgazdasági eszmék fejlődés története*, 341.

⁴⁶ Iván Zoltán Dénes, *Conservative Ideology in the Making* (Budapest; New York: Central European University Press, Past Inc, 2009), 128.

⁴⁷ Deák, *The Lawful Revolution. Louis Kossuth and the Hungarians, 1848-1849*, 56; Dénes, *Conservative Ideology in the Making*, 82–83, 93.

commitment to a stronger Hungarian state, but rather a move to reorganize the state in order to squash the opposition without in any way moving away from Vienna. In the long run, however, they could not prevent the political rise of the gentry.

These groups' class interests were expressed in opposing preferences when it comes to political economy. While assessing this difference in the context of the Hungarian revolution, it is less important, in the context of transition to capitalism and uneven development, to identify the "correctness" of this or that view but rather what particular function different discourses of political economy had in Hungarian politics at the time. The aristocrats were greatly influenced by mainstream liberal political economy. István Széchenyi, "the greatest Hungarian", was in fact the person who was most responsible for bringing modern political ideologies to Hungary. He could be scathing about the "backwardness" of his country and the feudal institutions he blamed for much of it.⁴⁸ But Széchenyi was a timid reformer and agreeing with Smith and Bentham did not seem to him incompatible with rather cosmetic changes to Hungarian feudalism. His political views were rather authoritarian, and he eschewed party organization. Nonetheless, the very fact of the introduction of modern ideologies shook the *status quo*, especially since it influenced the numerous nobility.⁴⁹ However restricted his political activity might have been, Széchenyi was a liberal in a conservative context with figures to the right of him, like Emil Dessewffy, who was even less disposed towards criticizing feudal institutions. Although far from intending to demolish feudalism, the conservatives were committed to "liberalism" in free trade

⁴⁸ A more in-depth analysis of Széchenyi's views is provided in the following chapter where I compare his account of the political economy of Hungary with Janko Drašković's interpretation of Croatian political economy.

⁴⁹ Vermes, *Hungarian Culture and Politics in the Habsburg Monarchy, 1711-1848*, 266–67, 262.

as low internal demand had to be compensated on the external market. Politically, this meant cooperation with Vienna.⁵⁰

The liberals, on the other hand, adopted Listian political economy. Even List himself argued that his protectionism had no place in Hungary at the time.⁵¹ This judgment seems consistent with his theory as protectionism was supposed to be applied only then when participation in the world market was blocking the further development of local industry, a stage of development achieved after a strong agricultural base brought about its growth.⁵² This was a condition Hungary did not find itself in. The decline of the gentry that prompted its political mobilization was indicative of the social crisis engendered by feudal social property relations that were in place in Hungary until 1848. I shall examine their weight on the developmental potential of Croatia and Hungary in greater detail in the next chapter where peculiarities of Croatian development will be discussed. The main contours of the argument, however, may be presented. The price boom in the world-economy led to the increase of extra-economic coercion in Hungary as peasants were again tied to the land at the beginning of the 16th century after a peasant rebellion was crushed. The reaction of the landlords was conditioned by the prevailing social property relations that enabled them to commute dues in money into those in kind and labor, thus augmenting their share of the surplus. In this manner they could also do away with peasant competitors on the market. Future booms and busts of the world-economy were refracted through these prevailing social property relations and lords would usually respond to changed market signals by a

⁵⁰ János Varga, *A Hungarian Quo Vadis: Political Trends and Theories of the Early 1840s* (Budapest: Akadémiai Kiadó, 1993), 8.

⁵¹ Friedrich List, *Friedrich List's Gesammelte Schriften. Vol. 2* (Stuttgart, Tübingen: J.G. Gotta'scher Verlag, 1850), 333.

⁵² Keith Tribe, *Strategies of Economic Order: German Economic discourse, 1750-1950* (Cambridge [England]: Cambridge University Press, 1995), 59–60; Roman Szporluk, *Communism and Nationalism: Karl Marx versus Friedrich List* (Oxford: Oxford University Press, 1988), 134.

greater reliance on extra-economic coercion and the extension of their demesnes.⁵³ This politically constituted surplus extraction mechanism had, over centuries, debilitating consequences for Hungarian development. As lords were not exposed to the rigors of the market in the sense that they had to purchase inputs on the market and sell them according to the socially necessary labor time to achieve a satisfactory rate of profit, as capitalist enterprises are forced to do, the dynamics of the economy did not lead to continuous and growing accumulation and technological and organizational innovation. Shielded from the rigors of market competition, the landlords could not go bust and could simply rely on extra-economic coercion to extract surpluses while simultaneously undermining the productivity of peasant plots which were exposed to growing labor burdens. The central government, in order to protect its tax base, regulated the relations between lords and serfs in 1767 (the dates were different for Croatia and Slavonia as we shall see in the next chapter but also for Transylvania which was regulated much later). While regulating the amount of dues and the size of peasant plots, Vienna was not in the position to substantially curb the power of the lords as it could in Austria and Bohemia because of the weakness of the central state in Hungary. While these limitations did somewhat hinder the power of the lords, the weight of feudal social property relations was still a heavy burden on Hungary.⁵⁴ As feudal property relations were already weaker and undermined by the state in core areas of the Monarchy, interregional differentiation where Austria was the core and Hungary the periphery emerged as the consequence of different regimes of social property relations. By the 1820s and 1830s Austria was experiencing industrial take off, whose basis had already

⁵³ Zsigmond Pál Pach, *Hungary and the European Economy in Early Modern Times* (Aldershot, Hampshire: Variorum, 1994).

⁵⁴ János Varga, *Typen und Probleme des bäuerlichen Grundbesitzes in Ungarn, 1767-1849* (Budapest: Akadémiai Kiadó, 1965).

been laid in the 1790s, while there were no analogous developments in Hungary which was a more stagnant social formation by comparison.⁵⁵

And yet Kossuth argued for a rapid industrialization of backward Hungary. Why did he adopt such a seemingly unreasonable position considering the fact that he was clearly aware of List's arguments?⁵⁶ This seems to have two potential answers, both of which are connected, in the last instance, to the class position of the gentry and the nationalist ideology that gained ground in Hungary. For one, Kossuth believed and stressed numerous times, that industrialization was the only path to modern civilization, the quickest and surest way out of feudalism and a peripheral role in the capitalist world-system. For Kossuth, industry brought not only material, but also civilizational progress, the two, he argued, being hardly separable. Even if a nation would develop a rich agriculture without industrializing, it would still resemble a "one-armed giant". Whatever one may have thought of List's theories, it was clear that industrial nations have a higher standing than those which have only agricultural production, Kossuth maintained.⁵⁷ But Kossuth argued that agriculture too would have a hard time developing in the absence of domestic industry. No foreign market could begin to approach the powerful impact of industry on local agriculture. With industry, those without land can earn incomes, leading to greater consumption of agricultural goods. And there are numerous agricultural producers, from US to New Zealand competing on important foreign markets as the British one. Greater reliance on the domestic market would also bring security since "political and non-political conjunctures" can result in the loss of a foreign market.⁵⁸ It thus seemed that there was simply no alternative to

⁵⁵ Good, *The Economic Rise of the Habsburg Empire, 1750-1914*, 35, 37; Komlos, *The Habsburg Monarchy as a Customs Union*, 92.

⁵⁶ Lajos Kossuth, *Kossuth gazdasági írásai [Kossuth's Economic Writings]*, ed. Zsuzsa Bekker (Budapest, 2002), 85.

⁵⁷ Kossuth, *Kossuth gazdasági írásai*, 75, 78, 328.

⁵⁸ Kossuth, *Kossuth gazdasági írásai*, 366–67, 373–74.

industrialization and this made Kossuth ready to somewhat neglect the tortuous path that led to it.

The coherence of his argument was somewhat undermined by a generally very strong focus on unfavorable tariffs with Austria, which could sometimes lead to comparisons with Ireland and Portugal, and to neglect of social relations that hindered growth.⁵⁹ However, Kossuth was clearly aware of the debilitating effects of feudal social relations on the Hungarian economy. He considered the urbarial regulations a “disease on the national body” and suggested that taxation had to be introduced so that tariffs against Hungarian exports could be lifted.⁶⁰ Nonetheless, the argument regarding tariffs was somewhat in tension with that of the importance of local institutions, certainly much more so than was the case with Széchenyi, who did not consider tariffs too important. But the stress on tariffs becomes explicable when we take into consideration the whip of external necessity that was absent in the case of the aristocracy but was acutely felt by the gentry. This anxiety is evident in Kossuth’s discussion of the *Zollverein*, the German customs union that Austria planned on joining. Some conservatives supported this plan. Noting the successes of the German *Zollverein*, under which, according to Kossuth, the German nation made a century of progress in eight years, Kossuth argued that even if the *Zollverein* could bring economic benefits, which he considered doubtful, the Hungarian nation would cease to exist as a part of it as it would be assimilated into the German one. The question of joining the *Zollverein* could not be resolved merely through economic considerations. The point of view of nationality trumped economic arguments.⁶¹ Furthermore, as already stated, the Austrian

⁵⁹ Varga, *A Hungarian Quo Vadis*, 153–54.

⁶⁰ Kossuth, *Kossuth gazdasági írásai*, 59, 384–385.

⁶¹ Kossuth, *Kossuth gazdasági írásai*, 370–71; Varga, *A Hungarian Quo Vadis*, 155; Dénes, *Conservative Ideology in the Making*, 128–29.

half of the Monarchy, under a strong protectionist wall, was experiencing rapid industrialization with growth rates higher than those of the *Zollverein*,⁶² putting Hungarian backwardness into sharp relief. This was the way that industrialization mattered for Kossuth. He was aware of industrialization occurring just next to Hungary, the fact that Hungary was not experiencing one and the huge disparities in power this implied. An agrarian country dependent on Germany/Austria did not seem to Kossuth as the best way out of feudalism.⁶³ Considering these circumstances, as well as the contradictions of feudalism, Kossuth argued that Hungary had to engage in a faster transition to capitalism and abandon gradualism and stageist thinking. The political measures were behind the needs of the time. The time was now, and stages in development had to be skipped.⁶⁴ As Eötvös put it after the revolution, “in recent times we have crossed directly into the 19th century civilization from practically medieval conditions...”⁶⁵

Kossuth’s views were not a lonely voice in the desert but accepted by other Hungarian liberals, who, as Györgyi Miru argues, “wanted to eliminate social underdevelopment” while also developing an awareness of what they perceived to be external threats.⁶⁶ Not surprisingly, the protectionist and antifeudal argument was a much stronger mobilization tool than that of slow transformation in the common market that relied on cooperation with Austria. In the context of Hungarian debates,

⁶² Komlos, *The Habsburg Monarchy as a Customs Union*, 107.

⁶³ Of course, Kossuth was also fearful of the threat he believed Russia posed. But in this case this was clearly not motivated by substantial developmental gaps, unlike with Germany: „András Gergely, “Kossuth és a német egység, 1841-1871 [Kossuth and German Unity, 1841-1871],” in *Magyar évszázadok. Tanulmányok Kosáry Domokos 90. születésnapjára [Hungarian Centuries. Studies on the Occasion of the 90th Birthday of Domokos Kosáry]*, ed. Mária Ormos (Budapest: Osiris kiadó, 2003), 184–95.

⁶⁴ Kossuth, *Kossuth gazdasági írásai*, 271–72.

⁶⁵ József Eötvös, *A nemzetiségi kérdés [The Nationality Question]* (Pest: Mór Ráth, 1865), 62.

⁶⁶ Györgyi Miru, “From Liberalism to Democracy: Key Concepts in Lajos Kossuth’s Political Thought,” *East Central Europe* 41, no. 1 (June 17, 2014): 2, <https://doi.org/10.1163/18763308-04102003>.

protectionism provided a vehicle for the expression of the gentry's class interests in the language of modern political economy, the essential aspect of it being the strengthening of the Hungarian state and a march towards capitalist social relations.⁶⁷ Contrary to Széchenyi, Kossuth argued that political and social reform had to come first and then development would follow.⁶⁸ Smith meant compromise and List meant national revolution. Andrew Janos gives a good reason why this might have appealed to the gentry class:

...in Hungary...liberalism became the ideology of a class desperately searching for alternatives to economic entrepreneurship. This class was ready to dispense with its erstwhile feudal privileges because they impeded this search. But at the same time, it wanted to strengthen rather than weaken the modern state, so that it could afford protection against the vagaries of the market, and, as a last resort, provide the bankrupt landowner security of employment in its bureaucracy and political institutions.⁶⁹

Kossuth saw the gentry as the political class of the new capitalist order.⁷⁰ As AJP Taylor put it: „Kossuth gave the gentry a new means of existence: a monopoly of state employment“.⁷¹ While this is not completely accurate,⁷² it is not far from it. Since the gentry was to transform itself into a state class, the weakening of Hungarian sovereignty and dependent position in the capitalist world-system, a position the aristocrats could accept, was anathema to it. Already to an extent removed from the process of production, reliant on taxation and facing social decline in a shaken social

⁶⁷ Ferenc Pulszky's claim that there was nothing political about the protectionist society was unpersuasive: Ferenc Pulszky, "Vorrede," in *Actenstücke zur Geschichte des ungarischen Schutzvereins* (Leipzig: F.A. Brockhaus, 1847), xviii.

⁶⁸ Kautz, *A nemzetgazdasági eszmék fejlődés története*, 351.

⁶⁹ Janos, *The Politics of Backwardness in Hungary, 1825-1945*, 65–66.

⁷⁰ Szabó, *Társadalmi és pártharcok*, 104.

⁷¹ Taylor, *The Habsburg Monarchy, 1809-1918*, 53.

⁷² Lakatos, *A Magyar politikai vezetőréteg*, *passim*.

order, the gentry was susceptible to accept a political program that made the weak economic base of Hungary eat its politically advanced dust. In this sense, we may look on Kossuth as an innovative thinker who engaged in substitutionism that uneven and combined development necessarily engenders. Since there were no conditions in Hungary that the Listian handbook prescribed, Kossuth, rather than following the orthodoxy, introduced another class agency that he argued could take up the task of development: the gentry. Moreover, he gave a much greater role to the state, which the gentry would control, to force development on the relatively, by Listian standards, underdeveloped base. Considering these long ideological struggles, it is no surprise that when the opportunity came, feudal social property relations were abolished on 15 March 1848 in the context of a pan-European crisis of the *ancien régime*.

The contentious matter here is to what extent international events and fear of internal class conflict mattered for the actual abolishment of feudal relations in the Hungarian Diet. Ervin Szabó used the February Revolution in France and the fear of the peasantry and radicals in Pest as evidence against the often-mentioned “generosity” of the nobility. This judgement has recently been revived by Gábor Pajkossy who points out that as late as March 14 the opposition leaders thought they could not abolish serfdom in the Diet. However, already the next day, the bill passed. What accounts for this change? Pajkossy claims that it was the fear of “radical nobles” who were organizing the peasantry in Bihar county.⁷³ This is a rather peculiar argument and it is not clear what exact claim is being made here. For one, it is hardly surprising that class conflict would have entered into the calculations of political actors. It is in the nature of

⁷³ Gábor Pajkossy, “Kossuth and the Emancipation of the Serfs,” in *Lajos Kossuth Sent Word...Papers Delivered on the Occasion of the Bicentenary of Kossuth's Birth*, ed. László Péter, Martin Rady, and Peter Sherwood (London: Hungarian Cultural Center London; School of Slavonic and East European Studies, university College London, 2003), 77–78.

class conflicts to have such effects on those involved. The gentry naturally assessed their political activity in relation to their class interest. Indeed, Kossuth stressed the danger of class conflict. Thus, one of the goals of these arguments is to demonstrate that gentry acted in their own class interest as opposed to being a class guided by altruistic sentiment for the Hungarian nation, which hardly seems controversial, at least to non-Hungarian historians. However, if the claim is that news of a group of radical nobles organizing the peasantry explains the transition itself, it is highly unpersuasive. One would then have to claim that in the absence of such news feudalism would have survived, an unsustainable claim. The whole thrust of the leaders of the liberals was to move beyond feudalism for reasons already specified and including the fear of class conflict. The fact that the transition was not smooth, and some hesitation occurred, does not diminish its importance. Furthermore, this argument does not explain the important distinction between the gentry and aristocracy since only 17 out of 800 eligible aristocrats voted for the abolishment of feudalism, some of them explicitly justifying their vote with fear of class conflict. This voting pattern brings in more problems for the saliency of class conflict alone. For if the fear of class struggle was so evident, how is it that only 17 out of 800 aristocrats were moved by it? They too, presumably, would have suffered potentially devastating consequences of class war. Thus, while class conflict was very important, it should not be elevated to such a level as to sustain an almost monocausal argument. At best, the class argument can explain well the timing of the decision to abolish serfdom.

Unsurprisingly, the liberal's revolutionary agenda had a strong potential of bringing about about a clash with Viennese absolutism, of which the liberals were quite aware. In this context, it is hard to overemphasize the size of the "territorial container" at the disposal of the Hungarian gentry as a crucial factor in explaining its audacity vis-

à-vis Vienna. The relatively large Hungarian state proved of sufficient size for the gentry to confront Austrian absolutism. The relatively minuscule Croatian gentry, for example, a class that also was presumably afraid of class conflict, never even attempted anything similar to the Hungarian one. The failure of the Galician one had already been mentioned. Facing the hostility of the Austrian government in 1848, it was in the interest of the Hungarian revolution to break the absolutist state. Indeed, it was Kossuth who emboldened the Viennese to move towards a revolution after he argued on 3 March for a constitutional government in Austria as a guarantee of Hungarian freedom and the viability of the Monarchy.⁷⁴ The Hungarian gentry abolishing feudal relations in its own country was the revolutionary vanguard that pushed a much more developed part of the Habsburg Monarchy on the revolutionary path. Their desire to ensure the autonomy of the Hungarian state, guaranteed they thought by a liberal capitalist state in Austria, made them perhaps into greater champions of that state in Austria than the Austrian bourgeoisie itself. This fact is hard to square with the stageist assumptions of economic history and recent revisionism regarding the strength of Austrian liberal movements.

In the beginning of the revolution the Viennese government was in a weak position due to rebellions in other parts of the empire and in Vienna itself where the proletariat, bourgeoisie and students were expressing their dissatisfaction with absolutism. Class tensions between the proletariat and the bourgeoisie would soon, however, become apparent, and the bourgeoisie looked to the Court to restore order. But before that happened, the government acceded to Hungarian demands. The emperor/king sanctioned the laws of 15 March that abolished feudalism. Already when accepting the revolutionary laws, the king stressed that the unity of the Monarchy had

⁷⁴ Deák, *The Lawful Revolution Louis Kossuth and the Hungarians, 1848-1849*, 67; Judson, *The Habsburg Empire: A New History*, kindle loc. 2903.

to be maintained.⁷⁵ Aside from being very negatively disposed towards the new government in Hungary, in which Kossuth was a minister of finance, the Court saw Hungary as moving towards a mere personal union, a development it could not countenance. There were plenty of indications that this was happening. Hungary started to form the *Honvédség* (*National Defense*) in May, which clearly went against unity in military affairs, even though it started at not such a great number of ten thousand. Hungary also issued its own currency, which effectively abolished the monopoly of the central bank in Vienna. By July, alarm bells started to ring. On 11 July, Kossuth proposed a massive troop conscription of two hundred thousand, a formidable force several times greater than Hungary was expected to send to Italy. On 20 July, while introducing a bill of the government which incidentally did not stipulate any condition for sending troops to Italy, Kossuth stated that the troops should be sent if the Monarchy ceded Lombardy. He later backtracked somewhat and asked that Lombardy essentially be put into a personal union with the Monarchy. Kossuth's reservations regarding troops in Italy had much to do with the fact that the defeat of the Italian revolution would have strengthened the forces of reaction in the Monarchy, which could one day turn against Hungary, as they eventually did.

The new Hungarian government had its own Achilles' heel: the nationalities. Both the Slovaks and Romanians opposed the regime, but even more dangerous was the opposition of Croats and Serbs. Many of them lived in the Military Frontier, a peculiar social formation where peasants received land in exchange for military service, with no feudal lords above them (I will extensively discuss this formation in the next chapter). They were critical for Radetzky in Italy. Although not openly due to its weak position, the Court considered the nationalities allies against rebellious Hungary. Already in

⁷⁵ C. A. Macartney, *The Habsburg Empire, 1790-1918* (New York: Macmillan, 1969), 333.

April, on the recommendation of archconservatives Jósika, the Transylvanian Chancellor, and Franjo Kulmer, an intermediary between Croatia and the Court, Josip Jelačić was installed as *ban* of Croatia. His rise in the military during the revolutionary period was stratospheric, from Colonel to Field Marshall. He would cut ties with Hungary and evade negotiations with it as his objective was to preserve the empire. Internationally, the situation drastically deteriorated for Hungary after Radetzky convincingly defeated Piedmont at Custozza on 25 July. Relations continuously deteriorated between Vienna and Pest, and open conflict appeared inevitable. And throughout the summer, low intensity warfare was led between Hungarians and Serbs. On 11 September Jelačić invaded Hungary by crossing the Drava. He, however, did very poorly, retreated from a much smaller force at Pákozd, and lost his rearguard to Hungarians. He would then aid in the crushing of the Viennese uprising in October, which erupted as an attempt to prevent the sending of troops to Hungary. Although Hungary tried to help the Viennese revolution, it failed. Despite all this, Hungarian revolution proved far stronger than Vienna expected. Russian intervention was asked and received, and the last fortress, Komárom, fell as late as 4 October 1849.⁷⁶

Two aspects of the revolution may be stressed as major factors in its defeat. First, the multinational character of the state alongside the nationalist agenda of the Hungarian revolution meant that the Habsburgs were able to mobilize the nationalities, which in fact made up the majority of the population of Hungary, against the revolution. The attempt at what the nationalities perceived to be national domination in Hungary badly misfired. In this context, the import of political ideologies from the West proved debilitating. They were necessarily “debased” in the multinational context of the Monarchy and blocked more creative political solutions that could have strengthened

⁷⁶ Macartney, *The Habsburg Empire*, 322–425.

the revolution. Second, the fact that combination was expressed mostly in the superstructure came with a steep price. The Hungarian revolution, as Engels already noted at the time, did not have a developed economic base, making it difficult to supply necessary arms for the revolution.⁷⁷ Contradictions of social amalgamation were enough for the revolution to occur and to achieve some major successes but without the changes in the economic base insufficient for a successful one. The revolution, as Gramsci put it in general terms for backward countries, was not the “expression of a vast local economic development” but was to a greater extent “the reflection of international developments which transmit their ideological currents to the periphery – currents born of the productive development of the more advanced countries.”⁷⁸ However, the revolution had fundamentally changed Hungary and the Monarchy, and its consequences were to be felt in 1867 after the failure of the so-called neoabsolutist project.⁷⁹

This role of the gentry in the Hungarian transition to capitalism reminds one of an analogous role the *samurai* played in Japan. The discussion of Japan is especially

⁷⁷ Engels, “Der Magyarische Kampf,” 175.

⁷⁸ Gramsci, *Selections from the Prison Notebooks*, 116–17.

⁷⁹ There was a possibility for an earlier incorporation of the Hungarian state into the Habsburg empire in manner similar to the Bohemian lands, something some imperial advisors dreamed of very early on: Robert John Weston Evans, *Austria, Hungary, and the Habsburgs: Essays on Central Europe c.1683-1867* (Oxford; New York: Oxford University Press, 2006), 5. It was not only the Hungarian social formation that militated against it but, according to Wallerstein himself, the Ottoman incursion. But this is a serious problem for Wallerstein’s model. Where was the Ottoman Empire? Certainly not in the world-system according to Wallerstein: Wallerstein, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 301. Thus, an external arena had fundamental consequences for developments in the world-system. Indeed, as Anievas and Nisancioglu argue, this was true for the European inter-state system as a whole: Alexander Anievas and Kerem Nisancioglu, *How the West Came to Rule* (London: Pluto Press, 2015), Chapter 4. Wallerstein could counter this by saying that the Ottoman Empire was in fact in the world-system, an argument he has recently warmed up to: Wallerstein, “Prologue to the 2011 Edition,” xxv. But then he would have to explain how a peripheral actor, contrary to his framework, played such an outsized role in the world-system. Be that as it may, in a long-term perspective the intersocietal dynamic between a tributary formation and the Monarchy, which was a part of the world-system from the onset, provided a geopolitical space within which the Hungarian state could survive as an autonomous area of the empire. The specific political institutions of Hungary could then be used at a later conjuncture for a transition to a bourgeois society within which the threatened gentry class could survive.

instructive not only because of the similarities with Hungary but also because an account of the Meiji reforms has been provided by Jamie Allinson and Alexander Anievas from the perspective of uneven and combined development and their discussion sheds light on my interpretation of the Hungarian revolution from the perspective of uneven and combined development.⁸⁰ As Alex Callinicos argues, the geopolitical pressures “convinced a number of young *samurai* that Japan could avoid the colonial or semi-colonial status to which the rest of Asia was being reduced, only if they adopted political and social structures analogous to those which had allowed Western capitalism its stunning technological and therefore military superiority over the rest of the world.”⁸¹ They were in a particularly favorable position to initiate such a socio-economic transformation, argues Ellen Trimberger, because they were an “autonomous stratum independent of the economic means of production” and thus “more conducive to the genesis of revolutionaries than...a social class with a vested interest in private property.” The autonomous bureaucratic class is ready to engage in a revolutionary transformation, Trimberger states, when their power and status is threatened by a “foreign takeover”, as was the case with mid-19th century Japan.⁸² After the successful revolution this class dominated the state apparatus and thus survived in a similar position under a new mode of production. Trimberger does not argue that the transition to capitalism would not have happened in the absence of state intervention, but that it would have been slower and of a different character.⁸³

⁸⁰ Allinson and Anievas, “The Uneven and Combined Development of the Meiji Restoration.”

⁸¹ Alex Callinicos, “Bourgeois Revolutions and Historical Materialism,” <https://www.marxists.org/history/etol/writers/callinicos/1989/xx/bourrev.html>, accessed 15 January 2018.

⁸² Ellen Kay Trimberger, “A Theory of Elite Revolutions,” *Studies in Comparative International Development* 7, no. 3 (September 1, 1972): 191, 194, <https://doi.org/10.1007/BF03041090>.

⁸³ Ellen Kay Trimberger, “State Power and Modes of Production: Implications of the Japanese Transition to Capitalism,” *The Insurgent Sociologist* 7, no. 2 (Spring 1977): 94, 92. The *samurai* share of the Japanese population was roughly equal to that of the Hungarian gentry: Hidehiro Sonoda, “The Decline of the Japanese Warrior Class, 1840-1880,” *Japan Review*, no. 1 (1990): 103.

Anievas and Allinson accept many of Trimberger's arguments but provide an interpretation with a more unified social and geopolitical perspective. For them, the Japanese transition to capitalism is to be interpreted by the specificity of the Japanese social formation, the "whip of external necessity" exercised by more developed societies on the Japanese one and the world time in which these processes occurred. Challenged both by the geopolitical pressure and the growing commercialization of the Japanese tributary formation, the *samurai* had a strong incentive for the transition to capitalism which could address both of these issues. Indeed, most of the leaders of the Meiji restoration were petty *samurais* from Satsuma and Chōshū. Like Trimberger, they argue that the *samurai* were well-positioned for such a transition due to their relative distance from the mode of production while their education and social influence was a good basis for securing a continued position in the state administration. Considering the relatively high level of development of the tributary formation and the introduction of capitalist relations of production, Japan was able to embark on a successful industrialization and catch-up with core countries.⁸⁴

Neil Davidson argues that Allinson and Anievas have put the cart before the horse. Geopolitical pressures and the activation of the advantages of backwardness are captured by the concept of uneven development, not uneven and combined development. Although the contradictions of social amalgamation were a part of Japanese history, they appear as a consequence of the Meiji reforms, not their cause. A better example of uneven and combined development resulting in a passive revolution, Davidson suggests, is 19th century Prussia/Germany.⁸⁵ Davidson's comments reflect his

⁸⁴ Allinson and Anievas, "The Uneven and Combined Development of the Meiji Restoration," 477–79, 485–87.

⁸⁵ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 321.

insistence on rapid industrialization forming the core of uneven and combined development as discussed in chapter 1.

Aside from strengthening some of my arguments regarding Hungary, this discussion brings up the unpleasant question of whether the framework of uneven and combined development can be applied to 19th century Hungarian revolution at all. I would argue that it can by demonstrating, as in the case of Japan, the importance of intersocietal dynamics arising from the interaction of societies at different levels of development for a transition to a new mode of production. This is indeed different from the type of contradictions of social amalgamations that industrialization brought about but does not appear to come at a price of conceptual inadequacies because it still retains the notion of a society being impelled to transform to a capitalist one as opposed to mere “interaction” that holds no analytical value. Contradictions of social amalgamations there were, but of a different, if not completely unrelated character. Furthermore, it was the fear of industrialization in the Austrian lands that was one of the major factors in instilling fear into the Hungarian gentry regarding their potential colonial position in capitalist modernity. And both Hungary and Japan had a relatively successful industrialization that occurred as a result of their transition to capitalism. In these cases, uneven and combined development laid the groundwork for a rapid industrialization and did not occur because of it. But it was motivated by industrialization of adversaries that experienced it. This mild abstraction from Trotsky’s original formulation seems to offer both an illuminating framework of analysis while not altering his thesis beyond all recognition.

2.3. Habsburg passive revolution (1849-1867)

One of the gaps in the historiography of Austrian politics is the lack of a thorough reflection on the separation of the economic and political in the transition to capitalism and its implications for the politics of the Monarchy. Here again we are reminded that modes of production cannot be side-lined in the analysis of Monarchy's history. Comparisons of Austria with western states seem to be based on neglecting the new form of power that this separation brings about.⁸⁶ What was “modern” in the time of Maria Theresa was turning into a political anachronism for the core states of the capitalist world-system in the 19th century.⁸⁷ And the form of power that was not necessarily relevant for the period of Maria Theresa and is strictly speaking only possible with some elements of a capitalist economy is hegemony. For Gramsci, hegemony was based in the intellectual and moral leadership of a social class that is playing a decisive role in economic life. This social class is able to present its own class interests as the universal interests of the society as a whole, enabling it, unlike the pre-capitalist classes relying on extra-economic coercion, to achieve the consent of other classes. As Gramsci pointed out, the bourgeois class is acting as if it will absorb the entire society into itself:

The previous ruling classes were essentially conservative in the sense that they did not tend to construct an organic passage from the other classes into their own, i.e. to enlarge their class sphere ‘technically’ and ideologically: their conception was that

⁸⁶ Judson, *Exclusive Revolutionaries*; Komlosy, “Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy?”.

⁸⁷ A partial exception is Harm-Hinrich Brandt who stresses precisely the lag the Austrian state form developed after the 18th century, “Verwaltung als Verfassung-Verwaltung und Verfassung? Um historischen Ort des ‘Neoabsolutismus’ in der Geschichte Oesterreichs,” in *Der österreichische Neoabsolutismus als Verfassungs- und Verwaltungsproblem. Diskussionen über einen strittigen Epochenbegriff* (Vienna; Cologne; Weimar: Böhlau Verlag, 2014), 11–35.

of a closed class. The bourgeois class poses itself as an organism in continuous movement, capable of absorbing the entire society, assimilating it to its own cultural and economic level. The entire function of the State has been transformed; the State has become an ‘educator’.⁸⁸

Hegemony is not only cultural and political, nor merely economic, but their combination. It is not mere persuasion either, as its rootedness in the hierarchical class society already implies. It is always backed by potential coercion that supports its persuasive aspect, akin, in Perry Anderson’s analogy, to the gold underpinning the paper currency of the gold standard. The state is the ultimate guarantee of hegemony.⁸⁹ Peter Thomas goes further, arguing that even in a hegemonic relationship “force must not appear to predominate too much over consent, but the ‘proper relationship [giusto rapporto]’ between them in reality involves more weight on the side of the former.”⁹⁰ Numerous ratios are possible, but persuasion should be of greater importance than coercion for a relation to be called hegemonic.

As Giovanni Arrighi, among others, argued, hegemony can also refer to relations between states. This is especially relevant for the Habsburg Monarchy which is, as already stated, sometimes viewed as a replica of the capitalist world-system. As with classes within states, hegemony of a state in the international system is based in its economic supremacy. The hegemonic state is able to present its own interest as those of the capitalist system as a whole. As a result of this hegemonic position the state exercising it receives “additional” power.⁹¹ Perry Anderson adds a substantial caveat to this argument. The citizens of a state are under the same “cultural and legal framework”

⁸⁸ Gramsci, *Selections from the Prison Notebooks*, 260.

⁸⁹ Perry Anderson, “The Antinomies of Antonio Gramsci,” *New Left Review*, I, no. 100 (December 1976): 32, 43–44.

⁹⁰ Thomas, *The Gramscian Moment*, 165.

⁹¹ Arrighi, *The Long Twentieth Century*, 28–29; Arrighi and Silver, “Introduction,” 27–34.

that is absent between states. The interaction between states is thus always to a greater extent marked by coercion.⁹²

Since hegemony is a combination of persuasion and coercion it is not the complete opposite of a passive revolution from above. Alex Callinicos usefully describes the passive revolution as referring to “socio-political processes in which revolution-inducing strains are at once displaced and at least partially fulfilled.”⁹³ Passive revolutions introduce or extend already existing capitalist social property relations in an authoritarian fashion. As we have already seen in chapter 1, Neil Davidson argues that the conditions for the emergence of a passive revolutionary road to modernity were the emergence of the class challenging capitalist property relation - the proletariat - and the willingness of non-capitalist agencies to transition to a capitalist society due to pressures of more developed capitalist social formations.⁹⁴ The concept of a passive revolution is compatible with and can be derived from the one of uneven and combined development because, as Adam Morton argues, it refers to the geopolitical dimension in the emergence of the “political rule of capital” and establishes a dialectical relationship between geopolitics and internal class relations.⁹⁵ As the state inaugurates or expands capitalist social property relations, the passive revolution, argues Paul Thomas, depoliticizes the bourgeoisie and political and social issues are transformed into technocratic ones.⁹⁶ However, this does not necessarily mean that

⁹² Perry Anderson, “The Heirs of Gramsci,” *New Left Review*, II, no. 100 (2016): 96.

⁹³ Alex Callinicos, “The Limits of Passive Revolution,” *Capital & Class* 34, no. 3 (October 1, 2010): 498, <https://doi.org/10.1177/0309816810378265>.

⁹⁴ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 318–20.

⁹⁵ Adam David Morton, *Unravelling Gramsci: Hegemony and Passive Revolution in the Global Political Economy* (London ; Ann Arbor, MI: Pluto Press, 2007), 69; Adam David Morton, “The Geopolitics of Passive Revolution,” in *Marxism and World Politics. Contesting Global Capitalism*, ed. Alexander Anievas (London ; New York: Routledge, 2010), 217. Morton, contrary to Callinicos, believes the concept of passive revolution should be extended to include not just the introduction or expansion of capitalist relations of production, but also the authoritarian responses of capitalist states to the crises of capitalism: Adam David Morton, “The Continuum of Passive Revolution,” *Capital & Class* 34, no. 3 (October 1, 2010): 332–33, <https://doi.org/10.1177/0309816810378266>.

⁹⁶ Thomas, *The Gramscian Moment*, 151.

Gramsci was inconsistent when he discussed hegemony in the context of passive revolution, as Alex Callinicos believes.⁹⁷ They are not sheer opposites. The very fact of a transition to a capitalist society implies a greater role of persuasion and consent than was the case in pre-capitalist societies. Rather than rejecting all passive revolutions as denoting merely domination over society, we might place them on a continuum of persuasion and coercion. The weight of persuasion will be lesser in instances of passive revolution, making them non-hegemonic on the whole, but they need not be marked by a complete absence of persuasion and consent. A certain stretch of the concept is, however, needed to accommodate the Austrian case. When Gramsci was using the term passive revolution, he was referring to the creation of national states as new centers of capital accumulation, usually spearheaded by an expansion of an already existing state like Piedmont. In the Austrian case, it was rather that an existing state was preserved, and capital accumulation was extended within it. Geopolitical changes were for the Monarchy a threat to the existing order, not the basis for a new one. This fact is not insignificant for explaining why the Austrian passive revolution was the most passive one, as we shall see below. In the following, I will begin with the neoabsolutist regime of accumulation, in the sense of the organization of the the economy furthered by the agency of the Austrian state,⁹⁸ and the developmentalist discourse that was to legitimize it. This discussion will enable us to see what the economic basis of Austrian hegemony was. As Adam Morton points out, accumulation strategies and the pursuit of hegemony are tightly interwoven.⁹⁹

⁹⁷ Callinicos, "The Limits of Passive Revolution," 496–97.

⁹⁸ Arrighi, *The Long Twentieth Century*, 9.

⁹⁹ Morton, *Unravelling Gramsci*, 153–54.

The neoabsolutist state kept the abolition of serfdom without the expropriation of the peasantry and capitalist property relations were introduced throughout the empire.¹⁰⁰ Engels argued at the time that

...if Austria at the present moment is again comparatively tranquil, and even strong, it is principally because the great majority of the people, the peasants, have been real gainers by the Revolution, and because whatever else has been attacked by the restored Government, those palpable, substantial advantages, conquered by the peasantry, are as yet untouched.¹⁰¹

This is mostly accurate, but the radicalization of the revolution in Hungary forced the regime to reduce the amount of land the peasantry had the right to. In order to mobilize the peasantry for the revolution, which he did successfully, especially in the Great Plains, Kossuth promised the peasants the so-called “remanence” lands, fourteen percent of the land used by peasants not regulated by the *urbarium* (which regulated around seventy four percent of the land). The central government abolished this ordinance in late 1849. It regulated the relations between former serfs and lords, however, only as late as 2 March 1853 (21 June 1854 for Transylvania). There were nonetheless still unclear relations with regards to common land where landlords wanted to get as much forests and grazing rights. When it comes to non-urbarial lands, the vineyards were a matter of serious dispute as they were the most profitable agricultural surfaces.¹⁰² Compared to the Prussian scenario, which AJP Taylor compared to “the clearing of the Scottish Highlands or to the English enclosures of the eighteenth

¹⁰⁰ Komlos, *The Habsburg Monarchy as a Customs Union*, 91; Harm-Hinrich Brandt, *Der österreichische Neoabsolutismus: Staatsfinanzen und Politik 1848-1860*, vol. 2 (Vandenhoeck und Ruprecht, 1978), 285.

¹⁰¹ Friedrich Engels, *Revolution and Counter-Revolution in Germany* (www.marxist.org, n.d., accessed 15 January 2017), 21.

¹⁰² Ágnes Deák, *From Habsburg Neo-Absolutism to the Compromise 1849 - 1867* (Boulder, Colo: Social Science Monographs, 2008), 131–33.

century”,¹⁰³ the peasantry did rather well.¹⁰⁴ The landlords were compensated differently depending on the province. In Hungary and Croatia they were to be paid twenty times the value of the annual rent at five percent interest. The abolition of feudal social property relations was naturally a greater burden in those areas where it was stronger. In Hungary it was proportionally two and half times greater than in Austria when it comes to compensation payments. The problem for the landlords was that the payments started only in 1856 even though advances could be received in some cases. This was difficult for the landlords’ adaptation to new social and economic conditions because centuries of extra-economic coercion made them ill-prepared for a much greater use of wage labor, which was expensive in a relatively sparsely populated country. As the productive forces were not developed continuously and systematically throughout the centuries, it was a major adjustment for the economy to transition to one with no extra-economic coercion. One of the major ways to compensate for labor was naturally a move towards a more capital-intensive agriculture, which required credit, insufficient quantities of which were available.¹⁰⁵ Customs union was also introduced in most of the Monarchy in 1850, which created a vast common market. The economic policy of the so-called neoabsolutist regime was at first marked by state-led industrialization, mainly by investments in railroads, the leading sector, and later followed by private sector investment backed by state guarantees on profits, to which we will turn in greater detail below. The state was committed to a vigorous developmentalist agenda. Economic development, although somewhat below that of the *Zollverein*, was substantial.¹⁰⁶

¹⁰³ A. J. P. Taylor, *The Course of German History* (London; New York: Routledge Classics, 2001), 38.

¹⁰⁴ Kövér, “Inactive Transformation: Social History of Hungary from the Reform Era to World War I,” 112–13.

¹⁰⁵ Deák, *From Habsburg Neo-Absolutism to the Compromise*, 133–135.

¹⁰⁶ Harm-Hinrich Brandt, *Der österreichische Neoabsolutismus: Staatsfinanzen und Politik 1848–1860*, vol. 1 (Vandenhoeck & Ruprecht, 1978), 275.

The ideologues of the regime were stressing the increased pace of growth and the bright future ahead. The level of progress achieved in just a couple of years of neoabsolutism, wrote the head of the state statistical office, Carl von Czoernig, was previously “hardly conceivable” and Austria of 10 years ago looked as if it belonged to the 18th century. These positive developments resulted in the complete trust of the citizens and “capitalists” in the capabilities of the new state, Czoernig argued.¹⁰⁷ Uneven development within the Monarchy was not seen as a problem due to the levelling tendencies of capitalist relations of production. Furthermore, state infrastructural projects and credit institution would facilitate the opening of even the most backward areas to the benefits of the market economy, while peasants freed from constraints of serfdom would start making better use of the land. Agricultural schools set up by the state would ensure that producers were familiar with the best practices. Landlords who were no longer relying on serf labor would opt only for the best methods of production to survive the competitive environment. The links between agriculture and industry would grow, ensuring rising productivity. And capital would naturally flow into agriculture in abundance in order to take advantage of this favorable economic environment.¹⁰⁸

The capacity of the peoples of the monarchy to take up the opportunities offered by the new system was also not seen as particularly problematic. Czoernig represented peoples deemed semi-barbarous as capable of development, including the much-despised Habsburg Slavs whom Engels saw as providing merely assimilation material for Germans and Hungarians. Cultures were not inert and the peoples considered as backward already had much more developed cultures than previously thought,

¹⁰⁷ Karl Freiherr von Czoernig, *Oesterreich's Neugestaltung, 1848-1858* (J.G. Cotta, 1858), 27, iv., 128-130.

¹⁰⁸ Czoernig, *Oesterreich's Neugestaltung*, 120, 472-478.

Czoerning maintained.¹⁰⁹ Not denying the immense geographical and cultural differences in the Monarchy that could boast with having the diversity of the entire globe within its borders, Czoerning stressed that cultural differences presented a source of vitality rather than being an obstacle to the march of civilization. Even Germans stood to gain from other cultures.¹¹⁰ But according to Czoernig the main pillars of the regime were nonetheless the dynasty and the military. Civil society was not even mentioned.¹¹¹

The journalist and publicist Ernst von Schwarzer, in what sounds like an echo of the *Communist Manifesto*, argued that people were being freed from the “shackles of space and time” and the differences in development between nations were getting lesser and lesser.¹¹² This also means, on the other hand, that the “omnipotence” of “dry numbers” is forcing every country to further material progress in order to remain a great power, and Austria is no different, especially since she joined the developmental fray a bit later.¹¹³ The developmental differences within Austria are immense. There are areas where people live like “semi-civilized Indians”¹¹⁴ and in Hungary one finds “Oriental conditions”.¹¹⁵ But the less developed peoples clearly have potential for civilization. Indeed, they are benefiting from the fact that they are part of a community with more civilized peoples which will ensure that they are civilized as well (this especially goes for Ruthenians and Slovaks whom Schwarzer considered very undeveloped).¹¹⁶ And in this march towards civilization the less developed people will not repeat the same path

¹⁰⁹ Czoernig, *Oesterreich's Neugestaltung*, 20.

¹¹⁰ Czoernig, *Oesterreich's Neugestaltung*, 20-21, 7. He referred to the Czech contribution to German culture.

¹¹¹ Czoernig, *Oesterreich's Neugestaltung*, 21.

¹¹² Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich* (Vienna: Wallishausser'sche Buchhandlung, 1857), 2.

¹¹³ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 8, 15.

¹¹⁴ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 22.

¹¹⁵ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 19.

¹¹⁶ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 22.

of the developed ones: “Under the protection of the unitary government the eastern peoples will make far greater progress und jump over entire cultural periods, as for example Hungary [that jumped over] the otherwise long-lasting period of transport by road to that of railways.”¹¹⁷ If she fulfills her potentials, Austria will emerge as a “phoenix from the purifying flames” of her rejuvenation, Schwarzer asserted.¹¹⁸ Even the already achieved accomplishments of Austria showed, contrary to claims of naive leftist propaganda, that any “state form” is capable of fostering development, and although conflict between capital and labor is unavoidable it is not endangering the capitalist order which is capable of absorbing it.¹¹⁹ One of the greatest achievements of this regime is the fact that the English path was not taken. Pauperism was intentionally avoided.¹²⁰ Nonetheless a little more liberalism in “new Austria” would be wise, Schwarzer concluded.¹²¹

Both Czoernig and Schwarzer tried to marginalize the new form of sociality capitalism was engendering, which made their contribution more compatible with the form of the neoabsolutist state, more so in the case of Czoernig than Schwarzer. It was Lorenz von Stein, recommended by ministers Thun and Bruck to the position of professor of political economy at the University of Vienna,¹²² who provided a theory of the Austrian passive revolution and opened the door to the contradiction Schwarzer and

¹¹⁷ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 19.

¹¹⁸ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 205. Symptomatically, the theme of “rejuvenation” is often encountered. Stein refers to it as well: Dirk Blasius, *Lorenz von Stein: Deutsche Gelehrtenpolitik in Der Habsburger Monarchie* (Kiel: Lorenz-von-Stein-Institut für Verwaltungswissenschaften, 2007), 6.

¹¹⁹ Schwarzer, *Geld und Gut in Neu-Oesterreich*, 8–10. Proudhon and Fourier are ridiculed in these passages.

¹²⁰ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 33.

¹²¹ Ernst von Schwarzer, *Geld und Gut in Neu-Oesterreich*, 203–4.

¹²² Dirk Blasius, *Lorenz von Stein: Deutsche Gelehrtenpolitik in der Habsburger Monarchie* (Kiel: Lorenz-von-Stein-Institut für Verwaltungswissenschaften, 2007), 40.

Czoerining sidelined, implying that a change in the absolutist mode of rule was necessary to accommodate social relations of the new order.

Not only that monarchy is compatible with capitalism, Stein pointed out, it is the only political form that can overcome the class conflicts that are inevitable in a capitalist society. Similarly to Hegel,¹²³ von Stein argued that the laws of capitalist accumulation necessarily generate class conflicts. The society is the realm of domination, while the state represents the principle of freedom, its interest being the development of all its subjects. Social inequalities of civil society, however, can endanger the principle of freedom represented in the state since the ruling class might capture it for its own benefit.¹²⁴ It is here that the monarchy enters the scene since only the monarch can present in the most pure form the principle of the state, and preside over class conflicts of a capitalist society, preventing the domination of the ruling class.¹²⁵ Only by relying on power coming from the outside of its own social relations could capitalist societies achieve stability. The state could then proceed to stem class conflict by preventing proletarianization.¹²⁶ It is hardly surprising that to Stein the Monarchy was the state where this agenda had the highest chance of success since there the monarchical principle was strongest, and the state was not bound to any class as was allegedly the case in Prussia.¹²⁷

¹²³ Frederick Beiser, "Hegel and Hegelianism," in *The Cambridge History of Nineteenth Century Political Thought*, ed. Gareth Stedman Jones and Gregory Claeys (Cambridge University Press, 2011), 125.

¹²⁴ Lorenz von Stein, *The History of the Social Movement in France, 1789-1850*, ed. Kaethe Mengelberg (Bedminster Press, 1969), 57–58.

¹²⁵ Lorenz von Stein, *Geschichte der sozialen Bewegung in Frankreich von 1789 bis auf unsere Tage*, vol. 3 (Leipzig: Otto Wigand, 1850), 17. According to Marcuse, Stein „neutralizes the basic contradictions of modern society by distributing them between two different domains, those of state and society. Freedom and equality are reserved to the state, while exploitation and inequality are delegated to the society, thus turning the inherent contradiction of society into an antagonism between state and society.” Herbert Marcuse, *Reason and Revolution. Hegel and the Rise of Social Theory*, 2nd ed. (London: Routledge and Keagan Paul Ltd, 1955), 381–382. Stein’s discourse may have been contradictory, as Marcuse points out. This did not make it less ideologically appealing.

¹²⁶ Stein, *The History of the Social Movement in France, 1789-1850*, 70.

¹²⁷ Blasius, *Lorenz von Stein: Deutsche Gelehrtenpolitik in der Habsburger Monarchie*, 45. Although class polarization is strongly stressed in Stein’s work, Stein assured his readers that the proletarian

If the Monarchy can guarantee the order of capital against the onslaught of labor, can it also bring about the levelling of development within the Monarchy? We have seen that others believed this to be a strong possibility that the agency of the state facilitated. Having a more sociological perspective, Stein did not only discuss the overcoming of local isolation in the order of capital but also how this new social system binds classes into a new, productive and more encompassing form of power that, Stein argued, was a source of renewal of the Monarchy and its hegemony over Southeastern Europe. Writing at the end of the Crimean War, Stein characterized it as marking a turning point in international relations where war between developed nations had been abolished. The relatively backward Russia that had nothing to give to Europe had been defeated. The civilizing mission of Europe in the Balkans had thus fallen on Austria's shoulders.¹²⁸ The reason Austria could achieve this, and why it was fundamentally different from Russia, lied in the opposition between an economic and political relationship:

The importance of the economic nexus lies in the inverse of what the political does. While the latter captures the whole at a stroke the former begins by the particular and, as it were, rises gradually upwards to the whole. Its greatest instrument is the small interest, its strength is the millionfold repetition of the same wish, the same striving in the particular, that in turn produces the awareness that entire countries belong together through the mutual economic dependence of their particular inhabitants, and this

revolution was practically impossible. The novelty of the bourgeois class is the fact that this is a ruling class that "works" by accumulating capital, resulting in a new relationship between the ruling and dependent class where the latter cannot achieve domination within society. The proletariat thus does not stand in the same relationship to the bourgeoisie as the bourgeoisie had *vis-à-vis* the feudal class, Stein argued. It can try and conquer the state and institute rule by force, an option not tenable in the long-run: Stein, *The History of the Social Movement in France*, 82, 89–90.

¹²⁸ Lorenz von Stein, *Oesterreich und der Frieden* (Braumüller, 1856), 2–3, 13–14, 42–43. Stein's theory of international relations is briefly discussed in: Heinrich August Winkler, "Gesellschaftsform Und Außenpolitik. Eine Theorie Lorenz von Steins in Zeitgeschichtlicher Perspektive," *Historische Zeitschrift*, no. 2 (1972): 335, <https://doi.org/10.2307/27617089>.

awareness will gradually [become] a powerful positive force. A political nexus could never subsist in the long run without becoming an economic amalgamation...The political economy is also one of the powerful factors of the external history of states; the English have known this for a while; we have to learn it.¹²⁹

The domination of former civilizations in history was “mechanical” while contemporary civilization is interiorized.¹³⁰ But precisely because the power of the “small interest” does not take over society as a whole immediately as the political does but, in a more capillary fashion, overtakes it through and through, are the stakes in international relations higher than ever. As Stein puts it in the *System der Staatswissenschaft*: “The struggle of peoples with the sword is only a struggle for temporary domination; the struggle of peoples with their economies is the true struggle for life and death.”¹³¹ But from Stein’s discourse it is clear that Austria will not end up on the losing side of this process since the “absolute and cosmopolitan” laws of the political economy seem to have been working in favor of the relatively developed Monarchy.¹³² Indeed, they will inevitably augment Monarchy’s power. The inexorable tendency of capital to expand means that all current relations would soon be profoundly transformed and the seemingly impossible would emerge, Stein argued.¹³³ After going over into eastern parts of the Monarchy and ensuring economic progress there capital will spread over all of Eastern Europe, assuring Austrian hegemony in Southeastern Europe.¹³⁴ Austria’s hegemony over this area will be assured by the fact that this new form of power is not an end in itself, as was the case in the previous historical systems,

¹²⁹ Stein, *Oesterreich und der Frieden*, 77.

¹³⁰ Stein, *Oesterreich und der Frieden*, 77, 42–43.

¹³¹ Lorenz von Stein, *System der Staatswissenschaft* (Stuttgart, Tübingen, 1852), 464.

¹³² Stein, *Oesterreich und der Frieden*, 79.

¹³³ Stein, *Oesterreich und der Frieden*, 55–56.

¹³⁴ Stein, *Oesterreich und der Frieden*, 79–80, 65–68.

but rather a mode of power that reflects the needs of and develops in harmony with the economy.¹³⁵

In Stein's discourse the power of capital to expand appears so overwhelming that no cultural barrier seems capable of resisting it. Indeed, all authors seem to agree that within Monarchy uneven development would not present a serious problem and no colonial-type dependencies would emerge. As Carl Schmitt noted regarding Lorenz von Stein, the general categories that von Stein used to describe the political economy of the Monarchy, categories whose reference was the more developed West, were ill-suited for capturing the variegated social landscape of the Monarchy.¹³⁶ They, however, were quite useful as an ideological statement where the capitalist mode of production is operating without being interfered by the different social structures and national identities of the Austrian Empire. In fact, those identities and social structures were to be absorbed by the juggernaut of capital while the emperor would keep the potentially unpleasant class conflict at bay and gain consent of the middle classes. Stein's ideas on uneven development are nonetheless underdeveloped or contradictory to his analysis of the leveling tendencies of the capitalist mode of production. The main elements of Stein's international political economy are "economic geography" (directly influenced by von Thünen) and "economic ethnography", the first dealing with spatial patterns of the economy, the latter with capacities of peoples to develop.¹³⁷ As Fernand Braudel points out, von Thünen's model openly stresses "inequality" between different zones of economic activity.¹³⁸ It is not quite clear how these two aspects of unevenness under capitalism that Stein stresses are to be applied to the Monarchy and its environment.

¹³⁵ Stein, *Oesterreich und der Frieden*, 88–89.

¹³⁶ Carl Schmitt, "Die Stellung Lorenz von Steins in der Geschichte des 19. Jahrhunderts," *Schmollers Jahrbuch* 64 (1940): 641–46.

¹³⁷ Stein, *System der Staatswissenschaft*, 456–60.

¹³⁸ Fernand Braudel, *The Perspective of the World: Civilization and Capitalism 15th-18th Century*, Vol. 3 (Berkeley: University of California Press, 1992), 38–39.

But in any reading, they seem to suggest Austrian hegemony. Indeed, it is exactly when the most “cosmopolitan” aspects of the capitalist political economy are stressed that flirtation with the particular seems most frequent, when the German element seems to incarnate the general laws of the modern economy. This contradiction will emerge in force in the second phase of neoabsolutism. Beyond contradictions in the developmental discourse, there were contradictions between the developmental discourse and the neoabsolutist state form as well. A strong implication of Stein’s developmental discourse was that the new sociality needs to find a more adequate political expression.

Yet neoabsolutism started to be shaken first exactly in the sphere that seemed to neoabsolutist ideologues marked by linear progress: the economy. The mobilization for the Crimean War wreaked havoc on state finances. The turn from state railroad building to private investors was primarily motivated by addressing budgetary concerns, and the investors, mostly French capital, took over the existing network at a bargain. The state was also forced to issue a substantial amount of bonds which were partly forced on the better-off population, which was supposed to support the regime. This was a considerable blow to the legitimacy of neoabsolutism which prided itself on effective management of the economy.¹³⁹ French investors were also given the right to import equipment for railroad construction at a lower tariff, thus minimizing spillovers for the domestic industry, something that local capitalists recognized and what they protested against, having already sunk fixed capital in expectation of new government projects. Indeed, good connections with foreign capital became important for survival of certain enterprises. Furthermore, textile industry protested against too much competition.¹⁴⁰ Landlords had numerous complaints as well, citing lack of credit, higher taxation of

¹³⁹ Macartney, *Habsburg Empire*, 472.

¹⁴⁰ Brandt, *Der österreichische Neoabsolutismus*, 1:323–24, 417.

agriculture and (beet producers) minister Bruck's protection of shipping interests by lowering tariffs for colonial sugar.¹⁴¹

Economic development was overwhelmingly benefiting the already more developed areas of the empire. The manner of accumulation of capital that was highly centralized could not sufficiently back the universal project of empire building. The neoabsolutist regime of accumulation was marked by the centralized character of investments and orientation towards bigger enterprises. It should also be stressed that this was a period of upswing in the capitalist world-economy which meant that enterprises were not keen on relocating their activities. Furthermore, areas that were more loosely linked to the home market required high growth rates for any discernible transformation to be felt. There were tensions in the government regarding the type of enterprises the regime was to support. Proponents of smaller firms argued that they lacked capital access. In the end, the group supporting bigger enterprises as more efficient (Bruck, Togenburg, Baumgartner, Hock and political economist Jonák) carried the day and little new credit was made available to enterprises that were supposed to strengthen the middle class.¹⁴² Yet the growing mass of accumulated capital in the developed regions was partially used to overcome the uneven geography of Austrian political economy. Before the privatizations due to huge deficits caused by the Crimean War, railroad construction had a developmental role in areas like western Hungary.¹⁴³ On the other hand, Austrian allies in the Hungarian Kingdom, namely the Croats and Serbs in Croatia and Slavonia, complained that railroad construction was not happening at all and felt uneasy about proposed railroad plans that were seen as detrimental to local

¹⁴¹ Brandt, *Der österreichische Neoabsolutismus*, 1:302–5, 474, 588.

¹⁴² Brandt, *Der österreichische Neoabsolutismus*, 1:278, 335–36, 431–33.

¹⁴³ Brandt, *Der österreichische Neoabsolutismus*, 1:406.

merchants.¹⁴⁴ The regime was however very careful to prevent any suspicion of unfair treatment. As Brandt points out, the notion of equal treatment was essential to the neoabsolutist project.¹⁴⁵ But French and British capital that participated in the privatization of the railroad network was mostly interested in taking over existing lines. Nonetheless, the regime (with minister Bruck as the principal actor) was still able to pressure primarily Credit-Anstalt to engage in infrastructural projects that the firm did not consider as profitable, and the state then guaranteed a rate of return on investment.¹⁴⁶ Complaints against the centralized investment policies of the government increased in the crisis of 1857 and rifts in the regime emerged with the Ministry of Interior, led by Bach, lending a very compassionate ear to complaints against finance minister Bruck.¹⁴⁷ Over-centralized credit provision and the absolutist state itself were criticized even by some Austrian chambers of commerce as curbs on growth.¹⁴⁸ As we shall see, these aspects of the regime of accumulation were heavily criticized in the periphery.

An additional obstacle to hegemony was the weight of Austria proper within the Austrian empire as whole. Austria was very much economically developed in the context of the Monarchy and the capitalist world-system. It was, however, not preponderant. Bohemia had a greater share of the Monarchy's GDP and even less developed Hungary had a total GDP share higher than that of Austria proper.¹⁴⁹ Of

¹⁴⁴ Mirjana Gross, *Počeci moderne Hrvatske: Neoapsolutizam u Civilnoj Hrvatskoj i Slavoniji 1850-1860* [*The Beginning of Modern Croatia: Neoabsolutism in Civil Croatia and Slavonia 1850-1860*] (Zagreb: Globus : Centar za povijesne znanosti Sveučilišta u Zagrebu, Odjel za hrvatsku povijest, 1985), 99, 132–133, 235–236.

¹⁴⁵ Brandt, *Der österreichische Neoabsolutismus*, 1:517.

¹⁴⁶ Brandt, *Der österreichische Neoabsolutismus*, 1:375.

¹⁴⁷ Brandt, *Der österreichische Neoabsolutismus*, 1: 418–419.

¹⁴⁸ *Haupt-Bericht der Handels- und Gewerbekammer für das Erzherzogtum Oesterreich ob der Enns für die Jahre 1857, 1858, 1860* (Linz, 1860), 97; *Haupt-Bericht der Handels- und Gewerbekammer für das Erzherzogthum Oesterreich o.d. Enns für die Jahre 1860, 1861, und 1862* (Linz, 1863), 16–20.

¹⁴⁹ Based on: Max-Stephan Schulze, "Regional Income Dispersion and Market Potential in the Late Nineteenth Century Hapsburg Empire," Monograph, (November 2007), Table 4, <http://www2.lse.ac.uk/economicHistory/workingPapers/economicHistory/home.aspx>, accessed 20 June 2017. The data refers to the post-Settlement period but is still instructive.

course, the German population, the one that was supposed to exercise hegemony, was scattered throughout the empire, had an important share of population of Bohemia and was usually on the higher part of the socioeconomic ladder. This needs to be added to Austria's share. It still does not constitute preponderance, but it is of considerable weight.

The potential for hegemony was substantially reduced however by much greater weakness when it comes to intellectual and moral leadership. Considering the relatively weak economic base of hegemony, the path towards achieving it would have been by relying even more on its cultural and political components. The Austrian state remained far from cultural and moral leadership throughout the period leading up to the Settlement. In the immediate post-revolutionary period after 100 000 thousand died in the 1849/49 war, the state had at its disposal substantial political capital. It was soon to be wasted with authoritarian and hypercentralized politics. The regime was naturally opposed to the constitution proposed by members of the *Reichstag* in Kremsier/Kroměříž (where they left due to October events in Vienna). This draft of the constitution severely limited the authority of the emperor. Although all bills had to be sanctioned by him, the parliament could vote on them for a second time in case the sanction was absent, and then they become laws. Ministers were responsible to him and the parliament. Importantly, the emperor could still declare war and peace and conduct foreign policy. This was nonetheless considered excessive by the forces of reaction, and the constituent assembly was dissolved. An octroyed constitution was proclaimed, dated 4 March (although proclaimed three days later). It was a different document. Although the emperor was in principle bound by the constitution, the limitations on his powers were slim. He could now veto legislation. Characteristically for all the future constitutions of Austria, the emperor could himself initiate emergency legislation when

Reichstag was not in session (art. 87 of the March Constitution; these were to be art. 13 in the February Patent of 1860 and art. 14 in the December Constitution of 1867). Although emergency legislation appeared provisional, it was not clear how it could be revoked. Ministerial responsibility was not precisely defined. Yet authoritarian appetites grew, and the constitution never came into effect. After Louis Napoleon succeeded with his *coup d'état* on 2 December 1851, he received favorable treatment in the government press for fighting against anarchy and preserving the social order.¹⁵⁰ Eager to follow suit, Francis Joseph had his own, as R.J.W Evans puts it, “copycat coup”, introducing neoabsolutist rule by issuing a patent on 31 December.¹⁵¹ The new regime retained a strong emphasis on equal treatment of the citizens of the Austrian Empire. Yet while it proclaimed it would bring order to politics, a closer look at a supposedly “unitary” neoabsolutist regime reveals a high measure of volatility and infighting, mostly stemming from the absence of an independent government authority, since power rested firmly with the emperor. This at a time when adversarial Prussia and a competitor for hegemony in Germany had a prime minister who was able to assert himself against the king.¹⁵² Schwarzenberg had to compete with the *Reichsrat* as another body alongside the ministerial conference, headed by the archconservative Kübeck, and with “personal consultations” with the Monarch that undermined his authority (used later by every minister who could make use of it, including “modernizers” such as Bruck). Nonetheless, he was still a central figure in the government. After his death in 1852 the emperor himself took over as head of the ministerial conference, as the government was called, and soon the ministry of war as well. Immense concentration of authority with the emperor was leading, as Brandt

¹⁵⁰ *Wiener Zeitung (Abendblatt)*, 6 December 1851; *Wiener Zeitung*, 8 December 1851.

¹⁵¹ Evans, *Austria, Hungary, and the Habsburgs*, 270.

¹⁵² David E Barclay, *Frederick William IV and the Prussian Monarchy, 1840-1861* (Oxford; New York: Clarendon Press; Oxford University Press, 1995), 261.

argues, to political and administrative disintegration.¹⁵³ To the lack of any representative institutions hypercentralization of the empire was added, all local autonomies abolished and local offices on the periphery staffed with German-speaking bureaucrats coming from outside the regions they administered. There were almost no differences in treatment between rebels and allies. All were to be subjected to direct rule, with, ironically, the exception of Italy, perhaps the most neuralgic point in the Empire. Radetzky successfully fought for this exemption from the neoabsolutist reorganization of the Monarchy. The only difference for the rest was that in the beginning Hungary was under military occupation, but later joined the same neoabsolutist rule as the others. While the aristocracy was now out of favor, at least compared with the pre-48 situation, the head of government Schwarzenberg quipping that there was not a dozen of his class that amounted to much, the regime felt obliged to give some form of representation to the bourgeoisie. The chambers of commerce provided it, on the model of France, the only form of “popular representation” in the 1850s.¹⁵⁴

But even this seemed enough to the German bourgeoisie for several reasons. For one, it underwent a process of deradicalization, to use Wallerstein’s term, as most of the bourgeoisie after 1848.¹⁵⁵ The revolution opened the gates to “red hordes” and a desire for order prevailed. Moreover, the absolutist regime was more than willing to guarantee capitalist property relations and strengthen the bourgeoisie by its policies. It was also certainly ready to keep down the rebellious working class. There was the intersocietal component to it as well. The statement of Austrian politician Sommaruga that Austrians would die of hunger without Hungary was exaggerated, but it certainly

¹⁵³ Brandt, *Der österreichische Neoabsolutismus*, 1:264.

¹⁵⁴ Macartney, *The Habsburg Empire, 1790-1918*, 460, fn.3.

¹⁵⁵ Wallerstein, *Centrist Liberalism Triumphant*, 49–50; Judson, *Exclusive Revolutionaries*, 73.

reflected a rather rational belief of the Viennese bourgeoisie that it had a vested economic interest in the empire.¹⁵⁶ Since the Hungarian revolution almost broke up that empire, it was ready to swallow a large amount of absolutism that seemed capable of keeping it together. And lastly, it has seen the power of the empire that could muster troops from its numerous territories. It was never to be a simple internal Austrian struggle for a more rational state, but a struggle against a whole imperial order. All this militated against a more assertive bourgeoisie. But even such a timid class was to become less so due to developments in the international sphere.

That the feet of neoabsolutism were perhaps made of clay became plausible after the war against Piedmont and France in 1859. The Monarchy could not mobilize all its military units due to the unreliability of the part of its armed forces and fear of revolt in Hungary,¹⁵⁷ while cronyism in the military and inefficient supply system did not help to boost its efficiency either.¹⁵⁸ After the defeat, the emperor was ready to accept some representative body. This decision was also prompted by the financial markets which were growing increasingly skeptical of the neoabsolutist state. Without representative institutions, Habsburg credit was not worth much. The empire was reminded that it had to operate within the constraints of the capitalist world-economy.¹⁵⁹

But the emperor's decision for a new course included a radical *volte-face* in the form of the 1860 October Diploma according to which the Monarchy was to be federalized on a conservative basis. The reins of the state were to again be given to the

¹⁵⁶ Josef Redlich, *Das österreichische Staats- und Reichsproblem: geschichtliche Darstellung der inneren Politik der habsburgischen Monarchie von 1848 bis zum Untergang des Reiches* (Leipzig: P. Reinhold, 1920), 160.

¹⁵⁷ Macartney, *The Habsburg Empire, 1790-1918*, 493.

¹⁵⁸ Alan Sked, *The Decline and Fall of the Habsburg Empire, 1815-1918* (London/New York: Longman, 1992), 174–75.

¹⁵⁹ Helmut Rumpel, "Der Kampf um die Kontrolle der österreichischen Staatsfinanzen 1859/60. Ein Beitrag zur Geschichte des parlamentarischen Budgetrechts," in *Gesellschaft, Parlament und Regierung. Zur Geschichte des Parlamentarismus in Deutschland*, ed. G.A. Ritter (Düsseldorf, 1974), 165–88.

aristocracy, with the domination of the most illustrious among them, the Hungarian one. Incidentally, the Hungarian aristocracy drafted the Diploma. However, as the Hungarian historian László Péter pointed out, the October Diploma turned out to be a “spectacular fiasco”.¹⁶⁰ The narrow class basis of this system was astonishing as it was to rely on a class that could not politically control even its own society (not to speak of hegemony). The plan rather remarkably ignored the political changes that took place in recent history, including the awakening of the Hungarian gentry which found insufficient guarantees for Hungarian sovereignty in the Diploma. Even the timid German bourgeoisie protested against what it saw as revival of feudalism and strengthening of Hungary.¹⁶¹

Somewhat embarrassingly, this Diploma was called an “irrevocable law” of the empire but was replaced within months by the February Patent which was unconvincingly presented as its continuation. As Anton Schmerling, the head of the new government explained, the Patent was presented as such so as not to endanger the authority of the crown.¹⁶² Now the empire finally received a representative body which could examine the budget, had to approve new taxes and sale of state assets, again with the motivation to assuage the rickety financial markets and public opinion that did not find the October Diploma sufficient. This new assembly, the *Reichsrat*, which aptly means “Imperial Council”, was dominated by the German bourgeoisie, in whose favor the electoral system was rigged.¹⁶³ A more “liberal” state opened the way towards a more coherent Austrian bid for hegemony. Major ideological articulations of this period

¹⁶⁰ Péter, “The Aristocracy, the Gentry and Their Parliamentary Tradition in Nineteenth-Century Hungary,” 94.

¹⁶¹ Louis Eisenmann, *Le compromis austro-hongrois de 1867: étude sur le dualisme*, Reimpr. of the ed. Paris, 1904 (Hattiesburg, Mis: Academic international, 1971), 250–521; Redlich, *Das österreichische Staats- und Reichsproblem*, 467.

¹⁶² Lothar Höbelt, ed., *Österreichs Weg zur konstitutionellen Monarchie: Aus der Sicht des Staatsministers Anton von Schmerling* (Frankfurt am Main: Peter Lang, 1994), 78.

¹⁶³ Louis Eisenmann, *Le compromis austro-hongrois de 1867*, 282.

show a lesser contradiction between the new sociality and the state form, while still retaining a rather authoritarian outlook. However, another major contradiction is introduced, and that is a greater role of the German population in stabilizing the empire, thus reducing the universal appeal of the discourse.

Potentially consoling the emperor who preferred absolutism, finance minister Bruck argued that the new state organization should not be seen as sign of defeat, but rather one that would invigorate the Monarchy's potentials and overcome political tensions. The role of capitalism and civil society in providing the basis of rule, the role that was referred to by Czoerning only in the narrower sense of economic progress and equalization of developmental gaps within the Monarchy, now came to the fore. Far from providing a restraint on imperial power, capitalism might actually be the source of its renewal. The truly conservative and patriotic *Mittelstand*, not governed by "passions" but by an instinct for stability and moderate solutions might become the main pillar of the Habsburg regime. The politics of neabsolutism weakened and alienated this social layer, and now was the time to rely on it and involve it within the new mode of rule. The government has to achieve the consent of its people, it has to rely on the classes of the new social order. Development is thus on the side of the *Gesamtstaat*, while backwardness encourages centripetal forces.¹⁶⁴

Bruck is however aware that this class is not strong outside the most developed parts of the Empire. How can the state rely on it? The notion of the leveling tendencies of the capitalist mode of production within the Monarchy pervades the entire text of Bruck. But the workings of the benevolent abstract market are facilitated by one particular ethnic group: the Germans. Although Bruck notes that both Italians and

¹⁶⁴ Carl Ludwig Freiherr von Bruck, *Die Aufgaben Oesterreichs* (O. Wigand, 1860), 36–42, 61–62, 94.

Czechs have achieved high levels of development,¹⁶⁵ it is on strong German shoulders that the “civilizing mission” of the Monarchy, as Bruck puts it, lies.¹⁶⁶ It is here that international relations come back into the picture. Not only capital, but also workers from the German Confederation should come to the Monarchy, which Bruck calls a “German state”, and “fertilize” its unused resources, “awaken” the less developed people from their slumber. The peoples of the Monarchy can turn to only one source for their development: the German culture. The links with Germany have to be stronger, so that the most developed element is thereby strengthened and the country opened to a greater extent to its benefits.¹⁶⁷ By permeating the less developed parts of Monarchy, Germans will ensure the emergence of “higher culture”.¹⁶⁸ But this does not mean Germanization according to Bruck. Other peoples can preserve their languages, indeed plurality of cultures may be beneficial to development. What is important is that they are imbued with German culture which would transform them into supporters of the *Gesamtstaat*.¹⁶⁹

This was hardly an exceptional position to hold. J.B. Schwarz, in his *Ungarn und Amerika*, argued that all nationalities, save for Italians, were dependent on German culture for their development, that being their only source of “higher civilization”. Of course, this will not mean Germanization, he claims. Germans only want to move freely, and others can only benefit from it. Indeed, a few German phrases that others might learn are not of great importance. German ideas need to be appropriated, and local languages should be developed for that to occur. This, however, was coupled with characterizations of Hungary as the “America” next door, where Europe was in a

¹⁶⁵ Bruck, *Die Aufgaben Oesterreichs*, 58.

¹⁶⁶ Bruck, *Die Aufgaben Oesterreichs*, 47.

¹⁶⁷ Bruck, *Die Aufgaben Oesterreichs*, 15, 17–21, 61–62.

¹⁶⁸ Bruck, *Die Aufgaben Oesterreichs*, 48.

¹⁶⁹ Bruck, *Die Aufgaben Oesterreichs*, 20–21, 61–63.

position to “conquer a new part of the world”.¹⁷⁰ A similar view was expressed by Ludwig Oppenheimer, who argued that the peoples of Hungary can develop in any area as long as their link with German culture and tradition is not broken.¹⁷¹ The task of the state was to „develop its nationalities“ and to „bring German spirit and culture to the most inhospitable parts of Galicia, and the most remote pusztas of Hungary.”¹⁷² This was made much more likely by the new form of the Austrian state:

There comes a moment when the imperial state, so long governed by the principles of Rome, is in a position to throw away its mental shackles and make itself the master of capital. The regulation of the budget, that has before served other ends, will initiate a buoyant industry, flourishing trade, and better agricultural practices.¹⁷³

One of the main architects of the new political system was Johann Perthaler,¹⁷⁴ who shared Bruck’s sentiment regarding the civilizing mission,¹⁷⁵ offered a political solution that he believed would capitalize on the potentials of civil society, a solution directed against rebellious Hungarians. By becoming constitutional and forming a central Parliament, the Monarchy will be able to overcome particular interests. The local diets will become merely a disaggregated *Reichsrat* and members of it imbued with the interest of the “whole”.¹⁷⁶ This constitution will automatically draw in all the nationalities of the Monarchy, except, at first, rebellious Hungary whose political program was anyway antiquated. Perthaler contrasted the “world-historical progress”

¹⁷⁰ J.B. Schwarz, *Ungarn und Amerika oder Oesterreich und Deutschland* (Vienna: Druck von J. Fridrich und Comp, 1863), 20–21, 15.

¹⁷¹ Ludwig Oppenheimer, *Ueber die Leitung der deutschen Auswanderung nach Ungarn 1866* (Leipzig: 1866, Ch. C. Rollman), 6.

¹⁷² Oppenheimer, *Ueber die Leitung*, 7.

¹⁷³ Oppenheimer, *Ueber die Leitung* 6.

¹⁷⁴ Höbelt, *Österreichs Weg zur konstitutionellen Monarchie*, 64–65.

¹⁷⁵ Johann Ritter von Perthaler, *Das Erbkaisertum Kleindeutschland* (Frankfurt am Main: Druck von Carl Horstmann, 1849).

¹⁷⁶ Johann Ritter von Perthaler, *Neun Briefe über Verfassungs-Reformen in Österreich: Vom Verfasser der Palingenesis* (Fz. Wagner, 1860), 12–16, 31.

that the Monarchy guaranteed to the anachronistic constitution of Hungary that was antithetical to the interest of the bourgeoisie and peasants.¹⁷⁷ But since they are an inconsequential minority of a great empire, Hungarians will have no choice but to join the new *Reichsrat* that will be accepted by other nationalities. Realizing the impossibility of resistance and the benefits of partaking in the “whole”, a word Perthaler zealously repeats, Hungarians themselves will have to join the *Reichsrat*.

Despite greater emphasis on the importance of Germans, in this more hegemonic version of the ideology of the Austrian passive revolution a hope was expressed that a pan-Habsburg *Mittelstand* would emerge unifying the Monarchy via a new, more capillary form of power. As Louis Eisenmann argued, a belief emerged that the order of capital would relegate differences along the lines of cultural identity to the sidelines of society and politics,¹⁷⁸ putting class in the saddle as the primary determination of social relations and therefore binding all capitalist classes to the imperial center since it was ensuring the capitalist order and was located in one of the most developed parts of the Monarchy. The further capitalism develops, the more stable would the empire be.

However, the new government, although operating under constraints completely unknown to the neoabsolutist one, was still a far cry from the liberal ideal. Although the *Reichsrat* had to approve the issuing of state bonds, the sale of state assets and new taxes, it could only examine the budget, not vote it down. The relationship between the executive and the legislative was undefined, there was no ministerial responsibility nor immunity for members of the *Reichsrat*. The government could also rely on emergency legislation according to article 13 of the Patent. The emperor defined what the Imperial Council was to discuss, appointed its president and could adjourn or dissolve it. And,

¹⁷⁷ Perthaler, *Neun Briefe*, 7.

¹⁷⁸ Eisenmann, *Le compromis austro-hongrois de 1867*, 279–99.

of course, he retained absolute powers in foreign affairs and as the supreme commander of the army.¹⁷⁹ Any favorable comparisons of the *Reichsrat* with the parliaments of Belgium and Britain seem exaggerated. Pieter Judson, the foremost historian of Austrian liberalism, tries to make the case for such an argument by stressing a relatively high share of the population that could vote for it.¹⁸⁰ This indeed would have been a reasonable analogy, had the *Reichsrat* even a semblance of the power of a liberal parliament. Indeed, in the debate in 1861 regarding ministerial responsibility, Schmerling said that the ministers felt themselves responsible in the sense that they would upkeep the constitution. Under pressure from members of the Imperial Council, the emperor intervened with the promise that a law on ministerial responsibility could be expected.¹⁸¹ The promise was not kept. This is hardly comparable to the parliamentary government of Britain.

Schmerling's government was immediately faced with a Hungarian boycott. The legacy of the October Diploma came back to haunt him because it has revived the counties which were now used as a mobilization tool against the centralist government. Not only did Hungary refuse to send its representatives to the *Reichsrat*, it also refused to pay taxes, which led to considerable tax arrears and the use of military in tax collection.¹⁸² Even the paper of the Hungarian Chancellery, *Sürgöny*, stated that

¹⁷⁹ György Szabad, *Hungarian Political Trends between the Revolution and the Compromise, (1849-1867)* (Budapest: Akadémiai Kiadó, 1977), 94; Éva Somogyi, *Vom Zentralismus zum Dualismus. Der Weg der deutschösterreichischen Liberalen zum Ausgleich von 1867* (Budapest: Akadémiai Kiadó, 1983), 14.

¹⁸⁰ Judson, *Exclusive Revolutionaries*, 83–84.

¹⁸¹ Somogyi, *Vom Zentralismus zum Dualismus*, 7, 20.

¹⁸² Faced with substantial tax arrears, the minister of finance proposed setting up independent tax offices. In case of serious “defiance” military forces could be employed: Horst Brettner-Messler, ed., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff, Vol. 1, 7. Februar—30. April 1861* (Vienna, 1977), 220–222. However, Hungarian authorities arrested and subjected tax officers to physical punishment, leading to the motion that tax officers be exempted from Hungarian law: Stefan Malfer, ed., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff, Vol. 2, 1. Mai—2. November 1861*. (Vienna, 1981), 35–36. This decision was later contested by the Hungarian Chancellery, but the officers remained exempt to criminal law: Horst Brettner-Messler and Klaus Koch,

Austrian Imperial Council's decisions on taxation in Hungary are as relevant as those of the Chinese Imperial Council.¹⁸³ And counties elected figures such as Kossuth, Klapka, Mazzini, Cavour and Garibaldi into their councils.¹⁸⁴ However, as the Hungarian Kingdom was composed of Hungary proper, Croatia and Transylvania, Schmerling thought that he could break this boycott by making Croatia and Transylvania directly send their representatives to Vienna.¹⁸⁵ The Patent (art. 7) also gave him the right to organize election directly in the rest of Hungarian territory, where there were many minorities that could have conceivably sent representatives to the *Reichsrat*. Schmerling thus theoretically had room for maneuver in the matter. Transylvania did send representatives to Vienna in 1863 as the regime gave political representation to the Romanian population. However, the government experienced great embarrassment as Croatia, a supposed ally of Vienna, did not send its representatives. The experience of hyper-centralized empire that was in direct conflict with the class interest of the local gentry was too big a burden. And Schmerling's regime had all the trappings of an attempt at the same result backed with insincere liberalism that could be done away with at the emperor's whim, leaving centralization with no representation. As Walter Rogge pointed out, it was a contradiction to build a centralist regime in Austria and play the federalization card in Hungary.¹⁸⁶ Furthermore, within Hungary, Schmerling gave very few concrete concessions as he was in too weak a

eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer Und Mensdorff, Vol. 4, 8. Mai—31. Oktober 1862*. (Vienna, 1986), 233–34. But even tax officers sometimes colluded with the locals : Horst Brettner-Messler and Klaus Koch, eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer Und Mensdorff, Vol. 4, 8. Mai—31. Oktober 1862*. (Vienna, 1986), 247. A cavalry regiment even occupied Kálmán Tisza's estate, a leading figure of the Hungarian Left, in order to force him to pay his taxes-to no avail: Eisenmann, *Le compromis austro-hongrois de 1867*, 351.

¹⁸³ Albert Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865 [The Age of Absolutism in Hungary 1849-1865]*, Vol. 3 (Budapest: Franklin, 1932), 418–19.

¹⁸⁴ Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865*, 3: 172.

¹⁸⁵ Albert Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865*, 3: 211, 378.

¹⁸⁶ Walter Rogge, *Oesterreich vom Világos bis zur Gegenwart. Zweiter Band. Der Kampf um ein Reichsparlament* (Leipzig, Vienna: F.A. Brockhaus, 1873), 153.

position for a major reorganization of Hungary.¹⁸⁷ As AJP Taylor pointed out, the only solution for Schmerling were the Slavs, yet he never really reached for them.¹⁸⁸

The regime had so little political capital that the nationalities, who clashed with Hungary earlier, were turning to it to protect themselves from Vienna. The Hungarian critique of the neoabsolutist centralization certainly rang true to the nationalities and they thought that they might have a greater chance at preserving some autonomy within the Hungarian Kingdom. Importantly, Hungarians did not merely warn of the political dangers of centralized rule but have also criticized the regime of accumulation of neoabsolutism. They tried to undermine the civilizing discourse emanating from Vienna. As we shall see, very similar arguments would be used by other nationalities, namely Croats and Serbs, the supposed allies of the central regime. Emil Dessewffy opened a salvo of accusation against the economic performance of the neoabsolutist system. Not neglecting the problems of the transitional period from feudalism to capitalism, it was the neoabsolutist state that he found wanting in leading the way to a new society. According to Desewffy, the problematic situation Austria found itself in was a consequence of a problematic bank system, state deficits and the difficulties caused by 1848, which have destroyed the “overall condition” of the Monarchy. The problem with the banking system is that there are no limits to the emission of the paper money, that there are no precautions against the outflow of silver, that the central bank is a Viennese bank, and not that of the whole Monarchy, that its branches do not have enough funds nor are adequately managed, and that the Finance Minister can “flood” the public with endless paper money. These policies made it difficult to adapt to the “sudden transition from natural to the money economy.” A radical solution is needed

¹⁸⁷ Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865*, 3: 409–10.

¹⁸⁸ Taylor, *The Habsburg Monarchy, 1809-1918*, 112.

and that is to end the oversupply of money and tie it to metal value. The central bank would also have to simultaneously change its policies and be decentralized. Branches of the central bank do not provide sufficient funds (5-6 times more would be needed), and the bank does not know the needs which it is supposed to cater to, a consequence of too great centralization. He also points out that institutions such as *Crédit Mobilier* are merely concentrations of big capital and will place their investment in industrial or public bonds and speculation.¹⁸⁹

Menyhért Lónyay took over many of Dessewffy's arguments and formulated a more thorough and stinging critique. He can be considered the financial expert of the Hungarian political elite and would be the first finance minister of Hungary and later prime minister (with short tenure due to a corruption scandal). Lónyay states that Austrians may believe that they are bringing benefits to the "backward, barbarian Hungary" but the system of neoabsolutism is killing all economic initiative. After mentioning the often used topos that Hungary's backwardness was to be explained by the fact that it was treated as a "colony" by the Austrians who intentionally wanted to prevent the material wellbeing of an independent-minded state, he continued that under neoabsolutism belated compensation for landlords, introduction of foreign laws unsuitable for the country, instability of the currency, heavy taxes, passive trade balance, flow of interest payments outside of the country, and lessening of capital formation due to deficits were hampering growth. The positive aspects are the abolition of internal customs and railroad construction, but this is also undercut by the state that did little to stimulate agriculture, especially wine, that could be an important export item. Furthermore, railroad companies existed before 1848, and numerous would have

¹⁸⁹ Emil Dessewffy, *Über die schwebenden oesterreichischen Finanzfragen* (Pest, Vienna, Leipzig: Verlag von C.A. Hartleben, 1856), 1–3, 10, 32, 91–92.

emerged after without external help under conditions more favorable to the national interests. With the exception of Mongol and Turkish campaigns, security of property and person have not been in a worse condition. The education of population was made impossible due to use of foreign language. Judiciary is less efficient in many areas. Materially, the land had regressed, with the landlord class burdened with debt and usury, and with taxes crowding out private investment. To make matters worse, the state is wasteful with the enormous taxes it raises, using much of the revenues to deal with high deficits.¹⁹⁰ Like Dessewffy, he argued that agricultural credit institutions with cheaper credit needed to be set up and the state should turn to solid finances.¹⁹¹ Communications also need to be improved. Bontoux, employed first by the *Staatsbahn* and later *Südbahn*, argued in an influential study for a connection to Trieste.¹⁹² Lónyay opposed this argument by pointing out that it was inconceivable for an empire of 36 million to have only one port. Fiume needs to be connected to Hungary.¹⁹³ But the main cause of Hungarian difficult position is, Lónyay concludes, that those with contrary interests to the development of Hungary are exercising decisive influence over it.¹⁹⁴ To Lónyay it was self-governance that was the basis of material progress.¹⁹⁵ Neoabsolutism was thus inherently incapable of furthering it. This was also one of the main criticisms of Ferenc Deák, the leader of what was to become the party that made the Settlement: the fact that the neoabsolutist form of state is contrary to economic development.¹⁹⁶

¹⁹⁰ Menyhért Lónyay, *Közügyekről. A nemzetgazdászati újabb dolgozatok* [On Public Affairs. Newer Works in Political Economy] (Pest: Károly Osterlamm, 1863), 33, 44; Menyhért Lónyay, *Nevezetesebb országgyűlési beszédei* [Famous Parliamentary Speeches] (Pest: Ráth Mór, 1870), 1–20.

¹⁹¹ Lónyay, *Közügyekről. A nemzetgazdászati újabb dolgozatok*, 32–42, 57.

¹⁹² M.F. Bontoux, “La Hongrie et l’alimentation de l’Europe,” *Revue des deux mondes* 36 (December 1861): 477.

¹⁹³ Lónyay, *Közügyekről. A nemzetgazdászati újabb dolgozatok*, 229.

¹⁹⁴ Lónyay, *Közügyekről. A nemzetgazdászati újabb dolgozatok*, 247.

¹⁹⁵ Lónyay, *Közügyekről. A nemzetgazdászati újabb dolgozatok*, 13–14.

¹⁹⁶ Béla Sarlós, *Deák és a kiegyezés* [Deák and the Settlement] (Budapest: Gondolat, 1987), 29.

However, while Hungarians were complaining about the neoabsolutist regime of accumulation, this period in Hungary is also characterized by a growing sense of optimism underpinned by a solid performance of the Hungarian economy. After a few difficult years caused by the removal of extra-economic coercion in a relatively sparsely populated country and a substantial increase in land taxes (of around 4 times), Hungarian agriculture picked up pace. One of the main factors was railway construction, which greatly benefited especially western Hungary.¹⁹⁷ A striking feature of neoabsolutist railroad planning is that it almost completely corresponded with the plans of the Hungarian Reform Era as many lines went through Pest,¹⁹⁸ where a successful milling industry was developing based on the previous accumulations of merchant capital.¹⁹⁹ Hungarian credit institution, despite Schmerling's skepticism who feared greater autonomy of Hungary, came into existence in 1862.²⁰⁰ Considering the lack of labor, Hungarian agriculture had a more modern character, with a greater importance of machinery and steam engines.²⁰¹ Sándor Konak, an author of a statistical overview of Hungary, argued that Hungary was well-positioned to become a "granary of Europe". And Tokai wine was already "world-renowned".²⁰² Gyula Schnierer, in his book on custom reform in the Monarchy, praised the virtue of free trade and represented Hungary as an integral part of an ever more interconnected world market:

Our steamships bring commodities to the furthest reaches of the world, and our railroads will overcome the greatest distances. European goods are sent to the

¹⁹⁷ Brandt, *Der österreichische Neoabsolutismus*, 1:406.

¹⁹⁸ Ágnes Deák, *From Habsburg Neoabsolutism to the Compromise 1849 - 1867* (Boulder, Colo: Social Science Monographs, 2008), 128.

¹⁹⁹ Brandt, *Der österreichische Neoabsolutismus*, 1978, 1:386–87.

²⁰⁰ Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865*, 3: 406.

²⁰¹ Sándor Konek, *A magyar korona országainak statisztikai kézikönyve [The Statistical Handbook of the Countries of the Hungarian Crown]* (Pest: Gusztáv Heckenast, 1865), 148; Brandt, *Der österreichische Neoabsolutismus*, 1:323.

²⁰² Konek, *A magyar korona országainak statisztikai kézikönyve*, 168, 180.

Abyssinian mountain passes, along the Missouri toys from Nurnberg and Czech glass beads are gladly bought, while Hungarian (Fiume) flour is sent to Hong Kong and arrives at the Chinese table.²⁰³

While economic development could bring confidence to Hungarian resistance, that resistance was now of a different kind. The growing economic interdependence, noted Schnierer, also brings greater political one.²⁰⁴ The victory of free tradism in economics was also a sign of defeat of a more revolutionary politics that was expressed in protectionism. A significant shift in the political orientation became evident after the issuing of the Diploma. At first, the situation appeared unfavorable to rapprochement between Vienna and Pest. The the so-called Resolution Party led by László Teleki, as it favored a resolution and not an address to the king, was in the majority in the 1861 Diet. The party also had a better standing with the nationalities than the Address Party of Ferenc Deák. Yet matters soon went downhill for leftist politics. Teleki broke down and committed suicide. Kálmán Tisza, who with Kálmán Ghyczy was to lead the party, was not as willing to confront Vienna. Deák's party thus carried the day.²⁰⁵ The left received another blow when the Italian government, contrary to Kossuth's wishes, published his Danubian Confederation program next year. The confederation would consist of Hungary, Croatia, Serbia and Romania (Transylvania would hold a referendum on its status). Capitals would rotate between members of the confederation. This was a more democratic version of the earlier plans he developed from the 1850s, even though the Confederation would not oblige members regarding form of

²⁰³ Gyula Schnierer, *A vámuigyreform Magyarország termelése szempontjából [Customs Reform from the Perspective of Hungarian Production]* (Pest: Károly Grill, 1866), 54–55.

²⁰⁴ Schnierer, *A vámuigyreform Magyarország termelése szempontjából*, 55, 66.

²⁰⁵ Szabad, *Hungarian Political Trends between the Revolution and the Compromise, (1849-1867)*, 104–5, 108–9, 155.

government. Yet it would proscribe protections of the nationalities.²⁰⁶ This plan was quite consistent with Kossuth's protectionism and the aim of doing away with development dependent on core countries. As Hungary was the most developed among the members, it could have been expected to have a considerable influence in the Confederation. The program was not well received in Hungary. As Macartney put it, the plan "had few charms for a people accustomed to pride itself on its Western traditions, and to regard its Balkan neighbours as unlettered barbarians..." Its publication led to a further shift to the right in Hungary.²⁰⁷ The willingness to compromise with Vienna became apparent in Deak's April 1865 article, the so-called Easter Article, where he strongly implied that 1848 Laws could be modified to ensure the unity of the empire, something that was anathema to the Left.²⁰⁸ It is worth noting that these words were written in the context of open disobedience of Hungarian counties, considerable tax arrears, and the still strong Left that wanted to severely limit the powers of the king and the connection between Hungary and Austria. There were also considerable geopolitical pressures, when it comes to Germany and Italy. The Court feared that a confrontation abroad could provoke an insurrection in Hungary. These conditions made Deak's offer appear very reasonable to the Court. Openness of Hungary to rapprochement and lack of its pacification in the context of instability in international relations sounded the death-knell of Schmerling's government. Accommodation with Hungary became a priority for the emperor/king.²⁰⁹ Importantly, a full-blown confrontation with this unruly province was never attempted. The regime never tried to organize elections in Hungary by bypassing the Hungarian Diet although that would

²⁰⁶ Szabad, *Hungarian Political Trends between the Revolution and the Compromise, (1849-1867)*, 72, 126-129.

²⁰⁷ Macartney, *The Habsburg Empire, 1790-1918*, 537.

²⁰⁸ Szabad, *Hungarian Political Trends between the Revolution and the Compromise, (1849-1867)*, 147.

²⁰⁹ Macartney, *The Habsburg Empire, 1790-1918*, 536-37.

have been in accordance with the Patent. This was partly so because Francis Joseph promised the Hungarians it would not happen.²¹⁰ In this way, the Schmerling regime was always limited by the absolutist powers of the emperor.

Connected to the absolutist powers of the emperor was the weakness of the government in the economically core areas of the Monarchy. The government did not rely on a strong party organization or presence in the civil society. Although it had significant support in the narrow *Reichsrat* - excluding Hungary - of around two thirds of members, its relationship with most of them was becoming more antagonistic with the passage of time. Its most solid support came from Lower Austria and Moravia. Eduard Herbst's German Bohemian group supported the government but expected stronger constitutional rule and ministerial responsibility (which it would not get). Then there were the autonomists from less dynamic areas of Upper Austria and Styria led by Kaiserfeld and Rechbauer, favoring, as the name suggests, provincial autonomy and opposing bureaucratic uniformity.²¹¹ The government itself was not willing or capable to rely on a new form of power that the capitalist society offered it. Schmerling's reflection on power reveal a crude concept quite at odds with any notion of hegemony. Every liberal critique of the regime was an attack without any "tact" with the only motivation being for his enemies to "make themselves popular".²¹² The minister of finance's idea to name the *Reichsrat Reichstag*, was scornfully explained by Schmerling as merely "echo of different journals".²¹³ Any notion of a hegemonic politics was clearly absent. Only power drives between different centers of political life mattered.

²¹⁰ Eisenmann, *Le compromis austro-hongrois de 1867*, 331.

²¹¹ Somogyi, *Vom Zentralismus zum Dualismus*, 15–18.

²¹² Höbelt, *Österreichs Weg zur konstitutionellen Monarchie*, 89.

²¹³ Höbelt, *Österreichs Weg zur konstitutionellen Monarchie*, 67.

The point of the game was to subject the one to the other, as his reference to Bismarck shows:

We have seen recently in Germany that out of a constitution that entails the most liberal stipulations, namely the one for Prussia, a pure game of force developed and a single minister, despite the constitution, rules so absolutely as if there were no constitution. From this it follows, that one must treat a constitution with a grain of salt...between the parties in dispute, the government and the parliament, there is no other judge than power. In the end, what decides in the struggle is only power. If the government is more powerful and can rely on any other factor than the parliament, it will take no note of parliament. If the parliaments are more powerful, they have the power in their hand and can force the government to yield to their postulates.²¹⁴

Not really a theorist of hegemony. Moreover, Schmerling, while discussing Bismarck, does not explain on what other factors he himself could have relied on to augment the power of the government. Bismarck could create something akin to a “national-popular” moment that was absent in Schmerling.²¹⁵ He could agree with Lassalle on the “magic recipe” of universal suffrage.²¹⁶ The kind of politics he introduced cannot not be equated with the one of Schmerling. Bismarck could manipulate the party system with a new form of politics while Schmerling was constrained by a more absolutist system which he could not change.

Schmerling’s government, the first half-hearted attempt at parliamentary life in Austria, thus suffered from the lethal flaw of not building a hegemonic bloc even within the core areas of the empire. Only an alliance which would have involved Bohemia

²¹⁴ Höbelt, *Österreichs Weg zur konstitutionellen Monarchie*, 92.

²¹⁵ Gramsci, *Selections from the Prison Notebooks*, 113.

²¹⁶ Jonathan Steinberg, *Bismarck: A Life* (Oxford University Press, 2011), 203–5.

would have provided a hegemonic politics in the core of sufficient weight. However, a wider alliance was blocked not merely by the absolutist powers of the emperor and an authoritarian character of the regime but also by chauvinism of the German bourgeoisie. These tendencies were mutually reinforcing itself, in a dialectic between absolutism and liberalism. Many rights of the nationalities that were to become commonplace later were considered too much at the time. However weak a hegemony in the rest of the empire was rendered impossible. Any hegemonic strategy had to provide autonomy for the cultural development of nationalities to exercise it. Strong centralization was the opposite of a hegemonic strategy. It was not seen as bringing the same “cultural and legal framework”, to repeat Anderson’s phrase, but rather as a system of national oppression. Any such alliance would have been a difficult heteroclite bloc with the German bourgeoisie at its core supported by parts of aristocracy, gentry, minorities and the slowly emerging middle class on the periphery. Such a hegemonic bloc including the nationalities could have brought the desired result of subjugating Hungary, in which the Hungarians were a minority. A bit of maneuvering in the case of Transylvania could not compensate for these massive deficiencies. The same year that the Transylvanians came others started to leave the *Reichsrat*. First the Czechs and then the Poles too. In the end, even the German liberals started to question the wisdom of having an assembly with very limited powers. Schmerling never delivered on ministerial responsibility. By 1865 it was clear that the government lost support of the German liberals. The Lower House voted against a new credit in May and in June for the modification of the article on emergency legislation.²¹⁷ A new conservative government headed by Belcredi was appointed.

²¹⁷ Somogyi, *Vom Zentralismus zum Dualismus*, 37.

But, of course, this also brings up the question of the limitations of liberal ideology in that period. How much of a heteroclit class bloc would have been ideologically “digestible” by the then rather authoritarian liberal politics? Hungarian politicians heavily criticized the decision to lower the census in Transylvania in order to enable the Romanian population to participate in politics. Esterházy stated that the new Transylvanian Diet would be based on the lower classes, on the masses, and would neglect landed property, trade and industry.²¹⁸ Forgách, the Hungarian Chancellor, warned of the propertyless mob.²¹⁹ In the most important publication of the Hungarian conservatives the political empowerment of lower classes was considered “dangerous”.²²⁰ These social layers, it was argued, could not help to solve the Hungarian question nor strengthen the *Reichsrath*:

Let us assume that the government succeeds to form the Hungarian Lower House from Slovakian, Ruthenian, Serbian, and even Hungarian peasants, priests and pastors, and the Upper House from some still available Bach’s dignitaries. Would the Hungarian Diet really make one step further in the solution of the Hungarian question after such a farce? Would the reputation of the *Reichsrath* really be improved and strengthened, when in it Slovakian, Hungarian, Wallachian and Serbian Litwinowicze [priests] would appear with their bannerettes?²²¹

²¹⁸ Albert Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865 [The Age of Absolutism in Hungary]*, vol. 4 (Budapest: Franklin, 1937), 65.

²¹⁹ Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865*, 3: 381.

²²⁰ Von einem Ungarn, *Drei Jahre Verfassungstreit. Beiträge zur jüngsten Geschichte Oesterreichs* (Leipzig: F.A. Brockhaus, 1864), 199.

²²¹ Von einem Ungarn, *Drei Jahre Verfassungstreit*, 204. Litwinowicze is a synecdoche for the priests of the nationalities in general as it refers to Spiridion Litwinowicz, the Greek Catholic Archbishop of Lviv and a member of the Austrian Upper House.

While conservative politicians articulated these views, they pointed out rather well the contradiction between the allegedly liberal political program and the reliance on lower classes, a reliance that was not much in evidence in Austria. This contradiction could have potentially been overcome by a turn to the left, which would have brought about a more coherent political project. It is, however, unclear whether liberalism was too weak ideologically to sustain such a contradictory bloc because not even liberalism was consistently introduced in Austria. This problem can thus be only registered without any firmer conclusion being made.

The second, connected issue, is the one of the partial reorganization of the Monarchy along national lines and the necessity of centralization due to the apparently centrifugal forces of nationalism. The government was motivated to introduce a highly centralized regime in Hungary, thus punishing both enemies and allies, because, argues Ágnes Deák, it reached a conclusion that it can no longer rely on the local aristocracy but also that other national movements are antithetical to the stability of the empire and supporting them might mean going against the principle of national equality.²²² Furthermore, the framework of the existing crownlands, however unpractical at times, was the only viable one for the Monarchy's survival as it did not accept the principle that nations should have a territorial form of organization. Indeed, a fully federalized Austria neglecting the border between Austria and Hungary, would lead to dissolution, argue both Robert Kann and Gerald Stourzh.²²³ The latter claim may be true, but still leaves a lot of room for maneuver in policies *vis-à-vis* nationalities. In fact, it was the neoabsolutist regime itself that experimented mightily during this period. Transylvania was not part of Hungary, and then it was. Medimurje/ Muraköz was given to Croatia

²²² Deák, *From Habsburg Neoabsolutism to the Compromise 1849-1867*, 66–67.

²²³ Gerald Stourzh, *From Vienna to Chicago and Back: Essays on Intellectual History and Political Thought in Europe and America* (Chicago: University of Chicago Press, 2007), 151.

and then returned to Hungary. More importantly, the Serbs received a completely new territorial unit (in which they were in fact a minority), and this too was then abolished as part of an attempt to conciliate Hungary. Furthermore, strengthening the Yugoslavs could have been done on the basis of the Croatian medieval state. The Czechs could resort to the same historical argument in the case of Bohemia (indeed, Francis Joseph did indicate, when a deal with the Czechs was considered, that he would be crowned king of Bohemia). However, these reforms went against the framework of centralizing absolutism. And even those changes that were seemingly positive, like the unit for the Serbs, were, aside from the fact that Serbs were a minority, dubious as absolutism gave little room for self-government. Furthermore, the regime was quite inconsistent in its application of centralization. For the Italian provinces were not subjected to it.²²⁴ However, the Italian regions of the Monarchy were hardly immune to national agitation. Indeed, they were one of the centers of a revolutionary upsurge in 1848. On the other hand, those nationalities aligned with the Habsburgs had to undergo direct rule from Vienna.

Comparing the Habsburg passive revolution with those of its major competitors at the time, an inevitable conclusion is that in the Austrian empire the most passive of the passive revolutions took place. Coercion, despite some minor changes, always heavily outweighed persuasion. To argue that other states were also undergoing revolutions from above underestimates the singularity of the Habsburg experience. Napoleon III's main difference with Francis Joseph is that his form of rule was far more based on modern political mobilizations than anything Francis Joseph was capable of. Has there ever been a plebiscite on anything in the Monarchy? There was no "sack of potatoes", in Marx's famous formula, that Francis Joseph could wield against political

²²⁴ Macartney, *The Habsburg Empire, 1790-1918*, 444.

opposition.²²⁵ And although quick decision-making and stability that the Napoleon III's authoritarian regime brought about was seen as advantageous by business groups and the middle class, the farce at the head of France saw British institutions as the model to be emulated.²²⁶ As Immanuel Wallerstein points out, if one focuses too much on the Caesarist (Bonapartist) moment of the regime, one might neglect its essentially centrist character.²²⁷ The regime itself initiated liberal reforms from the position of strength in 1860s, and due to pressure from opposition afterwards. The new liberal empire emerging at the very end of the reign seems to have been accepted by a substantial part of civil society, including many in the opposition.²²⁸ Prussia also made strides in accommodating the state to the requirements of capital accumulation while expanding the functions of the state and “de-absolutizing” it. More policing powers were given to the nobility and the state tried to build a quasi-hegemonic bloc that relied on incorporating the *Bürgertum* and the peasantry, and isolating the working class. The King was forced to accept a Constitution, and dreamed of reissuing it as a patent,²²⁹ something that was common practice to Francis Joseph. And can one imagine a Bismarck in the Habsburg Monarchy? However authoritarian Bismarck might have been, he rose through the ranks in political competition and was the head of government much more powerful than anything that was possible in Austria at the time. And which Austrian prime minister suggested universal suffrage in the 19th century, however much a political maneuver it was?

²²⁵ Karl Marx, “Der achtzehnte brumaire des Louis Bonaparte,” in *Karl/Marx-Friderich Engels-Werke*, 8 (Berlin/DDR: Dietz Verlag, 1972), 198.

²²⁶ Roger Price, *The French Second Empire: An Anatomy of Political Power* (Cambridge University Press, 2001), 49–50, 210, 249–250.

²²⁷ Wallerstein, *Centrist Liberalism Triumphant, 1789/1914*, 92–93.

²²⁸ Price, *The French Second Empire*, 397–98.

²²⁹ Barclay, *Frederick William IV and the Prussian Monarchy, 1840-1861*, 222, 282, 240, 218–219, 241–42, 260–265.

The common denominator of all the different attempts at governing the Austrian empire in this period is the great leeway given to the emperor, also the explanation for the sometimes rapid succession of different forms of government. The Monarchy was in a different political universe from its main opponents at the time. The Habsburg state was able to pacify social forces in the core areas that opposed openly absolutist rule with its flirtation with constitutionalism and economic progress but not fully mobilize them and thus augment its power, let alone achieve the consent of the subalterns, because its absolutist core remained largely intact. It is precisely this “feudal” character of the Habsburg state, deeply rooted in medieval political economy and ideology that made it disposed to accept the universal ideology of capitalism. Both the land-grabbing political economy of the first and the free flow of factors of production of the second had an in-built universalism. But they were of a different kind. While in the first case universalism rested on the rather uniform sociology of feudalism and the need to conquer new territories to extract limited surpluses, the latter was inhibited by uneven development inherent to capitalism. While the former could be partly transposed into the latter, they were in the end incompatible. The Austrian state’s relationship towards social forces thus remained highly ambiguous, latching onto any that might provide it with the highest level of autonomy in foreign affairs and provide stability, in whatever sufficiently authoritarian form, at home. And while the dynasty was closest to its German population it still towered well above it. This hardly made it ready to tackle the challenges of governance that far surpassed those of its competitors, who were building nation-states and were thus to a lesser extent forced to swim against the tide. As Perry Anderson argues, in their case no need for a firm grasp of historical change was needed as their task was simply to channel ongoing processes to their favor:

With the onset of industrial capitalism in the 19th century, the greatest statesmen of reaction were characteristically those who proved able to steer major transformations of State by calculated exploitation of social or economic forces beyond the purview of the traditional optic of politics. Cavour, Bismarck and Ito were the supreme exemplars of this major enlargement of the pattern of conscious superordination. But their lucidity remained operational rather than structural. None possessed any general vision of historical development, and the work of each ended in ulterior debacle, consummated by 20th century successors—Mussolini, Hitler and the Showa adventurers—who mistook their legacy as a lesson in the efficacy of a voluntarism without restraint. The cult of political will without social sight ended in near class suicide for German, Italian and Japanese capital in the Second World War. The record of this dementia is a reminder of how far a monopoly of political power is from a mastery of historical process.²³⁰

And how much dementia could the autonomy of the absolutist state bring about, operating in a more challenging political environment? The Habsburg Monarchy faced a task of a different order: devising a modern formula for a multinational state while simultaneously limiting the power of the main factor keeping it together—the emperor. Both a cause of seeming stability and in the last analysis, assuming development of national consciousness as given, the most powerful factor of dissolution, the emperor, relying on the resources of the empire as a whole, faced no local social force that was able to make of him less of an obstacle to a more modern political life that would have provided the only long-term basis of stability. He was certainly not ready to encourage a new form of pan-imperial politics that would have left his absolutist authority crippled. A merely reactive form of politics became the only possibility. This element

²³⁰ Perry Anderson, *Arguments within English Marxism* (London: NLB, 1980), 24.

of absolutism alongside the Hungarian revolution are major parts of the puzzle when it comes to explaining the Settlement. Changes in international relations are the third.

2.4. The international and the coming of dualism

The international situation of the Monarchy was quite precarious as the conflict with Prussia became ever more significant and the Russian ally was to be lost. Furthermore, as already mentioned, Habsburg budgets were marked by chronic deficits in mid-19th century mainly due to military expenditures. The geopolitical thus entered directly into the rhythms of the “Habsburg world-economy”. Indeed, only when it accepted its expulsion from both Italy and Germany did the Monarchy achieve stability in state finances. Shooting wars were really too much for her, as Scott Eddie stated.²³¹ There was thus a contradiction between the development of the social formation and foreign policy ambitions of the Monarchy, which then further exacerbated the developmental problems in the Monarchy in a vicious cycle.

But this contradiction needs to be historicized, as it was a function of not only the ever-greater importance of capital in conducting warfare, but also of the collapse of the post-Napoleonic settlement. From a pillar of the European international system, the Monarchy was turning into a problem, confronting several state actors directly and losing support of others. While the post-Napoleonic order inflated the power of the Monarchy, being in accordance with the political system of the Monarchy, so did changes to it have the opposite effect, exacerbating the contradictions of the Monarchy’s social and political order. The “crowning accomplishment” of Metternich, as Henry Kissinger put it, the identification of “the domestic legitimizing principle of Austria

²³¹ Eddie, “Economic Policy and Economic Development in Austria-Hungary, 1867-1913,” 857.

with that of the international order” came under serious strain.²³² The Crimean War might be considered a sea change, not only because of the disastrous effect it had on state finances, but also because the Monarchy found herself isolated in the international arena, unable to choose a side. This might be reflective of the problem inherent in choosing the right side in a changing international environment, but it also had to do with an idea of a social order the Monarchy was supposed to embody, vacillating between a full-blown commitment to capital accumulation and some “liberalism”, which would imply a war against Russia, and a conservative commitment to a dying social order, implying an alliance with Russia. The Monarchy, characteristically, refused to choose. The greatest loss in terms of alliance politics was that of Russia, an ally in crushing the Hungarian revolution (although its help was not absolutely necessary) and, importantly, an ally in reining in Prussia.²³³ Russia had forced Prussia not to pursue hegemony in Germany by threatening “to march into Prussia unless she yielded,”²³⁴ and placed “four army corps in Poland on a war footing” to make the threat real enough.²³⁵ After the Crimean War, Austria could no longer rely on that assistance.

Monarchy’s drive to assert herself in international relations was naturally not merely a realistic assessment conforming to a balancing logic in the international system, as realist IR would have it, but was deeply imbricated in the self-perception of the Monarchy as a great power and the necessity to defend imperial “honor”, reflective of the importance of the vestiges of a pre-capitalist order in the Monarchy. The fact that these ambitions might have led to an overstretch was not up for discussion. This state was, as A.J.P Taylor argued, “an organization for conducting foreign policy”,²³⁶ much

²³² Henry Kissinger, *A World Restored* (London: Victor Gollancz, 1973), 83.

²³³ Hugh Seton-Watson, *The Russian Empire, 1801-1917* (Oxford: Clarendon Press, 1990), 316.

²³⁴ Macartney, *The Habsburg Empire, 1790-1918*, 436.

²³⁵ Seton-Watson, *The Russian Empire, 1801-1917*, 316.

²³⁶ Taylor, *The Habsburg Monarchy, 1809-1918*, 7.

more so than its competitors in the international arena. The foreign minister was the first minister and the emperor was adamant that foreign policy had to remain autonomous from any control by an elected assembly. Franz Joseph was, as R.J.W. Evans stresses, perhaps the last monarch who actually believed he had been anointed by God,²³⁷ and this rootedness in a feudal ideology, kept alive by the autonomy of the summit of the state from the society below it, meant that the Monarchy would not yield territory, at least not without a fight, and that great power politics in foreign affairs had to be pursued until it became simply impossible to do so.

This pursuit of great power politics implied not only great costs on the state budget and thus indirectly lesser capital accumulation, but also the objectives themselves were sometimes considered contrary to the interests of Austrian capital, as for example the Monarchy's German policy. Austrian industry feared entering the *Zollverein*, as it was afraid that it would not be able to withstand the competition of its German counterparts.²³⁸ Considering that Prussia's/Germany's record of economic performance in the 19th century is quite impressive, these fears do not seem to have been baseless. While this policy had some "modern", Listian arguments behind it, the legacy of the Holy Roman Empire and great power politics were certainly not negligible factors, although it is perhaps exaggerated to claim, as Eddie does, that the German policy of the Monarchy was merely "an economic expedient undertaken for a political end".²³⁹ But for Francis Joseph himself, the main objective was to don the crown that, through *translatio imperii*, carried with it the legacy of the Roman Empire.²⁴⁰ Be that

²³⁷ R.J.W. Evans, *Austria, Hungary, and the Habsburgs: Essays on Central Europe c.1683-1867* (Oxford; New York: Oxford University Press, 2006), 270.

²³⁸ Klaus Koch, "Österreich und der deutsche Zollverein (1848-1871)," in *Die Habsburgermonarchie im System der internationalen Beziehungen*, edited by Adam Wandruszka and Peter Urbanitsch, vol. 6/1 (Vienna: VÖAW, 1989), 541.

²³⁹ Eddie, "Economic Policy and Economic Development in Austria-Hungary, 1867-1913," 826.

²⁴⁰ Eisenmann, *Le compromis austro-hongrois de 1867*, 385.

as it may, what is important to recognize is that alongside the potential contradiction between state managers and capitalist enterprises that shapes the security interests of capitalist states, one might add, in the period when states themselves were still being transformed to conform fully to the logic of capital accumulation, the contradiction between pre-capitalist impulses for territorial aggrandizement surviving within the state apparatus and clashing with the logic of “modern” state actors. And whatever the decisive factor was, the ever-greater closeness to Germany had some unpleasant implications for the internal relations of Austria. As we have already seen, a Listian political economy was aimed at a strong German nation that could be placed on the same level of development as Britain by building a strong internal market. This outcome was quite horrendous to the non-German nationalities of Austria as it implied their dependence and potential subjugation to Germany, a point already made by Kossuth. Indeed, these fears could at least partly be reinforced by reading the works of Julius Fröbel, one of the most important advisers in Vienna on the reform of the German *Bund*.²⁴¹ A former revolutionary who was sentenced to death in 1848 and emigrated to United States, Fröbel argued that the Holy Alliance was disintegrating and the German Confederation had to be reformed on a federal basis.²⁴² Stressing the allegedly hostile environment Germans found themselves in, Fröbel saw in stronger connections with Germany perhaps the only viable way for Austria to continue with its civilizing mission. The lack of such a bond might leave Austria too weak to fulfill her role in Southeastern Europe, and she might, oh the horror, succumb to domination of the Slavs and Magyars, to the Eastern *Rohheit*.²⁴³ Schmerling’s government pursued a strategy of hegemony in Germany, which is is a partial explanation of its “liberalism” as only a more liberal

²⁴¹ Lothar Höbelt, ed., *Österreichs Weg zur konstitutionellen Monarchie*, 234–237.

²⁴² Julius Fröbel, *Oesterreich und die Umgestaltung des deutschen Bundes* (C. Gerold’s Sohn, 1862), 14–15, 45–48.

²⁴³ Fröbel, *Oesterreich und die Umgestaltung des deutschen Bundes*, 40–41.

Austria could have a chance of being the most important power in Germany (conversely, Schwarzenberg's dictatorial policy at home was partly based on the belief that only a centralized and unified Monarchy would be able to assert itself in Germany). But this then led to a contradiction between the universal language of development and strong reliance on the German element and greater involvement of Austria in the German Confederation. Indeed, Austria had to appear even more German than Prussia, especially since it was accused that it is trying to “drown Germany in its filthy Slav porridge”.²⁴⁴ At the same time, it wanted to incorporate territories that were not part of the German Confederation into its security umbrella. In case of war in Venice or Hungary, Germany would then have to stand together with the Monarchy and guarantee her possessions.²⁴⁵ But *Schwartz-Rot-Gold* flags hanging from Viennese poles did not have quite the same political potential in the Monarchy as *Schwarz-Gelb* did.²⁴⁶

All these efforts, however, proved in vain and clash with Prussia (and Italy) could not be avoided. The defeat against Prussia, formerly an underdog in the German Confederation, was quite unexpected. Many assumed, for example Friderich Engels, the Berlin stock exchange, and France, to name a few interested parties mentioned by Michael Mann,²⁴⁷ that the Habsburg Monarchy would emerge victorious, even as it had to divert a substantial number of troops to fight Italy in the South. And the German bourgeoisie in Austria wanted a war in 1866. They not only despised Bismarck, but also thought that their political project would be strengthened after a victory against Prussia.²⁴⁸ Using any purely “material” explanation to explain the outcome of the conflict seems problematic. When it comes to modern technology, Austria was, if

²⁴⁴ Eisenmann, *Le compromis austro-hongrois de 1867*, 270.

²⁴⁵ Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865*, 4 :52.

²⁴⁶ Macartney, *The Habsburg Empire, 1790-1918*, 534.

²⁴⁷ Mann, *The Sources of Social Power*, 309.

²⁴⁸ Somogyi, *Vom Zentralismus zum Dualismus*, 56.

anything, ahead, having better artillery at her disposal, perhaps the best in Europe at the time, according to one military historian.²⁴⁹ But Austria did not have the needle gun, deciding against what was considered an unreliable and costly weapon, it probably had lower morale and nothing like the Prussian General Staff; the easy command in Italy was given to a member of the dynasty, which should not have been defeated on the battlefield (even though Franz Joseph made it somewhat difficult to keep this myth alive after his disastrous command in Italy in 1859), while Benedek, with extensive experience in Italy, was sent to lead the imperial army against Prussia. As Chris Clark concludes: “Industrial power thus mattered less than politics and military culture.”²⁵⁰ This is not to say that material conditions did not matter. They did. The military had to live in the wonderland of austerity with its budget halved, which meant, among other things, that its soldiers were not properly trained, in stark contrast to Prussia.²⁵¹ However, other factors should be brought in as well.

One fascinating aspect of the difference in politics and culture is the Austrian decision to fight a war in Italy even though the decision had already been made to cede the territory regardless of the outcome. Many authors, including revisionist historians, agree that it was imperial honor that was decisive in informing that decision.²⁵² Alan Sked’s somewhat bitter passage on this and foreign policy in general aimed at those praising the virtues of traditional Austrian diplomacy is worth quoting as Sked is far from those who believe that the Monarchy was a doomed state:

²⁴⁹ Richard Bassett, *For God and Kaiser: The Imperial Austrian Army, 1619-1918* (New Haven: Yale University Press, 2015), 328.

²⁵⁰ Christopher M. Clark, *Iron Kingdom: The Rise and Downfall of Prussia, 1600-1947* (Cambridge, Mass: Belknap Press of Harvard University Press, 2006), 536.

²⁵¹ Bassett, *For God and Kaiser*, 312, 325.

²⁵² Heinrich Friedjung, *The Struggle for Supremacy in Germany, 1859-1866* (London: Macmillan, 1935), 237; Alan Sked, *The Decline and Fall of the Habsburg Empire, 1815-1918* (London/New York: Longman, 1992), 181; Bassett, *For God and Kaiser*, 331.

This [i.e. the decision to fight in Italy] was a manoeuvre whose cynicism easily matched anything that Bismarck or Cavour had been capable of. It was also a blunder in military terms-the troops could have been used in Bohemia. In the last resort, however, the real question at stake in Austria's refusal to compromise was neither diplomatic strategy nor military preparedness, but simply the Emperor's honour. This is why men had to die in Italy; this was why Benedek was given the (risky) Bohemian command rather than Archduke Albrecht; and this was why he was pressured into fighting at Sadowa and treated so miserably afterwards by those responsible. Imperial honour demanded that no territory be surrendered without a fight; theories concerning European interests or principles as opposed to Realpolitik are merely excuses and rationalizations. And imperial honour, for those who died needlessly defending it, had no higher moral worth than the *Realpolitik*.²⁵³

Interestingly, this is a region that, Komlosy argues, was not considered a "key" province.²⁵⁴ Why then were troops committed to such a relatively unimportant territory that could be sold for a nice sum to Italy and chances of defeat against Prussia increased?²⁵⁵ Uneven and combined development is applicable in this case only if more broadly conceived as encompassing the totality of society.²⁵⁶ Such blunders are only intelligible when the political system of the Monarchy is taken into consideration. The monarch's honor was the central part of the political system and the maintenance of that honor had to be paid by some blunders and irrationalities.

²⁵³ Sked, *The Decline and Fall of the Habsburg Empire, 1815-1918*, 181.

²⁵⁴ Komlosy, "Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy," 33.

²⁵⁵ Italy was willing to buy Venice for 400 million florins: Macartney, *The Habsburg Empire, 1790-1918*, 542.

²⁵⁶ Davidson, *How Revolutionary Were the Bourgeois Revolutions?*, 299-300.

After the defeat, the Settlement soon followed. What is vital to understand is that the Hungarians negotiated with their king. The Settlement was made with him, not the German bourgeoisie.²⁵⁷ Only after the deal was made with Hungary was it presented for ratification in Vienna. Recent interpretations that stress the strength of Austrian liberals simply ignore the intersocietal in the Monarchy and thus overly exaggerate the strength of the liberals.²⁵⁸ This position is problematic for two reasons. The first is that there is no translation of the supposed strength of the liberals into concrete outcome. The state was not reformed according to their wishes before 1867. Second, if the liberals were indeed a powerful force in Austrian policy it is rather surprising that the *Reichsrath* was not even consulted on the most important internal political negotiations of the period. The new government headed by Belcredi did not want Schmerling's *Reichsrat* to discuss the Settlement, but rather an extraordinary body composed of the Diets, which would make it more conservative.²⁵⁹ The emperor had suspended the February Patent in 1865 with the purpose of negotiating with Hungary. However, as László Péter pointed out, the new government "promised that the *Landtage* would be consulted over any settlement. That never happened."²⁶⁰ Furthermore, although the Austrian liberals became convinced that a liberal Hungary was a condition for a liberal Austria and were quite hopeful about the potential rapprochement with Hungary and thus the strengthening of the constitutional life in Austria, Deák was not ready to cooperate with them. This was in accordance with the Pragmatic Sanction and Deák also did not want

²⁵⁷ Éva Somogyi, "A dualizmus államrendszere. Negyven év után a kiegyezésről [The Dualist State System. Forty Years Later on the Settlement]," in *A Monarchia kora-ma [The Age of Monarchy Today]*, ed. András Gerő (Budapest: ÚMK, 2007), 119.

²⁵⁸ Judson, *Exclusive Revolutionaries*; Judson, *The Habsburg Empire: A New History*; Kwan, *Liberalism and the Habsburg Monarchy, 1861-1895*; Jonathan Kwan, "Austro-German Liberalism and the Coming of the 1867 Compromise: 'Politics Again in Flux,'" *Austrian History Yearbook* 44 (2013): 62–87, <https://doi.org/10.1017/S0067237813000076>.

²⁵⁹ Somogyi, *Vom Zentralismus zum Dualismus. Der Weg der deutschösterreichischen Liberalen zum Ausgleich von 1867*, 83.

²⁶⁰ László Péter, *Hungary's Long Nineteenth Century: Constitutional and Democratic Traditions in a European Perspective: Collected Studies* (Leiden ; Boston: Brill, 2012), 264.

to alienate the king by involving himself with the Austrian liberals.²⁶¹ In the end, the Austrian liberals got the assurances they needed. Hungarian Law XII of 1867 stipulates that the condition for the Settlement is constitutional life in the other parts of the Monarchy. Beust, who took over the negotiations from Belcredi and became the new head of government, stated in the Lower House of the *Reichsrath* on 4 June, that the constitution was the price for the Settlement.²⁶² It was this dualist arrangement, as Peter Judson acknowledges, rather than the strength of Austrian liberals, that preserved the constitution from any substantial changes since Hungarians had to accept them.²⁶³ This relationship hardly resembles that of a dominant core and a subservient periphery that Komlosy invokes to describe the political economy of the Monarchy.²⁶⁴ Indeed, these very notions are rendered problematic.

The theory of uneven and combined development can explain this outcome better. As Justin Rosenberg argues “... paradoxical inversions are generic to the process of U&CD. They express the ways in which intersocietal causality disrupts expectations based on unilinear interpretations of historical process.”²⁶⁵ Indeed, uneven and combined development provides a theoretical solution to the age-old problem of the non-correspondence between the base and superstructure as the intersocietal interferes in that relationship as an additional sphere of determinations. Furthermore, the intersocietal is also evident in the fact that Germany and Hungary had an objective interest in defending the Compromise. It is perhaps exaggerated to say that Prussian domination of Germany and Hungarian oversized role in the Monarchy were both

²⁶¹ Somogyi, *Vom Zentralismus zum Dualismus*, 53.

²⁶² Somogyi, *Vom Zentralismus zum Dualismus*, 105.

²⁶³ Judson, *Exclusive Revolutionaries*, 141.

²⁶⁴ Komlosy, *Grenze und ungleiche regionale Entwicklung*, 15.

²⁶⁵ Rosenberg, “Kenneth Waltz and Leon Trotsky,” 217.

equally the “product of Bismarck”, as A.J.P. Taylor claimed,²⁶⁶ but that they were interdependent seems evident.

²⁶⁶ Taylor, *The Habsburg Monarchy, 1809-1918*, 124.

3. Croatia before 1848

This chapter first examines Rudolf Bićanić's account of the transition to capitalism in Croatia, the most important contribution to this problematic in Croatian historiography. I argue that Bićanić does not provide an adequate explanation of the Croatian transition to capitalism because he employs a stageist argument and lays too great an emphasis on the Austrian tariff policy to explain Croatia's underdevelopment, thus neglecting the limitations on development imposed by social property relations. I offer a new interpretation of the political economy of pre-48 Croatia and Hungary by focusing on feudal social property relations. I argue that it was the nature of these property relations that placed rigid limits on Croatian and Hungarian development. I reject the thesis that their backwardness is explicable by Austrian tariff policy as property relations themselves would have, regardless of the tariff policy, strongly contributed to generating backwardness. On the other hand, I point out that the focus of historians on colonial policy of Austria blinded them to significant transfer of value from the Military Frontier. I employ the concept of de-development for the Frontier, as opposed to underdevelopment in Croatia and Hungary, to contrast the agency of the Austrian state in the Frontier and that of the feudal lords in Croatia as explaining socioeconomic stagnation.

With reference to discussion of Hungary in chapter 2, the chapter contributes a new account of the Croatian discourse of political economy. For Bićanić and other Croatian historians, it was important to demonstrate that the Croatian national movement (Illyrianism) included advocates of the abolition of feudal social property relations. They claimed that the Illyrians not only attempted to overcome feudalism but also articulated an industrial policy. However, by closely examining the major texts of

political economy, I maintain that neither of these claims can be sustained. Lastly, contrary to earlier interpretations, I argue that the class position of the Croatian gentry does not explain the absence of a political movement that would have aimed to do away with extra-economic coercion. The Hungarian gentry was in a very similar class position and yet was instrumental for the transition to capitalism. The difference in the political behavior of these classes primarily stems from the fact that Croatia had a much smaller territorial container at its disposal.

3.1 Rudolf Bićanić on the transition to capitalism in Croatia-Slavonia¹

As most of the accounts of 19th century Croatian political economy are based in modernization theory,² a theoretically grounded account of the transition to capitalism

¹ A clarification of the term “Croatia” is required. Croatia can refer to the entire territory of the Croatian Kingdom at the time, including the region of Slavonia and the Military Frontier. It can also refer to Dalmatia in the nominal sense only, as Dalmatia, although theoretically part of the Croatian Kingdom, was never administratively joined with Croatia until the end of the Monarchy. However, the term Croatia is often used to refer to only three central counties (*županija*) of Croatia: Zagreb, Križevac, Varaždin (rendered in Croatian in an adjectival form: *Zagrebačka županija*, *Križevačka županija*, *Varaždinska županija*). We can ignore the short-lived county of Severin. The Croatian Diet (*Sabor*) sent its delegates to the Hungarian Diet in Budapest from only these three counties. Slavonia, although part of the Croatian Kingdom, was effectively incorporated into Hungary in 1745 after the county system was established there few decades after the territory was conquered from the Ottoman Empire. It paid the Hungarian tax rate, which was higher than the Croatian one, and directly sent its representative to the Hungarian Diet, bypassing the *Sabor*. The counties of Slavonia are: Požega, Virovitica, Srijem (in Croatian *Požeška županija*, *Virovitička županija*, *Srijemska županija*). Thus, the expressions “Croatia proper” or “narrow Croatia” will be used to refer to the three central counties represented in the *Sabor*. If the word Croatia is not in any way modified, it will refer to both Croatia and Slavonia. Croatia and Slavonia are often joined with a hyphen. When they are so joined- Croatia-Slavonia- then clearly, I am referring to both areas. This, however, is not the end of difficulties. There was also the territory of the Military Frontier. It was called *Vojna Krajina* in Croatian and *Militärgrenze* in German. The soldiers were called *krajšnici/Grenzers*. This territory had been, over a protracted and complicated process, taken out of the territory of the Croatian Kingdom and subjected to Austria (first to the archduke in Graz and later to the central authorities in Vienna as the absolutist state was becoming ever more centralized). Although there are several possible classifications, here I will use the division of Croatian and Slavonian Frontier if that distinction will have to be made, the first organized in mid-18th century into eight regiments, the second into three. The term Croatian Frontier may also be used to refer to both of these Frontiers. It will be clear from the context in which sense the term is used. The Military Frontier as a whole reached eastern Transylvania. The Croatian-Slavonian Military Frontier was a vast territory approximating almost 45 percent of the territory of Croatia and had a somewhat smaller population than the six counties of Croatia and Slavonia. In 1857 Croatia and Slavonia had 851 516 and the Frontier, excluding the Petrovaradin regiment, 674.864: Iskra Iveljić, *Od prosvijećenog apsolutizma do 1848. godine [From Enlightened Absolutism until 1848]* (Zagreb: Leykam, 2010), 15–21; Ivana Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije [The Development of Administration and Public Offices of Civil Croatia in the Reign of Maria Theresa]* (Zagreb: Unpublished PhD dissertation, 2009), 31–32. Croatia is often referred to in Croatian historiography as *banska Hrvatska*, *civilna Hrvatska* and *građanska Hrvatska*. These can be translated as *ban’s Croatia*, *civilian Croatia* and *bourgeois Croatia*. *Ban* was the head of Croatia and thus the term *ban’s Croatia* was used as most of the Military Frontier, save for Ban’s Frontier (*Banska Krajina*), which was part of the Croatian Military Frontier, was outside their jurisdiction. The term “bourgeois” is eschewed of late and it thus might be inappropriate to use the term to translate “građanska”, which would be perfectly acceptable in some contexts. What many authors wish to convey by this is the existence of civil society (and capitalism which makes such society possible). Furthermore, even in earlier works, there are titles using the term “građanska” over a period of both feudal and capitalist social system or the transition period between the two and the capitalist society as well. Thus, I might at times resort to the problematic term “Civil Croatia” to translate “građanska” in order to retain the terminological peculiarities of Croatian historiography, which has the benefit of containing a reference to both “civilian” and “civil society”.

² Igor Karaman, *Privreda i društvo Hrvatske u 19. stoljeću [Economy and Society in 19th Century Croatia]*, (Zagreb: Školska knjiga, 1972); Igor Karaman, *Privredni život banske Hrvatske od 1700. do 1850 [Economic Life of Civilian Croatia from 1700. to 1850]* (Zagreb: Sveučilišna naklada Liber, 1989); Igor Karaman, *Hrvatska na pragu modernizacije: (1750-1918) [Croatia on the Threshold of Modernization: (1750-1918)]* (Zagreb: Naklada Ljevak, 2000); Mirjana Gross, *Počeci moderne Hrvatske: Neoapsolutizam u civilnoj Hrvatskoj i Slavoniji 1850-1860 [The Beginning of Modern Croatia:*

is largely absent. These accounts suffer from the same problems discussed in chapter 2 regarding the transition to capitalism in the Habsburg Monarchy in general and Hungary in particular and need not be repeated here. The attempt by Rudolf Bićanić to provide a Marxist interpretation of the transition to capitalism in Croatia thus remains, roughly 70 years later, unsurpassed, as it treats the transition as a problematic to be tackled. Any work that aims to provide an alternative interpretation needs to engage with Bićanić's highly influential and singular contribution.

Bićanić referred to Marx, Lenin and Maurice Dobb to introduce manufacture as a specific period in the development of capitalism. He argued that manufacture is a transitional form of production between handicrafts characteristic of feudalism and machinery characteristic of industrial capitalism. Aside from being a period in the development of capitalism, Bićanić considered it also distinguished by the fact that feudalism is dominant, and capitalism is emerging, while manufacture is dominant over other modes of capitalist production.³ However, although manufacture is undermining the existing mode of production, the productivity in manufacture is still insufficient to overcome it. In a paradoxical formulation, although “crushing” feudal relations of production, manufacture was in no position to change them. This was the task of industrial production.⁴

Neoapsolutism in Civil Croatia and Slavonia 1850-1860 (Zagreb: Globus : Centar za povijesne znanosti Sveučilišta u Zagrebu, Odjel za hrvatsku povijest, 1985); Mirjana Gross, *Prema hrvatskome građanskom društvu: Društveni razvoj u civilnoj Hrvatskoj i Slavoniji šezdesetih i sedamdesetih godina 19. stoljeća* [Towards Croatian Civil Society: Social Development in Civil Croatia and Slavonia in the 1860s and 1870s] (Zagreb: Globus, 1992); Vladimir Stipetić, *Dva stoljeća razvoja hrvatskoga gospodarstva: (1820.-2005.)* [Two Centuries of Croatian Economic Development: (1820.-2005.)] (Zagreb: Hrvatska akademija znanost i umjetnosti, Razred za društvene znanosti, 2012).

³ Rudolf Bićanić, *Doba manufakture u Hrvatskoj i Slavoniji: (1750-1860)* [Period of Manufacture in Croatia and Slavonia (1750-1860)] (Zagreb: Izdavački zavod Jugoslavenske akademije znanosti i umjetnosti, 1951) 2.

⁴ Bićanić, *Doba manufakture*, 3.

Bićanić relied on a definition of capitalism that does not contain a developed notion of relations of production. Feudalism is defined as a “*sum*” of economic units which are operating in the conditions of a natural economy. Capitalism on the other hand is a “*system* of economic units, connected via the process of social production, i.e. territorial division of labor. In it, the single unit depends on the other, and so they exchange their products on the market.”⁵ Manufacture plays a key role in furthering the development of this social production, leading to the formation of a national market.⁶ Although implicitly linking social division of labor in society with the division of labor within the economic units, these potential connections are not discussed while relations of production under feudalism are marginalized. But for Marx, the formation of the national market is based on the dialectics between social division of labor and economic units that continually cut costs as a result of competitive accumulation based on wage labor. Indeed, the division of labor in manufacture is to Marx *a result* of the capitalist mode of production, of an already achieved level of division of labor.⁷ Manufacture is benefiting from the creation of the world market and the colonial system, processes forming a part of primitive accumulation. But a crucial aspect of primitive accumulation was the formation of wage labor,⁸ a point that Dobb refers to as well.⁹ Without it, capitalist production cannot take place. Bićanić appears to have ignored these aspects of Marx’s argument. They would seem to pose the question of how manufacture potentially led to different results in areas that did not have capitalist relations of production as its development was hindered by different social property relations. Indeed, Bićanić himself undermined his conceptualization of manufacture when he

⁵ Bićanić, *Doba manufakture*, 10-11

⁶ Bićanić, *Doba manufakture*, 11, 179.

⁷ Karl Marx, *Capital: A Critique of Political Economy*, vol. 1 (London: Penguin Books, 1990), 480, 473.

⁸ Marx, *Capital*, 1:875.

⁹ Maurice Dobb, *Studies in the Development of Capitalism*, Revised edition (New York: International Publishers), 223.

argued that manufacture was a dominant form of capitalist production in 17th century England, which already had capitalist relations of production.¹⁰ This argument is also at odds with the one that it was the industrial revolution which had to introduce capitalism. How was then England capitalist before it?

The expected results of the period of manufacture as conceptualized as Bićanić could be summarized as follows. The transition to capitalism should have followed the path of ever greater dominance of manufacture, which brought in ever more labor from the feudal sector and generated ever greater demand. A whole new capitalist system emerged alongside feudalism and when sufficiently developed, as expressed in the existence of a national market of interconnected economic units, it overthrew feudalism and replaced it with relations of production more conducive to the development of productive forces, potentially in a revolution led by the national bourgeoisie.

Yet there is barely a trace of these developments in Bićanić's account of the Croatian transition to capitalism. Indeed, almost at the very outset, Bićanić himself states that manufacture was merely a "baroque façade" consisting of "the refinery of colonial sugar, silk production and the making of oak staves for the export of French wine". Behind this façade lay the reality of feudalism and serfdom.¹¹ Such a major discrepancy between the conception of capitalist development and the reality of Croatian political economy required an explanation as to why capitalism was incapable of bringing about social change in line with Bićanić's conception of capitalist development.

¹⁰ Bićanić, *Doba manufakture*, 3.

¹¹ Bićanić, *Doba manufakture*, 4.

One strategy Bićanić employs to account for this deviation from the supposedly natural path of development is to introduce an external agency that prevented capitalism from flourishing in Croatia. That external agency is Austrian absolutism. From the relatively benevolent rulers of Bićanić's interwar writings, Habsburgs now bear the brunt of criticism for Croatia's underdevelopment, and indeed greatly resemble interwar Serbia.¹² Through their customs policy they have reduced both Hungary and Croatia to "colonies".¹³ Although the local nobility was not in the position to pay taxes as it presided over a social formation at a lower level of development than regions in Austria, this mattered little to Habsburgs who imposed a higher tariff on Croatian and Hungarian agricultural products to compensate for the unwillingness of the local nobility to pay taxes. Perhaps most importantly, they had introduced even higher tariffs on the exports of manufactured products from Hungary and Croatia to the western parts of the monarchy, substantially hindering development of manufacturing.¹⁴ Bićanić went as far as to state that the development of Rijeka, a free port with a solid manufacturing base, demonstrates well how Austrian tariffs were "suffocating" similar developments in the rest of Croatia.¹⁵ As I will show later in the chapter, this argument neglects the weight of feudal social property relations on Croatia's development. Societies with feudal social property relations can have their own inbuilt limits to development and exogenous factors need not be invoked to explain their poor record of development.

Local agencies are too taken to task. Capitalists were incompetent, leaving the exploitation of forests to foreign capital, in relation to which they played a "second- and

¹² Rudolf Bićanić, "Ekonomska podloga hrvatskog pitanja [The Economic Base of the Croatian Questions]," in *Economic Base and Other Works*, ed. Ivo Bićanić and Uroš Dujšin (Zagreb: Organizator-Pravni Fakultet, 1995), 23–25.

¹³ Bićanić, *Doba manufakture*, 191, 231.

¹⁴ Bićanić, *Doba manufakture*, 196–203.

¹⁵ Bićanić, *Doba manufakture*, 225.

third-class role”.¹⁶ Even though some gained a level of independence, local merchants were essentially agents of foreign firms. Unable to comprehend the changing times, they were swept away in the period of industrial revolution.¹⁷ The landlords receive a treatment that seems to cover the entire gamut of possible arguments. At times, they are engaging in capitalist production simply by the virtue of participating in “world competition”, even though the estates of Croatian nobles are not productive enough to withstand the pressure of other peripheral producers (Egypt, Russia, Romanian Principalities).¹⁸ They sometimes use a “combination” of the organization of labor in manufacture with serf labor. But they are also mere “unnecessary parasites” after the transition to capitalism, using the profits for their own consumption, with only few transitioning to “agrarian industry”.¹⁹ In other places, the very notion of the existence of large estates seem synonymous with “feudal organization.”²⁰

There is another interpretative strategy that Bićanić resorts to and that is to account for the underdevelopment in Croatia by a shift in the characterization of capitalist development:

Capitalism exhibits in Croatia during the period of pre-industrial manufacturing its basic contradiction of expansion of production, and reduction in the expenditure basis. The capitalist mode of production spreads more to the production of iron for exports, rather than on manufacturing scythes, hoes and axes; on exporting staves, and not on making wooden furniture; on export of flour and pasta, while the flour for domestic usage is grinded in village mills. Capital is invested in the production of silk

¹⁶ Bićanić, *Doba manufakture*, 227.

¹⁷ Bićanić, *Doba manufakture*, 119, 349-350.

¹⁸ Rudolf Bićanić, *Počeci kapitalizma u hrvatskoj ekonomici i politici [The Beginnings of Capitalism in Croatian Economy and Politics]* (Zagreb: Školska knjiga, 1952), 71–73, 79–80.

¹⁹ Bićanić, *Doba manufakture*, 248.

²⁰ Bićanić, *Doba manufakture*, 292.

for export, and not in the production of flax and hemp for local consumption. Capitalists produce colonial sugar, and not domestic honey; potash, and not salt from the sea for home consumers, who suffer from salt shortages.²¹

Bićanić tries to support his argument by a reference to Lenin, who seems to argue for exactly the opposite, stating that capitalism would develop a home market.²² Perhaps the transition to industrial production, equated by Bićanić with the capitalist mode of production, would remedy this situation. Yet Bićanić is again forced to state the opposite. Once more, capitalist production serves the foreign market-but now to an even greater extent.²³ Aside from being a significant departure from the notion of capitalist development introduced at the beginning of *The Period of Manufacture*, this conception begs the question where those external markets are to be found if this is characteristic of capitalist societies in general. Bićanić thus vacillates between two incompatible versions of capitalist development. They can, however, be reconciled by leaving the confines of the nation-state as the unit of analysis and turning our eyes to the totality of the capitalist world-system. This perspective was already present in Lenin, whom Bićanić heavily relied on. According to Lenin, capitalism was marked by uneven development where the core areas of the world-system dominate the peripheral ones, with an intermediary layer of countries like Russia that could partially emulate Western societies but not recreate their social structures. By the late 19th century the path to core development was closed off to most countries of the world-system.²⁴ These insights were, of course, further developed in world-systems analysis. Remaining in the

²¹ Bićanić, *Doba manufakture*, 183.

²² Bićanić, *Doba manufakture*, 183; V.I. Lenin, *Collected Works. Vol 3. The Development of Capitalism in Russia.*, 4th ed. (Moscow: Progress Publishers, 1977), 37–38, 69.

²³ Bićanić, *Doba manufakture*, 225–226.

²⁴ Davidson, *We Cannot Escape History*, 163–67.

framework of the nation-state and committed to a stageist argument, Bićanić could not reconcile these different developmental paths within the capitalist world-system.

Considering these problematic aspects of Bićanić's argument, it is not surprising that he does not explain the actual change to the new mode of production as he cannot find the social forces that led the transition to a new society. Stageism again proves to be a significant obstacle to an adequate interpretation. Bićanić sometimes suggests that there was an increasing share of wage labor and that the process of primitive accumulation was occurring on the land, without weaving these elements into a thesis on transition.²⁵ Towns that were supposed to have developed manufacture are not mentioned as particularly relevant for the process of transition.²⁶ And the Croatian nobility was conservative because of small plots, bad land and competition from Hungary and Slavonia.²⁷ However, although he notes that the Croatian national movement, as well as Yugoslavism, lacked a material basis and was dominated by weak merchant capital, Bićanić still argues that the Illyrian movement should be seen as an attempt to create a national market.²⁸

To summarize, Bićanić's conception of capitalist development is problematic and inconsistent, leading to contradictions in his account. More specifically, Bićanić does not provide an explanation of the Croatian transition to capitalism due to a stageist argument and lays too great an emphasis on the Austrian tariff policy to explain Croatia's underdevelopment, thus neglecting the limitations on development imposed by social property relations. In the following I offer a novel interpretation of the political economy of pre-48 Croatia by focusing on feudal social property relations. I argue that

²⁵ Bićanić, *Počeci kapitalizma*, 89, 94-95.

²⁶ Bićanić, *Doba manufakture*, 7.

²⁷ Bićanić, *Počeci kapitalizma*, 120.

²⁸ Bićanić, *Doba manufakture*, 11-12.

it was the nature of these property relations that placed rigid limits on Croatian development.

3.2. The market and feudal social property relations: refeudalization

The political economy of pre-1848 Croatia-Slavonia resembles to a great extent the general developmental pattern of Eastern Europe. For much of the fifteenth and the beginning of the sixteenth century there was a transition to the money rent, growth in trade and urbanization. Twenty-five percent of the population of Slavonia lived in small trading townlets, and between fifty and seventy percent of them came into existence in that period. The landlords had an interest in gaining a secure income with no need for supervision and peasants could hope to achieve greater incomes by selling their products on the market, with wine and pig rearing being especially profitable. Peasants had little difficulty moving from feudal estates until 1514 and could buy and sell property.²⁹ Croatian scholars, including Bićanić, had seen signs of “early capitalism” in this period.³⁰ Had this development continued there was indeed a possibility of a slow transition to capitalism as ever greater market participation of peasant households within the petty commodity mode of production could lead to capitalism, as the example of the US demonstrates.³¹ Croatia-Slavonia could have ended up with a robust internal market and high levels of development.

²⁹ Josip Adamček, “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj u 16. i 17. stoljeću [Economic-Social Development in Northwestern Croatia in the 16th and 17th Century],” in *Društveni razvoj u Hrvatskoj (od 16. stoljeća do početka 20. stoljeća)* [Social Development in Croatia from the 16th to the Beginning of the 20th Century], ed. Mirjana Gross (Zagreb: Sveučilišna naklada Liber, 1981), 15–17.

³⁰ Adamček, “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj,” 19; Josip Adamček, *Seljačka buna 1573. [1573 Peasant Rebellion]* (Donja Stubica: Odbor za proslavu 400 godišnjice Seljačke bune 1573, 1968), 121–22; Bićanić, *Počeci kapitalizma*, 11, 21.

³¹ Amin, *Unequal Development. An Essay on the Social Formations of Peripheral Capitalism*, 365.

The argument that this was a manifestation of early capitalism is, however, mistaken as it neglects the class relations of feudal society and the international context. These developments were firmly embedded in feudal social property relations. And this nature of social property relations was a major obstacle to the development of capitalism. As Robert Brenner argues, nominal changes in the position of serfs cannot in themselves be considered a sign of changed social property relations:

Serfdom was a relationship of power which could be reversed, as it were, only in its own terms, through a change in the balance of class forces. Obviously, there might be periods when the enormous demand for land, and thus for tenancies...would allow the lords to take a very relaxed attitude towards peasant mobility (voluntarily easing restrictions on their villein tenants' movements) since they could always get replacements, quite often indeed on better terms. [But this] cannot legitimately be used to argue for the end, or the essential irrelevance, of peasant unfreedom. Serfdom can be said to end only when the lords' right and ability to control the peasantry, should they desire to do so, has been terminated.³²

The weight of social-property relations should not be considered absolute, as Brenner seems to argue, but there is no indication of the development of productive forces to an extent that would challenge that order either via the emergence of a class powerful enough to impose a different social order. Thus, when the arrangement based in the money rent became less agreeable to the feudal lords, they were in a position to change it as the balance of class forces was heavily in their favor, having at their disposal a private apparatus of coercion and, in the last instance, the power of the

³² Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe," 27.

absolutist state, which also would not have allowed the breaking up of feudal relations of production, a recourse to which, however, was not necessary.

The lords found that the arrangement was not anymore to their liking due to rises in prices. As inflation was eating up the value of the peasant's dues, the lords moved towards commuting those dues into rents in kind and, over time, to increased labor dues as well. As market opportunities could best be seized with the labor rent, this form of surplus extraction became most important by the 17th century. To this, lords could add many other privileges with which they could make maximum use of the new situation in the market and increase their share of the surplus: the right of first purchase, no tolls and customs for products from allodial lands, the right to sell wine in taverns, tolls on transport of goods through their territory and often the taking over of the tithe. With the right of first purchase they were eliminating a major competitor on the market and could resell the goods for several times higher amounts.³³ Peasant were not content with this state of affairs but their rebellions in the 16th, 17th and 18th centuries were successfully crushed. The causes of the rebellions differed. While the great peasant rebellion of 1573 was mostly motivated by the increase in the natural rent and exclusion from trade, by the seventeenth century it was the labor rent that stood in the forefront of class struggle.³⁴ Changes in the market thus led to the strengthening of feudal relations of production.

However, it was the aristocracy that mostly benefited from these developments. Comprising only 5-6 percent of all nobility, the aristocrats had at the beginning of the 16th century between 72 and 75 percent of all households and around 75 percent of

³³ Adamček, "Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj," 19-20, 30.

³⁴ Josip Adamček, "Seljačka buna 1573. [1573 Peasant Rebellion]," in *Društveni razvoj u Hrvatskoj (od 16. stoljeća do početka 20. stoljeća) [Social Development in Croatia from the 16th to the Beginning of the 20th Century]*, ed. Mirjana Gross (Zagreb: Sveučilišna naklada Liber, 1981), 41-42; Adamček, "Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj," 36.

land.³⁵ There was also a rise of *homines novi*, who joined the ranks of the great landlords from nobility. Their behavior demonstrates well the weight of social property relations. They tended to organize their estates more rationally (by overcoming scattered property structure) and to increase feudal exploitation.³⁶ Alongside the vertical conflict between the feudal lords and the serfs, there were also horizontal conflicts among the lords. Considering relative scarcity of labor, the lords, including those outside Croatia-Slavonia, tried to get serfs from other lords to increase their rent.³⁷ The aristocracy had also tried to enserf, with some success, the poorer nobility, a course of action that the Court did not find inappropriate as the poorer nobles could not fulfill their military duties and yet enjoyed noble privileges.³⁸

It is worth noting that there was nothing irrational about the process of refeudalization. This could be argued both from a Brennerian and a Wallersteinian perspective. Indeed, any rational agent in that environment inclined toward short-term increase in the share of surplus would have done the same as this was to be achieved through the mechanism of extra-economic coercion that was readily available to the landlords. Any “capitalist” course of action, if by this we understand competitive accumulation between enterprises, be they agrarian or industrial, employing wage labor, would have entailed a complete restructuring of all social relations, a course of action not available to any individual at the time regardless of their dispositions. Nonetheless, although the landlords did act rationally in accordance with short-term maximization of

³⁵ Adamček, “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj,” 21–23.

³⁶ Adamček, “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj,” 35.

³⁷ Josip Adamček, *Bune i otpori : Seljačke bune u Hrvatskoj u XVII Stoljeću [Rebellion and Resistance: Peasant Rebellions in 17th Century Croatia]* (Zagreb: Globus, 1987), 27; Nataša Štefanec, *Heretik Njegova Veličanstva: Povijest o Jurju IV. Zrinskom i njegovu rodu [His Majesty's Heretic: History of Juraj IV. Zrinski and His Family]* (Zagreb: Barbat, 2001), 42.

³⁸ Nada Klaić, *Društvena previranja i bune u Hrvatskoj u XVI i XVII Stoljeću [Social Turmoil and Rebellion in 16th and 17th Century Croatia]* (Beograd: Nolit, 1978), 59–60; Adamček, “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj”, 24.

surplus extraction, the prevailing social property relations within which they proceeded to do so placed a serious obstacle to developmental prospects of Croatia-Slavonia. Under this regime of property relations, regardless of participating or not participating in the world market, there was very little chance of development as the lords' manner of social reproduction was a curb on accumulation and innovation in production. Freed from the pressures of the market, lords were not forced to change much about the process of production as surpluses were available through the mechanism of extra-economic coercion. The Croatian and Slavonian lords exported their surpluses relying greatly on labor dues, but a significant part of the extracted surplus was made up of the natural rent.³⁹ Reaction to greater market opportunities mostly consisted in applying more heavily the instrument of extra-economic coercion and increasing the allodial lands.⁴⁰ Content with this state of affairs, Croatian and Slavonian landlords did little to change the backward nature of the Croatian economy. In accordance with what both Wallerstein and Benner would have us expect, they were content with a weak, small state that did not present a serious burden in terms of taxation.⁴¹ Whatever they wanted to purchase could be gotten abroad. Their interest in changing the lot of the country their estates found themselves in was minimal and partly in contradiction with their class interests.

³⁹ Igor Karaman, *Privreda i društvo Hrvatske u 19. stoljeću [Economy and Society in 19th Century Croatia]*, (Zagreb: Školska knjiga, 1972), 11–12.

⁴⁰ Igor Karaman, *Privredni život banske Hrvatske od 1700. do 1850 [Economic Life of Civilian Croatia from 1700. to 1850]*, (Zagreb: Sveučilišna naklada Liber, 1989), 23; Igor Karaman, "Ekonomске prilike u građanskoj Hrvatskoj i Slavoniji od 1815. do 1835. godine [Economic Conditions in Civil Croatia and Slavonia from 1815 to 1835]," in *Hrvatski Narodni Preporod-Ilirski Pokret [Croatian National Revival-The Illyrian Movement]*, by Jaroslav Šidak *et al* (Zagreb: Školska knjiga, 1990), 72; Josip Adamček, "Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st. [Economico-Social Development in Croatia and Slavonia in the 18th Century]," in *Društveni razvoj u Hrvatskoj (od 16. stoljeća do početka 20. stoljeća) (Social Development in Croatia from the 16th to the Beginning of the 20th Century)*, ed. Mirjana Gross (Zagreb: Sveučilišna naklada Liber, 1981), 64–65.

⁴¹ Wallerstein, *The Politics of the World-Economy*, 27–36; Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," 65–66.

As in Hungary, the gentry was in a different position. We have already seen that the great majority of land and serfs was controlled by the aristocracy. Indeed, by the end of the 18th century, the great majority of nobles had no serfs.⁴² This brings up the question of where the surplus came for their reproduction as a class. Unsurprisingly, the answer is the same as in Hungary: county offices. The gentry depended on state offices paid by county taxes and was in general far more important in political life than the aristocracy.⁴³ Only the nobility could hold public office (until 1844). Every three years the county assembly would meet to appoint the clerks of the county. The Lord Lieutenant (*župan*), head of the county, would suggest three applicants for the job and the county assembly would vote. As Tadija Smičklas, a 19th century historian, pointed out, the elections of county officials could lead to “tumultuous” county assemblies.⁴⁴ However, the Vice Lord Lieutenant, the representative of the gentry, was often the real head of the county. And even after the central government strengthened its position in Croatia by appointing Lord Lieutenants after county reorganization in 1759, it was hardly exceptional that the Vice Lord Lieutenant was more powerful and the Lord Lieutenants found it hard to control county officials.⁴⁵ In another parallel to Hungary, the better off gentry would usually get the county offices.⁴⁶ Top state jobs, including

⁴² Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji,” 59.

⁴³ Tade Smičklas, *Poviest Hrvatska. Dio drugi: od godine 1526-1848* [Croatian History. Part Two. From the Year 1526 until 1848] (Zagreb: Tiskom K. Albrechta, 1879), 373–74; Jaroslav Šidak, *Studije iz hrvatske povijesti XIX stoljeća* [Studies from the Croatian History of the 19th Century] (Zagreb: Sveučilište, Institut za hrvatsku povijest, 1973), 100; Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st. [Economic-Social Development in Croatia and Slavonia in the 18th Century],” 61; Mirjana Gross, “The Position of the Nobility in the Organization of the Elite in Northern Croatia at the End of the Nineteenth and the Beginning of the Twentieth Century,” in *The Nobility in Russia and Eastern Europe*, ed. Ivo Banac and Paul Bushkovitch (New Haven: Yale Concilium on International and Area Studies, 1983), 138–39; Karaman, *Privredni život Banske Hrvatske od 1700. do 1850* [Economic Life of Civilian Croatia from 1700. to 1850], 56; Iskra Iveljić, *Od prosvijećenog apsolutizma do 1848. godine*, 94.

⁴⁴ Smičklas, *Poviest Hrvatska. Dio drugi: od godine 1526-1848*, 374.

⁴⁵ Ivana Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije* (Zagreb: Unpublished PhD dissertation, 2009), 257–58, 288; Smičklas, *Poviest Hrvatska. Dio drugi: od godine 1526-1848*, 374.

⁴⁶ Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije*, 341. Unsurprisingly, as Horbec notes, the employment in the Croatian Kingdom was mostly determined by

the office of the *ban*, the head of Croatia, were naturally reserved for the aristocracy (most of them usually Hungarian aristocrats). The Croatian feudal classes in control of the state were not ready for a major intervention in social and economic life that would have reduced the excesses of feudal exploitation and pave the way towards economic development. Indeed, as we have seen, feudal exploitation and expansion of allodial lands continued unabated after the 16th century refeudalization.

Interventions in economic and social relations were thus left to the initiative of the central state. Careful to guard its tax base, the state regulated the relations between feudal lords and serfs by setting a limit on exploitation after the peasant rebellion in 1755 triggered by an increase in the feudal rent in conditions of the growth of prices in the world-economy. It was deemed to have reached a maximum bearable by the peasants. The central state decided to act after the vice *ban* Ivan Rauch and other reputable feudal lords, the so-called “gods of Croatia”, were “pacifying” the peasantry for two weeks, killing ten peasants with a sword, burning three to death and marking eleven with hot iron.⁴⁷ Furthermore, the Croatian Diet, the *Sabor*, did not intervene in feudal social relations in its 1756 session, prompting the court to substantially reorganize Croatia’s administration and to simply ignore the *Sabor* when it came to its reform agenda.⁴⁸ The Court weakened the *Sabor* by separating the title of the Lord Lieutenant in Zagreb and Križevac county from that of the function of the vice *ban* and, moreover, by administratively separating these counties from the *Sabor*, where, until this reform in 1756, the county officials were elected.⁴⁹ A new body, the Croatian Royal

family background and recommendations: Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije*, 329, 337–338.

⁴⁷ Karaman, *Privredni život Banske Hrvatske od 1700. do 1850 [Economic Life of Civilian Croatia from 1700 to 1850]*, 21–23.

⁴⁸ Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije*, 154–155.

⁴⁹ Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije*, 27–28, 143, 242.

Council, considered by some as the “first modern government” in Croatia, was formed in 1767. The *Sabor* did not approve its formation nor could it control it. It was to be merged with the Hungarian equivalent in 1779.⁵⁰ The court was motivated not only by the need to stabilize the social situation in Croatia by regulating the relation between lords and serfs but also by the need to raise taxes since Croatia effectively paid no war tax as it was used to pay for the Croatian officers’ wages in *Banska Krajina*, the part of the Military Frontier-the subject of the next section-that the Croatian Kingdom controlled.⁵¹ While in 1755 the regime tried to only prevent major excesses of feudal exploitation, the relations between lords and serfs were in the end substantially altered as the government imposed a limit on exploitation and forbade the expansion of allodial lands in 1780. Furthermore, peasant property was reorganized, with some plots increased, and some decreased in order to make the peasant households more viable. The labor rent was reduced, the others increased, but the total rent was still lower. It is worth adding that the *urbarium* still gave the lords the right to use serf labor above the labor rent if they paid the specified amount. And peasants were obligated to turn to the lords first to offer their labor.⁵²

There were notable differences in the social and economic development of Croatia and Slavonia. Before discussing the *urbarial* regulations in Slavonia, it is worth highlighting what was specific about Slavonia in relation to Croatia. Considering that virtually the entire gentry class was in Croatia, the size of the average estates was

⁵⁰ Horbec, *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije*, 39-41. The reformist impulse of this “modern government” seemed weak at times. When a commission on trade and the economy was formed as part of it, it soon became evident that it could do little as the proposed financial foundation based on 5 percent of state official’s wages was deemed too much of a burden by those who were supposed to contribute to it: Karaman, *Privredni život banske Hrvatske od 1700. do 1850*, 107.

⁵¹ Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st.,” 71; Karaman, *Privredni život Banske Hrvatske od 1700 do 1850*, 24; Horbec, *Razvoj uprave i javnih službi banske Hrvatske u vrijeme vladavine Marije Terezije*, 59–60.

⁵² Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st.,” 71-72.

substantially smaller than in Slavonia. However, even the larger estates (above 100 serf plots) were almost three times larger in Slavonia. And out of 11 super-large estates (above 400 plots), 8 of them were in Slavonia. When we compare all the large estates (42 in Croatia and 23 in Slavonia), it transpires that Slavonian estates had 86,9 percent of cottagers, 63,1 percent of serf families and 48,4 percent of the plots. However, Slavonian plots were 62,5 percent greater than those in Croatia.⁵³ Furthermore, Slavonian estates were much less scattered than Croatian ones.⁵⁴ This more advanced character of Slavonian estates has an important international dimension to it.

This territory had been under Ottoman control until the end of the 17th century. After Habsburg troops forced out the Ottomans, the Crown was the owner of land as most of the local nobility did not have proof of ownership. The land was thus given and sold to numerous loyal aristocrats of the Habsburgs, mostly from Austria and Hungary. Considering the dearth of labor in the hitherto Ottoman occupied territory and the interest of the king to have viable serf estates that could provide a tax and manpower base, plots were of greater size than in Croatia. And because a more efficient distribution of land was preferable, the estates were also more consolidated. Most of the aristocrats did not live on their estates and left them in the hands of an estate manager (usually German or Hungarian), a state of affairs that, at least on some estates, persisted into the 20th century.⁵⁵ The urbarial regulations there were introduced as early as 1737, but did not provide a much-needed labor rent to the landlords. This was done in 1756, enabling the exports to pick up. Landlords could also add the so-called “supererogated”

⁵³ Štefanija Popović, *Seljaštvo na vlastelinstvima u Hrvatskoj 1848. godine [Peasantry on Croatian Manors in 1848]* (Zagreb, 1993), 51, 61–63, 82–83, 86.

⁵⁴ Karaman, “Ekonomске prilike u građanskoj Hrvatskoj i Slavoniji od 1815. do 1835. godine,” 59; Popović, *Seljaštvo na vlastelinstvima u Hrvatskoj 1848. godine*, 97.

⁵⁵ Igor Karaman, *Valpovačko vlastelinstvo: Ekonomsko-historijska analiza [Valpovo Manor: Economico-Historical Analysis]* (Zagreb: PhD dissertation, 1959), 119.

labor, meaning labor for wage specified by the urbarium, which was much greater than the labor rent.⁵⁶

But even these more “modern” estates show well the rigidities of social-property relations, in a fashion comparable to the 16th century. Most indicative is the period of the Napoleonic boom, when grain prices were rising substantially. This change in the capitalist world-system had immediate consequences on social relations in Slavonia. The landlords wanted to make the best of this opportunity by increasing exploitation. In a timespan of just a few years, and regardless of the regulations in the urbarium, the labor rent went up by almost 100 percent on some estates. They have also tried to increase the size of the allodial land at the expense of the serfs. However, these measures were considered insufficient, and the landlords turned to the right of “supererogation”, which they used abundantly, using mid-18th century prices, which, as Rudolf Bićanić argues, meant a decrease of 40 percent by 1848.⁵⁷ These tendencies were not stopped after the Napoleonic boom, which triggered them, but rather continued relentlessly. Why? The period of crisis meant a drop in prices, and less was gotten with the same quantity of products. What should the landlords do in such a situation? They have to lower costs and/or try to increase their share of the market. As Immanuel Wallerstein points out, they can do this „by both using their combined political and economic power over the rural labourers to obtain an increase in the amount of *corvée*-labour...The large owner-producers can expand their share of the market merely by increasing *corvée*-labour (thus leaving the serfs less time for independent production for the market).“⁵⁸

⁵⁶ Karaman, “Ekonomске prilike u građanskoj Hrvatskoj i Slavoniji od 1815. do 1835. godine,” 60; Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st.,” 68, 72–73.

⁵⁷ Bićanić, *Počeci kapitalizma*, 90–92.

⁵⁸ Immanuel Wallerstein, “The ‘Crisis of the Seventeenth Century,’” *New Left Review* I, no. 110 (August 1978): 70.

And they may also increase their share of the land.⁵⁹ This description fits well the Croatian and Slavonian case.

Partial reliance on wage labor together with a much higher percentage of cottagers in Slavonia led Bićanić to conclude that capitalism was penetrating and undermining feudalism. This claim is (at least implicitly) connected to the fact that Slavonian, and for that matter Croatian, landlords had to compete on the world market and face the pressure of “world prices”.⁶⁰ Two confusions seem to be at play here. One is that participation in the world-market means that the society in question has capitalist relations of production, and the second one that an increase in wage labor means that capitalist relations of production are about to overtake feudal relations of production. This is problematic because participation in the world market need not at all lead to capitalist relations of production. Indeed, in both periods analyzed here, participation in the world market led to increased extra-economic coercion. Although this shows that the capitalist world-system is an important factor for the development of societies comprising it, many of those societies were nonetheless not based on wage labor. Second, while landlords did have recourse to wage labor at times of labor shortage, this tendency does not seem to have been nearly of sufficient strength to be described as amounting to some form of agrarian capitalism. Thus, although the larger estates were more than ready to employ cottagers and also accept the dissolution of extended families (*zadrugas*), when this suited them,⁶¹ they still remained heavily reliant on extra-economic coercion. As we shall see in the next chapter, after the abolition of extra-economic coercion, one of the main complaints of the landlords was the acute shortage of labor, an unsurprising development considering marginal importance of wage labor

⁵⁹ Immanuel Wallerstein, “The ‘Crisis of the Seventeenth Century,’” 70.

⁶⁰ Bićanić, *Počeci kapitalizma*, 89–92.

⁶¹ Popović, *Seljaštvo na vlastelinstvima u Hrvatskoj 1848. godine*, 59–60.

and reliance on extra-economic coercion. Had they relied on wage labor to a great extent before 1848, the transition to capitalism should not have presented any serious difficulties to the landlords. However, the opposite was the case.

Centuries of reliance on extra-economic coercion without continuous productivity increase left the lords badly prepared for increased competition in the world-system. For other peripheral producers too heeded the call of higher prices on the world market and were drawn by the possibility of importing high quality goods. By the 19th century the world-system expanded and there were more producers than at the time of the incorporation of Croatia into the capitalist world-system in the 16th century. When the Greek War of Independence ended, Russian products were making a comeback on the world market, and soon appeared as a serious competitor in Croatian harbors, penetrating the inland too (alongside the pressure of Egypt and Romanian Principalities, later in the century joined by very productive agricultures of US, Canada and Australia). This increased the importance of the internal market, and exposed Croatia to a more competitive Hungarian production.⁶² Contemporaries were highlighting in particular the growing pressure of exports from the port of Odessa, especially corn.⁶³ For Kossuth, it was almost unfathomable and the symptom of the dire state of transportation in Hungary “that even Fiume in great measure eats wheat from Odessa as it can get it cheaper than from the Hungarian homeland.”⁶⁴

All this is not to say that the society was in stasis and that no landlord attempted anything to improve the underdeveloped economy. Steam engines were introduced, for

⁶² Bićanić, *Počeci kapitalizma*, 146-147; Karaman, *Privreda i društvo Hrvatske u 19. stoljeću*, 16–17.

⁶³ John Paget, *Hungary and Transylvania; with Remarks on Their Condition, Social, Political, and Economical*, vol. 2 (London: John Murray, 1839), 592, 605; Miroslava Despot, “Franjo Ferdinand Šporer. Zagovornik gospodarskog napretka Hrvatske u vrijeme ilirizma [Franjo Ferdinand Šporer. An Advocate of the Economic Progress of Croatia in the Illyrian Period],” *Radovi*, no. 3 (1973): 244.

⁶⁴ Lajos Kossuth, *Kossuth gazdasági írásai [Kossuths's Economic Writings]*, ed. Zsuzsa Bekker (Budapest, 2002), 130.

example in sugar beet production.⁶⁵ There was the oft-mentioned glass production, especially in Osredek,⁶⁶ and numerous sawmills were used in wood manufacture, though a great majority did not have steam engines.⁶⁷ Textile production was in evidence too and manufacture in mining was present since the Late Middle Ages.⁶⁸ Not all agriculture was simply backward. István Széchenyi stressed the combination of the modern and backward in the political economy of Hungary as a whole:

Some of our landowners are ahead of their century and act as if they already live in 1901; others till their estates as it was customary in the time of Andrew the Second. Fields of one landowner look as if they were torn out of Belgium, the planes of another are so effaced that it would not be surprising to meet camels and dromedaries on them.⁶⁹

And Croatian geographer Dragutin Seljan wrote of the most modern means of production to be found in Banat.⁷⁰ But what prevailed? The century which split the atom or the age of the weak crusader king? The point is that the economy as a whole did not systematically develop productive forces throughout the centuries in the manner that core capitalist countries employing wage labor did. Without being under compulsion by the purchase of factors of production to continually cut costs in order to withstand the competition of other producers, the feudal lords were not engaging in such continuous, systematic, unavoidable efforts that those enterprises with wage labor had to pursue. Indeed, almost the inverse was true as the landlords reacted to increased opportunities

⁶⁵ Igor Karaman, *Industrijalizacija građanske Hrvatske: 1800-1941 [Industrialization of Civil Croatia: 1800-1941]*, (Zagreb: Naprijed, 1991), 37–38.

⁶⁶ Miroslava Despot, *Industrija građanske Hrvatske 1860-1873 [Industry of Civil Croatia 1860-1873]*, (Zagreb, 1970), 160–61.

⁶⁷ Bičanić, *Doba manufakture u Hrvatskoj i Slavoniji*, 116–117.

⁶⁸ Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st.,” 76–77.

⁶⁹ István Széchenyi, *Hitel [Credit]* (Pest: Péterozai Trattner J.M. és Károlyi István könyvnyomtató intézet, 1830), 80–81.

⁷⁰ Dragutin Seljan, *Zemljopis pokrajina ilirskih iliti ogledalo zemlje. Dio I: Pokrajine austrijsko-ilirske. [The Geography of Illyrian Provinces or the Mirror of the Land. Part One: Austro-Illyrian Provinces]* (Zagreb: Tiskom k.p. ilir. tiskarne Dra. Ljudevita Gaja, 1843), 138.

by greater recourse to extra-economic coercion, thus depriving peasants of time, energy and resources they could have devoted to managing their own plots. As Igor Karaman concluded, feudal estates in Croatia and Slavonia did not introduce “capitalist forms of production”.⁷¹

3.3. The red herring: colonial policy

Against this argument, Croatian and Hungarian historians stress the fact that the Austrian customs system was unfavorable to Croatia and Hungary.⁷² As we have already seen in the introduction to the chapter, Bićanić even talked of a “colonial policy” and claimed that Rijeka showed how well Croatia would have developed its own manufacturing base in the absence of discriminatory Austrian tariffs.⁷³ This is a proposition that is unchallenged in Croatian historiography. However extreme, Bićanić’s statement does open up a useful question. How would Croatian development, and for that matter Hungarian too, been different in the absence of Austrian tariffs? Although Bićanić’s argument may be appealing to Hungarian and Croatian historians, it is an argument that appears less convincing when placed under closer scrutiny.

The damage these areas incurred from tariffs needs to be related to the benefits they received in terms of taxation. For when it comes to taxes, Croatia and Hungary were paying relatively little. We can relate the data on taxation in other regions of the Monarchy in the 1840s to the Hungarian tax contribution in order to see how much the Hungarian Kingdom, excluding Transylvania which had a separate tax system, gained by paying a much lower land tax (in Hungary called the war tax) in relation to the total

⁷¹ Karaman, “Ekonomске prilike u građanskoj Hrvatskoj i Slavoniji od 1815. do 1835. godine,” 147–48.

⁷² Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st.,” 77; János Varga, *A Hungarian Quo Vadis: Political Trends and Theories of the Early 1840s* (Budapest: Akadémiai Kiadó, 1993), 152–53.

⁷³ Bićanić, *Doba manufakture*, 203, 225.

agricultural yield. When it comes to *per capita* taxation, Hungary was at around one third of Monarchy's average, both for direct taxes and for taxation in general. There was no other area of the Monarchy with such a low taxation.⁷⁴ Throughout the 1838-1848 period Hungary paid 4 283 288 forints for the land tax, which amounts to 4,2 per cent of the total yield.⁷⁵ If Hungary had had to pay the rate Galicia had, a province of the empire with a somewhat lower agricultural productivity⁷⁶ that paid 12,3 per cent of the total yield, it would have paid 12 850 439 forints, a difference of 8 567 151 forints. And this excludes some consumption taxes that Hungary did not pay at all or paid at a very low rate. We may now take the highest volume of trade between Austrian customs union and Hungary for the *Vormärz* period. The highest volume was reached in 1847. This procedure favors Hungary because it was supposed to incur the greatest damage in tariffs with the highest volume of trade and thus neglects the greater advantages it enjoyed in the preceding decades. Total tariffs in that year were 3 218 000 forints. Austria exported goods, mostly manufacturing, in the worth of around 57 million forints, while Hungarian exports, mostly agricultural products and raw materials, were worth 53 million forints.⁷⁷ Now, considering that tariffs on the exports of Austrian manufacturing were roughly the same as those on the exports on Hungarian

⁷⁴ *Tafeln zur Statistik der österreichischen Monarchie für das Jahr 1844*. (Vienna: Aus der kaiserlich-königlichen Hof- und Staats-Druckerei, 1848), not paginated, table „Staats Einnahmen und Ausgaben: Staats Brutto Einnahmen an directen und indirecten Abgaben und Vertheilung derselben nach Flächenraum und Bevölkerung.“

⁷⁵ *Statistik des Steuerwesens im österreichischen Kaiserstaate mit besonderer Berücksichtigung der directen Steuern und des Grundsteuer Katasters* (Vienna: Aus der kaiserlich-königlichen Hof- und Staats-Druckerei, 1858), 208–28; Harm-Hinrich Brandt, *Der österreichische Neoabsolutismus: Staatsfinanzen und Politik 1848-1860*, vol. 2 (Vandenhoeck und Ruprecht, 1978), 1083.

⁷⁶ Klemens Kaps, *Ungleiche Entwicklung in Central Europa. Galizien zwischen überregionaler Verflechtung und imperialer Politik (1772-1914)* (Vienna: Böhlau Verlag, 2015), 104, table 3.1; John Komlos, “Agricultural Productivity in America and Eastern Europe: A Comment,” *Journal of Economic History* XLVIII, no. 3 (1988): 657, table 1.

⁷⁷ Joseph Hain, *Handbuch der Statistik des österreichischen Kaiserstaates*, vol. 2 (Vienna: Tendler & Compagnie, 1853), 512–15. The publication of the Ministry of Finance gives a slightly different number: 3 156 632: *Statistik des Steuerwesens im österreichischen Kaiserstaate*, 282. I have taken the higher figure in order to favor Hungary in the analysis of the total fiscal burden.

agriculture,⁷⁸ one would expect an almost even distribution of the tariff burden. But let us assume that *all* the tariff payments were made by Hungary. Even in this case, it would have been left with a surplus of 5 349 151 forints, and this in a year of the highest volume of trade. Through the decades Hungary then enjoyed significant advantages in terms of fiscal burdens on its economy. The fact that the exporters paid a mild tariff pales in comparison with the massive advantages enjoyed under the system of very low taxation in general and no taxation at all for the nobles and aristocrats who exported their goods to the Austrian part of the Monarchy. This is even more so for narrow Croatia, which paid only half the tax rate of the Hungarian Kingdom.⁷⁹

The problematic nature of the argument that the tariff system was a major factor in the underdevelopment of Croatia becomes even more evident when we compare Croatia and Hungary with areas with very similar property relations whose exports were not hindered by tariffs. In Poland, the late medieval grain boom led to the greater use of extra-economic coercion as the nobility responded to increased market opportunities. The strengthening of serfdom resulted in disastrous consequences for Poland's development. Greater extraction of surpluses from the peasantry weakened the internal market, while the availability of free labor hindered innovations in agriculture. Tying the peasantry to the land undermined the development of cities and reduced the supply of labor. Although Poland's ruling class did naturally not introduce a tariff on its own exports, the manner of surplus extraction was so debilitating on development that the Polish landowners found it hard to respond to later increases in demand.⁸⁰ Indeed, with much lower population pressures than Western European countries, Poland was able to

⁷⁸ Bićanić, *Doba manufakture*, 200.

⁷⁹ Varga, *A Hungarian Quo Vadis*, 91.

⁸⁰ Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," 67–70; Robert A. Denemark and Kenneth P. Thomas, "The Brenner-Wallerstein Debate," *International Studies Quarterly* 32, no. 1 (1988): 47–65.

increase agricultural output by worker between 1500 and 1800 by around 5 per cent, almost nine times less than the English capitalist agriculture.⁸¹ Then there are the Romanian Principalities that gained access to the world market after the Treaty of Adrianople in 1829. As in Poland, the export to the world market led to increased use of extra-economic coercion. Here again the lack of tariffs did not prevent the Principalities from achieving a rather abysmal developmental record.⁸² And Boris Kagarlitsky gives a similar assessment of the Russian feudal economy integrated into the capitalist world-system:

Serf labour was relatively unproductive, but cheap, and could be extremely profitable so long as the market was more or less stable. When the need appeared for a sharp increase in labour productivity, however, the inefficiency of the serf system became apparent. This was clear both from the point of view of the landowners and in terms of the general developmental needs of the world system.⁸³

Fundamentally different developmental trajectories of (semi)peripheries that had capitalist social property relations provide additional support to the argument that social property relations have to be considered as decisive when discussing uneven development under capitalism when extra-economic coercion prevailed in many regions of the capitalist world-system. We may take the example of two peripheries that moved to the core at the time when Croatia and Hungary were being underdeveloped: the United States and Scotland. The GDP *per capita* of the then British colonies in America and the part of the Spanish empire that was to become Mexico was not very much apart at the beginning of the 18th century. Hundred years later the US became a

⁸¹ Robert Allen, "Economic Structure and Agricultural Productivity in Europe, 1300-1800," *European Review of Economic History* 4, no. 3 (2000): 20, table 8.

⁸² Perry Anderson, *Lineages of the Absolutist State* (London: Verso, 1986), 392.

⁸³ Boris Kagarlitsky, *Empire of the Periphery: Russia and the World System* (Pluto Press, 2007), 180.

far more developed country.⁸⁴ The difference between the future US and Eastern Europe also grew substantially even though both were peripheral producers in the early modern period. What differentiated the United States from Eastern Europe was the “empty” land conquered through massacre on which petty commodity production was established. By the period of our interest, mid-19th century, the United States, excluding the South, was a world apart from Eastern Europe in terms of economic development and would even begin to outcompete the region on the European market, despite enormous distances, as it was by then a fully capitalist economy. It is next to impossible to ignore the local relations of production and the development of a robust internal market when discussing the shift of the US to core position. Protectionist policies aided this, but they could only have worked due to the fact that the conditions for their positive effects were already there. This comparison becomes even more telling when we throw a glance at the American South, far and away inferior in terms of productivity growth, with very weak internal market, trapped in underdevelopment dictated greatly by a political economy that was detrimental to long-term prospects of the region.⁸⁵ Scotland also demonstrates how social property relations could have a major impact on a region’s developmental prospects. Still in mid-18th century, Scotland was a backward society.⁸⁶ However, when it was freed from feudal constraints and started to operate as a capitalist economy, it caught up with England as early as the beginning of the 19th century by borrowing the most advanced means of production.⁸⁷ The weight of social property relations is also evident within the Monarchy. Lombardy paid around thirty percent of its total agricultural production in taxes, much more than Hungary and Croatia that paid around

⁸⁴ David S. Landes, *The Wealth and Poverty of Nations: Why Some Are so Rich and Some so Poor* (London: Little, Brown, 1998), 292.

⁸⁵ Charles Post, *The American Road to Capitalism: Studies in Class-Structure, Economic Development and Political Conflict, 1620-1877* (Haymarket Books, 2012).

⁸⁶ Davidson, *The Origins of Scottish Nationhood*, 56.

⁸⁷ Davidson, *Discovering the Scottish Revolution 1692-1746*, 275.

seven times less, but was still far more developed than any region in Hungary. This was so because this Italian province had a developed capitalist agriculture by the end of the 18th century and its more dynamic economy could thus sustain much higher levels of taxation.⁸⁸ Then there is the already mentioned Galicia, which was not burdened by tariffs for exports to the Austrian core. If social property relations were not a major hindrance to growth while tariffs were a major factor inhibiting it, we would expect Galicia to achieve high productivity, at least in agriculture. However, as we have already seen, Galician agricultural productivity was below the Hungarian one. Tariffs appear onerous to Croatian and Hungarian historians precisely because of the sheer underdevelopment of Hungary and Croatia.

The contrasting cases of Poland, the Romanian Principalities, Russia and Habsburg Galicia on the one hand and the US, Scotland, and Lombardy on the other, strongly suggest that other factors aside from “colonial” policies might lie behind the (under)development of a region. Thus, although the abolition of the customs toll in the Monarchy would have increased the resources of the landlords, it is hard to argue that those resources would have been used for investment in productive activity that would have led to a convergence in development. Considering the weight of the social-property relations on the entire economy, the relative impact would have probably been marginal, barring a complete overhaul of social relations, a course of action the landlords were not willing to embark upon. Core-periphery relations need not always arise due to the strategies of underdevelopment pursued by the core so as to further greater capital accumulation in its territory. Social-property relations might be responsible as well as areas with extra-economic coercion integrated into the world

⁸⁸ Dylan Riley, “Privilege and Property: The Political Foundations of Failed Class Formation in Eighteenth-Century Austrian Lombardy,” *Comparative Studies in Society and History* 45, no. 1 (January 2003): 194–99, <https://doi.org/10.1017/S0010417503000094>.

market necessarily undergo underdevelopment. This seems to be a major factor determining the development/underdevelopment of a region in the context of a capitalist world-system characterized by the use of extra-economic coercion in the majority of its areas. As Robert Brenner points out, there is usually no need to invoke “exogenous factors to explain the failure of development” of societies whose social property relations were stultifying development.⁸⁹

But surely Hungary's and Croatia's industrialization was hindered by higher tariffs levied on Hungarian industrial products entering Austria than on Austrian industrial products entering Hungary? Austrian products were burdened with 2-5 percent tariff, Hungarian ones entering Hungary with 15 percent. This was the real target of tariff policies, one might allege.⁹⁰ If the preceding argument is accepted then those tariffs did not prevent industrialization either. This is so because the weight of social property relations hindered the development of the entire economy. This argument also does not explain why Hungarian agriculture, which enjoyed the stated advantages, was not on par with the most developed agricultural economies of the time. Furthermore, as with productivity in agriculture, countries without any tariff barriers to industrialization imposed from other state actors did not industrialize in the great majority of cases in the 19th century. Thus, we may conclude that Austrian tariff policies most likely did not prevent industrialization because it was not bound to occur even in their absence. In the final analysis, it was the social property relations rather than Austrian agency that are responsible for the underdevelopment of Croatia and Hungary.

⁸⁹ Robert Brenner, “The Prehistory of Core-Periphery,” In *Cores, Peripheries, and Globalization: Essays in Honor of Ivan Berend*, ed. Balázs A. Széleányi and Peter Hanns Reill (Budapest ; New York: Central European University Press, 2011), 229.

⁹⁰ Bićanić, *Doba manufakture*, 200.

3.4. Accumulation without dispossession: The Military Frontier

There was however another area of Croatia where the central government might be considered more responsible for that region being on the losing side of uneven development: the Military Frontier. This singular society emerged out of the clash between a tributary formation in its prime, the Ottoman Empire, and Habsburg absolutism. Crushing one exhausted feudal formation after another, the Ottoman Empire ended its conquest of Southeastern Europe by crippling the Croatian medieval state, reducing it, in the oft-repeated phrase, to *relique reliquarum* of its former self.

The Habsburgs, who became sovereigns of Croatia in the early sixteenth century, were barely capable of withstanding the Ottoman onslaught, and as one of the strategies of surviving the Ottoman deluge, they started to make permanent the dismemberment of the Croatian medieval state by forming a territory outside the feudal jurisdiction where the population was obligated to guard the frontier and wage war in return for land. Here, social relations grew directly out of a geopolitical dynamic as a specific military society came into existence. The clash between the Ottomans and the Habsburgs opened up a space where a new peculiar society would emerge, a fusion of a transitional social formation, Austrian absolutism, and the peasant household economy.

There were several stages in the process. As Ottoman incursions were eroding the economic basis of Croatian feudalism, the Croatian feudal lords became wholly dependent on funding from Austrian provinces whose contribution to the defense reached almost one hundred percent of the costs by mid-16th century. Not able to fund it, the Croatian nobility could just watch as the Austrian estates occupied the most important positions in it, the Frontier serving both as a bulwark for Austrian estates and

a source of income for some nobles. The erosion of Croatian control over the Frontier increased dramatically as a new social group, the semi-nomadic Vlachs, who served as frontiersmen in the Ottoman Empire, arrived *en masse* to the territory of the kingdom at the end of the 16th and beginning of the 17th century. Their arrival was supported by the central state as the Spanish, German and Croatian soldiers were found lacking in defending the border against Ottoman incursions. Although the central government did promise privileges to the Vlachs in order to entice them to switch sides, they were able to assert themselves against the lords on their own as the balance of class forces in this case, unlike in the case of serfs, was favoring the Vlachs. Faced with a large armed population the lords could only attempt to give them a privileged position in feudal society as a stratum of warriors with decreased burdens. However, the Vlachs were more than aware of the possibility that these privileges might one day be revoked and sought to be put directly under the king's jurisdiction, seeking land in return for military service. In the ensuing conflict the lords had little chance of getting their way as they faced a formidable opponent supported by the military commanders in a geopolitically sensitive area of the empire. Nominally the Croatian state was the sovereign of the territory in question, *de facto* it lost it for a few centuries, all of it being returned only as late as 1881. It only retained direct control over one part of it, between Karlovac and Ivanić, the so-called *Ban's Frontier* (*Banska Krajina*) which served as an additional source of employment for the Croatian nobility, as already stated in the previous section.⁹¹

⁹¹ Fedor Močanin, "Vojna krajina do kantonskog uređenja 1787. [Military Frontier until the Organization of the Cantons in 1787]." In *Vojna krajina. Povijesni pregled-historiografija-rasprave* [*The Military Frontier. Historical Overview-Historiography-Discussions*], edited by Dragutin Pavličević (Zagreb: Sveučilišna naklada Liber, 1984) 23–56.

Already a somewhat peculiar social formation, the Frontier would undergo further mutations as the society based on extended families of the semi-nomadic Vlachs, later transformed into a sedentary society, interacted with Austrian absolutism, which presided over a much more developed social formation in the imperial core. In the 18th century, Austria strove to reorganize this society in manner that would support a regular army which could be deployed on any battlefield in Europe, maximize the number of soldiers available to the empire and decrease costs to a minimum. In an astonishing case of uneven and combined development in reverse, it was precisely the relatively modern character of the Austrian state grounded in more developed areas of the core that enabled the creation of a singular form of core-periphery relations. The pressures of the European inter-state system were refracted through preexisting developments in the Monarchy with the Austrian state exacting the maximum benefit for war-making from one of the most backward areas of the Monarchy by intervening in local social relations.

Vlachs brought with them their social organization based on an extended family, the *zadruga*, which was in accordance with the goal of sustaining a great number of soldiers as larger families could be left with sufficient labor for economic activities. But the Habsburgs had to engage in a substantial amount of social engineering to make the Frontier conform with their wishes. For *zadruga* was not in any way naturally reproducing itself within the Frontier. It was in fact disintegrating already in early 18th century. Indeed, Karl Kaser argues that it probably would have completely disintegrated by the end of the century were it not for state intervention. By making it an obligatory form of social organization, the *zadruga* spread into areas where it never existed, and the families who arrived into the Frontier outside it were forced to form one. In most areas the nuclear family was dominant, not the *zadruga*. The nature of the *zadruga* itself underwent changes as patrilineality was jeopardized since women could inherit the

zadruga, the head of household was chosen by the *zadruga* but had to be approved by the military and if there were no agreement the military decided; possibility of incorporating non-members was added, separation from the *zadruga* was forbidden if another one could not be formed, and gender division of labor was changed as women took over tasks that were before reserved for men.⁹²

Since it was based on the *zadruga*, the Military Frontier could not have undergone any substantial social differentiation since this would have undermined the social basis of the system. This did not mean that within these fixed limits the state could not at times promote improvement in productivity. As part of one of the numerous reorganizations of the Frontier, a body of bureaucrats was formed towards the end of the 18th century tasked with managing the civil affairs of the Frontier. Their tasks included making sure that the meadows were properly maintained, that the mole heaps were dispersed, that the fields were fenced off, tilled at the right time and harvested, that the meat quality in taverns was satisfactory; they were to investigate the causes of cattle diseases, help the poor etc. Proving too much of the cost for the undeveloped Frontier, this body was dissolved, its duties turned over to the much less numerous officers tasked with the same responsibilities.⁹³ This was, however, far from enough to keep the Frontier viable as most of these rules were not so easy to implement. In general, reform efforts aimed at increasing productivity were not successful.⁹⁴ To prop up the Frontier, the state devised a tax system whereby more developed areas of the Frontier would subsidize poor ones. Exemptions to the customs system were added as

⁹² Karl Kaser, *Freier Bauer und Soldat: Die Militarisierung der agrarischen Gesellschaft an der kroatisch-slawonischen Militärgrenze (1535-1881)* (Wien: Böhlau, 1997), 527-538.

⁹³ Kaser, *Freier Bauer und Soldat*, 374-76.

⁹⁴ André Blanc, *Zapadna Hrvatska. Studija iz humane geografije [Western Croatia: A Study in Human Geography]* (Zagreb: Prosvjeta, 2003), 241-45.

well. Nonetheless, the state still had to transfer funds to it, incurring a small loss each year.⁹⁵

In return, the state was able to create a gigantic factory for the production of soldiers which it could deploy throughout Europe and which was run entirely by the military. The local population lost a substantial amount of labor to the army and was forced to provide labor services to the state in the Frontier, thus decreasing the productivity of agriculture.⁹⁶ Compared to Civil Croatia, the Frontier had “modern elements” missing from the feudal society it was surrounded by. This combination of the modern and the old, of the administration of a society undergoing early industrialization placed over a society reproducing itself by the logic of the household economy clearly distinguished it from Civil Croatia. The entire social basis of this society was created by the state apparatus of a more developed social formation since the military and bureaucratic apparatus was not merely “added” to the social base but changed its nature and ensured its viability. The role of the combination, however, was not to further development, but to make the Frontier self-sustainable and to prevent its social breakdown.

This peculiar institution has naturally brought about serious conceptual problems which led to varying assessments of its political economy. For some Croatian historians, it was a system of double exploitation, through blood on the battlefield and labor in the Frontier itself.⁹⁷ For some Austrian historians this is exaggerated. Karl Kaser argues that the state had no interest in exploiting the *Grenzlers* as it had an interest in cheap soldiers the Frontier provided. In return, the soldiers received “freedom” and

⁹⁵ Kaser, *Freier Bauer und Soldat*, 444, 460, 464–65, 444, 522–23.

⁹⁶ Blanc, *Zapadna Hrvatska. Studija iz humane geografije*, 171–72.

⁹⁷ Mirko Valentić, *Vojna krajina i pitanje njezina sjedinjenja s Hrvatskom 1849-1881 [The Military Frontier and the Question of its Unification with Croatia 1849-1881]*, (Zagreb: Centar za povijesne znanosti Sveučilišta, Odjel za hrvatsku povijest: Školska knjiga, 1981), 59.

land.⁹⁸ This seems partly a reasonable riposte even though the notion of “freedom” is highly problematic in a society disciplined by a military apparatus. Furthermore, aside from lost labor, taxation *per capita* of the Frontier was by 1844 44 percent greater than the average taxation in the Hungarian Kingdom.⁹⁹ However, Kaser goes even further, arguing that the Austrian state engaged in a successful “process of economic modernization” which saw an increase in productivity and a “transition to a money economy” in the Frontier. An alternative would have been disastrous as the *Grenzlers* would have been placed under a feudal burden and would have therefore ceased being free peasants.¹⁰⁰

This seems highly overdrawn. 19th century observers have left us with the opposite picture, stressing the extremely backward nature of the Frontier. Writing to the minister of war at the time of the French occupation during the Napoleonic wars, *maréchal* Marmont noted the peculiar social structure of the Frontier: ...ils sont tous presque également pauvres dans la Croatie militaire. En ce pays, il n'existe pas de classe qui ressemble ni à la noblesse ni à la bourgeoisie des autres pays: il n'y a que des paysans et des soldats, des officiers et des sous-officiers...¹⁰¹

This was not a province but a war camp, evoking images of Tatars:

La Croatie ne doit pas être considérée comme une province, mais comme un camp, et sa population comme une armée qui a avec elle son moyen de recrutement, des

⁹⁸ Kaser, *Freier Bauer und Soldat*, 474–76.

⁹⁹ *Tafeln zur Statistik der österreichischen Monarchie für das Jahr 1844*. (Vienna: Aus der kaiserlich-königlichen Hof- und Staats-Druckerei, 1848), not paginated, table „Staats Einnahmen und Ausgaben: Staats Brutto Einnahmen an directen und indirecten Abgaben und Vertheilung derselben nach Flächenraum und Bevölkerung.“

¹⁰⁰ Kaser, *Freier Bauer und Soldat*, 508–10, 618–19.

¹⁰¹ *Maréchal Marmont, Mémoires du maréchal Marmont duc de Raguse de 1792 à 1841. Tome troisième.*, Third edition (Paris: Perrotin, 1857), 508–9.

femmes, des enfants et des invalids, qui sont les vieillards. C'est une horde de Tatares, qui, au lieu de vivre sous des tentes, vit dans des cabanes...¹⁰²

The emperor stood to save millions of francs from the Frontier, Marmont continued. A great admirer of the Frontier, Marmont did however optimistically conclude these Tatars were rapidly advancing towards civilization, not seeing any contradiction between the institution of the Frontier, which he believed would not bear much change, and the development of the region.¹⁰³

Carl Hietzinger, in his statistical overview of the Frontier, stated that the Monarchy's subsidies to the Frontier pale in comparison with the benefits it provides to other provinces of the empire. Even though her revenues are on the level of Modena and Hamburg, below any Austrian province save Dalmatia, the Frontier provides the empire with many soldiers.¹⁰⁴ He also points towards a division of labor the Frontier is a part of:

Should one wish to distribute the number of soldiers the Frontier gives to all the other states of the Monarchy, the civil occupations would lose three to four times more than could be saved for that purpose in the Frontier, since according to the current organization the military service there makes the smallest break with trade and agriculture.¹⁰⁵

Hietzinger is pointing towards the labor saved in more developed provinces that would have been lost in case the soldiers lost in the Frontier would have to be compensated in other provinces. Euphemistically, he points towards the "smallest

¹⁰² Marmont, *Mémoires du maréchal Marmont*, 490.

¹⁰³ Marmont, *Mémoires du maréchal Marmont*, 490.

¹⁰⁴ Carl Bernh. Ritter von Hietzinger, *Statistik der Militärgränze des österreichischen Kaiserthums*, vol.2 (Vienna: Carol Gerold, 1823), 564–65.

¹⁰⁵ Von Hietzinger, *Statistik der Militärgränze des österreichischen Kaiserthums*, 2: 588.

break” in the Frontier in this regard, as much less value is lost there with the diversion of labor to the military.¹⁰⁶

No trace of the money economy in their accounts. Indeed, the opposite is the case, the social structure lacking elements found elsewhere and serving as replacement for labor that would have been lost in the other, more developed provinces of the empire. These are features hardly compatible with a concept, however vague, of a money economy, as social structure would have been different, and the empire would have had no need to overburden the Frontier with the “blood tax” as it would have benefitted from the high levels of development in the region. Kaser is naturally aware of the overly agricultural nature of the Frontier¹⁰⁷ but cannot conceptually grasp the development of the Frontier. There is no need to introduce the concept of the money economy to explain slow improvements in the Frontier nor the emergence of money payments. And it is certainly implausible to argue that under feudal relations of production that prevailed in Civil Croatia these improvements would not have happened as the Military Frontier lagged behind Civil Croatia.¹⁰⁸ A similar problem is found in Mirko Valentić’s use of the concept of primitive accumulation for the Frontier, which would imply that the Frontier was on track towards a fully capitalist society.¹⁰⁹

The quoted observations by contemporaries point toward the specific social structure and the division of labor connected to it as perhaps more fruitful avenues to conceptually capture the phenomenon of the Frontier. The social structure itself was not a consequence of the process of underdevelopment we observed in Civil Croatia, where

¹⁰⁶ Von Hietzinger, *Statistik der Militärgränze des österreichischen Kaiserthums*, 2: 588.

¹⁰⁷ Kaser, *Freier Bauer und Soldat*, 414.

¹⁰⁸ Gunther E. Rothenberg, *The Military Border in Croatia 1740-1881. A Study of an Imperial Institution* (Chicago; London: The University of Chicago Press, 1966), 131–32, fn. 91.

¹⁰⁹ Mirko Valentić, “Hrvatsko-slavonska Vojna krajina 1790-1881 [Croatian-Slavonian Military Frontier 1790-1881],” in *Vojna krajina. Povijesni pregled-histografija-rasprave [The Military Frontier. A Historical Overview-Historiography-Debates]*, ed. Dragutin Pavličević (Zagreb, 1984), 59.

market signals led to the resurgence of extra-economic coercion. This was clearly not the case in the Frontier as there was no feudal class to exercise extra-economic coercion, the “ruling class” here being employed by the Ministry of War and paid through taxation. Circumventing the local feudal class, Austrian absolutism was able to directly structure social relations to its liking, not out of thin air naturally, but from the society already in place in mid-18th century.

In this combination of a household economy and Austrian absolutism a body with missing parts emerged, peasants lacking their overlords, the absolutist state the local noble class to oppose it. The laws of motion of this society were necessarily peculiar, as it was based on their effective suspension. Only stagnation could have kept it alive. Here in place of underdevelopment, one finds a policy of de-development. Used in the context of Israel’s policy against Palestine, the core of the concept is applicable to the Frontier as it refers to, in the words of Sara Roy, to undermining development via state agency. Roy refers to expropriation, which has made Palestine wholly dependent on Israeli economy, and deinstitutionalization, referring to the undermining of local institutions that could have stimulated growth.¹¹⁰

In the case of the Frontier, deinstitutionalization is certainly there, as any endogenous growth was precluded by the institutions of the Frontier. However, instead of expropriation one finds ever greater rights of soldiers to land, since this was the basis of the system. Here, to invert Harvey’s phrase, the state furthered the accumulation of capital precisely by not dispossessing. Furthermore, the Habsburg state never aimed at decreasing the living standards of the population as one could hardly had gone lower. The goal was rather to restrict development to such an extent that no socioeconomic

¹¹⁰ Sara Roy, “De-Development Revisited: Palestinian Economy and Society Since Oslo,” *Journal of Palestine Studies* 28, no. 3 (Spring 1999): 65–66.

transformation could have occurred. The core-periphery relation in this case was not *directly* defined by the needs of capital accumulation, as the Frontier contributed to it only indirectly, through much reduced military costs, and only under the condition it remained undeveloped. In this case, the cause of capital accumulation was paradoxically best furthered by almost completely closing off an area to its laws of motion. Core-periphery relation in this case had not been defined at all by the extraction of produced surplus. The relationship was much more mediated since “labor” in form of soldiers was supposed to be given precisely by keeping the surplus in the Frontier. Furthermore, the Frontier then freed up labor in the more developed parts of the Monarchy, contributing in that way as well to the process of accumulation of capital. It is thus hard not to agree with Drago Roksandić, who argues that the Frontier could only have been an agricultural society and any development had to be exogenous.¹¹¹

This society also left a mark on the feudal formation next to it. Already the paid soldiers in fortresses in the early days of the Frontier contributed to a hike in grain prices, feeding directly into the process of refeudalization.¹¹² It provided employment, usually down the ladder, to Croatian nobles, and thus served for their reproduction as a social class.¹¹³ It was a space which serfs could run away to, further undermining the already weak labor supply of Croatian feudalism.¹¹⁴ Most importantly, its very existence was a major setback for the feudal lords, as an entire area was for centuries taken away from them. This was a substantial loss in surplus they could have extracted.

¹¹¹ Drago Roksandić, *Vojna Hrvatska = La Croatie militaire: Krajiško društvo u Francuskom Carstvu (1809-1813)* [*Military Croatia = La Croatie militaire: Frontier Society in the French Empire (1809-1813)*], vol. 1 (Zagreb: Školska knjiga : Stvarnost, 1988), 109, 182.

¹¹² Adamček, “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj u 16. i 17. stoljeću,” 18.

¹¹³ Močanin, “Vojna krajina do kantonskog uređenja 1787.,” 31.

¹¹⁴ Kaser, *Freier Bauer und Soldat*, 562–63.

Furthermore, the Frontier further weakened the already weak Croatian statelet via territory loss and the presence of an imperial army crisscrossing the entire country.

We may now essay an estimate of the contribution of the Frontier to the process of capital accumulation in the Monarchy. Considering that the Habsburgs thought it worth their while to constantly subsidize it by transfers from state coffers, the question is how they benefited from the Frontier. The answer is that they had to pay the *Grenzers* only when employing them in war outside Frontier territory. Other soldiers drew their wage all the time.¹¹⁵ Karl Kaser refers to a few estimates of the difference in costs between a regular soldier and a *Grenzer*.¹¹⁶ Vaniček, in the official history of the Frontier, quotes an early 19th century estimate, without giving any numbers, according to which the *Grenzer* costed only 20 percent of the regular soldier.¹¹⁷ Carl Hietzinger gives a number of 128,40 forints for a regular soldier and 31 for a *Grenzer*.¹¹⁸ A Croatian historian, Marko Valentić, based on the work Utješenović-Ostrožinski, gave an estimate of 160,5 forints for a regular soldier and 40,5 for a *Grenzer* in 1862.¹¹⁹ The relationship of 4:1 is thus found in two the estimates, the earliest one being even higher. The two similar comparisons also refer to much more empirical material (Vaniček refers to general Klein's estimate without giving any numbers).

Thus, we might, for the sake of rough and indicative approximation of the transfer of value from the Military Frontier to the Austrian core, use Hietzinger's estimate for the *Vormärz*. According to Brandt, the military budget in the period was

¹¹⁵ Kaser, *Freier Bauer und Soldat*, 522-523.

¹¹⁶ Kaser, *Freier Bauer und Soldat*, 523.

¹¹⁷ František Vaniček, *Specialgeschichte der Militärgrenze*, vol. 3 (Vienna: Aus der kaiserlich-königlichen Hof- und Staatsdruckerei, 1875), 121, fn.

¹¹⁸ Von Hietzinger, *Statistik der Militärgränze des österreichischen Kaiserthums*, 2: 552.

¹¹⁹ Mirko Valentić, "Osnovni problemi u ekonomici Hrv.-slav. krajine od 1850.-1873 [Basic Problems in the Economics of the Croatian-Slavonian Frontier from 1850-1873]," *Historijski zbornik* 17 (1965): 89. Using the data taken from Utješenović I arrived at somewhat different numbers: 161,5 and 41,06, but the difference is minimal.

between 51 and 54 mil. forints and the effective military around 330 000.¹²⁰ Furthermore, Karl Kaser argues that between 1769 and 1860, 20 to 25 percent of the infantry of the Monarchy came from the Frontier, only from Croatian-Slavonian 13 to 16 percent.¹²¹ Taking away the average of 1 million forints of transfers to the Frontier,¹²² we get the following transfers of value. Based on the assumption of 25 percent for the Frontier as a whole, we get 7 057 450 forints and on the assumption of 20 percent 5 445 000 forints in savings for the central state. Only Croatia and Slavonia, minus the transfers for Banat which amounted to 192 000,¹²³ transferred 4 314 400 forints on a higher estimate and 3 394 514 forints on a lower estimate. The Frontier as a whole thus contributed on the higher estimate well above 13 percent of the total budget, or well above 10 percent on the lower estimate, the numbers for Croatian Frontier being more than 8 percent or almost 6 and a half percent. Considering the extremely low level of taxation of Croatian and the backwardness of the local economy, it is clear why the Austrian state opted for the Military Frontier. Indeed, even though a rough estimate, this transfer of value from the entire Frontier is greater than the total land tax in Hungary, excluding Transylvania. One could argue that the real transfer was somewhat lower, as the *Grenzers* could not keep up with military innovations in the 19th century, thus providing less of a “service” than other regular troops. I can only point toward this problem. It seems impossible to quantify it. And even if we could decrease the value extracted, it still remains significant.

Thus, scholars stressing colonial policy with reference to Croatia-Slavonia have missed their mark. The area in question had a marginal role in the overall imperial

¹²⁰ Brandt, *Der österreichische Neoabsolutismus*, 1:603, 605–6.

¹²¹ Kaser, *Freier Bauer und Soldat*, 392–93.

¹²² Von Hietzinger, *Statistik der Militärgränze des österreichischen Kaiserthums*, 2: 562.

¹²³ Von Hietzinger, *Statistik der Militärgränze des österreichischen Kaiserthums*, 2: 568.

economy and it was underdeveloped mostly due to the agency of the local landlords. It was different in the Military Frontier as the central state was directly responsible for its development. Any classical notion of imperialism, tying the policy of the core directly to the process of capital accumulation, either via capital exports or security concerns regarding valuable colonies seems inadequate for the phenomenon of the Frontier. In the Frontier, it was the interplay between capitalism and geopolitical competition that brought about the coming into being of a society whose backwardness was a direct outcome of state agency. Perhaps because it was so mediated, this transfer of value remained ignored by economic historians. But if one wishes to target Viennese policy, this is where to do it.

3.5. Islands of “development”

Although underdevelopment in Civil Croatia and de-development in the Military Frontier did not bode well for their developmental prospects, there were pockets that were better off. With the seventeenth century economic crisis gone and the Ottoman threat somewhat receding into the background, the 18th century provided an opportunity for the development of Croatian merchant capital as Croatia was positioned between the Adriatic and peripheral producers to the East. The state too wanted to stimulate local trade as well as to export goods from state-owned lands in the Banat. It abolished internal customs in Croatia in 1715 and sponsored the rare infrastructural projects, a few in a few centuries, all occurring in the 18th and early 19th century, often through concessions to joint-stock companies. *Karolinenstraße* was built in 1726, connecting Karlovac to Rijeka and soon followed by the regulation of Sava and Kupa to Karlovac.¹²⁴ *Josephina*, a road leading from Karlovac to Senj was helping exports to

¹²⁴ Adamček, “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st.,” 73.

the Mediterranean. Finished in 1779, it costed around 388000 forints, almost 4 times the budget of the Croatian state which did not participate in its construction.¹²⁵ *Luisenstraße* was built in the early 19th century as a project of a joint-stock company, again connecting Karlovac with the seaside, this time with Rijeka, with minimal participation of local capital. However, the company was unsurprisingly concerned with achieving the highest profits, leading to high tolls.¹²⁶

The main item of trade was Hungarian and Slavonian grain, moving on the Sava to Sisak, then to Karlovac on Kupa, and finally being transported to the Adriatic ports through the Military Frontier. Tobacco too came from Hungary, one source being Pécs, from where the tobacco found its way to the sea through the northern part of Croatia through Zagreb, the other, coming from Szeged, taking the route the grain took. This trade was an important source of income both for the *Grenzlers* and the serfs in the areas through which it went by providing employment on the Sava and Kupa boats and on the carts taking the goods to the sea from Karlovac. The participation of Croatian products in this trade was quite limited, the area having mostly a mediating role between peripheral producers outside it and the world market. The main item of export from Croatia was wood, a fact that will mark much of the 19th century. Furthermore, much of the production of local landlords went via the land route to Austrian provinces and northern Italy.¹²⁷

¹²⁵ Mijo Mirković, *Ekonomska historija Jugoslavije [Economic History of Yugoslavia]* (Zagreb: Informator, 1968), 185–86.

¹²⁶ Bičanić, *Doba manufakture*, 140; Karaman, “Ekonomske prilike u građanskoj Hrvatskoj i Slavoniji od 1815. do 1835. godine,” 66–67.

¹²⁷ J.A. Demian, *Statistische Darstellung des Königreichs Ungarn und der dazu gehörigen Länder*, vol. 2 (Vienna, 1806), 235–39, 242, 217.

Mediating between Hungary and Banat and the world market, late 18th and early 19th century observers noted that Karlovac became a “hub” of Hungarian trade.¹²⁸ It went through its golden age during the Napoleonic boom, and was the town that paid most taxes in the Croatian Kingdom in the early 19th century.¹²⁹ Culture and politics followed, and it became an important center of the Croatian national movement, Illyrianism, a precursor of Yugoslavism. It also provided some limited opportunities for the population of the surrounding areas to escape the bounds of serfdom. Imbro Tkalac, an intellectual and the secretary of the Zagreb Chamber of Commerce in the 1850s, gives the well-known story of his grandfather who worked on a ship, became captain, and finally owner of several ships in great part thanks to speculation during the boom of the Russo-Ottoman War. He then bought a real estate in Karlovac, after a while did the same for his brothers too and bought himself and them out of serfdom.¹³⁰

However, the relationship of merchant capital vis-à-vis the feudal order was defined primarily by indifference. It is worth reminding ourselves of the classic treatment of merchant capital by Marx:

The transition from the feudal mode of production takes place in two different ways. The producer may become a merchant and capitalist, in contrast to the agricultural natural economy and the guild-bound handicraft of medieval urban industry. This is the really revolutionary way. Alternatively, however, the merchant may take direct control of production himself. But however frequently this occurs as a historical transition... it

¹²⁸ Vincenz Batthiány, *Über das ungrische Küstenland* (Pest: Bei K.A Hartleben, 1804), 102; Demian, *Statistische Darstellung des Königreichs Ungarn und der dazu gehörigen Länder*, 2: 235–36.

¹²⁹ Radoslav Lopašić, *Karlovac: Poviest i mjestopis grada i okolice [Karlovac: History and Geography of the Town and its Surroundings]* (Zagreb: Matica Hrvatska, 1879), 64–66.

¹³⁰ Imbro Tkalac, *Jugenderinnerungen aus Kroatien (1729-1823. 1824-1847.)* (Leipzig: Otto Wigand, 1894), 4–8.

cannot bring about the overthrow of the old mode of production by itself, but rather preserves and retains it as its own precondition.¹³¹

And it is unlikely that merchant capital will bring an overthrow of the existing mode of production since it is confined to the circulation sphere. Commodities are needed, but they may emerge from any relations of production, not necessarily capitalist ones. There was a possibility though for commercial capital to act as a “solvent” of precapitalist modes of production but that depended on concrete social relations and could not be taken for granted.¹³² In volume 1 of *Capital* Marx pointed out the existence of capitalist production in Mediterranean cities, which suggests that a substantial amount of capital accumulated in the interstices of feudalism can be translated into capitalist production under the right conditions.¹³³ Marx also pointed out however that the power and wealth of merchant capital need not necessarily be looked upon as a sign of development. Inverse may be the case. It might be an index of underdevelopment as merchant capital is in the position of wealth and power precisely because of weak development of productive forces. In a developed country in the 19th century it should be subjugated to industrial capital.¹³⁴

Situated on the periphery rather than the core of the world-system, Karlovac merchants were playing, as Rudolf Bićanić put it, a second-class role in the share of total profits. This was no Venice or Genoa, and the accumulation the merchants achieved were much smaller. Even then the chances of a change in social relations would have been uncertain, without it next to impossible. The merchants had a very small influence on production. And many a merchant family sunk their capital into

¹³¹ Karl Marx, *Capital: A Critique of Political Economy*, vol. 3 (London: Penguin Books, 1991), 452.

¹³² Marx, *Capital*, 3: 442, 448-49.

¹³³ Marx, *Capital*, 1: 875-76.

¹³⁴ Marx, *Capital*, 3: 444-45, 448.

estates, posing no challenge to prevailing social relations.¹³⁵ The low level of accumulation also made Karlovac a very weak refuge for potential runaway serfs. The story of Imbro Tkalac's grandfather was an exception, not the rule. Towns, *pace* Bićanić's claim to the contrary,¹³⁶ were not capitalist oases in the feudal desert. They were in most cases integrated into the feudal order and did not find it in their interest to challenge it.

The case of Rijeka is somewhat different, but changes little the overall picture. It was proclaimed a free port in 1719 by Charles VI. Its fortunes rose considerably when a sugar refinery was set up in 1750 mostly by capitalists from the Austrian Netherlands. At its peak, the refinery employed some 1000 workers and was one of the bigger enterprises in the Monarchy. It was almost unconnected to the local market, importing sugar from the colonies and selling processed goods in Austrian lands and abroad. It succumbed to the competition of producers in the Monarchy as sugar beet production became more competitive.¹³⁷ A similar pattern can be observed with the first industrial enterprise in Croatia, the Smith and Meynier paper company founded in 1828. Most of the inputs did not come from Croatia and the company did not export its products to Croatia.¹³⁸ Rijeka was different from Karlovac as its fortunes were much more based on local production. Even though Rijeka was an important port with rising trade in the 19th century,¹³⁹ the value of production in the town itself was still very important for its economy.¹⁴⁰ And Rijeka would continue to grow as an industrial center. However, Rijeka's development did not have a greater impact on the development of Croatia but was rather a symptom of a disarticulated economy. Greatly separated from the

¹³⁵ Bićanić, *Doba manufakture*, 252–53.

¹³⁶ Bićanić, *Doba manufakture*, 7.

¹³⁷ Bićanić, *Doba manufakture*, 155–57.

¹³⁸ Bićanić, *Doba manufakture*, 216.

¹³⁹ Stipetić, *Dva stoljeća razvoja hrvatskoga gospodarstva: (1820.-2005.)*, 139.

¹⁴⁰ Bićanić, *Doba manufakture*, 180.

surrounding areas in terms of inputs and markets, the development of manufacture and industry in Rijeka could not have resulted in a positive feedback loop of ever greater amount of inputs arriving to the town and ever greater amount of products leaving it to satisfy the needs of the local market. Furthermore, as in the case of Karlovac, Rijeka was still almost a dot on the map, and her pull on the region was not of great weight, certainly not of a weight that would have substantially changed the social structure of the country as a whole.

3.6. Non-Smithian “liberalism”

Indeed, it was not the most advanced, industrializing elements in Rijeka that would set the tone of the Croatian discourse of political economy but rather merchant capital and feudal lords participating in foreign trade, which brought about the prevalence of the ideology of free trade. As we have seen in the previous chapter, Hungarian political economy in the Reform Era was marked by the defeat of classical liberal political economy and its substitution with Listian political economy. There I argued that even though List himself made it clear that Hungary should not engage in any kind of protectionism, Kossuth was still able to win over the free trade party because free trade ideology was considered inimical to the survival of the Hungarian gentry as it was feared that the new middle class emerging as a consequence of such a policy would have been German. Listian ideology was used for political means by Kossuth, not purely economic arguments. It thus provided a seemingly viable exit from the social predicament of the gentry in the transition to capitalism and served as a powerful mobilization tool. It was in fact less relevant whether the policies themselves would ever be implemented.

In Croatia, the situation was quite different. It is universally agreed that the most important text of political economy is the *Disertacija* of the Croatian landlord Janko Drašković, one of the biggest landowners in the country who nonetheless faced an uncertain economic future. To Bićanić, this was the first political and economic program in Croatia's history.¹⁴¹ And it contained an articulated industrial policy.¹⁴² It was important to Bićanić to show in the framework of his stageist argument that there was at least a rhetorical commitment to the overcoming of feudalism among the Illyrians. However, he was far from alone in making these claims. Igor Karaman, in the context of the discussion of the most important contribution to economic thought in Croatia, considered the publication of *Disertacija* "a watershed event in modern Croatian history".¹⁴³ To Vladimir Stipetić, Drašković is the most important economic thinker of Illyrianism who wrote a "liberal" text where industry is seen as a source of progress.¹⁴⁴ Jaroslav Šidak argued too that Drašković wanted to develop industry and thus, alongside with credit institutions he advocated, lay the basis for the overcoming of feudalism.¹⁴⁵ It would thus appear that we have in Drašković's text a program for the overcoming of feudalism and even a strategy of industrialization. These laudatory remarks notwithstanding, it is worth keeping in mind that this is a very short text written for the Croatian emissaries – Drašković too was one of them – to the Hungarian Diet in 1832. In this sense it is much more a text of political strategy than an in-depth reflection on the political economy of Croatia. And those reflections betray a very conservative social and economic agenda, to the right of the Hungarian mainstream.

¹⁴¹ Bićanić, *Počeci kapitalizma*, 142.

¹⁴² Bićanić, *Počeci kapitalizma*, 149-50.

¹⁴³ Karaman, *Hrvatska na pragu modernizacije: (1750-1918)*, 279.

¹⁴⁴ Vladimir Stipetić, *Povijest hrvatske ekonomske misli: (1298.-1847.)* [History of Croatian Economic Thought: (1298-1847)] (Zagreb: Golden marketing, 2001), 646, 651.

¹⁴⁵ Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 187.

For a major reform text, *Disertacija* suggests virtually no changes to the feudal relations of production. With some justification, Drašković attributes difference in development *vis-à-vis* Hungary to Ottoman invasions and nature (i.e. better soil in Hungary than Croatia proper). This justified the lower tax rate Croatia enjoyed, he argued. However, Drašković does not make any connection between feudal social property relations and the lack of development in Croatia. In the context of the discussion on lower productivity in Croatia, he complains that competition is “spoiling” Croatian prices. This comment reflects changed conditions in the capitalist world-system discussed previously, namely an intensified competition on the world market that led to increased competition on the internal market of Hungary. His solution was for Hungary and Croatia to stop the competition on the internal market and to together compete against Russia on the world market through a foundation of a common trading company. Drašković noted that it might not be opportune for Hungary not to cooperate with Croatia as the road to the sea went through it. He also asks for Rijeka to be brought under Croatian administration. It would naturally continue to serve the needs of Hungarian exports, which were anyway to be undertaken under the joint Croatian and Hungarian company. Cooperation with Hungary was also argued for in banking, and Drašković suggested that a Hungarian bank be opened on the model of Prussia. Exchange should be made more efficient by setting up a merchant court. Furthermore, education should be developed, and loss of talent prevented. He also argued for the incorporation of the Frontier to the Croatian Kingdom¹⁴⁶

This analysis of the text is hard to square with the arguments in Croatian historiography on the overcoming of feudalism and industrial policy that Drašković

¹⁴⁶ Janko Drašković, *Disertacija iliti razgovor [Dissertation or Conversation]* (Karlovac: Joan Nep. Prettner, 1832), 12–14, 18–19, 21.

allegedly argued for. Industry is an afterthought and there is no sign of an industrial policy unless we mean by that the statement by Drašković that it would have been nice to have factories on Croatian soil, which is the extent of his thoughts on the subject.¹⁴⁷ Most importantly, Drašković suggests virtually no changes to the social system. Not even the fairly timid proposal of serf communities being given the possibility, with the consent of the landlord, to buy their way out of serfdom is nowhere to be found. Bićanić, who argued that Drašković had an industrial policy, accepted the fact that he says nothing on serfdom, which Bićanić himself considered to have been “the main question of Croatia’s economic progress”.¹⁴⁸ Šidak too concedes that he did not want to change the “basis” of the feudal order.¹⁴⁹ Elsewhere he stated that Drašković did not want to abolish the feudal system.¹⁵⁰ These arguments are incompatible with the claim that he was a proponent of an industrial policy - a conscious effort to structure economic activity in a manner that will facilitate industrial development - as this was incompatible with feudal social property relations. He could not have been a proponent of an industrial policy and simultaneously committed to maintaining a feudal society. Moreover, he never says in *Disertacija* that he expects industry to do away with the feudal system. This argument was ascribed to him by historiography, not made by him. The whole program articulated by Drašković was a weak echo of the Hungarian aristocrats, and the ideas pertaining to political economy are of a different order than Hungarian ones, a relationship between Croatian and Hungarian discourses of political economy that will persist into the neoabsolutist period. Drašković’s contribution is much more focused on maintaining Croatia’s lower tax rate and asking for help from

¹⁴⁷ Drašković, *Disertacija iliti razgovor*, 18.

¹⁴⁸ Bićanić, *Počeci kapitalizma*, 150–51.

¹⁴⁹ Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 186.

¹⁵⁰ Jaroslav Šidak et al, *Hrvatski narodni preporod-ilirski pokret [Croatian National Rebirth-The Illyrian Movement]* (Zagreb: Školska knjiga, 1990), 87.

Hungary then it is on local limits to economic growth. This supposedly major intervention in the debate about political economy in Croatia mostly dealt with language, politics and the Croatian relation to Hungary, topics that really stole the show to a more sustained reflection on the social and economic system of Croatia.

The anemic reform impulse of Drašković becomes more apparent when compared to István Széchenyi's *Hitel (Credit)*, a bestseller of political economy, with 2000 copies sold in the first five months and going through three editions within a year of the first publication.¹⁵¹ It was published only two years before *Disertacija* and most likely influenced it as *Hitel* was familiar to the educated public of the time. Although systematic exposition is somewhat lacking, and the argument is interspersed with numerous digressions, Széchenyi's intervention demonstrates a much firmer grasp of the causes of backwardness and implies a much more wide-ranging reform agenda.

Unlike Drašković, Széchenyi stresses the need to acknowledge the backward nature of the Hungarian economy and speaks of "our backwardness" that needs to be overcome.¹⁵² According to Széchenyi, and in contrast to Drašković, too much focus has been placed on factors that in themselves are not the main causes of backwardness such as geography, competition of other producers and high custom tariffs.¹⁵³ This obfuscates the real causes of backwardness which he argued were the lack of capital, undivided lands (pastures, forests), the guilds, price limitations, labor dues and the tithe. Although short-term effects of reforms would probably be painful, long-term benefits are certain to arrive, Széchenyi argues.¹⁵⁴ Taking his cue from Smith, Say and Malthus he saw labor as the source of wealth and one of the most negative effects of the system was that

¹⁵¹ András Oplatka, *Graf Stephan Széchenyi: Der Mann, der Ungarn schuf* (Wien: Paul Zsolnay Verlag, 2004), 174–75.

¹⁵² Széchenyi, *Hitel*, 40, xiii.

¹⁵³ Széchenyi, *Hitel*, 110.

¹⁵⁴ Széchenyi, *Hitel*, 83, 85–87.

the serfs were not motivated to increase productivity.¹⁵⁵ With a different institutional setting, this could change substantially. The example of Lombardy shows that the capacities of the population are of prime importance in economic development while natural endowments are almost irrelevant.¹⁵⁶ The effect of the reforms would thus be so beneficial to economic development that the much discussed importance of foreign markets would prove to be of lesser weight since the internal market, as the example of England shows, is much more important for the wealth of nations.¹⁵⁷ Considering this argumentation, it is perhaps not that surprising that Széchenyi places the blame on his own class rather than the serfs for the backwardness of the country: “And lo and behold I openly hold this belief: that the main obstacle for the progress and higher standing of our country are we, the affluent landowners.”¹⁵⁸

However, Széchenyi did not transcend the limitations of his own class position and because of it he diminished the importance of the arguments presented so far by quite often repeating that the main obstacle to economic development, in contradiction with the statement just quoted, was the lack of credit.¹⁵⁹ This argument introduced complications regarding the causal chain explaining backwardness and lessened the importance of feudal limitations on development. Széchenyi simply stated the lack of credit as a major hindrance to development without directly asking why so little capital was accumulated in a few centuries of Hungarian feudalism. He could thus seek a way out of the stagnating feudal society by setting up credit institutions and modifying the feudal edifice rather than destroying it. Nonetheless, his argument was far and away superior to that of Drašković when it came to pinpointing the ills plaguing the moribund

¹⁵⁵ Széchenyi, *Hitel*, 100, 104.

¹⁵⁶ Széchenyi, *Hitel*, 113.

¹⁵⁷ Széchenyi, *Hitel*, 134.

¹⁵⁸ Széchenyi, *Hitel*, 231.

¹⁵⁹ Széchenyi, *Hitel*, 25, 60, 201-202, 222.

feudal society. And Drašković was no exception in Croatia. The *Agricultural Society* (*Gospodarsko društvo*) set up by landowners in Croatia in 1841 was dominated by the belief, in stark contrast to Széchenyi, that the main causes of backwardness were simply the laziness and stupidity of the peasants.¹⁶⁰ From this perspective, the abolition of feudalism would have mattered little.

Thus, when it comes to ticking the Smithian box, as Croatian historians are wont to do,¹⁶¹ there are some problems with arguing that Smithianism and liberal political economy had a strong foothold in Croatia. This thesis can be considered valid only if we reduce Smith's thought to the principle of free trade. However, if we place the statements on Croatian political economy in the context of Smith's theory of development, the picture changes drastically. The "natural path" of development for Smith was the inverse of the political economy of Croatia and the arguments of merchant capitalists, whose interests, Smith thought, are not necessarily the same as the general interests of the nation. As Giovanni Arrighi argues, Smith's "natural path" was based on a strong agricultural base, paving the way for manufacturing and resulting in a highly developed home market. Only after developing local resources fully should a nation engage in foreign trade to reach an even higher level of development. What is of even greater importance in our context is that Smith thought development was to an extent conditioned by the institutions of a nation. The examples of the states Smith thought had reached maximum "opulence" at the time of writing, namely Holland and China, with a preference for China which followed the mentioned "natural path", indicate that it would have been a contradiction to argue one is a Smithian while leaving

¹⁶⁰ Goran Arčabić, "Formiranje i rad hrvatsko-slavonskoga gospodarskoga društva u vrijeme preporoda (1841. - 1848.) [The Formation and Activities of the Croatian-Slavonian Agricultural Society in the Period of Rebirth (1841. - 1848.)]," *Povijesni prilozi*, no. 25 (2003): 314–15.

¹⁶¹ Stipetić, *Povijest hrvatske ekonomske misli (1298-1847)*, 606, 626, 648.

intact the system of feudal extra-economic coercion stultifying domestic development.¹⁶² Among the few rare mentions of Hungary in *The Wealth of Nations*, Smith notes how a “milder kind” of slavery had survived the ancient world in the form of serfdom and that “this species of slavery” dominates in Hungary among other countries. According to Smith, one should not expect “great improvement” from great proprietors in general, but “they are least of all to be expected when they employ slaves for their workmen.”¹⁶³ Smith’s ideal developmental path was out of reach for virtually all peripheral countries in the 19th century. However, not even his basic tenets were accepted in Croatia, and Széchenyi too, although much closer to Smith, may not be considered to have fully expounded a Smithian ideal of development.

Already visible in the 1830s, the contrast between Croatian and Hungarian discourse of political economy became even more pronounced in the 1840s when Listianism was strong in Hungary while it did not find any supporters in Croatia. Unsurprisingly, Kossuth’s advocacy of protectionism was not popular in Croatia as he went much further than Széchenyi ever did by advocating abolishing feudalism. Furthermore, Kossuth’s position implied political changes that the Croatian political elite feared as well as struggle with Vienna. In the conflict that flared up between Kossuth and Széchenyi, the Croatian national movement was on the side of Széchenyi, who was turning ever more conservative.¹⁶⁴

However, Vladimir Stipetić argues that Dragutin Seljan, the already mentioned geographer, might be considered a Listian among the Illyrians.¹⁶⁵ Seljan’s book on the “Illyria” written in 1843, does contain a much stronger emphasis on backwardness than

¹⁶² Arrighi, *Adam Smith in Beijing*, chapter 2.

¹⁶³ Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (T. Nelson, 1852), 159.

¹⁶⁴ Varga, *A Hungarian Quo Vadis*, 205-210.

¹⁶⁵ Stipetić, *Povijest hrvatske ekonomske misli (1298-1847)*, 661.

Disertacija. Seljan argued that Croatia and Hungary were forced to import everything that is “refined and more artificial” from the “Austrian-German” provinces and the world market while the industry of Croatia and Hungary is getting worse by the day. He argues that Croatia should look up to the more developed provinces and turn its attention to manufacturing to get out of its “slumber”. Seljan argues for more autonomous development: “Let us not wonder one bit at our poverty as we ourselves are the cause of it: it is because we rely on others, expect everything from others, instead of doing it ourselves.”¹⁶⁶ However, as in the case of Drašković, the social system itself is not brought into a direct causal relationship with the backwardness he describes. Indeed, at one point, Seljan seems to suggest that he cannot in fact explain why Croatia finds itself in such a backward position.¹⁶⁷ When he tries to find the main cause, he chooses discord among the Illyrian peoples.¹⁶⁸ And while he might argue against reliance on others, he also seems to suggest that foreign “neglect” is one of the factors to be considered as the explanation of backwardness.¹⁶⁹ In other places, he seems to blame increased competition on the world market. Regarding agriculture and trade, he notes that “gold and silver...was coming” to Croatia before grain from Odessa started arriving to Trieste.¹⁷⁰ Tellingly, writing 11 years after Drašković, who wanted cooperation with Hungary, he does not suggest how to overcome this difficulty. However, later in the *Geography*, he lays great hope on the potential railway from Vienna to Trieste, which one day could be extended to Sisak, leading to the development of the city and all the regions along the Sava and Danube, while ignoring the vexing issue of what that would mean for trade to the Croatian seaside.¹⁷¹

¹⁶⁶ Seljan, *Zemljopis pokrajina ilirskih*, 139–40.

¹⁶⁷ Seljan, *Zemljopis pokrajina ilirskih*, 140.

¹⁶⁸ Seljan, *Zemljopis pokrajina ilirskih*, vi.

¹⁶⁹ Seljan, *Zemljopis pokrajina ilirskih*, iv.

¹⁷⁰ Seljan, *Zemljopis pokrajina ilirskih*, 126.

¹⁷¹ Seljan, *Zemljopis pokrajina ilirskih*, 161.

But the main lever of development to Seljan, relying on Herder, is “education and enlightenment”, which he finds sorely missing in Croatia. In conjunction with the national idea, Seljan believes it can work wonders on Croatian society, propelling it not only to the same level as more advanced societies, but even to one above them. This is an argument relying on Dositej Obradović, an intellectual and first Serbian minister of education.¹⁷² In a passage that appears contradictory and eludes a clear interpretation, Seljan seemed to argue that Western societies were not ready to adequately take in and make use of Enlightenment ideas with which they, at least in the beginning, did not fully familiarize themselves with. This led them astray from the “pure nature of the principles“. Paradoxically, this would not happen with Illyrians because they are closer to nature and can simultaneously take over the most modern ideas without corrupting them. The “uncorrupted state“ in conjunction with “enlightenment“ would then lead them surging ahead since education, Seljan concludes, is the source of “prosperity“.¹⁷³

While Seljan presents some eclectic ideas, this is no Listianism. There is no discussion of how Croatia or Illyria would industrialize nor how a greater Illyrian market would further local industry. As with Drašković, Seljan’s discussion of Illyria is conducted more in geopolitical and cultural than economic terms. Concrete economic discussions suggest reliance on Austria. And the relationship between Illyrianism and industry remains tangential at best. In the unpublished volume 2 of his geography, which Stipetić does not discuss, Listianism theoretically had a greater chance of making an appearance because Seljan reaches as far as Bulgaria in his discussion of Illyrian provinces, which implies a substantial home market for potential protectionism. Seljan again notes the importation of more refined products but does not address how this

¹⁷² Seljan, *Zemljopis pokrajina ilirskih*, 5.

¹⁷³ Seljan, *Zemljopis pokrajina ilirskih*, 6.

could be reversed. More problematically, in his reflections on Serbia he praises the egalitarian nature of the Serbian agricultural economy, the cheapness of the Serbian state and the patriotism engendered by the ownership of land by the great majority of Serbs.¹⁷⁴ These reflections are difficult to reconcile with the argument that he was a Listian.

Indeed, Illyrians in general openly rejected Listianism and clashed head-on with Kossuth. The Hungarian liberal opposition was portrayed in Ljudevit Gaj's newspapers as venturesome and immature, backed by Buda's and Pest's jobless youth.¹⁷⁵ Kossuth was mocked as a "pseudo O'Connell", presumably because of discussion of Hungary as a colony of Austria comparable to Ireland.¹⁷⁶ And when Ljudevit Gaj directly engaged with Kossuth in the matter of the railway to Rijeka in the context of the statement of a member of the Križevac county assembly that the county should not allow a railroad to Rijeka, he made it abundantly clear that the Illyrian movement is opposed to everything Kossuthian. He began by bitterly stating that Kossuth wrongly characterized the adherents of the Illyrian movement as "ossified, obdurate, frantic fanatics hindering and trampling under their feet and against their own interest any spiritual and material progress in their blind Illyrian rage". Gaj also stressed the perceived lecturing tone of Kossuth, stating that everybody is aware of the need for the railway to Rijeka but nobody wants the project to be headed by a man like Kossuth and to be a part of his protectionist agenda. Reform in general is obviously necessary, but in this Gaj finds the ideas of conservatives much more appealing than those of Kossuth.¹⁷⁷

¹⁷⁴ Dragutin Seljan, *Zemljopis pokrajina Bosne, Srbije, Bugarske iliti ogledalo zemlje na kojoj pribiva narod ilirsko-slavjanski* [Geography of the Provinces of Bosnia, Serbia, Bulgaria or Mirror of the Land Inhabited by the Illyrian People] (R3013, Nacionalna i sveučilišna knjižnica, Zbirka starih rukopisa i knjiga [R3013, National Library Zagreb, Collection of Old Manuscripts and Books] 1845), 8–9, 53, 83.

¹⁷⁵ HSD, 14 March 1846.

¹⁷⁶ HSD, 17 December 1845.

¹⁷⁷ HSD, 14 January 1846.

Gaj was reacting to Kossuth's article in the *Pesti Hirlap* where he stated that the hatred of the Illyrian party against Hungary had reached such a level that the party was ready to sacrifice the well-being of the country to satisfy it. Referring to the Križevac county Kossuth argued that its attitude expressed a stupefying irrationality:

[This is] the first time [in the history of] the world that a province dreads a national railway, which would have connected her to the seaside of her own country, without having to sacrifice a single penny for it. The first time that a province would reject of its own accord the benefit of commercial self-sufficiency and commercial independence and would willingly suggest giving over her material interests to foreigners. First time in the world that a free person would beg for colonial servitude.¹⁷⁸

Aside from explaining how much Croatia would benefit from the proposed railways and giving assurances that interests of virtually all towns and regions would be taken into consideration, Kossuth stressed that a state without an independent trade had an uncertain future before it. Connection to the sea was the essential part of a "chain" of measures that were vital for the future development of Hungary. Without it, the "backward" Croatia had no chance of "autonomous development".¹⁷⁹ If Kossuth thought that this would reassure the Illyrians, he was mistaken. His argument, when placed in the context of contemporary Hungarian debates, starts to greatly resemble the pot calling the kettle black.

As we have seen, in those debates the fear of the liberals was that joining the *Zollverein* would have strengthened the German bourgeoisie in Hungary and potentially no Hungarian bourgeoisie would ever have emerged. Hungarian gentry would have none of it and used Listian argumentation, regardless of virtually no local manufacturing

¹⁷⁸ *Pesti Hirlap*, 30 December 1845.

¹⁷⁹ *Pesti Hirlap*, 30 December 1845.

base to defend, to oppose such plans. The same pertains in the relationship between Hungarian liberals and the Illyrian movement, with somewhat reversed roles, Hungarian liberals playing the role of the *Zollverein* advocates, the Illyrian conservatives the role of Hungarian liberals. Kossuth's argument that his plans would have strengthened the "nation" and the "state" begged the question of which "nation" and which "state" he was referring to. His statement that Croatia could not have had "autonomous" or even "independent" development without the railroad to Rijeka left unexplained what autonomy would Croatia have had behind a protectionist wall Kossuth was claiming to have wanted to erect under a strengthened Hungarian state. Indeed, during these very debates, Kossuth had questioned Croatian sovereignty within Hungary, casually suggesting that the Croatian *Sabor* should stop sending its representatives to the Hungarian Diet. Rather, counties should send their own representatives directly.¹⁸⁰ This would essentially mean the end of Croatian autonomy in Hungary. Furthermore, confrontations with minorities in Hungary did not suggest that fears of the Illyrians against Hungarian liberals were baseless. And lastly, this was occurring in the context of decades of conflicts between Hungarian and Croatian political elites. Thus, even if Kossuth's ambitious plans would have borne fruit and Hungary would have been strengthened economically and politically, the Croatian political elite did not have an interest in such a development. And it remained unclear why the Illyrians would have accepted to pay for developing Hungarian industry which would have forced them to buy more expensive goods of poorer quality when they had the superior products of the Austrian core at their doorstep. However, political considerations reigned supreme in these debates. Ljudevit Vukotinović, the future editor of the most important journal of Croatian agriculture and one of the leading figures in

¹⁸⁰ *Pesti Hirlap*, 14 January 1846.

the natural sciences at the time, took over the conservative arguments against a protectionist wall, referring to Emil Dessewffy's critique of protectionism. He added, though, that protectionism may in fact work in independent countries. However, Hungary was not an independent country. The policy of protectionism could thus have "deadly" consequences. All one could do within the Monarchy was to argue for purchasing domestic products when they were of the same quality and price as foreign ones.¹⁸¹

The railroad to Trieste, contrary to Gaj's statements in his polemic with Kossuth, was starting to be preferred by Illyrians over Rijeka in the 1840s. An anonymous writer argued that Trieste was to become a major center in the trade with India. It is already ahead of Rijeka, and there is nothing to be done about it. The development of Trieste could also benefit the Croatian coastland.¹⁸² Franjo Lovrić, one of the more important writers on the economy among the Illyrians, also argued for a link with Trieste via Sisak as best for trade with Croatia. This, he added, did not exclude a link to Rijeka.¹⁸³ More importantly, the editorial board of Gaj's newspapers also argued for Trieste and expressed serious skepticism against Rijeka. Arguing against state support for a railway to Rijeka, the board referred to a very high price of the railroad, competition with shipping until Sisak and the ports of Trieste and Senj (which, the board believed, the government would build a railroad to. It did not).¹⁸⁴

There were, however, still those arguing for a link to Rijeka. Franjo Partaš, mostly known for his work on agriculture, provided a rebuke to those in favor of a link to Trieste. He argued that from considerations of political economy and nationality, a

¹⁸¹ NHSD, 19 February 1845.

¹⁸² NDHS, 29 February 1847.

¹⁸³ NHSD, 29 February 1846.

¹⁸⁴ NHSD, 11 September 1847.

link to Trieste was a worse option. According to Partaš, only Zagreb and Sisak would benefit, and Karlovac and coastal towns would suffer. This would also endanger the Croatian nationality, as Croatian merchants would become a mere “appendix” of the Austrian ones. Instead, a Croatian national trade needs to be developed. Railroad to Trieste would also have negative effects on nation-building, which requires more intercourse between regions, as it would separate Primorje (the Littoral) from the rest of Croatia. The population of Primorje would also blame the rest of Croatia for their economic ruin. And the population of Rijeka is already skeptical of Croatia. However, when they see that they could flourish in an alliance with it, they will change their minds. Railway in Croatia would increase incomes and give jobs to Primorje workers who would build and repair it. It would also mean that no Austrian tariff would be paid, which would again mean giving part of the value to Austria. In this way, tariffs would be paid in Croatian harbors, giving rise to Croatian jobs.¹⁸⁵ These views were, however, not dominant. And the link to Trieste remained an important aspect of the Illyrian's outlook. Why not Rijeka? The change in position seems mostly conditioned by the clash with the Hungarian opposition and the fear of strengthening further Hungarian influence in Croatia. As the hoped-for cooperation argued for by Drašković in the 1830s did not materialize, Trieste took the place of Rijeka.

While preferred ports changed, less of a dramatic change could be detected in politics towards Hungary. A clear conservative agenda persisted into the 1840s, and Illyrians were openly stating their closeness to Hungarian conservatives, who repeatedly defended Croatian autonomy within Hungary and the use of Latin in Croatia, which was the official language of politics and administration before 1847.¹⁸⁶ Indeed,

¹⁸⁵ NHSD, 2 December 1846; NHSD, 5 December 1846.

¹⁸⁶ Dénes, *Conservative Ideology in the Making*, 71–73, 115–16.

Illyrians have formally started to cooperate with the Hungarian conservatives in 1845.¹⁸⁷ Iván Dénes sees in this position of the Hungarian conservatives simply “ the goal of pushing back the liberal reformers.”¹⁸⁸ While it is true that conservatives were at the same time pushing for lesser autonomy of the counties within Hungary proper in an attempt to weaken what they saw as the bases of the liberal opposition,¹⁸⁹ to reduce this policy merely to cynicism seems overdrawn and it also leads one to neglect the great potential of liberalism for intolerance, on which there is a voluminous literature.¹⁹⁰ Aside from political strategy, conservatives had strong ideological arguments for keeping the autonomy of Croatia as it was historically a territory that enjoyed a level of autonomy. The feudal ideology that still subsisted in the consciousness of the aristocratic classes also left far more room for class solidarity over national conflicts. The conservatives firmly believed in the empire, the framework of which seemed to provide much more breathing space for nationalities than the more claustrophobic space of Hungary. Liberal ideology of the time was by definition less capable of such openness to the nationalities as its call for modern citizenship immediately introduced the problem of defining who in fact was a true citizen and its progressive ideology could result in intolerance towards the “backward” nations. It is easy to forget that many of the liberal states erected in the 19th century were, as Wallerstein puts it, “liberal-imperial” states.¹⁹¹ And regarding consistency, liberals naturally lacked it too, as

¹⁸⁷ Tomislav Markus, *Hrvatski politički pokret 1848.-1849. godine: ustanove, ideje, ciljevi, politička kultura* [Croatian Political Movement 1848-1849: Institutions, Ideas, Goals, Political Culture] (Zagreb: Dom i svijet, 2000), 43.

¹⁸⁸ Dénes, *Conservative Ideology in the Making*, 117.

¹⁸⁹ István Deák, *The Lawful Revolution. Louis Kossuth and the Hungarians, 1848-1849* (New York: Columbia University Press, 1979), 54.

¹⁹⁰ Duncan Bell, *Reordering the World. Essays on Liberalism and Empire*. (Princeton: Princeton University Press, 2016); Brett Bowden, *The Empire of Civilization: The Evolution of an Imperial Idea* (Chicago; London: The University of Chicago Press, 2009); Domenico Losurdo, *Liberalism: A Counter-History* (London ; New York: Verso, 2014); Jennifer Pitts, *A Turn to Empire : The Rise of Imperial Liberalism in Britain and France* (Princeton: Princeton University Press, 2005); Immanuel Wallerstein, *After Liberalism* (New York: The New Press, 1995).

¹⁹¹ Wallerstein, *Centrist Liberalism Triumphant, 1789/1914*, 125.

Kossuth defended the autonomy of the counties in Hungary while at the same time calling for abolishing Croatian autonomy. In this sense, the Illyrians seemed to have recognized their opponents correctly.

3.7. Uneven and combined development not activated: the missing social link in the Illyrian project

The conflict with the Hungarian liberals, however, was not the only reason for the Illyrians' adherence to conservatism and rejection of the Listian reform agenda. The movement itself was already rather conservative. This view, however, has not been necessarily accepted in Croatian historiography. The exact opposite position was taken by Vaso Bogdanov, who argued that Illyrian movement attempted to bring down feudalism. Bogdanov based his claim on the supposedly bourgeois character of the movement with the domination of merchant capital. This core was aligned with the lower clergy, poorer nobles and the intelligentsia, while also enjoying support in the Frontier.¹⁹² A major problem with this argument is that one cannot show how exactly the Illyrians strove to overcome feudalism. It was not only Drašković's text that had nothing to say on the matter of transition to capitalism, but later programmatic publications were too void of any program of doing away with feudalism, while retaining the stress on tax privileges Croatia enjoyed.¹⁹³ It could even be claimed that the Illyrian movement was almost bereft of any social program. The name of the movement derived from the ancient Illyrians who were considered the ancestors of South Slavs. This ideology, although having earlier antecedents, received a more coherent articulation by Pavao Ritter Vitezović in the context of border disputes

¹⁹² Vaso Bogdanov, *Historija političkih stranaka u Hrvatskoj [History of Political Parties in Croatia]* (Zagreb: Novinarsko izdavačko poduzeće, 1958), 97–128.

¹⁹³ Dragutin Rakovac, *Mali katekizam za velike ljude [Little Cathecism for Great People]* (Zagreb: Tiskom k.p. ilir. tiskarne Dra. Ljudevita Gaja, 1842), 19–20; Bogoslav Šulek, *Šta namjeravaju Iliri [What Do the Illyrians Intend to Do]* (Belgrade, 1844).

between the Habsburgs and Venice after the victory against the Ottomans in 1699 and was intimately linked to Croatian state right, an extension of which the Habsburgs did not mind. The name was accepted by Ljudevit Gaj and his political movement. The whole affair had a certain vagueness about it and the territory and peoples referred to in the Illyrian discourse changed. However, Illyrianism can be considered an early form of Yugoslavism.¹⁹⁴ The movement was almost exclusively focused on language, culture and politics. Its main foundational texts all came from this register, from Gaj's reform of the "Illyrian" language to Josip Kušević's collection of Croatian rights, called municipal, vis-à-vis Hungary, Ivan Derkos's *Genius Patriae* that strove to awaken the nation and the mentioned *Disertacija* by Drašković.

Obviously, the Hungarian national movement was also full of texts from this register as well; it is in the definition of national movements to contain such texts. However, the Croatian one did not fuse politics and culture with a social and economic program which might have strengthened the movement politically. Jaroslav Šidak, while distancing himself from the position of Bogdanov, still tried to preserve some elements of the argument that Illyrians were in fact endeavoring to introduce bourgeois society. According to him, the Illyrian movement played the same role in Croatia that the gentry played in Hungary and had a "pronounced liberal character".¹⁹⁵ But most of the major texts of the movement, including programmatic ones, do not seem to have any trace of an attempt to transition to capitalism. The Illyrians then could not have played the same role as the Hungarian gentry. Šidak reaches for an unpublished program of Ljudevit Vukotinović to support his argument. He gives a generous reading of this draft in the sense that whenever it is unclear what Vukotinović meant, he provides an

¹⁹⁴ Ivo Banac, *The National Question in Yugoslavia: Origins, History, Politics* (Ithaca: Cornell University Press, 1993), 89.

¹⁹⁵ Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 148.

interpretation that makes the text progressive. While these readings are possible, Vukotinović is much less clear and appears not to explicitly suggest “the introduction of a bourgeois order”, as Šidak put it, in place of feudal one.¹⁹⁶ But even if we accept the real possibility that Vukotinović did envision such a major socioeconomic and political transformation, we are still left with the fact that the text was not even published, which strongly suggests that the movement as a whole would not accept it. And this was only one draft of a program, as opposed to numerous other publications of the Illyrians where no commitment was expressed to transition to a capitalist society. Šidak himself stated that the Illyrian leaders had “consistently” avoided to discuss the problems of feudal social structure and that, due to the domination of political life by the nobility, were “forced to adapt to the class interest of the nobility in the peasant question.”¹⁹⁷ But these statements are in contradiction with the claim that the Illyrians played the same role as the Hungarian gentry.

The question is then why the Illyrians failed to advocate for the abolition of feudalism. As the just quoted argument by Šidak shows, he thought that it was not in their class interest to do so. But the Hungarian gentry was in the exact same class position as the Croatian one and they faced the same challenge of social decline. As Mirjana Gross argues, the Croatian nobility was “on the brink of ruin” before 1848.¹⁹⁸ This begs the questions as to why these same classes appeared to have had almost an opposite relationship towards the feudal order. Bićanić argued that the Croatian nobility was conservative because of smaller plots and worse land in relation to Hungary.¹⁹⁹ For Bićanić, the heightened conflict between Croatia and Hungary from the 1830s onwards

¹⁹⁶ Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 147.

¹⁹⁷ Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 141, 101.

¹⁹⁸ Gross, “The Position of the Nobility in the Organization of the Elite in Northern Croatia at the End of the Nineteenth and the Beginning of the Twentieth Century,” 140.

¹⁹⁹ Bićanić, *Počeci kapitalizma*, 120.

should be related to the increased competition of peripheral producers on the world market which further increased the competition on the internal market between Hungary and Croatia. Considering their weaker economic position, the Croatian nobility was rendered even more conservative.²⁰⁰ Igor Karaman shared this position.²⁰¹ But the main exporters were aristocrats, who supported Croatian autonomy. Iskra Iveljić maintains that the Hungarian nobility saw an opportunity for social survival in the employment of wage labor,²⁰² which also begs the question as to why the Croatian nobility did not see such an opportunity. Furthermore, as we have seen, the Hungarian gentry did not see an opportunity in becoming a capitalist class employing wage labor but rather in occupying positions in the state apparatus. To Ivo Banac, all noble classes were simply backward-looking: "...it is fairly clear that the nineteenth-century nobility of Poland, Hungary and Croatia increasingly represented an atavistic resistance to centralism and homogenization, rather than a special type of class hegemony."²⁰³ Problematic even for Croatia, this claim is very hard to sustain in the context of Hungary as the gentry class made the transition to capitalism.

We may now recapitulate the problems of current interpretations of the role of the Illyrian movement and Croatian nobility in the transition to capitalism and offer an alternative position. Those arguments stressing the class position of the Croatian gentry as an obstacle to the transition to capitalism rest on a problematic class essentialism whereby it is not expected for the nobility to introduce capitalist property relations. However, stageist references to earlier cases of bourgeois revolutions are mistaken as they cannot account for the emergence of new class agencies in the transition to

²⁰⁰ Bićanić, *Počeci kapitalizma*, 146-147.

²⁰¹ Karaman, *Privreda i društvo Hrvatske u 19. stoljeću*, 16-17.

²⁰² Iskra Iveljić, *Od prosvijećenog apsolutizma do 1848. godine*, 44.

²⁰³ Ivo Banac and Paul Bushkovitch, "The Nobility in the History of Russia and Eastern Europe," in *The Nobility in Russia and Eastern Europe*, ed. Ivo Banac and Paul Bushkovitch (New Haven: Yale Concilium on International and Area Studies, 1983), 13.

capitalism. Indeed, the transition to a society governed by wage labor in the 19th century had often been managed exactly by nominally pre-capitalist classes (Junkers, samurai, Hungarian gentry). This transition cannot thus be posed in such a restrictive notion of class interests. It should rather be accepted that the pre-capitalist classes might have had a class interest in managing the transition to capitalism. The problem with the position that worsened conditions on the world market explain the conservative nature of the Croatian movement is that the aristocrats who were most hit by the changed conditions on the world market were not as a rule arguing for conflict with Hungary and that the Hungarian aristocrats argued for cooperation with Croatia. On the other hand, the Hungarian gentry, more reliant on county offices, was at the forefront of the conflict between Croatia and Hungary. Thus, this position is too economicist. The movement of the Hungarian gentry, who was a class in decline, collided with the Croatian national movement because the Hungarian gentry wanted to strengthen the Hungarian state in the process of transition to capitalism and secure employment for itself in the state administration, while also preferably having a direct link to the world market via the Adriatic and ensuring control of a wider home market. Bićanić intimated that this was an important factor in the conflict between Croatia and Hungary but in the end opted for a more economicist reading. As he pointed out, the greater market that the industrialization strategy required implied the absorption of Croatia into Hungary. Furthermore, Croatia was Hungary's path to the world market.²⁰⁴ Bićanić also argued that jobs in the state apparatus were significant for a feudal class in decline. Thus, any Magyarization of Croatia was inimical to the class interests of Croatian gentry, leading to conflict between these classes.²⁰⁵ The conflict was thus not primarily determined by

²⁰⁴ Bićanić, *Doba manufakture*, 326, 331.

²⁰⁵ Bićanić, *Počeci kapitalizma*, 153.

reduced prices, but by the incompatibility of the Hungarian national movement with the class interests of the Croatian nobility and the emerging new political class as a whole.

While the conflict between Croatia and Hungary is thus explained, the more conservative character of the Croatian movement is still not accounted for. We can explain why the same classes at the same point in time act differently in the process of transition to capitalism by a greater specification of the local socioeconomic structure and culture, the relative strength of the state apparatus and the geopolitical context in which the class in question had to act. The last factor is of the utmost importance when examining the Croatian case. The conservative character of the Illyrian movement was not the result of any particularly “conservative” class structure but primarily the extremely small space for maneuver available to peripheral Croatia. Like in Hungary, there were no economic conditions for Listian political economy, but, unlike Hungary, there were no (geo)political conditions either. The Croatian gentry could not find a way out of its social predicament in the same way as the Hungarian one could. This is why the perspective of uneven and combined development is useful since it requires us to take an intersocietal perspective on class phenomena rather than accept a nation-statist ontology of class behavior. In the Hungarian case, the perspective of uneven and combined development enabled me to specify the enabling conditions for the uneven and combined character of the Hungarian revolution. In the case of Croatia, the lack of them enables us to explain the absence of the same processes. The Croatian “container of power”, to use Giddens’ terms, available to the Croatian gentry was of a completely different order. Out of 52 counties of Hungary, it had only three counties of Croatia proper at its disposal. And narrow Croatia’s relation to the Habsburg state was that of greater dependency compared to Hungary. The Illyrian movement relied on the Austrian state to prevent some serious pro-Hungarian challenges of the poorer nobility.

One must add the fact that Croatia proper had underwent a steady erosion of the little autonomy it had for decades. The Croatian Royal Council had been subordinated to the Hungarian one by Maria Theresa in 1779 and Rijeka was established as a *corpus separatum*, a special entity within the Hungarian Crown and therefore taken out of the jurisdiction of the Croatian Kingdom. After the reign of Joseph II, whose reforms administratively obliterated Croatia, the Croatian nobility found refuge from absolutist Vienna in the embrace of their feudal brothers in Hungary. Croatian *Sabor* had reduced its own autonomy in the 1790-1791 Hungarian Diet by accepting that future Croatian taxation be discussed at the Hungarian Diet and that Hungarian Diet was to be given the authority to decide in matters of common affairs without the consent of the *Sabor*. Already at this Diet the issue of the extension of the use of Hungarian language was raised, an issue that would cause conflicts on many future sessions of the Diet. Although fearful of a too great extension of Hungarian, the Croatian *Sabor* introduced it as an obligatory subject in Croatian gymnasia in 1827. And in 1843 the Hungarian Lower House passed a law requiring the use of Hungarian in public services and consequently that all public employment be conditional on the knowledge of Hungarian. The Upper House was able to water down this proposal, leaving Latin as the language of administration of Croatia proper in internal administration.²⁰⁶ These different conditions led to revolution in Hungary and cooperation with Vienna in Croatia, to List in Budapest, and Smith in Zagreb.

Together with political weakness and underdeveloped social structure came the expansiveness of the Illyrian ideological universe. The large area that the Illyrian ideology laid a claim to served two important functions. One was potential employment for the nobility and intelligentsia in the Greater Illyria and the second was a geopolitical

²⁰⁶ Šidak, *Hrvatski narodni preporod-ilirski pokret*, 147–48.

answer to Greater Hungary. As the sociologist Dinko Tomašić put it, the weakness of the bourgeoisie and the numerous intelligentsia, and we may add the declining nobility as well as the pressure of Hungarian nationalism, explains the “extensive” nature of Croatian national movement, finding its expression in “Illyro-Yugoslav ideologies”.²⁰⁷ Tomašić’s argument is marred by the assumption that a stronger Croatian bourgeoisie would have developed a more exclusivist national ideology²⁰⁸ as geopolitical constraints would have not changed and by the assumption that Illyrianism is somehow less natural than a more exclusivist Croatian nationalism. However, although favoring the social over the geopolitical to a great extent, his argument is still cogent. A similar conclusion is reached by Ivo Banac, who argues that the language of state right combined with the notion of South Slav unity was largely a compensation for the actual political weakness of the movement.²⁰⁹ Although the call for unity of the South Slavs did not simply fall on deaf ears, the Serbian state had a rather different idea regarding the unity of South Slavs with a greater stress on unifying the Orthodox/Serbian population in the region, as expressed in the *Načertanije* document written by Ivo Garašanin, Serbian minister of interior. In Slovenia too, the movement did not make much of a headway. Even within the Triune Kingdom of Croatia, Slavonia and Dalmatia the movement faced strong regionalisms and Illyrianism thus served a function of bringing forward the Croatian national movement while not directly challenging existing regional identities. Furthermore, Dalmatia was administratively still a separate province, subordinated to Vienna (and would remain so until the dissolution of the Monarchy). Aside from the fact that the rest of the territory was also

²⁰⁷ Dinko Tomašić, “Razvitak građanske ideologije u Hrvata [The Development of Bourgeois Ideology among Croats],” in *Društveni i politički razvoj Hrvata. [Social and Political Development of Croats]* (Zagreb: Naklada Jesenski i Turk, 2013), 201–3.

²⁰⁸ Tomašić, “Razvitak građanske ideologije u Hrvata”, 220–221.

²⁰⁹ Banac, *The National Question in Yugoslavia*, 74–76.

substantially reduced due to the Military Frontier, even within this remainder potentially available to Illyrians, the movement was reduced, at best, to three Croatian counties where it also had to struggle for political preponderance primarily because it faced the numerous pro-Hungarian poor nobility of Turopolje in Zagreb county, which escalated in 1845, when the pro-Hungarian party won the elections for the county, into a bloody conflict with 22 dead. And it was left to the intervention of Vienna to save the Illyrians from potential political disaster by issuing a rescript that forbade personal participation of nobles in the *Sabor*, thus taking away hundreds of Turopolje votes from the pro-Hungarian party.²¹⁰ At the same time, when Vienna considered that the Illyrians went too far, it simply banned the name in 1843, allowing its use in 1845 only in the realm of culture.²¹¹

While the jeopardized sovereignty of Croatia heightened the importance of culture and politics, this in itself was not an indication of high cultural development. Paradoxically, the politicization of culture was in fact a sign of its relatively undeveloped character. The Illyrian movement was working with meagre cultural resources and was, compared to Hungary, seriously “understaffed”. It was consumed by politics and the affirmation of the very existence of an “Illyrian” nation. The greater importance of culture and politics as well as their character becomes better intelligible

²¹⁰ Šidak, *Hrvatski narodni preporod-ilirski pokret*, 154–55. Ironically, it was in fact the Court which had earlier empowered the poor nobility in its conflict with the Croatian counties by the giving it the individual right to vote in the county assemblies. This poor nobility clashed with the Illyrian movement which tried to control the Zagreb county where the poor Turopolje nobles were situated. The poor nobles, led by *comes* Jospović, found in their interest to align themselves with the Hungarian opposition, which was in conflict with the Illyrians. The defeat of the Illyrians held the promise of county offices and potentially a major influence in Croatian politics in general through direct participation in the *Sabor* should the voting regulations be changed. Endangered in their political participation in the Croatian Kingdom, the poor nobility could thus express a willingness towards the expansion of political rights, which would have benefitted them: Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 109, 136–37; Dinko Šokčević, *Hrvati u očima Mađara, Mađari u očima Hrvata: kako se u pogledu preko Drave mijenjala slika drugoga [Croats in the Eyes of the Hungarians, Hungarians in the Eyes of Croats: How the Image of the Other Changed in the View across the Drava]* (Zagreb: Naklada Pavičić, 2006), 71.

²¹¹ Šidak, *Studije iz hrvatske povijesti XIX stoljeća*, 97.

with reference to the socioeconomic base and the international. Defense of the nation strengthened the role of language and culture in the world of politics, but this was indicative both of an underdeveloped peripheral economy and the relative weakness of the Croatian state and was in the end inimical to a stronger political movement. As Trotsky argued, development of culture is necessary for the transmission of elements from the more developed nations to underdeveloped ones.²¹² The greater Hungarian state gave more room for cultural development than the Croatian one could. Budapest was a city of 150 000 people in mid-19th century while Zagreb was a town below 15 000. The Hungarian Academy of Sciences was founded in 1825, and the Illyrians only started founding reading clubs in 1838. The Croatian movement also had to struggle much more about the very beginnings of a definition of what the Croatian/Illyrian nations is and even which language one should use to define oneself, and this in a context of almost nonexistent local cultural institutions. The chances for taking over the achievement of more advanced nations are slim in these conditions. In the case of Illyrianism the structural factors were much less favorable than in the case of Hungary, and much more would have been required to achieve a political organization of same maturity and greater strength.

Thus, with the underdevelopment of Croatia, the de-development of the Military Frontier, the insipient doom of merchant capital, the isolated case of Rijeka, the weakness and fragmentation of the Croatian state, the lack of social program of the Illyrians, Croatia faced the storm of 1848 with a rather weak hand. In the end it experienced a typical fate of a peripheral country lacking agency. The whip of external necessity did not work as a spur for a major socioeconomic transformation but had rather overshadowed the social and led to weak politics. While the backward countries

²¹² Trotsky, *History of the Russian Revolution*, 4.

may be “compelled to make leaps” under the whip of external necessity,²¹³ leading sometimes to a full activation of combined development, that whip may much more often immobilize them politically and subordinate them to more developed societies and/or those with a stronger state apparatus. And instead of leaping over stages one might become a barge towed by more advanced societies. As Trotsky put it: “In a movement through history, a backward country is to be compared not to a ship that cuts its own way through the waves, but to a barge being towed by a steamship. The captain of the steamship has to show initiative in choosing a course, whereas the man in command of the barge is bound hand and foot.”²¹⁴ In a sense, rather than compelling a transition to capitalism, the whip of external necessity put the Croatian political class onto a barge whose captain were the Hungarian liberals. It was they who abolished feudalism and pulled the Croatian society into capitalism. As one of prominent 19th century Croatian liberals Ivan Perkovac later recalled: “The year 1848 came at us [*navalila*] too suddenly. The movement of that year was not the immediate result of our previous political life.”²¹⁵

²¹³ Trotsky, *History of the Russian Revolution*, 5.

²¹⁴ Leon Trotsky, *The War Correspondence of Leon Trotsky. The Balkan Wars 1912-1913* (New York, London: Pathfinder, 2001), 80.

²¹⁵ Ivan Perkovac, *Pripoviesti. Crnice iz bojnog odsjeka [Stories from the Military Department]* (Zagreb, 1905), 214.

4. Waiting for development: difficulties of Croatian transition to capitalism (1848-1867)

In this chapter I turn to the consequences of the abolition of extra-economic coercion for Croatian development. I argue that previous accounts of the transition to capitalism in Croatia were marred by a commitment to modernization theory, eclectic reasoning combining modernization theory with the notion of uneven development, and an unclear conceptualization of what constitutes “feudal remnants”. The notion of modernization theory implied convergence in development with core countries that was somehow blocked by allegedly feudal dispositions of the landlords. But the explanation of the economic behavior of the landlords, I argue, does not require the concept of feudalism because there is not an inherent tendency for capitalist agencies to develop local industry, which is often at least implicitly equated with the capitalist mode of production in Croatian historiography.

Croatian historians take the Austrian state to task for the lack of development after 1848. While I concur that this argument has some validity, I maintain that centuries of extra-economic coercion greatly determined the developmental difficulties of Croatia. This led to weak development of productive forces in an area with relatively low labor supplies. Then there was uneven development of capitalism, with core areas already having established high value-added production. Uneven development of capitalism was reinforced by the upswing of the world-economy, which favors the existing geographical distribution of economic activity, and the highly centralized regime of accumulation of Austrian neo-absolutism.

Alongside the examination of the Croatian political economy, I analyze contemporaries’ discussions of several aspects of the transition by relying on the

publications of the Agricultural Society, reports of Chambers of Commerce in Zagreb and Osijek, books on political economy, and newspapers. I examine what specific problems of the transition were discussed, in what way it was believed that the improvements to the economy could be made and how the economic policy of Vienna was assessed. In this manner, the chapter relates to both chapter 2 that discussed Austrian developmentalist discourse and the following chapter 5 that turns to the contemporaries' more sustained reflection on capitalism and the political economy of the Monarchy and Croatia.

4.1. The stagnation of the neo-absolutist period and lack of catch-up in Croatian historiography

The postwar historiographical treatment of the problematic of development by the economists Mijo Mirković and Jozo Tomašević focused, much like Bićanić, on unequal development to the benefit of foreign capital. Jozo Tomašević saw the difference in development partly as a result of resource endowments and former levels of development, but primarily caused by “discriminatory economic policies”.¹ Where foreign rule was not the cause, the “psychological make-up of the South Slavs” did not help.² Neither did the inadequate political framework.³ Tomašević concluded that capitalism in the region was “the appendage of Central and Western European capitalism.”⁴

In the *Economic History of Yugoslavia* Mijo Mirković found that it was the antinational and feudal character of the landlords that was hindering development in

¹ Jozo Tomasevich, *Peasants, Politics, and Economic Change in Yugoslavia* (Stanford, Cal: Stanford University Press, 1955), 158.

² Tomasevich, *Peasants, Politics, and Economic Change*, 175

³ Tomasevich, *Peasants, Politics, and Economic Change*, 214.

⁴ Tomasevich, *Peasants, Politics, and Economic Change*, 213.

Croatia after 1848. While they invested some of the damages received for the abolishment of feudalism in productive activity, much of it was invested in Austria, Hungary and foreign countries. These decisions, Mirković claimed, were based on the nationality of the landlords and their financial connections. The transfer of capital amounted to a “colonial rent” that speeded up industrialization in the more developed parts and slowed down more intensive agriculture and development of industry in Yugoslav lands and therefore served as “a tool of uneven economic development.”⁵ Former feudal lords also avoided going into industrial production, although they did invest in wood processing.⁶ There was a general lack of entrepreneurship and industry ended up being subordinate to foreign capital.⁷ Railroads that the foreigners built were also used less for local development and more in service of an “imperialist policy.”⁸ But Mirković did not turn independence into a panacea. He noted that in Serbia the political class accumulated by political means, leading to a mistrust of the cities in a political economy dominated by the bureaucracy.⁹

I have discussed Rudolf Bićanić at length in the previous chapter. Here we may repeat that in this period of “industrial capital” Bićanić saw the reinforcement of tendencies observed in the period of manufacture. And that is that capitalism in Croatia manifested “its basic contradiction of expansion of production, and reduction in the expenditure basis.” Industry merely made this more apparent and took out even more value from the country.¹⁰

⁵ Mijo Mirković, *Ekonomska historija Jugoslavije [Economic History of Yugoslavia]* (Zagreb: Informator, 1968), 203.

⁶ Mirković, *Ekonomska historija Jugoslavije*, 270.

⁷ Mirković, *Ekonomska historija Jugoslavije*, 243–47, 290.

⁸ Mirković, *Ekonomska historija Jugoslavije*, 259.

⁹ Mirković, *Ekonomska historija Jugoslavije*, 285, 292–93.

¹⁰ Rudolf Bićanić, *Doba manufakture u Hrvatskoj i Slavoniji: (1750-1860) [The Period of Manufacture in Croatia and Slavonia (1750-1860)]* (Zagreb: Izdavački zavod Jugoslavenske akademije znanosti i umjetnosti, 1951), 183, 226.

Vasilije Krestić gave a host of factors: “unfinished agrarian reform”, unresolved *zadruga* issue, lack of credit, labor and communication, drop in trade, competition with and penetration of foreign bank and industrial capital. Krestić continues with what appears to be an even more important factor: Croatian revolution of 1848 came too early as the bourgeoisie was too weak. It thus could not win against the “feudal class” and this is why the revolution did not have the “desired fruits”. Croatia thus struggled with “remnants of feudalism”, took the undesirable Prussian path and its economy was characterized by a combination of “methods of modern market and feudal production”.¹¹ However, Krestić also adds that Croatia suffered from a transitional structural crisis where capitalist relations of production are in place but in the “economic and social structure feudal and transitional elements are still preponderant.”¹²

Similarly, according to Igor Karaman, local bourgeoisie striving towards national industrial entrepreneurship was pitted against the forces of feudalism, represented by merchant capital and landlords, who were ready to enter into an alliance with “reactionary” circles of aristocracy and bureaucracy of a feudal origin. The only chance of success for this domestic bourgeoisie was an alliance with the petty bourgeoisie, peasantry and the workers. While the abolition of feudalism brought before the “bourgeois forces” the task of development of a more integrated economic system based on “capitalist economics” the local bourgeoisie lacked the instruments of the nation-state to achieve this.¹³ Considering the often occurrence of the term “modernization” in Karaman’s text, the implication of the argument was that the victory

¹¹ Vasilije Krestić, *Hrvatsko-ugarska nagodba 1868 godine [Croato-Hungarian Settlement 1868]* (Belgrade: Srpska akademija nauka i umetnosti, 1969), 14.

¹² Krestić, *Hrvatsko-ugarska nagodba*, 109.

¹³ Igor Karaman, *Industrijalizacija građanske Hrvatske: 1800-1941 [Industrialization of Bourgeois Croatia: 1800-1941]* (Zagreb: Naprijed, 1991), 6–7, 101–2.

of the local bourgeoisie and proper use of the resources of the nation-state would have led to a leap in development.

Mirjana Gross, the unmatched *connoisseur* of the neoabsolutist period, enumerated similar causes as Krestić and added an underperforming school system and demography, but decided to opt for inadequate communications as the main factor explaining underdevelopment because it impeded access to the world market.¹⁴ Moreover, Gross suggested that backwardness on the periphery might have been caused by the lack of transition to capitalism.¹⁵ In line with this argument, Gross maintained that the landlords were greatly responsible for economic stagnation since they “were not interested in the economic development of Croatia and spent most of their profits abroad.”¹⁶

Vladimir Stipetić, in the most ambitious account of Croatian economic history to date, does not operate with the notion of uneven development. This removes the ambiguities found in the work of earlier historians but also leads Stipetić to some astonishing claims such as the one that by the end of the 19th century Croatia was experiencing a Rostowian take-off.¹⁷ This is a rather remarkable claim for an agricultural region with the lowest GDP per capita of all areas in Hungary.¹⁸

¹⁴ Mirjana Gross and Agneza Szabo, *Prema hrvatskome građanskom društvu: društveni razvoj u civilnoj Hrvatskoj i Slavoniji šezdesetih i sedamdesetih godina 19. stoljeća* [Towards a Croatian Civil Society: Social Development in Civil Croatia and Slavonia in the 1860s and 1870s] (Zagreb: Globus, 1992), 16.

¹⁵ Mirjana Gross, “‘Jezgra’ i ‘periferija’ - nova teorija industrijske revolucije u Evropi [“Core” and “Periphery” - A New Theory of the Industrial Revolution in Europe],” in *Evropska periferija i industrijalizacija 1780-1914* [European Periphery and Industrialization 1780-1914], by Iván T. Berend and György Ránki (Zagreb: Naklada “Naprijed,” 1996), 18.

¹⁶ Gross, “The Position of the Nobility in the Organization of the Elite in Northern Croatia at the End of the Nineteenth and the Beginning of the Twentieth Century,” 140.

¹⁷ Vladimir Stipetić, *Dva stoljeća razvoja hrvatskoga gospodarstva: (1820.-2005.)* [Two Centuries of Croatian Economic Development: (1820.-2005.)] (Zagreb: Hrvatska akademija znanosti i umjetnosti, Razred za društvene znanosti, 2012), 211–12.

¹⁸ Based on Schulze, “Regional Income Dispersion and Market Potential in the Late Nineteenth Century Hapsburg Empire,” table 5, accessed 20 June 2017.

Most of these arguments fail to convince as plausible explanations of the stagnation immediately after 1848 and the lack of catch-up for the remainder of the century. The argument that “feudal remnants” are a major cause of backwardness suffers from the lack of specification as to what constitutes vestiges of feudalism. Most of the scholars seem to suggest that the legacy of feudalism manifested itself in the dispositions of actors who were not interested in industrialization and more autonomous development of Croatia. It is hard to see how this is “feudal” as dependent development marks the majority of the countries of the world-system. The interest of agricultural producers and landowners to develop agricultural production and import cheaper and superior goods from core areas is a type of behavior that does not require the concept of feudalism. The argument that there were serious adjustment problems that the mere introduction of capitalist relations of production could not solve is certainly hard to dispute as well as that indeed there were some attempts at extra-economic coercion during the introduction of those property relations and even that the dispositions of actors whose behavioral patterns were formed under a different socio-economic system were hindering them from making full use of new property relations. However, this is a partial view of the issue, as I shall try to show below. Historians also vacillate between the notions of modernization and uneven development. This leads to unresolvable tensions in their argument, mentions of Croatia as periphery mingling with stageist assumptions of modernization theory. They also conflate capitalism and industrialization.¹⁹

Gross’s argument that it was the lack of communications that was decisive suffers from a narrow temporal perspective where what needs to be explained is simply

¹⁹ Mirjana Gross, “‘Jezgra’ i ‘periferija’ - nova teorija industrijske revolucije u Evropi,” 13–20; Igor Karaman, *Industrijalizacija građanske Hrvatske*; Gross and Szabo, *Prema hrvatskome građanskom društvu*, 329.

accepted as given. Same as with the lack of credit and capital, the lack of communications was not the natural state of affairs that Croatia found itself in but rather a direct outgrowth of social property relations and the manner of incorporation of the region into the world-system. A different set of social property relations bringing about a strong internal market would have most likely led to better communications and capital accumulation. As we have seen in the previous chapter, the idea that communications were inadequate started to strike contemporaries as important in the context of increased competition from other peripheral producers, especially Russia. With the passage of time other producers, including core ones, would start to compete on the market for agricultural goods. These pressures then revealed how a few centuries of underdevelopment left Croatia unprepared to respond to these changed conditions on the world market. It is then of course correct that lack of communications, credit and labor did prove debilitating.

Alliance of the local capitalist class with the petty bourgeoisie, peasantry and working class might have been a strategy of doing away with dependent development but it remains highly unclear who those actors in Croatia were as the local capitalist class, in the sense that these authors use the term, almost did not exist and the same applies to the working class in an overwhelmingly agrarian country. Autonomous development would also have had to face the narrowness of the local market in any import substitution strategy. This implies that only a more regional political project would have been viable, implying a Yugoslav state would have been required. Karaman's later argument that a Croatian state would be sufficient makes the argument

even less convincing.²⁰ Moreover, independence in itself is no guarantee that development would come to pass.

Thus, as these attempts at explanation of Croatian backwardness seem at least partially inadequate, in the following I offer an alternative interpretative framework focusing on the legacy of extra-economic coercion, uneven development under capitalism, cycles of the world-economy and the regime of accumulation of neo-absolutism.

4.2. The trap of transition: legacy of extra-economic coercion and uneven development

Post-48 transition to capitalism was marked by the legacy of a few centuries of extra-economic coercion in the context of a world-system in which numerous states and regions had already accomplished a transition to wage labor or were much closer to it than Croatia was. The almost exclusive reliance of the landlords on extra-economic coercion coupled with low supplies of labor was sure to result in serious adjustment problems for the Croatian economy. This was so because this reliance on the political extraction of surplus made landlords less prone to the development of productive forces in order to cut costs. Instead of a few centuries of rising productivity paving the way for the transition to capitalist relations of production, recourse to the labor rent under feudal relations of production made the feudal lords woefully unprepared for the disappearance of that source of unpaid labor. Both the booms and downturns of the capitalist world-economy stimulated only a greater use of those mechanisms of surplus extraction. Any “development” that did occur was more of a quantitative rather than qualitative nature.

²⁰ Igor Karaman, *Hrvatska na pragu modernizacije: (1750-1918)* [*Croatia on the Threshold of Modernization: (1750-1918)*] (Zagreb: Naklada Ljevak, 2000).

Thus, considering that these relations of production left the country with very low levels of capital accumulation and an inadequate infrastructure, and taking into account that labor reserves were low, any transition to wage labor was bound to fall short of expectation. However, in the previous chapter I argued that it was precisely social-property relations that were responsible for the backward state of the Croatian economy. The customs policy of the Habsburgs, deemed “colonial” by some Croatian historians, was considered secondary. I have pointed out the differing developmental trajectories of countries and regions employing wage labor (the United States, Scotland, Lombardy) and those relying on extra-economic coercion (Poland, Romania, Russia). Now I am arguing that new social property relations need not be considered as bringing about substantially higher levels of development (relative to the level of development of the system as a whole). This may understandably appear contradictory, but it is not.

Wage labor, like economic policies, may be said to be subject to the “problem of composition”.²¹ While wage labor is an exceptional manner of employing labor it is feasible to argue that it brings about relatively high levels of accumulation, and technological and organizational innovations. This then leads to ever higher living standards and a core position in the capitalist world-economy. However, the slow generalization of wage labor makes it less efficient as this process is under way in numerous states and regions of the world-system, which are competing on the world market. Furthermore, not only are there declining benefits to the introduction of wage labor but the country that introduces it has to face countries employing it for a substantial period of time and the enormous productivity gap that implies.²² This makes it ever harder, with the passage of time, to reap the benefits of capitalist relations of

²¹ Giovanni Arrighi, “The African Crisis,” *New Left Review*, II, no. 15 (2002): 33.

²² Amin, *Unequal Development. An Essay on the Social Formations of Peripheral Capitalism*, 365–66.

production that those employing it earlier reaped. Moreover, as already argued in chapter 1, capitalism has a tendency to develop in regional production blocks, where interlinkages between different enterprises create production clusters that are difficult to reproduce outside the region, which then draw in high skilled wage labor and raise the living standards of the area in a positive developmental spiral.²³ Moreover, high value added industries tend to develop an oligopolistic structure, raising barriers to entry and reinforcing uneven development between regions of the world-system.²⁴

These tendencies in the world system can be related to the phase of the capitalist world system (upturn, downturn) and the specific regime of accumulation accompanying it. As already stated in the first chapter, the post-48 period was one of economic boom, indeed, one of the best periods of capitalism as a world-system.²⁵ Periods of upturn in the world-economy are characterized by neglect of labor costs and focus on transaction costs. This strengthens the existing pattern of unevenness. During the downturn, labor costs become more important as firms are focused on cutting costs and tend to relocate production activities.²⁶

The regime of accumulation of neo-absolutism was in line with these general systemic tendencies. As we have seen in chapter 2, neo-absolutism was characterized by political and economic centralization. Both in the state-led investments of the earlier period and the coordination of investment by the state in the later, with railroad building as the leading sector, development was heavily concentrated in the core regions of the

²³ Harvey, *The Limits to Capital*; Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945-2005* (London ; New York: Verso, 2006), xx–xxi.

²⁴ Immanuel Wallerstein, *World-systems Analysis: An Introduction* (Duke University Press Books, 2004), 17–18.

²⁵ Arrighi, *Adam Smith in Beijing*, 253.

²⁶ Immanuel Wallerstein, “Merchant, Dutch or Historical Capitalism?,” *Review (Fernand Braudel Centre)* 20, no. 2 (Spring 1997): 248.

empire. Aside from the concentration of industrial enterprises, financial institutions and credit provision were also limited outside core areas. As the 1850s were a period where no representative institutions could influence policies of the central government, the system did not have virtually any correction mechanisms that could prompt a change of direction. Pursuing an ambitious foreign policy and facing chronic deficits, the government also substantially raised taxes in less developed areas and extracted a substantial amount of capital for mobilization during the Crimean War. Investments in the periphery were reduced mostly to railroad building in order to connect resource-rich areas with the core. Even if it wanted to change its policies towards the development of the periphery, the government's room for maneuver for more investment or reduced taxation was limited mainly due to the devastating effects of mobilizations and wars on government coffers.

Within this context, Croatia was ill-placed to attain a higher level of development. Considering that both Hungary as a whole and Croatia had similar relations of production, no difference in development could stem from that factor. However, Hungary had locational advantages (Western Hungary was just next to the huge market of developed areas of Cisleithania), resources the core needed to exploit²⁷ and overall provided a far greater source of agricultural goods than Croatia. It was thus connected to core areas by railroads, increasing the competitiveness of the region. As demonstrated in chapter 2, Hungary also had a much more developed discourse of political economy, which could not have played a negative role in adjusting to new relations of production. Contrary to Hungary, Croatia's richest agricultural region, Slavonia, was further away from western markets while Croatia proper, with agriculture of lower productivity, was closer to it. Furthermore, the new communication lines were

²⁷ F. Schmitt, *Statistik des österreichischen Kaiserstaates* (Vienna, 1867), 151–52.

seriously jeopardizing local merchant capital as new railroads in Hungary were channeling trade away from Croatia, endangering its mediating role between eastern fertile regions and the world market to the west. Bearing this context in mind, we may now turn to a more thorough examination of Croatia's economic and social relations after the transition to capitalist relations of production and the reactions of contemporaries to the political economy of transition to capitalism.

4.3. From free to expensive: shortage of labor

Ban Jelačić issued a decree abolishing feudal dues and lord's judicial authority over former serfs on April 25, ten days after the Hungarian March Laws. *Sabor* confirmed the abolishment of feudalism in articles 27, 28 and 30. It had even expanded the rights of former serfs in relation to Hungarian laws by giving over *iura regalia minora* to the municipalities (the right to sell liquor) and peasants (other rights such as fishing and hunting). The peasants of Slavonia also received rights of using the forests for wood and to feed their pigs with acorn. Yet the patent regulating the relations between former serfs and feudal lords in Croatia was proclaimed only on 2 March 1853. Somewhat surprisingly, considering the usually more favorable disposition of Vienna towards the peasants, the 1853 Patent put the peasants in a worse position than the 1848 Croatian law on the abolition of serfdom. In line with the temporary Patent of 7 April 1850, it returned the use of wood and acorn in Slavonia to the law of 1836 and revoked the decision of the *Sabor* on *iura regalia minora*, except for the right to sale liquor, which led to disputes between landlords and peasants. The government's motivation was that the former feudal lords were in the best position to develop a rational agriculture and would therefore to be helped. But this logic had limits. The Patent did not resolve the issue of the profitable vineyards completely in favor of the landlords but

gave the peasants the opportunity to buy them in the borders of the Theresian urbarium.²⁸

Yet the Patent of 1853 did not regulate common forests and grazing lands. This was done with another patent on 17 April 1857. Here Bach was less willing to conform with the wishes of Croatian nobility. Bach rejected more radical proposals by Jelačić favoring the landlords much more. Grazing in the forest was considered a separate issue by Bach and in this case he thought the peasants would have to pay for their rights (pre-48 relations were multifarious). He was more insistent on helping the peasants in the forests and did not go for half-half division nor did he even give the right to the landlords to buy the forest lands from the peasants. This was because of the fear that this would have jeopardized the peasants. However, the Patent gave a lot of scope for interpretation to local authorities, which favored the landlords.²⁹

Despite the relatively favorable treatment they received, even though far from their wishes or the Prussian model that Krestić invoked, the landlords expressed numerous complaints about their new situation, especially when it came to labor. Being accustomed to the services of their serfs without being forced to pay anything in return in a relatively sparsely populated area, one of the first reactions of the former feudal lords to the new relations of production was a nostalgic look back to the bygone times of feudal arcadia. In one of the most discussed subjects of the 1850s, the landlords tried to find proxies for the abolished instrument of extra-economic coercion. Some, it seems, were almost heartbroken. Count Otto Sermage, a member of one of the biggest landowning families and Lord Lieutenant of Križevac county, complains in 1850 in a debate in the *Agricultural Society*, founded to promote agricultural improvements,

²⁸ Mirjana Gross, *Počeci moderne Hrvatske*, 157–70, 178–81.

²⁹ Gross, *Počeci moderne Hrvatske*, 173–75.

about former serfs who were not showing sufficient gratitude for the utopia of feudalism and had developed an insolent streak:

The common folk has a duty to work for itself and other citizens, and this is how things were in our homeland until recent times because the former law forced them to do so. However, after recent events, which shook the entire Europe, with every dependency abolished, that common folk has become negligent, uncaring, arrogant and spiteful. It does not have any needs beyond paying the insignificant taxes³⁰ for which it works lazily, and because of it does not want to come to the aid of its former landlord. How to make our folk to awaken in these circumstances, and help at least a bit, as a sign of gratitude, to their former benefactors³¹

One of the measures to entice the common folk to show “gratitude” is to limit their mobility.³² Others were even more ambitious, suggesting that those who are not serving in the military should serve as many years on the estates with a fixed maximum wage. Those who are insubordinate should be sent to the military. One contributor agreed with the fixed maximum wage and proposed legislation which would make it illegal for workers to be idle for more than 8 days.³³ A few years later, in an otherwise “liberal” series of articles praising the virtues of adaptation to a market economy, a landlord pines for the days when one could beat some sense into the insubordinate serfs. Instead of the now prohibited medicine, a ban on marriage for lazy peasants is suggested. Gendarmerie should also be employed against those not applying themselves sufficiently, and they should be placed in jails.³⁴ The central government partially responded to these requests by allowing the *ban* to issue a regulation regarding servants

³⁰ As we shall see, the landlords considered the tax rate onerously high when it came to themselves.

³¹ LDGHS 1850, 37.

³² LDGHS 1850, 37.

³³ LDGHS 1850, 48-49, 84-85.

³⁴ GL, 10 March 1854; GL, 18 March 1854.

in 1853, which included physical punishment and the right to forcefully return the servants to the estate in case they did not fulfill their contractual obligations.³⁵ Considering these attitudes and regulations, it is no wonder that Andrija Torkvat Brlić, an intellectual from Srijem, could note in 1850 that peasants were mistrustful towards the landlords, feared the return of feudalism and the cruelty of estate officials. He suggested better treatment of the peasantry as a way to overcome the mistrust and lower wages.³⁶ A few years later, the same fear was again emphasized. Peasants, it was argued, resent the labor rent of feudalism and do not want to work for the landlord for they fear that wage labor might somehow be turned into obligatory labor services.³⁷

One may try to explain landlords' behavior by the legacy of the feudal past. The memory of the former mode of production subsisted in their consciousness and conditioned their responses to new relations of production. As we shall see in the analysis of a major ideologue of the landlords, Lazar Hellenbach, this is not a position that can be easily discarded. As Perry Anderson argues, we should not marginalize this ideological component and assume it to disappear instantaneously with the abolition of a certain kind of social property relations.³⁸ However, the difficult question that needs to be answered is the one of the relationship between the ideological universe of feudalism and the reality of new property relations. When put like this, it seems difficult to explain the landlords' economic behavior over the middle run merely by reference to their "feudal" dispositions. But how could then some of them have expressed a preference for extra-economic coercion? The answer is simple: the low supply of labor. This argument is reinforced by the fact that they were much less "traditional" when it

³⁵ Gross, *Počeci moderne Hrvatske*, 207-208.

³⁶ LDGHS 1850, 120.

³⁷ GL, 5 February 1853.

³⁸ Perry Anderson, *Spectrum* (London: Verso, 2005), 249.

came to freeing up what was perceived by some as a substantial pool of labor reserves: the *zadruga*, an institution where the extended family was the owner of property.

This institution of the *zadruga* was an integral part of feudalism. It provided a secure supply of labor under conditions of extra-economic coercion. However, with the abolition of extra-economic coercion, it was seen as an obstacle to obtaining labor as it seemed to provide the means of subsistence to its members who were then not forced to sell labor. Indeed, one of the proposals of the already quoted Otto Sermage was to abolish the institution of “patriarchal life”, as the *zadruga* was called in most documents of the period.³⁹ This communal form of property was considered by its opponents as inconsistent with the development of “culture and industry”, as “the main obstacle to development”, and even an “enemy of progress”. It could not unleash the productivity of labor as private property because all members of the commune absorbed its fruits. It in fact stifled it. The *zadrugas* were seen as stimulating laziness as those less productive could benefit from the productivity of others. Furthermore, it was contrary to the division of labor that characterizes capitalist societies as it strived for autarkic production. All its positive aspects (in terms of care and support for members) could be taken over by state institutions. The fear that its dissolution would lead to the emergence of the proletariat were unwarranted as new individual plots would be more productive and freed up labor could also be employed, thus leading to the general rise in the living standards of the entire country. These rising incomes would then expand the local market and contribute to the rise of industry. *Zadrugas* were an institution of the feudal past and were bound to dissolve in the new society, the argument went.⁴⁰

³⁹ LDGHS 1850, 39.

⁴⁰ LDGHS 1850, 22, 28, 31, 72, 77, 103, 105; GN, 12 March 1853; *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860*. (Essek: Druck von Carl Lehmann & Comp., 1862), 34; Dragutin Pavličević, *Hrvatske kućne zadruge I. (do 1881)* [*Croatian House Communes I (until 1881)*] (Zagreb: Sveučilišna naklada Liber, 1989), 142–45.

Although these opinions would seem to confirm the argument by Mirjana Gross that the *Agricultural Society* was merely supporting the interests of former feudal lords,⁴¹ it is worth noting that there were numerous voices against the dissolution of the *zadruga*, including some intellectual heavyweights. Indeed, virtually all the major intellectuals were for maintaining the *zadruga*. Their arguments were greatly influenced by August von Haxthausen's work on Russia. Haxthausen was an honorary member of the *Agricultural Society*.⁴² Ljudevit Vukotinović, the future editor of the paper of the *Agricultural Society*, argued that *zadruga* is more economically efficient as it has a division of labor within it and more productive forces. It is good for moral life as it discourages selfishness. It is easier for the state to tax it and it can give both soldiers and labor. Without it, pauperization would come about.⁴³ Vukotinović also suggested that the *zadruga* would preserve the "originality" of the Slavs and pave the way towards a different form of development:

We have only joined the ranks of other European people. We must not begin our progress with that which would destroy the main traditions of our peoples. The customs and importance of Slavic peoples is closely tied with patriarchal life. This will keep our originality against too great influence of foreign elements. And although we might perhaps reach the so much praised development level of other peoples a bit later, we shall at least keep the Slavic customs, from which one day in our spirit a more appropriate progress might develop.⁴⁴

Andrija Torkvat Brlić argued against the dreadful consequences of individualism, where wealth is concentrated in the hands of the few. This brings in its

⁴¹ Gross, *Počeci moderne Hrvatske*, 253.

⁴² LDGHS 1850, xxiii.

⁴³ LDGHS 1850, 55-58.

⁴⁴ LDGHS 1850, 59.

wake the dangers of communism and socialism. What is more important is not having poor people in society, rather than promoting “great wealth”. With reference to Haxthausen, Brlić argued that where Germans had not imposed feudalism, like in Russia, the benefits of institutions like *zadrugas* were clear for all to behold.⁴⁵ Utješenić Ostrožinski placed great emphasis on the fact that *zadrugas* are an institution connected with the military service in the Military Frontier. It is natural that their dissolution would come about under those conditions. No obligations should therefore be connected to *zadrugas*. Utješenić also argued that the dissolution of the *zadrugas* would lead to the scattering of productive forces. It is thus not to be considered as an obstacle to development. And the sale of labor and concentration of wealth in capitalist England seemed to him as something to be avoided. *Zadruga* thus prevented the potential rise of communism. Utješenić also argued that the lack of industry in Croatia should not be considered of prime importance as it is better to have no industry than to have it under conditions that prevail in Western Europe. And anyway, there were no factories in Croatia that could absorb the labor freed by the dissolution of *zadrugas*.⁴⁶ A few years later, Franjo Žužel would repeat these arguments in a series of articles. He would add that more democracy in the *zadruga*, with an elected head confirmed by the authorities was the way to strengthen it. If the Russian *mir* could do it, why not the Croatian *zadruga* too, he reasoned.⁴⁷

In these debates, unlike those on how to limit labor mobility and use of force on the peasantry, it is the landlords who sound more “modern” in that they advocate the abolition of the *zadruga*, while their opponents seem to reject the very notion of a

⁴⁵ LDGHS 1850, 122-124.

⁴⁶ LDGHS 1850, 129, 132-134, 135.

⁴⁷ GL, 29 March 1856; GL, 5 April 1856; GL, April 12 1856; GL, April 19; GL, 26 April 1856; GL, 10 May 1856; GL, 17 May 1856.

capitalist society. To the landlords the need for labor overrode the support for “Slavic” institutions. But in this case, the landlords did not get their way. Already in April of 1850, *ban* Jelačić stopped the division of *zadrugas*. And although there were numerous complications with the introduction of the *Grundgesetz* in 1852 and the court rulings, the position that *zadrugas* should be maintained prevailed.⁴⁸

How are we to assess the role of *zadrugas*? A brief glance at other similar institutions might bring us closer to an answer. The argument that only individual property is compatible with growing productivity in agriculture has been challenged. Especially relevant is Russia where the commune is now considered more efficient than hitherto argued. This argument is based on the notion that market opportunities in themselves generate economic development.⁴⁹ I have been arguing that in some cases, for example when there are feudal social property relations, this cannot be assumed. Although Russian agricultural productivity did in fact grow in response to market signals, it is worth noting the nature of the argument made and the overall performance of the Russian economy. The argument that communes were not a hindrance to growth is mostly made on the assumption of them being not too rigid so as to be a significant curb on individual activity.⁵⁰ This alleged flexibility does not make the commune an ideal solution as an institutional framework for continuous growth but one that did not prove a sufficient hindrance to maximization of efficiency. And although there was progress in agricultural productivity, Russia remained an overwhelmingly underdeveloped country more than forty year after the abolition of serfdom in 1861,

⁴⁸ Gross, *Počeci moderne Hrvatske*, 210–19.

⁴⁹ Olga Crisp, “Russia,” in *Patterns of European Industrialization*, ed. Richard Sylla and Gianni Toniolo (Taylor & Francis e-library, 2003), 253–54; Paul R. Gregory, *Before Command: An Economic History of Russia from Emancipation to the First Five-Year Plan* (Princeton, N.J.: Princeton University Press, 1994), 83; Paul R. Gregory, “The Role of the State in Promoting Economic Development: The Russian Case and Its General Implications” (Taylor & Francis e-library 2003), 71.

⁵⁰ Gregory, “The Role of the State in Promoting Economic Development: The Russian Case and Its General Implications,” 71.

with few extra-large estates surrounded by numerous small plots. Its relatively high growth in agriculture is understandable due to its low starting position.⁵¹ Crucially, revisionist historians do not tackle vast differences in agricultural productivity within Russia. Those areas that were closer to capitalist social property relations (Congress Poland, the Caucasus and New Russia) had far greater productivity growth.⁵² Similar arguments about a non-capitalist path to modernity were also made in the case of Japan, notably by Kaoru Sugihara. According to Sugihara, although Japanese agriculture was characterized by small plots, the Japanese households, instead of specialization, developed the ability to efficiently perform different tasks and to flexibly adapt to changing market signals. Sugihara attempts to challenge the notion that there was a Malthusian trap in premodern Japan by referring to this type of development. Notably, although considerable growth was achieved, this system of agricultural production was not delivering great innovations in production.⁵³ It is not surprising that the Japanese producers were able to somewhat expand productivity as Japan was a relatively developed tributary formation hardly comparable to peripheral producers in Eastern Europe relying on coerced labor.⁵⁴ The question is whether that productivity growth, already lower than in capitalist economies, could have been sustained without introducing capitalist relations of production. Sugihara does not demonstrate that this was a possibility. Indeed, the Japanese state submitted the peasants to market pressures via taxation and enforcement of property rights, which made them conform more to the capitalist social property relations and led to a significant increase in productivity

⁵¹ Robert C. Allen, *Farm to Factory: A Reinterpretation of the Soviet Industrial Revolution* (Princeton, NJ ; Oxford, Eng: Princeton University Press, 2003), chapter 1; Carol Scott Leonard, *Agrarian Reform in Russia: The Road from Serfdom* (Cambridge ; New York: Cambridge University Press, 2009), 57–58.

⁵² Mark Cohen, “Reforming States, Agricultural Transformation, and Economic Development in Russia and Japan, 1853–1913,” *Comparative Studies in Society and History* 60, no. 3 (July 2018): 727, <https://doi.org/10.1017/S0010417518000245>.

⁵³ Sugihara, “The East Asian Path of Economic Development,” 84, 87–92.

⁵⁴ Allinson and Anievas, “The Uneven and Combined Development of the Meiji Restoration.”

growth.⁵⁵ The post-*Meiji* Japan thus seems to owe its development to the introduction of capitalist property relations and state-led catch up efforts. The nature of Japanese development, as already discussed in chapter 1, was naturally shaped by the timing of its industrialization and its position in the world-system, factors which enabled it to pursue strategies of development not available to others. However, slow productivity growth in a tributary formation does not seem compatible with the development Japan achieved later in the 19th century.

Thus, while *zadrugas* would probably not substantially hinder economic growth, there is no reason to believe that they would have contributed to it on the same level as individual plots whose efficiency on the whole was probably higher. When not compelled to increase productivity, it made sense for *zadrugas* to prioritize security. This was so because there were potentially disastrous consequences of experimentation. Even in the works of the proponents of *zadrugas* as Bićanić, the areas where *zadrugas* were dominant are clearly among the least developed in the country while they dissolved in more developed ones.⁵⁶ And while it is exaggerated to see them as autarchic units of production, it is harder to disagree with the claim that they were incompatible with capitalism.⁵⁷

Their social function was understandably highlighted at a time when it was not evident at all where the additional labor freed up by their dissolution would go. The arguments in favor of *zadrugas* are mostly interesting in that regard, as part of a discourse highly skeptical of capitalism as a social system, whose potentially negative consequences seemed to many Croatian intellectuals greater than any benefits it might

⁵⁵ Cohen, "Reforming States, Agricultural Transformation, and Economic Development in Russia and Japan, 1853–1913," 721, 735–737.

⁵⁶ Rudolf Bićanić, *Kako živi narod: Život u pasivnim krajevima [How the People Live: Life in Passive Regions]*, vol. 1 (Zagreb: Tipografija, 1936), 20, 87–88, 109.

⁵⁷ Pavličević, *Hrvatske kućne zadruge I. (do 1881)*, 23, 77.

bring. The focus of that discourse on the *zadruga*, however, made it less convincing and blunted its critique of capitalism. The opponents of *zadrugas* always had a much more consistent argument. And the communes were being divided despite the law prohibiting it. According to the data of the commission of the compensation of landlords, *zadrugas* were already divided at 59,3 percent estates, mostly of their own accord. 95,1 percent of the divisions were done in secret.⁵⁸ Although some historians have argued for “mass” divisions after 1848,⁵⁹ it seems that many of them already occurred in the feudal period. Indicatively, larger estates were more prone to accept divisions.⁶⁰ Be that as it may, the scarcity of labor and relatively great supply of land that characterized Hungary and Croatia, made labor costs relatively high. Landlords had to adapt to this situation without recourse to extra-economic coercion.

4.4. Difficulties of adaptation

There were numerous discussions in the 1850s on how to cope with a new social situation in a way that does not involve extra-economic coercion. The ambition of some participating in these discussions seems simply to have been to make landlords accept that countries with wage labor can prosper. One writer points out that there was no coerced labor in England and Lombardy and they are doing well. With good land, moderate terms of lease and hard-working laborers, all would benefit. Landlords have no other choice but to accept this state of affairs. They will be rewarded by surpluses which could be marketed, ending the rise in food prices.⁶¹ Others agreed, arguing for middle-size plots to be given to peasants in, considering lack of cash, a sharecropping

⁵⁸ Štefanija Popović, *Seljaštvo na vlastelinstvima u Hrvatskoj 1848. godine [Peasantry on Croatian Manors in 1848]* (Zagreb, 1993), 207.

⁵⁹ Pavličević, *Hrvatske kućne zadruge I.*, 125.

⁶⁰ Popović, *Seljaštvo na vlastelinstvima*, 208-209.

⁶¹ GN, 19 February 1853.

arrangement.⁶² Some landlords also argued that the relationship towards the peasants needs to change. They should be treated with respect. The bond between landlords and peasants would also be strengthened by helping them to get rid of usurers. This could be done by paying peasants at the end of the day, not the end of the month, and by giving them credit in time of need below the normal interest rate. Indeed, even bonds could be issued to the peasants, which they could repay by working at the landlords' estate.⁶³

To others, the lack of labor was partly a consequence of inherited labor-wasting practices. Also arguing for a better treatment of the peasants and for actually paying them, one writer argues that peasants can be more productive and were held back by the former education system. However, a turn to profitable activities that are less labor-consuming might be the best way to compensate for labor. One of those would be husbandry. Wine production should change by focus on quality rather than quantity, which would also reduce the demand for labor. Machinery too should be introduced. Regional differences in the supply of labor might be overcome with the help of the state, which could channel labor from labor-rich to labor-poor areas.⁶⁴ Labor could also be imported from abroad.⁶⁵ Labor contracts and productive activities could be changed, argued another contributor to these debates. He recommended hiring labor for a period of few months to avoid hiring them at peak times (if that does not suffice female labor should be hired as it is cheaper). Furthermore, some work, like mowing, could be moved to an earlier date. Local roads, even when they are the property of others should be improved so that labor would be more mobile. Crucially, plots would have to be

⁶² GL, 5 February 1853.

⁶³ GL, 18 March 1854.

⁶⁴ GN, 29 April 1858.

⁶⁵ LDGHS 1850, 40.

consolidated, as scattered estates lead to many lost hours. Labor-intensive plants should be avoided where possible.⁶⁶

Of course, many of these recommendations were hard to act upon. Lack of capital made the introduction of machinery somewhat of a challenge. To compensate, small, cheap improvements were suggested.⁶⁷ And even when machinery was bought, the lack of skilled labor became evident as it was hard to find someone qualified enough to fix the machinery when it broke.⁶⁸ Some were skeptical that landlords were doing anything to change their position. Ljudevit Vukotinović stands out in this regard. He noted that landlords complain about lack of labor, taxes and no trade but are doing nothing to change their condition. One should immediately do away with the lack of effort. Otherwise, Croatian society will collapse due to its “sluggishness”.⁶⁹ Vukotinović would later repeat with greater force that aristocrats merely complain about their position. Their former reliance on forced labor led them nowhere, with nobles having a hard time and only aristocrats faring better. Croatian nobility and aristocracy were the least prepared for the transition to capitalism. They had no accumulation and then they needed the money they did not have. This is evident when compared with other countries where things were much better, and aristocrats were working on improving the lot of their society. Consequently, he saw Croatian agriculture in ruins.⁷⁰ Jelisava Prasnička stressed their carefree attitude towards improving production, over which they do not exercise sufficient control, in contrast to other regions of the Monarchy.⁷¹ Their reliance on coerced labor made them ignorant of production, another contributor

⁶⁶ GL, 7 April 1859; GL, 14 April 1859; GL, 21 April 1859.

⁶⁷ GL, 7 April 1855.

⁶⁸ GL, 24 November 1859.

⁶⁹ GN, 24 December 1853.

⁷⁰ GN, 1 March 1856.

⁷¹ GN, 3 March 1855; Ljudevit Vukotinović, *Pametarka. Gospodarom u Hrvatskoj i Slavoniji* [A Book of Smart Advice. To the Lord in Croatia in Slavonia] (Zagreb: Tiskom narodne tiskare dr. Ljudevita Gaja, 1858), 20, 36.

argued. Landlords were simply using “the people's way” to till the land, without caring to improve productivity by modern methods of production. These standards of production in combination with luxurious life and high debts made them unready to make use of the redemption payments.⁷² This image of an indebted and unproductive landlord is also found in the reports of the Zagreb Chamber of Commerce.⁷³ Even *ban* Jelačić complained that the landlords were mired in the old ways.⁷⁴ As the landlords, the targeted group, were partly ignoring the *Agricultural Society* and as there was a lack of informative contributions, a fear was expressed that the paper of the *Society* would be reduced to “dead translations of foreign essays”.⁷⁵

These comments were partly a reflection of the post-48 lack of labor and drop of production, general lack of improvement of the Croatian economy and the unwillingness of some landlords to participate in the economic initiatives of the *Agricultural Society*. They also somewhat reflect regional differences. By 1860 Osijek Chamber of Commerce noted improvements on the large estates in terms of crop rotation, iron plough and all kinds of machinery. Indeed, the author of the report seemed so proud of the achievements made that a long list with the types of machinery the Slavonian landlords were using was provided in the report.⁷⁶ But by 1860 even the report of the usually gloomy Zagreb Chamber of Commerce suggests that there is some rise in productivity on the large estates.⁷⁷ The large estates are also singled out as the ones

⁷² GN 18 April 1857.

⁷³ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853.* (Agram: National-Buchdruckerei des Dr. Ljudevit Gaj., 1854), 7, 20–21.

⁷⁴ GL, 21 April 1856.

⁷⁵ GL, 11 October 1856.

⁷⁶ *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860.*, 38–39.

⁷⁷ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859.* (Agram: Druck von Carl Albrecht, 1860), 8–10.

where agricultural production is best progressing in the book of the Croatian economic exhibition of 1864.⁷⁸ That agriculture was making progress was also the conclusion of the “agricultural excursion” of Dragutin Lambl, head of the agricultural school in Križevci and then editor of *Agricultural Paper*, the publication of the *Agricultural Society*.⁷⁹ Statistical overview of the Austrian empire gives a similar picture, with few “rationally” tilled estates surrounded by the backward three-field system.⁸⁰

Thus, landlords as a whole did not seem to have been doing nothing. The first shock of the loss of labor led to a drop in production and rise of prices.⁸¹ The situation in the country was thus dire and it seemed as if the landlords were unwilling and incapable of doing anything. Lack of labor was worsened by the peculiarities of agricultural production. As Charles Post points out, unlike factories, agricultural enterprises are subjected to natural cycles. There is a “disjunction between labor time (planting and harvesting) and production time (the naturally determined growing season...”⁸² Natural cycles can lead to labor shortages as labor is required at particular points in time rather than throughout the year. This is even more so in an economy with a general shortage of labor. Mill’s dictum that landlords “grow richer, as it were, in sleep” did not really apply here.⁸³ However, the adaptation to new conditions was underway and the lack of labor was at least partly compensated for by a more rational management of the estates and the introduction of machinery. Even with these changes,

⁷⁸ *Prva izložba dalmatinsko-hrvatsko-slavonska 1864 [The First Dalmatian, Croatian and Slavonian Exhibition 1864]* (Zagreb: Brzotism Antuna Jakića, 1864), 29.

⁷⁹ Karl Lambl, *Eine landwirtschaftliche Exkursion von Kreuz nach Veröcze (Virovitica) und durch die kaiserl. königl. Militärgrenze* (Agram: Druck von Karl Albrecht, 1864), 45.

⁸⁰ Schmitt, *Statistik des österreichischen Kaiserstaates*, 125–26.

⁸¹ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 5-6.

⁸² Post, *The American Road to Capitalism*, 97.

⁸³ John Stuart Mill, *Principles of Political Economy with Some of Their Applications to Social Philosophy* (University of Toronto Press, Routledge & Kegan Paul, 1965), 820.

agricultural wages in Croatia (and Hungary) were at the very top of the list in the Monarchy.⁸⁴

It was a general agreement that the peasantry, on the other hand, did little to improve its well-being. A few hungry years in the 1850s seemed to confirm this opinion. The inability of the peasants to adapt to new conditions was mostly attributed to their lack of education, “laziness” and sometimes simply stupidity. To this one usually added problematic mores, like the proclivity to visit pubs and play cards. Freed from the constraints of feudalism, the peasants seemed to be headed towards rock bottom. The medicine was usually sought in the affirmation of the importance of religion to prevent immoral, wasteful life, and instill the peasants with some work ethic. There were also proposals to educate the peasants on the new methods of production via local teachers and priests who were members of the *Agricultural Society*.⁸⁵ Vukotinović, so critical of the landlords, hardly spared the peasants of his critical comments and is somewhat of an outlier on this issue. After stating that the Croatian people do not suffer in great poverty unlike the proletarians of the West, Vukotinović argued that they do not know how to make use of their freedom. Almost echoing the arguments for extra-economic coercion, he continued by stating that they needed to be placed under a “stricter administration” to be more productive.⁸⁶ They have also developed a certain “liberalism” toward religion, without which they are mere predatory animals. Those living close to the cities were the worst, “raw, ignorant and mean”. He again underlies that the new system of government is not sufficiently strict to the peasants.⁸⁷ Their

⁸⁴ Konek Sándor, *A magyar korona országainak statisztikai kézikönyv [The Statistiscal Handbook of the Lands of the Hungarian Crown]* (Pest, 1865), 155, 157.

⁸⁵ LMHSD 1849, 7; LDGHS 1850, 10-11; GN, 12 February 1853; GN, 26 March 1853; GN, 9 April 1853; GL, 25 February 1858.

⁸⁶ GL, 5 January 1856.

⁸⁷ GL, 19 January 1856.

laziness is such that the peasant would rather “starve as a mute animal” than work.⁸⁸ Contributions stressing the fact that peasants just need to receive adequate education and that this would lead to rising productivity were exceptional.⁸⁹

The sometimes-vitriolic discourse against the peasantry might not be merely indicative of the mentioned difficulties the landlords faced but also the direct class conflicts they and peasants engaged in. As we have seen, these were fought over dues, plots, common land and especially wine. Aside from the sometimes completely ungrounded collection of feudal dues, the lack of legislative clarity on the status of plots which were above regular size, division of the common lands and the status of some wine producing areas provoked conflict between landlords and peasants. Of all the conflicts, the most important was arguably the one regarding vineyards. With the drop in grain production, wine, alongside wood, was one of the key sources of income for the landlords. Here they tried to deprive peasants of the land they owned that was not in cadastral records, which would mean loss of investments for the peasants. They also seized common lands. In these ways the landlords were undermining the already precarious position of the peasants. The conflict was somewhat normalized after the 1857 Patent was introduced that regulated these land rights. As Gross puts it, this is when “class struggle” turned to the courts.⁹⁰ Moreover, there were also debilitating effects of taxes on some peasant households, who were forced to sell livestock. Before mechanization, livestock was obviously an essential force of production. By selling it, some households were undermining long-term productivity growth. The hunger peasants were exposed to also undermined productivity.⁹¹ As Slicher van Bath pointed

⁸⁸ GL, 31 May 1856.

⁸⁹ GL, 25 June 1853; GL, 29 April 1858.

⁹⁰ Gross, *Počeci moderne Hrvatske*, 177.

⁹¹ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & Öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853.*, 9–10.

out, the productivity of relatively unproductive agricultures was especially vulnerable to hunger: “When the quantity of food is reduced, there will be a decrease in productivity in agriculture because of the decline in human energy, since human labour is one of the principal production factors.”⁹² Peasants were also exposed to much more severe punishment for failures in experimentation. Jozo Tomašević put it succinctly: “Failure meant starvation.”⁹³

4.5. Capital, communications and a disarticulated economy

Both landlords and peasants shared other hurdles on the hilly path to development. As already stated for Hungary in general, the landlords had a right to compensation, calculated at 20 years worth of feudal dues, minus one third for services landowners no longer rendered, at an interest rate of 5 percent. Although the payments started only in 1854, landlords could ask for an advance on payments.⁹⁴ These payments were of great importance for the estates. On the estate of Valpovo, one of the largest estates in Croatia-Slavonia, compensation amounted to two thirds of all revenues of the estate for the 1856-1860 period.⁹⁵ However, the high level of indebtedness and the general unreadiness to cope with new relations of production meant that many landlords were selling off their bonds below their nominal value.⁹⁶ Furthermore, the redemption payments in Croatia were well behind schedule by 1864. And they were to be paid by taxes that landlords now had to pay, an additional squeeze on available surpluses. The

⁹² Slicher van Bath, “Agriculture in Vital Revolution,” in *Cambridge Economic History of Europe. Volume 5. The Economic Organization of Early Modern Europe.*, ed. E.E. Rich and C.H. Wilson (London ; New York: Cambridge University Press, 1977), 48.

⁹³ Tomasevich, *Peasants, Politics, and Economic Change in Yugoslavia*, 214.

⁹⁴ Gross, *Počeci moderne Hrvatske*, 181-182.

⁹⁵ Igor Karaman, *Valpovačko vlastelinstvo: ekonomsko-historijska analiza [Valpovo Manor: Economic-Historical Analysis]* (Zagreb: PhD Dissertation, 1959), 92.

⁹⁶ According to the Zagreb Chamber of Commerce, bonds were sold for 77-78 percent of the nominal value: *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853*, 20-21.

supply of capital was also quite low, and credit had to be supplied at the same interest rate in the entire Monarchy, leading to low borrowing. Osijek Chamber of Commerce complained that credit is expensive while the official rate is “fictitious”.⁹⁷ The few local institutions that could offer capital were insufficient (Prva hrvatska štedionica, Kaptol (the Zagreb (arch)bishopric), Jelačić fund for invalids).⁹⁸ The dearth of capital could have been partly compensated by setting up credit institutions that could fund agriculture. However, as we have seen in chapter 2, the government moved at a snail’s pace in this regard and kept the credit supply highly centralized. Ideas for mortgage banks with a 4 percent credit rate turned out to be, as many others, pies in the sky.⁹⁹ And the section for mortgages of the national bank, complained the Zagreb Chamber of Commerce, did not lead to palpable effects in Croatia.¹⁰⁰ Things went from bad to worse in 1854 when the national loan was issued. According to the Zagreb Chamber of Commerce, 3.5 million of loans was taken up in “patriotic fever”. But this loan was beyond the means of those buying the bonds, and they were soon sold, like the redemption bonds, below nominal value, with loss of capital for the country.¹⁰¹ The phrase “patriotic fever” seems a euphemism for the fact that the loan was in fact forced onto the population. Mirjana Gross described this loan as a “disastrous break on economic development”. The statement becomes understandable considering that the

⁹⁷ *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860.*, 31.

⁹⁸ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856.*, 11-12.

⁹⁹ LDHS 1850, 6-7.

¹⁰⁰ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856.*, 12.

¹⁰¹ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856.*, 8.

total value of redemption payments to former landlords was estimated at 12 million, plus administrative costs.¹⁰²

What struck contemporaries even more as having detrimental effects on the state of the economy was the lack of communications. Osijek Chamber of Commerce stressed the contrast between the potentials the region had, and the state Slavonia found itself in. It was a region rich in resources but deprived of modern means of communications. While modern technologies were compressing space and drawing capital and labor into the areas that were well-connected, law of value was not making itself felt in areas without the modern means of communications:

The wings of steam are overcoming any distance; the rails of the train, the floodgates of the canal, the cobbles of the street, make all values rise, and draw to themselves capital and labor. Impassable connections make the closest areas insurmountable, they frighten people and capital, labor and entrepreneurialism far away.¹⁰³

Better communications would benefit not merely Slavonia, but the Monarchy as a whole, opined the Chamber. In a not so veiled critique of the political economy of neoabsolutism, it was argued that a new railroad would result in a much higher production (three to four times) and that this increased production would have an important role to play in the Monarchy's "world trade" since raw goods can cover the deficit caused by the import of industrial products and colonial wares. Unfortunately, the Monarchy worked only on connecting its industry to the sea, while it neglected areas that can address its deficit, in this case the grain from Bačka and Banat and wood from Slavonia. Growth of exports of these areas will increase their "prosperity" leading then

¹⁰² Gross, *Počeci moderne Hrvatske*, 150, 169.

¹⁰³ *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860.*, 8.

to several times greater sales of the Monarchy's industrial areas. And better connections with the industrial heartland would also lead to increased exports of needed raw materials to those areas as well.¹⁰⁴

So eager was the Chamber for new communications that it led it to undermine the argument for the division of labor within the Monarchy. It seemed that no mountain was too high to climb if one had modern railroads at their disposal. Their lack was the root of all evil, their presence cure for everything:

Above all, we repeat and repeat this, it is the improvement of communications that would gradually remove other evils and allow the unnaturally curbed sources of production to gush forth, fertilizing the entire land. Soon would agriculture, industry, [and] trade develop to full bloom and Slavonia would rank as one of the most important factors of world trade. The increased prosperity [and] the growth of tax power would soon compensate hundred times for the sacrifices of the land.¹⁰⁵

This belief, in a somewhat less enthusiastic tone, was to be repeated a few years later.¹⁰⁶ Lack of communications was highlighted as a problem by the Zagreb Chamber of Commerce too. One of the main concerns in the reports was the fact that new railroad lines in the Monarchy were diverting trade from Croatia, which is in the position to mediate between eastern areas and the world market. Thus, not only has *Verkehr* not improved, it has gone to other areas, hurting the land. Trade via Pest and Vienna to Trieste is hurting local trade so much that it might completely disappear if a new railroad line is not built in a short period of time.¹⁰⁷ The government was asked to build a line to

¹⁰⁴ *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860*, 17-22, 88-89, 102.

¹⁰⁵ *Bericht der handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860*, 38.

¹⁰⁶ *Slavonac*, 20 June 1864.

¹⁰⁷ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 14-16, 31-32.

Steinbrück from Agram, and to connect Rijeka with the railroad as well. The building of railroads should be supplemented by the building of bridges and regulation of rivers. The *Lujzijana* road to Rijeka, in concession until 1877, should be bought back by the state and the toll reduced.¹⁰⁸ Main items of trade mentioned in the report are Banat grain and wood from Bosnia, Military Frontier, Slavonia and Croatia, all going for the “world market”. Increased competition for wood imports between England and France was stressed as benefitting local producers and exporters. It was hoped that wine could join these items on the world market. Already a vital product funding the import of grain to Croatia, wine was seen as potentially the most valuable export commodity, should the quality increase.¹⁰⁹

This high emphasis on the world market is an indication of an externally oriented economy. These links to the world market were indeed essential for coping with the difficulties of this transition period. Export of wood was a very important source of revenue for the landlords at a time when grain production fell.¹¹⁰ The period is marked by a continuous rise in the export of wood, reaching a peak in the 1860s. Although the production of wood was characterized by a somewhat more advanced production process, and would later bring about large wood processing firms, this production did

¹⁰⁸ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853*, 14, 21-22; *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 42-43, 46.

¹⁰⁹ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 35-37; *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 26, 42-43, 46-47.

¹¹⁰ Gross, *Počeci moderne Hrvatske*, 229; Karaman, *Valpovačko vlastelinstvo*, 91-93; William Brooks Tomljanovich, *Biskup Josip Juraj Strossmayer: nacionalizam i moderni katolicizam u Hrvatskoj* [Bishop Josip Juraj Strossmayer: Nationalism and Modern Catholicism in Croatia] (Dom i svijet, 2001), 121-22.

nothing to change the peripheral nature of the Croatian economy. Most of the profits did not go to the owners, but rather to domestic and foreign capital. Already playing a subordinate role, local merchant capital would later be marginalized by ever greater penetration of foreign capital. Furthermore, wood trade was exposed to growing pressures at the world market. Croatia was hardly the only area in the Monarchy rich in wood reserves. To this, one should add other major players in the export of wood such as Russia, Scandinavia and the United States. The hopes that wine might play a bigger role were also dashed as Croatia here too faced enormous competition. Just next door, Hungary had a substantial production. And the hoped-for jump in quality and branding did not come about.¹¹¹

While an easier connection to the world market could have positive effects on reducing the cost of competition on regional and world markets, this growing integration could also have negative consequences on production that mainly relied on locational advantages. Even before the railroad line from Zagreb to Steinbrück was built (1862), increasing competitive pressures from the core were felt in the Zagreb Chamber area in furniture and textile production.¹¹² Rather meager Croatian mining production would become unrentable as it faced greater competition from other areas of the empire due to the new railroad.¹¹³ Locational advantages also might explain the local production of agricultural tools in Osijek. This production became relatively successful and could export to Romanian Principalities.¹¹⁴ Railroad lines had a negative effect on local employment in transport. While they provided short-term employment

¹¹¹ Sándor, *A magyar korona országainak statisztikai kézikönyv*, 179–80, 186–88; Bićanić, *Doba manufakture*, 107, 119.

¹¹² *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 29-30.

¹¹³ Stipetić, *Dva stoljeća razvoja hrvatskoga gospodarstva*, 130.

¹¹⁴ *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860*, 71.

during construction, the numerous jobs lost in transport were gone for good and could not be easily replaced in a stagnant economic environment. Indeed, contemporaries sometimes expressed skepticism of railroads precisely because of fear of job losses.¹¹⁵ Furthermore, the construction of railroads mostly reflected the needs of the Austrian core areas. Croatian areas were simply added to the core in a manner that did not take into account local economic dynamics. Thus, the railroad to Steinbrück brought with it a serious pressure on the trade of Karlovac, the former center of merchant capital. The downfall of Karlovac merchant capital could at least have been assuaged by a railroad line to Rijeka, something that would not happen until 1873, and it would connect it to Budapest, not Slavonia, again going against the established trade pattern. While lacking railroads, one could just stress how beneficial it would be to have them considering that the local elite had no control over taxation and economic policy.¹¹⁶

Economically advanced areas in the period under examination reveal the legacy of a disarticulated economy and development on an unsustainable basis. Rijeka continued on its forward march towards ever more industrialization. It was by far the most developed part of the Croatian Kingdom with armaments, paper, tobacco, shipbuilding and milling. It had the biggest concentration of steam power in the country. But it had tenuous links towards the Croatian hinterland. Its industrialization did not lead towards higher development in other areas. Pula, situated outside the Kingdom in Istria, experienced rather explosive growth and became the biggest Croatian town of the period due to the setting up of a naval base and a military-industrial complex in the *Arsenal* company. However, this development in Pula could not change much the

¹¹⁵ GL, 28 May 1856.

¹¹⁶ *Narodne novine*, 22 October 1866.

disarticulated nature of the economy – even over the *longue durée*. As Mijo Mirković put it:

Pula was a big military and naval stomach, which swallowed everything, from Istrian wine to Silesian coal and Vitkovician iron and sheet metal and dreadnoughts from Rijeka and Trieste – but for the economy and prosperity of the peoples of Istria she was nothing more than a consumer of products and labor power. She gave out neither machines nor tools. Austria was concerned for the credits to the military, army and the arsenal and solved everything from the point of view of military politics. Agriculture of Istria did not concern her much, let alone the creation of industry which could compete with the Austrian one.¹¹⁷

At the same time, the peak of shipbuilding production was occurring but in a manner that would make it difficult for production to continue on the same level later in the century. Specializing in long distance sailboats, Croatian shipyards easily outcompeted their competitors in the Monarchy and accounted for an astonishing sixty-five percent of tonnage. Cheap supplies of wood and a pool of *Primorje* labor seemed to have been major factors explaining the success of these shipyards. However, although sometimes marked by higher capital investment due to greater tonnage, this expansion of production and capital concentration was based on a technology that was to be surpassed as steamships were the future. Moreover, the total value of shipbuilding was already greater in Trieste and more modern ships were being built there. Already in 1868, the value of production was roughly 1,4: 1 in Trieste's favor. And much of the accumulated capital soon went there, drawn by the pull force of a growing and more modern port.¹¹⁸ Tellingly, Mirković states that in Trieste there developed “the

¹¹⁷ Quoted in Igor Karaman, *Privredni život Banske Hrvatske od 1700. do 1850*, 339.

¹¹⁸ Bičanić, *Doba manufakture*, 135–36; Mirković, *Ekonomska historija*, 228–29.

economically strongest, most expansive, most penetrating and most compact Yugoslav bourgeoisie.”¹¹⁹ Yet it parked its capital in Trieste rather than investing more of it at home.¹²⁰ This reality is difficult to square with the image of the feudal landlords exporting capital to the west while not developing productive forces at home while the bourgeoisie allegedly behaves in an exactly opposite fashion. This is an image that, as we have seen, Mirković and numerous other authors fully subscribed to. How is it then that the “economically strongest” bourgeoisie was behaving, when it came to capital flows, in a similar fashion to the supposedly backward and foreign nobility? It appears that uneven development that favored core areas made very different capitalist agencies disposed towards exporting capital abroad. Pursuit of high returns rather than the supposedly inherent disposition of the bourgeoisie to develop local production seems to be a better explanation of the behavior of the peripheral bourgeoisie.

These most modern or most successful capitalist areas were marginal to the development in most of Croatia and Slavonia. Pula was administratively not part of the Croatian Kingdom and the status of Rijeka was disputed. As we shall see, it became a special territory of the Hungarian Kingdom in 1868. And the bourgeoisie in Rijeka was Italian. The most developed areas were thus outside the reach of Croatian authorities and did not play a potentially more progressive role in Croatia’s economy, which was marked by stagnation and even regression in the immediate post-1848 years.

Understandably, contemporaries started to feel frustrated. One writer in the *Agricultural Paper* notes the stark differences between Vienna and Croatia:

...bounty and colossal wealth in money, manufacturing products and real estate... in the capital of Austria often awakens in me the realization and feeling of the enormous

¹¹⁹ Mirković, *Ekonomska historija*, 243.

¹²⁰ Mirković, *Ekonomska historija*, 241.

difference between my current residence and my homeland. Shivers go through my spine when I think of the fact that my entire homeland's capital is not worth as much as the capital held by some of the most modest Viennese [citizens] and merchants.

And Croats are spending all of their money there, the author continued. In Croatia there is no agency to change the difficult position the country finds itself in. The *Agricultural Society* itself is run by few men who are essentially "pushing the cart through the mud" in order for them not to stop completely. Should they disappear, the *Society* would too. Chambers of Commerce are merely showing signs of life.¹²¹ These were not baseless lamentations. The *Agricultural Society* was stagnating. The society usually had a few hundred paying members. In 1853 it had 650 members, in 1867 it had 801.¹²² Vukotinović was, if possible, even more pessimistic, stressing the legacy of feudalism:

When it comes to railroads our homeland is the last in the entire empire because the sorry state of our agriculture and industry did not deserve for roads [sic], which cost millions, to be built here; our landlords did not make an effort in any type of agricultural products to produce so much that they could be exported and attract attention on the great market of the foreign world; - here we have only ourselves to blame...¹²³

The Osijek Chamber, on the other hand, pointed out that Slavonia was the most neglected province of the empire: "There is perhaps no other land of the empire for whose material progress so little has been done."¹²⁴ The Zagreb Chamber stated that people felt "discouraged" by the fact that nothing the Chamber asked for came to life.¹²⁵

¹²¹ GL, 13 December 1856.

¹²² GN, 21 May 1853; GL, 21 February 1867.

¹²³ GL 50, 1 December 1855.

¹²⁴ *Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober*, 37.

¹²⁵ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 3-4.

Although some observers like Vukotinović were blaming the legacy of feudalism, most of the complaints were directed against the government, as we shall also see in the next chapter. This was understandable because the central government had implemented the abolishment of extra-economic coercion and had full control over economic policy. It was no wonder then that many authors ascribed the responsibility for the results of the transition to the government, which, due to reasons discussed above, were bound to be meager or even negative in the short run. The government's actions had also obscured the deeper causes of underdevelopment because it rode roughshod over centuries long established autonomy and put itself in the center of attention, diverting from a soberer reflection on the local causes of backwardness.

Considering the difficult position Croatia was in, the central state could have aided its ally in the revolution of 1848 primarily in two ways: investment or a tax reduction. The latter the government did. Croatia, like Transylvania, had a reduced land tax until 1855.¹²⁶ Yet the general fourfold increase in the land tax after 1848 and the fact that the feudal lords paid no taxes before 1848 were hardly mitigated by this measure. Regarding investment, the only major one was the railway to Steinbrück. But this investment, as stated, hurt many interests in Croatia dependent on trade with the sea as it contributed to the centralization of trade in Trieste. At the same time, the government built railroads to areas it considered of greater importance in Hungary and thus hurt Croatian exporters by increasing the competitiveness of other producers. It could have potentially invested more in Croatia had it not been faced with chronic deficits due to an ambitious foreign policy. The aid local institutions received was meager. The

¹²⁶ *Statistik des Steuerwesens im österreichischen Kaiserstaate mit besonderer Berücksichtigung der directen Steuern und des Grundsteuer-Katasters* (Vienna: Aus der kaiserlich-königlichen Hof- und Staats-Druckerei, 1858), xxviii–xxix.

Agricultural Society received several books and some symbolic financial assistance in almost twenty years after the abolition of feudalism.¹²⁷

Considering this weak development, the focus on industrialization in Croatian historiography seems unwarranted. Although Croatian historians have stressed “dreams of industrialization” in this period,¹²⁸ it seems that this was a distant dream. The conflation of capitalism and industry seems to be responsible for the constant mention of industry in the context of the transition to capitalism.¹²⁹ The greatest possible candidate for the development of an industrializing strategy would be the paper *Sidro*, run by one of the most important economic thinkers of the 1860s, Antun Jakić, who was a member of the National Liberal Party, the closest equivalent to an organization promoting autonomous development vis-à-vis Vienna and Pest, as we shall see in chapter 6. Both Jakić himself and numerous contributors do not develop an argument that would be compatible with the claims regarding industrialization in Croatian historiography. What is stressed in the writings in *Sidro* is the need for a local credit institution (which did not materialize).¹³⁰ And while the argument that greater autonomy would aid economic development is made,¹³¹ the notion of development articulated by Jakić contains no industrialization. On the contrary, Jakić notes that Belgium and England have a developed industry because they are densely populated. Croatia, a sparsely populated country, is better for agriculture than industry as it does not have a sufficient population density which would result in cheap labor. It also does not have educated labor and lacks cheap credit. Jakić argued that perhaps some simple industries

¹²⁷ GN, 19 July 1856; GN, 26 July 1856; GN, 25 July 1857; GN, 24 October 1857.

¹²⁸ Gross, “The Position of the Nobility in the Organization of the Elite in Northern Croatia at the End of the Nineteenth and the Beginning of the Twentieth Century,” 141.

¹²⁹ Miroslava Despot, *Industrija građanske Hrvatske 1860-1873 [Industry of Civil Croatia 1860-1873]*. (Zagreb, 1970); Karaman, *Industrijalizacija građanske Hrvatske*; Gross and Szabo, *Prema hrvatskome građanskom društvu*, 328–38.

¹³⁰ *Sidro*, 3 May 1864; *Sidro*, 8 May 1864; *Sidro*, 15 May 1864; *Sidro*, 6 June 1864.

¹³¹ *Sidro*, 14 March 1865.

with local sources of raw material could develop but considers anything more unrealistic. He underlines that industry is not the only path to wealth and that Holland shows well how prosperity could be reached only by relying on agriculture.¹³² In other articles, it is argued that Croatia must develop agriculture first and should not even think about industry. The goal should be to reach the world market and increase trade with other countries.¹³³ These views are in line with a very pessimistic outlook of the paper regarding Croatian prospects of development. In 1867 Jakić stressed that even the meager agricultural production of Croatia could not be made better use of due to insufficient communications. Good grain prices could not be capitalized on as lower water levels during the year made transport difficult. And although communications are not worse than what they were, they have not improved either.¹³⁴ In this situation, industrialization, it appears, did not even enter the realm of dreams. And it was even opposed as a potential path of development. This argument was also expressed in the more sustained reflection on the political economy of Croatia to which we may now turn.

¹³² *Sidro*, 30 May 1864.

¹³³ *Sidro*, 13 May 1864.

¹³⁴ *Sidro*, 24 December 1867.

5. “Barbarians” can read: discourse of political economy in Croatia under neo-absolutism (1849-1867)

This chapter provides a comprehensive analysis of major authors of political economy in Croatia during the period of neoabsolutism. Some texts of political economy are discussed for the first time in modern historiography and others are related to their hitherto unknown intellectual influences. Formerly neglected discussion of uneven development and capitalism is brought to the fore. I argue that Croatian intellectual history has relied on a methodologically problematic separation of discourse from social structure and on a definition of liberalism that neglects its authoritarian and imperialist character. In doing so it has both neglected the contradictions of liberal discourse on the periphery and potentially new forms of knowledge that could arise due to a necessarily different epistemological position. This chapter tries to explain the relatively radical nature of the discourse in Croatia, which had strong anarchist and socialist influences, by positioning it into the core-periphery hierarchy of the system. Building on the analysis of chapter 4, I also question the assumption of earlier historiography regarding a strategy of industrialization in Croatia by showing the contemporaries' preference for gradual development and an agricultural society. As all the authors were highly critical of the notion of the Austrian civilizing mission in the East, stressing lack of development in Croatia and constitutional life in Austria, the chapter points to the failure of the Habsburg developmentalist discourse to achieve consent on the periphery of the empire and paves the way for the next chapter which deals with the Croatian politics of the 1860s.

5.1. The limits of Croatian historiography of liberalism

There has been a growing interest in the intellectual history of liberalism and economic thought in Croatia. Useful analyses of numerous intellectuals and more general overviews have been published.¹ However, this scholarship suffers from a general lack of theorization of intellectual history as well as problematic claims regarding intellectual production and social structure in the rare cases where theoretical gestures are made. Andrea Feldman, whose study of Imbro Tkalac is a valuable contribution to Croatian intellectual history, makes a case for completely doing away with any relationship between knowledge production and social structure. Arguing against the position that the alleged lack of liberalism in Eastern Europe is to be related to socioeconomic backwardness, Feldman states the following:

This argumentation is quite ideological because it finds the explanation for lagging behind in the process of refeudalization in the 17th century, which tied the peasant to the land. Backward and undeveloped countries, the so-called peripheries of European empires, and therefore the world, lived in misery, ignorance and occasionally waged wars, permanently exposed to the abuse of their masters and deprived of any form of modern European political system. Many works of European (especially Marxist) historiography advocate such positions...It is perfectly clear that intellectuals

¹ Andrea Feldman, ed., *Liberalna misao u Hrvatskoj: prilozi povijesti liberalizma od kraja 18. do sredine 20. stoljeća* [*Liberal Thought in Croatia since the End of the 18th until the Middle of the 20th Century*] (Zagreb: Zaklada Friedrich Naumann, 2000); Vladimir Stipetić, *Povijest hrvatske ekonomske misli: (1298.-1847.)* [*History of Croatian Economic Thought (1298-1847)*] (Zagreb: Golden marketing, 2001); Vladimir Stipetić, *Povijest hrvatske ekonomske misli (1848. - 1968.)* [*History of Croatian Economic Thought (1848-1968)*] (Zagreb: Ekonomski fakultet, 2013); William Brooks Tomljanovich, *Biskup Josip Juraj Strossmayer: nacionalizam i moderni katolicizam u Hrvatskoj* [*Bishop Josip Juraj Strossmayer: Nationalism and Modern Catholicism in Croatia*] (Dom i svijet, 2001); Andrea Feldman, *Imbro Ignjatijević Tkalac: europsko iskustvo hrvatskog liberala: 1824.-1912* [*Imbro Ignjatijević Tkalac: A European Experience of a Croatian Liberal: 1824-1912*] (Zagreb: Izdanja Antibarbarus, 2012); Vlasta Švoger and Vanja Polić, *Ideali, strast i politika: život i djelo Andrije Torkvata Brlića* [*Ideals, Passion and Politics: The Life and Work of Andrija Torkvat Brlić*] (Zagreb: Slavonski Brod: Hrvatski institut za povijest, Podružnica za povijest Slavonije, Srijema i Baranje, 2012).

on the periphery familiarized themselves very well with political and economic ideas in [Western] centers; they have even tried to actively participate in common European development.²

The passage rests on collapsing the backward social and economic development into the apparently more advanced cultural sphere above them. It is certainly true, as we shall soon see, that intellectuals on the periphery were aware of the trends in the West and that some made valuable contributions to the political and economic thought of the period. But to say that this therefore means that the developmental gap discussed in Marxist scholarship is not relevant is a step too far. The problem of these intellectuals was exactly the incongruence between the ideas they received from the West, ideas that were articulated in more developed social formations, and the socioeconomic structures and political organization of the societies they lived in. The fact they read Smith or Mill often changed nothing in those structures. As Joseph Love noted for Romania and Brazil, where extra-economic coercion persisted longer, there was a “clash between liberal ideals and the realities of coerced labor”.³ There was, however, a clash between liberal ideas and the realities of underdevelopment on the periphery even after the abolition of extra-economic coercion, even though the contrast was less pronounced. As argued in chapter 1, analysis of contemporary discourse should be related to the core-periphery structure. From his perspective, the perception of local backwardness, far from irrelevant, can be considered as one of the most important factors in explaining the specificities of local discourse. Moreover, *pace* diffusionist models of the development of ideas, a different epistemological position of the periphery would lead us to expect potentially different forms of knowledge emerging in those areas.

² Feldman, *Imbro Ignjatijević Tkalac*, 21.

³ Joseph LeRoy Love, *Crafting the Third World: Theorizing Underdevelopment in Rumania and Brazil* (Stanford, Calif: Stanford University Press, 1996), 9.

Another issue in Croatian historiography is the unreflective use of the term liberalism. Feldman may again serve as an example, primarily because she at least attempts to provide a concept of liberalism. Yet her definition is unsatisfactory. According to Feldman, liberalism is simply the “idea of freedom”.⁴ Aside from a rather sketchy definition which simply does away with the ambiguities and capaciousness of the notion of liberalism greatly influenced by the Cold War context where positive aspects of liberalism were highlighted,⁵ Feldman more importantly neglects the fact that liberals have in general tended to hinder the progress of “freedom”, if by that we mean the democratization of political life. It was rather the working class that had more to do with suffrage extensions.⁶ Moreover, as already noted in chapter 3, and in line with suffrage limitations, there is by now an abundant literature showing that the major thinkers of liberalism were often expounding authoritarian, imperialist and racist views and supported a strong state to implement their ideas and protect the prevailing social order.⁷ This shift in the analysis of liberalism also opens up the space of potential disagreements on what constitutes liberalism between intellectuals in different regions of the world-system as well as a potential rejection of liberalism by intellectuals on the periphery.

While the problematic approach, or lack of it, to intellectual history as well as a questionable definition of liberalism, are negatives of the new intellectual history, older

⁴ Feldman, *Imbro Ignjatijević Tkalac*, 7, 22.

⁵ Duncan Bell, “What Is Liberalism?,” *Political Theory* 42, no. 6 (2015): 682–715.

⁶ Geoff Eley, *Forging Democracy: The History of the Left in Europe, 1850-2000* (Oxford: Oxford University Press, 2002).

⁷ Duncan Bell, *The Idea of Greater Britain: Empire and the Future of World Order, 1860-1900* (Princeton: Princeton University Press, 2007); Duncan Bell, *Reordering the World. Essays on Liberalism and Empire*. (Princeton: Princeton University Press, 2016); Brett Bowden, *The Empire of Civilization: The Evolution of an Imperial Idea* (Chicago; London: The University of Chicago Press, 2009); Domenico Losurdo, *Liberalism: A Counter-History* (London ; New York: Verso, 2014); Jennifer Pitts, *A Turn to Empire : The Rise of Imperial Liberalism in Britain and France* (Princeton: Princeton University Press, 2005); Immanuel Wallerstein, *After Liberalism* (New York: The New Press, 1995); Immanuel Wallerstein, *Centrist Liberalism Triumphant, 1789/1914* (Berkeley: University of California Press, 2011).

historiography has left us with the problematic conflation of capitalism and industry, as already indicated in the previous chapter.⁸ This would lead one to expect that at least some of the major texts of the period contained an industrialization strategy. Yet as we shall see below, none of the significant interventions in the discourse of political economy contains such a strategy, nor an expectation that Croatia might industrialize. The attempt to explain this by the conservative character of the Croatian aristocracy, implied in virtually all interpretations of Croatia's development, does not appear convincing as only one author analyzed below was an aristocrat (Hellenbach). Moreover, while Hellenbach's discourse is certainly explicable by the feudal past, one other relevant aspect is the peripheral position of Croatia in the division of labor. Indeed, this factor, alongside the lack of agency Croatia experienced, explains some apparently surprising overlaps between discourses articulated by intellectuals in different class positions.

5.2. Discourse on Croats, Serbs and Slavs in German lands during 1848/49 revolutions

As intellectuals in Croatia reacted to the 1848 discourse on the lack of civilization in their country and, according to some, the inability of Croats and Serbs ever to reach a civilized state, the discussion of more sustained reflections on the problematic of development should begin with German civilizing discourse. Friedrich Engels represented an extreme view in this respect, a fact that, in a highly reductionist and misleading fashion, should be known to anyone regularly watching the *TV Calendar*, a history show after the noon news in Croatia. For Engels, Croats were mere

⁸ Miroslava Despot, *Industrija građanske Hrvatske 1860-1873 [Industry of Civil Croatia 1860-1873]*. (Zagreb, 1970); Mirjana Gross and Agneza Szabo, *Prema hrvatskome građanskom društvu: društveni razvoj u civilnoj Hrvatskoj i Slavoniji šezdesetih i sedamdesetih godina 19. stoljeća [Towards a Croatian Civil Society: Social Development in Civil Croatia and Slavonia in the 1860s and 1870s]* (Zagreb: Globus, 1992); Igor Karaman, *Industrijalizacija Građanske Hrvatske: 1800-1941 [Industrialization of Bourgeois Croatia: 1800-1941]* (Zagreb: Naprijed, 1991).

“Völkerabfälle” incapable of reaching civilization of their own accord,⁹ led by the “devourer of Hungarians”¹⁰ Jelačić, a people living on the level of “nomadic barbarity,”¹¹ a “bought and armed lumpenproletariat” in the service of counterrevolution.¹² The only thing one can object to the Hungarians is their “softness” vis-à-vis the Croats.¹³ With the exception of Poles who were, alongside Germans and Hungarians, “bearers of progress” in the Monarchy, a phrase virtually identical to that of Stein we encountered in chapter 2,¹⁴ revolutionaries had to prepare for a “war of extermination”¹⁵ and “ruthless terrorism”¹⁶ against the counterrevolutionary peoples.

Engels was a thinker who brought his reasoning to its macabre logical conclusion. He was however simultaneously lamenting the fact that Germans were waging a war of extermination against the Poles¹⁷ as they were a progressive people in his mind due to the fact that they developed their political life in the direction of agrarian democracy, thus potentially widening the political horizons of all Slavs. Nonetheless, what made this possible in Poland was that the Polish struggle for liberation entailed changes in social relations in Poland, with the geopolitical dynamics fundamentally influencing class relations. The partitions of Poland were a victory for the Polish aristocracy, and aligned against it stood the nobility, burghers and parts of the peasantry

⁹ Friedrich Engels, “Der magyarische Kampf,” in *Karl/Marx-Friderich Engels-Werke*, vol. 6 (Berlin, DDR: Dietz Verlag, 1961), 172.

¹⁰ Friedrich Engels, “Ungarn,” in *Karl/Marx-Friderich Engels-Werke*, 6 (Berlin, DDR: Dietz Verlag, 1961), 508.

¹¹ Engels, “Der magyarische Kampf,” 171.

¹² Friedrich Engels, “Sieg der Kontrerevolution zu Wien,” in *Karl Marx-Friedrich Engels-Werke*, vol. 5 (Dietz Verlag, 1959), 457.

¹³ Friedrich Engels, “Der demokratische Panslavismus,” in *Karl/Marx-Friderich Engels-Werke*, vol. 6 (Berlin, DDR: Dietz Verlag, 1961), 279.

¹⁴ Engels, “Der Magyarische Kampf,” 168.

¹⁵ Engels, “Der Magyarische Kampf,” 176.

¹⁶ Engels, “Der Demokratische Panslavismus,” 286.

¹⁷ Friedrich Engels, “Neue Politik in Posen,” in *Karl/Marx-Friderich Engels-Werke*, vol. 5 (Berlin, DDR: Dietz Verlag, 1959), 94.

as the revolutionary movement moved more and more to the left.¹⁸ Engels did not find such a constellation in South Slavic lands. For South Slavs the only possibility towards a more progressive politics such as that of Poland was some kind of Yugoslavism, a prospect he did not find likely.¹⁹

This is apparently a very radical position to hold. Nonetheless, German liberals went even further than Engels when it comes to the capacity of Slavs for civilized life, placing Poles too below the level of civilized peoples,²⁰ and prompting Engels's condemnation.²¹ And Austrian liberals too made quite clear that the Germans were the bearers of civilization.²² Hungarians were included at certain points into the brotherhood of civilized nations, but Slavs were not.²³ They were rather not "mature" enough for modern political life²⁴ and Croats writing in *Agramer Zeitung* and *Südslavische Zeitung*, both Zagreb papers, supposedly harbored irrational hatred against Germans and their civilizations.²⁵

Parts of the German left, though, were ready for much more generous assumptions regarding Slavs. Arnold Ruge, an extreme example for his time, not only regarded the independence of Poland as desirable, but, going much further, stated that the task of Germany is to allow other peoples to freely "constitute themselves". Bohemia, for example, should be allowed to leave the German Confederation and join

¹⁸ Friedrich Engels, "Die Polen Debatte in Frankfurt," in *Karl/Marx-Friderich Engels-Werke*, 5 (Berlin, DDR: Dietz Verlag, 1959), 332-333, 357. Marx agreed with this argument: Norman Davies, *God's Playground: A History of Poland*, vol. 1 (New York: Columbia University Press, 2005), 403.

¹⁹ Engels, "Der demokratische Panslavismus," 276-77.

²⁰ Michael Rapport, *1848: Year of Revolution* (London: Little, Brown, 2008), 129.

²¹ Engels, "Die Polen Debatte in Frankfurt," 332-33.

²² *Die Presse*, 15 April 1849; *Wiener Zeitung*, 11 December 1848.

²³ Hungarians were considered as part of the civilizing mission in the early stages of the revolution (*Wiener Zeitung* 12th of April, *Wiener Zeitung* 10th of August 1848) but were later "downgraded" (*Wiener Zeitung*, 28th of August 1849; *Wiener Zeitung*, 6 September 1849).

²⁴ *Wiener Zeitung*, 23 June 1848.

²⁵ *Die Presse*, 11 February 1848; *Die Presse*, 3 March 1848.

it at a later date should it choose so.²⁶ Virulently anti-Austrian, Ruge, much like Engels, cheered on the enemies of Austria, which he did not consider to be a German state, hoping for the victory of Italians, who were oppressed much like Poles were. Naturally, he drew ire from many members of parliament.²⁷ But even such a radical politician as Ruge could not shake his belief that Poles were a backward people and he did mind they were Catholics. He even Praised Prussia for her civilizing mission in Poland, in stark contrast to Engels. The reason for his strong pro-Polish attitude seems to have been his anti-Russian sentiment.²⁸ And even Engels, when talking about Poland as a progressive nation still notes that Slavs are, for reasons he does not go into, somehow, almost by nature, an agricultural people.²⁹ Shared assumption about Slavs' low potential for ascending to the level of civilized peoples thus ran deep, covering the entire political spectrum in Germany. The Slavs disagreed with that assessment.

5.3. The disenchanted liberal: Imbro Tkalac

In Croatia, Imbro Tkalac, at the time a contributor to the left Croatian paper *Südslavishe Zeitung*, penned a strong renunciation of the German civilizing discourse in an "open letter to Arnold Ruge". A grandson of a former serf who was able to buy himself out of serfdom due to successes in trade, Tkalac received a good education and was in the editorial board of the Karlovac newspaper *Pilger* already as a gymnasium student.³⁰ He criticized the notion that there is a schema of development applicable to all peoples and nationalities, a schema that relegated Slavs to the status of peoples

²⁶ Franz Wigard, *Stenographischer Bericht über die Verhandlungen der deutschen constituirenden Nationalversammlung zu Frankfurt am Main*, vol. 1 (Frankfurt am Main, 1848), 240.

²⁷ James Willard Moore, *Arnold Ruge: A Study in Democratic Caesarism*, PhD Dissertation (University of California, Berkeley, 1977), 302-303.

²⁸ Moore, *Arnold Ruge*, 301.

²⁹ Engels, "Die Polen Debatte in Frankfurt," 320.

³⁰ Feldman, *Imbro Ignjatijević Tkalac*, 32, 40.

needing to receive civilization (without addressing in any detail how alternative developmental paths might look like).³¹ According to Tkalac, the “devouring of the Slavs” is encountered in the press. Germans are moreover neglecting the fact that Hungarians are bent on building their “Hun Empire”, with the Hungarian government hiding behind the mask of liberalism while pursuing “racial despotism” and offering Slavs a dose of “‘liberal’ terrorism”.³²

These themes are further developed in a collection of articles written in the *Südslavishe Zeitung*. There Tkalac argues that there is an economic basis for the German civilizing mission: “You are naming your thirst for money a ‘world-historical’ calling in the East”.³³ And although it is a “national dogma” in Germany that the “poor” and “wild barbarians” considered on the same level as Eskimos and Hottentotes need to be civilized, Germans are actually ignorant of the people they want to bring civilization to. If the opposite had been the case, they would have released themselves from the grip of this folly.³⁴ Civilization is inherent in all people, it has to grow organically within them and therefore cannot be “inoculated” into it by another culture since this will be resisted.³⁵ In this context, Tkalac argues that even Turkish Slavs would rather be under Turkish rather than English, French or German administration as they would found yet another nation dominating them unacceptable.³⁶ Upping the ante, Tkalac claims that both Austria and Prussia are working on the “destruction” of the Slavs,³⁷ and states that

³¹ Imbro Tkalac, *Croaten, Serben und Magyaren, ihre Verhältnisse zu einander und zu Deutschland. Sendschreiben an Arnold Ruge*. (Vienna: Verlag von Schmidt und Leo, 1848), 3–4.

³² Tkalac, *Croaten, Serben und Magyaren*, 6, 14.

³³ Imbro Tkalac, *Ost und West 1849. Eine politische Rundschau*. (Agram: Verlag von Franz Suppan, 1850), 19.

³⁴ Tkalac, *Ost und West 1849*, 25, 41, 57, 88, 24.

³⁵ Tkalac, *Ost und West 1849*, 22.

³⁶ Tkalac, *Ost Und West 1849*, 92.

³⁷ Tkalac, *Ost und West 1849*, 71.

the “master gave the pupil, the civilized peoples to barbarians, the saddest example of civilized barbarity and the most refined immorality”.³⁸

Not only are Germans naively trying to impose their civilization on others, they are also making weak, hesitant steps towards modern political life. They have showed their political and moral faults during the revolution.³⁹ While 1848 was an epic in France, it was a comedy in Germany and a tragedy in Austria. However, the failure of all revolutions was the *gouvernement paternelle*, which reduced their potential.⁴⁰ Even France ended up in a “parody of the 18th Brumaire” as half a century old anachronism came to life (this was written before Marx’s *The 18th Brumaire of Louis Bonaparte*).⁴¹ With France out of the picture, Tkalac sees Belgium and Norway as having the best political systems in Europe, based on the harmony between the democratic principle and that of government.⁴²

In accordance with his admiration for Belgium and Norway, he argues that if Austria wants to be something more than a “geographical formula, without inner organic unity”, she has to turn to constitutional life and find support among South Slavs as only a strong South Slavic element can provide her with sufficient support. This element thus needs to be united, further developed, lifted up as a friend, not brought down as a servant.⁴³ The Austrian regime needed to utilize the potential of new forms of politics, but this did not seem a likely prospect to Tkalac:

When a government found itself in a difficult situation, it appealed to the love and patriotism of the population, and this often brought about wonders. The Austrian

³⁸ Tkalac, *Ost und West 1849*, 89.

³⁹ Tkalac, *Ost und West 1849*, foreword, not paginated.

⁴⁰ Tkalac, *Ost und West 1849*, 50.

⁴¹ Tkalac, *Ost und West 1849*, 54.

⁴² Tkalac, *Ost und West 1849*, 52.

⁴³ Tkalac, *Ost und West 1849*, 31, 69, 70–71.

government, however, finds it beneath itself to show it trusts the people. It thinks it can completely do without their sympathy and believes itself safe when whole peoples are kept in fear like a mass of convicts....⁴⁴

Tkalac's critique of the "unliberal" discourse and practices of liberals was not confined to intra-European relations. He expressed himself critically about the British in India, dubbing Britain's rule there the "disgrace of our civilized century",⁴⁵ in stark contrast from John Stuart Mill's argument that British rule in India was beneficial to local society.⁴⁶ The position on the European periphery opened up the potential of a critique of liberal practices outside it (in part because the Croatian periphery did not have vested material interests in India).

Notwithstanding his argument that the Monarchy can survive only as a constitutional state, Tkalac found employment in the 1850s as the secretary of the Zagreb Chamber of Commerce, sending reports to Vienna on the state of the Croatian economy. His reports are marked by the lack of any socioeconomic transformation of the area as a consequence of the abolition of serfdom and neoabsolutist reforms. For Tkalac, although somewhat ambiguously as we shall see, the main reason for the backward state of the Croatian economy are the conditions bequeathed to it by the recently abolished feudalism. This led to the weakness of the economy and civil society in Croatia. As Tkalac was very skeptical about the potential of local social forces to initiate a major socioeconomic transformation, he argued that it was up to the state to take over that task. Indeed, he would argue even after the end of neoabsolutism, when his disappointment with Austria was growing, that the Austrian state had a "cultural

⁴⁴ Tkalac, *Ost und West 1849*, 68.

⁴⁵ Tkalac, *Ost und West 1849*, 60.

⁴⁶ Pitts, *A Turn to Empire: The Rise of Imperial Liberalism in Britain and France*, 146.

mission” to fulfill.⁴⁷ This is somewhat contrary to Feldman’s position, who claims that Tkalac started to despise the Austrian central state at an early age,⁴⁸ and the general implication that liberals eschewed strong states. Yet it was very common for liberals to argue for a strong state when they saw it as necessary.⁴⁹ It was also commonplace in German liberalism, the most direct intellectual influence on Tkalac, to support “a strong bureaucratic state”.⁵⁰ This was especially true in backward areas, where even figures as Mill, usually highly skeptical of the state, argued that the state was to have a much stronger role to initiate development.⁵¹ Yet, as we shall see, this does not mean that Tkalac would approve of the interventions the state undertook. More importantly, he thought there was too little rather than too much of state intervention in Croatian social relations. Regardless of the civilizing efforts of the Austrian state, Tkalac argued the results were still lacking in Croatia as the feudal past weighed heavily over the reform efforts:

Croatia stands after the complete reversal of customary relations in the year 1848 and the resulting stagnation of all circles of life in a period of development where the state power can achieve everything and the individual very little...Over centuries, the people was [made into] a limp mass, which one single class was to think and act for; if it is therefore to arrive at a conscious activity, it has to be accustomed to independent action, and the obstacles to the development of its capacity to act need to be removed and the means for the stimulation and unfolding of its activity provided. The Chamber would be amiss not to recognize that the path of reform of the conditions of this country

⁴⁷ *Ost und West*, 17 March 1861.

⁴⁸ Feldman, *Imbro Ignjatijević Tkalac*, 36.

⁴⁹ Wallerstein, *Centrist Liberalism Triumphant, 1789/1914*, 10.

⁵⁰ Wolfgang J. Mommsen, “German Liberalism in the Nineteenth Century,” in *The Cambridge History of Nineteenth Century Political Thought*, ed. Gareth Stedman Jones and Gregory Claeys (Cambridge University Press, 2011), 412.

⁵¹ Samuel Hollander, *John Stuart Mill. Political Economist*. (New Jersey; London: World Scientific, 2015), 175.

was initiated through legislation, the use of the empirically proven principles of political economy by the administration of the country, and the basis for better conditions in the future has been laid; but the Chamber cannot but state, that regardless of [these reforms] a stronger recovery of agriculture, industry and trade or an actual rise of national prosperity cannot be observed, even though this could be *a priori* deduced from the premises [of political economy].⁵²

Noteworthy here is a stronger anti-feudal note not so much present in other liberal texts of the time where peasantry is usually at the forefront of the critique as we have seen in the previous chapter. This influence of pre-capitalist relations would be repeated as important, although not always as the fundamental reason for Croatia's backwardness as in the passage above.⁵³ Although the landlords were mostly to blame as the class that dominated the former order, this left its mark on the peasantry too. The peasants seemed incapable of adapting to new conditions. The ongoing dissolution of the *zadrugas* did not help as new estates do not have sufficient labor to till the land, an argument that is also at odds with many Croatian liberals of the time.⁵⁴ The situation is further exacerbated by hunger, leading many peasants to fear entering any experimentation whatsoever. The state thus needs to be providing adequate education

⁵² *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853.* (Agram: National-Buchdruckerei des Dr. Ljudevit Gaj, 1854), 5–6. Statistician Petar Matković would later complain that Tkalac could have devoted himself more to statistical data because in some aspects he left the statisticians “dry”: Petar Matković, “O potrebi statističkog odbora s obzirom na sadašnje stanje hrvatske statistike [On the Need for a Statistical Section Considering the Current State of Croatian Statistics],” *Radovi* 3, 1868: 220.

⁵³ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & Öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 5-6, 23-24.

⁵⁴ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856.* (Agram: Schnellpressendruck von Carl Albrecht, 1858), 10–12. Undercutting his argument, Tkalac then adds that labor may be wasted in *zadrugas*: *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 12.

to remedy the situation and engage in state infrastructural projects to provide the peasantry with some income. Rising productivity in agriculture would then finally provide some chance of a stronger home market for crafts and manufacturing.⁵⁵ The landlords were not in much better shape as they had already been indebted before 1848, most of them using redemption payments to pay off existing debt, only few being able to take advantage of them for productive investments.⁵⁶

These difficult conditions, Tkalac argued, were made even more trying by the still unregulated property relations and accompanying difficulties with providing collateral, both further exacerbated by the policy of a single credit rate valid for the entire Monarchy. Alongside this, lack of communications is making it impossible to sell local products or engage in trade. A lot of hope was placed here as Croatia's economy was expected to recover if the old trade routes were to be reestablished. Tkalac, as we have already seen in the previous chapter, complains about rerouting trade to Trieste, arguing that local trade might completely collapse if new railroads are not built soon as it will be difficult to reroute trade back to the old routes once new ones become established. Significantly, he does not expect any grain to be exported from Slavonian estates, only wood would come from there, while grain would arrive from Banat.⁵⁷ To make even these matters worse, the state loan of 1854 deprived the country of much needed capital.⁵⁸ In conclusion, lack of communication, credit and education are seen

⁵⁵ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853*, 6-13.

⁵⁶ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 20-21.

⁵⁷ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 7-15, 31-32, 35-36

⁵⁸ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859* (Agram: Druck von Carl Albrecht, 1860), 14.

as the immediate causes of Croatian backwardness by Tkalac. To this one could add the cost of labor, the usual complaint at the time, even though it is not considered as important as in other texts. To address this problem, Tkalac suggests import of labor alongside the introduction of machinery.⁵⁹ Behind it all, however, stood the legacy of feudalism.

All these problems reemerge in his final report, a damning account of neoabsolutism in Croatia. Tkalac argued that agricultural production had dropped in comparison with feudal times and hunger was threatening the country again.⁶⁰ Already meager crafts were being destroyed by Austrian industry.⁶¹ It is stressed again that local credit institutions and development of communications are necessary as nothing was done to ameliorate this, while too high taxes are crippling local production, making it impossible to accumulate capital and invest in production.⁶² Furthermore, the war mobilization made labor even more scarce.⁶³ In a typically liberal fashion Tkalac considered the situation in Croatia as “anomalous”, implying that after the obstacles were removed development would come about, according to the premises of liberal

⁵⁹ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 8-16.

⁶⁰ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 10-12.

⁶¹ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 29-30.

⁶² *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 16-17, 29-30, 5.

⁶³ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 14.

political economy he considered essentially correct.⁶⁴ Tkalac ends by expressing hope that after the end of neo-absolutism matters might turn for the better.⁶⁵

As the chambers of commerce in Croatia ceased with their activities in 1860, Tkalac moved to Vienna where he founded the newspaper *Ost und West*. It was a left paper in the context of the time, aimed at strengthening cooperation between Yugoslavs and Slavs in general as well as arguing for a more liberal Austria with a stronger *Rechtsstaat*. Austria could have a civilizing role and overcome conflicts between nationalities by organizing itself on a federal basis while retaining common affairs for the Monarchy. Despite the experience of neoabsolutism, Tkalac's faith in Austria's potentials was still great. The paper was supported both by the Serbian duke Mihail and the Đakovo bishop Josip Juraj Strossmayer.⁶⁶

Considering this orientation of the paper, Tkalac was much more restrained about criticizing the February Patent than virtually all Croatian politicians did. For Tkalac, the participation in the *Reichsrat* was to be a basis for a cooperation between Slavs and their strengthening as a political force. And the unity of the state that the *Reichsrat* represented did not preclude a federal organization of Austria.⁶⁷ Indeed, the federalization on the basis of the Diploma was "an unforgivable anachronism" and a more modern form of politics was necessary.⁶⁸ Modern constitutional life held the promise of overcoming nationality conflicts as all interests and concerns could be freely

⁶⁴ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856*, 5-6.

⁶⁵ *Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859*, 52-53.

⁶⁶ Christian Križanić, *Imbro Ignjatijević Tkalac 1824-1912 - sein Einsatz für die slavischen Völker in der Habsburger Monarchie am Beispiel seiner Zeitung „Ost und West“* (Vienna: unpublished MA thesis, 2009), 30-36; Tomljanovich, *Biskup Josip Juraj Strossmayer*, 130.

⁶⁷ *Ost und West*, 17 March 1861.

⁶⁸ *Ost und West*, 7 May 1861.

expressed and discussed and thus an agreement reached.⁶⁹ But although articulating a left position in Croatian politics in favor of participation in the *Reichsrat*, Tkalac believed that *Reichsrat* could not legislate for Hungary without the presence of her deputies, that it had to redefine itself as a federal body before Hungary joins it, that Hungary had to accept the new basic law for the Monarchy and that neither Croatia nor Hungary should send representative to the *Reichsrat* before regulating their own new relationship, which was severed in 1848 according to the Croatian viewpoint.⁷⁰

Although growing increasingly critical of the political economy of the Habsburg Monarchy, Tkalac still believed that the situation could be remedied. If the Monarchy was to be kept together, it had to create economic connections between people inhabiting it: “The principle that the unification of different peoples and areas can only be achieved when their material interests are lastingly tied to each other is presently undisputed.”⁷¹

However, economic progress is never enough in itself. It cannot replace the need for greater freedom in politics. Only a more liberal state could achieve the harmony between the two as economic freedom would find its counterpart in the political sphere, both mutually reinforcing each other:

We are not one of those politicians who ascribe a lower value to the so-called material relations, for we know well how peoples and states in older and newer times ended up by genteelly ignoring them. On the other hand, we believe ourselves free of the error of those who believe that they can reimburse politics bereft of freedom and spiritual progress through the development of material relations, or at least keep it in a

⁶⁹ *Ost und West*, 7 April 1861.

⁷⁰ *Ost und West*, 30 March 1861; *Ost und West*, 7 May 1861.

⁷¹ *Ost und West*, 23 May 1861.

state of comfortable lethargy. We believe that spiritual and material progress, political and economic freedom, condition each other, and that through the effort to isolate both moments, both must wither away to the disadvantage of the state.⁷²

However, when Tkalac engages in more specific proposals, clashes of interests between different regions of the Monarchy immediately emerge. Tkalac argued, contrary to the powerful Trieste lobby, that a link with Trieste was not a *Lebensbedingung* for Austria since her industry is too weak for exports and thus it serves imports mostly, which in fact damages the local economy and weakens the currency. In Fiume, the situation is inverse. The exports there would enliven competition and thus help the *Gesamtstaat* and would not damage the hinterland as the current economic politics did. He proposes to make use of many natural resources in the Monarchy by connecting Fiume to the Danube region.⁷³

And who should be in charge of this port? Certainly not the Hungarians. During Hungarian gubernium, he argues, nothing of significance came from Hungary to Rijeka. The sugar refinery was the product of Dutch capital, *die Louisenstrasse* made by Croat Vukasović and with the funds of an Austrian joint-stock company, the main item of trade, wood, exported first by the “genius” of Adamić (local capitalist from Rijeka); nowhere can one find a trace of Hungarian agency. And during the short period of Croatian rule (from the revolution onwards) numerous infrastructural projects, tobacco factory with 1200 workers, a military institute...The fact that all this had little to do with Croatian government mattered little. He doubts Hungary can in fact finish a railroad project to Rijeka as it would require gigantic sums. Regardless of the feasibility of the project, at the time, he points out, private capital is building railroads and the

⁷² *Ost und West*, 23 May 1861.

⁷³ *Ost und West*, 23 May 1861.

enormity of the investment and low traffic would not make Hungary willing to do it, contrary to numerous statements from the Reform Era that that railroad should be built (as is well-known, Hungary did finish it soon after the Settlement with Austria). However, even if Hungary tried to build the railroad, Croatia would block it if Fiume were to by then be united with Hungary and would build a line to Bakar and Kraljevica.⁷⁴ The only solution that then remains is Austrian capital, with serious amount of fixed capital in Trieste, which seems even less realistic. This threatening proposal, aside from being unrealistic, also did little to allay the fears of the Italian bourgeoisie. For if Croatia could build a port to Bakar and Kraljevica anyway, why build one to Fiume at all and strengthen the Italian competitor of Croatian ports?

Vladimir Stipetić argues that Imbro Tkalac was a protectionist arguing for the development of industry through high tariffs.⁷⁵ There seems to be no basis for such a claim. The question is also: whose industry? The whole problem boils down to the matter of perspective, reflective of the core-periphery relations in the Monarchy. Tkalac was, at best and in a major interpretative stretch, implicitly Listian from a Croatian perspective as there not even agriculture was developed. Indeed, he seems to have been at times against Listianism as his perspective was tied to the old Croatian merchant capital interests and the fact that Croatia was an agricultural state. He constantly argued for the development of Austria's agricultural potentials, stressing exports of raw materials to the world market. In fact, he practically never discusses industry, and when he does he seems to suggest that Slavic countries might always remain agricultural societies with some mild industrialization to rid themselves of the dependency on the

⁷⁴ *Ost und West*, 28 April 1861.

⁷⁵ Vladimir Stipetić, "Ekonomski pogledi Imbre Tkalca [Economic Views of Imbro Tkalac]," in *Hrvatsko gospodarstvo polovicom 19.st. Izveštaji Carsko-kraljevskom Ministarstvu u Beču [Croatian Economy in mid-19th Century: Reports to the Imperial-Royal Ministry in Vienna]*, by Tkalac-Ignjatijević (Zagreb: Dom i svijet, 2004), 28.

West.⁷⁶ In this he is very close to the conservatives of the time. Thus, contrary to claims on protectionism and dreams of industrialization, the most sophisticated liberal thinker of Croatia at the time was neither a Listian, which was anyway impossible to actualize in practice in Croatia at the time, nor did he envisage the industrialization of Croatia in the near future.

Tkalac could be scathing in his critique of the Monarchy when he turned to the issue of the Military Frontier. He described the Frontier as “Austria’s pariah” which is paying a “blood tax” to the Austrian state.⁷⁷ The law of 7 May 1850 regulating the Frontier, in theory in accordance with the post-1848 world, is ridiculed as the Magna Charta of the Frontier. The introduction of “bourgeois” life through urban centers in the Frontier that were supposed to stimulate economic growth, is deemed incompatible with the system of the Military Frontier.⁷⁸ Disciplinary measures based on anachronic and cruel Theresian laws are naturally very much enjoyed by the population, which is coupled with their appreciation of wondrous economic benefits of the Frontier: “The thriving agriculture, the superb cattle rearing, the advanced and developed trades, the outstanding industry, the widespread trade must astonish anyone...” Claims in the *Militär-Zeitung* according to which the population does not want the abolition of the Frontier are rejected.⁷⁹ Indeed, if this is so, then the government should simply let the *Grenzlers* freely express themselves about the Frontier.⁸⁰

With time he grew ever more critical of Schmerling’s government. The civilizing mission that he thought Austria was capable of turned out to be a vehicle of Germanization. The task of bringing “German culture” to the East means in plain

⁷⁶ Tkalac, *Ost und West 1849. Eine politische Rundschau*, 28.

⁷⁷ *Ost und West*, 19 March 1861.

⁷⁸ *Ost und West*, 16 April 1861.

⁷⁹ *Ost und West*, 1 May 1861. Most likely a reference to the article of 17 April 1861.

⁸⁰ *Ost und West*, 2 May 1861.

German to Germanize the East. The government became convinced that only the Germans can keep the heterogenous elements of the Monarchy together and is thus strengthening them, he argued.⁸¹ The ruling circles of Austria are imbued with a “*hatred against the Slavs*”. They left Dalmatia to be governed by a miniscule Italian minority in a “Slavic land”, whose population is “oppressed”. In the North the regime is Germanizing, in the South spreading Italian, both with the same objective: “to civilize the Slavic barbarians.”⁸²

These types of writings the government found unacceptable. Tkalac was jailed and soon after left the country. He would end up in Italy where Kossuth would find him a post with the Italian government. In 1866 he wrote the *Austrian Question*, where he developed an argument for the breaking up of Austria through a revolution. Austria, Tkalac maintained, was not a state, but private property of the Habsburg dynasty. It was not an expression of the people’s will but an instrument of the ambition of the monarch. There was no Austrian people, nor would there ever be one. Habsburg subjects were objects of private property; things, not people. Austria could be reduced to the emperor, his family, the bureaucracy, military and state debt, all in the service of “dynastic, Habsburg interest”. And in an even further reduction, Austria is nothing more than the emperor himself. It had no interest in the solution of any national question, for this would endanger it. The Austrian state was incompatible with the resolution of the European “questions” from the Eastern one onwards.⁸³ It was up to the people of Austria to “tear down and destroy this last rampart of medieval feudality based on the will of

⁸¹ *Ost und West*, 2 July 1861.

⁸² *Ost und West*, 13 September 1861.

⁸³ Imbro Tkalac, *Pitanje austrijsko. Kome, kako i kada valja ga riješiti. Hrvatskoj i srpskoj braći [The Austrian Question. For Whom, How and When It Ought to Be Solved. To Croatian and Serbian Brothers]* (Paris: Viktor Goupy, 1866), 11, 20, 36, 38.

one man, on the domination of one family and the slavery of others...”⁸⁴ Revolution was the only way.⁸⁵

He called upon the Serbs and Croats to do away with the “bloody banner of reaction”. They must rebel against the Habsburgs, becoming “heroes” and not the “hired murderers of freedom and progress.”⁸⁶ Croats and Serbs especially had an interest in a revolution against the Habsburgs since half of them were kept in intolerable slavery in the Military Frontier while the other half of the state is under the weight of high taxes used to pay for Habsburg debts. Croats and Serbs should proclaim independence, return Frontier soldiers home from the battlefield, proclaim a national army, and await a foreign intervention from Italy and Hungarian rebellion in the Monarchy. The unique opportunity of war with Prussia must be made use of. The emperor will then be exposed as a powerless individual that he is. Croatian politics had to abandon its fruitless “Yugoslav policy” where the local political elite hoped to dominate, due to its higher level of development and “historical right”, other Yugoslav peoples who would do all the work of unification for them. Yet acts are needed, not legal and historical arguments which are leading nowhere. The “Zagrebian political reverie” is “mocked upon” in Vienna, which knows how fruitless it is. It was time to shed it.⁸⁷ Tkalac finished with a reflection on the incompatibility of the Austrian state with the modern times:

Our time and its needs no longer align with the ruins of the world which still lives and cannot die until the new world does not completely tear down the basis on which it stood, and this new world cannot consolidate itself until those ruins are destroyed and a new basis on a firm ground is laid. Neither one nor the other can be

⁸⁴ Tkalac, *Pitanje austrijsko*, 23.

⁸⁵ Tkalac, *Pitanje austrijsko*, 71.

⁸⁶ Tkalac, *Pitanje austrijsko*, 3, 22.

⁸⁷ Tkalac, *Pitanje austrijsko*, 20-30, 77-79.

done until contemporary Austria is torn down and destroyed, and in its place a free federation of peoples is created.⁸⁸

5.4. The “radicals”: The Party of Right

Eugen Kvaternik’s path ended up similarly like that of Tkalac, with the difference that Kvaternik actually attempted to bring about a revolution against the Habsburgs in 1871. He failed and was executed. Although he gained license to practice law in 1848, he was obligated to pass the new exams the government introduced. In this he was unsuccessful. After not appearing for most examinations regardless of the favors used to receive several chances, he lost the license to practice law in 1857. He then went to Russia and started to agitate against the Monarchy.⁸⁹ In 1859 he published an anti-Habsburg pamphlet in French, in the context of Louis Napoleon’s intervention in favor of Piedmont.⁹⁰ He would then change position and became a member of the *Sabor*. He and Ante Starčević were the only members of the Party of Right in the 1861 *Sabor*. The position of the Party was, controversially, that Croatia was an independent state connected to other provinces of the Monarchy only through the person of the monarch.⁹¹ His writings mostly deal with proving that Croatia is an independent state and with the geopolitical realities of Southeastern Europe.⁹² He did, however, also write

⁸⁸ Tkalac, *Pitanje austrijsko*, 93.

⁸⁹ Mirjana Gross, *Počeci moderne Hrvatske: neoapsolutizam u civilnoj Hrvatskoj i Slavoniji 1850-1860* [*The Beginning of Modern Croatia: Neoapsolutism in Civil Croatia and Slavonia 1850-1860*] (Zagreb: Globus: Centar za povijesne znanosti Sveučilišta u Zagrebu, Odjel za hrvatsku povijest, 1985), 108, fn. 38.

⁹⁰ Eugen Kvaternik, *La Croatie et la confédération italienne avec une intr. par L. Léouzon le duc* (Paris: Amyot, Libraire-Éditeur, 1859).

⁹¹ The main study of the party, which later substantially grew in numbers, is that of Mirjana Gross: Mirjana Gross, *Izorno pravaštvo* [*The Original Ideology of the Party of Right*] (Zagreb: Golden marketing, 2000).

⁹² Eugen Kvaternik, *Das historisch-diplomatische Verhaeltniss des Koenigreichs Kroatien zu der ungarischen St. Stephans-Krone* (Agram: Schnellpressendruck von Carl Albrecht, 1860); Eugen Kvaternik, *Politička razmatranja na razkrižju hrvatskoga naroda* [*Political Considerations on the Crossroads of the Croatian People*] (Zagreb: tiskom dra Ljudevita Gaja; berzotiskom Dragutina Albrechta, 1861); Eugen Kvaternik, *Istočno pitanje i Hrvati: historično - pravna razprava* [*The Eastern*

The Croatian Capitalist (Hrvatski glavničar) in 1863, a work that has received abundant praise in Croatian historiography.⁹³ Vladimir Veselica, the main expert on the work, argues that *Glavničar* was without equal in Croatia when it comes to political economy.⁹⁴ Vladimir Stipetić states that it was the first one, not only in Croatia, that took a comparative perspective on economic growth, a statement that can be judged as unfounded even before engaging with the analysis of the text.⁹⁵ Igor Karaman, somewhat unclearly maintained that it was a “fundamental work in the field of theoretical conceptualization of the national-economic (and social) doctrine.”⁹⁶ There seems to be quite a lot of confusion as to what the sources for this book were and what Kvaternik’s position on the law of value was.⁹⁷

Question and Croats - A Historical and Legal Discussion] (U Zagrebu: štamparna Dragutina Albrechta, 1868).

⁹³ Eugen Kvaternik, *Hrvatski glavničar ili: putokaz k narodnoj obrnosti a kroz ovu k narodnjemu blagostanju* [*The Croatian Capitalist or: A Guide to National Industriousness and Through it to National Prosperity*] (Zagreb: Dom i svijet, 2007).

⁹⁴ Vladimir Veselica, “Predgovor [Preface],” in *Hrvatski Glavničar ili: putokaz k narodnoj obrnosti a kroz ovu k narodnjemu blagostanju* [*Croatian Capitalist or: A Guide to National Industriousness and Through it to National Prosperity*] (Zagreb: Dom i svijet, 2007), 13.

⁹⁵ Vladimir Stipetić, “Eugen Kvaternik: Hrvatski Glavničar i Vladimir Veselica: Ekonomski ogledi i pogledi Eugena Kvaternika,” *Ekonomski Pregled*, no. 57 (2006): 151–52.

⁹⁶ Igor Karaman, *Hrvatska na pragu modernizacije: (1750-1918)* [*Croatia on the Threshold of Modernization: (1750-1918)*] (Zagreb: Naklada Ljevak, 2000), 284.

⁹⁷ While Veselica notes that the textbook of Henri Baudrillart was certainly influence, Proudhon was completely ignored even though he is once directly mentioned by Kvaternik: Veselica, „Predgovor“, 45. Mirjana Gross, in her definitive work on the Party of Right, argued that *Glavničar* was based on one textbook and a book by Henri Baudrillart: Gross, *Izvorno pravaštvo*, 180. But Baudrillart’s book is the textbook in question, the other influence being Proudhon (whose work is also called a textbook). Furthermore, although Veselica makes one believe that Kvaternik had direct contact with the classics of political economy, and also mentions several authors quoted by Kvaternik, this is far from what happened. Perusing of the book of Baudrillart makes it clear that Kvaternik simply used Baudrillart’s book only for the most part and then simply quoted books Baudrillart quoted, without ever mentioning that all the quotes actually come from Baudrillart: Kvaternik, *Hrvatski glavničar*, 79, 83–84, 93, 99. Compare these passages with Baudrillart’s book: Henri Baudrillart, *Manuel d’économie politique* (Paris, 1857), 70, 52, 141, 152–53, 160. On the other hand, the almost entire part on the stock exchange is taken from Proudhon, a fitting source for a radicalized petty bourgeois author: Pierre-Joseph Proudhon, *Manuel du spéculateur à la bourse*, 5th ed. (Paris, 1857), especially 92, 258. There was much less work, erudition and originality behind this work than hitherto argued. It is still an important achievement. Unfounded exaggerations can only diminish its value, not increase it. Bewilderingly, Veselica claims that Kvaternik rejected mercantilism in favor of physiocratic thought, which is hard to square with Veselica’s argument that Kvaternik was influenced by Smith: Veselica, „Predgovor“, 50, 15. Moreover, a Smithian argument against physiocratic thought is expounded by Baudrillart: Baudrillart, *Manuel d’économie politique*, 52. Last but not least, Kvaternik himself stated the contrary: Kvaternik, *Hrvatski glavničar*, 83.

Most of the book is written like a manual of political economy, introducing some basic concepts of political economy, based overwhelmingly on *Henri Baudrillard's Manuel d'économie politique*. The other major source is *Manuel du spéculateur à la Bourse*, written by Pierre-Joseph Proudhon. There are however, reflections on the political economy of Croatia. For Kvaternik, the main problem facing the country is the fact that Croats became a "caste" serving foreign owners, who are slowly taking over the country's assets. The landlord class is facing decline due to life of luxury and absenteeism, with most of the estates in foreign ownership. This domination of foreigners alongside feudal relations before 1848, where Croatian peasants were "slaves", are the explanation for the country's backwardness. Since there is a real threat that Croats will stop owing anything in their own country it is imperative for them to turn to improving their material well-being, something they have been neglecting.⁹⁸ Kvaternik considered the well-being of the lower classes, especially the peasantry, as quite important but national considerations always trump those of class. In relation to England he comments that workers are happy to contribute to the glory of the nation, even though they might be poor. Besides, they would anyway be much poorer should they rebel against their masters, and they would weaken not only the upper classes, but the country as a whole and then they would not only have to work for foreigners but be their slaves too.⁹⁹ In his earlier discussion of the credit institution in Croatia, where he confronted the landlord Hellenbach who was for closer ties with Hungary in the matter, he underlined as most important that Croatia should not be placed in a dependent position vis-à-vis foreign lenders.¹⁰⁰

⁹⁸ Kvaternik, *Hrvatski glavničar*, 63–68.

⁹⁹ Kvaternik, *Hrvatski glavničar*, 77–78.

¹⁰⁰ *Hrvatski Glasnik*, 9 December 1862.

He too did not discuss industry. He considered it natural that most of the improvement in the economy would have to come from agriculture, but not in the form of large estates, which he considered less productive than middle-sized ones. And these come with “moral and political advantages”.¹⁰¹ Furthermore, the large estates are owned by foreign landlords, whom he calls *boljari* (boyars), hostile to the national movement. They enjoy the wealth of the country but do not care about the people, they are “servants” of Hungarians and Germans, although there is not a drop of their blood in some of them. The existence of large estates naturally had political implications, with no national movement before 1848 in landlord dominated Slavonia, its core being in Croatia proper, dominated by small and middle-sized estates.¹⁰² The conflict between the large estates versus smaller properties was thus expressed in the struggles of the landlords against the national movement, a struggle they cannot win as there is no longer even a material basis for it:

We hold the struggle our boyars had led against the people to simply be the struggle of the greater against smaller property, in other words: *the struggle of feudalism against freedom*. Boyars did not only succumb to *the spirit of the times*, but in this antinational struggle they had to succumb to the *material* strength of the people because all of our large estates are just insignificant compared to the smaller ones...the small estates...had *materially* overcome the boyars and defended their national *sanctities* [*svetinja*] and the multifarious development of the people.¹⁰³

Croatian landlords were moreover under “politico-psychological necessity” to join the ranks of their class fellows. They might nonetheless hopefully return to the

¹⁰¹ Kvaternik, *Hrvatski glavničar*, 86.

¹⁰² Kvaternik, *Hrvatski glavničar*, 87-89.

¹⁰³ Kvaternik, *Hrvatski glavničar*, 89.

glory of their motherland.¹⁰⁴ Class contradictions between estates of different size, a cornerstone of Kvaternik's sociology of politics up until then, seems to vanish into irrelevance should the nationality of landlords be changed. Kvaternik suggests a formation of an organization which would serve to stop the transfer of the ownership of land to foreigners by, for example, acting as an intermediary between landlords wishing to sell their estates and those Croats wishing to buy them.¹⁰⁵ However, the smaller estates would anyway come to dominate in Croatia, with Belgium as the example to be followed since it is best that the owner tills the land.¹⁰⁶

The second part of the book is concerned with stock exchange. Aside from a discussion of the workings of the stock exchange, advice is given to counties to potentially engage in commonly issued bonds to finance common projects.¹⁰⁷ This part, covering almost half of the entire book, is, as already stated, mostly taken from Proudhon, contains some very strong language against the brokers¹⁰⁸ and some general remarks about the potential pitfalls of materialism.¹⁰⁹ It does not sit too well with the first part of the book and seems to have been a reflection of Kvaternik's experience in Paris rather than dictated by the logic of the argument advanced in *The Croatian Capitalist*.

Notably for a work of such high standing in the historiography, Kvaternik does not address in greater detail many of the issues so prevalent in other works of political economy, including those he fleetingly discusses in other publications, such as credit. Labor, communications and capital play a marginal role in his argument. This is perhaps

¹⁰⁴ Kvaternik, *Hrvatski glavničar*, 90-92.

¹⁰⁵ Kvaternik, *Hrvatski glavničar*, 95-98.

¹⁰⁶ Kvaternik, *Hrvatski glavničar*, 100-101.

¹⁰⁷ Kvaternik, *Hrvatski glavničar*, 121-122.

¹⁰⁸ Kvaternik, *Hrvatski glavničar*, 139.

¹⁰⁹ Kvaternik, *Hrvatski glavničar*, 139, 141.

understandable for labor supply, as he thought that owners of the land would till it in the future due to higher productivity of those estates. Credit issues he simply dismissed as “lamentations about the lack of money”,¹¹⁰ most likely since this was the usual complaint of the landlords and because it implied a more pro-Hungarian politics. However, his smaller property owners too would have needed credit and improved communication system in order to invest and sell their produce. Furthermore, somewhat oddly for such a political thinker, the political economy of the Monarchy is not mentioned. There is also almost no discussion of any reforms needed to improve the material development of Croatia. Others found it hard to separate their analysis of Croatian development and the political organization of the Monarchy. Kvaternik, a revolutionary, did not deem it worth a mention. This work stands out in another respect too: a strong denunciation of foreign ownership which is simply absent in other texts. “Aliens” are not welcome in his vision of national political economy. Dependency on foreigners is seen as the ultimate danger. This position aligned well with his politics, where he argued that Croatia was an independent state.

This connection is clear in the few fleeting remarks on the political economy by Ante Starčević, who mostly focused his energies on more narrowly political topics. Starčević too had problems finding employment, being rejected both in the lyceum in Belgrade and the Zagreb Academy,¹¹¹ eventually finding one in a law office. Later he would also work as the notary of the Rijeka County, in the addresses of which he formulated the core of the ideology of the future Party of Right. For Starčević, Croatia was reduced to a market for foreign producers under a regime that was suffocating freedoms Croatia had a right to. The authoritarian and wasteful Monarchy was

¹¹⁰ Kvaternik, *Hrvatski glavničar*, 107.

¹¹¹ Gross, *Izvorno pravaštvo*, 422.

generating unevenness to the detriment of Croatia, which also suffered under the institution of the Military Frontier while others gained from it. Only a freer country protecting its development can counter this but vested interest against such a change in political economy are substantial:

... it is essential for this Kingdom that her national economy in all sectors be established and raised, and for this purpose she needs freedom and credit...the germ of national prosperity has been torn away, freedom is trampled upon in its holiest temples, in thought and spirit; it is not rational to expect credit where the more is taken the less means there are. The poorer the Croats are, the surer and more [sic!] unconditional buyers do other peoples of Austria have for their agriculture and [other] goods. With the dissolution of the Frontier Austria would have to, if she does not want to decrease its military by a quarter...substantially increase expenditures and distribute it on other people who will try to avoid this burden. The Kingdom of Croatia, in order to raise domestic trade and manufacture, needs protection against the big foreign capitalist, and this protection, as necessary and redeeming it is for our kingdom, so it is obviously harmful to other peoples of Austria.¹¹²

Starčević continues to state that the “foreign administration” brought only “barbarism” to Croatia, which needs to get rid of foreign aliens, who “under the name of enlighteners, teachers and administrators” were “poisoning, impoverishing” the Croatian people, “spurning [it] to savagery”.¹¹³ His pronouncement on the Military Frontier were also among the most radical ones. He argued that the Frontier was turned into an “infertile desert”, its once proud people reduced to a “mass of slaves, robbers,

¹¹² Tomislav Markus, ed., *Predstavke županija i gradova Banske Hrvatske: 1861.-1867.: Izabrani Dokumenti [Adresses of Counties and Cities of Civil Croatia: 1861-1867: Selected Documents]* (Zagreb: Hrvatski institut za povijest : Dom i svijet, 2002), 155.

¹¹³ Markus, ed., *Predstavke županija i gradova Banske Hrvatske*, 155.

beggars!”¹¹⁴ So terrible was the situation on the Habsburg periphery that it was better for Bosnia to remain under Turkish rule, that of Vienna being comparatively worse.¹¹⁵ By making such a direct and strong connection between Habsburg rule and Croatian backwardness Starčević stands out in the context of the time. Seeing economic exchanges with other areas of the Monarchy as a zero-sum game, Starčević expected no relief from anyone as everybody had an interest in keeping Croatia backward. Interestingly, for all the focus on List and protectionism, his explicit remark that protection needs to be provided to the industry was left without comment in the historiography. Although Starčević did not explicitly develop a protectionist argument, his position, however unrealistic, had some consistency to it as Starčević argued that Croatia was an independent state and therefore could have theoretically employed some form of protectionism. He was also an outlier when it came to communications. He considered the attention they received misplaced. Hungarians should rather focus on developing the economy at home rather than turn their eyes towards the sea. If the sea was so important, Turkey would be richer than Switzerland. Indeed, modern communications such as railroads can be a “curse” if the local economy is not robust enough as lost jobs would not be returned. Starčević held the position that political organization was crucial for economic growth. When an independent Croatia where the people will be free replaces Austrian autocracy, development will immediately follow. Moreover, the Croatian government would stop sending massive funds to the Austrian state, freeing up means for aiding local development. It could also take out loans and fund major agricultural projects. It should see to the development of railroads later.¹¹⁶

¹¹⁴ Gross, *Izvorno pravaštvo*, 142.

¹¹⁵ Gross, *Izvorno pravaštvo*, 131. This might have been the “Croatian verdict” commented on by Fröbel, who found this argument exaggerated: Julius Fröbel, *Oesterreich und die Umgestaltung des deutschen Bundes* (C. Gerold’s Sohn, 1862), 21–22.

¹¹⁶ Markus, ed., *Predstavke županija i gradova Banske Hrvatske*, 163.

The criticism of Croatian political economy was coupled with the argument that the Habsburg state could not be reformed. In a famous speech in the *Sabor* in 1866, Starčević stated that Austria was a “raging werewolf” that was bent on killing everyone around it, save for a few it needs for taxes and enslavement. He concluded, in a famous phrase, that “despotisms do not improve themselves, they are brought down”.¹¹⁷ It appeared that independence was the only possible path to take.

Yet Starčević focused less on internal class contradictions. His notion of backwardness is almost exclusively tied to the apparently rapacious Austrian state. In contrast to Kvaternik, feudalism is not mentioned as a potential systemic problem which generated centuries of stagnation. Blame is placed squarely on foreign rule. He would argue that the court killed Zrinski and Frankopan, local aristocrats, in order to get hold of their land,¹¹⁸ but would not develop an argument relating the contradictions between how Zrinski and Frankopan families extracted the surplus from production to Croatia’s underdevelopment. In this sense, his argument is much more lacking in historical depth. Be that as it may, by linking Croatia’s backwardness so firmly with the Austrian political system, the suggestion was that the only way for Croatia to develop was to take control over her fate, to gain greater autonomy or independence. Only a more democratic government accountable to the people could manage the economy well.

¹¹⁷ *Dnevnik Sabora Trojedne Kraljevine Hrvatske, Slavonije i Dalmacije od Godine 1865/67 [Minutes of the Sabor of the Triune Kingdom of Croatia, Slavonia and Dalmatia of the Year 1865/67]* (Zagreb: Brzotiskom Antuna Jakića, 1867), 145.

¹¹⁸ Gross, *Izvorno pravaštvo*, 98.

5.5. Defense of the household economy: Ognjeslav Utješenović Ostrožinski

A quite different assessment of the political economy of the Monarchy and Croatia was provided by Ognjeslav Utješenović Ostrožinski, a man from the Frontier, born in a small village Ostrožin near Vrginmost. Somewhat of a *Wunderkind*, he would rise in the ranks of Croatian administration despite a weak starting point of having finished only three years of German education in Vrginmost. During the revolution he penned a pamphlet arguing for a federal organization of the Monarchy.¹¹⁹ He was employed in Vienna in the 1850s and worked for the Croatian Chancellery under Mažuranić. He would also take up the post of the Lord Lieutenant of the Varaždin county in the 1870s and 80s.

His main contribution to political economy is *Die Hauskommunionen der Südslawen*, a very popular work at the time that influenced legislation on the *zadruga*.¹²⁰ There Ostrožinski vociferously argued for the maintenance of *zadrugas*, his argument couched in a mixture of references to List and Wilhelm Heinrich Riehl. Riehl was a conservative German thinker, who moved from journalism to the academia. He was highlighting the value of the *Gemeinde*, bemoaned the effects of factory on family life and thought it prudent to use the term “estate” for describing modern times despite of the awareness that it stems from feudal society.¹²¹ Riehl’s estates (aristocracy, bourgeoisie, peasantry) had their own specific cultures developed over a long period of time that could not be easily changed even in industrial society. Proletariat, the fourth

¹¹⁹ Ognjeslav Utješenović Ostrožinski, “[Anhang, Beilage] Program zur Konstituierung des österreichischen Kaiserstates nach dem Prinzipie der konstitutionellen Freiheit und der nationalen Gleichberechtigung.” In *Actenstücke zur Geschichte des kroatisch-slavonischen Landtages und der nationalen Bewegung vom Jahre 1848* (Vienna: Herausgegeben von Stephan Pejaković, 1861), 3-24.

¹²⁰ Gross, *Počeci moderne Hrvatske*, 216–19, 225.

¹²¹ Wilhelm Heinrich Riehl, *Ueber den Begriff der bürgerlichen Gesellschaft* (Munich: Im Verlage der königl. Akademie, 1864), 5–9.

estate, had still not developed a culture of its own and Riehl hoped it could do so in a way that it would respect the extant social hierarchy. He favored the peasants, who as a conservative force needed to be protected.¹²² It is Riehl rather than List, as shall become apparent, whose influence is more important for Utješenović in the *Hauskommunionen*.

The argument here proceeds by way of stating that the *zadruga* is a bulwark against proletarianization and is marked by equality of its members. The members of the *zadruga* enjoy in the work they undertake. There is no cold relationship of contract that is the rule in the market. The father will not hire his son as a mere laborer. Christian communism, socialism and property are combined in *zadrugas* in one harmonious whole. Additionally, *zadrugas* are more efficient than individual holdings, and are therefore to be preserved for reasons of economic efficiency as well. List is invoked for supporting this argument in the sense that middle-sized estates are to be preferred to smaller plots. Their dissolution would destroy the economic base of society and bring about its general collapse. Those who are calling for the abolishment of *zadruga* merely want to exploit its labor, and in this they are wrong as *zadrugas* are a much more stable source of labor supply than individual plots will ever be. The arguments of the opponents of the *zadrugas* are thus not based on an economic logic.¹²³ And the backwardness of the country was not caused by this institution, but by the pre-existing feudal system that imposed itself on it.¹²⁴

For Ostrožinski, *zadrugas* are transhistorical as they are grounded in the life of Slavs.¹²⁵ This paves the way for doing away with any connection between the institution

¹²² Woodruff D. Smith, *Politics and the Sciences of Culture in Germany, 1840-1920* (Oxford University Press, 1991), 43–44.

¹²³ Ognjeslav Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven. Eine Denkschrift zur Beleuchtung der volksthümlichen Acker- und Familienverfassung des serbischen und des Kroatischen Volkes* (Vienna: F. Manz & Compagnie, 1859), 2, 6-7, 22, 53-60, 72, 104-105.

¹²⁴ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 167.

¹²⁵ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 17, 22.

of the Military Frontier and *zadrugas*. Ostrožinski argues that the Military Frontier system is completely separate from the existence of this institution. The Frontier is merely “a superstructure on the folkloric base.”¹²⁶ In sharp contrast to virtually all of his contemporaries, Utješenović claims that this system is merely using the already existing “surplus” of the population and puts it to productive use.¹²⁷ How the relatively extremely high services of the population, most of them involving no intervention in the economic life of the country, meant “productive” use of their labor is not addressed. Indeed, from the point of view of Austria, this might have been considered “productive” as it freed labor there and saved some money in the budget due to lower outlays on the military. From the point of view of the Military Frontier, however, only lost labor was “gained”. The “surplus” is taken by Utješenović to be a natural state of things.

If the superstructure above *zadrugas* is not at all responsible for their continued existence, what is bringing about their dissolution? Since he rejects even as a theoretical possibility that this might be a consequence of the workings of the mode of production, Ostrožinski needs to find the culprit in the superstructure regulating it. He argues that an imposition of a legal system which is incompatible with *zadrugas* is bringing about their termination.¹²⁸ This legal system is coming with the western “poison of destruction” that is dissolving existing social bonds,¹²⁹ and was brought to Croatia by “bearers of civilization”.¹³⁰ Although the Austrian state had already done a lot for the country, more schools being built in the last few than the last one hundred years, the dissolution of *zadrugas* should be stopped since it would be inimical to the *Gesamtstaatsidee* for Croatia to experience a social breakdown exactly when it entered

¹²⁶ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 33.

¹²⁷ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 139.

¹²⁸ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 112.

¹²⁹ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 73.

¹³⁰ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 104.

a political union with the *Gesamtstaat*. Doing away with *zadrugas* would be an equivalent to the English export of opium to China. Therefore, *zadrugas* are to serve as the basis for future economic development.¹³¹

While with others derisive comments on the Austrian civilizing mission usually meant the lack of convergence with more developed areas of the West, here it is the inverse: the very attempt to introduce the same institutional framework is rejected. Naturally, others were also not sure about the dissolution of *zadrugas*, but Utješenović takes his logic one step further. It is not only that *zadrugas* will be destroyed by the inadequate legal framework, that framework is also the cause of the social problems in the West. This is what is behind the destruction of the family and agriculture, the basis of the social order. The proletariat did not come out of the economic process but was forcefully created.¹³²

Perils of social dislocation trumped all other considerations. This focus at time led Utješenović to valuable insights but also made him prone to exaggerated claims and contradictory argumentation. Utješenović argues that a closed, autarchic system might be preferable to anything capitalism might bring about. Even if development was to happen, what use would Croats and Serbs have from the “wealth of a few capitalists” compared to the social ills this would bring about?¹³³ Utješenović seemed content with an economy where most is covered by local production, few raw material exported for importing some finer goods, an economy, he pointed out, that had less money flowing out.¹³⁴ For him, one should take into consideration the distribution within countries as a consequence of trade regardless even of potentially positive exchange balance with

¹³¹ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 127-130, 148.

¹³² Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 73, 83.

¹³³ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 128.

¹³⁴ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 125-126.

the outer world.¹³⁵ Economic change would mean skyrocketing social costs that the system would not be able to cover, and the poor in Croatia are much better off than those in more developed countries.¹³⁶ This seemed to him a preferable state of affairs: “O three time lucky Croatia with your primitive industry, where there is a workshop in each *Hauskommunion* for your needs.”¹³⁷

But this is not enough, since by the criteria of the “civilized world” Croatia is still quite behind. Utješenović is troubled by this fact and finds the statements on the lack of civilization in Croatia misplaced. There is more than “horror and barbarity” here, and Croatia is in fact a European country, he writes.¹³⁸ To this a different line of argument is juxtaposed. Croatian agricultural productivity is in fact quite close to Austrian, the same as that of Hungary, save for a few areas in Hungary that are exceptionally endowed.¹³⁹ There is no industry in Croatia as a consequence of feudalism and unfavorable political relations.¹⁴⁰ Yet there is in fact no need for industry which could emerge in Croatia via protectionism, which anyway cannot be set up:

One forgets (or does not understand), that Croatia and Slavonia cannot develop a national economy on their own... Can Croatia put up a protective system on its borders to the benefit of its industry? No! – as soon this is established, what industry can there be which would not be nipped in the bud by the far more advanced industries of other provinces of the empire. All of Austrian industry is in a difficult position in relation to foreign countries regardless of the protective tariffs. Some factories could flourish in the land and enrich some of their owners, but to elevate industry to the main goal would

¹³⁵ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 76–77.

¹³⁶ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 146–147, 104.

¹³⁷ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 147.

¹³⁸ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 7, 137.

¹³⁹ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 117, 131.

¹⁴⁰ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 167.

make a poor nation into one of beggars... With railroads, with the construction of roads and the regulation of rivers culture will come on its own.¹⁴¹

This very passage is then followed by dangers of pauperism caused by industry.¹⁴² Here cakes eaten and had simultaneously are much in evidence. Utješenović does not refer to, let alone resolves, the contradiction between his stated preference for an essentially closed, immutable economic system and the coming of “culture” via communications. What this culture actually means is quite unclear. Will *zadrugas* coexist with industry in the future? How will agriculture remain the basis of the social order? Between List and Riehl, it is the latter that informs Utješenović’s analysis. Although Utješenović tries to give legitimacy to his argument by referring to List, he is invoked in a highly selective and misleading manner. The leading thinker of European protectionism serving industrialization is reduced to an advocate of middle-sized estates. His stageist theory is rejected by Utješenović who, although blaming the lack of industry on feudalism, does not envisage a transition to an industrial society as a desirable goal. He argued that uneven development was a serious hindrance to such an outcome, but he nonetheless saw no point in achieving it. Riehl’s discourse of estates and condemnation of capitalism without engaging with the consequences of its laws of motion provided him with a useful framework to express that opposition to industrial society.

¹⁴¹ Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 131.

¹⁴² Utješenović Ostrožinski, *Die Hauskommunionen der Südslaven*, 131-132.

5.6. Conservatism supported by socialism: Lazar Hellenbach.

Opposition to industrial society is also characteristic of the political economy of Lazar Hellenbach. An aristocrat of Slovak descent who moved to Croatia in the 1850s, Hellenbach was one of the most educated politicians of the time and arguably one of the most neglected figures of 19th century Croatia when it comes to contributions to political economy. Yet his knowledge of political economy was apparently unmatched at the time. This he used for conservative ends in a peculiar and in the end very contradictory account of the political economy of capitalism in general and that of Habsburg Monarchy and Croatia in particular.

His treatise, *Thoughts on Social Politics in Austria (Misli o socialnoj politici u Austriji)* published in 1862 begins with questioning the scientific nature of political economy and by arguing that a feudal hierarchy was reproduced under capitalism via two classes: “big paper capital and bureaucracy”.¹⁴³ This was taken over from Charles Fourier's *Théorie des quatres mouvements* where Fourier argues for the existence of *la féodalité commerciale*¹⁴⁴ and questions the existence of political economy as a science, while promising that he himself would proceed to fill this unfortunate lacuna.¹⁴⁵ There is a difference in the argument, however. While in both cases the phrase refers to monopoly power in the market, Fourier sees big landlords exercising it as well, thus hurting small property owners.¹⁴⁶ Hellenbach chose not to take over this particular argument. This still makes him quite different from typical Hungarian thinkers closest to him in terms of support for large estates, opposition to protectionism and the political

¹⁴³ Lazar Hellenbach, *Misli o socijalnoj politici u Austriji [Thoughts on Social Politics in Austria]*. (Zagreb: Brzotism Drag. Albrehta, 1862), 1–2.

¹⁴⁴ Charles Fourier, *Théorie des quatres mouvements et des destinées générales*, 2nd ed. *Oeuvres complètes de Charles Fourier* (Paris, 1841), 91, 330, 395–96.

¹⁴⁵ Fourier, *Théorie des quatres mouvements*, 2, 4.

¹⁴⁶ Fourier, *Théorie des quatres mouvements*, 395–96.

economy of neoabsolutism. While Hungarian political economy at the time was taking its cue from liberal political economy (Smith, Say, Ricardo),¹⁴⁷ this landlord based his analysis of capitalism as a system on the first systematic critique of it in the guise of utopian socialism. Moreover, on this socialist basis a conservative discourse of Riehl is superimposed. Therefore, there are no classes, only *Stände*. One ends up then with a conceptual apparatus referring to feudal society and employing it to analyze social relations under capitalism.

No wonder that capitalists are here marauding knights robbing other classes. Merchants, a term Hellenbach sometimes uses interchangeably with capitalists and bankers, are “the feudal lords of the 19th century” squeezing both producers and consumers.¹⁴⁸ Importantly and more originally, Hellenbach saw inequality of other classes vis-à-vis merchants as operative between nations as well, with all of Europe paying “tribute” to England. And in Austria herself, capital is both in a “ruling” and “privileged” position. Landlords, opposed conceptually to capital, are on the other hand struggling, facing higher taxation, lack of credit and competition from areas with forced labor, which is considered inherently superior to wage labor and thus hard to compete with. Hellenbach opposed state aid to industry and argued that there was a possibility of funds being misallocated. In any case, there was no need for every good to be produced in Austria, which should simply export to France and Britain the goods needed

¹⁴⁷ Menyhért Lónyay, *Közügyekről. A nemzetgazdászati újabb dolgozatok [On Public Affairs. Newer Works in Political Economy]* (Pest: Károly Osterlamm, 1863), 60. Generally works of Kautz. Katz gave an overview and critique of socialist thought in *Budapesti Szemle*: Gyula Kautz, “A socializmus és kommunizmus rendszerei. Első közlemény. Bevezetés és történeti előzmények [The Systems of Socialism and Communism. The First Statement. Introduction and Historical Antecedents]” *Budapesti Szemle* 13, no. 41 (1861): 66–88; Gyula Kautz, “A socializmus és kommunizmus rendszerei. Második közlemény. Saint-Simon és Ch. Fourier rendszere [The Systems of Socialism and Communism. The Second Statement. The System of Saint-Simon and Ch. Fourier]” 13, no. 42–43 (1861): 252–70. Some sympathy is expressed for Saint-Simon as there was greatest room in his system for private property, Kautz argued. But in general socialism leads to poverty and barbarism, he concludes: Kautz, “A socializmus és kommunizmus rendszerei. Második közlemény”, 261–70.

¹⁴⁸ Hellenbach, *Misli o socijalnoj politiki u Austriji*, 9–10.

there since it cannot catch up with them in industry. Protectionism will end up in building a Chinese wall, and besides the example of Hungary showed how protectionists sell foreign goods instead of their own.¹⁴⁹ Typically for a peripheral producer aiming to get the best goods from the more developed areas of the world economy, any Listian policy is considered as doomed from the start. In order to address the negative trade balance, Austria has to turn to its agriculture, not industry. Like his Hungarian counterparts, Hellenbach complains about the lack of credit that is very much needed. Every crownland should have its own bank in order to stimulate agricultural production, managed, naturally, by the landlords themselves. Prussia is here, as so often, the exemplary state. With growing agricultural production, industry might also rise with it and even if it does not the trade balance will be improved, thus also resolving currency problems the Monarchy experienced. Furthermore, this is the natural path, as the example of England shows. To make sure his readers do not fail to appreciate the importance of agriculture, he brings back to life the physiocratic thesis that all value comes from agriculture. And in his discourse the term production seems to be at times conflated with agricultural production.¹⁵⁰

However, credit is not enough. Supplies of labor need to be increased too. Therefore, *zadrugas* need to be disbanded, their dissolution bringing about new labor reserves and a layer of well-off peasants. And since the peasants are the most conservative class, there is no fear of a peasant proletariat as they are far better off than the workers in factories. Labor mobility to the cities should be curtailed so that agricultural labor is freed from the temptation of being exploited in factories.¹⁵¹

¹⁴⁹ Hellenbach, *Misli o socijalnoj politiki u Austriji*, 8-16.

¹⁵⁰ Hellenbach, *Misli o socijalnoj politiki u Austriji*, 25-28, 34-36.

¹⁵¹ Hellenbach, *Misli o socijalnoj politiki u Austriji*, 43-51.

Hellenbach is naturally critical of the centralized political system, the rule of bureaucracy and the military, and calls for the decentralization of the state, quite in accordance with the change in economic policy he advocated. The state bureaucracy is in Hellenbach's classification, innovating here on Riehl, part of the unproductive proletariat whose numbers need to be reduced to a minimum as it can threaten the material flourishing of the state. And the overly centralized Austrian state was engaging in too high military expenditure. Considering all this waste, he ironically refers to the notion that Austrians are bearers of civilization in the East.¹⁵²

Not only economic benefit would be gained from a more decentralized Monarchy. This would not only be a cure against waste, it could also satisfy German national aspirations and over time the national idea might lose the force it has currently.¹⁵³ Furthermore, the struggles around nationality, he continues, are an expression of a social struggle, a battle against bureaucracy and capital aided by the discourse of nationality. The fight against these classes is thus intensified since it found an expression in the conflict of nationalities. Croatia's decision not to join the *Reichsrat* is thus rooted in this social struggle, not merely historical rights.¹⁵⁴ Without solving its social problems the Monarchy cannot move forward as her social problems permeate domestic affairs and foreign policy: "If the state society is healthy, then surely politics will be healthy too, both internal and external, since politics is nothing more than the natural consequence of the social condition of the state; equally, not even the best politics will bear fruit in a state that is itself poisoned."¹⁵⁵

¹⁵² Hellenbach, *Misli o socijalnoj politici u Austriji*, 6-7, 66, 35.

¹⁵³ Hellenbach, *Misli o socijalnoj politici u Austriji*, 64, 70.

¹⁵⁴ Hellenbach, *Misli o socijalnoj politici u Austriji*, 71.

¹⁵⁵ Hellenbach, *Misli o socijalnoj politici u Austriji*, 59.

These recommended changes did not come to pass. He would later write that it had become impossible to govern without a parliamentary majority in the 19th century. But in Austria the situation was inverse: the majority adapts to the minister-president. The monarchy has an interest in the true, rather than false liberalism, as the latter is simply an expression of single-minded party interests, and in the first the monarch acts above party interests, strengthening the legitimacy of the crown. Furthermore, ignoring the representative assembly will not do away with nationalism, it will only strengthen it. The Monarchy had an opportunity to unite the nationalities through German culture and there was nothing more natural from moderate centralization with national autonomy of the lands. However, the October-February Institution, as he calls it, came too late as nationalism alienated the nationalities and pushed them closer to liberal Hungary. Second, this institution did not have the core, let alone the form of a constitution. Lastly, the project was marred by inconsistency, with centralization in the West and decentralization in the East. In conclusion, it was neither centralist, dualist nor federalist, and certainly not liberal. It was opposed to progress and had to fail.¹⁵⁶ Foreign policy needed changing too. The Monarchy had to move from its focus on Italy since the national movement is against her. It is not so in the Yugoslav lands. In the Yugoslav question everything is in her favor, and yet, not recognizing this, she centralizes, Germanizes, and fights for western instead of eastern interests.¹⁵⁷

Already influenced by left theorizing on capitalism, Hellenbach gave fuller expression to this affinity in his next major work of political economy that is burdened with some anachronisms but is nonetheless by far the most mature work of political

¹⁵⁶ Lazar Hellenbach, *Ursache und Wirkung des nächsten Krieges. Mit besonderen Berücksichtigung der Südslaven gegenüber Österreich und Russland* (Leipzig: Verlag von Otto Wigan, 1869), 16, 18–19, 29–30.

¹⁵⁷ Hellenbach, *Misli o socijalnoj politiki u Austriji*, 69, 71–72.

economy in Croatia at the time: *Die Gesetze der socialen Bewegung*. Here Fourier is joined by Proudhon, who is considered as having introduced dialectics into political economy (Hellenbach does not seem to have read *The Poverty of Philosophy*). Hellenbach hoped to improve on his earlier work, which he considered “superficial”.¹⁵⁸ Peoples of the East, he argued, had a unique opportunity to analyze new social developments as they still stood at a distance from them, which ensured their objective appreciation.¹⁵⁹

Now the contradiction between capital and labor occupies a more prominent position. Modern civilization is seen as based on the suffering and deprivation of the proletariat.¹⁶⁰ Thrown into complete dependence on capital, the worker is reduced to a “slave of the present times”, whose position is in a sense even worse since s/he is formally free.¹⁶¹ The majority of the population is unhappy with the state of society and communism and socialism are simply a consequence of something being wrong with social relations.¹⁶² The workers, part of the productive proletariat, are victims of the unproductive proletariat, a category encompassing bureaucracy, army, the literati and the capitalists, the first two a direct burden on society, the latter an indirect one. For Hellenbach, the relationship between the productive and unproductive classes in favor of the latter is the cause of all social evils. Additionally, an uneven relationship can develop within the productive proletariat, leading to lack of hands in agriculture and social problems in cities, which is thus the second cause of social problems.¹⁶³

¹⁵⁸ Lazar Hellenbach, *Gesetze der socialen Bewegung. Versuch einer Geschichte der Menschheit*. (Wien: Verlag von Förster und Bartelmus, 1864), vi.

¹⁵⁹ Hellenbach, *Gesetze der socialen Bewegung*, 21.

¹⁶⁰ Hellenbach, *Gesetze der socialen Bewegung*, 187.

¹⁶¹ Hellenbach, *Gesetze der socialen Bewegung*, 51, 112.

¹⁶² Hellenbach, *Gesetze der socialen Bewegung*, 17–18.

¹⁶³ Hellenbach, *Gesetze der socialen Bewegung*, 88–90.

In search of solutions, Hellenbach departs from Proudhon and Fourier, the first merely arguing, in the final analysis, for a lower interest on capital, the latter's phalange being unrealistic as reforms need to start elsewhere.¹⁶⁴ For Hellenbach, the feudality of industry was superseded by the feudality of finance capital, and so any reform had to begin there, move towards industry and end in agriculture. Finance capital was a "bird of prey" escaping taxes and feeding itself of the productivity of others. Taxes and unproductive expenses needed to be lowered to loosen the grip of finance on the state and economy.¹⁶⁵ According to Hellenbach the Austrian state spent the vast majority of its resources on the army, bureaucracy and debt. Education, communications and welfare were marginal. That had to change, and the liberal opposition, although unaware of it, was pushing the government to establish a healthier relationship between productive and unproductive classes by its attacks against the army and bureaucracy.¹⁶⁶

Regarding the relationship between capital and labor the state was seen as decisive in regulating it. It had to intervene in this relationship through taxation, primarily inheritance tax that would serve to establish foundations which would aid labor. They would be separate from the state budget. Hellenbach was for labor organization too since he saw it as helping with worker's insurance, might have helped with acquiring goods for a lower price (housing included) and laid the basis for independent production away from the capitalist.¹⁶⁷

Where do landlords fit in this schema? They, the "producers", seem equally hurt by capitalists, who they are supposedly not, as the workers.¹⁶⁸ One of the main obstacles for Proudhon and other reformers in seeing the true state of things is that they were not

¹⁶⁴ Hellenbach, *Gesetze der socialen Bewegung*, 63–64.

¹⁶⁵ Hellenbach, *Gesetze der socialen Bewegung*, 62.

¹⁶⁶ Hellenbach, *Gesetze der socialen Bewegung*, 157, 96.

¹⁶⁷ Hellenbach, *Gesetze der socialen Bewegung*, 162, 141.

¹⁶⁸ Hellenbach, *Gesetze der socialen Bewegung*, 62.

engaged in agriculture. Had they been, they would have dedicated more attention to it as the scarcity or abundance of land produce decides the fate of workers.¹⁶⁹ Both Proudhon and Fourier have missed the fact that agriculture, “the most important factor for the development of mankind” is oppressed by taxes and neglected by finance capital.¹⁷⁰ Hellenbach argues that all interest on loans is the tribute paid by labor, a category landlords seem to be included in, to capital.¹⁷¹ What is needed is lower taxation of land which will lead to greater efficiency and bigger plots. He argues that both Belgium and England show that bigger plots are more productive. In the end, this will mean more tax revenue in the long run.¹⁷²

This argument for agriculture in general is supplemented with a plea for tax reform that would suit the “producers” on the periphery of the empire. Always ready to couch his argument in the universal language of political economy, Hellenbach proceeds to tell a tale of a “hypothetical” producer on a good plot of land but with no communications and labor. His dire straits are not reflected in the tax code as it is based merely on the ownership of land. But this is bad political economy as use and exchange value are confused. The tax should be related to exchange, thus fairly burdening those with higher incomes and stimulating long-term productivity growth. This hypothetical producer resembles Hellenbach himself and the proposed measure would mean less taxation in Croatia and Slavonia.¹⁷³ How a landlord perspective is reflected in his analysis of political economy is also evident in the potential lack of balance between parts of the productive proletariat, as too many workers might move to the cities, leaving agriculture in need of hands. As we have seen, this was the second great cause of social

¹⁶⁹ Hellenbach, *Gesetze der socialen Bewegung*, 44, 60.

¹⁷⁰ Hellenbach, *Gesetze der socialen Bewegung*, 134.

¹⁷¹ Hellenbach, *Gesetze der socialen Bewegung*, 105.

¹⁷² Hellenbach, *Gesetze der socialen Bewegung*, 137–38.

¹⁷³ Hellenbach, *Gesetze der socialen Bewegung*, 138–39.

ills according to Hellenbach. The fact that workers might be persuaded from doing so by receiving higher wages in agriculture or that they might be replaced by machinery is not discussed at all, and the measure Hellenbach did suggest was simply forcing them to stay.

His relationship to socialist and anarchist discourse is thus highly ambiguous. There he found the intellectual resources to comprehend a potentially perilous position of his class vis-à-vis industry and finance. This he felt acutely, as he came from a peripheral area weakly connected to the world market, with low supply of labor and little credit. Understandably, it was hard for him to remove himself from his social position. Fourier, he used for an attack on finance and industrial capital, but he did not give any thought to smaller estates and when he perceived that state intervention was needed to ameliorate the position of his class, he immediately, contrary to Fourier, went for statist solutions. Fourier's disciples turned to statist solutions too, but to aid labor, not landlords.¹⁷⁴ And dialectics, supposedly bequeathed to political economy by Proudhon, was used as a hope for the “comeback” of the landlords, as the feudality of finance capital was bound to be superseded, riddled as it was with insurmountable contradictions. All this led to a peculiar combination of left political economy laced with strong residues of physiocratic thought.¹⁷⁵ It is worth noting, however, as already stated in the earliest systematic critique of Proudhon by Marx, that Proudhon and the anarchist thought of the time did not provide a theory of social change that explained the condition of modernity. Proudhon too could, as Marx put it, try to return to the

¹⁷⁴ Gregory Claeys, “Non-Marxian Socialism 1815-1914,” in *The Cambridge History of Nineteenth Century Political Thought*, ed. Gareth Stedman Jones and Gregory Claeys (Cambridge: Cambridge University Press, 2011), 521, 535–36. What is also significant is that Fourier's system gave much greater room for private property than that of Owen. He is therefore excluded from the socialist tradition by some authors: Claeys, “Non-Marxian Socialism 1815-1914,” 525.

¹⁷⁵ Hellenbach, *Gesetze der sozialen Bewegung*, 184–87.

middle ages to solve the problems of modernity.¹⁷⁶ Be that as it may, Hellenbach still remains by far the most comprehensive thinker on political economy of the time and an outlier in another respect too: the position of women. His socialist influences surely explain that he is the only one to have provided a fleeting mention of the position of women in political economy. Hardly typical for a conservative thinker, he argued that the role of women was bound to become ever greater and society was to benefit from it.¹⁷⁷ Yet his clearly most original thinking was that on translating class inequalities into unevenness between regions of the world-system. Here too, however, his insights were limited by his class position. Although he does not specify the mechanism of unequal exchange, it seems that it would be very difficult to derive one from the theory of value he operated with. Hellenbach mainly saw agriculture as pressured by the state and other sectors of the economy. He did not examine capitalist laws of motion that made the rise of industry possible but rather argued for greater weight of agriculture in the future. Moreover, while future theorists of uneven development would stress that extra-economic coercion was contributing to underdevelopment of the periphery, for Hellenbach these forms of exploitation were inherently superior to wage labor. Although Hellenbach's thought certainly provides yet another support to the argument that a peripheral perspective generates a potentially innovative addition of regional unevenness to the one of class, Hellenbach's contribution to theorizing uneven development was severely limited by his position as a landlord.

¹⁷⁶ Karl Marx, *Misère de la philosophie: réponse à la philosophie de la misère de M. Proudhon* (Paris, Brussels, 1847), 33–34, 141.

¹⁷⁷ Hellenbach, *Gesetze der sozialen Bewegung*, 128–129.

5.7. Discourse of political economy and core-periphery hierarchy

Discourse of political economy in the period under examination was, on the whole, tilted towards a more radical political economy, be it in the form of direct borrowings from the likes of Fourier or Proudhon or radicalization within the framework of liberal political economy. This is quite at odds with the political economic arguments prevalent in Austria and Hungary. The fact that Croatia was on the periphery of the capitalist world-system in the transition to capitalism is of prime importance here. This structure does not explain everything, but it is a starting point for any discussion of the discourse of political economy. Social changes and the underprivileged position in the system made Croatian intellectuals more receptive to radical ideas, as the mainstream liberal arguments did not square well with their experience. Croatian thinkers saw very little to gain from capitalism. To them it mostly meant social dislocation coupled with little or no growth. Furthermore, the social position of many of them was precarious as gainful employment with adequate remuneration was scarce. This led them to a relatively greater extent than in core countries to stronger identification with the classes below them (but naturally to a lesser extent than in the case of socialist thinkers).¹⁷⁸ In the Croatian context, these sympathies were mostly reserved for the population of the Frontier, which they argued was treated abhorrently by the central government. The contrast with Hungary is palpable where a more mainstream political economy was firmly established. There seem to be two major reasons for this divergence, even though milder than before 1848. One was the somewhat better position of Hungary when it came to infrastructural projects and the

¹⁷⁸ For a similar argument for Third World countries in the 20th century see: Neil Davidson, *How Revolutionary Were the Bourgeois Revolutions?* (Chicago, Ill: Haymarket Books, 2012), 460–463.

general performance of the economy. The other was that the Hungarian political elite felt it had more agency to steer development than the Croatian did.

In these conditions Habsburg developmentalist discourse was bound to fail in Croatia. Indeed, it was probably making things worse. Immanuel Wallerstein rightly points out the weak potential that discourse in general has:

While privilege earned by inheritance has long been at least marginally acceptable to the oppressed on the basis of mystical and fatalistic beliefs in an eternal order, which belief at least offers them the comfort of certainty, privilege earned because one is possibly smarter and certainly better educated than someone else is extremely difficult to swallow, except by the few who are basically scrambling up the ladder.¹⁷⁹

The developmentalist discourse was not only psychologically hard to bear; it was also considered hypocritical in Croatia as the regime insisted on maintaining the Military Frontier and because results of the transition to capitalism were considered mostly to have been negative. Habsburg civilizing discourse was prompting Croatian intellectuals to point to the failures of Habsburg mission in the East, but also to the fact that even the center of the Monarchy was far from what might be considered civilized, especially when it comes to the political structure of the Monarchy. As the Austrian state was managing the process of transition, it could sometimes become the sole culprit of Croatian backwardness as exemplified by Hellenbach and Starčević. Tkalac and Utješenović were more aware of the limits of feudalism, but Tkalac in the end saw the Austrian state as unsuccessful in managing the transition to capitalism. Eugen Kvaternik had little to say on the matter.

¹⁷⁹ Immanuel Wallerstein, *The Essential Wallerstein* (New York: The New Press, 2000), 347.

Tellingly, virtually all the major interventions in the discourse of political economy at the time were written by authors who were or became highly critical of Vienna. Imbro Tkalac's example is a personification of the limitations of the Habsburg passive revolution. From an employee of the Chamber of Commerce in Zagreb to an optimist even when it came to the February Patent and the Austrian "cultural mission", he grew ever more skeptical of the central government, was jailed, left the country, urged for Austria's destruction via revolution and entered service of a hostile foreign power: Italy. Kvaternik too went down the road of revolution. Hellenbach sought the protection of Hungary. Only Utješenović, with his idiosyncratic argumentation, viewed Austria through a different lens. As we shall see in the next chapter, their skepticism towards Austria was shared by the almost entire political class.

From the perspective of uneven development, the most explicit authors are Hellenbach and Starčević who developed an argument on uneven development. Yet as we have seen, both of their arguments did not lead to a more elaborate notion of unequal exchange. Rather, it was the agency of the Austrian state that was blamed for local underdevelopment, obfuscating endogenous limits to growth. Hellenbach also employed an anachronistic theory of value and did not see feudalism as limiting development. As Joseph Love argued, the position in the periphery led to an independent formulation of "proletarian nations" in Brazil and Rumania.¹⁸⁰ Why was it not so in Croatia? Why was there no local Gherea or Prebisch? When it comes to the characteristics and development of social formations, differences were significant. Brazil was the last to abolish slavery as late as 1888 and was exposed to the limitations a latifundia political economy and dependent development it came with it afterwards,

¹⁸⁰ Love, *Crafting the Third World*, 175.

even though *haciendas* later proved less resilient to new conditions.¹⁸¹ In Romania, interaction with the world market led to the imposition of serfdom after 1866 with higher obligations than during the previous period of feudal social property relations.¹⁸² Here, as Perry Anderson pointed out, neoserfdom was “the work of industrial...capitalism” as Romania provided the industrialized areas with raw materials.¹⁸³ This contrast of industry and neoserfdom could only have highlighted even more the problematic of uneven development. Then there is Russia, where the commune was preserved after the abolition of serfdom and industrialization was rapid in small pockets, factories usually very large, all presided by an absolutist monarchy that was a “world power”. These conditions led to the formulation of the theory of uneven and combined development and numerous other contributions to uneven development by Lenin and Bukharin.

Croatia was in a somewhat different position. Significant similarities are the persistence of the great estates and underdevelopment in general. Extra-economic coercion, however, did not persist into the late 19th century, let alone being revived by industrial capitalism. Military Frontier remained in place, but the mode of exploitation was very mediated and could not be brought into a direct relationship with capitalism. It did not experience rapid industrialization that brought about a reflection on the patterns of unevenness. Although backward, in the Yugoslav context the Croatian political elite considered itself as ruling a developed country that could transmit civilization to its brethren to the south. The lack of independence also tended to result in “outsourcing” the agents of underdevelopment to external actors like the Austrian

¹⁸¹ Alain de Janvry, *The Agrarian Question and Reformism in Latin America*, 4th ed. (Baltimore and London: Johns Hopkins Press, 1990), 81–82, 44–45.

¹⁸² Daniel Chirot, *Social Change in a Peripheral Society: The Creation of a Balkan Colony* (New York: Academic Press, 1976), 132–33.

¹⁸³ Perry Anderson, *Lineages of the Absolutist State* (London: Verso, 1986), 392.

state. The timing was different too. The theorizations of uneven development mostly began in earnest in the late 19th and early 20th century when both the sufficient accumulation of information on the world-system and the advances in social sciences created a more fertile ground for a more rigorous theorization of unevenness.

Although not articulating the problematic of uneven development in such a developed fashion as later authors, the core-periphery hierarchy in the Monarchy thrust itself upon Croatian intellectuals and did lead to reflections on unevenness. It did not however result in any semblance of an import-substitution strategy. Contrary to the claims of Croatian historiography, not one of the major authors of political economy was committed to industrialization. With all the differences between them, they all argued that the Monarchy should pay more attention to agriculture. This, they thought, would resolve both the issue of the trade deficit and provide a stronger home market for Austrian industry. In this their position was similar to the one we encountered in the last chapter, where less sustained reflections on the political economy were placed under scrutiny. This should come as no surprise. This is to be explained by a peripheral position in the world economy, the transition to capitalism after centuries of extra-economic coercion and the lack of agency. As mentioned by Utješenović-Ostrožinski, Croatia, even if it wanted to, had no mechanisms at its disposal to pursue a protectionist policy. And even if it had had them, it would have faced a narrow home market. The best candidate for the thesis that Croatia had such a strategy would conceivably have been Starčević who argued Croatia was an independent state, that the Monarchy was generating uneven development to the detriment of Croatia and that the local economy needed protection against foreign capitalists. Yet far from arguing for leaps in development, Starčević articulated a very gradualist approach, stressing that not even railroads should be built before agricultural improvements had been made. How

agriculture itself would look like was another matter in terms of large versus middle estates and the abolition or maintenance of the *zadruga*, but that is another matter. The insistence on the existence of an industrializing strategy is connected to a problematic identification of capitalism with industrialization already discussed in the previous chapter. Whatever the differences between the numerous authors may have been, all of them agreed, for different reasons, that Austrian civilizing mission failed and Austria itself was far from the ideal of a civilized society. This assessment, as we shall see in the next chapter, lead to the alienation of Croatia from Austria.

6. Between Vienna and Pest: Croatian Politics in the 1860s

This chapter examines politics in Croatia during the 1860s and the emergence of the Hungaro-Croatian Settlement (the *nagodba*). This chapter relates to the discussion of the Austrian passive revolution in chapter 2 and highlights the contradictions of the Austrian strategy of using nationalities to bring Hungary to kneel. It demonstrates the alienation by Austria of Croatia, a former ally, and argues that Austria did not pursue a policy of strengthening the nationalities, which is directly related to the weakness of its bid at hegemony. Direct rule from Vienna and the fact that foreign bureaucrats were brought in to manage Croatia in the 1850s, alongside no territorial concessions that the Croatian political elite wanted, are important in explaining the attempt of a Croatian rapprochement with Pest despite the 1848/49 conflict. However, this failed too as Hungary was intransigent when it came to territorial demands and wanted Croatia to accept the 1848 Laws and common affairs with Hungary. I argue that the major Croatian political party of the time, the National Liberal Party, was characterized by the absence of strategic thinking and pursued a politics of passivity that can be explained by the lack of agency determined by structural constraints of a small territory and a weak national movement. I do not accept the argument that the *nagodba* was merely an expression of Croatian class interests, either of the aristocracy or the gentry. This is a too immediate translation of class into the international. While the *nagodba* preserved the interests of the gentry and the intelligentsia by guaranteeing only Croatian citizens would be hired in the administration (save for finance and railroads) and guaranteed the payment of their wages as well as the redemption payments for the landlords, the specificities of the Settlement were mostly dictated by the international context. Croatia was not given

independent finances not only due to Hungarian but Austrian pressures too as this would have endangered the Austro-Hungarian Settlement. Moreover, if class structures were easily translated into the international, Hungary would not have been made equal to Austria while Bohemia would receive greater political autonomy.

6.1. Turn from Vienna

In 1848 Croatian and Serbian troops proved a valuable resource to the embattled Habsburgs. Soldiers of the *Krajina* were an essential part of Radetzky's army that defeated Piedmont and Italian revolutionaries, which substantially strengthened the counterrevolutionary forces in the Monarchy. As the *Agramer Zeitung* put it, there was no other region of the Monarchy that spilled so much blood for the emperor as the "brave" Krajina.¹ Indeed, one of the greatest fears of Vienna was that the *Grenzers* might heed the calls to come back home and leave Radetzky in a precarious position. The newly appointed *ban* Josip Jelačić, an officer from Glina, was however committed to Croatia's participation in the war on the Habsburg side.² Jelačić had also cut ties with Hungary, and crossed the Drava in September, unsuccessfully engaging the Hungarian revolutionary army at Pákozd, then turning to Vienna and helping to crush the Viennese revolution. *Kaisertreu* Croats and Serbs seemed to have proven yet again what a useful ally to the empire they were.

The Croatian political movement of 1848 could not immediately overcome the weaknesses that plagued the Illyrian party which had been closely aligned with Vienna. The lack of a stronger political movement that Hungary certainly had, as expressed in the existence of such a politician as Lajos Kossuth to which Croatia could not offer an

¹ *Agramer Zeitung*, 1 July 1848.

² Alan Sked, *The Survival of the Habsburg Empire: Radetzky, the Imperial Army and the Class War, 1848* (London: Longman, 1979), 68–72.

equivalent, expressed itself in some decisions that appear to betray the absence of strategic thinking. Two such decisions come to mind, and, as we shall see, are of considerable importance in assessing the political maneuvering of the 1860s. The first one was that Jelačić was given control of the country without any end date and with no clearly defined restrictions of his authority. This had put him in an overly strong position and served to de-democratize the politics of the country, leading to conflict with more liberally oriented politicians and intellectuals. The second was that there were no negotiations regarding a potential political autonomy of Croatia-Slavonia in the Habsburg Monarchy.³ Considering major concessions given to Hungary, the weak position of the Habsburgs, and their need of *Grenzers* to maintain the empire, Croatia-Slavonia was in a relatively solid position to at least attempt to arrive at some type of guarantees, however informal, regarding its status within the Monarchy. And although the empire might have in the end backtracked on such an agreement, the fact remains that not even an attempt was made to negotiate with Vienna. The appointment of Jelačić, who was loyal to the empire and soon equipped with extensive powers, was a move that seems to have substantially hindered such a possibility, not to speak of a more active policy of negotiation with the Hungarian revolutionary movement (at the very least as a bargaining chip in relation to Vienna).

Croatia entered the period of neoabsolutism without any guarantees and was soon to find out that being *Kaisertreu* meant practically very little within the neoabsolutist straitjacket. As we have seen in chapter 4, Croatia enjoyed some tax relief in the years after the revolution, but this was abolished. Unlike Hungary, which was first under military occupation and broken into five districts, Croatia nominally had its

³ Tomislav Markus, *Hrvatski politički pokret 1848.-1849. godine: ustanove, ideje, ciljevi, politička kultura* [Croatian Political Movement 1848-1849: Institutions, Ideas, Goals, Political Culture], Biblioteka Povjesnica (Zagreb: Dom i svijet, 2000).

own local government headed by Jelačić and felt the sting of Germanization later as it used Croatian in its correspondence with the central government until 1852, and with the counties until 1854, when a reorganization of the Croatian government took place. *Banska vlada* (Ban's government) established in 1850 was replaced with *Namjesničko vijeće* (Regent's council).⁴ An archbishopric in Zagreb was erected too and Croatia received territorial concessions. Međimurje/ Muraköz was given to Croatia and Rijeka and the Littoral were also placed under its administration.⁵

While these were not inconsiderable concessions to Croatia, the framework of the neoabsolutist project allowed for only minimal variation among the administered regions. And Croatia was bound to feel the brunt of a hypercentralized empire regardless of her contribution on the battlefield. Already under the sway of central government after the revolution, the 1854 reorganization of Croatia's administration reduced the ban to a mere figurehead; the local government became a provincial emission of the central one. The glorious Field Marshall Jelačić did not in the end have a greater say on the development of Croatia than did heads of other provinces. His relationship with the central government was strained,⁶ his correspondence revealing a significant dose of exasperation.⁷ For Vienna, keeping expression of national identity and political autonomy at a minimum or subduing them completely was paramount. The

⁴ Mirjana Gross, *Počeci moderne Hrvatske: neoapsolutizam u Civilnoj Hrvatskoj i Slavoniji 1850-1860* [*The Beginning of Modern Croatia: Neoapsolutism in Civil Croatia and Slavonia 1850-1860*] (Zagreb: Globus : Centar za povijesne znanosti Sveučilišta u Zagrebu, Odjel za hrvatsku povijest, 1985), 80–86; Ágnes Deák, *From Habsburg Neo-Absolutism to the Compromise 1849 - 1867* (Boulder, Colo: Social Science Monographs, 2008), 251.

⁵ Deák, *From Habsburg Neo-Absolutism to the Compromise 1849 - 1867*, 251, 283–84. Jelačić was also nominally governor of Dalmatia, but this title did not come with the introduction of Croatian administration in Dalmatia. Due to the incorporation of Rijeka and the Littoral to Croatia a new, Rijeka county (*Riječka županija*) was formed together with the area of Gorski kotar. At the same time, there were minor territorial losses in the east as the Irig and Ruma districts were added to the Serbian Voivodship: Gross, *Počeci Moderne Hrvatske*, 61–62.

⁶ Gross, *Počeci Moderne Hrvatske*, 117–118.

⁷ Tomislav Markus, ed., *Korespondencija bana Jelačića i Banskog Vijeća* [*The Correspondence of Ban Jelačić and the Ban's Council*] (Zagreb: Hrvatski institut za povijest, 1998).

debates of the government regarding the emperor's visit to Croatia in 1852 focused solely on minimizing signs of Croatian sovereignty and banning the revolutionary tricolor.⁸ Germanization also spread to judiciary and education, causing significant problems in both areas. Judges not conversant in the local language would preside over complicated property disputes. Matters reached an incredulous level in education when Rijeka gymnasium pupils were taught Latin in German, a language unfamiliar to them. The teacher was then left with an immensely difficult task of learning the pupils some German and then switching to Latin.⁹

The neoabsolutist regime also struck at the heart of a major source of income and prestige of the local political elite: state offices. Until 1854 the ban could appoint most officials, save for some higher offices for which he needed approval from Vienna. And there was a "charge", as Mirjana Gross put it, at state offices considering the transition to capitalism and the difficulties this brought to former nobles with serfs and to the economy as a whole due to adjustment problems discussed in chapter 4. Aside from the fact that individuals that were deemed pro-Hungarian could not get a state office while those who participated in the 1848 movement and war had an advantage, the majority of posts most likely went to male members of noble families, followed by bourgeois candidates and those with a military background.¹⁰ Many of these candidates would later be running and supporting the National Liberal Party, which I discuss below. But this changed after 1854 as now the officials could work with German even in "internal administration" and knowledge of the local language, although desirable, was not a prerequisite; knowledge of any Slavic language sufficed. Positions in the

⁸ Waltraud Heidl, *Die Protokolle des österreichischen Ministerrates, 1848—1867: 3. Abteilung. Das Ministerium Buol -Schauenstein, Vol 1., 13 März 1852—14 April 1852-*. (Vienna, 1975), 234, 238–39.

⁹ Gross, *Počeci moderne Hrvatske*, 170, 320.

¹⁰ Gross, *Počeci moderne Hrvatske*, 73.

Croatian administration were open to job seekers from other parts of the empire, the openings advertised from Slovenian lands to Bohemia.¹¹ Sinecures relying on the extraction of surplus through taxation were jeopardized precisely when the state was expanding in order to tackle the complicated and demanding transition to capitalism and when the local political elite was in a difficult position. Ljudevit Vukotinović asked in 1850, in a work strongly critical of neoabsolutism, which he charged with the destruction of a centuries old county system of administration, on what social stratum would the empire rely as the nobility was no longer ruling the roost.¹² The answer was apparently none as out-of-country bureaucrats were left with managing the country and the local political class was alienated, virtually the same result that the regime obtained in Hungary. The non-hegemonic policy of the government that relied almost exclusively on domination was directed against the strongest allies of the central government as well. But this was not all. For although territorial concessions were made, the regime was obstinate when it came to the Military Frontier, an area encompassing almost half of the Croatian Kingdom. This had been a bone of contention between Vienna and Croatia for a while, but quite a lot of salt was added to the wound due to the fact that feudalism was abolished, and the Frontier was simply left as if in another time. Considering the rather poor results of the Croatian economy and the dissatisfaction and disappointment the meager or nonexistent progress brought about, it was to be expected that the convocation of the *Sabor* and a partial return of the local autonomy would lead to a general condemnation of the neoabsolutist period. As we have seen, even ministers in the central government did not shy away from exposing its faults.

¹¹ Gross, *Počeci moderne Hrvatske*, 84-85.

¹² Ljudevit Vukotinović, *Godina 1850 u Hèrvatskoj i Slavonii [The Year 1850. in Croatia and Slavonia]* (Zagreb: Tiskom F. Župana, 1851), 18–19.

The legacy of neoabsolutism notwithstanding, there was much hope that things would turn for the better after the king proclaimed the “irrevocable” Diploma on 20 October 1860 according to which the empire was to be federalized and the provinces of the empire represented in a central body in Vienna. As Bogoslav Šulek put it in *Pozor*, the paper of the National Liberal Party, even though many matters remain to be resolved, the “dawn of the old constitution” had finally come back after a “long night of eight years.”¹³ The “merciful emperor” had freed Croatia from the misery of neoabsolutism which, had it been allowed to last, would have reduced the country to poverty and idiocy.¹⁴ But the emperor had been merciful for only a short time. As already discussed, within a timespan of a few months the February Patent was proclaimed because the Diploma faced resistance in both Hungary and Austria. The February Patent was less to the liking of Croatian political elite as it seemed to signal another centralizing government. The discontent with the lack of development and political domination, the continuation of the existence of the Frontier as well as potential unification with Dalmatia were issues at the top of the lists of complaints against Vienna. They were voiced in the debates in the Sabor and sent as proclamations of the Sabor, counties and towns to the public and king. In an address to the king issued by Zagreb County, it was stated that people in *Krajina* were worse off than slaves in the American South, living under an oppressive system with numerous obligations, taken like animals to the “slaughterhouse” in what was a history of “eternal slaughter” for the benefit of the system. This was an institution “unworthy” of the 19th century.¹⁵

¹³ *Pozor*, 23 October 1860.

¹⁴ *Pozor*, 30 October 1860.

¹⁵ Tomislav Markus, ed., *Predstavke županija i gradova banske Hrvatske: 1861.-1867.: izabrani dokumenti [Adresses of Counties and Cities of Civil Croatia: 1861-1867: Selected Documents]* (Zagreb: Hrvatski institut za povijest : Dom i svijet, 2002), 122.

The composition of the *Sabor*, which opened its session on 15 April 1861, was at first sight promising to the Court and government. The National Liberal Party, a party that could rightly claim to be the heir to the Illyrians, held a majority in the parliament. The second strongest was the National Constitutional Party, known in the historiography as the Unionist Party because of its goal of a close union with Hungary to counter the Austrian threat. Then there was the Party of Right, which considered Croatia to be independent. At this point in time it was composed of only two members: Ante Starčević and Eugen Kvaternik. They nonetheless had an outsize influence on the debates of the *Sabor* and their party would grow in importance in the dualist period. In the beginning the *Krajina* was not represented in the *Sabor* but later joined it under the limitation that its representatives could only debate the relationship between Hungary and Croatia and should abstain from debating internal matters, including the key question of the fate of the Frontier.

Yet debates in the *Sabor*, regardless of its composition, did not bode well for the government. As Martin Polić pointed out in his history of the *Sabor*, the easiest way to gain popularity for members of that body was to attack Austria and centralism in their speeches.¹⁶ It is indicative what members of the Liberal Party, who were closest to potential allies of the regime, highlighted in their speeches. For Ivan Kukuljević Sakcinski, a historian and one of the leading figures of the party, German culture proved itself not as a civilizing force, but an enemy of freedom, imbued with a desire for domination. Germans are showing their anti-Slavic orientation throughout the empire. The Austrians also treated the Frontier miserably. The Frontier gave more for the

¹⁶ Martin Polić, *Parlamentarna povijest Kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi: od godine 1860. do godine 1867. [Parliamentary History of the Kingdoms of Croatia, Slavonia and Dalmatia. Part One: From the Year 1860 until 1867]* (Zagreb: Komisionalna naklada kr. sveučilišne knjižare Franje Suppana, 1899), 91.

“throne and empire than all the other Austrian provinces” and yet it experiences “more misery and burdens than any other people of the empire”.¹⁷ Slavoljub Vrbanić, a founder, together with Bogoslav Šulek, of the party daily *Pozor*, bragged that he forbade to every one of his five children to use German. He saw no “greater enemy” to the Triune Kingdom than a “German”.¹⁸ The address of the *Sabor* to the king stressed that the system of neoabsolutism was “materially and morally killing” the country, that the “last spark of trust” the people had for the king was almost extinguished and that the *Sabor* found the new system of government a “metamorphosis” of absolutism.¹⁹ Aside from numerous complaints, the *Sabor* wanted a unification with Dalmatia and the return of the Military Frontier, or at the very least the introduction of Croatian administration in the Frontier while retaining the militarized society.

It was up to Schmerling’s government to restore the trust of former allies and convince them to join the *Reichsrat*. And the regime did make concessions. One of them, the return of county administration and the use of Croatian came together with the parallel decision for Hungary after the proclamation of the October Diploma. It was a major shift from neoabsolutism. The government also established the Croatian Dikasterium, a temporary body which the king later turned into a permanent Croatian Chancellery. Croatia would also receive back its former Supreme Court-*Stol Sedmorice* (*The Table of Seven*).

The situation was different with territorial concessions. Although the emperor acknowledged at a meeting of the central government that the Military Frontier would

¹⁷ *Dnevnik Sabora Trojedne Kraljevine Dalmacije, Hrvatske i Slavonije, držana u glavnom gradu Zagrebu* [Minutes of the Sabor of the Triune Kingdom of Dalmatia, Croatia and Slavonia, held in the capital Zagreb] (Brzotism Antuna Jakića, 1862), 223, 66.

¹⁸ *Dnevnik Sabora Trojedne Kraljevine Dalmacije, Hrvatske i Slavonije, držana u glavnom gradu Zagrebu*, 818.

¹⁹ Polić, *Parlamentarna povijest kraljevina Hrvatske, Slavonije i Dalmacije*. Dio prvi, 88.

one day had to be abolished, at great financial cost, the time was not yet ripe for it. Furthermore, he feared the influence of propaganda of neighboring countries on the armed population of the Frontier, which thus required direct control over it.²⁰ Of course, the minister of war was also not in agreement with its dissolution. The reliance of the Monarchy on the military as the guarantee of its survival militated against the dissolution of the Frontier. The most extreme version of passive revolution required a greater reliance on the military and with it came an adoption of a worldview and political decisions that aligned with this reality. This context was quite unfavorable to any substantial change in the position of the Frontier, even though its existence in the long-run was considered untenable. Aside from the authoritarian character of the Habsburg state, instability in geopolitics to which the Habsburg Monarchy was particularly vulnerable was an additional factor working against the dissolution of the Frontier. There were, however, also opportunities that the shifts in international relations brought about. The Ottoman Empire was by this point in time being peripheralized within the capitalist world-system. This meant weaker state structures and the strengthening of centrifugal forces, from Mehmed Ali's Egypt to the Bosnian *ayans*. The Habsburg Monarchy, on the other hand, was a large semiperipheral state and was thus in a far stronger position in the international system. These different developmental trajectories became expressed in the context of Croatian and Yugoslav politics in the question of Bosnia, a country with a significant Catholic and Orthodox population bordering the Habsburg semiperipheral state and at the outer rim of a decaying peripheral empire. As is well-known, Bosnia would later be occupied and then annexed by the Habsburgs. In the 1860s, this geopolitically sensitive area provided the

²⁰ Horst Brettner-Messler and Klaus Koch, eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff*, Vol. 4, 8. Mai—31. Oktober 1862. (Vienna, 1986), 5.

possibility of conciliation of the central government and parts of the Croatian political elite. The king explained to the deputation of the *Sabor* that the Military Frontier had a “mission” to fulfill in the Eastern Question.²¹ This implied the annexation of Bosnia that could one day be joined to the Kingdom of Croatia, which had a historical claim on the territory. Significantly, despite serious criticism of the institution of the Frontier that we have already seen, bishop Strossmayer, arguably the most influential figure of the National Liberal Party, pointed out to the emperor at a meeting of the central government in early 1862 that nothing was further from their minds than the dissolution of the Frontier.²² He stated in his letter to Rechberg, the minister of foreign affairs, that he was against the dissolution of the Frontier as it should play a role in the Eastern Question, “one of the greatest missions that a mortal can participate in”.²³

This clearly left Dalmatia as a region that should be joined with Croatia in order for the regime to gain its support. In this case Strossmayer’s position was quite different. Considering a major lack of trust towards the government, he argued that Croatia had to receive at least a clear sign that the government was serious about a potential union with Croatia. If Croatia gets nothing from Vienna, then the *Sabor* might opt for Hungary. Strossmayer suggested that the king should initiate negotiations between Croatia and Dalmatia, give the title of Dalmatia to the *ban* and introduce changes in the administration of Dalmatia that is working against the union. The *ban*, present at the meeting, also pointed out that the administration of Dalmatia was working against the

²¹ Mirko Valentić, *Vojna Krajina i pitanje njezina sjedinjenja s Hrvatskom 1849-1881* [*The Military Frontier and the Question of its Unification with Croatia 1849-1881*] (Zagreb: Centar za povijesne znanosti Sveučilišta, Odjel za hrvatsku povijest: Institut za historiju radničkog pokreta Hrvatske: Školska knjiga, 1981), 105.

²² Horst Brettner-Messler and Klaus Koch, eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff, Vol. 1 4, 8. Mai—31. Oktober 1862.* (Vienna, 1986), 30.

²³ Tomljanovich, *Biskup Josip Juraj Strossmayer*, 69, 75. With Strossmayer, there was a combination of Yugoslavism and missionary zeal.

union with Croatia.²⁴ In an earlier government meeting, the head of the Croatian Dikasterium, and later Chancellery, Ivan Mažuranić, tried to present the unification with Dalmatia to be in the imperial interest. It would strengthen Croatia, an ally, and weaken the pro-Hungarian forces in it. It would stop the Italianization of Dalmatia. It would act as a force of attraction to the population of Bosnia as it would demonstrate that Slavs enjoy better conditions in the Monarchy.²⁵ The behavior of the administration of Dalmatia, and especially the jailing of several political activists, was also debated in the *Sabor* and was one of the most preoccupying issues of its early sessions.

Yet both the emperor and Schmerling stated that the best way to solve the question of Dalmatia was to join the *Reichsrat*, especially since Dalmatia did not want unification at that point in time. After Croatia joins the *Reichsrat*, unification might follow. No guarantees were given that it would. They also failed to address concerns about the behavior of the local administration that worked against unification.²⁶ Schmerling left the matter of prosecution of pro-Croatian activists to the minister of justice Pratobavera, who said everything was done according to procedure and that those prosecuted were using the language of high treason and spoke of a “Yugoslav Empire”.²⁷ Thus, the position of the government was to not unify Dalmatia with Croatia, leave intact an administration that was working against it, including the jailing of the Serbo-Croatian opposition, and ask Croatia to join the *Reichsrat* without giving any

²⁴ Horst Brettner-Messler and Klaus Koch, eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff*, Vol. 1 4, 8. Mai—31. Oktober 1862. (Vienna, 1986), 32-33.

²⁵ Horst Brettner-Messler, ed., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer Und Mensdorff*, Vol. 1, 7.Februar—30.April 1861. (Vienna, 1977), 27-28.

²⁶ Horst Brettner-Messler and Klaus Koch, eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff*, Vol. 4, 8. Mai—31. Oktober 1862. (Vienna, 1986), 31-32.

²⁷ Horst Brettner-Messler and Klaus Koch, eds., *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff*, Vol. 4, 8. Mai—31. Oktober 1862. (Vienna, 1986), 121.

guarantees that Dalmatia and Croatia would form a union. Regarding the claim that Dalmatia did not wish to join Croatia, this was certainly true of the Italian bourgeoisie, which represented a small island in the Slavic sea. The regime could have easily changed the “wishes” of Dalmatia by altering the electoral law and giving more weight to the majority of the population. As we have already seen, this is exactly what Schmerling’s government did in the case of Transylvania in 1863, where it enabled the participation of the Romanian population in elections.²⁸ It was thus the choice of the regime not to do so in the case of Dalmatia, not some objective disposition of “Dalmatia” not to unify with Croatia.

Moreover, as part of the efforts to conciliate intransigent Hungary, the regime returned Međimurje/Muraköz to it. With the same goal in mind, it abolished the Serbian Voivodship. It was the strategy of the National Liberal Party, as articulated by Franjo Rački, not only to unify with Dalmatia but also with parts of Serbian Voivodship. This, it was believed, would have meant a territorial unit of sufficient size to provide a counterweight to Hungary.²⁹ The Schmerling government rendered that strategy inoperable. Furthermore, while the regime nominally reinstated county autonomy in Croatia and enabled hiring of local cadres, it still retained the collection of taxes and used military force when necessary. By all appearances then, the Schmerling government did not want to strengthen the Slavs to weaken Hungary. Such a policy is hard to square with the main objective of the government, which, as discussed in chapter 2, was to have Croatia and Transylvania represented in the *Reichsrat* to do away with or at least substantially diminish the value of the Hungarian argument that Hungary was

²⁸ Albert Berzeviczy, *Az abszolútizmus kora Magyarországon 1849-1865 [The Age of Absolutism in Hungary 1849-1865]*, vol. 3 (Budapest: Franklin, 1932), 380–82; Louis Eisenmann, *Le compromis austro-hongrois de 1867: étude sur le dualisme*, Reimpr. of the ed. Paris, 1904 (Hattiesburg, Mis: Academic international, 1971), 359–60.

²⁹ Polić, *Parlamentarna povijest kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi*, 118-119.

not represented in Vienna and thus the *Reichsrat*'s legislation should have no force in it.

To understand these decisions, we have to place them in the discussion of the nature of the Schmerling regime in chapter 2. There I argued that the regime made a weak bid at hegemony, rigged the electoral system in favor of the German population, continued on a centralist course and pursued an ambitious foreign policy that aimed at hegemony/ domination in Germany and for Austria to retain a foothold in Italy. All these objectives were intertwined. This was a non-hegemonic politics that could not lift the subalterns into political subjects of greater weight. Indeed, considering the passive revolutionary road of the Austrian transition to capitalism, the subaltern nationalities were being demobilized rather than mobilized. In the context of Croatia, the government's decision to support an Italian autonomist party aligned well with the aim to remain a power in Italy, which meant not alienating the Italian population even though Italy was one of the greatest international threats to Austria. And while this electoral order was closer to authoritarian liberalism of Austria, this was certainly not the overriding concern since, as already stated, the Schmerling government was prepared to lower the census in the case of Transylvania. Yet the passive revolutionary road of the Austrian core did have implications for a policy regarding the Slavs since it relied on the German bourgeoisie and had an anti-Slavic thrust. A move to the left in the Austrian core would have opened up the possibility of a more hegemonic politics towards the Slavs, and in that context a different Yugoslav strategy would have been conceivable. Hegemony in Austria could also have politically strengthened the regime and made it easier to experiment with the territorial integrity of Hungary by uniting parts of Voivodina with Croatia. Since the government did not pursue this strategy, it was left with a weak Croatia highly skeptical of the regime.

Considering these developments, it is hardly surprising that the *Sabor* refused, in August, to send its deputies to the *Reichsrat*. In the debate, those who argued at least for some negotiations with Austria on the status of Croatia were faced with the criticism that the Austrian state cannot be trusted and that it did not have a tradition of constitutional life as Hungary did. This was the main argument of the National Constitutional Party which it consistently used throughout the period. The only way to retain some autonomy is to use the protection of the Hungarian constitution, hundreds of years of age, against the encroachment of Austrian absolutism. As Ante Stojanović, one of the most fervent supporters of cooperation with Hungary put it, considering that Croatia already enjoyed constitutional life and autonomy in Hungary, it made no sense to put its autonomy on “thin ice” by submitting to Vienna.³⁰ Starčević and Kvaternik maintained that Croatia was an independent state tied to Austria only with the person of the king. Although this was seemingly an extreme position to hold, it was essentially accepted by the *Sabor*, which proclaimed that Croatia had no common affairs with Austria. The Royal Rescript was not incorrect when it claimed that *Sabor’s* argument regarding the lack of common affairs was “completely baseless”.³¹ By rejecting the proposition by some members of the National Liberal Party that there are some common affairs with Austria, a position that Deák too would accept, the *Sabor* refused to even negotiate with Vienna on Croatian autonomy within the Austrian Empire. As both Eugen Kvaternik and Imbro Tkalac pointed out at the time, this was “mere negation”.³² Croatia made a 180-degree change in its politics. From the acceptance to participate in a counterrevolutionary war in 1848 with no negotiations, it took over the position of

³⁰ *Dnevnik Sabora Trojedne Kraljevine Dalmacije, Hrvatske i Slavonije, držana u glavnom gradu Zagrebu*, 553.

³¹ Polić, *Parlamentarna povijest Kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi*, 97.

³² Jaroslav Šidak, *Studije iz hrvatske povijesti XIX Stoljeća [Studies from the Croatian History of the 19th Century]* (Zagreb: Sveučilište, Institut za hrvatsku povijest, 1973), 329–30; *Ost und West*, 24 August 1861.

revolutionary Hungary of 1848 by stating that only the person of the king tied it to Austria. This was also contrary to the position of the Croatian 1848 *Sabor*, which accepted common affairs with Austria. The decisions taken in 1848 and 1861 were an expression of the same problem, lack of strategic politics, itself a consequence of the weakness of the Croatian political movement in the transition to capitalism. Not being a fuller subject of politics, the Croatian political class encountered problems with orienting itself in the political world and increasing its weight within it.

Now, it is unclear what the negotiations with Vienna could have brought. Furthermore, members of the Liberal Party like Strossmayer may well have believed that Schmerling's government was resting on clay feet and would soon go under.³³ Yet none of this can explain the specific course of action the *Sabor* took. It transpired that it is highly dubious to base one's politics on the expectation of a regime change, an expectation that proved false. There were no clear signs that that was bound to occur and Schmerling's regime lasted for a few years. And, as we shall soon see, when that regime change occurred it did not lead to expected results. Moreover, any federalist regime, a type of regime Croatian liberals thought ideal, would too insist on common affairs of Croatia and Austria. The Austrian Empire could not have existed without them. The October Diploma, the document that was much more to the liking of the Croatian political elite than the February Patent, also contained common affairs for all the provinces of the Monarchy. Thus, regardless of potential consequences of such an action and the very limited room for maneuver they had, members of the *Sabor* may be judged by their unwillingness even to attempt to negotiate with Vienna, which further narrowed their already meager room for maneuver. As Hugh Setton Watson rightly pointed out, the political weight of Croatia at this point in time derived from its role in

³³ Tomljanović, *Biskup Josip Juraj Strossmayer*, 110.

potentially tipping the scales in the conflict between Vienna and Pest.³⁴ By not even considering to use this bargaining chip, the Croatian political elite had reduced its own political significance. As it refused to even deal with Vienna, Croatia was left with trying to achieve a settlement with Hungary. Yet this proved more difficult than it appeared at first sight.

6.2. Failed rapprochement with Hungary

Ironically, as Jaroslav Šidak pointed out, the return of Međimurje/Muraköz to Hungary made Croatian rapprochement with Hungary more likely as it contributed to disappointment with Vienna.³⁵ While it facilitated a turn from Vienna, this decision of the central government also brought to the fore the different positions Croatia and Hungary had when it came to the territorial extent of Croatia. And there were other disagreements too, including the status of Rijeka/Fiume and the nature of the relationship between Hungary and Croatia after 1848. For most of the Croatian political class, the link was severed, *de jure* and *de facto* and Croatia was in a mere personal union with Hungary, on the same level of political integration as with Galicia or Venice. For Hungary, it may have been severed *de facto*, but not *de jure*.

That matters would not necessarily go smoothly with Hungary started to become clear with Deák's reply to the proclamation of the Zagreb County. For a proclamation where it is stated that the county wishes for an "alliance between the Triune Kingdom and Hungary", there was a significant amount of grievances against Hungary expressed

³⁴ R.W. Seton-Watson, *The Southern Slav Question and the Habsburg Monarchy* (London: Constable & Co Ltd, 1911), 57-58.

³⁵ Jaroslav Šidak, "Hrvatski narod u razdoblju od god. 1860. do 1871. [Croatian People in the 1860-1871 Period]." In *Povijest hrvatskog naroda g.1860-1914 [History of the Croatian People 1860-1914]*, edited by Jaroslav Šidak, Mirjana Gross, Igor Karaman, and Dragovan Šepić (Zagreb: Školska knjiga, 1968), 16-17.

in harsh discourse.³⁶ After stating that Croatia had been fully independent from Hungary, that the *ban* was equal to a king and made international contracts with foreign countries, the proclamation states that Croatia's sovereign “cape” was reduced to “rags of the aforementioned municipal rights” mostly due to Hungary which strove to reduce the “noble people” of Croatia to “slaves”.³⁷ Protesting against the incorporation of Međimurje/Muraköz to Hungary, the County denounced the alleged attempts of Hungary to create a Great Hungary that might reach Tsarigrad and warned that Croatia could have one hundred thousand armed men in no time and even five times more if need of them would arise.³⁸

Deák’s answer is significant as it provides an elaborated position of a leading Hungarian politician, a position he consistently held, and also because it represents in rough outline what the negotiating position of Hungary vis-à-vis Croatia would be as well as how the outcome of the Settlement between Croatian and Hungary would look like. At least a cursory examination of historical arguments Deák employed is unavoidable in this context. Although Deák accepted the existence of Croatian municipal rights, he noted that the *ban* was never equal to the Hungarian king. Furthermore, although Croatia did issue a Pragmatic Sanction in 1712, which allowed for inheritance in the female line of the royal family, two laws of the Hungarian Parliament qualified the import of this decision. The first was that of 1715 which proclaimed that only inheritance in the male line was acceptable and if there were to be no male heir the Diet was free to choose a king to its own liking. The second one was the Hungarian Pragmatic Sanction (accepted as bill in 1722 and sanctioned into law in 1723). The Croatian Sanction became valid only then. Neither in 1715 nor in 1722 did

³⁶ Markus, *Predstavke županija i gradova banske Hrvatske*, 142.

³⁷ Markus, *Predstavke županija i gradova banske Hrvatske*, 136.

³⁸ Markus, *Predstavke županija i gradova banske Hrvatske*, 138-140.

Croatian delegates protest against these decisions nor point out the separate validity of the Croatian Sanction.³⁹ There was a significant difference, argued Deák, between the autonomy of Croatia and the “perfect independence” that Croatia allegedly enjoyed according to Zagreb county.⁴⁰ Deák did away with the argument that Croatia was coerced to reduce its autonomy by pointing out that it was the Croatian *Sabor* delegates at the Hungarian Diet who asked in 1790 that Croatian taxation be discussed in that Diet and that Croatian administration be placed under the Hungarian Royal Council. Thus, Croatia had willingly reduced its own rights to protect itself from Austrian encroachment.⁴¹ This was a highly salient point in the context of a renewed fear of absolutism under Schmerling. When it came to territorial concessions, Deák was unwavering. For Fiume, Deák stated that it had been a Hungarian possession before it had been taken away in recent times, and that Fiume citizenry is in favor of belonging to Hungary. Moreover, Fiume had sanctioned the Pragmatic Sanction on its own in 1725, and not as part of Croatia. For Međimurje/Muraköz, he pointed out that Zagreb County itself acknowledged it being part of Hungary for two hundred years while showing scant evidence of it being part of Croatia before that period. By the minimal criteria used for the argument that Međimurje/Muraköz is a part of Croatia, Hungary could have used much stronger arguments in favor of entire Slavonia being incorporated to Hungary as it paid its taxes separately of Croatia and was represented at the Hungarian Diet independently of Croatia, Deák maintained. Hungary, however, does not wish to encroach upon Croatian territory, but it asks the same in return. Moreover, the nation of Međimurje/Muraköz (by which Deák most likely meant the nobility and

³⁹ Manó Kónyi, ed., *Deák Ferencz beszédei. II. kötet, 1848-1861. [The Speeches of Ferencz Deák. Vol 2, 1848-1861]* (Budapest: Franklin társulat magyar iroda intézet és könyvnyomda, 1886), 297–98. See also his speech in the Diet, where he makes the same argument: *Az 1861-ik évi magyar országgyűlés. III. kötet [The 1861 Hungarian Parliament. 3. Volume]* (Pest: Károly Osterlamm, 1861), 34–37.

⁴⁰ Manó Kónyi, ed., *Deák Ferencz beszédei. II. kötet, 297.*

⁴¹ Manó Kónyi, ed., *Deák Ferencz beszédei. II. kötet, 299.*

the recently enfranchised citizens) wishes to be part of Hungary, not Croatia. And when it comes to the fact that this territory was administered by Croatia during neoabsolutism, this is not a valid argument as this was done by an autocratic government without any basis.⁴²

After attempting to do away with any notion of Rijeka/Fiume and Međimurje/Muraköz becoming Croatian territory, Deák faced Croatia with a stark choice. Either it will be in “union” with Hungary or it will go the way of secession. It is up to Croatia. Hungary does not wish to force anything on its neighbor, although in the case of secession it will naturally defend its rights. Croatia could join the *Reichsrat* and enter a relationship with Vienna similar to that with Hungary, indeed, even closer. If it wishes not to be under a “responsible Hungarian ministry” (in the sense of being subject to parliamentary control) it can be governed by an Austrian ministry, which will “likely” not be responsible to a parliament. He then notes the protection the Hungarian constitution, defended for centuries by their ancestors, and the Pragmatic Sanction provided for the independence of Hungary, an independence one cannot sacrifice to become “an Austrian province with an octroyed constitution.” And if Croatia wishes to remain in a merely personal union in Hungary, there is no need for a “distinct union” between the two, for it will be in the same relation to Hungary as it is to “Galicia, Bohemia, Tyrol or Austria.”⁴³

Deák quite effectively reminded the Croatian political class of the very reasons of a closer union between the two countries and the consequences their political choices implied. The culmination of Deák’s message to Croatia is that there are essentially two choices before it. It might submit itself to an absolutist government of Austria, a

⁴² Manó Kónyi, ed., *Deák Ferencz beszédei. II. kötet*, 299, 301-303.

⁴³ Manó Kónyi, ed., *Deák Ferencz beszédei. II. kötet*, 305-306.

government with which it had not only negative experience in the recent past but also in the 18th century, which prompted its closer union with Hungary. In this manner it would reduce itself to yet another province of Austria and would be submitted to an absolutist government over which it had no control. The personal union that the Zagreb County argued for amounted to that choice, for Croatia would in that case reject the protections the centuries-old constitution of Hungary provided her with. Alternatively, it could accept that the relationship with Hungary is more than a personal union, while retaining its old autonomy and gaining protections against absolutist encroachment.

Importantly, Deák was relatively modest in his claims on the contested territory between Croatia and Hungary. There were members of the 1861 Hungarian parliament who claimed even more territorial concessions from Croatia. While most members used conciliatory language and expressed hope that the relationship with Croatia, with whom Hungary shares centuries of history, would be improved, they did not offer any concrete concessions.⁴⁴ And László Szalay, in accordance with the views expounded in his book *On the Croatian Question*,⁴⁵ stated that not only has Croatia no rights over Fiume or Muraköz, but that the whole coast up to Senj feels Hungarian. Slavonia was merely an aggregation of three independent counties not belonging to Croatia.⁴⁶ Pap Mór raised similar points and talked about the so-called Slavonia.⁴⁷ Aside from showing no inclination to satisfy Croatian territorial demands, members of the *Országgyűlés* acknowledged the difficult economic position of Croatia and pointed out that Croatia

⁴⁴ Az 1861-ik évi magyar országgyűlés. I. kötet [*The 1861 Hungarian Parliament. Volume 1*] (Pest: Károly Osterlamm, 1861), 340–41, 353–54, 374, 379–80; Az 1861-ik évi magyar országgyűlés. II. kötet [*The 1861 Hungarian Parliament. Volume 2*] (Pest: Károly Osterlamm, 1861), 33, 250; Az 1861-ik évi magyar országgyűlés. III. kötet [*The 1861 Hungarian Parliament. Volume 3*], 157.

⁴⁵ László Szalay, *A horvát kérdéshez* [*On the Croatian Question*] (Pest: Kiadja Lauffer és Stolp, 1861), especially 6, 67. In this work he polemicalizes with Kvaternik and the already discussed Zagreb County proclamation.

⁴⁶ Az 1861-ik évi magyar országgyűlés. I. kötet, 208–209.

⁴⁷ Az 1861-ik évi magyar országgyűlés. I. kötet, 270–271.

can benefit in this regard from Hungary, which wishes to share its material and cultural progress. As Hungary wants to increase its trade with the world market, Croatia stands to gain as Hungarian trade will bring development to Croatia as well. Any Yugoslav state would not be capable of bringing the same fruits of development, which Croatia would anyway form a minuscule part of. And major infrastructural projects are only conceivable within the more developed Hungarian state. Both Croatia's freedom and material progress are thus best secured as part of Hungary.⁴⁸

Both the Austrian rock and the Hungarian hard place generated passivity that marks the political behavior of the 1861 *Sabor*. For most members of the *Sabor*, Hungarian arguments carried little weight. They did not accept the claim that 1848 was a mere continuation of previous history, as Deák too claimed.⁴⁹ Considering that the relationship with Hungary was severed they were not ready, as Hungarian representatives demanded,⁵⁰ to resolve their issues with Hungary as part of the Hungarian parliament. Strossmayer, who was far from not seeing the appeal of conciliation with Hungary, feared a repeat of 1790, when, he argued, Croatian representatives acted out of fear and divested themselves voluntarily from the attributes of sovereignty he considered essential for any country: autonomy in administration and finance.⁵¹ He apparently agreed with Deák on the logic that led to it, but drew the conclusion that Croatia has to find a path of greater independence. The majority of the *Sabor* agreed with the leading figure of the National Liberal Party and took a position that all connections between Croatia and Hungary were severed in 1848 save for the person of the king. The *Sabor* stipulated the territorial extent of Croatia, including

⁴⁸ Az 1861-ik évi magyar országgyűlés. I. kötet, 313-314, 353-354, 374; Az 1861-ik évi magyar országgyűlés. II. kötet, 58-62.

⁴⁹ Az 1861-ik évi magyar országgyűlés. III. kötet, 282.

⁵⁰ Az 1861-ik évi magyar országgyűlés. III. kötet, 157-158.

⁵¹ Dnevnik Sabora Trojedne Kraljevine Dalmacije, Hrvatske i Slavonije, držana u glavnom gradu Zagrebu, 374.

Međimurje/Muraköz and Rijeka/Fiume. It was also stated that Croatia was to manage its own administration, judiciary, education and matters of religion. These paragraphs of the law that the king sanctioned were considered conditions for the initiation of negotiations between Hungary and Croatia on their common affairs. If Hungary was to accept them, Croatia was ready to enter into a “closer connection” (*užju svezu*) with Hungary.⁵²

By posing as conditions for negotiations matters that the Hungarian side, as we have seen above, disagreed with, there could be no negotiations. Since the *Sabor* would next month refuse to participate in the *Reichsrat*, it was left with no avenue of political action, rejecting to enter into negotiations either with Vienna or Pest. Although most members of the *Sabor* stated that Eugen Kvaternik’s notion that Croatia is independent is appealing yet unrealistic, two major decisions of the *Sabor* state virtually the same. Croatia had no common affairs either with Austria or Hungary. The political class of a small peripheral social formation was staking out an independent path in a semiperipheral empire of more than thirty million, one of the most powerful states in Europe. Members of the National Liberal Party, in the phrase of the historian Horvat, understood politics as a “legal process”.⁵³ Historical arguments were raised, alleged injustices exposed, and a positive verdict expected. The political struggles of their time they fought in rhetorical skirmishes over past battles and coronations. The problem with this politics was, as Martin Polić put it, that the power of the Croatian parliament “did not extend beyond the walls of the House of *Sabor*”.⁵⁴ Political mobilizations and alliances outside Croatia were not added to legal nuance.

⁵² *Dnevnik Sabora Trojedne Kraljevine Dalmacije, Hrvatske i Slavonije, držana u glavnom gradu Zagrebu*, 520.

⁵³ Josip Horvat, *Politička povijest Hrvatske. Prvi dio* [Political History of Croatia. Part One], Second edition (Zagreb: August Cesarec, 1990), 182.

⁵⁴ Polić, *Parlamentarna povijest Kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi*, 115.

6.3 From pro-Austrian government to the Settlement with Hungary

Yet the path of passive resistance was not acceptable to many politicians of the National Liberal Party. They believed that Croatia should negotiate with Vienna. The National Liberal Party had within its ranks two strongly opposed courses of action. It developed, argued Polić, a “Hamletian nature”.⁵⁵ As this state of mind proved unsustainable in a very sensitive political period, the party split. The new Independent National Party formed in 1863 boasted many esteemed liberals (Mažuranić, Prica, Kukuljević, Vukotinović, Vončina, Cepulić, Veber), some of whom heavily criticized the neoabsolutist period and were far from a dewy-eyed perception of the central government. Their main fear, as Mažuranić pointed out, was that if Croatia does not achieve an understanding with Vienna, it would be left in a much weaker position vis-à-vis Hungary.⁵⁶ In their main publication, *With or Without Conditions? (Uvjetno ili bezuvjetno?)* authored most likely by Prica and Krestić, but highly likely written with the support of Mažuranić,⁵⁷ it was argued that non-Hungarians of Hungary seek a deal with Austria, on the condition of receiving guarantees of autonomy. The example of Transylvania showed how the unity of the Monarchy is compatible with protections for the nationalities of Hungary. Croatia was on equal footing with Hungary and needed to find its own understanding with Austria, which already gave clear signs that it is ready to respect Croatian autonomy (Chancellery, Supreme Court, convocation of the *Sabor*). Yet the *Sabor* wrongly rejected common affairs with Austria. Remaining in the position of “mere negation” was not feasible. By entering the *Reichsrat* Croatia would not accept the Patent but contribute to the solution of the political problems of the Monarchy by

⁵⁵ Polić, *Parlamentarna povijest Kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi*, 108.

⁵⁶ Šidak, *Studije iz hrvatske povijesti*, 332.

⁵⁷ Šidak, *Studije iz hrvatske povijesti*, 298.

negotiating with other representatives. Like Tkalac, they argued for a continuity of the October Diploma and the Patent. Moreover, conditions for joining the *Reichsrat* were specified: territorial unification, separate budget, increased number of Croatian members of *Reichsrat*, guarantees of sovereignty. Unconvincingly to skeptical readers, the authors claimed that the decision to join the *Reichsrat* would in no way endanger the existing Croatian constitution and that participation in the *Reichsrat* did not mean at least a temporary acknowledgment of the Patent.⁵⁸

While members of this party were not ready to dispense with the advantages of the autonomy guaranteed under feudalism, it is within their ranks that one could sometimes encounter modernist discourse stressing different developmental trajectories of Austrian absolutism and Hungarian and Croatian feudalism quite similar to the discourse of Austrian developmentalists. Ivan Vončina, a strong supporter of cooperation with Vienna, after enumerating all the natural advantages Croatia had for development, stated the following:

...if we observe [the Croatian people] in their small huts, in their eking out an existence in cattle-raising, in their poverty, innocence and superstition, and if we are to acknowledge that the validity of a system is to be measured by its effects on the cultural progress of the people, we have to admit, comparing the mental and material state of the people and all the circumstances surrounding it with the condition of other countries of the state, that those have made significant cultural progress in culture, while we, under...our ancient constitution, remained far behind.⁵⁹

⁵⁸ *Uvjetno ili bezuvjetno?: Mnenje o riešenju naših državnopravnih pitanjah [With or Without Conditions? An Opinion on the Solution of our State and Legal Questions]* (Zagreb, 1864), 2, 4–6, 7–8, 13–16.

⁵⁹ *Dnevnik Sabora Trojedne Kraljevine Hrvatske, Slavonije i Dalmacije od Godine 1865/67 [Minutes of the Sabor of the Triune Kingdom of Croatia, Slavonia and Dalmatia of the Year 1865/67]* (Zagreb: Brzotiskom Antuna Jakića, 1867), 117.

Yet, as already discussed, although there were improvements in the economy, virtually universal agreement in Croatia was that Austria did little to improve conditions in the country or had even made them worse. More importantly, the administration of Croatia by Ivan Mažuranić did little to assuage fears of neoabsolutist direct rule. The autonomy of the counties was severely limited because they did not have control over finances and were at the mercy of the central government. The government used the gendarmerie and military for tax collection, a very unpopular move. However, the counties did not go to the extent of Hungarian resistance. Here again the smaller room for maneuver of Croatia as opposed to Hungary was demonstrated.⁶⁰ The state further eroded the meager autonomy of the counties by taking away the right of assemblies to discipline officials, which became the exclusive right of the Lord Lieutenant. The reconstitution of the counties, where administrative posts were given to candidates via assembly vote, was abolished as the government feared that opposition candidates would have won. The government also resorted to austerity, cutting posts and freezing new hiring, which the counties protested against.⁶¹

But the Independent National Party still did not have a majority in the *Sabor*, which was needed to send delegates to Vienna. It thus started to prepare for elections. Against it stood the opposition of the National Liberal Party and the Constitutional Party, which essentially fused in late 1863.⁶² The government had recourse to numerous irregular means with which it tried to secure victory. It jailed opposition politicians (Starčević, Kvaternik, Perkovic, a key member of *Pozor* editorial board). It closed

⁶⁰ Tomislav Markus, "Hrvatske županije i gradovi 1861.-1867. i njihove predstavke [Croatian Counties and Town in 1861-1867 and Their Addresses]," in *Predstavke županija i gradova banske Hrvatske: 1861.-1867.: Izabrani dokumenti [Adresses of Counties and Cities of Civil Croatia: 1861-1867: Selected Documents]*, ed. Tomislav Markus (Zagreb: Hrvatski institut za povijest : Dom i svijet, 2002), 60–61.

⁶¹ Vasilije Krestić, *Hrvatsko-ugarska nagodba 1868 godine [Croato-Hungarian Settlement 1868]* (Belgrade: Srpska akademija nauka i umetnosti, 1969), 179–86.

⁶² Željko Holjevac, *Hrvatsko-mađarski odnosi 1860.-1873. [Croato-Hungarian Relations 1860-1873]* (Zagreb: Unpublished PhD dissertation, 2006), 220.

down opposition papers like *Pozor*, forcing the opposition to publish in Prague *Politika*, paper of the Old Czech Party. It changed the electoral law to its favor. It engaged in redistricting and sending information for the day of elections only to supporters. It pressured bureaucrats to vote for the government.⁶³ And it still lost the 1865 elections. Among the main reasons for this loss is the fact that Schmerling's star was by that time waning, which gave the confidence to voters to defy the government. Internally, the government was severely limited by centralization and austerity dictated by Vienna. This struck at county autonomy, traditionally the source of employment and pride for the local gentry, and after 1848, intelligentsia too.

With the Independent National Party defeated, it was up to the opposition to find a new course of action. Schmerling's government was gone, and the political conditions in the Monarchy appeared more favorable to the Liberals. They had expected an improvement in the political position of Croatia from a more federalist government. Yet Strossmayer stated that the new federalist government headed by Belcredi, i.e. the type of government that the Liberals yearned for, did not want anything to do with Croatia, was focused on conciliating Hungary, and was even more dangerous to the Slavs than Schmerling.⁶⁴

Perhaps even more disappointing was the outcome of the negotiations with Hungary. The negotiations that took place between the committees of *Sabor* and *Országgyűlés* between 16 April and 6 June 1866, ending just before Sadowa/Königgratz, did not go as planned. The Hungarian committee accepted the autonomy the *Sabor* outlined in 1861 legislation. Importantly, the *Sabor* did not stipulate autonomy in financial matters. On the other hand, the Hungarian committee

⁶³ Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 199-200.

⁶⁴ Vera Čiliga, *Slom politike narodne stranke (1865-1880) [The Breakdown of the Politics of the National Party]* (Zagreb, 1970), 28.

rejected virtually all the other demands of the Croatian committee and disagreed with it in matters of principle. It did not accept that ties between Croatia and Hungary were severed in 1848. It pointed out that there was no sense, as the Croatian side demanded, in having two separate coronation documents for the king of Hungary: what differences of content would the Croatian document express and why would there be differences in the documents at all? It was intransigent when it came to territorial disputes. And it also did not agree that the relationship between Croatia and Hungary could only be solved as part of a general regulation of relations between the lands of the Hungarian crown and Austria. Croatia could only negotiate its status vis-à-vis Hungary, not be an independent party in those negotiations.⁶⁵

Croatian historians have stressed that the Hungarians were not willing to commit to anything before the outcome of the battle of Königgratz. They hoped Austria would lose and they would then negotiate with Croatia from a stronger position.⁶⁶ While they did not of course commit to anything before relations towards Austria had been regulated, the position of the Hungarian committee did not fundamentally differ from the position it was to take after the Settlement with Austria. Moreover, that position was in line with Deák's reply to the Zagreb County proclamation, written four years before the negotiations took place. The Liberals had plenty of indications as to what the Hungarian position would have been. It should have come as no surprise to them that Deák's position, articulated well in advance before the negotiations took place, negotiations which he clearly had a major influence on, would be an important basis for the negotiating position of the Hungarian committee. Yet Strossmayer, who was very

⁶⁵ A 1865-dik évi december 10-dikére hirdetett országgyűlés képviselőházának irományai [*Documents of the Hungarian Parliament's Lower House Summoned for December 10 1865*] (Pest: Hiteles kiadás. Nyomtatott Emich Gusztáv magyar Akad. nyomdásznál, 1866), 86-111; HDA, Sabor Kraljevine Hrvatske, Slavonije i Dalmacije, Kraljevinski odbor, kut. 189 [Sabor of the Triune Kingdom of Croatia, Slavonia and Dalmatia, Royal Committee, box 189], 808, X.

⁶⁶ Šidak, "Hrvatski narod 1860-1871," 28; Ciliga, *Slom politike Narodne stranke*, 26.

optimistic at the beginning of the negotiations, expressed dismay at the Hungarian position, despite the aforementioned indications of what that position could have been. He stated that Hungary did not want Croatia as an equal partner.⁶⁷

Disappointed with Hungary, Strossmayer turned to Vienna, essentially adopting the strategy of the Independents which he had rejected for years and which he campaigned against in the last elections for the *Sabor*. He stated that at “this moment” Croatia “must” enter into negotiations with Austria due to necessity and great potential benefits.⁶⁸ The Independent Ivan Vončina, not without basis, called the Liberal Party “the inconsistent ones”.⁶⁹ The Independents had argued that the greatest danger for Croatia was to enter negotiations with Austria too late. This is what in the end came to pass. Unsurprisingly, the delegation of the *Sabor* which arrived to Vienna in late December was received coldly and it was clear that the time to negotiate had passed.⁷⁰ The decision to negotiate separately with Vienna came at the time when it was to have the least possible effect. Indeed, it was contrary to government policy which was to reach an agreement with Hungary. There was no discernible reason to jeopardize those negotiations by negotiating directly with Croatia about its relationship with Vienna, which was contrary to the Hungarian position on the matter.

The Liberal Party was not the most suitable one for carrying out negotiations with Hungary. Both Austria and Hungary wished for a Unionist majority which would make, it was believed, negotiations with Hungary run more smoothly. The newly appointed Unionist *ban* Rauch made all the effort to secure that majority. Although the Unionist Party was rather weakly endowed with intellectuals of considerable stature,

⁶⁷ Ciliga, *Slom politike Narodne stranke*, 28–29.

⁶⁸ Polić, *Parlamentarna povijest kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi*, 232.

⁶⁹ Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 235.

⁷⁰ Ciliga *Slom politike Narodna Stranke* 29-31; Šidak, “Hrvatski narod 1860-1871,” 29-30.

Rauch could compensate by using abundant funds Hungary placed at his disposal. He funded *Zvekan*, the paper of the Party of Right, which although not completely to Unionist liking, exposed the Liberals to the stinging attacks of Starčević. He also bought *Agramer Zeitung*, and founded *Hrvatske novine*, while *Pozor* had to move to Vienna to escape his government. Croatia thus had no oppositional paper published in the country. Naturally, the government's *Narodne Novine* edited by Gaj toed the line dictated by Rauch.⁷¹ Aware that many in the bureaucracy had different political sympathies, Rauch put Unionist cadres, who were more than willing to occupy government posts, in key positions. As Vasilije Krestić put it, his Lord Lieutenants then went on a “real purge” of Liberal administrators. Teachers too were fired or disciplined. The purge was somewhat limited by the lack of Unionists for some posts, due to a limited social base of the party in some areas. Aside from pressures on bureaucracy, the archbishop Haulik, formerly a strong supporter of the centralist government in Vienna, was now instructing the clergy to support dualism. Moreover, the Military Frontier would not participate in the *Sabor* and the number of virilists, invited members, was increased. The census for the elections was lowered, because it was expected that “small property owners and peasants” were pro-Hungarian. The Unionists agitated in the villages, stressing to well-off peasants the material benefits of an alliance with Hungary, including lower taxes. They also organized parties and bribed the peasants. The Liberals had no organization in the villages, mostly relying on the writings of *Novi Pozor*, based in Vienna. To top it all, the Unionists had also perhaps stolen some votes.⁷²

Despite all these measures, the results of the 1867 elections were disheartening for the Liberals, who won only fourteen out of sixty-six places. Strossmayer bitterly put

⁷¹ Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 242.

⁷² Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 252-254, 264-280.

it that the elections were the result of an oppressive king and weak people.⁷³ This pithy formula hid the inadequacies of the Liberal Party and betrayed the lack of willingness to analyze the dire election results. Two aspects are worth highlighting here: the party organization of the Liberals and dissatisfaction with Austrian rule. The Liberal party did not work towards the creation of a broader political alliance.⁷⁴ It remained to a great extent a debating club, and one where no side could win the argument. Its politics did not have hegemonic potential. It was its own fault that the reduction in the electoral census was a threat to it. Its Yugoslavism was, similarly to Illyrianism, an “extensive” political program that was not combined with an “intensive” expansion in the support of social forces. Geopolitical intrigues and legal arguments ruled the roost while party organization suffered. Tellingly, after the elections, instead of remaining in the *Sabor* and fighting against government policies, the Liberals simply left the parliament. Some of them also engaged in some unsuccessful conspiratorial action with Serbia, a weak actor who was objectively aided by dualism since Hungary was opposed to the increase of the numbers of Slavs in the Monarchy. They soon abandoned this fruitless course of action.⁷⁵ Moreover, the Unionist program had some genuine support.⁷⁶ After years of increases in taxation, taxes collected by military force, and the relatively fresh memories of Germanization, the autonomy under Hungary was not without appeal. The Liberals themselves had campaigned against Vienna for years and argued for resistance to joining the *Reichsrat* together with the Unionists, thus creating a pro-Hungarian atmosphere in the country. These factors were further reinforced by the maneuvering of

⁷³ Holjevac, *Hrvatsko-mađarski odnosi*, 357.

⁷⁴ Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 281.

⁷⁵ Ciliga, *Slom politike Narodne stranke*, 43-45; Tomljanović, *Biskup Josip Juraj Strossmayer*, 197-199.

⁷⁶ Martin Polić, *Parlamentarna povijest kraljevina Hrvatske, Slavonije i Dalmacije. Dio drugi: od godine 1867. do godine 1880. [Parliamentary History of the Kingdoms of Croatia, Slavonia and Dalmatia. Part Two: From the Year 1867 until 1880]* (Zagreb: Komisionalna naklada kr. sveučilišne knjižare Franje Suppana, 1900), 12-13; Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 267.

the Unionist government and by the already established dualist structure of the Monarchy.

It was then left to the Unionist Party, who consistently argued for a closer cooperation with Hungary, to negotiate the Hungaro-Croatian Settlement (the *nagodba*). Already present in the parliamentary debates, differences within the Unionist party became expressed during the negotiations, where a minority of the Croatian committee members (Janković, Živković, Brlić) refused to accept some aspects of the Settlement. Two disagreements of greatest weight were the responsibility of the Croatian government and autonomy in finances. The minority argued that the *ban* was to be responsible to the Croatian *Sabor* and that Croatia should be independent in finances and pay in the negotiated amount for common affairs. This was very close to Strossmayer's position, who insisted on autonomy in finances and, as already stated, thought the transfer of taxation to the Hungarian Diet in 1790 an error. Somewhat surprisingly, Deák too stated during the negotiations that Croatia should have autonomy in finances.⁷⁷ The Hungarian position and that of the Croatian majority, whose proposal was articulated by Žuvić, was that Croatia was not to have independent finances at all. The Hungarian side argued that Croatia did not have sufficient revenues for internal administration and common affairs. Forty-five percent of Croatian taxes would go to Croatian administration, fifty-five for common affairs. Complicating matters, a provisional lump sum of 2 200 000 forints was to be spent for Croatia's administration, subject to change in case of incorporation of other territories. Should Croatia not have sufficient amount for those costs, Hungary would foot the bill. Should they exceed it, Croatia would take the remainder. But the Hungarian Ministry of Finance would be in

⁷⁷ Jovan Živković, *Politički pabirci iz nedavne prošlosti Hrvatske ili kako je postala Hrvatsko-ugarska nagoda* [Political Fragments from the Recent Past, or How the Croato-Hungarian Settlement Came to Be] (Knjižara Dioničke Tiskare: Zagreb, 1892), 72.

charge of all financial matters. In this manner, Croatian government did not even have the information regarding its own tax base. Furthermore, the *ban* was to be appointed at the suggestion of the Hungarian prime minister.⁷⁸

The fact that Croatia did not end up with independent finances would cause a lot of recriminations against alleged Hungarian manipulations and would be an issue in the renegotiation of the Settlement in 1873. Yet far from it being the result of a feckless Unionist majority, the dualist structure of the Monarchy also determined this outcome. Minister president Beust made it clear that he did not want Croatian financial autonomy as this might have prompted Bohemian demands for the same, which would endanger the dualist Settlement.⁷⁹ And it is probably correct to state that other negotiators would have reached the same result.⁸⁰ Nonetheless, what is striking in the negotiations is the fact that the Unionist majority simply accepted the numbers on the Croatian contribution given to it by Menyhért Lónyay, the Hungarian minister of finance, without exposing them to scrutiny.⁸¹ This is in stark contrast to negotiations between Austria and Hungary which involved serious disagreements, proposals and counterproposal on the shares to be paid for common affairs. Although Hungary in the end paid a higher share than it wanted, it at least argued for a lesser one.⁸²

This character of the handling of the negotiations by the majority of the Unionist Party becomes even more glaring when compared to the detailed analysis provided by Antun Jakić in *Novi Pozor*, where he highlighted what he considered to be major faults

⁷⁸ Holjevac, *Hrvatsko-mađarski odnosi*, 374-376.

⁷⁹ Živković, *Politički pabirci iz nedavne prošlosti Hrvatske*, 71; Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 298-299; Holjevac, *Hrvatsko-mađarski odnosi*, 381.

⁸⁰ Holjevac, *Hrvatsko-mađarski odnosi*, 412.

⁸¹ HDA, *Sabor Kraljevine Hrvatske, Slavonije i Dalmacije, Kraljevinski odbor*, kut 189, 144/2, IV; Živković, *Politički pabirci iz nedavne prošlosti*, 70.

⁸² András Cieger, *Lónyay Menyhért 1822-1884. Szerepek-programok-konfliktusok. [Lónyay Menyhért 1822-1884. Roles-Programs-Conflicts]* (Budapest: Századvég Kiadó, 2008), 149-60.

in the financial aspect of the Settlement. Jakić took issue with the fact that the Croatian contribution to the common budget would grow in “liberal Hungary” to a significantly larger amount than was the case under absolutist Austria. He argued for a reduction of the Croatian share by calculating only the net revenues left after administrative costs, which, he argued, are necessarily greater *per capita* in a smaller country as its administration is more expensive. Not seeing the unfair increase in the Croatian contribution, the Croatian committee was ready to reduce Croatia to a beggar dependent on Hungary even though it can provide for itself. This, Jakić thought, was humiliating. Furthermore, by giving away financial autonomy Croatia would renounce any room for maneuver in economic policy. And lastly, Croatia paid the blood tax through the Frontier, which entailed savings of several million forints for the military budget. Yet the committee, Jakić complained, did not even raise this issue.⁸³ Tellingly, not even the oppositional minority gave an alternative account of the financial situation during the negotiations.⁸⁴ Relative unfamiliarity with political economy in comparison to Hungary, alongside the impression that no change could be made, was almost certainly a factor that explains the immediate acceptance of the Hungarian position. And the most educated political economist among the Unionists, Hellenbach, did not participate in the negotiations. This group with meager understanding of the financial situation of the Monarchy was ill-equipped to face a far more formidable opponent, not only in terms of power, but knowledge too. The Hungarian political elite had a critical mass of educated individuals thoroughly familiarized with the economic affairs of the Monarchy and the political economy in general. There was no one to fully match Menyhért Lónyay from the Croatian side. This aspect does not explain fully the outcome of the negotiations but is surely a factor in how the negotiations proceeded. Political weakness,

⁸³ *Novi Pozor*, 10-12 September 1868.

⁸⁴ HDA, *Sabor Kraljevine Hrvatske, Slavonije i Dalmacije, Kraljevinski odbor*, kut 189, 144/2, IV.

ignorance of financial matters and geopolitical pressures produced timid Croatian negotiators.

It is another matter to assess how unfavorable the agreement was. Holjevac implies that Hungarian numbers were wrong, and Croatia thus lost in the agreement, without providing figures to prove otherwise.⁸⁵ One rather easy way to roughly assess the validity of the numbers is to relate Croatian share for common affairs to the share of its GDP as part of Hungarian GDP. Considering that the Military Frontier was not yet part of Croatia, that share was at least around 6,55 percent of total Hungarian GDP.⁸⁶ This assumes that Military Frontier GDP *per capita* was the same as the Croatian one, which, considering the underdevelopment of the Frontier, most likely favors Croatia in this context as its share was most likely greater. This share is thus somewhat higher than the 6,44 percent Croatia was required to pay for common affairs. However, the Hungarian share in common affairs was lower than its GDP share by around 3,5 percent. As there was no commensurate decrease in the Croatian figure, she was the damaged party.⁸⁷

The Unionist negotiators were nonetheless intransigent on one issue: state offices. One needed to take care of the “proletarians in coats”.⁸⁸ Without this, Žuvić noted, they could not return home. The “proletarian” intelligentsia would have, it was believed, rebelled against any Settlement that would have endangered their positions.

⁸⁵ Holjevac, *Hrvatsko-mađarski odnosi*, 308-309.

⁸⁶ Based on: Max-Stephan Schulze, “Regional Income Dispersion and Market Potential in the Late Nineteenth Century Hapsburg Empire,” Monograph, November 2007, table 4, <http://www2.lse.ac.uk/economicHistory/workingPapers/economicHistory/home.aspx>. Schulze, accessed 20 June 2017. According to Good and Ma’s somewhat different numbers, the share was identical: 6,55: David F. Good and Tongshu Ma, “New Estimates of Income Levels in Central and Eastern Europe, 1870 - 1910,” in *Von der Theorie zur Wirtschaftspolitik - Ein österreichischer Weg: Festschrift zum 65. Geburtstag von Erich W. Streissler*, ed. Frank Baltazarek (Stuttgart: Lucius & Lucius, 1998), 147–68.

⁸⁷ Based on: Schulze, “Regional Income Dispersion and Market Potential in the Late Nineteenth Century Hapsburg Empire,” table 4.

⁸⁸ Krestić, *Hrvatsko-ugarska nagodba*, 294.

Thus, state offices in Croatia were to be filled by Croatian citizens (art. 45.) This is also one of the reasons why the committee insisted on the exclusive use of Croatian language. The only exception were common affairs, where Hungarian could be used (finance and railroads). Moreover, the Hungarian state guaranteed the payment of compensation for the abolishment of feudalism (art. 21). Thus, both the former gentry and the intelligentsia as well as the aristocracy received guarantees for their reproduction in the new social order.⁸⁹ Those class interests not even the negotiators of the Unionist Party dared to endanger.

There was one final disagreement: Rijeka/Fiume. The issue was left unresolved. The Croatian and Hungarian committees in the end issued different versions of the Settlement. The king sanctioned both. However, the last version of the Hungarian document contained the provision that Rijeka was to be a *corpus separatum* of the Hungarian Crown, pending further negotiations. Considering that the *Sabor* was to meet momentarily, there was no more time to even print out a new Croatian version, which would anyway have been highly irregular. To conform to the Hungarian version, the line of the Hungarian text was translated and literally glued onto the corresponding Croatian passage (art. 66). Nonetheless, the Unionist *Sabor* meekly accepted it. No negotiations were held. This nominally provisional solution was anyway what Hungary wanted, and Rijeka was not part of the Croatian administration but a separate body of the Hungarian Crown.⁹⁰

⁸⁹ Krestić, *Hrvatsko-ugarska nagodba*, 317-318.

⁹⁰ Holjevac, *Hrvatsko-mađarski odnosi*, 397-398, Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 312, Gross-Szabo, *Prema hrvatskom građanskom društvu*, 229-230.

6.4. The geopolitical origins of the *nagodba* (1868)

There are naturally various assessments of the *nagodba*. The most usual avenue of discussion was whether the *nagodba* was an international contract.⁹¹ Nonetheless, for all the autonomy it enjoyed, it is clear that Croatia was not a sovereign state. Paradoxically, considering the focus on it as an international contract, the international itself has however not been integrated into a coherent interpretation of its origins. Nation-statist ontology was of prime importance in the discussion of its character. And more recent work by Željko Holjevac rejects a theoretical reflection on the matter and does not try to trace the social content of the *nagodba* as was the case in earlier historiography.⁹²

For Mirjana Gross, the Settlement was to be explained by the aristocratic “pursuit of credit” in the context of the transition to feudalism. This was opposed by the “Croatian liberal bourgeoisie”.⁹³ In a later work with Agneza Szabo, Gross still implicitly laid the blame for the outcome of the Settlement on the aristocracy which pursued the goal of a closer union with Hungary.⁹⁴ This explanation is too narrow because it was not only the aristocracy that had an interest in a union with Hungary. Croatian gentry and the intelligentsia had it too because they feared centralized rule from Vienna and were ready for autonomy within Hungary provided employment in state offices was reserved for Croatian citizens. Thus, the *nagodba* was not necessarily against their interests. Krestić’s argument that the forces supporting the Settlement were

⁹¹ Holjevac, *Hrvatsko-mađarski odnosi*, 415-417; *Hrvatsko-ugarska nagodba 1868 godine*, 324.

⁹² See especially the succinct reflection on theory: Holjevac, *Hrvatsko-mađarski odnosi*, 22.

⁹³ Mirjana Gross, “The Position of the Nobility in the Organization of the Elite in Northern Croatia at the End of the Nineteenth and the Beginning of the Twentieth Century,” in *The Nobility in Russia and Eastern Europe*, ed. Ivo Banac and Paul Bushkovitch (New Haven: Yale Concilium on International and Area Studies, 1983), 141.

⁹⁴ Gross-Szabo, *Prema hrvatskom građanskom društvu*, 224.

the bureaucrats and aristocrats is thus more accurate.⁹⁵ More problematic is Krestić's framing of the Austro-Hungarian Settlement as "reactionary" because it was a product of the alliance of the Austrian bourgeoisie and the big and middle landowners of Hungary.⁹⁶ By this logic, *nagodba* was reactionary too. Without going into the semantics of the term "reactionary", suffice it to say that Krestić provides no definition of it and therefore it is a designation bereft of any empirical references.

While these accounts are an improvement on purely political ones found in other historiographical works, they suffer from a nation-statist ontology of development and, while acknowledging the importance of the international, do not sufficiently integrate it into the explanation of the Settlement which then leads to its interpretation as a reflection of the prevailing social structure of Croatia. A more illuminating account, I would argue, is to situate the *nagodba* into the intersocietal analysis of the transition to capitalism, and more specifically the emergence of dualism in the Monarchy. I have shown the importance of the international in the emergence of the *Ausgleich/ kiegyezés* in the second chapter, where I argued that it is to be explained by the Hungarian revolution led by a declining gentry class, the weakness of Habsburg neoabsolutism because of a passive revolutionary character of the transition to capitalism in the Monarchy and the defeat against Prussia. Croatia needs to be situated between these forces in a more proper international context. Although having similar social structures as Hungary, those could not be translated into a similar revolutionary project because of the small and weak state structure at the disposal of the Croatian elite. Those social forces could have gained greater weight both at the territorial expansion of the state and the articulation of a more hegemonic political project. Both the previous tradition of

⁹⁵ Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 317-318.

⁹⁶ Krestić, *Hrvatsko-ugarska nagodba 1868 godine*, 232.

politics and the passive revolutionary road of Austria did not lead to that outcome but rather left Croatia with a feeble political elite in the small container it was in before 1848. And after Prussia, it was the dualist organization of the Monarchy that was absolutely critical in determining the relationship between Hungary and Croatia, regardless of the wishes of Croatian political elite.

It is true, though, that the behavior of the part of the political class could be characterized as naïve and timid. These too, however, are not immutable characteristics but expressions of (geo)political realities. Lacking agency on the level that the other major actors had throughout a prolonged period resulted in the development of a political culture of legal disputations not backed by political action. It led to unrealistic expectations and disappointments. Indignation and passivity rather than mobilization were the favorite weapons of political struggle. This was further exacerbated by a shifting geopolitical terrain, the struggle between Austria and Hungary on the nature of the Habsburg state. Even a far more mature and experienced political class hardened in political battles and with an acute strategic mind would have found those conditions extremely difficult to operate in. *Pace* nation-statist sociological readings of the *nagodba*, the major political parties were not completely decodable to an underlying social base but were interspersed through and through with intersocietal determinations. This is a continuation of the conditions of pre-48 politics. When the moment came for those politicians to face a political class that sustained the pressure of Austrian neoabsolutism and restructured the entire Monarchy and remained a stronger force in it against a far more developed Austria, there was no doubt about the result. That result need not have, however, been accompanied by such a pliant manner of the Croatian negotiators. Political culture, however, made it more likely.

What the nation-statist perspective cannot explain are the different outcomes in Hungary and Bohemia. Hungary had a similar social structure to Croatia before 1848 yet went down a different political path. And although it was doing better economically than Croatia after 1848, it was still the gentry that is key to the emergence of the *Ausgleich/ kiegyezés*. Here again, geopolitical realities caused both a different behavior of the Croatian political class and different outcomes in Croatia and Hungary. Furthermore, the claim that the Croatian bourgeoisie was against the *nagodba* surely does not mean that had it been in a stronger position it could have negotiated a far better agreement with Hungary. As extensively discussed in chapter 1 and 2, the social is not immediately translatable into the geopolitical and is always-already constituted by it. Bohemia provides an interesting contrast in this case. The most developed region of the Monarchy alongside Austria, it had no political autonomy comparable to that of Hungary. As discussed in chapter 2, if state structures are reflections of the base below them, Bohemia should have been at least on par with Hungary in terms of its autonomy in the Monarchy. Yet it was below it, and Hungary could prevent the erection of an autonomous Bohemia that the regime contemplated in 1870. Had Croatia been mildly industrialized it would still have been in a very difficult position to negotiate a substantially different Settlement. The fact that the local political class and aristocrats wanted some guarantees for themselves does not significantly detract from this conclusion.

7. Conclusion

This thesis has discussed the transition to capitalism in the Austrian Empire in general and Hungary and Croatia in particular from the perspective of uneven and combined development where social and geopolitical modes of explanation are united in one theoretical perspective. It has argued that the analysis informed by the framework of uneven and combined development is a valuable contribution to and revision of some of the historiography of the Monarchy that is rarely theoretically informed by social theory as well as to competing explanatory models, such as world-systems analysis.

The thesis offers an innovative explanation of the transition to capitalism in the Habsburg Monarchy and the emergence of the Austro-Hungarian Settlement. It improves on earlier historiography in several areas. It shows that the Monarchy, unlike in current accounts written from the perspective of world-systems analysis, cannot be conceptualized as a world-economy of its own, doing away with international determinations. Moreover, it explains, again contrary to world-systems analysis, relatively strong state structures in Hungary. *Pace* ahistorical, diffusionist and stageist models of revisionist economic history, it explains the social basis of capitalist development which this historiography merely assumes. It also accounts why Hungary, far less developed than Austria or Bohemia, initiated the transition to capitalism and was responsible for the introduction of more modern political institutions in the entire Monarchy. Contrary to revisionist political history, it demonstrates that the emergence of a more liberal state in Austria was an intersocietal process where Hungary had a crucial role and was not explicable by the strength of Austrian liberals. Relying on the framework of uneven and combined development, different historiographical traditions and an array of sources, from minutes of government meetings and parliamentary

debates to chambers of commerce reports and books on the political economy, this thesis has offered several reinterpretations of the Monarchy's history and has provided an analysis of the discourse of political economy that was neglected in the scholarship on the transition to capitalism.

I argued that by fusing social and geopolitical modes of explanation the theory of uneven and combined development offers us a perspective that can best illuminate the Austro-Hungarian Settlement, thus overcoming historiographies bereft of social theory and providing an alternative to strands of theorizing on the history of the Monarchy. The intersocietal development of the Monarchy in the 19th century was marked by the uneven and combined nature of the Hungarian revolution that resulted in the formation of a relatively strong state in Hungary. The emergence of relatively strong state in Hungary during the transition to capitalism is a major explanatory problem for world-systems analysis as Hungary was a peripheral zone of the world-economy that was supposed to be marked by docile peripheral producers exporting primary products to the core areas while having at its disposal a weak state apparatus. I maintained that state formation in Hungary can be explained only with reference to the specificity of the Hungarian social formation, not its position in the world-system. A major factor was the Hungarian gentry, a class that composed five percent of the Hungarian population. Due to the weight of social property relations of feudalism which generated stagnation of the social formation, this class experienced social decline. Crucial was the fact that this decline occurred in the capitalist world-system that had readymade ideologies, organizations and paths of development that the Hungarian gentry could use to provide an analysis of its predicament and for ways to overcome it. Lajos Kossuth, whom I consider the main ideologue of the gentry, used Listian political economy to argue for rapid industrialization and the strong Hungarian state where the gentry class could find

employment while the dynamism of industrial society would ensure a growing taxable base. As the gentry was already dependent on state taxes for its reproduction, such a path to modernity appeared to be a logical exit of the crisis it was experiencing. However, I argue that the Hungarian revolution was defeated due the fact that combined development was mostly limited to the superstructure, below which there was a far less developed base. Furthermore, the Hungarian revolution did not have a policy towards the nationalities that would have answered their aspirations, which lead to the conflict between Hungarian nationalism and the nationalities.

Relating the economic transformation with the mode of power of empire, this thesis poses the question of Austrian hegemony in the empire. I have conceptualized hegemony as moral and intellectual leadership exercised by the most developed region/state, thus achieving consent of others and augmenting its power. However, after the 1848 revolutions the Habsburg state engaged in the most passive of passive revolutions of the period where socially revolutionary forces were dislocated, and their demands partially fulfilled via state agency. It had introduced direct rule throughout the empire and abolished all representative institutions, save for the chambers of commerce. The regime of accumulation of neoabsolutism was marked by state-led development, first with direct state investment and later with coordinating private investment and guaranteeing the rate of return, and the centralization of major institutions in Vienna. The uneven geography of capitalism had been partly overcome through railroad building, the leading sector. However, this regime of accumulation was ill-equipped to back the universal project of empire building. The potential of the Austrian state for hegemony was further reduced due to the relatively small weight of Austria proper in the economy of the empire.

The ideologues and supporters of the regime in Austria stressed the material progress the Austrian state was providing to the population of the empire. They presented the Austrian state as introducing and guaranteeing the order of capital in the Monarchy, enjoying support by the (emerging) pan-Habsburg *Mittelstand*. Indeed, the Austrian ideologues of the passive revolution argued that the Monarchy would practically cease to exist as an empire, as the capitalist relations of production would transform it into an empire of civil society and national differences would be rendered irrelevant by the leveling tendencies of capital. The implication of this developmental discourse was that the empire could capitalize on its developmental agenda and achieve hegemony by creating institutions that would be capable to generate consent of the population of the empire, in stark contrast to the absolutist state form at the time. A feeble attempt at a more hegemonic project was made after February 1860 with the coming of Schmerling's government. Yet the regime did not achieve sufficient support in core areas. Its authoritarian mode of rule also made it more difficult to mobilize the nationalities, all while facing open Hungarian resistance. In the end, the imperial state towered above any social class below it, thus not mobilizing social forces into a hegemonic project. The Hungarian resistance and the lack of hegemony in the core were leading towards the Settlement. Yet it came only after defeat against Prussia. Internal weaknesses made the Monarchy unprepared to face such a formidable opponent. I maintain that the Monarchy experienced a tension between the requirements of capital accumulation and the logic of territorial expansion in its foreign policy and that the geopolitical was crucial for the accumulation of capital in the Monarchy as foreign engagements wreaked havoc on state finances and decreased accumulation. The international was also of fundamental importance for state formation as defeats on the battlefield that stood behind the reorganizations of the Austrian state. The thesis thus

situates the Settlement into the Hungarian transition to capitalism, the passive revolutionary road of the Austrian state and the international system where the Monarchy faced numerous challenges.

The thesis also contributes a novel interpretation of the political economy of pre-1918 Croatia and Hungary. I argue that it was feudal social property relations that placed rather rigid limits on Croatian and Hungarian development. Both the booms and downturns of the world economy were refracted through prevailing social property relations. Due to these social property relations it was rational for the landlords to react to price rises on the market by commuting money rents into those in kind and labor and to expand the demesne lands. In this manner they could also reduce the weight of their competitors on the market: the serfs. This manner of landlord's social reproduction, however, did not result in longterm productivity growth because the lords were not, like capitalist enterprises, forced to continually cut costs according to socially necessary labor time. I have therefore rejected the commonly accepted thesis that Croatian backwardness is explicable by Austrian tariff policy as property relations themselves, regardless of the tariff policy, strongly contributed to the generation of backwardness. I point out how other social formations with very similar social property relations (Poland, Romania and Russia), which did not have the supposedly debilitating tariffs, also did not develop like core countries of the capitalist world-system. Conversely, countries that did have capitalist social property relations like the United States and Scotland were able to achieve core status. Moreover, within the Monarchy as a whole, social property relations also have considerable explanatory power when it comes to divergence in socioeconomic development. Lombardy, which had capitalist social property relations, was far more developed than Galicia, although both were in the same Austrian customs area. I thus concluded that social property relations were important in

generating regional unevenness. Proponents of the tariff thesis could potentially explain the lack of local industry which was exposed to a higher tariff but cannot explain the underdeveloped agriculture which was burdened by a small tariff that served as compensation for very low taxes in Croatia and Hungary. Indeed, when we compare the taxes paid in the Austrian half with the damages incurred by the tariffs, it becomes clear that Croatia and Hungary were privileged by not paying taxes on the level of comparable regions like Galicia. Thus, low taxation benefits far outweighed tariff damages to Croatian and Hungarian agriculture. On the other hand, I have pointed out that the focus of historians on the supposedly colonial policy of Austria blinded them to the significant transfer of value from the Military Frontier to the Austrian core. In the Military Frontier, families were given land in return for military service. I have introduced the concept of de-development for the Military Frontier to stress the agency of the central state in the Military Frontier as a key factor in explaining its backwardness. The Austrian government had a vested interest to maintain the extended families in the form of *zadrugas*, so that they could reproduce themselves and provide soldiers to the empire. This meant that development could not be furthered as it would lead to the dissolution of the extended family, which the state artificially maintained. When we compare average expenditures on soldiers in the empire with those of the Frontier, it transpires that the state enjoyed a significant value transfer comparable to the entire land tax paid by Hungary.

The thesis has offered a reinterpretation of the discourse of political economy in Croatia before 1848. It is a common argument in Croatian historiography that the Croatian national movement – Illyranism – was comparable to the political movement of the Hungarian gentry. In line with this argument, this historiography maintains that the major text of political economy, Janko Drašković's *Dissertation (Disertacija)*,

contained an industrialization strategy. After an in-depth analysis of the text, I argued that this claim is unsustainable. Furthermore, by comparing *Dissertation* to Széchenyi's *Credit (Hitel)*, I demonstrated how Drašković's text was far more conservative as it did not relate Croatian backwardness to social structure but invoked factors exogenous to it. This analysis implied a more conservative politics. I also examined Dragutin Seljan's volumes on the geography of Illyria, showing the absence of Listianism, again contrary to Croatian historiography. I thus claimed that the argument that the Illyrian movement played a role equivalent to that of the Hungarian gentry was unconvincing as the Illyrians did not strive towards the abolishment of feudalism. This is somewhat puzzling considering similar social structures and shared institutions (counties). A more geopolitical perspective is thus needed. I concluded that it was the size of the Hungarian state that enabled a stronger political movement with a protectionist ideology.

The thesis contributes an explanation for the lack of catch-up in Croatia with more developed social formations after 1848. Current interpretations of the transition to capitalism in Croatia are marred by a commitment to modernization theory, eclectic reasoning combining modernization theory with the notion of uneven development, and an unclear conceptualization of what constitutes "feudal remnants". I argue, in contrast, that the difficulties of transition should be explained by the legacy of centuries of extra-economic coercion, uneven development of capitalism, cycles of the world-economy and the regime of accumulation of neo-absolutism. Extra-economic coercion resulted in meagre development of productive forces. In a region with low labor supplies, the abolition of extra-economic coercion was bound to lead to major adjustment problem for the landlords and the economy in general. This was coupled with several times higher taxes compared to the pre-1848 period. In the first years after the abolition of extra-economic coercion many estates experienced reduced production. Some landlords

argued that a form of extra-economic coercion was to be returned as the only way to cope with labor shortages. This was partly done only in the case of servants. While in Croatian historiography these dispositions of the landlords were taken to mean that their feudal mentality prevented them from taking advantage of new social property relations, an argument that contemporaries stressed too, these apparent dispositions do not explain their eagerness to dissolve the *zadruga* to increase the available pool of labor. In this case landlords were “modern” while the intellectuals, who feared social consequences, were “conservative”. With the passage of time landlords responded to labor shortages by a more rational production and import of machinery. Peasants had more difficulties with innovations due to more limited room for maneuver.

New social property relations did not however, lead to socioeconomic convergence with more developed areas. This is because their efficacy was reduced due to their universalization in the world-system. As other regions too had the same social property relations, their advantages were reduced. Moreover, a major productivity gap emerged between areas that had them before and those who introduced them later. These differences were further reinforced by the tendency of capitalism to develop in geographically concentrated production blocks and due to oligopolistic structures in the leading sectors, creating barriers to entry. Moreover, the world economy was in the upswing, reducing the possibility of relocation of economic activities, and the regime of accumulation of neoabsolutism was centralized. Croatian Chambers of Commerce unsuccessfully tried to persuade Vienna to invest in communications and change its development strategy by a greater focus on agriculture, which, they argued, would lead to reduced trade deficits. The only pockets of development that there were, Rijeka and Pula, merely reinforced the disarticulated economy of Croatia as no positive spillovers ensued. Local actors exhibited a growing

frustration with Vienna as all the major decisions on local development were made there.

The thesis provided a comprehensive analysis of more sustained contemporary reflections on capitalism and the political economy of the Habsburg Monarchy in general and Croatia in particular by Imbro Tkalac, Eugen Kvaternik, Ante Starčević, Ognjeslav Utješenović Ostrožinski and Lazar Hellenbac. In contrast to dominant trends in Croatian intellectual history, I argued that the core-periphery hierarchy in the Monarchy, the transition to capitalism and the lack of agency of the Croatian political elite are essential for understanding the discourse of political economy. Both the underdevelopment of Croatia and the precarious social position of most intellectuals conditioned their responses to liberalism. The thesis argues that these factors explain the much greater influence of socialist and anarchist discourse in Croatia as compared to Hungary in the 1860s. In Hungary, the better performance of the economy and greater agency of the political class partly precluded this turn to a more radical discourse.

The writings of the authors enumerated above reveal their rejection of Austrian civilizing discourse. These intellectuals pointed out the inadequacies of the Austrian state in managing the transition to capitalism in Croatia while also stressing that the Austrian state itself was not sufficiently civilized as it was considered too authoritarian. The maintenance of the Military Frontier was heavily criticized, its population seen as paying a “blood tax”. Because the Austrian state managed the transition to capitalism in Croatia, some authors like Hellenbach and Starčević placed all the responsibility on backwardness on the Austrian state while neglecting its local causes. This was not the case with Tkalac and Utješenović. Tkalac expected development to come from the Austrian state due to the weakness of local social forces but concluded that it had in the end done little or nothing. Utješenović too stressed the legacy of feudalism but

expressed a strong preference for the maintenance of the *zadruga* and an agricultural society, as he feared potentially negative social consequences of a more individualist and industrial society. There was an almost universal agreement that the Austrian state was incapable of developing Croatia, at least as long as it remained authoritarian and centralized.

Hellenbach and Starčević referred to uneven development under capitalism but were far from elaborating an argument of unequal exchange, let alone that of proletarian nations, as was later the case in other peripheral societies like Romania and Brazil. Although Hellenbach did argue that capitalism in general develops unevenly to the benefit of the most developed state, in the Croatian context he placed the responsibility for underdevelopment on the Austrian state and considered feudal agriculture superior to a capitalist one. My thesis suggests a comparative perspective can help explain why in Croatia arguments regarding uneven development found in Brazil, Romania and Russia were not articulated. I argued that the differences between Croatia and these societies were the earlier abolition of extra-economic coercion in Croatia (opposed to revival in Romania and longevity in Brazil), lack of rapid industrialization in small pockets (Russia), the perception that Croatia was developed in the Yugoslav context and that the agency causing backwardness was external due to the lack of independence as well as timing as social sciences were less developed than when theories of underdevelopment were finally formulated. Lastly, the Military Frontier, which was retained after feudalism was abolished, had a peculiar mode of surplus extraction, making it more difficult to conceptualize unevenness under capitalism with reference to it.

Although there was an awareness of uneven development and mention was made of protection against foreign capital, the authors discussed here, contrary to claims

found in Croatian historiography, did not develop an industrialization strategy in their writings. All contemporary authors argued for a greater focus on agriculture as a way for Croatia to develop and for the Monarchy to reduce its trade deficit. Even Starčević, who spoke of protection of local producers and stressed unevenness in the Monarchy, articulated a gradualist approach, and was against building railroads before certain agricultural improvements.

The thesis also examined politics in Croatia and the emergence of the Hungaro-Croatian Settlement (the *nagodba*) by situating the Hungaro-Croatian Settlement into the previous discussion of the enabling conditions for the Austro-Hungarian Settlement. This analysis relates particularly to the discussion of the Austrian passive revolution and brings a detailed account of the contradiction of the Austrian policy of using nationalities to bring Hungary to kneel. It also follows from the dissatisfaction with Austrian policies discussed in other parts of the thesis. Alongside dissatisfaction with the lack of development, I stress the direct rule from Vienna and the fact that foreign bureaucrats were brought in to manage Croatia in the 1850s as important in explaining political behavior in Croatia. The coming of foreign bureaucrats struck the local gentry and intelligentsia both materially and ideologically. Positions in the state apparatus were an essential source of income and pride for these groups. After the return of constitutional life through the October Diploma, a lot of dissatisfaction was expressed with Viennese policies. It was then up to Vienna to allay the fears of its potential allies. Yet despite the fact that Vienna wanted to use the nationalities against Hungary, it gave relatively little in terms of concessions (return of the local supreme court and the establishment of a Croatian Chancellery) while it rejected all the territorial concessions Croatia asked for and even territorially reduced it by giving Međimurje/Muraköz back to Hungary in order to appease it. And while Croatian counties were nominally restored,

they were still financially dependent on Vienna. Thus, many contemporaries considered Schmerling's government as another version of neoabsolutism. At the same time, rapprochement with Pest failed to bring tangible results as Hungary was intransigent when it came to territorial demands and wanted Croatia to accept the 1848 Laws and common affairs with Hungary.

The Croatian political elite, headed by the National Liberal Party, then engaged in a politics of passivity, which I argue reflects the absence of strategy caused by the lack of agency of the Croatian political elite. In doing so, it further reduced the already meager room for maneuver it had. The thesis has claimed that the argument in Croatian historiography that the Settlement reflected Croatian class structure is problematic. While the *nagodba* preserved the interests of the gentry and the intelligentsia by guaranteeing only Croatian citizens would be hired in the administration (save for finance and railroads) and guaranteed the payment of their wages as well as the redemption payments for the landlords, the specificities of the Settlement were mostly dictated by the international context. Croatia was denied independent finances not only due to Hungarian but Austrian pressures too because it was feared that autonomous finances in Croatia would have prompted other regions like Bohemia to demand the same autonomy. Moreover, if the international merely reflected class structures, Hungary would not have been made equal to Austria while Bohemia would have received greater political autonomy.

In conclusion, the theory of uneven and combined that theorizes development as intersocietal and multilinear and unifies social and geopolitical modes of explanation has enabled me to offer an innovative and theoretically controlled account of the transition to capitalism in the Austrian Empire in general and Hungary and Croatia in

particular. In my analysis, I have related socioeconomic, political, and discursive changes as parts of a social totality.

Bibliography

Archival sources:

Hrvatski državni arhiv (HDA), Sabor Kraljevine Hrvatske, Slavonije i Dalmacije, Kraljevinski odbor, kut. 189 [Croatian State Archive, Sabor of the Triune Kingdom of Croatia, Slavonia and Dalmatia, Royal Committee, box 189].

Seljan, Dragutin. *Zemljopis pokrajinah Bosne, Srbije, Bugarske iliti Ogledalo zemlje na kojoj pribiva narod ilirsko-slavjanski* [Geography of the Provinces of Bosnia, Serbia, Bulgaria or Mirror of the Land Inhabited by the Illyrian People] R3013, Nacionalna i sveučilišna knjižnica Zagreb. Zbirka rukopisa i starih knjiga [National Library Zagreb. Collection of old manuscripts and books], 1845.

Newspapers and journals:

Agramer Zeitung

Budapesti Szemle

Die Presse

Gospodarske novine (GN)

Gospodarski list (GL)

Hrvatski Glasnik

List društva gospodarskoga hrvatsko-slavonskoga (LDGHS)

Militär Zeitung

Neue Freie Presse

Novi Pozor

Narodne Novine

Novine dalmatinsko hervatsko slavonske (NDHS)

Novine horvatsko-slavonsko dalmatinske (NHSD)

Radovi

Revue des deux mondes

Sidro

Slavonac

Pozor

Pesti Hírlap

Pesti Napló

Wiener Zeitung

Published sources:

Az 1865-dik évi december 10-dikére hirdetett országgyűlés képviselőházának irományai [Documents of the Hungarian Parliament's Lower House Summoned for December 10, 1865]. Pest: Hiteles kiadás. Nyomtatott Emich Gusztáv Magyar akad. nyomdásznál, 1866.

Az 1861-ik évi magyar Országgyűlés. I. kötet [The 1861 Hungarian Parliament. Vol 1.]. Pest: Károly Osterlamm, 1861.

Az 1861-ik évi magyar Országgyűlés. II. kötet [The 1861 Hungarian Parliament. Vol 2.]. Pest: Károly Osterlamm, 1861.

Az 1861-ik évi magyar Országgyűlés. III. kötet [The 1861 Hungarian Parliament. Vol 3.J. Pest: Károly Osterlamm, 1861.

Batthiány, Vincenz. *Über das ungrische Küstenland*. Pest: Bei K.A Hartleben, 1804.

Baudrillart, Henri. *Manuel d'économie politique*. Paris, 1857.

Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes im Jahre 1853. Agram: National-Buchdruckerei des Dr. Ljudevit Gaj, 1854.

Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel ihres Bezirkes in den Jahren 1854-1856. Agram: Schnellpressendruck von Carl Albrecht, 1858.

Bericht der Handels- und Gewerbekammer für Kroatien an das hohe k.k. Ministerium für Handel, Gewerbe & öffentliche Bauten über den Zustand der Production, der Gewerbe, des Handels und der Verkehrsmittel des Bezirkes in den Jahren 1857-1859. Agram: Druck von Carl Albrecht, 1860.

Bericht der Handels- und Gewerbekammer für Slavonien vom 2. Oktober 1860. Essek: Druck von Carl Lehmann & Comp., 1862.

Bontoux, M.F. "La Hongrie et l'alimentation de l'Europe." *Revue Des Deux Mondes*, 36 (December 1861).

Brettner-Messler, Horst, ed. *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff, Vol. 1, 7.Februar—30.April 1861*. Vienna, 1977.

Brettner-Messler, Horst, and Klaus Koch, eds. *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff, Vol. 4, 8. Mai—31. Oktober 1862*. Vienna, 1986.

Bruck, Carl Ludwig Freiherr von. *Die Aufgaben Oesterreichs*. O. Wigand, 1860.

Czoernig, Karl Freiherr von. *Oesterreich's Neugestaltung, 1848-1858*. J.G. Cotta, 1858.

Demian, J.A. *Statistische Darstellung des Königreichs Ungarn und der dazu gehörigen Länder*. Vol. 2. Vienna, 1806.

Desewffy, Emil. *Über die schwebenden oesterreichischen Finanzfragen*. Pest, Vienna, Leipzig: Verlag von C.A. Hartleben, 1856.

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

Dnevnik Sabora Trojedne Kraljevine Hrvatske, Slavonije i Dalmacije od godine 1865/67 [Minutes of the Sabor of the Triune Kingdom of Croatia, Slavonia and Dalmatia of the Year 1865/67]. Zagreb: Brzotiskom Antuna Jakića, 1867.

Drašković, Janko. *Disertacija iliti Razgovor [Dissertation of Conversation]*. Karlovac: Joan Nep. Prettner, 1832.

Engels, Friedrich. "Neue Politik in Posen." In *Karl/Marx-Friderich Engels-Werke*, vol. 5: 94–95. Berlin, DDR: Dietz Verlag, 1959.

———. "Die Polen Debatte in Frankfurt." In *Karl/Marx-Friderich Engels-Werke*, vol. 5: 319–63. Berlin, DDR: Dietz Verlag, 1959.

———. “Sieg der Kontrerevolution zu Wien.” In *Karl Marx-Friedrich Engels-Werke*, vol. 5:455–57. Dietz Verlag, 1959.

———. “Der magyarische Kampf.” In *Karl/Marx-Friderich Engels-Werke*, vol. 6:165–76. Berlin, DDR: Dietz Verlag, 1961.

———. “Der demokratische Panslavismus.” In *Karl/Marx-Friderich Engels-Werke*, vol. 6:270–86. Berlin, DDR: Dietz Verlag, 1961.

———. “Die ‘Kölnische Zeitung’ über den magyarischen Kampf,” in *Karl/Marx-Friderich Engels-Werke*, vol. 6: 303-308. Berlin, DDR: Dietz Verlag, 1961.

———. “Ungarn.” In *Karl/Marx-Friderich Engels-Werke*, vol. 6: 507–15. Berlin, DDR: Dietz Verlag, 1961.

———. *Revolution and Counter-Revolution in Germany*. www.marxist.org, accessed 15 January 2017.

Eötvös, József. *A nemzetiségi kérdés [The Nationality Question]*. Pest: Mór Ráth, 1865.

Fourier, Charles. *Theorie des quatres mouvements et des destinées générales. Vol. 1. Oeuvres completes de Charles Fourier*. 2nd ed. Paris, 1841.

Fröbel, Julius. *Oesterreich und die Umgestaltung des deutschen Bundes*. C. Gerold's Sohn, 1862.

Hain, Joseph. *Handbuch der Statistik des österreichischen Kaiserstaates. Vol. 2*. Vienna: Tendler & Compagnie, 1853.

Haupt-Bericht der Handels- und Gewerbekammer für das Erzherzogtum Oesterreich ob der Enns für die Jahre 1857, 1858, 1860. Linz, 1860.

Haupt-Bericht der Handels- und Gewerbekammer für das Erzherzogthum Oesterreich o.d. Enns für die Jahre 1860, 1861, und 1862. Linz, 1863.

Heidl, Waltraud. *Die Protokolle des österreichischen Ministerrates, 1848—1867: III Abteilung. Das Ministerium Buol Schauenstein, Vol. 1, 14 April 1852-13 März 1852.* Vienna, 1975.

Hellenbach, Lazar. *Gesetze der socialen Bewegung. Versuch einer Geschichte der Menschheit.* Wien: Verlag von Förster und Bartelmus, 1864.

———. *Misli o socijalnoj politiki u Austriji [Thoughts on Social Politics in Austria].* Zagreb: Brzotism Drag. Albrechta, 1862.

———. *Ursache und Wirkung der nächstes Krieges. Mit besonderen Berücksichtigung der Südslaven gegenüber Österreich und Russland.* Leipzig: Verlag von Otto Wigand, 1869.

Hietzinger, Carl Bernh. Ritter von. *Statistik der Militärgränze des österreichischen Kaiserthums. Vol. 2.* Vienna: Carol Gerold, 1823.

Höbelt, Lothar, ed. *Österreichs Weg zur konstitutionellen Monarchie: aus der Sicht des Staatsministers Anton von Schmerling.* Frankfurt am Main: Peter Lang, 1994.

Horváth, Mihály. *Huszonöt év Magyarország történelméből I [Twenty-Five Years of Hungarian History I].* Geneva, 1864.

Kautz, Gyula. “A socialismus és communizmus rendszerei. Első közlemeny. Bevezetés és történeti előzmények [The Systems of Socialism and Communism. The First Statement. Introduction and Historical Antecedents],” *Budapesti Szemle* 13, no. 41 (1861): 66–88.

———. “A socializmus és kommunizmus rendszerei. Második közlemény. Saint-Simon és Ch. Fourier rendszere [The Systems of Socialism and Communism. The Second Statement. The System of Saint-Simon and Ch. Fourier]” 13, *Budapest Szemle*, no. 42–43 (1861): 252–70.

———. *A nemzetgazdasági eszmék fejlődés története és befolyása a közviszonyokra Magyarországon [The Development of Political Economic Thought and its Influence on Public Relations in Hungary]*. Budapest, 1868.

Konek, Sándor. *A magyar korona országainak statisztikai kézikönyve [The Statistical Handbook of the Countries of the Hungarian Crown]*. Pest: Gusztáv Heckenast, 1865.

Kónyi, Manó, ed. *Deák Ferencz beszédei. II. kötet, 1848-1861. [The Speeches of Ferencz Deák. Vol. 2, 1848-1861]*. Budapest: Franklin társulat magyar iroda intézet és könyvnyomda, 1886.

Kossuth, Lajos. *Kossuth gazdasági írásai [Kossuth's Economic Writings]*. Edited by Zsuzsa Bekker. Budapest, 2002.

Kvaternik, Eugen. *Das historisch-diplomatische Verhaeltniss des Koenigreichs Kroatien zu der ungarischen St. Stephans-Krone*. Agram: Schnellpressendruck von Carl Albrecht, 1860.

———. *Hrvatski glavničar ili: putokaz k narodnoj obrnosti a kroz ovu k narodnjemu blagostanju [The Croatian Capitalist or: A Guide to National Industriousness and Through it to National Prosperity]*. Zagreb: Dom i svijet, 2007 [1863].

———. *Istočno pitanje i Hrvati: historično - pravna razprava [The Eastern Question and Croats - a Historical and Legal Discussion]*. U Zagrebu: štamparna Dragutina Albrechta, 1868.

———. *La Croatie et la confédération italienne avec une intr. par L. Léouzon le duc*. Paris: Amyot, Libraire-Éditeur, 1859.

———. *Politička razmatranja na razkrižju hrvatskoga naroda [Political Considerations on the Crossroads of the Croatian People]*. Zagreb: tiskom dra Ljudevita Gaja; berzotiskom Dragutina Albrechta, 1861.

Lambl, Karl. *Eine landwirtschaftliche Exkursion von Kreuz nach Veröcze (Virovitica) und durch die kaiserl. königl. Militärgrenze*. Agram: Druck von Karl Albrecht, 1864.

List, Friedrich. *Friedrich List's Gesammelte Schriften. Zweiter Teil*. Stuttgart, Tübingen: J.G. Gotta'scher Verlag, 1850.

Lónyay, Menyhért. *Közügyekről. A nemzetgazdászati újabb dolgozatok [On Public Affairs. Newer Works in Political Economy]*. Pest: Károly Osterlamm, 1863.

———. *Nevezetesebb országgyűlési beszédei [Famous Parliamentary Speeches]*. Pest: Ráth Mór, 1870.

Lopašić, Radoslav. *Karlovac: Poviest i mjestopis grada i okolice [Karlovac: History and Geography of the Town and Its Surroundings]*. Zagreb: Matica Hrvatska, 1879.

Malfer, Stefan, ed. *Die Protokolle des österreichischen Ministerrates, 1848—1867: 5. Abteilung, Ministerien Erzherzog Rainer und Mensdorff, Vol. 2, 1. Mai — 2. November 1861*. Vienna, 1981.

Maréchal Marmont. *Mémoires du maréchal Marmont duc de Raguse de 1792 à 1841. Tome Troisième*. Third edition. Paris: Perrotin, 1857.

Matković, Petar. "O potrebi statističkog odbora s obzirom na sadašnje stanje hrvatske statistike [On the Need for a Statistical Section Considering the Current State of Croatian Statistics]," *Radovi* 3 (1868): 207-225.

Mill, John Stuart. *Principles of Political Economy with Some of Their Applications to Social Philosophy*. University of Toronto Press, Routledge & Kegan Paul, 1965.

Oppenheimer, Ludwig. *Ueber die Leitung der deutschen Auswanderung nach Ungarn 1866*. Leipzig: 1866, Ch. C. Rollman.

Paget, John. *Hungary and Tranylvania; with Remarks on Their Condition, Social, Political, and Economical*. Vol. 2. London: John Murray, 1839.

Perkovac, Ivan. *Pripoviesti. Crtice iz bojnog odsjeka [Stories from the Military Department]*. Zagreb, 1905.

Proudhon, Pierre-Joseph. *Manuel du spéculateur à la bourse*. 5th ed. Paris, 1857.

Prva izložba dalmatinsko-hrvatsko-slavonska 1864 [The First Dalmatian, Croatian and Slavonian Exhibition 1864]. Zagreb: Brzotism Antuna Jakića, 1864.

Pulszky, Ferenc. "Vorrede." In *Actenstücke zur Geschichte des ungarischen Schutzvereins*, vii–xxiv. Leipzig: F.A. Brockhaus, 1847.

Rakovac, Dragutin. *Mali katekizam za velike ljude [Little Cathecism for Great People]*. Zagreb: Tiskom k.p. ilir. tiskarne dra. Ljudevita Gaja, 1842.

Riehl, Wilhelm Heinrich. *Ueber den Begriff der bürgerlichen Gesellschaft*. Munich: Im Verlage der königl. Akademie, 1864.

Schmitt, F. *Statistik des österreichischen Kaiserstaates*. Vienna, 1867.

Schnierer, Gyula. *A vámügyreform magyarország termelése szempontjából [Customs Reform from the Perspective of Hungarian Production]*. Pest: Károly Grill, 1866.

Schwarz, J.B. *Ungarn und Amerika oder Oesterreich und Deutschland*. Vienna: Druck von J. Fridrich und Comp, 1863.

Schwarzer, Ernst von. *Geld und Gut in Neu-Oesterreich*. Vienna: Wallishausser'sche Buchhandlung, 1857.

Seljan, Dragutin. *Zemljopis pokrajina ilirskih iliti ogledalo zemlje. Dio I: pokrajine austrijsko-ilirske. [The Geography of Illyrian Provinces or the Mirror of the Land. Part One: Austro-Illyrian Provinces]*. Zagreb: Tiskom k.p. ilir. tiskarne Dra. Ljudevita Gaja, 1843.

Smith, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations*. T. Nelson, 1852.

Statistik des Steuerwesens im österreichischen Kaiserstaate mit besonderer Berücksichtigung der directen Steuern und des Grundsteuer-Katasters. Vienna: Aus der kaiserlich-königlichen Hof- und Staats-Druckerei, 1858.

Stein, Lorenz von. *Geschichte der sozialen Bewegung in Frankreich von 1789 bis auf unsere Tage. Vol. 3*. Leipzig: Otto Wigand, 1850.

———. *System der Staatswissenschaft*. Stuttgart, Tübingen, 1852.

———. *Oesterreich und der Frieden*. Braumüller, 1856.

———. *The History of the Social Movement in France, 1789-1850*. Edited by Kaethe Mengelberg. Bedminster Press, 1969.

Perthaler, Johann Ritter von. *Das Erbkaisertum Kleindeutschland*. Frankfurt am Main: Druck von Carl Horstmann, 1849.

———. *Neun Briefe über Verfassungs-Reformen in Österreich: vom Verfasser der Palingenesis*. Fz. Wagner, 1860.

Szalay, László. *A horvát kérdéshez [On the Croatian Question]*. Pest: Kiadja Lauffer és Stolp, 1861.

Széchenyi, István. *Hitel [Credit]*. Pest: Péterozai Trattner J.M. és Károlyi István könyvnyomtató intézet, 1830.

Šulek, Bogoslav. *Šta namjeravaju Iliri [What Do the Illyrians Intend to Do]*. Belgrade, 1844.

Tafeln zur Statistik der österreichischen Monarchie für das Jahr 1844. Vienna: Aus der kaiserlich-königlichen Hof- und Staats-Druckerei, 1848.

Tkalac, Imbro. *Croaten, Serben und Magyaren, ihre Verhältnisse zu einander und zu Deutschland. Sendschreiben an Arnold Ruge*. Vienna: Verlag von Schmidt und Leo, 1848.

———. *Ost und West 1849. Eine politische Rundschau*. Agram: Verlag von Franz Suppan, 1850.

———. *Pitanje austrijsko. Kome, kako i kada valja ga riješiti. Hrvatskoj i srpskoj braći [The Austrian Question. For Whom, How and When It Ought to Be Solved. To Croatian and Serbian Brothers]*. Paris: Viktor Goupy, 1866.

———. *Jugenderinnerungen aus Kroatien (1729-1823. 1824-1847.)*. Leipzig: Otto Wigand, 1894.

Utješenić Ostrožinski, Ognjeslav. “[Anhang, Beilage] Program zur Konstituierung des österreichischen Kaiserstates nach dem Prinzip der konstitutionellen Freiheit und der nationalen Gleichberechtigung.” In *Actenstücke zur Geschichte des kroatisch-slavonischen Landtages und der nationalen Bewegung vom Jahre 1848*, 3–24. Vienna: Herausgegeben von Stephan Pejaković, 1861.

———. *Die Hauskommunionen der Südslaven. Eine Denkschrift zur Beleuchtung der volksthümlichen Acker- und Familienverfassung des serbischen und des kroatischen Volkes*. Vienna: F. Manz & Comapgnie, 1859.

Uvjetno ili bezuvjetno?: mnenje o riešenju naših državnopravnih pitanjah [With or Without Conditions? An Opinion on the Solution of our State and Legal Questions]. Zagreb, 1864.

Vaniček, František. *Specialgeschichte der Militärgrenze*. Vol. 3. Vienna: Aus der kaiserlich-königlichen Hof- und Staatsdruckerei, 1875.

Von einem Ungarn. *Drei Jahre Verfassungsstreit. Beiträge zur jüngsten Geschichte Oesterreichs*. Leipzig: F.A. Brockhaus, 1864.

Vukotinović, Ljudevit. *Godina 1850 u Hèrvatskoj i Slavonii [The Year 1850 in Croatia and Slavonia]*. Zagreb: Tiskom F. Züpana, 1851.

Vukotinović, Ljudevit. *Pametarka. Gospodarom u Hrvatskoj i Slavoniji [A Book of Smart Advice. To the Lord in Croatia in Slavonia]*. Zagreb: Tiskom narodne tiskare dr. Ljudevita Gaja, 1858.

Wigard, Franz. *Stenographischer Bericht über die Verhandlungen der deutschen constituirenden Nationalversammlung zu Frankfurt am Main*. Vol. 1. Frankfurt am Main, 1848.

Živković, Jovan *Politički pabirci iz nedavne prošlosti Hrvatske ili kako je postala Hrvatsko-ugarska nagoda [Political Fragments from the Recent Past or How the Croato-Hungarian Settlement Came to Be]*. Knjižara dioničke tiskare: Zagreb, 1892.

Secondary literature:

Adamček, Josip. *Seljačka buna 1573. [1573 Peasant Rebellion]*. Donja Stubica:

Odbor za proslavu 400 godišnjice Seljačke bune 1573, 1968.

———. “Seljačka buna 1573. [1573 Peasant Rebellion].” In *Društveni razvoj u Hrvatskoj (od 16. stoljeća do početka 20. stoljeća) [Social Development in Croatia from the 16th to the Beginning of the 20th Century]*, edited by Mirjana Gross, 41–58. Zagreb: Sveučilišna naklada Liber, 1981.

———. “Ekonomsko-društveni razvoj u sjeverozapadnoj Hrvatskoj u 16. i 17. stoljeću [Economic-Social Development in Northwestern Croatia in the 16th and 17th Century].” In *Društveni razvoj u Hrvatskoj (od 16. stoljeća do početka 20. stoljeća) [Social Development in Croatia from the 16th to the Beginning of the 20th Century]*, edited by Mirjana Gross, 15–40. Zagreb: Sveučilišna naklada Liber, 1981.

———. “Ekonomsko-društveni razvoj u Hrvatskoj i Slavoniji u 18.st. (Economic-Social Development in Croatia and Slavonia in the 18th Century).” In *Društveni razvoj u Hrvatskoj (od 16. stoljeća do početka 20. stoljeća) [Social Development in Croatia from the 16th to the Beginning of the 20th Century]*, edited by Mirjana Gross, 59–82. Zagreb: Sveučilišna naklada Liber, 1981.

———. *Bune i otpori: seljačke bune u Hrvatskoj u XVII stoljeću [Rebellion and Resistance: Peasant Rebellions in Croatia in the 17th Century]*. Zagreb: Globus, 1987.

Allen, Robert. “Economic Structure and Agricultural Productivity in Europe, 1300-1800.” *European Review of Economic History* 4, no. 3 (2000): 1–25.

———. *Farm to Factory: A Reinterpretation of the Soviet Industrial Revolution*. Princeton, NJ; Oxford, Eng: Princeton University Press, 2003.

———. “Agriculture during the Industrial Revolution, 1700-1850.” In *The Cambridge Economic History of Modern Britain: Industrialization 1700-1860*, edited by Roderick Floud and Paul Johnson, 1: 96–116. Cambridge University Press, 2006.

Jamie C. Allinson. *The Struggle for the State in Jordan: The Social Origins of Alliances in the Middle East*. London; New York: I.B. Tauris, 2016.

Allinson, Jamie C., and Alexander Anievas. “The Uses and Misuses of Uneven and Combined Development: An Anatomy of a Concept.” *Cambridge Review of International Affairs* 22, no. 1 (March 2009): 47–67.
<https://doi.org/10.1080/09557570802680132>.

———. “Approaching ‘the International’: Beyond Political Marxism.” In *Marxism and World Politics. Contesting Global Capitalism*, edited by Alexander Anievas, 197–215. London; New York: Routledge, 2010.

Amin, Samir. *L’accumulation à l’échelle mondiale*. Paris: Editions Anthropos, 1970.

———. *Unequal Development. An Essay on the Social Formations of Peripheral Capitalism*. The Harvester Press, 1976.

———. “The Ancient World Systems versus the Modern Capitalist World-System.” In *The World System. Five Hundred Years or Five Thousand?*, edited by Andre Gunder Frank and Barry K. Gills, 247–78. London: Routledge, 1996.

Anderson, Perry. *Passages from Antiquity to Feudalism*. NLB, 1974.

———. “The Antinomies of Antonio Gramsci.” *New Left Review*, I, no. 100 (December 1976): 5–78.

———. *Arguments within English Marxism*. London: NLB, 1980.

———. *Lineages of the Absolutist State*. London: Verso, 1984.

———. *Spectrum*. London: Verso, 2005.

———. “Imperium.” *New Left Review*, II, no. 83 (2013): 5-111.

———. “The Heirs of Gramsci.” *New Left Review*, II, no. 100 (2016): 71–97.

Anievas, Alexander. *Capital, the State, and War: Class Conflict and Geopolitics in the Thirty Years' Crisis, 1914-1945*. Ann Arbor: University of Michigan Press, 2014.

Anievas, Alexander, and Kerem Nisancioglu. *How the West Came to Rule*. London: Pluto Press, 2015.

Anievas, Alexander and Kamran Matin, eds. *Historical Sociology and World History. Uneven and Combined Development over the Longue Durée*. London; New York: Rowman & Littlefield, 2016.

Arčabić, Goran. “Formiranje i rad Hrvatsko-slavonskoga gospodarskoga društva u vrijeme preporoda (1841. - 1848.) [The Formation and Activities of the Croatian-Slavonian Agricultural Society in the Period of National Rebirth (1841. - 1848.).]” *Povijesni Prilozi*, no. 25 (2003): 309–28.

Arrighi, Giovanni. “The Political Economy of Rhodesia.” *New Left Review*, I, no. 39 (1966): 35–65.

———. *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. Verso, 1994.

———. “Capitalism and the Modern World-System: Rethinking the Nondebates of the 1970's.” *Review* 21, no. 1 (1998): 113–29.

———. “The African Crisis.” *New Left Review*, II, no. 15 (2002): 5–36.

———. *Adam Smith in Beijing: Lineages of the Twenty-First Century*. London; New York: Verso, 2007.

Arrighi, Giovanni, and Jessica Drangel. “The Stratification of the World-Economy: An Exploration of the Semi-Peripheral Zone.” *Review* 10, no. 1 (Summer 1986): 9–75.

Arrighi, Giovanni, Po-Keng Hui, Ho-hung Hung, and Mark Selden. “Historical Capitalism: East and West.” In *The Resurgence of East Asia*, edited by Giovanni Arrighi, Takeshi Hamashita, and Mark Selden, 259–322. London; New York: Routledge, 2003.

Arrighi, Giovanni, and Beverly J. Silver. “Introduction.” In *Chaos and Governance in the Modern World-System*, edited by Giovanni Arrighi and Beverly J. Silver, 1–37. Minneapolis, London: University of Minnesota Press, 1999.

Ashman, Sam. “Capitalism, Uneven and Combined Development, and the Transhistoric.” In *Marxism and World Politics. Contesting Global Capitalism*, edited by Alexander Anievas, 183–96. London; New York: Routledge, 2010.

Ashman, Sam, and Alex Callinicos. “Capital Accumulation and the State System: Assessing David Harvey’s The New Imperialism.” *Historical Materialism* 14, no. 4 (December 2006): 107–31.

Banac, Ivo. *The National Question in Yugoslavia: Origins, History, Politics*. Ithaca: Cornell University Press, 1993.

Banac, Ivo and Paul Bushkovitch. “The Nobility in the History of Russia and Eastern Europe.” in *The Nobility in Russia and Eastern Europe*, ed. Ivo Banac and Paul Bushkovitch, 1-16. New Haven: Yale Concilium on International and Area Studies, 1983.

Barclay, David E. *Frederick William IV and the Prussian Monarchy, 1840-1861*. Oxford; New York: Clarendon Press; Oxford University Press, 1995.

Bassett, Richard. *For God and Kaiser: The Imperial Austrian Army, 1619-1918*. New Haven: Yale University Press, 2015.

Bell, Duncan. *The Idea of Greater Britain: Empire and the Future of World Order, 1860-1900*. Princeton: Princeton University Press, 2007.

———. “What Is Liberalism?” *Political Theory* 42, no. 6 (2015): 682–715.

———. *Reordering the World. Essays on Liberalism and Empire*. Princeton: Princeton University Press, 2016.

Beiser, Frederick. “Hegel and Hegelianism.” In *The Cambridge History of Nineteenth Century Political Thought*, edited by Gareth Stedman Jones and Gregory Claeys, 110–40. Cambridge University Press, 2011.

Blanc, André. *Zapadna Hrvatska. Studija iz humane geografije [Western Croatia: A Study in Human Geography]*. Zagreb: Prosvjeta, 2003.

Berend, Iván T. “A Delayed Agricultural Revolution and the Development of Agriculture.” In *Evolution of the Hungarian Economy 1848-1998. Volume I. One-and-a-Half Centuries of Semi-Successful Modernization, 1848-1989*, by Iván T. Berend and Tamás Csató, 70–75. Boulder, Colo: Social Science Monographs, 2001.

Berend, Iván T., and György Ránki. *A magyar gazdaság száz éve [One Hundred Years of Hungarian Economy]*. Budapest: Közgazdasági és jogi könyvkiadó, 1972.

Berzeviczy, Albert. *Az abszolutizmus kora Magyarországon 1849-1865 [The Age of Absolutism in Hungary 1849-1865]*. Vol. 3. Budapest: Franklin, 1932.

———. *Az abszolútizmus kora Magyarországon 1849-1865 [The Age of Absolutism in Hungary 1849-1865]. Vol. 4.* Budapest: Franklin, 1937.

Bhambra, Gurinder K. "Talking among Themselves? Weberian and Marxist Historical Sociologies as Dialogues without 'Others.'" *Millennium* 39, no. 3 (May 1, 2011): 667–81, <https://doi.org/10.1177/0305829811401119>.

Bičanić, Rudolf. *Kako živi narod: život u pasivnim krajevima [How the People Live: Life in Passive Regions]. Vol. 1.* Zagreb: Tipografija, 1936.

———. *Doba manufakture u Hrvatskoj i Slavoniji: (1750-1860) [Period of Manufacture in Croatia and Slavonia (1750-1860)].* Zagreb: Izdavački zavod Jugoslavenske akademije znanosti i umjetnosti, 1951.

———. *Počeci kapitalizma u hrvatskoj ekonomici i politici [The Beginnings of Capitalism in Croatian Economy and Politics].* Zagreb: Školska knjiga, 1952.

———. "Ekonomska podloga hrvatskog pitanja [The Economic Base of the Croatian Questions]." In *Economic Base and Other Works*, edited by Ivo Bičanić and Uroš Dujšin, 1–225. Zagreb: Organizator-Pravni Fakultet, 1995.

Blasius, Dirk. *Lorenz von Stein: Deutsche Gelehrtenpolitik in der Habsburger Monarchie.* Kiel: Lorenz-von-Stein-Institut für Verwaltungswissenschaften, 2007.

Boatca, Manuela. "Peripheral Solutions to Peripheral Problems: The Case of Early 20th Century Romania." *Journal of World-Systems Research* 11, no. 1 (July 2005): 3–26.

———. "Semiperipheries in the World-System: Reflecting Eastern European and Latin American Experiences." *Journal of World-Systems Research* 12, no. 2 (December 2006): 321–46.

Bogdanov, Vaso. *Historija političkih stranaka u Hrvatskoj [History of Political Parties in Croatia]*. Zagreb: Novinarsko izdavačko poduzeće, 1958.

Bois, Guy. "Against the Neo-Malthusian Orthodoxy." In *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, edited by T.H. Ashton and C.H.E. Philpin, 107–18. Cambridge University Press, 1985.

Bowden, Brett. *The Empire of Civilization: The Evolution of an Imperial Idea*. Chicago; London: The University of Chicago Press, 2009.

Boyer, John W. *Political Radicalism in Late Imperial Vienna: Origins of the Christian Social Movement, 1848-1897*. Chicago: University of Chicago Press, 1981.

Brandt, Harm-Hinrich. *Der österreichische Neoabsolutismus: Staatsfinanzen und Politik 1848-1860. Vol. 1*. Vandenhoeck & Ruprecht, 1978.

———. *Der österreichische Neoabsolutismus: Staatsfinanzen und Politik 1848-1860. Vol. 2*. Vandenhoeck und Ruprecht, 1978.

———. "Verwaltung als Verfassung-Verwaltung und Verfassung? Um historischen Ort des 'Neoabsolutismus' in der Geschichte Oesterreichs." In *Der österreichische neoabsolutismus als Verfassung- und Verwaltungsproblem. Diskussionen über einen strittigen Epochenbegriff*, 11–35. Vienna; Cologne; Weimar: Böhlau Verlag, 2014.

Braudel, Fernand. *Civilization and Capitalism 15th-18th Century. Vol. 2. The Wheels of Commerce*. London: Books Club Associates, 1983.

———. *Civilization and Capitalism 15th-18th Century. Vol. 3. The Perspective of the World*. Berkeley: University of California Press, 1992.

Brenner, Robert. "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism." *New Left Review* I, no. 104 (1977): 25–92.

———. “Agrarian Class Structure and Economic Development in Pre-Industrial Europe.” In *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, edited by T.H. Ashton and C.H.E. Philpin, 10–63. New York: Cambridge University Press, 1985.

———. “The Agrarian Roots of European Capitalism.” In *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, edited by T.H. Ashton and C.H.E. Philpin, 213–327. New York: Cambridge University Press, 1985.

———. “The Low Countries in the Transition to Capitalism.” *Journal of Agrarian Change* 1, no. 2 (2001): 169–241.

———. *Merchants and Revolution Commercial Change, Political Conflict, and London’s Overseas Traders, 1550-1653*. London; New York: Verso, 2003.

———. *The Economics of Global Turbulence: The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945-2005*. London; New York: Verso, 2006.

———. “Property and Progress: Where Adam Smith Went Wrong.” In *Marxist History-Writing for the Twenty-First Century*, edited by Chris Wickham, 49–111. Oxford; New York: Oxford University Press, 2008.

———. “The Prehistory of Core-Periphery.” In *Cores, Peripheries, and Globalization: Essays in Honor of Ivan Berend*, edited by Balázs A. Szelényi and Peter Hanns Reill, 203–32. Budapest; New York: Central European University Press, 2011.

Brenner, Robert, and Christopher Isett. “England’s Divergence from China’s Yangzi Delta: Property Relations, Microeconomics, and Patterns of Development.” *The Journal of Asian Studies* 61, no. 2 (May 1, 2002): 609–62.

Burbank, Jane and Frederick Cooper. *Empires in World History: Power and the Politics of Difference*. Princeton: Princeton University Press, 2010.

Byres, Terence J. "Differentiation of the Peasantry under Feudalism and the Transition to Capitalism: In Defence of Rodney Hilton." *Journal of Agrarian Change* 6, no. 1 (2006): 17–68.

Callinicos, Alex. "Bourgeois Revolutions and Historical Materialism," <https://www.marxists.org/history/etol/writers/callinicos/1989/xx/bourrev.html>, 1989, accessed 15 January 2018.

———. "The Limits of Political Marxism." *New Left Review*, I, December 1990, 110–15.

———. "Does Capitalism Need the State System?" *Cambridge Review of International Affairs* 20, no. 4 (December 2007): 533–49. <https://doi.org/10.1080/09557570701680464>.

———. "The Limits of Passive Revolution." *Capital & Class* 34, no. 3 (October 1, 2010): 491–507. <https://doi.org/10.1177/0309816810378265>.

Callinicos, Alex, and Justin Rosenberg. "Uneven and Combined Development: The Social-Relational Substratum of 'the International'? An Exchange of Letters." *Cambridge Review of International Affairs* 21, no. 1 (March 1, 2008): 77–112. <https://doi.org/10.1080/09557570701828600>.

Chirot, Daniel. *Social Change in a Peripheral Society: The Creation of a Balkan Colony*. New York: Academic Press, 1976.

Claeys, Gregory. "Non-Marxian Socialism 1815-1914." In *The Cambridge History of Nineteenth Century Political Thought*, edited by Gareth Stedman Jones and Gregory Claeys, 521–55. Cambridge: Cambridge University Press, 2011

Clark, Christopher M. *Iron Kingdom: The Rise and Downfall of Prussia, 1600-1947*. Cambridge, Mass: Belknap Press of Harvard University Press, 2006.

Cohen, Mark. "Reforming States, Agricultural Transformation, and Economic Development in Russia and Japan, 1853–1913." *Comparative Studies in Society and History* 60, no. 3 (July 2018): 719–51. <https://doi.org/10.1017/S0010417518000245>.

Crisp, Olga. "Russia." In *Patterns of European Industrialization*, edited by Richard Sylla and Gianni Toniolo, 248–68. Taylor & Francis e-library, 2003.

Chase-Dunn, Christopher. "Resistance to Imperialism: Semiperipheral Actors." *Review* 13, no. 1 (January 1, 1990): 1–31.

Chase-Dunn, Christopher, and Thomas D. Hall. *Rise and Demise: Comparing World-Systems*. Westview Press, 1997.

Cieger, András. *Lónyay Menyhért 1822-1884. Szerepek-programok-konfliktusok. [Lónyay Menyhért 1822-1884. Roles-Programs-Conflicts]*. Budapest: Századvég kiadó, 2008.

Ciliga, Vera. *Slom politike narodne stranke (1865-1880) [The Breakdown of the Politics of the National Party]*. Zagreb, 1970.

Comninel, George. *Rethinking the French Revolution: Marxism and the Revisionist Challenge*. London: Verso, 1987.

Cooper, J.P. "In Search of Agrarian Capitalism." In *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, edited by T.H. Ashton and C.H.E. Philpin, 138–91. Cambridge University Press, 1985.

Davidson, Neil. "Many Capitals, Many States: Contingency, Logic or Mediation?" In *Marxism and World Politics. Contesting Global Capitalism*, 77–93. London; New York: Routledge, 2010.

———. *How Revolutionary Were the Bourgeois Revolutions?* Chicago, Ill: Haymarket Books, 2012.

———. *We Cannot Escape History*. Chicago, IL: Haymarket Books, 2015

———. "The Conditions for the Emergence of Uneven and Combined Development." In *Historical Sociology and World History. Uneven and Combined Development over the Longue Durée*, edited by Alexander Anievas and Kamran Matin, 31–53. London; New York: Rowman & Littlefield, 2016.

Davies, Norman. *God's Playground: A History of Poland. Vol. 1*. New York: Columbia University Press, 2005.

Deák, Ágnes. *From Habsburg Neo-Absolutism to the Compromise 1849-1867*. Boulder, Colo: Social Science Monographs, 2008.

Deák, István. *The Lawful Revolution. Louis Kossuth and the Hungarians, 1848-1849*. New York: Columbia University Press, 1979.

Denemark, Robert A., and Kenneth P. Thomas. "The Brenner-Wallerstein Debate." *International Studies Quarterly* 32, no. 1 (1988): 47–65.

Dénes, Iván Zoltán. *Conservative Ideology in the Making*. Budapest; New York: Central European University Press, Past Inc, 2009.

Despot, Miroslava. "Franjo Ferdinand Šporer. Zagovornik gospodarskog napretka Hrvatske u vrijeme ilirizma [Franjo Ferdinand Šporer. An Advocate of the Economic Progress of Croatia in the Illyrian Period]." *Radovi*, no. 3 (1973): 241–58.

———. *Industrija građanske Hrvatske 1860-1873 [Industry of Civil Croatia 1860-1873]*. Zagreb, 1970.

Dobb, Maurice Herbert. *Studies in the Development of Capitalism*. Rev. ed. New York: International Publishers, 1963.

Eley, Geoff. *Forging Democracy: The History of the Left in Europe, 1850-2000*. Oxford: Oxford University Press, 2002.

Engerman, Stanley, and Patrick O'Brien. "The Industrial Revolution in Global Perspective." In *The Cambridge Economic History of Modern Britain: Industrialization, 1700-1860*, edited by Roderick Floud and Paul Johnson, 451–64, 2006.

Eddie, Scott. "Economic Policy and Economic Development in Austria-Hungary, 1867-1913." In *Cambridge Economic History of Europe*, edited by Peter Mathias and Sidney Pollard, 814–86. Cambridge [Eng.]: Cambridge University Press, 1989.

Eisenmann, Louis. *Le compromis austro-hongrois de 1867: étude sur le dualisme*. Reimpr. of the ed. Paris, 1904. Hattiesburg, Mis: Academic international, 1971.

Epstein, S.R. *Freedom and Growth. The Rise of States and Markets in Europe, 1300-1750*. London; New York: Routledge, 2003.

Evans, Robert John Weston. *Austria, Hungary, and the Habsburgs: Essays on Central Europe c.1683-1867*. Oxford; New York: Oxford University Press, 2006.

Feldman, Andrea. *Imbro Ignjatijević Tkalac: europsko iskustvo hrvatskog liberala: 1824.-1912* [*Imbro Ignjatijević Tkalac: A European Experience of a Croatian Liberal: 1824-1912*]. Zagreb: Izdanja Antibarbarus, 2012.

———. ed. *Liberalna misao u Hrvatskoj: prilozi povijesti liberalizma od kraja 18. do sredine 20. stoljeća* [*Liberal Thought in Croatia since the End of the 18th until the Middle of the 20th Century*]. Zagreb: Zaklada Friedrich Naumann, 2000.

Friedjung, Heinrich. *The Struggle for Supremacy in Germany, 1859-1866*. London: MacMillan, 1935.

Frank, André Gunder, and Barry K. Gills. *The World System: Five Hundred Years Or Five Thousand?*. Routledge, 1993.

Gergely, András. “Kossuth és a német egység, 1841-1871[Kossuth and German Unity, 1841-1871].” In *Magyar évszázadok. Tanulmányok Kosáry Domokos 90. születésnapjára* [*Hungarian Centuries. Studies on the Occasion of the 90th Birthday of Domokos Kosáry*], edited by Mária Ormos, 184–95. Budapest: Osiris kiadó, 2003.

———. “Területi autonómiák - lokális önkormányzatok a XIX. századi Magyarországon [Territorial Autonomies - Local Government in 19th Century Hungary].” In *Autonómiák Magyarországon 1848-1998* [*Autonomies in Hungary 1848-1998*], edited by Jenő Gergely, 41–56. Budapest, 2004.

Gilpin, Robert. *War and Change in World Politics*. Cambridge: Cambridge University Press, 1995.

Good, David F. *The Economic Rise of the Habsburg Empire, 1750-1914*. Berkeley: University of California Press, 1984.

Good, David F., and Tongshu Ma. "New Estimates of Income Levels in Central and Eastern Europe, 1870 - 1910." In *Von der Theorie zur Wirtschaftspolitik - ein österreichischer Weg: Festschrift zum 65. Geburtstag von Erich W. Streissler*, edited by Frank Baltazarek, 147–68. Stuttgart: Lucius & Lucius, 1998.

Gramsci, Antonio. *Selections from the Prison Notebooks*. New York: International Publishers, 1987.

Gregory, Paul R. *Before Command: An Economic History of Russia from Emancipation to the First Five-Year Plan*. Princeton, N.J: Princeton University Press, 1994.

———. "The Role of the State in Promoting Economic Development: The Russian Case and Its General Implications," 64–79. London; New York: Routledge, 2003.

Gross, Mirjana. "The Position of the Nobility in the Organization of the Elite in Northern Croatia at the End of the Nineteenth and the Beginning of the Twentieth Century." In *The Nobility in Russia and Eastern Europe*, edited by Ivo Banac and Paul Bushkovitch, 137-176. New Haven: Yale Concilium on International and Area Studies, 1983.

———. *Počeci moderne Hrvatske: neoapsolutizam u Civilnoj Hrvatskoj i Slavoniji 1850-1860 [The Beginnings of Modern Croatia: Neoapsolutism in Civil Croatia and Slavonia 1850-1860]*. Zagreb: Globus: Centar za povijesne znanosti Sveučilišta u Zagrebu, Odjel za hrvatsku povijest, 1985.

———. "'Jezgra' i 'periferija' - nova teorija industrijske revolucije u Evropi ['Core' and 'Periphery' - A New Theory of the Industrial Revolution in Europe]." in *Evropska periferija i industrijalizacija 1780-1914 [European Periphery and Industrialization 1780-1914]*, by Iván T. Berend and György Ránki, 13-20. Zagreb: Naklada "Naprijed," 1996, 13–20.

Gross, Mirjana. *Izvorno pravaštvo [The Original Ideology of the Party of Right]*. Zagreb: Golden marketing, 2000.

Gross, Mirjana, and Agneza Szabo. *Prema hrvatskome građanskom društvu: društveni razvoj u Civilnoj Hrvatskoj i Slavoniji šezdesetih i sedamdesetih godina 19. stoljeća [Towards a Croatian Civil Society: Social Development in Civil Croatia and Slavonia in the 1860s and 1870s]*. Plava Biblioteka. Zagreb: Globus, 1992.

Hanák, Péter. “Hungary in the Austro-Hungarian Monarchy: Preponderancy or Dependency?” *Austrian History Yearbook* 3, no. 01 (1967): 260–302

———. “Historizálás és történetiség a kiegyezés vitájában [Historization and Historicity in the Debate about the Settlement].” In *A kiegyezés [The Settlement]*, edited by András Cieger, 439–70. Budapest: Osiris kiadó, 2004.

Harvey, David. *The Limits to Capital*. Oxford: Blackwell, 1984.

———. *The New Imperialism*. Oxford: Oxford University Press, 2003.

Hollander, Samuel. *John Stuart Mill. Political Economist*. New Jersey; London: World Scientific, 2015.

Holjevac, Željko. *Hrvatsko-mađarski odnosi 1860.-1873. [Croato-Hungarian Relations 1860-1873]*. Zagreb: Unpublished PhD dissertation, 2006.

Horbac, Ivana. *Razvoj uprave i javnih službi Banske Hrvatske u vrijeme vladavine Marije Terezije [The Development of Administration and Public Offices of Civil Croatia in the Reign of Maria Theresa]*. Zagreb: Unpublished PhD dissertation, 2009.

Horel, Catherine. *Cette Europe qu'on dit centrale: des Habsbourg à l'intégration européenne, 1815-2004*. Paris: Beauchesne, 2009.

Horvat, Josip. *Politička povijest Hrvatske. Prvi dio [Political History of Croatia. Part One]*. Second edition. Zagreb: August Cesarec, 1990.

Ingrao, Charles W. *The Habsburg Monarchy, 1618-1815*. Cambridge: Cambridge University Press, 1994.

Iveljić, Iskra. *Od prosvijećenog apsolutizma do 1848. godine [From Enlightened Absolutism until 1848]*. Zagreb: Leykam, 2010.

Janos, Andrew C. *The Politics of Backwardness in Hungary, 1825-1945*. Princeton, N.J: Princeton University Press, 1982.

Janvry, Alain de. *The Agrarian Question and Reformism in Latin America*. 4th ed. Baltimore and London: Johns Hopkins Press, 1990.

Judson, Pieter M. *Exclusive Revolutionaries: Liberal Politics, Social Experience, and National Identity in the Austrian Empire, 1848-1914*. Ann Arbor, 1996.

———. “L’Autriche-Hongrie était-elle un Empire?” *Annales. Histoire, Sciences Sociales* 63, no. 3 (June 2008): 563-596.

———. *The Habsburg Empire: A New History*. Cambridge, Mass: The Belknap Press of Harvard University Press, 2016.

Kagarlitsky, Boris. *Empire of the Periphery: Russia and the World System*. Pluto Press, 2007.

Kaps, Klemens. *Ungleiche Entwicklung in Central Europa. Galizien zwischen überregionaler Verflechtung und imperialer Politik (1772-1914)*. Vienna: Böhlau Verlag, 2015.

Karaman, Igor. *Valpovačko vlastelinstvo: ekonomsko-historijska analiza [Valpovo Manor: Economic-Historical Analysis]*. Zagreb: PhD Dissertation, 1959.

———. *Privreda i društvo Hrvatske u 19. stoljeću [Economy and Society in 19th Century Croatia]*. Zagreb: Školska knjiga, 1972.

———. *Privredni život Banske Hrvatske od 1700. do 1850 [Economic Life of Civil Croatia from 1700 to 1850]*. Zagreb: Sveučilišna naklada Liber, 1989.

———. “Ekonomске prilike u građanskoj Hrvatskoj i Slavoniji od 1815. do 1835. godine [Economic Conditions in Civil Croatia and Slavonia from 1815 to 1835].” In *Hrvatski narodni preporod-ilirski pokret [Croatian National Rebirth-The Illyrian Movement]*, by Jaroslav Šidak, 58–72. Zagreb: Školska knjiga, 1990.

———. *Industrijalizacija građanske Hrvatske: 1800-1941 [Industrialization of Bourgeois Croatia: 1800-1941]*. Povijest & Historija. Zagreb: Naprijed, 1991.

———. *Hrvatska na pragu modernizacije: (1750-1918) [Croatia on the Threshold of Modernization: (1750-1918)]*. Zagreb: Naklada Ljevak, 2000.

Kaser, Karl. *Freier Bauer und Soldat: die Militarisierung der agrarischen Gesellschaft an der kroatisch-slavonischen Militärgrenze (1535-1881)*. Wien: Böhlau, 1997.

Kissinger, Henry. *A World Restored*. London: Victor Gollancz, 1973.

Klaić, Nada. *Društvena previranja i bune u Hrvatskoj u XVI i XVII stoljeću [Social Turmoil and Rebellion in 16th and 17th Century Croatia]*. Beograd: Nolit, 1978.

Koch, Klaus. “Österreich und der deutsche Zollverein (1848-1871).” In *Die Habsburgermonarchie im System der internationalen Beziehungen*, edited by Adam Wandruszka and Peter Urbanitsch, 6/1:537–59. Vienna: VÖAW, 1989.

Komlos, John. *The Habsburg Monarchy as a Customs Union: Economic Development in Austria-Hungary in the Nineteenth Century*. Princeton, N.J: Princeton University Press, 1983.

———. “Agricultural Productivity in America and Eastern Europe: A Comment.” *Journal of Economic History* XLVIII, no. 3 (1988): 655–64.

Komlosy, Andrea. *Grenze und ungleiche regionale Entwicklung. Binnenmarkt und Migration in der Habsburgermonarchie*. Promedia, 2003.

———. “State, Regions, and Borders: Single Market Formation and Labor Migration in the Habsburg Monarchy, 1750-1918.” *Review* 27, no. 2 (2004): 135–77.

———. “Imperial Cohesion, National-Building and Regional Integration in the Habsburg Monarchy.” In *Nationalizing Empires*, edited by Alexei Miller and Stefan Berger, 369–429. Budapest: Central European University Press, 2015.

Koselleck, Reinhart. “Einleitung.” In *Geschichtliche Grundbegriffe: historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, edited by Otto Brunner, Werner Conze, and Reinhart Koselleck, xii–xvii. Stuttgart: Klett-Cotta, 1997.

Kövér, György. “Inactive Transformation: Social History of Hungary from the Reform Era to World War I.” In *Social History of Hungary from the Reform Era to the End of the Twentieth Century*, edited by Gábor Gyáni, György Kövér, and Tibor Valuch, 3–241. Boulder, Colo: Social Science Monographs, 2004.

Krestić, Vasilije. *Hrvatsko-ugarska nagodba 1868 godine [Croato-Hungarian Settlement 1868]*. Belgrade: Srpska akademija nauka i umetnosti, 1969.

Kriedte, Peter, Hans Medick, and Jürgen Schlumbohm. *Industrialization before Industrialization: Rural Industry in the Genesis of Capitalism*. (Cambridge: Cambridge University Press, 1981).

Križanić, Christian. *Imbro Ignjatijević Tkalac 1824-1912 - sein Einsatz für die slavischen Völker in der Habsburger Monarchie am Beispiel seiner Zeitung „Ost und West“*. Vienna: unpublished MA thesis, 2009.

Kwan, Jonathan. “Austro-German Liberalism and the Coming of the 1867 Compromise: ‘Politics Again in Flux.’” *Austrian History Yearbook* 44 (2013): 62–87. <https://doi.org/10.1017/S0067237813000076>.

———. *Liberalism and the Habsburg Monarchy, 1861-1895*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2013.

Lacher, Hannes, and Benno Teschke. “The Changing ‘Logics’ of Capitalist Competition.” In *Marxism and World Politics. Contesting Global Capitalism*, edited by Alexander Anievas, 27–42. London; New York: Routledge, 2010.

Lacher, Hannes, and Julian Germann. “Before Hegemony: Britain, Free Trade, and Nineteenth-Century World Order Revisited.” *International Studies Review* 14, no. 1 (2012): 99–124.

Laclau, Ernesto. “Feudalism and Capitalism in Latin America.” *New Left Review* I, no. 67 (June 1971): 19–38.

Landes, David S. *The Wealth and Poverty of Nations: Why Some Are so Rich and Some so Poor*. London: Little, Brown, 1998.

Lakatos, Ernő. 1942. *A magyar politikai vezetőretteg 1848–1918 [The Leading Political Stratum in Hungary, 1848–1918]*. Budapest.

Lenin, V.I. *Collected Works. Vol 3. The Development of Capitalism in Russia*. 4th ed. Moscow: Progress Publishers, 1977.

Leonard, Carol Scott. *Agrarian Reform in Russia: The Road from Serfdom*. Cambridge; New York: Cambridge University Press, 2009.

Losurdo, Domenico. *Liberalism: A Counter-History*. London; New York: Verso, 2014.

Love, Joseph LeRoy. *Crafting the Third World: Theorizing Underdevelopment in Rumania and Brazil*. Stanford, Calif: Stanford University Press, 1996.

Macartney, C. A. *The Habsburg Empire, 1790-1918*. New York: Macmillan, 1969.

Mann, Michael. *The Sources of Social Power: The Rise of Classes and Nation-States, 1760 - 1914*. Cambridge University Press, 1993.

Marcuse, Herbert. *Reason and Revolution. Hegel and the Rise of Social Theory*. 2nd ed. London: Routledge and Keagan Paul Ltd, 1955.

Markus, Tomislav, ed. *Korespondencija bana Jelačića i Banskog vijeća [The Correspondence of Ban Jelačić and the Ban's Council]*. Zagreb: Hrvatski institut za povijest, 1998.

———. *Hrvatski politički pokret 1848.-1849. godine: ustanove, ideje, ciljevi, politička kultura [Croatian Political Movement 1848-1849: Institutions, Ideas, Goals, Political Culture]*. Zagreb: Dom i svijet, 2000.

———. “Hrvatske županije i gradovi 1861.-1867. i njihove predstavke [Croatian Counties and Towns in 1861-1867 and their Addresses].” In *Predstavke županija i gradova Banske Hrvatske: 1861.-1867.: izabrani dokumenti [Adresses of Counties and Towns of Civil Croatia: 1861-1867: Selected Documents]*, edited by Tomislav Markus, 17–81. Zagreb: Hrvatski institut za povijest : Dom i svijet, 2002.

———, ed. *Predstavke županija i gradova Banske Hrvatske: 1861.-1867.: izabrani dokumenti [Adresses of Counties and Towns of Civil Croatia: 1861-1867: Selected Documents]*. Zagreb: Hrvatski institut za povijest: Dom i svijet, 2002.

Marx, Karl. *Misère de la philosophie: réponse à la philosophie de la misère de M. Proudhon*. Paris; Brussels, 1847.

———. *Capital: A Critique of Political Economy. Vol. 1*. London: Penguin Books, 1990.

———. *Capital: A Critique of Political Economy. Vol. 3*. London: Penguin Books, 1991.

Matin, Kamran. *Recasting Iranian Modernity: International Relations and Social Change*. Routledge, 2013.

Medved, Mladen. "Trotsky or Wallerstein? Approaching the Habsburg Monarchy in the Nineteenth Century." *East Central Europe* 45, no.1 (2018): 39-62.

———. "A Combined Argument: Beyond Wallerstein?" *Historical Materialism* 26, no. 3 (2018): 125-142.

Mielants, Eric. *The Origins of Capitalism and "The Rise of the West."* Philadelphia: Temple University Press, 2007.

Mikhail, Alan and Christine M. Philliou. "The Ottoman Empire and the Imperial Turn," *Comparative Studies in Society & History* 54, no. 4 (October 2012): 722-745.

Miller, A.I. and Alfred J. Rieber. *Imperial Rule*. Budapest; New York: Central European University Press, 2004.

Mirković, Mijo. *Ekonomska historija Jugoslavije [Economic History of Yugoslavia]*. Zagreb: Informator, 1968.

Miru, Györgyi. “From Liberalism to Democracy: Key Concepts in Lajos Kossuth’s Political Thought.” *East Central Europe* 41, no. 1 (June 2014): 1-31, <https://doi.org/10.1163/18763308-04102003>.

Moačanin, Fedor. “Vojna krajina do kantonskog uređenja 1787. [Military Frontier until the Organization of the Cantons in 1787].” In *Vojna krajina. Povijesni pregled-historiografija-rasprave [The Military Frontier. Historical Overview-Historiography-Discussions]*, edited by Dragutin Pavličević, 23–56. Zagreb: Sveučilišna naklada Liber, 1984.

Mommsen, Wolfgang J. “German Liberalism in the Nineteenth Century.” In *The Cambridge History of Nineteenth Century Political Thought*, edited by Gareth Stedman Jones and Gregory Claeys, 409–30. Cambridge University Press, 2011.

Moore, James Willard. *Arnold Ruge: A Study in Democratic Caesarism*. Unpublished PhD Dissertation. University of California, Berkeley, 1977.

Morton, Adam David. *Unravelling Gramsci: Hegemony and Passive Revolution in the Global Political Economy*. London; Ann Arbor: Pluto Press, 2007.

_____. “The Geopolitics of Passive Revolution,” in *Marxism and World Politics. Contesting Global Capitalism*, ed. Alexander Anievas, 215-231. London; New York: Routledge, 2010.

_____. “The Continuum of Passive Revolution.” *Capital & Class* 34, no. 3 (October 1, 2010): 315–42, <https://doi.org/10.1177/0309816810378266>.

Motyl, Alexander J. *Imperial Ends: The Decay, Collapse, and Revival of Empires*. New York: Columbia University Press, 2001.

Nederveen Peterse, Jan. "Trends in Development Theory." In *Global Political Economy. Contemporary Theories.*, edited by Ronen Palan, 197–215. London; New York, 2002.

Nolte, Hans-Heinrich. "Zur Stellung Osteuropas im internationalen System der Frühen Neuzeit. Außenhandel und Sozialgeschichte bei der bestimmung der Regionen," *Jahrbücher Für Geschichte Osteuropas*, 28, no. 2 (1980): 161–97.

North, Douglass Cecil and Robert Paul Thomas. *The Rise of the Western World: A New Economic History*. Cambridge [Eng.]: Cambridge University Press, 1992.

Oplatka, András. *Graf Stephan Széchenyi: der Mann, der Ungarn schuf*. Wien: Paul Zsolnay Verlag, 2004.

Pajkossy, Gábor. "Kossuth and the Emancipation of the Serfs." In *Lajos Kossuth Sent Word...Papers Delivered on the Occasion of the Bicentenary of Kossuth's Birth*, edited by László Péter, Martin Rady, and Peter Sherwood, 71–80. London: Hungarian Cultural Center London; School of Slavonic and East European Studies, University College London, 2003.

Pap, József. "'Két választás Magyarországon': az országgyűlési képviselők társadalmi összetétele a 20. század első éveiben" ["Two elections in Hungary": The social composition of the members of parliament at the beginning of the twentieth century]. *Aetas* 22, no. 1, 2007: 5–31.

Pavličević, Dragutin. *Hrvatske kućne zadruge I. (do 1881) [Croatian House Communes I (until 1881)]*. Zagreb: Sveučilišna naklada Liber, 1989.

Péter, László. *Hungary's Long Nineteenth Century: Constitutional and Democratic Traditions in a European Perspective: Collected Studies*. Leiden; Boston: Brill, 2012.

_____. "The Aristocracy, the Gentry and Their Parliamentary Tradition in Nineteenth-Century Hungary." *Slavonic & East European Review* 70, no. 1 (January 1992): 77-110.

Pitts, Jennifer. *A Turn to Empire: The Rise of Imperial Liberalism in Britain and France*. Princeton: Princeton University Press, 2005.

Polić, Martin. *Parlamentarna povijest Kraljevina Hrvatske, Slavonije i Dalmacije. Dio prvi: od godine 1860. do godine 1867. [Parliamentary History of the Kingdoms of Croatia, Slavonia and Dalmatia. Part One: From the Year 1860 until 1867]*. Zagreb: Komisionalna naklada kr. sveučilišne knjižare Franje Suppana, 1899.

_____. *Parlamentarna povijest kraljevina Hrvatske, Slavonije i Dalmacije. Dio drugi: od godine 1867. do godine 1880. [Parliamentary History of the Kingdoms of Croatia, Slavonia and Dalmatia. Part Two: From the Year 1867 until 1880]*. Zagreb: Komisionalna naklada kr. sveučilišne knjižare Franje Suppana, 1900.

Pomeranz, Kenneth. *The Great Divergence: China, Europe, and the Making of the Modern World Economy*. Princeton, N.J: Princeton University Press, 2000.

_____. "Beyond the East-West Binary: Resituating Development Paths in the Eighteenth-Century World." *The Journal of Asian Studies* 61, no. 2 (May 1, 2002): 539–90.

Popović, Štefanija. *Seljaštvo na vlastelinstvima u Hrvatskoj 1848. godine [Peasantry on Croatian Manors in 1848]*. Zagreb, 1993.

Post, Charles. "Comments on the Brenner–Wood Exchange on the Low Countries." *Journal of Agrarian Change* 2, no. 1 (January 1, 2002): 88–95. <https://doi.org/10.1111/1471-0366.00025>

———. *The American Road to Capitalism: Studies in Class-Structure, Economic Development and Political Conflict, 1620-1877*. Haymarket Books, 2012.

———. "How Capitalist Were the 'Bourgeois Revolutions'?" *Historical Materialism* 25, no. 4 (2017): 1–34.

Price, Roger. *The French Second Empire: An Anatomy of Political Power*. Cambridge University Press, 2001.

Rapport, Michael. *1848: Year of Revolution*. London: Little, Brown, 2008.

Riley, Dylan. "Privilege and Property: The Political Foundations of Failed Class Formation in Eighteenth-Century Austrian Lombardy." *Comparative Studies in Society and History* 45, no. 1 (January 2003): 190–213. <https://doi.org/10.1017/S0010417503000094>.

Redlich, Josef. *Das österreichische Staats- und Reichsproblem: geschichtliche Darstellung der inneren Politik der habsburgischen Monarchie von 1848 bis zum Untergang des Reiches*. Leipzig: P. Reinhold, 1920.

Rosenberg, Justin. "Why Is There No International Historical Sociology?" *European Journal of International Relations* 12, no. 3 (September 1, 2006): 307–40. <https://doi.org/10.1177/1354066106067345>.

———. "Basic Problems in the Theory of Uneven and Combined Development. Part II: Unevenness and Political Multiplicity." *Cambridge Review of International Affairs* 23, no. 1 (2010): 165–89.

———. “Kenneth Waltz and Leon Trotsky: Anarchy in the Mirror of Uneven and Combined Development.” *International Politics* 50, no. 2 (March 2013): 183–230. <https://doi.org/10.1057/ip.2013.6>.

———. “Uneven and Combined Development: ‘The International’ in Theory and History.” In *Historical Sociology and World History: Uneven and Combined Development over the Longue Durée*, edited by Alexander Anievas and Kamran Matin, 17–31. London; New York: Rowman & Littlefield, 2016.

Roksandić, Drago. *Vojna Hrvatska = La Croatie militaire: krajiško društvo u Francuskom Carstvu (1809-1813) [Military Croatia = La Croatie militaire: Frontier Society in the French Empire (1809-1813)]. Vol. 1.* Zagreb: Školska knjiga: Stvarnost, 1988.

Rothenberg, Gunther E. *The Military Border in Croatia 1740-1881. A Study of an Imperial Institution.* Chicago; London: The University of Chicago Press, 1966.

Roy, Sara. “De-Development Revisited: Palestinian Economy and Society Since Oslo.” *Journal of Palestine Studies* 28, no. 3 (Spring 1999): 64–82.

Rumpler, Helmut. “Der Kampf um die Kontrolle der österreichischen Staatsfinanzen 1859/60. Ein Beitrag zur Geschichte des parlamentarischen Budgetrechts.” In *Gesellschaft, Parlament und Regierung. Zur Geschichte des Parlamentarismus in Deutschland*, edited by G.A. Ritter, 165–88. Düsseldorf, 1974.

Sarlós, Béla. *Deák és a kiegyezés [Deák and the Settlement]*. Budapest: Gondolat, 1987.

Schorske, Carl. *Fin-de-siècle Vienna: Politics and Culture.* New York: Vintage Books, 1981.

Schmitt, Carl. "Die Stellung Lorenz von Steins in der Geschichte des 19. Jahrhunderts." *Schmollers Jahrbuch* 64 (1940): 641–46.

Schulze, Max-Stephan. "Regional Income Dispersion and Market Potential in the Late Nineteenth Century Hapsburg Empire." Monograph, November 2007, <http://www2.lse.ac.uk/economicHistory/workingPapers/economicHistory/home.aspx>, accessed 20 June 2017.

Seton-Watson, R.W. *The Southern Slav Question and the Habsburg Monarchy*. London: Constable & Co Ltd, 1911.

Shilliam, Robbie. *German Thought and International Relations - The Rise and Fall of a Liberal Project*. Palgrave MacMillan, 2009.

Seton-Watson, Hugh. *The Russian Empire, 1801-1917*. Oxford: Clarendon Press, 1990.

Sked, Alan. *The Survival of the Habsburg Empire: Radetzky, the Imperial Army and the Class War, 1848*. London: Longman, 1979.

———. *The Decline and Fall of the Habsburg Empire, 1815-1918*. London; New York: Longman, 1992.

Skinner, Quentin. *Visions of Politics*. Cambridge University Press, 2002.

Skocpol, Theda. "Wallerstein's World Capitalist System: A Theoretical and Historical Critique." *American Journal of Sociology* 82, no. 5 (March 1, 1977): 1075–90.

Smith, Neil. *Uneven Development: Nature, Capital, and the Production of Space*. 2nd ed., Oxford, UK: Blackwell, 1990.

Smith, Woodruff D. *Politics and the Sciences of Culture in Germany, 1840-1920*. Oxford University Press, 1991.

Somogyi, Éva. *Vom Zentralismus zum Dualismus. Der Weg der deutschösterreichischen Liberalen zum Ausgleich von 1867*. Budapest: Akadémiai Kiadó, 1983.

———. “A dualizmus államrendszere. Negyven év után a kiegyezésről. [The Dualist State System. Forty Years Later on the Settlement].” In *A Monarchia kora-ma [The Age of the Monarchy Today]*, edited by András Gerő, 109–21. Budapest: ÚMK, 2007.

Sonoda, Hidehiro. “The Decline of the Japanese Warrior Class, 1840-1880.” *Japan Review*, no. 1 (1990): 73–111.

Steinberg, Jonathan. *Bismarck: A Life*. Oxford University Press, 2011.

Stipetić, Vladimir. *Povijest hrvatske ekonomske misli: (1298.-1847.) [History of Croatian Economic Thought (1298-1847)]*. Zagreb: Golden marketing, 2001.

———. “Ekonomski pogledi Imbre Tkalca [Economic Views of Imbro Tkalac].” In *Hrvatsko gospodarstvo polovicom 19.st. Izvješaji carsko-kraljevskom ministarstvu u Beču [Croatian Economy in Mid-19th Century: Reports to the Imperial-Royal Ministry in Vienna]*, by Tkalac-Ignjatijević, 23–36. Zagreb: Dom i svijet, 2004.

———. “Hrvatski glavničar i Vladimir Veselica: ekonomski ogledi i pogledi Eugena Kvaternika. [Croatian Capitalist and Vladimir Veselica: Economic Essays and Views of Eugen Kvaternik],” *Ekonomski Pregled*, no. 57 (2006): 157-152.

———. *Dva stoljeća razvoja hrvatskoga gospodarstva: (1820.-2005.) [Two Centuries of Croatian Economic Development: (1820.-2005.)]*. Zagreb: Hrvatska akademija znanosti i umjetnosti, Razred za društvene znanosti, 2012.

———. *Povijest hrvatske ekonomske misli (1848. - 1968.) [History of Croatian Economic Thought (1848-1968)]*. Zagreb: Ekonomski fakultet, 2013.

Stourzh, Gerald. *From Vienna to Chicago and Back: Essays on Intellectual History and Political Thought in Europe and America*. Chicago: University of Chicago Press, 2007.

Sugihara, Kaoru. "The East Asian Path of Economic Development." In *The Resurgence of East Asia. 50, 150 and 500 Year Perspective*, edited by Giovanni Arrighi, Takeshi Hamashita, and Mark Selden, 78–123. London; New York: Routledge, 2003.

Szabad, György. *Hungarian Political Trends between the Revolution and the Compromise, (1849-1867)*. Budapest: Akadémiai Kiadó, 1977.

Szabó, Ervin. *Társadalmi és pártharcok a 48-49-es magyar forradalomban [Social and Party Struggles in the 1848-49 Hungarian Revolution]*. Budapest: Népszava könyvkiadó, 1948.

Szekfű, Gyula. *Három nemzedék. Egy hanyatló kor története [Three Generations. A History of a Declining Age]*. Budapest: Élet, 1920.

Szelényi, Balázs A. *The Failure of the Central European Bourgeoisie: New Perspectives on Hungarian History*. New York: Palgrave Macmillan, 2006.

Szporluk, Roman. *Communism and Nationalism: Karl Marx versus Friedrich List*. Oxford: Oxford University Press, 1988.

Szűcs, Jenő. "The Three Historical Regions of Europe: An Outline." *Acta Historica Academiae Scientiarum Hungaricae* 29, no. 2/4 (January 1, 1983): 131–84.

Šidak, Jaroslav. "Hrvatski narod u razdoblju od god. 1860. do 1871. [Croatian People in the 1860-1871 Period]." In *Povijest hrvatskog naroda g.1860-1914 [History of the Croatian People 1860-1914]*, edited by Jaroslav Šidak, Mirjana Gross, Igor Karaman, and Dragovan Šepić, 67-116. Zagreb: Školska knjiga, 1968.

———. *Studije iz hrvatske povijesti XIX stoljeća [Studies from the Croatian History of the 19th Century]*. Zagreb: Sveučilište, Institut za hrvatsku povijest, 1973.

———. *Hrvatski narodni preporod-ilirski pokret [Croatian National Rebirth-The Illyrian Movement]*. Zagreb: Školska knjiga, 1990.

Šokčević, Dinko. *Hrvati u očima Mađara, Mađari u očima Hrvata: kako se u pogledu preko Drave mijenjala slika drugoga [Croats in the Eyes of the Hungarians, Hungarians in the Eyes of Croats: How the Image of the Other Changed in the View across the Drava]*. Zagreb: Naklada Pavičić, 2006.

Štefanec, Nataša. *Heretik Njegova Veličanstva: Povijest o Jurju IV. Zrinskom i njegovu rodu [His Majesty's Heretic: History of Juraj IV. Zrinski and His Family]*. Zagreb: Barbat, 2001.

Švoger, Vlasta. *Ideali, strast i politika: život i djelo Andrija Torkvata Brlića [Ideals, Passion and Politics: The Life and Work of Andrija Torkvat Brlić]*. Zagreb, Slavonski Brod: Hrvatski institut za povijest, Podružnica za povijest Slavonije, Srijema i Baranje, 2012.

Taylor, A. J. P. *The Habsburg Monarchy, 1809-1918: A History of the Austrian Empire and Austria-Hungary*. New York: Harper Torchbooks, 1965.

———. *The Course of German History*. London; New York: Routledge Classics, 2001.

Tomasevich, Jozo. *Peasants, Politics, and Economic Change in Yugoslavia*. Stanford, Cal: Stanford University Press, 1955.

Tomljanovich, William Brooks. *Biskup Josip Juraj Strossmayer: nacionalizam i moderni katolicizam u Hrvatskoj [Bishop Josip Juraj Strossmayer: Nationalism and Modern Catholicism in Croatia]*. Dom i svijet, 2001.

Van Bath, Slicher. "Agriculture in Vital Revolution." In *Cambridge Economic History of Europe. Volume 5. The Economic Organization of Early Modern Europe*, edited by E.E. Rich and C.H. Wilson, 42–133. London; New York: Cambridge University Press, 1977.

Terlouw, C.P. *Regional Geography of the World-System*. Utrecht: State University of Utrecht, 1992.

Teschke, Benno. *The Myth of 1648: Class, Geopolitics, and the Making of Modern International Relations*. London: Verso, 2003.

———. "Bourgeois Revolution, State Formation and the Absence of the International." *Historical Materialism* 13, no. 2 (June 2005): 3–26. <https://doi.org/10.1163/1569206054127273>.

———. "IR Theory, Historical Materialism and the False Promise of International Historical Sociology." *Spectrum: Journal of Global Studies* 6, no. 1 (2014): 1–66.

Thomas, Peter D. *The Gramscian Moment: Philosophy, Hegemony and Marxism*. Brill, 2009.

Tribe, Keith. *Strategies of Economic Order: German Economic Discourse, 1750-1950*. Cambridge [England]: Cambridge University Press, 1995.

Tomašić, Dinko. "Razvitak građanske ideologije u Hrvata [The Development of Bourgeois Ideology among Croats]." In *Društveni i politički razvoj Hrvata. [Social and Political Development of Croats]*, 198–223. Zagreb: Naklada Jesenski i Turk, 2013.

Trimberger, Ellen Kay. "A Theory of Elite Revolutions." *Studies in Comparative International Development* 7, no. 3 (September 1, 1972): 191–207. <https://doi.org/10.1007/BF03041090>.

———. “State Power and Modes of Production: Implications of the Japanese Transition to Capitalism.” *The Insurgent Sociologist* 7, no. 2 (Spring 1977): 85–98.

Trotsky, Leon. *The War Correspondence of Leon Trotsky. The Balkan Wars 1912-1913*. New York, London: Pathfinder, 2001.

———. *History of the Russian Revolution*. Chicago, IL: Haymarket Books, 2008.

Valentić, Mirko. “Osnovni problemi u ekonomici Hrv.-slav. krajine od 1850.-1873. [Basic Problems in the Economics of Croatian-Slavonian Frontier 1850-1873],” *Historijski Zbornik* 17 (1965): 89–102.

———. *Vojna krajina i pitanje njezina sjedinjenja s Hrvatskom 1849-1881 [The Military Frontier and the Question of its Unification with Croatia 1849-1881]*. Zagreb: Centar za povijesne znanosti Sveučilišta, Odjel za hrvatsku povijest: Institut za historiju radničkog pokreta Hrvatske: Školska knjiga, 1981.

———. “Hrvatsko-slavonska Vojna krajina 1790-1881 [Croatian-Slavonian Military Frontier 1790-1881].” In *Vojna krajina. Povijesni pregled-histografija-rasprave [The Military Frontier: Historical Overview-Historiography-Debates]*, edited by Dragutin Pavličević, 57-94. Zagreb: Sveučilišna naklada Liber, 1984.

Varga, János. *A Hungarian Quo Vadis: Political Trends and Theories of the Early 1840s*. Budapest: Akadémiai Kiadó, 1993.

Vermes, Gábor. *Hungarian Culture and Politics in the Habsburg Monarchy, 1711-1848*. Budapest: Central European University Press, 2014.

Veselica, Vladimir. “Predgovor.” In *Hrvatski glavničar ili: putokaz k narodnoj obrnosti a kroz ovu k narodnjemu blagostanju [The Croatian Capitalist or: A Guide to National*

Industriousness and Through it to National Prosperity], 11–57. Zagreb: Dom i svijet, 2007.

Walker, Richard. “Karl Marx between Two Worlds: The Antinomies of Giovanni Arrighi’s Adam Smith in Beijing.” *Historical Materialism* 18, no. 1 (2010): 52–73.

Wallerstein, Immanuel. *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. San Diego, Calif: Academic Press, 1974.

———. “The Rise and Future Demise of the Capitalist World System: Concepts for Comparative Analysis.” *Comparative Studies in Society and History* 16, no. 4 (September 1974): 387–415.

———. *Mercantilism and the Consolidation of the European World-Economy, 1600-1750*. New York: Academic Press, 1980.

———. *The Politics of the World-Economy: The States, the Movements, and the Civilizations: Essays*. Cambridge [Cambridgeshire]: Cambridge University Press, 1984.

———. *The Second Era of Great Expansion of the Capitalist World-Economy, 1730-1840s*. San Diego: Academic Press, 1989.

———. *The Capitalist World-Economy: Essays*. Cambridge: Cambridge University Press, 1991.

———. “The West, Capitalism and the Modern World-System.” *Review* 15, no. 4 (1992): 561–619.

———. *Historical Capitalism with Capitalist Civilization*. London: Verso, 1996.

———. “Merchant, Dutch or Historical Capitalism?,” *Review* 20, no. 2 (Spring 1997): 243-254.

———. *The Essential Wallerstein*. New York: The New Press, 2000.

———. *World-systems Analysis: An Introduction*. Duke University Press Books, 2004.

———. *Centrist Liberalism Triumphant, 1789/1914*. Berkeley: University of California Press, 2011.

———. “Prologue to the 2011 Edition.” In *The Capitalist World System I. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, xvii–xxx. Berkeley, Los Angeles, London: University of California Press, 2011.

Waltz, Kenneth Neal. *Theory of International Politics*. New York: McGraw-Hill, 1979.

Weiss, Gilbert, and Ruth Wodak. “Introduction: Theory, Interdisciplinarity and Critical Discourse Analysis.” In *Critical Discourse Analysis. Theory and Interdisciplinarity*, edited by Gilbert Weiss and Ruth Wodak, 1-32. New York: Palgrave MacMillan, 2003.

Winkler, Heinrich August. “Gesellschaftsform und Außenpolitik. Eine Theorie Lorenz von Steins in zeitgeschichtlicher Perspektive.” *Historische Zeitschrift*, no. 2 (1972): 335-362. <https://doi.org/10.2307/27617089>.

Wood, Ellen Meiksins. *The Origin of Capitalism: A Longer View*. New ed. London: Verso, 2002.

———. “The Question of Market Dependence,” *Journal of Agrarian Change* 2, no. 1 (January 1, 2002): 50–87, <https://doi.org/10.1111/1471-0366.00024>.

———. *Empire of Capital*. New York: Verso, 2003

———. *Citizens to Lords. A Social History of Western Political Thought from Antiquity to the Middle Ages*. London ; New York: Verso, 2008.

———. *Liberty and Property. A Social History of Western Political Thought from Renaissance to the Enlightenment*. London; New York: Verso, 2012.

Wright, Erik Olin. “Giddens’s Critique of Marxism.,” *New Left Review* I, no. 138 (1983): 11–35.

Zacarés, Javier Moreno. “Beyond Market Dependence: The Origins of Capitalism in Catalonia,” *Journal of Agrarian Change*, online version, accessed August 30, 2018, <https://doi.org/10.1111/joac.12263>.

Zanden, J. L. Van. “The ‘Revolt of the Early Modernists’ and the ‘First Modern Economy:’ An Assesment.” *Economic History Review* 55, no. 4 (2002): 619–41.

Zolberg, Aristide. “Origins of the Modern World System: A Missing Link.” *World Politics* 33, no. 2 (January 1981): 253–81.