

Alice Teichova, Herbert Matis, eds. *Österreich und die Tschechoslowakei: 1918-1938. Die wirtschaftliche Neuordnung in Zentraleuropa in der Zwischenkriegszeit*. Vienna: Böhlau Verlag, 1996. 419 pp. DM 92.00 (cloth), ISBN 978-3-205-98602-7.

Reviewed by Catherine Albrecht (University of Baltimore)
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Comparing Interwar Economies

The historical study of East-Central Europe has tended to follow political change and to accept and reinforce redrawn boundaries. The history of the interwar era thus is usually written from the point of view of the successor states. The volume under review reminds readers that the newly independent states of East-Central Europe remained economically interdependent after World War I. It illustrates how governments, banks, businesses, and voluntary associations in Austria and Czechoslovakia attempted to balance political demands for independence with the economic need for cooperation. One of the most useful features of the book is that nearly all of articles are written jointly by scholars of Czechoslovakia and Austria. The comparative perspective is thus fully integrated into each essay.

At the same time, the articles are themselves bound by the new territorial arrangements of the 1990s. The most obvious comparison is between the former Bohemian crownlands and Austria. Both were industrialized and highly interdependent, with Bohemia and Moravia providing raw materials, energy resources, semi-finished products, and foodstuffs to Austria, and Vienna remaining the financial and commercial center for regional trade. Less-industrialized, rural Slovakia and its relationship with Hungary are given scant attention. The emphasis in many of the articles on governmental policies and financial and economic negotiations between states reinforces this focus on the lands of the current Czech and Austrian republics to the exclusion of Slovakia. A companion volume examining the economic

“new order” in Hungary and its successors would be welcome.

Czechoslovak-Austrian economic relations were influenced by more than a simple trade-off between political and economic considerations. As the articles make clear, both countries found their economic policymaking embedded in a complex series of sometimes contradictory calculations. The formal structures of each newly independent economy had to be established within the constraints imposed by the rather arbitrary allocation of resources, the extreme shortages and distortions brought about by war, the dictates of the peace treaties, internal political dynamics, and foreign policy considerations. Vienna and Prague competed for the position of financial capital of East-Central Europe, and both Austria and Czechoslovakia sought to function as “bridges” in east-west and north-south trade. However, neither country was strong enough to block the expansion of German economic and financial interests into the region.

Zdenek Jindra uses the reports of official German representatives to analyze the economic collapse of Austria-Hungary in the last two years of the war. Shortages of food and coal reached critical levels by 1917. Food shortages, in particular, were exacerbated by the dual structure of the monarchy, since Hungary could not be compelled to supply Austria with desperately needed grain. Lack of food exacerbated national and political conflict, as Czechs (among others) were blamed for withholding foodstuffs from the market. Ultimately, the collapse

of food production and distribution signalled the state's eroding authority and legitimacy.

Karl Bachinger and Vrstislav Lacina examine the economic separation of Austria and Czechoslovakia immediately following the war. Their contribution directly challenges some commonly accepted historical interpretations. Bachinger and Lacina contend, for example, that in the last decades of the Habsburg monarchy, centrifugal tendencies were stronger than integrative factors (p. 51). They also argue that there has been a tendency to overestimate the resources of Czechoslovakia and to underestimate those of Austria (p. 54). Such traditional evaluations have their origins in the immediate postwar era, when the new Czechoslovak state and economy were greeted with hope, while in Austria pessimism and conviction that the new state was not economically viable prevailed. As Bachinger and Lacina point out, "Die These von der wirtschaftlichen Lebensunfaehigkeit Oesterreichs entsprang also nicht einer rationalen Analyse der ererbten Ressourcen, sondern sollte primaer den Anschlussambitionen den Anstrich oekonomischer Notwendigkeit verleihen" (p. 66). This politically motivated pessimism was not necessarily shared by business leaders.

The economic policies adopted immediately after independence by the Czechoslovak government were intended to separate the Czechoslovak economy decisively and quickly from that of the now-defunct monarchy. Currency reform, land reform, and nostrification were also designed to forestall social revolution, strengthen the position of the Czech bourgeoisie, and ingratiate Czechoslovakia with the Allied powers. The longer-term and more intractable problem of integrating Slovakia with the Bohemian lands was not addressed effectively until the later 1920s and 1930s. As a defeated state, Austria faced different economic challenges in the immediate aftermath of the war. Concerns with Anschluss, political competition between Christian Socials and Social Democrats, and lack of consensus about the direction in which Austria should develop combined to push economic concerns to the margins. Interestingly, data from the 1920s show that, contrary to accepted interpretations, inflation and currency policies had no enduring impact on the rates of economic growth in Czechoslovakia and Austria (p. 86). As other articles in the volume make clear, however, deflationary policies exacerbated the effect of the depression in Czechoslovakia, while Austria's experience with inflation made foreign creditors reluctant to loan it money during the crucial early years of the depression.

Josef Faltus and Alice Teichova present an interesting comparison of the experiences of Czechoslovakia and Austria with postwar inflation. Their analysis demonstrates how divergent currency policies helped Czechoslovakia separate its economy from that of Austria. Inflation succeeded in lowering Austria's internal debt by 50 percent, while stabilization practically erased it (p. 151). Postwar social demands in Austria could only be met by high levels of government spending. The new government lacked the will and the legitimacy to impose effective restrictions on spending. As Peter Berger, Jiri Novotny, and Jiri Sousa point out in their article on Czechoslovakia's participation in the reorganization of Austria's finances, the Austrian government was able to blame internal reforms and hardships on the requirements imposed by foreign creditors. Nonetheless, Austria was not able to use foreign loans to modernize its economy or expand its productive facilities. Instead, loans went to pay for government spending in the short term. Czechoslovakia's decision to participate in international loans and trade agreements with Austria was based to a large extent on political and foreign policy considerations. Since inflation was seen as destabilizing and dangerous by the Allies, Czechoslovakia hoped to lighten its debt and win Allied favor by helping to stabilize Austria's finances.

The final chapter in the book, by Drahomir Jancik and Herbert Matis, discusses various plans for "Eine neue Wirtschaftsordnung fuer Mitteleuropa." There was a great deal of interest in a regional economic union, but the main stumbling block remained the difficulty in reconciling common economic interests with the needs of independence. Integration plans were advanced by Czechoslovak leaders, by the Mitteleuropaeischer Wirtschaftstag in Vienna, and by French, Italian, and, of course, German interests. Various attempts to make the Little Entente the basis for an economic customs union foundered on the competition among agricultural producers. Hungary remained hostile to most plans proposed by Czechoslovakia. And the Great Powers sought to counter each other's moves in the area. In the end, only Germany had the industrial and financial power to impose its own version of economic cooperation in East-Central Europe.

The articles in this volume contribute greatly to our understanding of both economic development and economic policymaking in Czechoslovakia and Austria. The book is not comprehensive, however. It would be strengthened by additional chapters on the theoretical underpinnings of economic policymaking and on the in-

fluence of bureaucratic and business elites on economic decision making.[1] Also lacking is a comprehensive treatment of the late 1920s. With only a few exceptions, the articles deal either with the immediate postwar era or with the challenges of the depression. Better coordination among the existing articles would help eliminate unneeded repetition of such topics as currency reform, nostrification, wartime shortages, and inflation. A separate chapter on nostrification would be useful, especially if it included an analysis of the impact of Czechoslovak nostrification on Austria.[2] These are, of course, recommendations for future research and scholarly collaboration.

A more serious weakness of the volume is the uneven level of analysis. Many of the articles present masterful, in-depth analyses that both summarize the authors' previous work and, thanks to the comparative perspective, add to our understanding of the dynamics of the interwar economy in Austria and Czechoslovakia. Other pieces, however, are focused narrowly on transportation, the insurance industry, or national income, without placing their subjects in the larger analytical framework of the volume as a whole. These topical essays would be more successful if they were expanded

both in the depth and the breadth of their analysis. The most stimulating essays use new archival sources and the synergy of collaboration among the co-authors to challenge and refine accepted interpretations of the relative strength and success of both the Czechoslovak and Austrian economies during the interwar era. *Oesterreich und die Tschechoslowakei, 1918-1938* is highly recommended; the fine bibliography will provide readers with a guide to additional reading.

NOTES:

[1]. For a recent attempt to assess economic policymaking in Czechoslovakia, see Vlastislav Lacina and Lubomir Slezak, *Statni hospodarska politika v ekonomickem vyvoji prvni CSR* (Prague: Historicky ustav, 1994).

[2]. Vlastislav Lacina, "Nostrifikace podniku a bank v prvnim desetileti Ceskoslovenske republiky," *Cesky casopis historicky* 92/1 (1994): 77-92.

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