Hello and welcome history friends patrons all to the AOB episode 2. Last time we brought you back to the post-war period of late summer 1864, when Austria and Prussia appeared to squabble over the future of Schleswig-Holstein, the two Duchies which they gone to war with Denmark to liberate. Liberation would have to wait though, because Bismarck was much more interested in annexation, though it was not yet possible to realise this policy. To achieve it, the IC would have to tread carefully, and keep an eye out for Habsburg blundering. Fortunately for him, he did not have to wait long, but we left you on something of a cliffhanger last time, when we noted that one problem above all prevented Bismarck from attacking Austria in the spring of 1865. That key problem – I can now reveal – was simple. Prussia lacked the money. If this is something of an anticlimax, then Bismarck’s strategy for overcoming this problem is fascinating, as it allows us to examine a key behind the scenes player in Bismarck’s career: a Jewish banker by the name of Gerson Bleichröder. In this episode we will see how Bismarck fixed Prussia’s cashflow problems, transformed the situation in Schleswig-Holstein, and above all, ruined Austria’s day. It’s an incredibly juicy story, so without any further ado, I will now take you to the summer of 1865, when the unsung hero of Bismarck’s career was making his influence felt…

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Historians have long debated Bismarck’s motives in the aftermath of the Schleswig-Holstein war, but one thing is clear. By spring 1865, notwithstanding the IC’s confrontational policy towards Austria, Prussia did not have the money to sustain a war.[[1]](#footnote-1) Although the problem may appear mundane, Bismarck’s solution to Prussia’s lack of cash was anything but. In the last episode we mentioned Gerson Bleichröder, Bismarck’s banker. It may interest you to know that Bismarck never even mentioned Bleichröder in his memoirs, and it wasn’t until the 1960s, when the historian Fritz Stern unearthed this fascinating figure, that we acquired a more complete picture.[[2]](#footnote-2) Stern noted that Bleichröder and Bismarck were almost exact contemporaries, and that once the two were introduced in 1859, Bleichröder remained in Bismarck’s service until his death in 1893. Stern wrote that the story of Bleichröder and Bismarck was

one of reciprocal need and assistance. Bleichröder's role was in many respects anachronistic. In his service to Bismarck he stood somewhere between a traditional court Jew and a modern trouble shooter like Harry Hopkins. He served Bismarck in a wide variety of roles, in both public and private realms.[[3]](#footnote-3)

Harry Hopkins, if you weren’t aware, served as FDR’s advisor throughout the critical years of his presidency, enjoying close relationships with the President and his wife. It may help to imagine Bleichröder in a similar light, though I prefer to imagine him as Saul Goodman to Walter White. He was a fixer and financier, but also one of the few close personal friends Bismarck could be said to have had, despite the massive power imbalance between them. Notwithstanding years of pressure, particularly from antisemitic elements in Prussian and German society, Bismarck never dispensed with Bleichröder, perhaps understanding that by the end of his career, only Bleichröder could keep up with the wide range of interests the IC possessed. Privately, Bleichröder was Bismarck’s banker, handling his investments, taxes, income, landholdings and everything else a privileged nineteenth century statesman might need. Crucially though, Bleichröder was well connected to the Rothschilds, and the bank of S. Bleichröder established by his father had been the German agent to that bank since the 1830s. Through these contacts, Bleichröder could both acquire financial information from them, and pass information their way if it could be useful for Bismarck to have them know certain facts. As the Rothschilds were themselves in possession of an admirable information network, and could boast intimate connections to influential figures in London, Paris, and Vienna, this provided Bismarck with an indispensable third avenue of information, communication and, occasionally, pressure. But why would Bleichröder make himself so readily available to Bismarck, particularly when the IC’s exacting nature was well-known? Fritz Stern answers this for us as well, writing:

There was, to be sure, something incongruous about a relationship between two men so different from each other. What was it that linked the Jew – hedged in by apprehensions and uncertainties, a partial stranger in the land he loved too well, living off his intelligence, his integrity, his inexhaustible industry – and the Junker, with his early, Byronic self-confidence, his half-affected disdain of money, custom, and Jews, his irrepressible courage, and his soaring ambition? What they shared was an appetite for power and an appreciation of intelligence; what brought them together was their usefulness to each other.[[4]](#footnote-4)

Although Stern warns us that there was more to their relationship than Bismarck’s conferral of status to Bleichröder, and Bleichröder’s invaluable assistance to Bismarck in return, this appears to have been the foundations of it. We must know that Bismarck simply would not put up with anyone for so long if they ceased to be of use to him – one only needs to glance at the high turnover of staff among Bismarck’s underlings – so we can say with some confidence that Bleichröder must have been extremely good at his job. And it was certainly fortunate for Bismarck that he was. Not only did he possess any ally in Roon, the War Minister, and eventually the King, Bismarck was also surrounded by men of talent and vision, such as Moltke, and this trio were central to Prussia’s transformation over the years 1864 – 1871. Bleichröder slotted easily into these friendships, and Stern noted how strange it was that the banker vanished from Bismarck’s accounts later in life, when contemporaries in Prussia’s upper levels of government were well aware of him. And now we come to Bleichröder’s key role in the crisis looming before us, as Stern wrote:

In Bismarck's hardest days as Prussian Prime Minister, Bleichröder proved his beneficial loyalty. Dazzled by Bismarck's resourceful diplomacy, historians have lost sight of the fact that the wars of 1864 and 1866 posed major fiscal problems for a government that because of a recalcitrant Diet could raise no extra loans or new taxes. In that crisis Bleichröder pointed the way to an intricate and probably unconstitutional solution.[[5]](#footnote-5)

What solution was that? In short, Bleichröder was able to arrange the sale of the government’s right to own shares in the Cologne-Minden railway. Railways were a critical aspect of Prussia’s industrialisation, and it would Moltke’s ingenuity to realise their potential in times of war, where smaller groups of men could all be moved to the same place at once. It may sound obvious, but in 1865, perhaps only Prussia possessed the railway network sufficiently modernised and large to accommodate the stresses of war. As we will see in later episodes, Prussia’s effective leveraging of railways proved essential not merely to fighting the Austrians, but also the Saxons, Hanoverians, Bavarians, and Hessians, on multiple fronts at once. This Cologne-Minden Railway Company was the most important company of its kind in Germany, established in the Ruhr in 1843, and constructing, eventually, a long-coveted railway between Cologne in the Rhineland, and Minden. From this trunk line came other offshoots, linking Germans from different states, and having dramatic implications for ideas of German nationalism.

So, considering their utility, Berlin would naturally be interested in having a financial stake in them, not merely to receive the profits, but also to direct and control their growth. Indeed, more than half of Prussia’s railways were state owned. In this case though, with hard cash in short supply, the mission was to sell the government’s rights in the Cologne-Minden Company, a Company in which it owned a seventh of total shares. These were sold to a private party, and the transaction was entirely arranged by Bleichröder, through his contacts not merely in banking, but also through the railway company itself. Technically, Bismarck had no right to dispose of state assets without the approval of the Prussian Landtag, so he kept the details secret from them for now. Typically, the triumvirate of Bismarck, Moltke and Roon, were informed, and upon hearing of this transaction Roon was jubilant:

We have money enough to give us a free hand in foreign policy, enough, if need be, to mobilize the whole army and pay for an entire campaign. This gives our stance vis-à-vis Austria the necessary aplomb so that we may hope that they will give in to our reasonable demands without war, which none of us wants.[[6]](#footnote-6)

But Bismarck knew it wasn’t so simple. Although he was open to leveraging Prussia’s advantageous position against Austria’s looming bankruptcy, the money would not arrive until July 1866, so some alternative measures would have to be taken to fill the gap in the meantime. However, Roon was correct in the sense that war was not inevitable. If Bismarck could wrest concessions from Austria peacefully, then he would do so. Bleichröder kept Bismarck regularly updated with the state of Austrian finances, and the eighty million gulden in debt she had acquired. There were thus good grounds for meeting the Austrians in person once again, and impressing upon them the need for a compromise over the Duchies. In late July 1865, at King Wilhelm’s favourite spa of Bad Gastein, the Austrian representative met with Bismarck and Wilhelm. This time, the results were even more explosive.

To begin with, Emperor Franz Josef had fatally erred in sending Count Blome, Austria’s minister to Württemberg, to sound out the IC. Bismarck thought Count Blome an idiot with his ‘outmoded Byzantine-Jesuitical method of negotiating, full of tricks and dodges.’ Bismarck recorded playing cards with Count Blome in the evenings, and making excessively belligerent plays to scare the poor statesman. Bismarck wrote to a colleague that until King Wilhelm confirmed new arrangements with Franz Josef, he would have to ‘tack and weave’ because

As long as the King is here, and as long as we have not carried out our money operations, I have to be glad to let things hang tolerably in mid-air, because the moment we move in Schleswig-Holstein, the ball starts to roll and the stock market sinks.[[7]](#footnote-7)

These money operations were in their final stages though; over twenty-eight million thalers had been received from the sale of the railway shares, and though the money would not arrive until the following July, by mid-September the transaction had been finalised.[[8]](#footnote-8) These considerations foremost in his mind, Bismarck worked to take advantage of Blome’s inexperience. Indeed, Bismarck managed to persuade him to agree to a radical new interpretation of Austro-Prussian rule in the Duchies. We will recall that the recent war against Denmark had been fought, technically, to free Schleswig-Holstein from Danish rule, and place Augustenburg at the head of these two united Duchies. Bismarck’s manipulation of Augustenburg had since prevented that outcome, and the Duchies had existed in a state of limbo for some time. Austria had made some moves to clarify matters, and even attempted to advocate the return of Augustenburg to Holstein, in a motion put forward by Bavaria in the Diet, as we have seen. Although this motion passed in April 1865, the situation of the ground had not materially changed. Augustenburg did not return to power, despite residing in Holstein, and the purgatory continued. Since the end of the Danish war in August 1864, Schleswig was occupied by Prussian forces, and Holstein was similarly occupied by the Austrians, but the two Duchies were supposedly administered by the local agents on the ground, and were quasi-independent.

The agreement reached with Count Blome on 1 August 1865 changed all this. Blome agreed that Prussia should now administer Schleswig, effectively annexing it in all but name, and Austria would do the same in Holstein. The local governments were to be superseded by the conquering powers, in a move which may appear predictable to us, but which was very controversial at the time. If Austria and Prussia now assumed direct control, it hardly mattered that the Duchies were still technically sovereign and indivisible. Nor did it matter what the Schleswig-Holsteiners actually thought about the situation. The reason why this agreement matters so much is because it shattered once and for all any pretence of higher motives; these higher motives had supposedly compelled the Austro-Prussians, and the German Confederation, to press for war with Denmark with the justification that the Danes were restricting the rights of local Germans, and violating past agreements which had left the Duchies legally separate from Denmark proper. But this act of de facto annexation strongly hinted at ulterior motives; plainly, some complained, the two German states had intended to annex these lands, rather than grant them any form of liberation. The Schleswig-Holstein war had simply been a land grab, and disgusted contemporaries could exclaim that this had been the plan all along. Once again, Bismarck had taken a bold, public step in a controversial direction. However, because he dragged Austria along with him, there was little risk of retaliation from foreign quarters. It was one thing to condemn Prussia for its expansionism, but when Austria and Prussia were expanding in tandem, such criticism would be directed towards both powers, which made it easier to endure.

It was a similar tactic Bismarck had used when making war in the first place. By appearing to operate alongside Vienna, foreign observers would have to reckon with a united German opinion, rather than Berlin alone, which shielded Bismarck from any dangerous coalitions. That Count Rechberg realised his mistake in cooperating with Bismarck did not seem to prevent Count Blome from making a similar mistake. Otto Pflanze interprets much of Count Blome’s behaviour as a mixture of wishful thinking and naivety. Blome seems to have perceived Bismarck as a party man more interested in supressing democracy than expanding Prussian power, and he anticipated that by absorbing Schleswig, Prussia would acquire a gaping wound of nationalist irridentism in the same vein as Austria possessed in Venetia. This new acquisition, Blome expected, would make Prussia weaker, not stronger. Franz Josef, eager to avoid war, saw this agreement similarly, and the Gastein Treaty was the result of these hopes. Emperor Franz Josef approved it formally on 14 August 1865. To the Austrian Emperor, it meant the pacification of Prussian demands; surely, now that she had annexed Schleswig in all but name, Berlin would be satisfied. But the Emperor did not account for the decline in Austrian prestige among the middle German states which would follow this piratical act, since it meant the abandonment of Augustenburg once and for all, and the denial of German nationalist hopes and dreams which had spurred the war with Denmark in the first place.[[9]](#footnote-9) As Bismarck wrote to a colleague:

In Schleswig therefore from 1 September we rule alone and as sovereign. Nobody will be able to get us out again and it begins to look as if Austria will be willing to sell us Holstein. That we shall get it one way or the other, I no longer have any doubt.[[10]](#footnote-10)

Austria had lost the strategic initiative, but she also left herself vulnerable to foreign condemnation, particularly from the British, who had assumed upon Vienna’s conservatism. Any bad press which followed would now be shared by Berlin and Vienna, and by abandoning the moral high ground, any consequences which followed would be watched by an unimpressed Europe, who would interpret any Austro-Prussian war as a mere contest for the Schleswig-Holstein spoils. At the same time, it is worth noting the observations of Viscount Palmerston, the veteran British statesman and Liberal PM both at the time of the Schleswig-Holstein War, and the following summer in 1865, when Bismarck was making his moves. Although in his early eighties and, in fact, weeks away from death, Palmerston managed to write a striking letter to his colleague Earl John Russell in mid-September 1865, wherein he reflected not merely on what this new Austro-Prussian agreement meant for the Duchies, but what it meant for Europe. He began:

It seems to me rather late for the Queen…to have opened [her] eyes as to the injustice of the proceedings of the two German Powers, and the falsity of the allegations in which they have guarded their proceedings. What they are doing now is quite of a piece with what they did in the beginning of their quarrel with the King of Denmark about the Duchies. It was the Wolf and the Lamb from the beginning, and no wonder that the two wolves were too much for one lamb, however pugnacious that lamb showed himself, and the two wolves having got hold of what they wanted would hardly be expected to give up their prey out of a mere sense of what may be called posthumous justice.

To Palmerston then, having served in office in some form for six decades, this so-called Gastein Treaty was entirely predictable. Yet he also spared some scorn for his own Queen, who had interfered repeatedly in the Schleswig-Holstein crisis to prevent British intervention. As Palmerston reflected:

The fact is, as far as the Queen is concerned, that so long as the injustice committed appeared calculated to benefit Germany and the Germans it was all right and proper; but now that an example is about to be set of extinguishing petty states like Coburg, her sense of right and wrong has become wonderfully keen, and her mind revolts at the idea of consequences which grow naturally from the proceedings she approved of.

Yet, it was here that Palmerston’s note of condemnation became somewhat softened. It was all well and good to protest injustice, but when said injustice became history, and Britain was forced to deal with the facts of a new status quo, she should not refuse to deal with what this new reality meant, as he continued:

It is quite right that we should record our disapproval of the selfish and unprincipled conduct which Prussia has pursued and contemplates pursuing, and that we should express our sorrow at the participation of Austria in those proceedings. But there is a future as well as a present and a past, and it is one thing to condemn proceedings that have taken place or are intended, and which are dishonest and unjust, it is another thing to consider what effect those proceedings may have on the general interests of Europe… It is another question how those two Duchies, when separated from Denmark, can be disposed of best for the interests of Europe.

What Palmerston said next would have made Bismarck very pleased indeed. Occupied as he was by the traditional foes of France and Russia, the ailing PM did not seem to have imagined how extensively the balance of power could change in Europe within the next five years. From this position in September 1865, Palmerston thus opined that the best outcome would not be an independent Schleswig-Holstein within Germany, but a solution which would best meet the Franco-Russian threat:

I should say that, with that view, it is better that they should go to increase the power of Prussia than that they should form another little state to be added to the cluster of small bodies politic which encumber Germany, and render it of less force than it ought to be in the general balance of power in the world. Prussia is too weak as she is now is ever to be honest or independent in her action; and, with a view to the future, it is desirable that Germany, in the aggregate, should be strong, in order to control those two ambitious and aggressive powers, France and Russia, that press upon her east and west.

The final portion of Palmerston’s letter continued to emphasise where he perceived the true threat to Britain existed:

As to France, we know how restless and aggressive she is, and how ready to break loose for Belgium, for the Rhine, for anything she would be likely to get without too great an exertion. As to Russia, she will, in due time, become a power almost as great as the old Roman Empire. She can become mistress of all Asia, except British India, whenever she chooses to take it; and when enlightened arrangements shall have made her revenue proportioned to her territory, and railways shall have abridged distances, her command of men will become enormous, her pecuniary means gigantic, and her power of transporting armies over great distances formidable. Germany ought to be strong in order to resist Russia aggression, and a strong Prussia is essential to Germany strength. Therefore, though I heartily condemn the whole of the proceedings of Austria and Prussia about the Duchies, I own that I should rather see them incorporated with Prussia than converted into an additional asteroid in the system of Europe.[[11]](#footnote-11)

With his gaze focused on the balance of power, and Britain’s traditional enemies, Palmerston clearly failed to see – as did so many contemporaries – just what was in store for Berlin in the next few years, or the transformative impact on Prussian agency Bismarck had made. Not all statesmen in Britain were content to see matters in this light though. When the recipient of Palmerston’s letter, Earl John Russell, assumed the premiership after Palmerston’s death, he adopted a less generous view when Austro-Prussian tensions threatened imminent war.[[12]](#footnote-12) He wrote to his colleague in March 1866 to the effect that:

Austria and Prussia undertook the war against Denmark in violation of their treaty with England and against the remonstrances of England. England has spoken in defence of right; she cannot interfere in the division of the spoil.[[13]](#footnote-13)

By taking advantage of Blome’s naivety and Austrian poverty, Bismarck had radically altered the post-war arrangement in the Duchies, while simultaneously denying Austria any right to claim the moral high ground. Foreign observers, such as Russell above, would now lump the two states together in their unholy bargain. Worse for Austria, she was now condemned to cling to territory far from her own, and surrounded by potentially hostile Prussians. The smaller duchy of Lauenburg was also sold outright to Prussia, and it was upon receiving this first expansion of his territory that King Wilhelm granted Bismarck the honorary title of Count.[[14]](#footnote-14) The rights Prussia gained in Schleswig are also worth noting, and certainly do not read like a tale of a state taking on difficult new appendages. Berlin would now enjoy extensive rights to the Kiel Canal, and a strategically advantageous naval base; while her soldiers would have land access to the whole Duchy, which made it much easier to cause trouble in Austria’s Holstein possession.[[15]](#footnote-15) Perhaps to gain a clearer picture of state affairs, Bismarck was very happy to approve Manteuffel to be the new Prussian governor of Schleswig. Based in Kiel, Manteuffel could revel in his new viceregal status, and Bismarck removed another voice whispering in King Wilhelm’s ear. This appointment on 24 August 1865 confirmed that Prussia did intend to govern Schleswig as if it were a Prussian province which, for all intents and purposes, it now was.[[16]](#footnote-16) As Edward Crankshaw perceived:

One unfortunate consequence of the Gastein Convention (unfortunate for Germany and the world: fortunate for Bismarck) was the way in which Austrian complicity blurred and partly obscured the truth about Bismarck’s own design. Austria, on the face of it, had allowed herself to be tempted into corruption for the sake of territory which she did not want, which was of no conceivable use to her, and the possession of which was bound to bring her into conflict with the tempter. Perhaps the cleverest, most subtle, most malignant passage in Bismarck’s handling of the whole affair of the duchies on which he was to pride himself was the way in which he manoeuvred Austria into sharing his iniquity, thus softening the stark black outlines of his own behaviour.[[17]](#footnote-17)

Even worse news was to come for the Austrians. On 20 September 1865 the Emperor revoked the Austrian constitution, which made paying off the country’s deficit of eighty million gulden through parliamentary procedure nigh on impossible. The only solution appeared to be a foreign loan, but with Austrian credit in the toilet, the Rothschilds were unwilling to take on such a risky venture, and any conglomerate which did could be expected to charge punitive interest. Indeed, when Napoleon III arranged a loan to Austria of ninety million gulden from a consortium of French banks in late November 1865, Vienna would be required to pay an interest rate of 9% – an indication, as if it were needed, of Austria’s shaky financial position.[[18]](#footnote-18)

Typically, in diplomacy, Bismarck’s exploits shone even brighter. On the way back from Bad Gastein, Bismarck stopped in Biarritz. On the surface, Bismarck was merely vacationing, but the presence of Napoleon III at this holiday hot spot would surely have raised eyebrows in Vienna. For some time, Bismarck had attempted to use Prussia as a lever between Austrian and French relations. He could threaten Napoleon with a final Austro-Prussian settlement of territory, just as he would threaten Vienna with improved Franco-Prussian relations. In his conversations with the French, Bismarck was careful to emphasise that he would be open to redrawing borders; he would not stand in the way if Austria lost Venetia, while directing Napoleon’s ambitions towards Belgium and Luxemburg, and away from the Rhineland. The French were aghast at the Gastein Treaty, but Bismarck was quick to offer soothing words; Paris could expand wherever French was spoken, and Prussia would be content with hegemony north of the River Main.

Bismarck may have felt it necessary to flesh out these ideas in person, and in the first week of October 1865 he engaged in several conversations with Napoleon and his close advisors. We don’t know exactly what was said or even agreed, but we do know why. This was Bismarck securing his flank against a French intervention at an inopportune moment. The details may be murky, but they served Bismarck’s purposes. He recorded that Napoleon was happy to forget about what happened in Gastein, and that he would ‘dance the cotillion with us, without knowing in advance when it will begin or what figures it will include.’ Indeed, the diplomatic dance Bismarck engaged with depended upon the pacification of France, but Bismarck believed he had the measure of the French Emperor, understanding him to be weaker and more conservative than contemporaries, such as Palmerston, above, believed.[[19]](#footnote-19)

If Napoleon was concerned that Gastein did represent the end of Austro-Prussian hostility, and a salve to their rivalry, he would soon be reassured by Bismarck’s actions a few weeks later. Foreign powers may have been unwilling to intervene in the march on the Duchies, but the German powers were themselves extremely displeased. In Frankfurt, the city of the German Confederation and the place where Bismarck had once served as ambassador to its Diet, much was made of the need to protest this flagrant violation of German romantic nationalism, not to mention recently signed treaties. Austria was now locked in the impossible situation of jointly opposing the very pro-Augustenburg demonstrations she had once encouraged, because she, like Prussia, now had an active interest in preserving their control in the Duchies. Here we see the full extent of the catastrophe Count Blome had approved of. As Otto Pflanze observed, Bismarck’s guiding aim was to force Austria to choose between its Prussian alliance and the friendship with the other German States, which would in turn undermine the German Confederation once the beleaguered Austria made the predictable choice.

Here, Austrian FM Mensdorff seems to have finally run out of patience. He refused to echo the Prussian condemnation, and the German opposition to Gastein appeared to hang in the air. Had he been more generous, Bismarck might have admired Mensdorff’s determination to pick option C, but the defiance, unexpected or not, arguably confirmed that the Austrian alliance was on its last legs. Bismarck now informed a colleague that there could be no ‘half-relationship’ between Austria and Prussia; Vienna must choose between an ‘upright alliance’, or a war ‘to the knife.’[[20]](#footnote-20) The infusion of money from French banks also made it less likely that Austria would sell Holstein to Prussia, an option which had been floated for the last year. Franz Josef had also rejected an Italian offer to buy Venetia for an eye-watering sum, suggesting that, whatever his strategic or financial problems, the Emperor had come to terms with the necessity of giving no more ground. In both Holstein and Venetia, it is easy to criticise the Habsburg court as ludicrously short sighted. Did none in Vienna realise the danger which an invigorated Prussia could pose to an isolated Austria, with so many niggling problems? Was it not clear that by keeping the Venetian quarrel alive with Italy, Austria risked pushing the Italians into Bismarck’s arms, creating the nightmarish scenario of a two-front war?

In fact, it seems that the old policy of friendship with Prussia advocated by Rechberg and then Mensdorff had finally come unstuck. The Emperor was now more amenable to the arguments presented by Ludwig von Biegeleben, the expert on German affairs in the Austrian Foreign Office, and a major opponent of Prussian expansionism. But Biegeleben’s recommendations were not practical for an Austria beset with so many problems; this should have been a time for cutting losses, rather than awakening from one’s slumber. Painful though it may have been to preside over the reduction of Habsburg territory, the Emperor increasingly listened to the likes of Biegeleben and his allies because he saw no other course. The fact that Austria’s strategic and monetary position was dire did not deter him. Indeed, a major criticism of Biegeleben posed by Richard Elrod presents that statesman not as the predictor of the Prussian menace, as we may be tempted to view him, or the only one with his head sufficiently screwed on to recognise Bismarck’s danger, but as an inherently reckless and surprisingly ignorant official who believed Austria should punch higher than it actually could. As Elrod wrote:

Biegeleben seemed only faintly cognizant of [Austria’s] inherent limitations. He was culpably insensitive to the probable impact of his plans upon the other European powers and upon Austria herself. His program demanded an opportunism and flexibility which was beyond Austria's grasp and the exercise of powers which she did not possess. And, finally, it was pervaded by a sense of moral outrage, of the very sort that determined Austrian policy in 1859 and 1914. Such a development is perhaps understandable in a traditional great power which still possessed legal claims to a position which it was no longer capable of defending – particularly since the international system which had restrained revisionist and aggressive states and protected essential members of the states system in the past had broken down completely. This was the essential predicament of Austria between 1856 and 1866 and it accounts, in large measure, for the growing sense of frustration and the concomitant willingness to hazard the use of force to cope with her international difficulties. It was nevertheless a tragic and dangerous tendency and Biegeleben was the foremost proponent of such a course. He understood neither his own state nor the international environment in which it was forced to live.[[21]](#footnote-21)

In a bid to preserve her prestige and finally plug the gaps in her leaking power, it is easy to understand why Mensdorff finally met Bismarck’s demands with opposition, after following along for so many years. But this was all too late. The immediate post-war weeks were the time for this defiance, not now, when the world had been made aware of the Austro-Prussian march on the Duchies, and Vienna appeared just as greedy as Berlin. Having only just got her finances in order via a punishing loan, it was also plain that war would damage, perhaps irreparably, Austria’s ability to remain solvent at all. Shorn of allies, but with opportunistic rivals lurking on her border, the hope that an improvement of Austria’s position in Germany could strengthen her European hand – as Biegeleben insisted – was bound to be forlorn. Rather than cutting her cloth to suit her pocket, as the saying goes, Austria would soon be forced to cut herself off from that very source of German power where she had long presumed to be preeminent. By presuming upon her German leadership, and failing to fully comprehend the sheer audacity of Bismarck’s true policy, the writing was on the wall, even if those in Vienna could not yet bring themselves to read it. As Crankshaw wrote:

Austria was doomed. It was not merely that under internal strain, above all induced by the Hungarians, Francis Joseph could not think straight about Germany; even while Vienna blundered from one mistake to the next the outside world rejoiced in the tribulations of a proud and rival power. Nobody wanted Austria brought down; everyone was pleased to see her suffer.[[22]](#footnote-22)

Austria had been suffering for some time, but the ordeal was not over yet. In the next episode, we continue this march to disaster, as the language became more hostile and the stakes ever higher. I hope you’ll join me for that, but until then history friends and patrons, thanks so much for listening to and supporting this show. I have been Dr Zack, and I’ll be seeing you all soon.

1. Steinberg, *Bismarck*, p. 228. [↑](#footnote-ref-1)
2. Fritz Stern, ‘Gold and Iron: The Collaboration and Friendship of Gerson Bleichröder and Otto von Bismarck,’ *American Historical Review*, Vol. 75, No. 1 (Oct., 1969), 37- 46. Henceforth ‘Bleichröder’. [↑](#footnote-ref-2)
3. *Ibid*, 38. [↑](#footnote-ref-3)
4. *Ibid*, 38. [↑](#footnote-ref-4)
5. *Ibid*, 39. [↑](#footnote-ref-5)
6. Quoted in Crankshaw, *Bismarck*, p. 170. [↑](#footnote-ref-6)
7. Quoted in Steinberg, *Bismarck*, p. 232. [↑](#footnote-ref-7)
8. *Ibid*, pp. 231-232. [↑](#footnote-ref-8)
9. See Pflanze, *Bismarck*, vol. I, pp. 257-258. [↑](#footnote-ref-9)
10. Quoted in Steinberg, *Bismarck*, p. 233. [↑](#footnote-ref-10)
11. Palmerston to Russell, 13 Sept 1865, Doc. 83 in in Kenneth Bourne, *The Foreign Policy of Victorian England, 1830-1902* (London, 1970), pp. 381-382. [↑](#footnote-ref-11)
12. Russell summed up his views of the Gastein Convention in a circular despatch to British ambassadors on 14 September, urging these ambassadors to make Britain’s displeasure known when possible. See 14 Sept 1865, Doc. 84 in *Ibid*, pp. 382-383. [↑](#footnote-ref-12)
13. Earl Russell to the Earl of Clarendon, 30 March 1866, Doc. 86 in *Ibid*, p.86. [↑](#footnote-ref-13)
14. *Bismarck*, II, pp. 27-28. [↑](#footnote-ref-14)
15. Pflanze, *Bismarck*, vol. I, p. 258. [↑](#footnote-ref-15)
16. Steinberg, *Bismarck*, p. 234. [↑](#footnote-ref-16)
17. Crankshaw, *Bismarck*, p. 172. [↑](#footnote-ref-17)
18. Steinberg, *Bismarck*, p. 234. [↑](#footnote-ref-18)
19. Pflanze, *Bismarck*, vol. I, p. 259. [↑](#footnote-ref-19)
20. *Ibid*, p. 260. [↑](#footnote-ref-20)
21. Elrod, ‘Ludwig Von Biegeleben and the Coming of the Austro-Prussian War,’ Historical Reflections (Winter 1974), 247-262; 261. [↑](#footnote-ref-21)
22. Crankshaw, *Bismarck*, p. 174. [↑](#footnote-ref-22)