



Rupert Pichler. *Die Wirtschaft der Lombardei als Teil Ö?sterreichs: Wirtschaftspolitik, AuÖ?enhandel und industrielle Interessen, 1815-1859.* Berlin: Duncker & Humblot, 1996. 330 pp. DM 128,00, paper, ISBN 978-3-428-09031-0.



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Although Metternich is said to have proclaimed, "Italy is no more than a geographic concept," the "Italian Question" in its various guises played a key role in the Habsburg Monarchy's affairs throughout the nineteenth century. That Vienna's economic policy-makers also regarded Northern Italy as a region deserving of intense attention could hardly be deduced from recent, standard economic histories. Most of them make some brief references to developments in Venetia-Lombardy under Austrian rule, but to the best of my knowledge none of them deals with the region in great detail.

Speculation about the reasons for this state of affairs might include scholars' primary concern with questions of economic development during the reign of Franz Joseph, their interest in Vienna's drive to extend its commercial influence in eastern and southeastern Europe, and their attendant concentration on the Monarchy's efforts to catch up with the second industrial revolution. The fact that an economist, albeit one with historical interests, had to be recruited to write this review may suggest something about the "depth of

the field" of economic historians interested in the subject. Be that as it may: Caveat lector!

Pichler's survey of the Lombardian economy under Habsburg rule helps to redress the balance. His work can be read as a highly specialized analysis of a relatively brief episode in the development of one of the realm's peripheral regions. Seen in a broader context, however, it also provides one more case study of how Austrian politicians and bureaucrats--pursuing inconsistent aims with inadequate means--failed in their efforts to integrate the realm into a reasonably coherent economic structure. One may argue, of course, as the author ultimately does: that in this particular instance Vienna was bound to stumble, since in the political sweep of the Risorgimento it faced opposition even more implacable than that of its Slavic subjects, at least during the period in question.

The author presents his story in seven well-organized chapters. Before turning to these, however, I must break with convention and offer one criticism at the outset, rather than at the conclusion of my review. This concerns Pichler's habit of

citing his Italian sources in the original language, often starting or interspersing sentences with a verbatim quote and finishing them in German. My kitchen Italian enabled me to decipher most of these, but it is surely presumptuous to expect all readers to be bilingual, as the author obviously is.

Chapter One introduces some salient background material from Austrian and Italian history. In particular, it deals with the question of possible cause-and-effect connections between economic factors and the development of "nationhood." Pichler does not answer the question directly but culls several theses from the literature. Let me mention just one, on which the author dwells at considerable length: that the push toward the formation of larger nation-states can be seen as the product of an emergent commercial-industrial bourgeoisie's striving for larger, integrated markets. Although attractive to an economist, this is a thesis rife with contradictions. In the case of Cisleithania, it would imply that integrative, economic interests could have overridden the centrifugal forces of some seven or eight "national" interests.

And while Lombardian merchants and manufacturers appeared more ready than other groups to accommodate themselves to participation in the Habsburg realm's economy, their influence on political developments was minimal. The drive for a unified Italian nation was carried forward by the landed aristocracy and intellectuals. If we add to this the fact that the Lombardian economy's ties with the rest of Italy were much weaker than those with western Europe, we must conclude that—the claims of Italian historians notwithstanding —economic interests played an insignificant role in the province's eager participation in the push for national unity. To be sure, producers and traders chafed under Austrian policies aimed at isolating them from their traditional outlets, but this is not to say that they regarded unification as a satisfactory substitute for access to these other markets. The author ends

the chapter rather diffidently: "...once one knows the European history of the twentieth century, it is certainly difficult to extricate oneself from the inner contradictions of the Habsburg Monarchy, but also of Italy..." (p. 37).[1]

In Chapter Two, "Wirtschaft, Politik und Unternehmer" [The economy, politics, and entrepreneurs] Pichler attempts a reconciliation of contemporary approaches to the study of economic change, including cliometrics, with the recognition of entrepreneurs and policy-makers as drivers of this change. His contention that recent, standard histories fail to pay due attention to the role of individual entrepreneurship seems worth discussing, but he surely sets up a straw man when he claims that "...because of the American work on Austrian economic history, entrepreneurial history has been forced into the background..." (p. 52). Whatever the other merits of this discussion, Pichler reminds us of an important fact: in contrast to the liberal spirit of the *Gruenderzeit*, in the period with which he is concerned "entrepreneurship" meant, inter alia, drawing on the full panoply of the state's cameralist-mercantilist institutions and policies. If the Lombardy's (and indeed the whole Habsburg realm's) entrepreneurs of this period had a patron saint, it was Friedrich List, not Adam Smith.

Having dealt with these preliminaries, in Chapter Three the author presents a precis of Lombardy's economic geography and history. This excellent summary, together with the statistics summarized in Chapter Seven, goes a long way toward explaining why the province was coveted by Austria, which had previously ruled it from 1713 to 1796, as well as by France, which during the Napoleonic era effectively introduced its own legal and economic institutions, thus tying the province more closely to western European economies.

The fertile plain of the Po formed what Pichler refers to as "the heart of capitalistic agriculture" (p. 66), where the aristocratic absentee own-

ers of large estates had developed a highly effective managerial organization of production. With rice, cereals, cattle and dairy products as their main outputs, these rich farmlands supplied the province's urban settlements and exported surpluses via the river route or through the port of Genoa. The hill country to the north was the center of silk production, which the author calls "...the decisive datum in the country's economic development" (p. 68). By comparison, the isolated Alpine regions were of minor significance, especially since small-scale land holdings hampered the development of an efficient agriculture. Their residents' main contribution to the province's economy may well have consisted of extensive smuggling operations across the passes to Switzerland and Tyrol.

In order to learn why Vienna considered Lombardy a prize, political troubles notwithstanding, one must jump to Chapter Seven, "Der Stellenwert der Lombardei im Rahmen der oesterreichischen Wirtschaft" [The value of Lombardy in the context of the Austrian economy]. Here Pichler presents a large number of quantitative indicators, of which I shall cite just a few. In terms of gross regional product, the province ranked only behind Lower Austria and Styria; its manufacturing output was exceeded only by Bohemia and Lower Austria; and in terms of total exports it took second place, just behind Lower Austria. Industrial production was dominated by silk textiles, which accounted for almost one-third of total output, followed by dairy products, leather goods, linen, and cotton goods. Metal products, mostly iron-based, and paper accounted for but small proportions of regional manufacturing (p. 280).

According to a common view of economic growth, the province's agriculture and its agriculture-based processing industries should have provided a strong foundation for an "export-led take-off into industrial modernization," i.e., with agricultural exports providing the capital for the ex-

pansion of manufacturing not based on agricultural raw materials. For reasons that form one of the main strands in Pichler's story, no such takeoff did in fact occur under Habsburg rule.

This story can be found in Chapters Four to Six. They deal, in chronological order, with a lengthy adjustment period, during which the Austrians grappled with the problems of setting up an administration and implementing appropriate rules; with developments during the *Vormaerz*, starting in the early 1830s; and finally with the years from 1848 to the loss of the province, in 1859. Of necessity, this is a very convoluted account. Let me focus on what I consider some of its most important aspects.

On the face of it, the goals for Vienna's economic policies were rather clear-cut. Once Lombardy had been returned to the Habsburgs by the Congress of Vienna, the province had to be cleansed of its Napoleonic institutions, weaned from its western European ties, and at the same time prevented from developing closer ties with its Italian neighbors to the south and west. Pursuit of these goals required the establishment of a regional governmental structure, the implementation of measures that would increase Lombardian trade with Cisleithania, and the development of a transportation system that would connect the province with the Austrian heartland. A subsidiary objective here was to divert the province's exports from Genoa to Venice and Trieste.

In execution, policies fell far short of these goals, and not only because of Italian resentment and obstructionism. Political vacillation and bureaucratic indolence made for a bad start: it took years before the question of how the province should be governed began to be addressed seriously, instead of just being discussed in Vienna circles (pp. 86ff.). Pichler puts his analysis of this period largely in terms of the generic conflict between Vienna's centralist administrative rigidity and the need for flexibility in dealing with a politically sensitive set of issues. This is an attractive

framework, but in his account of the same period, John Rath identified the root causes more bluntly, when he wrote that the Austrians were "...almost surprisingly clumsy, slow and inefficient in establishing a new government in the recently acquired Italian provinces." [2]

The administrative apparatus finally put in place was clumsy as well, mainly because it left unclear the authority and responsibilities of various levels in the hierarchy, from the provincial government in Milan to the district administrators. The work of a number of ad hoc "commissions" further muddied the waters. As a result, many measures were promulgated, modified, riddled with exceptions, and then often countermanded by Vienna. If it is true that businessmen dislike uncertainty even more than adversity, then this alone would help to account for the fact that few Lombardians were willing to face the risks of founding new enterprises or expanding existing ones. In other words, industrial stagnation might have resulted even if the same mending policies had been implemented by a government more congenial to the Italians.

As Pichler makes abundantly clear in his discussion of Vienna's economic policies, these consisted almost exclusively of the use of import and export duties aimed at re-orienting the Lombardy's trade in desired directions. In the process, he distinguishes between "prohibitive" and "protective" tariffs, a distinction that seems hard to justify, not only because of the absence of adequate trade statistics but also because it would be difficult to speculate on what sectoral trade flows might have been in the absence of targeted commercial policies. We may surmise, however, that the export duties levied on Lombardian products were not prohibitive, because throughout the period they yielded revenues eight to ten times higher than those of any other province (Table 21, p. 287). The problem was further compounded by the fact that restrictive measures encouraged

smuggling, of both imports and exports, on a very large scale (pp. 115ff).

There was, of course, no unified regional interest in commercial policy. Thus, for example, producers who relied on indigenous raw materials welcomed protection against competition from outside the Monarchy. Others, who were dependent on raw material imports, such as the cotton processors, advocated freer, if not totally free, trade. The manufacturers of iron and other metal products, who had previously led a sheltered (and inefficient) existence, considered themselves threatened not only by government policies but also by high-quality competition from Bohemia and Styria. Here again, however, local conditions also militated against improvements. Even if the more venturesome businessmen had wanted to modernize or expand their facilities, they had great difficulties in raising the required capital. The tradition of an "agro-commercially dominated society" (p. 157) as well as creditors' risk aversion meant that they expected loans to be secured by land. This was acceptable in financing agricultural investment, but it contributed to the industrial sector's relative stagnation.

Under these conditions it is not surprising that a vigorous "industrialization debate" remained an essentially academic and journalistic exercise, and this quite independent of whatever distinctive influence Vienna's policies might have had on longer-run developments (pp. 133ff). Pichler's efforts to be fair-minded in allocating blame to both the Austrian administration and to what today would be referred to as "endogenous structural problems" of the province's economy are commendable. One wishes, however, he had moved outside the strictly economic realm to examine also the obstructionism of the powerful aristocracy and the intelligentsia, both of whom—as Sked[3] argues at length—deeply resented Austrian overlordship.

The third leg of Vienna's policy, transport development, naturally focused on the new railroad

technology. Although roads in northern Italy probably were better than in many other regions, this is not saying much. Pichler deals with railroad development in two sections (pp. 183ff, and 267ff.). The story is not much different from that in other outlying provinces of the Monarchy.[4] Absent the purposeful implementation of a comprehensive planning concept, the proposals for routes were left to *Kirchturmpolitiker* ["church steeple politicians," i.e., those who put local interests above network considerations], propagandists, and speculators (p. 184). The outcome was a familiar one: Insufficient capitalization, financial failures, bail-outs by banks, and take-overs by the state, with the added absurdity that not all sections of the "system" were even built to the same gauge (p. 248). In terms of its goals, Vienna could show at least one dubious success: by 1859, Lombardian railroads had been pushed eastward to Venice and Udine, north to Trento, and south to Mantua, but there still existed no connections with the lines of Piedmont and Tuscany.[5]

In Chapter Six Pichler deals with the decade following the revolution of 1848. He refers to the event as a "... *Katastrophe (im griechischen Wortsinn)*" (p. 211) ["... a catastrophe (in the Greek sense of the term) ..."], thus suggesting a sense of inevitability that is no doubt justified but could hardly be deduced from his preceding account, which pays scant attention to the political climate outside the economic realm. In keeping with this view, he also argues that the insurrection--suppressed and followed by the notorious punitive measures of Radetzky's forces--had no more than a temporary influence on economic developments.

Nevertheless, Austrian commercial policy underwent significant changes, and these could not fail to benefit Lombardy. Most importantly, these changes involved a turning away from mercantilist principles toward a greater degree of liberalism. The ensuing attempts at reform of the tariff system, especially the abolition of embargoes and

the sharp reduction of export duties, were--as usual --only partially successful. Lombardian beneficiaries included especially the cotton-processing industry, which saw the import duty on raw cotton reduced to an insignificant level (p. 221). Furthermore, efforts to reform the province's banking system were aimed at making capital more readily accessible to industry. And finally, a customs union with Parma and Modena, though short-lived in its original form, gave Lombardian producers easier access to neighboring markets (pp. 231ff.).

In view of political developments, these stabs at reform were not even a case of "too little, too late," because this would suggest that, had they succeeded better than they did, the Habsburgs might have been able to hang on to Lombardy. In fact, of course, the province's loss, sealed at Villafranca, was no more than the denouement of Pichler's "Greek catastrophe." Setting these issues to one side, he points out that in any event the province joined the newly-united Italy as its strongest component, providing genuine "islands of progress" (p. 265) in an economy that otherwise lagged well behind western Europe.

The author ends his story, in which he had laboriously traced every twist and turn of Vienna's policies and their effects, on a somewhat disappointing note when he writes that the question of whether the province's comparative prosperity was due to these policies or to endogenous economic factors is "... in principle a secondary one ..." for his work (p. 265). And he retreats even further from any sort of summary judgment by arguing, "Therefore it can in any event be regarded as no more than an accidental product of economic policy if, in the long run, the Lombardy survived equally well under Austrian and Italian conditions" (p. 265).

In a final, unnumbered chapter entitled "*Schlussfolgerungen*," Pichler elaborates his conclusions at greater length, but the diffidence remains: "In sum, there were no compelling eco-

conomic reasons for the separation of the Lombardy from Austria or for the province's remaining 'inside,' nor, even less so ["vor allem"] for the formation of an Italian national state (p. 303). Ultimately, winners and losers were determined not by economic factors but by "grand politics" (p. 304).

This a perfectly noncontroversial view, but one would have hoped for some additional rigor, by way of a summing-up in terms of the author's interesting disquisitions in his first two chapters. The theoretical and methodological issues he had raised there are really not adequately reflected in the body of his work, or in his conclusions. What we are left with, then, is an exquisite piece of descriptive history. In fact, given the thoroughness with which Pichler has apparently mined his source materials, one is tempted to call the book a "definitive" economic history of the Lombardy under Austrian rule. In the face of such impressive scholarship, an economist's search for something more may be mere carping. I strongly recommend the book as a complement to the rather more numerous studies covering other parts of the Habsburg realm.

Notes:

[1]. The translations from the German of this and subsequent quotations are mine.

[2]. John R. Rath, "The Habsburgs and the Great Depression in Lombardy-Venetia, 1814-18," *Journal of Modern History*, 13/3 (1941), pp. 305-20.

[3]. Alan Sked, *The Decline and Fall of the Habsburg Empire 1815-1918*. (London: Longman, 1989), pp. 60ff.

[4]. See, for example, Gerhard Rosegger and John H. Jensen, "Transylvanian Railroads and Access to the Lower Danube," *East European Quarterly*, 29/4 (January 1996), pp. 427-48.

[5]. See the map in Andrew Wingate, *Railway Building in Italy before Unification* (Reading: Department of Italian Studies, University of Reading, 1970).

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