

PIIGSty History



GERMANY: Otto von Bismarck's Domestic Policy (1870-1878)

Otto van Bismarck was by no means your typical democrat (in fact, he was quite anti-democratic, right-wing, and anti-Catholic) but his actions have had an enormous impact on European Affairs ever since. Bismarck was Minister President (effectively Prime Minister) of the Kingdom of Prussia, a powerful and vast German state, spanning the Northern part of today's Germany from the Belgian/French border deep into today's Poland.



Prussia consolidated its power by forming a loose confederation of smaller northern states (North German Confederation). Southern states were encouraged by Bismarck to end their relationship with France and its King, Napoleon III. This led to the Franco-Prussian War of 1870-1871 (which France lost), leaving Prussia as the most powerful state in Western Europe.

After the war, those states agreed to unify under the political and economic leadership of Prussia. The proposed German Empire (or *Reich*) would consist of 25 German states plus the annexed French territory of Alsace-Lorraine. The positions of President of the North German Confederation and King of Prussia were to be united under the title of German Emperor. In January 1871, the state princes gathered in France's Versailles Palace where Wilhelm I, the King of Prussia, was proclaimed Emperor Wilhelm of the German Empire. Bismarck, as Minister President (Prime Minister) of Prussia and Federal Chancellor of the North German Confederation, became the Imperial Chancellor of the German Empire in March 1871.

Under the new 1871 constitution, the federal government would consist of an **Executive** (Emperor and Chancellor - the Emperor being solely responsible for appointing and dismissing the Chancellor), **Reichstag** (Parliament) and **Bundesrat** (Senate). Wilhelm would continue to hold extensive powers including: final approval for all laws; ability to assemble or dismiss the Reichstag/Bundesrat and complete control of foreign policy as commander-in-chief of the armed forces. Existing administrators (Kings, Grand dukes, Landgraves) would retain their power as each state would continue to have its own rulers, constitution and parliament with control over local affairs. The unity of this new Empire would be deepened through a process of 'Prussification' incorporating a new currency (Reichmarks), a unified federal bank (Reichbank) and a postal service (Reichpost). Berlin, the capital of Prussia, would be the new capital of the Empire.

Economically, the early years of the German Empire were beset by the double punch impact of a series of bad harvests and heavy competition from the powerhouse economies of Russia and the United States. Germany was a major world producer of chemicals but was significantly uncompetitive in agriculture, its dominant sector. Bismarck, a 'Junker' (conservative, upper-class land owners of large estates), sought to protect farmers through protective tariffs to make the Empire more self-sufficient, known as import substitution, making imports prohibitively expensive and encouraging Germans to buy German. The aim was to boost the yield of German agricultural lands and encourage innovation. In science and technology, new agricultural techniques also sought to reduce interference from foreign powers. As the economy began to grow, population grew and the wealth of the elite increased. Bankers were increasingly becoming directors and advisors to private firms and inequality grew. Bismarck in particular wanted to protect the cartel system which kept industries concentrated and consolidated, limited competition and addressed over-competition to control prices and enhance profitability. Growth was aided by infrastructural development in particular the expansion of the German railway network (radiating from the capital Berlin), boosted by the heavy material benefits (iron and coal) of the newly acquired territory of Alsace-Lorraine and the valuable Ruhr region. German industrialists and innovators began to excel with Germany's Siemens pioneering electric street lighting as other industries witnessed huge innovative leaps forward including a new smelting processes and development of a synthetic dye.

As a devout Lutheran (Protestant), Bismarck held substantial animosity toward minority German Catholics, just over 1/3 of the population of the new Empire. To Bismarck, it was impossible for Catholics (who opposed him) to be both loyal to the German state and the Church (through the papacy). Papal beliefs in particular opposed Bismarck in many ways. To unite Germans and destroy the political influence of the Catholic Church, a campaign to suppress Catholics called the 'struggle for

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civilisation' or Kulturkampf began in 1872, but confined to Prussia which was fully under Bismarck's control. This involved the abolition of the Catholic section in the Ministry of ecclesiastical and educational affairs, forbidding the clergy to mention politics, and banning the Jesuits from preaching. This was supplemented by the 'May Laws' which brought Catholic education, civil marriage and appointments under state control while German universities were forced to promote German loyalty. By 1876, all Prussian bishops were imprisoned or in exile. National Liberals (loyal to Bismarck) supported this campaign, the fledgling Catholic Centre Party (Zentrum) rallied those discontented with Bismarck's heavy handed regime with support across the social classes. Despite best efforts, Bismarck's Kulturkampf failed. Support for the Centre Party boomed (doubled between 1874-1881) and Wilhelm's disapproval became more trenchant as disunity grew across the Empire. Upon the election of Pope Leo XIII, a compromise was reached with most laws abolished.

Industrialisation continued apace but urbanisation led to increased socialist activity in the cities. With support for the Social Democrats (SPD) growing as the empire industrialised and with memories of the 1848 socialist revolution in mind, Bismarck turned his passionate hatred for socialism - the 'red terror' - into a campaign of destruction to preserve German civilisation. Blaming the SPD on two attempted assassination attempts on Emperor Wilhelm I in 1878, Bismarck proposed a series of draconian anti-socialist legislation including banning meetings, trade unions and socialist publications, heavy fines and jail for dissidents (up to 1800 jailed). Authorities were empowered to expel socialist agitators but coercion was not relied on fully. Bismarck also introduced soft reforms to 'kill socialism with kindness' proving the non-socialist government could reform their lives by offering free medical treatment, free compulsory education, an old age pension scheme, sickness insurance and a system of 'state socialism' to give dissidents a stake in the empire. Despite this, the SPD and working class solidarity rallied to become the most organised and disciplined party in the Reichstag. Bismarck, as with the Catholics, capitulated and changed the policy in 1879.