

Roman Empire 131

Chapter 131: Fraudulent Donation

Between nations, interests always remain the central theme. While Franz was plotting against the Russians, the Russian government was also doing the same to Austria.

This scheming had nothing to do with alliances; everyone was operating within the established rules. As long as interests outweighed contradictions, the alliance relationship remained reliable.

After the Russian-Austrian alliance was established, the Russian government eased its pressure on Prussia.

Clearly, following Austria's revelation of its ambitions in the Southern German region, the Russian government became concerned that Austria might unify the entire German region, threatening their European dominance. Therefore, they prepared to let Prussia counterbalance Austria.

The most noticeable change was that Russia's diplomatic pressure on the Kingdom of Prussia had eased compared to before.

To some extent, Franz unintentionally aided the Prussians. However, this help was not enough to make the Russians abandon their ambitions regarding the Duchies of Schleswig and Holstein.

Russia was not willing to give up its influence over its subordinate, Denmark, and the Russian government needed a stable Northern Europe. The expansion of the Kingdom of Prussia had disrupted the balance in the area.

The Russian government found itself in a dilemma, and the best choice seemed to be allowing the Kingdom of Prussia to expand into the Central German region, thus delaying Austria's unification of the Southern German states.

However, Russia couldn't allow the Kingdom of Prussia to unify the German regions, as it didn't align with Russian strategic interests. In the eyes of the Russian government, Austria was the best choice as an ally.

Austria possessed a certain level of power but didn't pose a threat to Russia's own strength. Moreover, the Habsburg dynasty was quite old, and it was difficult for any long-standing empire to revitalize itself.

In contrast, newly rising young empires were more worrisome. Youth meant they were still on the rise with limitless possibilities in the future. Unfortunately, the Kingdom of Prussia was a kingdom with the potential to become a young empire.

The Russians were caught in a dilemma. On one hand, they wanted the Kingdom of Prussia to counterbalance Austria, but on the other hand, they were concerned that Prussia could be swayed by Britain and France, and at critical moments, might go against the interests of Russia or Austria.

In the eyes of Nicholas I, the best option would be to bring the Kingdom of Prussia on board, reestablishing the era of the "Three Northern Courts," or the "Three Emperors' League."

However, it was easier said than done. Ultimately, it came down to interests, and currently, the Russians couldn't sacrifice the interests of the Danish people, which would disillusion their ally.

Therefore, the prospect of orchestrating a Prussian-Austrian alliance to divide the German territories became less feasible. It was evident that the Northern German region alone wouldn't be enough to satisfy the ambitions of the Prussians.

If Prussia were to extend its influence into the German territories, it wouldn't just be Austria that couldn't tolerate it; even Nicholas I couldn't tolerate the birth of a unified German Empire.

Moreover, the more serious concern was that after a Prussian-Austrian partition of the German territories, the Kingdom of Prussia would truly grow in power. The alliance of these two states would effectively block their westward expansion.

In the worst-case scenario, after the future "Three Emperors' League" defeated their enemies, it could turn into a Prussian-Austrian coalition against Russia. Cultivating potential enemies was never a pleasant prospect.

St. Petersburg.

To address this troublesome issue, Nicholas I convened a special council.

The Prime Minister was the first to speak, saying, "Your Majesty, we have two choices: either make every effort to win over the Kingdom of Prussia and continue the Treaty of Berlin, or unite to suppress Prussia and ensure they don't have the capacity to cause trouble for us!"

Everyone understood what the answer was. When it came to suppressing the Kingdom of Prussia, the solution was quite simple: join forces with Austria and give them a good thrashing, ensuring that Prussia would remain incapacitated for a decade or two.

However, the problem lay in the aftermath. If Prussia were defeated, Austria's goal might shift from merely annexing the Southern German States to unifying the entire German region.

If suppressing Prussia was not a viable option, the alternative was to win over Prussia. However, winning them over came at a cost, and the Russians were unwilling to pay that price – asking them to make concessions was akin to asking for their lives.

Foreign Minister Karl Nesselrode analyzed, "Your Majesty, the Prussians have big ambitions. Currently, there are two competing ideas for unifying the German region. One is Austria unifying the German territories to establish a Greater German Empire, and the other is the Prussians unifying the German states, excluding Austria, to establish a Lesser German Empire.

The latter idea is the brainchild of the Prussians, and their goal is crystal clear: to unify Germany. With their initiation of the Prussian-Danish War, they are working towards that objective.

If we are willing to support Prussia in unifying the German region, they will surely join our alliance. However, Austria is unlikely to agree to this. It's possible that before our strategy even begins, Prussia and Austria will find themselves at odds."

Nicholas I furrowed his brow and asked, "Why can't the Northern German States satisfy Prussia's ambitions?"

The Russians adhered to a principle of power supremacy, whereby they shared benefits based on the strength of a nation. Currently, Prussia was considered one of the weaker major powers or, in a sense, a quasi-major power.

In later years, Prussia would earn high praise for unifying Germany and establishing the formidable German Empire, which would elevate their status significantly.

It couldn't be said that this country, with a population of only 13 million, currently possesses the same strength as the major powers.

“Your Majesty, we can try to entice Prussia to cooperate in the Northern German region. If that doesn't work, we can encourage them to expand into the Low Countries,” proposed Foreign Minister Karl Nesselrode.

The 19th century was an era of expansion, where every nation sought to increase its power. In this age, not expanding was akin to slow suicide. Many countries that have survived into later times have experienced significant risks during this period, although this fact is often overlooked.

Small countries like the Netherlands and Luxembourg are not even worth mentioning in this context. Even larger nations like Spain have been consistently outperformed by others in later times.

For countries like Prussia and Austria, located in geographically challenging positions, if they don't expand their power externally, they are vulnerable to threats from both the west (France) and the east (Russia).

Agricultural development is an option, but it proceeds at a slow pace. Without access to sufficient markets and industrial resources, their progress in two or three decades may still lag behind what others achieve in just a couple of years.

“No, letting Prussia annex the Northern German States is already very dangerous. If they were to gain control of Belgium and the Netherlands as well, we'd be facing another France,” the Prime Minister vehemently opposed.

“Prime Minister, our path to expansion in the west has already been blocked. Even if Prussia grows, they cannot mount an offensive against Russia. By stoking tensions between Prussia and Austria, we can stabilize the western front. Our national strategy should focus on fully developing the Mediterranean,” explained Foreign Minister Karl Nesselrode.

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Internal disputes among the Russians lessened the diplomatic pressure on Prussia and created a false impression among the Prussians. They believed that once they defeated the Danes and established a fait accompli, the Russians would compromise.

Influenced by this perception, the Prussian army swiftly defeated the Danish forces on the front lines, and on April 9, 1849, Prussian troops once again entered the Jutland Peninsula.

Unlike their previous restraint, this time the Prussians were determined to force the Kingdom of Denmark into a compromise. They advanced relentlessly, capturing half of the Jutland Peninsula by April.

If it weren't for the Danes' foresight of establishing their capital on Zealand Island, and the weakness of the Prussian navy, the Prussian forces might have advanced further.

When they couldn't handle it anymore, they turned to the strong ally, Russia. Nicholas I was infuriated by Prussia's actions.

Even when dealing with a dog, you should consider its owner. He had already called for them to stop multiple times, and yet they dared to continue their military actions, showing complete disregard for him.

Feeling that his dignity had been challenged, the Russians took immediate action.

On May 7, 1849, two Russian infantry divisions landed on the Jutland Peninsula, blocking the path of the Prussian army's advance.

Fighting was impossible, and Frederick William IV backed down. News from St. Petersburg indicated that the Russians had reached their limit of tolerance.

Starting a war is easy, but ending one is difficult. Despite Frederick William IV suppressing the revolutionary party within his country, Prussia wasn't solely under his control.

The military success on the front lines was a double-edged sword. Now, public attention was focused on the Prussian-Danish War, and people had forgotten about the government's crackdown on the revolution.

However, the aftermath of the surging nationalism had its consequences. The people could not tolerate failure, especially when they had already won on the battlefield, and the government making concessions further exacerbated the situation.

A ceasefire might be possible, but giving up the Duchies of Schleswig and Holstein was out of the question. It was a matter of principle, and anyone who conceded on this matter would be seen as a traitor.

Austria was not the only one helping Prussia gain popularity; all the states in the German Confederation, including those leaning towards Prussia in Northern Germany, played a role.

In essence, the entire German territory was spiritually supporting Prussia. If this spiritual support could translate into tangible support, then King Frederick William IV wouldn't need to hesitate.

Vienna.

"Your Majesty, the Prussian ambassador in Vienna has sought our assistance. After the Foreign Ministry declined their request, they have now proposed raising funds for the war effort in Austria.

According to the intelligence we've received, Prussia has already initiated fundraising efforts within its borders, and now they are extending their appeal to the entire German territory. It appears their finances might be reaching a critical point." Metternich said with a smile.

Raising funds for the war effort? This was a clever strategy devised by Franz to help the Prussian government. It was not easy to take money from the people.

If the funds were collected, and the ultimate goal wasn't achieved, the enthusiasm of those who donated would be inversely proportional to the resentment they would hold in the future.

If they take the money and fail to deliver on their promises, the enthusiasm of these donors when they make their contributions will be matched by the extent of their resentment in the future.

“If that’s the case, we should cooperate with them. We’ll have the government send representatives to assist them in fundraising, building up support within the German territory, and magnifying the actual amount raised just a bit.

The Foreign Ministry, representing the Austrian government, will donate ten million florins to Prussia in support of their military campaign to reclaim the Duchies of Schleswig and Holstein for the German Confederation.

However, there’s no need to rush to give them the money. Find any reason to delay it a bit. If necessary, we can use financial difficulties as an excuse to make staggered payments,” Franz suggested after some thought.

Fraudulent Donations was something that even occurs in the 21st century; naturally, Franz didn’t mind emulating it.

Wait, this couldn’t even be considered fraud since they weren’t actually refusing to give money.

As long as the Prussians could bring these two German states back into the fold of the German Confederation, the Austrian government would pay up.

If the Prussians couldn’t handle the pressure and gave up on the Schleswig-Holstein duchies, which they had already acquired, then, of course, they wouldn’t have to pay.

Additionally, they should mobilize the populations of the various German states to protest in front of the Prussian embassy and demand the return of their hard-earned money.

“Yes, Your Majesty,” Metternich replied.

I wonder how delighted the Prussian representatives will be when they hear this news. They probably would be thrilled, wouldn’t they?

Chapter 132: Want to Get Rich? Let's Start with Embezzlement

Franz had a sense of national responsibility. To help raise funds for the Kingdom of Prussia during the war, this emperor himself led by example, donating one million florins, which were then deposited into the Royal Bank of Austria.

(1 florin \approx 11.69 grams of silver)

Soon, the Austrian nobility, merchants, students, and many others were eager to contribute. However, these donations weren’t directly handed over to the Prussian government. Instead, they were deposited into the newly established Royal Bank of Austria.

Yes, this Royal Bank of Austria was just created by Franz, and its primary purpose at the moment was to collect donations from the Austrian public while overseeing the use of these funds in the defense of the Duchies of Schleswig and Holstein.

With the Prussian army making significant advances in the Jutland Peninsula, they had already crossed this line, surpassing the conditions for utilizing these donations.

The Prussians probably didn’t concern Franz much. Regardless, he was quite pleased with the situation. The Royal Bank, with its registered capital of just one million florins, managed to attract nearly thirty million florins in deposits, or rather, donations, in just one month.

However, the bank issued receipts to all donors, and these donations were used proportionally. Any unused funds would be refunded. In a display of his patriotic commitment, Franz decided that the Royal Bank would not charge any basic transaction fees, and all services were provided for free.

Since these were donations, there were no interest payments involved. With the activation of this substantial sum, Franz now had additional liquidity at his disposal.

A large amount of cash sitting idle was akin to a crime, so Franz promptly lent himself a sum of money and used it to invest in the establishment of a comprehensive food enterprise. Additionally, he purchased numerous high-quality mines.

In those days, gold and silver could function as currency directly, and naturally, gold mines and silver mines were highly valuable. Even though Franz was an emperor, obtaining them wasn't an easy task.

On the other hand, resources like iron, coal, lead, zinc, manganese, and rare earth minerals were much more affordable. The Industrial Revolution was still underway, and even the basic consumption of coal and iron was quite limited. Many rare minerals are currently not in high demand in industry.

Franz didn't bother with contentious resource grabs. Instead, he took advantage of the current low values of these resources and secured valuable mineral assets for the future.

Unfortunately, the Austrian Empire didn't possess vast mineral deposits; otherwise, Franz would have been set for life after this venture.

In any case, with money in hand, the current strategy was to buy, buy, buy. While others might consider transportation logistics when investing in mining, Franz didn't want to get bogged down by those concerns. As long as the ore quality was excellent and the reserves abundant, did he really need to worry about transportation issues?

Others might not know, but he certainly did. It wouldn't be long before the Austrian government had to make substantial investments in domestic infrastructure development.

Now it seemed that even the mines that currently had no development value would become extremely profitable once proper roads were built. Their value would multiply rapidly, especially with industrialization driving up the demand for mineral resources. It would be difficult not to get rich in such circumstances.

In just over a month, Franz had spent over five million florins, which alarmed him enough to stop. Even if he was embezzling public funds, there had to be limits, right?

If he spent this entire enormous sum of money recklessly and someone found out, how would things end for him?

The House of Habsburg had assets, but did not have that much cash on hand, and even as an emperor, it would be challenging for Franz to quickly borrow such a large amount of cash.

If he only embezzled a portion of the funds, Franz still had a way to balance the books, especially since he owned a bank. If it weren't for the current manpower shortage, the Royal Bank would already be expanding aggressively.

With a treasury of thirty million florins, the bank was a financial giant in these times. It ranked among the top banks worldwide, primarily due to its substantial cash flow.

Currently, the Royal Bank operates more than thirty branches, making it a mid-sized bank in terms of scale. Its business outlets were concentrated in several major Austrian cities.

John Stuart was originally an executive at the First Savings Bank of Austria, and he was recruited by Raul due to his competence to serve as the first director of the Royal Bank.

It wasn't until this moment that Franz realized the House of Habsburg had shares in many banks. However, he couldn't be bothered to delve into the details.

After all, every bank had its backers, and in these times, or even earlier times, surviving as a bank was no easy feat.

"Your Majesty, the Royal Bank is ready to start attracting deposits from the public," John Stuart said nervously.

"Regarding banking matters, you're the professional in this field, and it's for your management team to discuss and decide. In the short term, the Royal Bank won't be engaging in lending to external parties," Franz said expressionlessly.

Having misappropriated such a large sum of money, it would eventually need to be repaid. It was uncertain how long the Prussian government could hold out, but once they reached a compromise, this money would have to be returned.

"Understood, Your Majesty," John Stuart replied.

"Can you estimate for me how much of this donation can be converted into our deposits? How much will remain with us?" Franz inquired with concern.

"Your Majesty, our bank's interest rates are set in line with the average, but the Royal Bank's reputation far surpasses any competitors.

Approximately twenty percent of the donors are likely to become our customers. This is because about one-third of the donations come from the government. So, we may end up retaining around three million florins," John Stuart pondered and spoke.

These three million florins shouldn't be underestimated; in this era, people hadn't yet developed the habit of depositing money in banks. Most nobles were accustomed to hoarding gold coins in their cellars.

Opening an account in a bank also had its requirements, and the Royal Bank set the threshold at one hundred fifty florins. If someone's deposit was lower than that, unfortunately, this place isn't suitable for them.

Retaining three million florins means holding more than three percent of the total savings in the entire Austrian Empire in 1848, which is less than one hundred million florins.

Franz had considered lowering the account opening requirements, but he decided against it due to the need for additional bank staff, increased management complexity, and operational costs.

Banks also had a certain reputation to uphold. During this era, banks served the upper and middle classes of society. If restrictions were lifted, and a large number of lower-class individuals flooded in, losing these high-quality customers would be a significant blow to the bank.

The Austrian people were so poor that if a person could save a dozen florins per year, they could already be considered to have a decent income. Given this context, venturing into this business carried a high risk of running into losses.

“Understood. When you return, initiate the deposit-taking business as soon as possible. All our agents must undergo rigorous training, and I expect everyone to courteously attend to each and every customer,” Franz instructed.

“Yes, Your Majesty,” replied John Stuart.

During this period, bank service personnel generally provided decent customer service. Due to the minimum deposit requirements, most individuals who conducted banking transactions were from the middle class or higher social strata.

In terms of social hierarchy, bank employees didn’t hold a superior attitude, so discrimination was not a significant issue.

Furthermore, since it was a private bank, everyone had to strive for good performance. Those with strong performance would be promoted, while those with poor performance would face consequences. There was no room for complacency in the banking sector during this time.

Franz seemed to be concerned as he still had another financial problem to address. The House of Habsburg didn’t have the capability to produce millions of florins in cash on demand, and the Royal Bank remained his personal asset. He was wary of others getting involved.

Furthermore, he refrained from lending externally not because he didn’t want to engage in that business, but rather due to his apprehension. He was worried that if the Prussians retreated suddenly, he would face an immediate rush of withdrawals.

The Royal Bank had promised that these donations would be used exclusively for the designated purpose. If the money couldn’t be produced when needed, and if it were exposed that the donations were misappropriated, the damage to their reputation would be significant.

Maintaining secrecy was impossible, but for now, no one had dared to cross the line, given that Franz was the Emperor.

However, they were unaware of the exact amount Franz had misappropriated. If it were a smaller sum, filling the financial gap wouldn’t be too difficult. If rumors started to circulate and damage the Emperor’s reputation, the consequences could be dire.

Chapter 133: Doing It This Way Puts Me in a Difficult Position

Berlin.

Ever since he heard about the large donations being raised in Austria, Frederick William IV has been incredibly excited. Yes, excited, not angry.

Apart from the Kingdom of Prussia, the entire German region has contributed to the fundraising efforts, amounting to approximately 43 million florins when converted to Austrian currency. Austria alone has contributed more than 30 million florins.

This sum of money is already equivalent to Prussia's revenue for nearly half a year. If they can get their hands on all of it, it would undoubtedly be a much-needed boost for the financially struggling Prussian government.

Unfortunately, the great Emperor Franz insisted on earmarking the donations, and as a result, many German states followed suit. Of course, they weren't as cautious as Emperor Franz in their approach.

So far, the Prussian government has received over 5 million florins in donations from the German region, while the rest has been intercepted by their respective governments.

With such a large windfall, how could the bureaucrats stand idly by? Their approach to handling the donations isn't as stringent as Emperor Franz's; they issue receipts for all donations, and any unused funds can be refunded.

It's safe to say that the remaining money is destined to never reach the hands of the Prussian government.

What frustrated Frederick William IV even more was that in the media, it was being reported that the Kingdom of Prussia had already received donations from the German region, and the total amount had exceeded 100 million florins.

During this era, communication was not as efficient, and there were no bank records to verify the claims. People were just saying things casually, and the various German states didn't want to lose face, so they each donated astronomical sums.

Whether it was true or not, did it really matter?

After all, these figures were announced by the local media, and they were not officially acknowledged. Even if the truth were to come out in the future, it wouldn't matter much.

If they encountered unscrupulous governments, they could simply insist that the money had been given to the Prussian government, and no one could prove otherwise.

For example, Franz had allocated the first donation to the Prussian government, totaling one million florins, all in cash, and it was transferred to the Prussian embassy in the presence of the media.

Of course, perhaps thinking that one million was too little, Vienna's newspapers reported that it had become three million. If Franz were unscrupulous, he could have just pocketed the extra two million florins, and no one would be able to prove otherwise.

Not everyone was as scrupulous as Franz. Inflating the donation figures was a minor issue. Many regions, even though they had only given two hundred thousand, insisted that Prussian officials sign receipts for five hundred thousand.

In any case, whether they wanted the money or not, in the face of self-interest, the bureaucrats were highly motivated.

The occurrence of such situations was less common in states that were not heavily affected by Prussia. Such things were happening the most in the Southern German States.

Prussian Prime Minister Joseph von Radowitz expressed his concerns, “Your Majesty, we cannot accept this money!”

“What’s going on?” Frederick William IV asked in confusion.

While there might be some dissatisfaction toward the various German states, there was no need to quarrel over money. Even if a significant portion of the donations was being embezzled by officials in each country, the final amount they would receive was still substantial.

Presently, the Prussian government was drowning in debt, and if it weren’t for the changing times, Frederick William IV would have been inclined to declare bankruptcy and default on all debts.

“Your Majesty, these states are ostensibly supporting us in the war, but in reality, they all have ulterior motives.

Now they’re elevating us so highly. If the Russians insist that we abandon the Duchies of Schleswig and Holstein, how should we handle the situation?

Currently, apart from the German states, all the countries in Europe stand against us. The Danes are fearless and won’t make concessions,” Joseph von Radowitz said with a bitter smile.

There’s no doubt that this time, using the war to divert domestic conflicts has gone too far. Now, the Prussian government is in a difficult position. If they can’t regain control of the Schleswig and Holstein Duchies, they won’t be able to explain themselves to the people.

This isn’t just about the domestic population of Prussia but also the people in the German states.

They can try to influence domestic public opinion, but as for foreign public opinion, they shouldn’t expect anything better. After all, they’re already being heavily criticized.

This issue is something that Frederick William IV has also considered, but he has no choice. Whether they accept or reject this money, the final outcome won’t change.

If they successfully regain control of the Schleswig and Holstein Duchies, they will be hailed as heroes among the German states. If they fail, they will be seen as traitors instead.

Unless they are willing to have an actual conflict with the Russians, in which case, regardless of the result, they can explain their decisions.

In this era, Russia is a superpower in Europe. It’s normal for Prussia not to be able to defeat them in a one-on-one war. The people can understand this, and they will redirect their anger towards Austria and other non-belligerent states.

If the Prussian government retreated without firing a single shot, how could the nationalists and patriots accept that?

In the eyes of the common people, all the states in the German region are supporting them, so they shouldn’t back down even when facing the Russians, right?

Public opinion is frightening, but the Russians are even more frightening!

If a Prussian-Russian War breaks out, which side will Austria support?

In Frederick William IV’s opinion, the likelihood of Austria leaning towards Russia is slim. Under the pressure of public opinion, it will probably support Prussia.

Unfortunately, this kind of support is very limited. It's impossible for Austria to contribute significantly. After all, if the Kingdom of Prussia is defeated, Austria's biggest obstacle to unifying the German regions disappears.

Although Austria's support may be weak, it counteracts diplomatic pressure from France. Meanwhile, the rallying cry of many German states helps offset the diplomatic pressure from smaller European countries.

Currently, Prussia is facing much less diplomatic pressure compared to that in history, but the pressure from patriotic forces within the country surpasses historical levels.

Both Prime Minister Joseph von Radowitz and King Frederick William IV are determined not to give up the Schleswig and Holstein Duchies.

They have invested too much in this war, Prussia's war expenses for this conflict have exceeded Austria's expenditure during the Austro-Sardinian War.

The war has been ongoing for over a year now, even though the actual time of military engagement between the two sides has been relatively short. The Prussian army has also been quite successful in its battles against the Danish forces.

However, it's important to note that military operations during wartime require significant financial resources, often several times more than what is needed during peacetime. This poses a considerable financial challenge for Prussia, which is already struggling with its militaristic ambitions.

The military expenditure of the Kingdom of Prussia has always been high. Since the ascension of Frederick II in 1740, the size of the Prussian army has increased dramatically from an initial 70,000 to 200,000 soldiers, constituting 9.4% of the national population. Military spending each year accounted for 4/5 of the government's entire budget.

At the time, Prussia's territorial size in Europe ranked only tenth, and its population ranked thirteenth, yet its army size was second only to the three great powers of Russia, France, and Austria, making it the fourth-largest army in all of Europe.

Furthermore, this number increased to 235,000 soldiers under Frederick II's successor, William II. In the following years, the Prussian army rarely fell below this figure.

During peacetime, maintaining such a large military force was a significant financial burden for the Kingdom of Prussia, especially considering its relatively small population and the fact that it had not completed industrialization. The pressure on its finances was considerable.

For this country, running a budget deficit was a common occurrence. In this situation, Prussia found it extremely difficult to seek external loans or issue bonds.

Only when the government was truly out of funds did Frederick William IV put aside his pride and seek assistance from the German states. Even though he knew that obtaining these funds would be challenging, he had little choice but to accept them.

"Now, it's too late for all this. Let our people gather evidence just in case anything changes in the future so we can drag them into this mess.

This is a last resort; the ultimate solution is still to retain Schleswig and Holstein. By then, these states will obediently send the money.” Frederick William IV said firmly.

“Your Majesty, I’m afraid it’s not that simple. These states will most likely demand independence for these two duchies when the time comes,” Joseph von Radowitz remarked after giving it some thought.

“Don’t worry. As long as we successfully reclaim these two duchies, we’ll establish a fait accompli. They won’t be able to do anything, it’s not like we don’t have supporters,” Frederick William IV said confidently.

After years of propaganda, the idea of Lesser Germany had gained traction in many regions, surpassing the concept of Greater Germany. There were a significant number of supporters of Prussia’s efforts to unify Germany.

If it weren’t for Franz’s disruption of the Frankfurt Assembly, Lesser Germany would have become the prevailing idea in the German regions by now.

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The Prussian government’s persistence put the Russian government in a very difficult position.

From the beginning, they had sided with Denmark, and the Russian government had even publicly declared that they would use force if the Prussian government did not back down.

So, what to do now? If they took action, it would benefit the Austrians. If they did nothing, wouldn’t the Russian Empire’s reputation be completely lost?

If they couldn’t even protect their own allies, and the Russian government kept going back on its word, could they still have the face to participate on the international stage?

It could be said that times had changed, and it was no longer like it used to be.

The Tsarist government of the past could treat their reputation like toilet paper, use it and discard it. But now, the Russian Empire is vying for world supremacy. If they don’t pay attention to their reputation, who will respect them?

Being a superpower may seem impressive, but it comes with its own set of challenges. Unless they can achieve world domination through force, they should take a page from Napoleon’s book.

St. Petersburg.

Nicholas I inquired, “What about the Austrian government? Are they willing to mediate in the Prussian-Danish War?”

“Your Majesty, the Austrian government has declined to participate in this mediation. Metternich, that old fox, has stated that due to domestic public opinion, Austria’s involvement in mediation would only favor Prussia,” replied Foreign Minister Karl Nesselrode, looking troubled.

The Russians did not want to go to war with Prussia, and the Russian government was doing everything it could to avoid a conflict. This was not a well-kept secret, and naturally, the Prussian government was aware of it.

The tragedy was that upon receiving this intelligence, the Prussian government made a strategic miscalculation, believing that the Russians would not intervene militarily, which bolstered their confidence.

“Damn it, the Austrians are probably still dreaming of us helping them clear the obstacles to German unification. Aren’t they afraid we’ll leak the Russian-Austrian treaty?” Nicholas I muttered to himself.

Everyone in the room was astute enough not to give a foolish reply like “not afraid.”

If the Russian-Austrian treaty were to leak, Austria’s strategic position would become problematic, and Russia’s strategic situation would also be dire.

The annexation of the South German states by Austria would make the British wary, raising their threat level to something close to that of the French. However, compared to the Russians, who were planning on annexing the Ottoman Empire, it would hardly be worth mentioning.

The British still had plenty of ways to limit the former – whether by supporting Prussia, manipulating Franco-Austrian relations, or sowing discord between Russia and Austria – all could serve as balancing measures.

The latter is a different story. The current Russian Empire leaves the British with little room for action, and if they were to annex the Ottoman Empire, a change in the balance of world power would be inevitable.

Even if Nicholas I wanted to involve Prussia, he wouldn’t dare to leak any information to them. In fact, the level of secrecy has been heightened to the maximum during discussions.

Chapter 134: Walking on a Tightrope

Everyone was in a dilemma. Franz let out a sigh of relief; the Prussian-Danish War was not going to end anytime soon, which meant he had enough time to fill up the hole.

But you can’t hide the truth forever. If the hole isn’t filled, even if they try to pin the blame on the Prussians, it won’t be a reliable solution!

What if the truth comes out one day? Would Emperor Franz’s reputation survive?

Misappropriation and embezzlement are entirely different concepts. The former can be explained as normal capital operation for the bank, as long as the money is returned on time. The latter is an eternal stain on his reputation.

While Prussia and Russia were preoccupied with their conflict, the European powers were not idle.

The French, apart from occasionally expressing their opinions on international matters to make their presence known, were primarily focused on their internal struggles. Even their overseas colonial expansion was affected.

The British were quite busy, intensifying their encroachment on India while expanding their colonial reach in Southeast Asia. They also launched an invasion of New Zealand...

The British Colonial Empire was nearing completion, with almost all regions except the African continent either already incorporated or in the process of being included in the British Colonial Empire.

Everyone was very busy, which created an opportunity for Austria.

While the world's attention was focused on the Prussian-Danish battlefield, on April 15, 1849, Austria, along with Naples, the Papal States, Tuscany, Bavaria, Württemberg, Baden, Hesse-Darmstadt, and other states, established the Holy Roman Economic Alliance in Rome.

European public opinion was in an uproar. Fortunately, Franz didn't establish the headquarters in Vienna; otherwise, the political impact would have been even greater.

The most intense reaction came from Prussia, which had been standing up to Russia in the name of German unification, only to find Austria undermining their efforts.

Apart from the Kingdom of Prussia, most of the major states in the German regions joined the Holy Roman Economic Alliance led by Austria. This meant that Prussia had lost its influence over German affairs.

Under the influence of the Holy Roman Alliance, the idea of Greater Germany experienced a resurgence. Many nationalists believed that economic cooperation would facilitate national unity.

Interestingly, even within Prussia, there were individuals advocating for joining the alliance led by Austria. As for the German Customs Union, its historical mission had already been fulfilled, and it could be discarded.

This change posed a significant dilemma for Frederick William IV. Nationalism was a double-edged sword, as those who supported Prussian unification under the banner of Lesser Germany could just as easily lend their support to Austria's vision of Greater Germany.

As for the expansion into the Italian territories, the nationalists didn't seem to mind. In their view, as long as the German nation held a dominant position, the larger the resulting empire, the better.

"Prime Minister, what are the attitudes of other countries toward Austria's ambitions?" Frederick William IV inquired expectantly.

Joseph von Radowitz pondered for a moment before responding, "The British government has issued a diplomatic note to Austria, opposing Austria's alliance actions and strongly condemning Austria for breaking the principles of free trade.

The French government has protested against Austria's establishment of an economic alliance that excludes other countries, but they haven't taken further action at the moment.

The Spanish have expressed a keen interest in the ongoing developments, while most European countries remain neutral on the matter. The Russians have yet to make a statement."

No doubt, everyone is too occupied at the moment to bother with Austria.

The British have not strongly intervened in the Prussian-Danish War, and similarly, they don't have the capacity to meddle in Austria's alliance actions. Without the major European powers taking the lead, their influence on the European continent is limited.

The French, on the other hand, need to settle their domestic factions first. Otherwise, amidst internal political struggles, the French government won't be able to accomplish much in terms of opposing actions for the sake of opposition.

Frederick William IV was extremely frustrated. In his view, the most capable of intervening in Austria, the Russians, were conveniently kept occupied with their help, making it highly unlikely for the Russian government to simultaneously interfere with Prussia and Austria.

Without a military threat, can Austria be subdued solely through protests? Frederick William IV shook his head. Prussia faced greater diplomatic pressure, but they had managed to withstand it as well.

Austria had only established an economic alliance, and most European countries were adopting a “not my problem” stance, choosing to remain bystanders.

“Haven’t the British taken any action?” Frederick William IV inquired with concern.

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London.

As the world’s leading troublemaker, how could the British just stand by and watch Austria create an alliance?

After all, the Holy Roman Economic Alliance consisted of a significant portion of Germany, most of Italy, and the Austrian Empire—a formidable economic powerhouse. In terms of economic size, it was the largest in Europe.

Although most of these regions still operated under semi-feudal, semi-capitalist systems, and their own industries were not particularly advanced, the British had a small but significant market share in the area. They couldn’t afford to miss out on this opportunity, no matter how small the market might be.

Even a mosquito is still meat no matter how tiny of a piece it is, and giving up was not John Bull’s style.

“What’s wrong? Why is the Russian response so sluggish this time?” Prime Minister John Russell asked with confusion.

Palmerston pondered for a moment before saying, “They might be hesitating. The Prussian-Danish War has already tied up a significant portion of their resources. At this point, if they were to intervene in Austria, it might lead to a Prussian-Austrian alliance.

Nicholas I isn’t a fool. Once they take that step, the ‘Three Northern Courts’ system would crumble. As long as they don’t want to find themselves isolated in Europe, they won’t take action against Austria.”

Starting from the “Treaty of Berlin,” Europe entered the era of the “Prussia-Austria-Russia Triumvirate,” where these three nations jointly maintained the Vienna System, even excluding the British from the European mainland.

Now, due to the Prussian-Danish War, there are cracks in the Prussian-Russian relationship, and naturally, the British want to find ways to dismantle this alliance.

Whether it’s encouraging Austria to expand into the Balkans, supporting Austria’s occupation of the Danube River Basin, or allowing Prussia to wage war against Denmark, all of these are part of this plan.

It must be said that this time the Russians have maintained strict secrecy, and they've managed to deceive everyone, leading to many misconceptions.

“The Russians probably never even dreamt that the Prussians would actually hold their ground this time. Now, they're in a difficult position as well.

However, Austria's creation of the Holy Roman Economic Alliance is also troublesome. With Metternich in charge, it might be challenging to unite various countries to exert pressure,” Prime Minister John Russell said with a furrowed brow.

Palmerston smiled and said, “Why do we have to pressure Austria to dissolve the alliance? The ones who should be most concerned about its establishment are not us.

Russia, Prussia, France – which one of them isn't more anxious than us?

Especially the Prussians, they are in a deadlock with the Russians. Originally, Austria was the best mediator, but now, Austria has formed this alliance, and it seems like the Northern Three Courts Alliance might come to an end.

Do we really need to help them continue this alliance?”

With conflicts arising between Prussia and both Russia and Austria, it's clear that Prussia can't coexist peacefully in the alliance of the Northern Three Courts.

To dismantle this alliance, the British had indeed put in significant effort, and now they were on the brink of success. Naturally, they wouldn't want to prolong the life of the alliance.

“It appears to be advantageous for us, but we must remain cautious of Austria. Metternich, that old fox, is a master of balance, and the Habsburg dynasty's influence runs deep.

We mustn't allow them to turn this economic alliance into an empire. Otherwise, our interests in the Mediterranean won't be secure,” cautioned John Russell.

This wasn't an unfounded concern. Everyone knew that the House of Habsburg excelled at forging marriages, uniting within the framework of alliances, and merging into a single dynasty over generations. The Austrian Empire was a prime example of this.

If Franz were aware of the British intentions, he would likely find it amusing. Forming alliances with the Italian states was acceptable but merging them into the Austrian Empire was a different matter. He wouldn't want to invite trouble willingly.

“Don't worry, Prime Minister. The Austrians won't have the opportunity for that. As long as they dare to take the first step, this alliance will crumble.

On the other hand, the Prussian-Danish War is a concern. The Prussian government is still persisting due to public pressure, and I'm worried they might provoke the Russians. A war could break out between them.

If the Kingdom of Prussia is weakened by the Russians and no longer capable of restraining Austria, Austria might indeed dare to unify the German regions.” Palmerston considered, then said.

In imperial states, analysis often can't be solely based on interests. If the Tsar gets provoked, there's a real chance he might go to war regardless of the consequences.

"Prepare for mediation, just in case the situation gets out of control. Once things escalate, put pressure on the Prussian government and force them to compromise," John Russell said firmly.

There was no choice. Pressuring the Russians through diplomacy was virtually impossible. They had to make use of the soft spot, which was Prussia.

Even though Anglo-Prussian relations were good, it didn't mean that Britain would unconditionally support Prussia. When it came to interests, building relationships with the British was secondary.

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Vienna.

Ever since the establishment of the Holy Roman Economic Alliance, Franz had not had a good night's sleep for several days. It was unnaturally smooth, which seemed abnormal.

The fact that the Russians were not intervening was expected. They had a secret treaty, and if it weren't for the need for secrecy, the Russians could directly support Austria.

But the behavior of other countries surprised Franz. It was understandable for the neutral small countries; they had no say and were merely bystanders. It was normal for them to watch and enjoy the show.

However, the behavior of Britain and France puzzled Franz.

He could somewhat understand the French government's position: they had to secure their internal stability first. Austria hadn't invaded France, so it was challenging for them to rally against Austria.

What surprised him was that the British, apart from protesting, did nothing. According to the earlier analysis, the British should have been forming a coalition with the French and some smaller nations to pressure Austria at this point.

This unexpected turn of events left Franz deeply puzzled. Metternich, their foreign minister, was still in Rome, overseeing the situation. The Foreign Ministry provided two possible explanations for this situation:

Except for a few cabinet members, others are unaware of the contents of the secret agreements between Austria, Britain, France, and Russia, making it impossible for them to conduct a comprehensive analysis.

At this moment, Franz suddenly realized that Austria had signed so many secret treaties in just over a year, which was truly unbelievable.

If it weren't for Metternich, the foreign minister, overseeing these matters, Franz suspected that the Austrian government would have fallen apart long ago.

Historically, Austria also attempted to walk on a tightrope between Britain, France, and Russia but ultimately failed to maintain the balance, turning all three potential allied nations into enemies.

Just thinking about it sent shivers down Franz's spine. Despite Austria's better position compared to historical circumstances, once their diplomatic efforts fell apart, they would quickly find themselves isolated.

The consequences, do they still need to be considered?

Naturally, it's a matter of treading cautiously, staying low-key, and quietly observing Prussia's unification of Germany. Then, when the time is right, join forces with them to challenge the world order.

In theory, the reformed Austrian Empire would be much stronger than the historical Austro-Hungarian Empire once all internal reforms are completed. It's even possible for a German-Austrian alliance to make a comeback.

However, such a scenario is highly unlikely. Franz has prepared for the possibility that if things spiral out of control, Russia and Austria could join forces and face Britain, France, and Prussia.

From a purely military perspective, the chances of outright failure are slim, at most resulting in a mutually destructive conflict. Eventually, when Russia and Austria run out of resources, the war would come to an end.

In history, when Russia faced Britain and France alone and lost in the Crimean War, it wasn't primarily due to military failure. The main reason was that the Russian government ran out of funds. If they had the financial resources, they could have continued the war.

Losing three hundred thousand troops was like a drop in the bucket for the Russian Bear. Even if that number were multiplied tenfold, they would still have a sufficient pool of reserves.

Chapter 135: I Examine Myself Three Times Every Day

After reflecting on Austria's foreign policy, Franz made a decisive decision to focus on agriculture in the days to come.

Austria had recently made significant strides, quickly defeating the Kingdom of Sardinia and extorting substantial war reparations. They also intervened in the Papal States, solidifying their dominance in the Italian region.

Now, with the establishment of the Holy Roman Economic Alliance, it was evident that this alliance wasn't as straightforward as it seemed, given the reactions in the German regions.

The difference between the Holy Roman Economic Alliance and the Holy Roman Empire, which is only two words, can easily lead to associations.

If it weren't for the inclusion of Italian states and establishing the headquarters in Rome, many people might lose sleep over this.

Nevertheless, to many German nationalists, this appears to be Austria's prelude to the unification of German regions.

The seeds have already been sown, and all that's left is for them to take root and grow. To reap the benefits, it's better to wait until their strength is sufficient.

On June 1, 1849, compulsory education in Austria officially began. All children aged 6 to 13 were eligible to enroll in any compulsory education school.

Austria's compulsory education system borrowed some successful experiences from Prussia, and their core objectives were similar, so the management methods could naturally be adapted.

Prussia's vision was: "Through schools strictly controlled by the government, resist the spread of revolutionary ideas, and train loyal and courageous citizens for the battlefield."

Austria's vision was indeed similar, just worded differently, with the main educational principle being "loyalty to the monarchy and love for the country," and they implemented a semi-militarized management system.

Since everyone believed this approach was appropriate, Franz naturally didn't oppose it. The country's circumstances were different, and it was a different era. Many things that would apply in later times were not applicable in this period.

For instance, Franz was presently concerned that since compulsory education had just begun, it might be overcrowded. After all, adding just over a thousand schools would not be sufficient to accommodate all the students.

As it turned out, Franz had overthought the situation. Many lower-class citizens had little interest in compulsory education. Those living in cities or nearby areas were more open-minded, understanding that having an education would make it easier to find work.

In remote mountainous regions, however, many people had never ventured more than a few dozen miles from home and didn't see the value in education.

Their mindset hadn't shifted yet. Franz was relieved he hadn't acted unilaterally to turn the tithe into an educational tax. Otherwise, many people would likely have refused to pay the tax, claiming they didn't need compulsory education.

In Europe, it's not uncommon for the population to resist taxes by arguing that they don't see the need for them. Once the revolutionary parties start rallying people, and the nobility lends its support, it could easily escalate into a nationwide anti-tax movement.

Fortunately, in Austria, compulsory education is free, so once the government issues a mandatory order, they will comply.

Even though it means a decrease in the labor force, it also means fewer mouths to feed, right? These calculations are something everyone will consider. The schools are boarding schools, so except during holidays, they won't have to bear the expenses of their children.

"Have the enrollment figures for new students been compiled?" Franz asked, concern carried in his voice.

"Your Majesty, we have conducted preliminary statistics, and this academic year's enrollment totals 1,246,000 students, which is about one-fifth less than our initial estimates," replied the Minister of Education, Count Leopold von Thun und Hohenstein.

In this era, the literacy rate in Austria was not as low as Franz initially perceived. The Education Ministry's statistics showed that in 1848, there were over 2.3 million primary school students and more than 50,000 secondary school students enrolled.

Of course, the distribution of the educated population was highly uneven. In economically developed regions like Austria and Bohemia, the enrollment rate reached 94% by 1842, while in neighboring Galicia, it was only 27%. The lowest enrollment rate was in Dalmatia, with less than 5%.

It's important to note that this data was not comprehensive as it only counted free citizens, excluding serfs from the statistics.

Furthermore, enrollment didn't necessarily equate to receiving a quality education. Many free church schools posed as educational institutions but mainly functioned to collect donations.

Students had a lot of freedom, and teachers taught as they pleased, resulting in limited access to meaningful knowledge for most.

Due to corruption within local governments, many public schools faced delays and arrears in funding, including unpaid teacher salaries. Some schools even experienced financial mismanagement, leading to severe budget shortfalls.

During a recent investigation into the education system's integrity conducted by the Ministry of Education, there was a case of a school that supposedly had 15 teachers on its payroll but in reality only had one teacher. This single teacher was responsible for teaching all grade levels at the school.

Even more perplexing was the existence of schools with teachers and students but with inspection authorities unable to locate the physical school building.

These fraudulent practices to obtain government education funds are not isolated incidents, especially in remote areas where such problems are more severe.

This issue is also supported by historical records. For example, in 1865, only 4.5% of soldiers recruited by Austria in Galicia were capable of simple writing, a significant gap compared to the initial enrollment rates.

Addressing the issues within the education system was a priority for Franz, but he had just ascended to the throne, and internal stability took precedence. However, this did not mean that these problems would go unaddressed.

The introduction of compulsory education now serves as a test, an opportunity to rectify these issues and deal with those who engage in corrupt practices or mismanagement.

Combating corruption must begin from the present, as attempting to settle old scores and launch a thorough investigation into the Austrian government's past would likely result in a high number of officials being implicated.

This is a common trait among all long-established empires. Faced with such a situation, Franz also felt quite helpless. After all, he couldn't possibly arrest everyone, could he?

He is not Emperor Chongzhen, who couldn't tolerate any shortcomings. As long as they can get the job done, issues related to personal integrity can be put on hold for now, with a note in his notebook for future reference.

"Why is there such a difference?" Franz asked.

“Your Majesty, the schools for compulsory education are mostly concentrated in the cities, and our enrollment efforts are mainly focused on urban and nearby areas.

These areas happen to be the ones with the best access to education, and by the time we initiated the enrollment, we missed the best time. Most families with decent conditions have already sent their children to school.

Our Ministry of Education had previously compiled a list of eligible students for this year, but among them, any family with reasonably good financial means would not choose to send their children to compulsory education schools,” explained Count Leopold von Thun und Hohenstein.

There’s no other way. Austria’s compulsory education is budget education.

To save expenses, they’ve cut down on all unnecessary facilities, even the teachers are fresh out of training. The quality of education can only be considered better than nothing.

In this era, there are many children, and based on Austria’s population, the number of primary school students in this era should reach around 6 million to essentially achieve universal compulsory education.

“Very well, then. The Ministry of Education and local governments should work together to fill the enrollment gap and avoid wasting resources.

At the same time, we need to standardize the educational management system of church schools. Those trying to swindle education funds under the guise of schools should be sent to prison,” Franz pondered and said.

If it weren’t for potential negative repercussions, Franz would have considered following the example of the Prussian government and directly wresting control of education away from the church.

“Your Majesty, please rest assured. Starting from now, all students in Austria will participate in the unified examinations organized by the Ministry of Education every year. If a large number of students fail, these subpar schools will be shut down.

Additionally, we will send inspectors to schools periodically. Once we find that the teaching materials are not those officially issued by the education department, we will hold teachers and school administrators accountable for their educational responsibilities,” Count Leopold von Thun und Hohenstein replied.

Currently, the Austrian government lacks the financial resources and teaching staff to fully implement compulsory education. In the future, these church schools will be subject to closure.

Austria only needs the Emperor’s approval, while the church can focus on serving God. If they have excess energy, they can even engage in colonial ventures. The problems of the next generation shouldn’t be their concern.

Since the Emperor had made a decision, the Ministry of Education naturally had to work in that direction. One of the most significant steps taken was in 1850 when the Austrian government ceased funding church schools.

However, if these schools could function without government support, relying on church funds, and meeting the educational department's management requirements, Emperor Franz had no objections. He believed that such enthusiastic individuals deserved recognition and didn't mind awarding them an education medal.

In any country, there are always people who silently contribute, and Austria was no exception. A drastic approach might not be the best solution.

Chapter 136: Core Industries

What are the core industries of Austria's development?

Franz still doesn't have an answer in his mind. The Austrian Empire was initially blessed with abundant resources, and during the early stages of industrialization, shortages were a rare occurrence.

Historically, there was no external colonial expansion from the times of the Austrian Empire to the Austro-Hungarian Empire, a decision closely tied to the wealth of domestic resources at their disposal.

However, this prosperity was somewhat short-lived. As Austria progressed, it began to confront limitations due to the dwindling availability of domestic resources.

Take the steel industry, for example. While many nations were churning out steel in quantities ranging from tens of thousands to even millions of tons annually, Austria initially faced no resource shortages. But as time advanced, with production reaching tens of millions, and eventually hundreds of millions or even billions of tons, sustaining such levels of production became an increasingly formidable challenge.

This issue posed a long-term concern, but Franz took comfort in the fact that it wouldn't demand his immediate attention for the next few decades.

Theoretically, the core industries that could work for Austria were broad, including areas such as agriculture and food processing, metallurgy, machinery, defense, railways, shipbuilding and textiles.

The strength of Austria's solid foundation became evident. Before the loss of Lombardy and Venice, Austria's industrial capacity was nearly on par with that of the French.

This observation wasn't surprising at all. During this era, Austria represented a unique blend of Austria itself and half of Italy. Just the territories of Lombardy and Venice alone could rival with the other half of Italy.

Franz was under no illusions about achieving equal progress in every industry. In a world marked by fierce competition, he understood the importance of the government's role in supporting specific sectors. Without such strategic guidance, could anyone ensure their supremacy over their rivals?

And it wasn't just Austria; even the British, as the world's primary industrial power, didn't evenly nurture every sector. They focused their efforts on finance, shipbuilding, and textiles.

Making such a commitment was a significant decision; once chosen, it would become a long-term national policy capable of shaping the nation's economic landscape for generations to come.

Numerous factors come into play when determining a nation's core industries: resources, markets, industry expertise, interest groups, the direction of national development, and the constantly shifting international stage...

Free-market economy? Market economy?

These are just words, and it's best not to take them too seriously, or you might end up feeling disheartened.

In any prosperous nation, core industries receive support through policies such as tax incentives or the implementation of measures aimed at fostering their growth...

Sch?nbrunn Palace.

Franz and Felix took a leisurely stroll together in the square, their conversation centered on the future course of Austria's development.

"Prime Minister, in your opinion, what should be Austria's strategic focus in the years ahead?" Franz inquired.

This was an era marked by the principle of survival of the fittest, where expansion was the prevailing theme. Ever since the Vienna System fell apart, European nations had entered a new era of rivalry and competition...

For smaller nations, sticking to the status quo was often their only option, while larger nations, driven by the pursuit of progress, had to swim against the current, recognizing that stagnation meant regression.

The Austrian Empire found itself at a crucial crossroads, and its alignment with Russia marked Austria's initial venture into strategic decision-making, albeit this time focusing on the selection of an ally.

Historically, what drove the Austro-Hungarian Empire to become entangled in Balkan affairs, a choice criticized by numerous experts and scholars as a strategic mistake?

Franz had once shared this viewpoint, but his firsthand experiences led him to reevaluate the situation...

Austria had plenty of opportunities for external expansion, yet they deliberately refrained from pursuing them. Involving themselves in Balkan affairs wasn't a decision made enthusiastically by the ruling authorities.

One only needed to consider the global landscape of that era to understand that it was a decision born out of necessity, as Franz fully comprehended.

Amid the chaos of the Great World War, major powers were aggressively expanding their spheres of influence. Austria and Spain, however, were notable exceptions, finding themselves stagnating and struggling to keep up with the rest.

This situation often depicted them as two sheep among a pack of wolves. To avoid becoming prey, they needed, at the very least, to project the image of wolves...

Austria had asserted its claim over the territories of Bosnia and Herzegovina, presenting itself as a formidable wolf, a move that brought them a few years of relative tranquility. In contrast, Spain

remained passive, catching the eye of the American eagle, and subsequently becoming embroiled in the Spanish-American War.

Prime Minister Felix responded promptly, "The German region!"

"Why?" Franz inquired.

Prime Minister Felix took a moment to think before replying, "By annexing the Southern German States, we'll share a direct border with France. Despite our current friendly relations, the French have long had ambitions of continental dominance. Therefore, we must consider the need for defense along the western front.

Furthermore, we must stay watchful regarding the Kingdom of Prussia. As we consolidate the Southern German States, Prussia is likely to seek the annexation of the Northern German States, potentially creating a divided Germany.

If they succeed in unifying the Northern German States, the Kingdom of Prussia's power will substantially increase, making them a more formidable threat than they are currently. Most importantly, they have ambitions to unify the entire German region."

"What if we were to redirect their ambitions westward?" Franz mused.

Austria, a formidable force, projected a commanding presence. Its annexation of the Southern German States would only further bolster its power.

In contrast, Belgium, Luxembourg, and the Netherlands seemed like comparatively more accessible targets, akin to ripe and tempting fruits.

Belgium boasted a thriving industrial sector, the Netherlands excelled in navigation, and possessed extensive colonies. Even tiny Luxembourg had garnered a reputation as a producer of steel.

"Your Majesty, I fear that the Prussians may harbor the intention but lack the capability to expand westward. They would face insurmountable odds challenging the French, and the British are unlikely to grant their approval," Felix responded, his thoughts weighed carefully.

To most observers, it seemed that the Prussians lacked the courage required to confront the French head-on...

As for the British, their stance was quite clear: if Prussia managed to defeat the French, effectively neutralizing them, the British would find themselves in a precarious position without their hired forces. In the worst-case scenario, they might have to endure a few years of maritime blockades.

Though the French were formidable, when facing the formidable alliance of Austria and Russia, they appeared somewhat more manageable.

"That depends on Prussia's ambitions and the French interest in the Rhineland region. Either of these factors could ignite this war," Franz declared with unwavering confidence.

The undeniable truth was that in some countries, the state controlled the army, but in Prussia, it was the army that held sway over the nation. Nationalism was on the rise, and it wouldn't take much to incite them into action.

If Prussia lacked the audacity to initiate the conflict, aligning with Austria remained a viable option. If necessary, they could forge an alliance with Austria, and Franz was convinced that Prussia would find it difficult to resist such temptations.

Once the die was cast, a future confrontation with the French became inevitable. In the process, the possibility of an Anglo-Prussian alliance would crumble, making way for the reestablishment of the Three Emperors' League, thus shaping the political landscape of the European continent...

The question of whether to proceed with this plan or not left Franz in deep thought. In the larger scheme of things, it appeared that the one who stood to benefit the most was none other than the Russians.

In this scenario, Austria would primarily secure a stable rear and, at best, claim a few morsels of French colonial territory. Meanwhile, the Russians would have a clear and unobstructed path to the open seas.

With a subtle smile, Felix replied, "Your Majesty, I believe the Prussians would find this proposal highly intriguing. However, one must wonder if they have the strength to devour this tempting bait all at once.

Belgium, the Netherlands, and Luxembourg, despite sharing a Germanic heritage, don't readily acknowledge their ties, and they would undoubtedly put up strong resistance.

Even if, with our support, Prussia were to overcome the French, the shadow of British support looms large.

But if they stumble in their efforts to digest it all, a second opportunity may never present itself. If, in the future, Prussia's relations with the English and French sour, rest assured, our support for them would diminish accordingly."

The words snapped him out of his thoughts. The Kingdom of Prussia was not the future German Empire; the vast difference in their sizes made it highly unlikely for them to manifest the same strength.

The Dutch population, roughly 3.06 million, the Belgians at approximately 4.4 million, and the Luxembourgers, a modest 200,000 in number, were predominantly Catholic. In contrast, the Kingdom of Prussia had a population of roughly 13 million. Could they really be absorbed?

In terms of overall economic power, the combined forces of these three nations barely matched the Kingdom of Prussia.

Of course, this was the present state of affairs, and change was inevitable in the future. However, no matter the nature of the shifts that lay ahead, swallowing a nation marked by growing nationalism would never be a straightforward task.

Franz even believed that Prussia's annexation of these three countries seemed more like a fantasy than Austria's absorption of the Balkan Peninsula.

Well, in reality, it's all just food for thought.

Without external influence, gradual encroachment might be feasible. But if you attempt to swallow it all at once, you're either diving into a river of blood or choking yourself to death.

Given this, Franz knew what he had to do. Austria couldn't compete with the British on its own, at least not in their three core industries. That was an unattainable goal.

But that was alright; Austria didn't need to replicate the British path to development. They could, however, follow the Prussians' example, prioritizing the growth of the military-industrial complex, railways, and manufacturing. Combine that with Austria's strengths in the agricultural and food processing industries...

Building railways required both government investment and encouragement of private investment, with commercial competition primarily being an internal matter. Similarly, the military-industrial complex relied heavily on government funding, with the international market playing a minor role during this era. The neighboring bear, for instance, showed promise as a valuable client.

Manufacturing, on the other hand, had to rely on the international market. However, Franz wasn't overly concerned. With the Holy Roman Economic Alliance as a vast market and the Russian Bear as a valuable ally, they held a far stronger position than Prussia did in historical terms.

As for food processing, there was little competition to speak of. Austria's main competitors in the European grain market were Russia and the Ottoman Empire, both of which were grain exporters.

Historically, the Russians exported wheat while simultaneously importing flour from abroad. This wasn't an internet meme; it was a real phenomenon of that era.

There's nothing particularly unusual about it. Ships would depart with their holds brimming with grains and return with empty hulls that required heavy stones as ballast to stabilize their voyage. Among these mariners, shrewd traders spotted a lucrative opportunity: the Russian market had a strong demand for flour, and the potential profits were substantial.

This meant that in this particular domain, Austria's competition was primarily with the food processing companies in grain-importing countries. Right from the start, a significant cost difference set them apart.

Industries where advantages didn't require massive investments naturally became key areas for development. In historical records, during the era of the Austro-Hungarian Empire, Hungary was recognized as Europe's primary supplier of flour.

As for the steel industry, a sector often held in high regard by many time-travelers, and often seen as a symbol of a nation's strength, why wasn't it the primary focus of development?

The answer becomes clear when you consider the demand for steel during that period.

The Austrian Empire produced a mere twenty to thirty thousand tons of raw steel annually, the Russians a few thousand tons, and even the British, despite their industrial prowess, couldn't boast an annual output exceeding one hundred thousand tons of raw steel.

Unfortunately, the market had a modest appetite for steel. Even when you factored in pig iron, demand didn't soar. No one had yet crossed the threshold of producing over a million tons.

Had steel been chosen as a core industry, the Austrian market would have been flooded with excess steel within a few months.

To address the issue of surplus steel, the government would have had to invest significant funds in other industries, only to discover with astonishment that the steel industry hadn't taken off, leading to an industrial crisis arriving prematurely.

Given this, it made more sense to develop the railways and the military-industrial complex to drive steel consumption. Market demand propels production; that's the fundamental law of the market.

Focusing on the development of the steel industry was already forward-thinking, not to mention high-tech industries. Except for the military-industrial complex, a country's economic model is mostly shaped by market forces dictating industry prospects.

During this era, it was a high-tech desert, and many groundbreaking products, even if developed in laboratories, couldn't be effectively marketed.

In such advanced fields, it wasn't suitable for a nation's core industry. Nevertheless, as secondary development goals, achieving early technology readiness was still feasible.

Chapter 137: Railway Network

On July 11, 1849, during an extended government meeting in Austria, Franz proposed the establishment of the "Austrian Core Industry System."

Following this, the Austrian government launched on-site research to determine which industries should take precedence as the focal points for development.

This decision couldn't be made hastily, even if the reasons were compelling. It was crucial to gather and analyze sufficient data to ensure there were no risks before finalizing the decision.

Surprisingly, the reality turned out quite differently. There was substantial evidence indicating that during this era, the focus should be on the development of the military-industrial complex, especially the naval military industry.

The cost of hundreds of thousands of rifles for the army would be roughly equivalent to the price of one or two battleships. Cannons might be more expensive but still relatively affordable for the era. During this period, the most substantial military expenditure for the army was personnel salaries and training costs, rather than weapons and equipment.

Military-industrial enterprises primarily concentrated on research and production capacity. Expanding production capacity blindly wasn't necessary, as the domestic market was limited, and the international arms market even smaller. Investing heavily in expanding production capacity would be an unwise move.

Regarding research and development, it wouldn't require a significant amount of money. How much would it cost to develop a few types of cannons and rifles? Would one million florins a year suffice? If not, ten million florins would undoubtedly be more than enough.

In this era, whether the combined research and development expenses for military weapons and equipment across all European countries would amount to ten million florins remained a significant question.

Franz estimated that it likely wouldn't. Most military-industrial enterprises in Europe were private businesses motivated by profit. If the investment in research and development costs was too high, it might never be recouped.

As long as profits were reasonable, there was no expectation for capitalists to engage in technological innovation.

During this era, technological innovation wasn't a favored term, as it had a failure rate exceeding ninety-nine percent. Capitalists were cautious when it came to investments in this field.

That's why there's a saying that war drives the development of weapons. It's only during wartime that people are willing to invest in the research and development of new weapons and equipment.

In contrast, the navy was a money-drainer. Unfortunately, the Austrian Empire's navy appeared rather small, likely ranking around sixth, seventh, or eighth in the world.

If they chose to focus on navy development, it wouldn't take long to rise to the third position globally, just behind England and France.

However, surpassing them would be a different challenge. These two powers, along with the other leading nations, were on an entirely different level in terms of technological prowess and overall national strength.

Considering the daunting naval arms race, Franz had a moment of hesitation. What use did Austria have for a large fleet? Its navy could only operate in the Mediterranean. Building a formidable fleet would be futile.

Both England and France were colonial empires, and their emphasis on large navies stemmed from their colonial ambitions. The major naval powers of the time were predominantly colonial nations. Even if Austria were to contemplate colonial activities now, there was no immediate need for a massive naval buildup.

Franz had no intention of competing with the British for control of India, so why engage in an arms race with them?

The final research report confirmed that prioritizing the development of the military-industrial complex was the way to go. With an annual government allocation of several million for research and development, Austria could easily maintain a position at the forefront of global military technology.

The level of basic industry wasn't solely dependent on how much the government emphasized and invested; greater investments didn't necessarily guarantee larger final gains.

As Franz reviewed the report, he couldn't help but express frustration at the unscrupulous experts and professors of the future who had meddled with history.

Consider this: in the Austro-Prussian War and the Franco-Prussian War, what advanced weapons did Prussia produce apart from a new type of rifle?

Did the development of the military-industrial complex, which required substantial resources, truly culminate in just a breech-loading rifle as its ultimate achievement?

This was sheer nonsense! Did the leaders of Prussia's government all lack common sense?

Franz boldly asserted that with the right investments, Austria could have developed even machine guns by now, with several hundred thousand florins well spent.

In simpler terms, the capacity of the military-industrial complex is still relatively small. As long as the government allocates a modest portion of resources, it can maintain a leading position on the global stage.

Indeed, in this era, Austria's military-industrial complex is at the forefront. It doesn't lag behind compared to any other country.

Franz had no plans to leap forward through eras. High-tech products like airplanes and tanks weren't part of his immediate development agenda.

Even if research was conducted, their production was still a distant prospect.

Manufacturing tanks was within the realm of feasibility, and at worst, they could create something akin to a steam tank, which might seem somewhat fantastical but was theoretically possible.

However, has anyone ever heard of a steam-powered airplane?

If he had to face the consequences, so be it; Franz had thick skin. Fortunately, the Austrian government was pragmatic. Otherwise, once the national policy was set, he'd have no choice but to accept it.

On September 11, 1849, the Austrian government established a separate department, the Ministry of Railways, to oversee railway construction, officially designating railways as Austria's core industry for the next two decades.

On September 13, the Austrian government reaffirmed the core positions of the manufacturing and food processing industries, both of which fell under the jurisdiction of the Ministry of Industry.

With this, the three driving forces propelling the Austrian Empire forward were established. The next question was how to develop these industries.

"Your Majesty, I present to you an initial proposal from the Ministry of Railways, outlining plans for the rapid establishment of a nationwide railway network," Baron vom Stein, the newly appointed Minister of Railways, respectfully conveyed.

With all due respect, he handed a document to Franz. Although not extensive, it held a wealth of information within its pages. The document consisted of meticulously crafted tables and textual explanations, though there were occasional uneven lines, possibly due to its hurried creation.

Franz received the document and embarked on a thorough examination of its contents. Despite its brevity, it proved to be an invaluable resource. It contained carefully arranged details, each pen stroke bearing witness to the diligence of its creators.

After spending more than a dozen minutes reviewing the document, Franz's expression remained composed. He turned to his maid and said, "Jenny, please bring a map of Austria."

This plan outlined the framework for a national railway network, connecting several cities. Franz's memory wasn't flawless, and he couldn't recall every location precisely.

As he compared the plan to the map, it became clear to Franz that, once implemented, it would seamlessly connect Austria's major cities. Some railways even extended into the border regions, suggesting that the Ministry of Railways had considered military applications as well.

“The plan appears robust, but the critical issue is its technical feasibility. Many regions pose significant construction challenges due to their rugged, mountainous terrain,” Franz reflected, expressing his concerns.

“Your Majesty, this is just a preliminary draft. In practice, before commencing construction, we’ll send engineers for comprehensive on-site surveys along the route. Without this crucial data, we can’t guarantee feasibility.

We are well-prepared for such situations. If certain segments prove impractical due to geographical constraints, we’ll explore alternative routes. Our current goal is to expand the railway network to connect major cities across the nation,” replied Baron vom Stein, the Minister of Railways.

Franz nodded in agreement. Strictly speaking, Stein wasn’t a conventional administrator; he was more like an engineer.

However, the primary mission of the Austrian Ministry of Railways at this point was road construction. Railway administration was the responsibility of subsidiary railway companies overseen by the Ministry of Transport.

“If it hadn’t been necessary to emphasize the government’s commitment to railways, we might have considered a less elaborate Ministry of Railways, perhaps a dedicated railway construction company,” Franz contemplated.

Given that the primary task was railway construction, Franz had no reservations about appointing an experienced engineer to lead the effort. This way, he could avoid concerns about overly ambitious railway construction proposals.

Stein had played pivotal roles in the design and construction of numerous Austrian railways, earning him a reputation as one of Austria’s most esteemed railway engineers of the era.

Initially, he held the title of Chief Railway Engineer, recruited by the Austrian government. Now, he has assumed the role of Minister of Railways.

Titles had changed, authority had expanded, but the essence of his work remained unchanged. He was still tasked with building railways and actively participating in their design and construction.

In this era, railway designers faced formidable challenges. They had to personally conduct on-site surveys for critical segments of the railway, without the comfort of air-conditioned offices.

Franz’s concerns didn’t center on whether this railway network plan could be executed; instead, it was a matter of when it could be realized.

The 19th century was a world apart from the conveniences of the 21st century. Constructing over 38,000 kilometers of railways, with over 12,000 kilometers as primary routes, was an enormous undertaking.

Building such an extensive railroad network was a Herculean task. Currently, Austria has a mere 1,359 kilometers of operational railways, with an additional 896 kilometers under construction.

“Tell me, how long will it take to see this plan come to fruition?” Franz inquired, his concern reflecting the monumental scope of the project.

“At least twenty years, and if we have sufficient financial resources, this timeframe can be significantly shortened,” Stein replied.

Stein left some room for flexibility in his response. Railway construction differed from other industries in that, with sufficient investment, multiple sections could be initiated simultaneously, significantly increasing the construction speed.

Franz remained silent for a moment. Stein’s answer was somewhat equivocal, not providing a definitive timeline. Building over 38,000 kilometers of railway would be an immense undertaking, and if approached slowly, twenty years might not suffice.

However, if the project were broken down into smaller sections, perhaps thirty or more, each covering approximately a thousand kilometers, and further subdivided, it might be possible to complete the construction in just a few years.

If one genuinely believed this could be accomplished so quickly, they must be naive. Firstly, it would require a massive infusion of capital, and secondly, a substantial workforce dedicated to railway construction.

In addition to ensuring these two fundamental requirements, we must also consider factors like the availability of technical personnel, transportation logistics, raw material supply, geographical conditions, and a host of other variables.

“I will grant you twenty years for this endeavor. Regarding funding, I can assure you that the government will allocate no less than twenty million florins annually, and we will also enact relevant laws to permit private capital to participate in railway construction.

I hope to witness a railway network covering the entire country within twenty years. Do you believe this is achievable?” Franz inquired solemnly.

“Your Majesty, please rest assured, I pledge to complete this task ahead of schedule!” Stein declared with great enthusiasm.

As long as there was sufficient funding, constructing railways wouldn’t pose a problem.

It’s worth noting that the Austrian government still had a pool of laborers—those unfortunate individuals who had participated in past rebellions were destined to be employed from the outset.

Franz couldn’t help but contemplate whether two hundred thousand people would be inadequate to lay down thirty-eight thousand kilometers of railways. If they fell short, perhaps they could provoke another war, assert dominance over the Ottoman Empire, and bring in more laborers?

The path to industrialization for every nation was stained with blood, whether through internal struggles or external conflicts. Success rarely came without significant sacrifice.

Chapter 138: Sharing the Fruits

It was easier said than done. Franz was well aware of the limitations of productivity. In this era, although railway construction techniques had advanced, efficiency remained a challenge.

Constructing thirty-eight thousand kilometers of railway within twenty years meant an average of 1,900 kilometers built annually. In this time period, such a feat was undoubtedly a formidable task.

Funding was also a concern. Allocating 20 million florins to construct 1,900 kilometers of railway translated to just over 10,000 florins per kilometer on average. This budget might barely suffice for construction in flat areas, assuming labor costs were negligible. But it didn't take into account compensation for demolitions or considerations of geological conditions.

In reality, the Austrian Empire was far from being a land of plains. Complex terrains were prevalent, adding further challenges to railway construction.

These natural environmental limitations could be partially mitigated by taking longer routes. After all, in this era, it was impossible to construct tunnels several kilometers or even tens of kilometers long for Austrian railway projects.

Dealing with challenging terrains, whether by circumventing them or tackling them directly, both meant a significant increase in costs.

The final cost remained uncertain. Perhaps, after completing on-site surveys, engineers could provide an initial budget estimate.

The government's financial resources were limited, and they couldn't allocate all their funds to railway construction. In Franz's opinion, the annual expenses for railway construction should ideally be kept within 5% of the government's revenue.

The deficit could be addressed by attracting private capital, essentially encouraging the nobility to invest in railway construction.

This aspect of Austria's national circumstances was unique. While capitalist economics had begun to develop, a significant portion of the country's wealth still resided in the hands of the nobility.

Of course, the central government of Austria now possessed a substantial amount of wealth in the form of land, forests, real estate, and state-owned enterprises. However, much of this wealth was non-liquid. The funds acquired from confiscations had largely been spent, leaving the treasury with less than one hundred million florins.

Real estate was gradually being sold off, and a significant portion of the income from land came from leasing to farmers, rent collection, and redemption money. It was anticipated that this arrangement would provide the government with an annual income of one hundred and fifty million florins over the next several decades.

Not all of this money would go directly to the government; a portion of it would have to be allocated as land compensation to the nobility. Franz had a reputation to uphold, and these payments have to be made, no matter how long it takes.

Even if it has to be stretched out over twenty or even forty years, these obligations have to be honored.

Unfortunately, the Austrian nobility were quite cooperative, and the government couldn't find excuses to default on these payments.

Due to these factors and the influence of personal connections, the Austrian government was obliged to allocate one hundred million florins in compensation each year.

It was a reality dictated by the country's political landscape, where the nobility played a significant role in the government, and their interests had to be considered. Franz understood the limitations of his actions in such a situation.

Given the substantial amount of money flowing into the nobility's coffers, it would be a waste not to consider investment opportunities. Furthermore, hoarding these funds would be unwise, as the compensation payments were not perpetual; once paid, they were gone.

As a responsible emperor, Franz also had to contemplate the nobility's future financial security. Investing in various projects carried inherent risks, and an ill-advised decision could lead to catastrophic losses.

On the contrary, investing in railways appeared considerably safer. As long as there's a train running on it, wouldn't it be profitable?

During a cabinet meeting, Franz paused thoughtfully as he posed a question, "What do you all believe would be the better course of action: issuing railway bonds, establishing railway companies to sell shares, or simply granting authorization to capitalists for specific railway lines, allowing them to construct the railways themselves? Which option do you deem more suitable for our circumstances?"

Finance Minister Karl responded promptly, "Your Majesty, issuing railway bonds would not be advisable. Railway investments entail a long-term commitment, and for several years, there may be little to no returns.

In fact, considering the practical circumstances, many railway lines might even operate at a loss for a decade or more. Over such an extended period, the substantial debt burden would weigh heavily on the government, potentially straining our finances."

He continued, "Furthermore, if all these railways were directly controlled by the government, it would result in exorbitant management costs. It would be more prudent to entrust their management to private enterprises, allowing us to concentrate on tax collection."

Is investing in railways profitable?

Absolutely.

However, it comes with a caveat – investing in railways that connect bustling commercial areas is the key. The Austrian railway network, in its grand design, considers not only economic factors but also political and military considerations.

Once this expansive railway network is completed, it will interconnect all major cities in Austria, even reaching the remote province of Dalmatia, which is slated to have its own railway.

This means that some of these railway sections may initially operate at a loss. Nonetheless, Austria's land area is not extensive, and its natural conditions are relatively favorable, without extremely remote areas. With the burgeoning development of the economy, the prospects for these railways are indeed promising. (Austria encompasses a land area of 698,700 square kilometers.)

While the government can take responsibility for building the railways to ensure quality, having the government manage the railways might not be the most efficient approach.

Private enterprises often excel in keeping costs at a minimum compared to government agencies, and private companies tend to outperform state-owned enterprises.

However, Austria's labor protection laws are in place, and capitalists, while seeking ways to minimize expenses, must adhere to strict government regulations.

“Your Majesty, issuing company stocks should not pose a major issue. Nevertheless, it's important to note that according to Austrian securities laws, we cannot go public and raise capital until construction on the railways has actually commenced.

Therefore, we'll still need to provide the initial funding. One approach could involve utilizing land as part of our investment, seeking contributions from social shareholders, and subsequently initiating the process of going public for fundraising once construction is underway,” suggested Archduke Louis.

This is indeed an opportunity to share the fruits. While Austria is often seen as conservative, it's no secret that investing in railways can be profitable. There are a few railway segments in China already, and as far as anyone knows, none of them are operating at a loss.

Given the Austrian government's commitment to prioritizing railways, even conservative aristocrats might be enticed.

After all, railways are a different kind of industry; the risks are visible. With a well-chosen route, making money seems almost inevitable.

Agreed, but there should be restrictions on the investment ratio. The total amount contributed by all social shareholders should not be less than forty-five percent of the railway construction funds,” proposed Franz after giving it some thought.

Franz didn't mind the nobles getting involved and making money; in fact, he wanted them to contribute. However, the condition was that they must provide real money, not just empty-handed promises.

The introduction of joint-stock companies posed a challenge for capitalists looking to enter the railway sector. Franz's primary concern was securing the funds needed to build the railways, regardless of their source.

Ultimately, it was decided that the government would establish five railway operating companies, with each company responsible for the investment and construction of one of the five railway lines.

This decision was seen as a pilot program. If successful, it would expand further; if it failed, alternative approaches would be explored.

While private capital could be involved in investment and construction, railway design and planning would remain under the jurisdiction of the Ministry of Railways. Construction had to adhere to the approved plans and be subject to the Ministry of Railways' supervision.

These five railway operating companies were only responsible for a portion of the railway investment, and they predominantly selected routes that were easy to construct and could generate profits quickly.

Officially, the goal was to allow early investors to profit, thereby encouraging more individuals to participate in railway construction and accelerating Austria's railway development. In practice, everyone understood the underlying motivations.

Franz wasn't overly concerned about morals. He didn't reject the idea of using the benefits of the railway to gain support from interest groups and facilitate smoother project progress. Of course, the royal family also had its stake in this endeavor.

When it came to profitable businesses, people clamored to get involved, but when it came to ventures with potential losses, no one was interested. If no one else was willing to take on the risk, then the government would have to shoulder the burden.

Commercial railways would be constructed by private entities, with the government holding a certain share. Railways with political or military significance would be handled by the Ministry of Railways itself.

Franz was mindful of appearances, so he refrained from direct involvement in these matters.

In reality, the government was short on funds. After all, mine owners made more money than rail tycoons, but the House of Habsburg did have some investments.

In any case, these railway companies would eventually go public. If they encountered financial difficulties, Franz could seize the opportunity to invest when their stock prices plummeted.

Chapter 139: The Oriole Behind

The news of the railway companies going public caused an immediate sensation. In less than three days, the initial shares of these five companies were completely subscribed, raising a total of 3 million guilders in startup capital.

One couldn't help but admire the grandiosity of the nobility. One family contributed as much as 1.8 million guilders without hesitation.

Everyone was well-informed and fully aware of the government's intention to involve local powerhouses in this venture, preventing any potential disruptions to the railway projects.

Despite the circumstances, there was no reason for anyone to refuse such an opportunity for wealth. If Emperor Franz was willing to share in their prosperity, it meant he regarded them as allies, which put many minds at ease.

The atrocities committed during the suppression of the rebellion last year were conveniently overlooked. Unbeknownst to them, allegiances had subtly shifted, and it was clear that the traitors deserved their fate.

With so many influential figures now invested in the railway projects, Franz didn't need to worry about the details anymore. These people were even more eager than him to see the railways completed sooner, as that would mean they could start making money sooner.

The surveying teams from the Ministry of Railways had already set out, and to expedite the process, the newly established railway companies had organized their own surveying teams, joining in the effort.

Five railways have simultaneously commenced construction, namely: the Prague-Bratislava Double-Track Railway, the Vienna-Szeged Railway, the Vienna-Milan via Venice Railway, and the Ljubljana-Zagreb Railway.

Certainly, these five are the main lines, but the actual construction distances encompass much more than just these.

For instance, between the Prague-Bratislava Double-Track Railway and the Vienna-Szeged Railway, there will be branch lines connecting them. Meanwhile, the Vienna-Szeged Railway may extend westward to Salzburg. The situation is similar for the Vienna-Milan via Venice Railway, which might include various branch lines and connections.

As for the Ljubljana-Zagreb Railway, since the straight-line distance between the two cities is relatively short at just over a hundred kilometers, it wouldn't serve as a primary mainline.

Of course, it extends in both directions, stretching westward to Villach, where it connects with the Vienna-Milan Railway, and eastward to Slavonski Brod.

The main tracks alone cover about four to five thousand kilometers, and with various additional branch lines, it easily exceeds ten thousand kilometers.

There's no doubt that the Ministry of Railways has included some challenging routes within this plan, employing a bundled approach.

This is something that Franz has tacitly accepted. As compensation, the Austrian government will provide railway companies with some free labor, with the specifics determined by the construction conditions.

Once you're on board, there's no turning back. Without the labor force in the government's hands that can be used as expendable resources, it won't be easy for the railway companies to construct the railways.

Once the casualty rate becomes too high, even if everyone is as cunning as a fox, they won't be able to hide it.

Just consider this: when thousands upon thousands of people die, the societal impact would be tremendous. And the compensation costs alone could make them vomit blood.

This is also one of the reasons for the slow expansion of railway networks in various European countries. Building only a few hundred kilometers of railway each year and keeping the number of casualties within a certain range is something that everyone can tolerate.

If there were too many deaths and injuries, the workers would also go on strike. Would they have to bring in slaves from overseas for construction? During this era, slaves were by no means inexpensive, and the costs of transportation were significant as well.

During this era, railway construction was an extremely brutal endeavor. Machinery was scarce, and the majority of the work had to be carried out manually, with laborers bearing heavy loads on their shoulders and backs. Hazardous sections often led to casualties, sometimes involving both workers and equipment.

Many unscrupulous railway companies in this period provided opium to workers as a daily necessity. Most laborers couldn't endure the physical pain and relied on opium to numb themselves. However, after a few years, their health would inevitably deteriorate.

It was undeniable that these newly established Austrian railway companies were representative of such unscrupulous practices. Their hidden shareholders were a group of sanctimonious nobles who, precisely because of their noble status, had to carefully consider their reputation. While many things could be done in secret, they dared not engage in them openly.

Cleaning up their reputation would be a formidable challenge, especially when it entailed the accumulated prestige of generations past. Just observe Emperor Franz's conduct, and you'll gain insight. The Emperor himself avoids direct involvement, and even the House of Habsburg's investments require the use of pseudonyms.

Given such circumstances, what could be more reassuring than employing convicts for railway construction? Even in the event of casualties, public opinion wouldn't vehemently condemn them, at least not in this era.

Naturally, they would also designate a few managers and CEOs to shoulder the blame, accusing them of mismanagement, and that would bring the matter to a close.

All of these individuals are part of a shadowy organization, their reputations irreversibly tarnished in the eyes of the public. As long as the Austrian Empire exists, their rehabilitation remains an unattainable goal.

It shouldn't be assumed that Europe didn't engage in collective punishment. When it came to rebellions, even the high and mighty nobility would face dire consequences, not to mention commoners.

People would feign ignorance; ordinary citizens wouldn't admit to having rebels in their midst. As long as they stayed quiet and law-abiding, the government would also turn a blind eye.

During times of war, when things were chaotic, it was challenging to investigate, so they simply counted them among the casualties. Otherwise, how do you think Metternich arrived at the death toll?

These individuals were already declared dead in their official records, and their families considered them deceased as well. Many of them even had funerals in advance.

Except for the initial situation when Franz suppressed the Vienna Uprising, where some rebels changed sides and received lighter sentences, rebels in the Italian and Hungarian regions were essentially considered dead.

These individuals became the best kind of laborers; once you've died, you can't die again. So, they were simply cremated, and that was the end of it.

No need to pay wages, no need to provide compensation. There were no families causing trouble, no media condemnation, and no subsequent problems.

The only issue was that these people were in the government's hands, and using them would come at a cost. While there might not have been as many additional sections as initially promised, there was also no commitment to provide free labor, was there?

After not much hesitation, everyone decided to continue with the construction. They simply placed these sections further down the priority list. After all, it saved the most significant chunk of labor costs, and it wouldn't increase the budget by much.

In the future, they'll operate when there's a profit to be made, and if not, they might run a train every ten days or so. It's up to their discretion.

In Austria, as long as they control the operation schedule, the likelihood of running at a loss isn't actually that high. Even in remote areas, they can still gather enough cargo for a train every ten days or so.

The planned routes by the Ministry of Railways connect cities, not rural areas. How could there be no business?

For less popular routes, they might not generate significant profits, but the prospect of breaking even isn't a major concern. Even if they incur some losses, it won't be a lot.

This highlights one of the advantages of private railway companies: their ability to adapt train schedules for both freight and passenger services based on real-time demand.

Government-operated railways face limitations in this regard. Delegating excessive authority to lower-level dispatchers could potentially lead to mismanagement and complicate oversight.

Private company owners often maintain close scrutiny of their operations, whereas the government grapples with the challenge of preventing corruption among its personnel. Naturally, Emperor Franz cannot personally oversee these matters on a day-to-day basis.

Furthermore, political factors come into play for the government. Many regions require daily railway operations to spur economic development. Although the railway system might initially operate at a deficit, it can stimulate local economies, resulting in increased tax revenue for the government.

Ultimately, whether the government incurs losses or turns a profit is a multifaceted calculation that is difficult to determine.

To avoid large-scale corruption and minimize losses, most of the government-operated railways had fixed schedules in place.

For any adjustments to schedules, numerous layers of reporting and approvals were required, and unless there were exceptional circumstances, most staff members rarely went out of their way to create complications, which would naturally drive up operational costs.

After a series of negotiations, they eventually reached a consensus, and Austria's railway construction project was launched.

In order to recoup the costs in the shortest possible time, they employed the "three-sided approach" - conducting surveys, designing, and constructing simultaneously.

Just as railway construction was getting underway, everyone reluctantly encountered an issue: it seemed that the sand and gravel mines around the railways had all fallen into the hands of the Austrian Sand and Gravel Group.

This turn of events left many individuals deeply regretful. Prior to railway construction, sand and gravel near cities held little value, and those in remote wilderness areas were virtually ignored.

However, the landscape had now shifted. Railway construction demanded a significant quantity of sand and gravel as essential raw materials. In this era, there were no automobiles, so transportation relied on manpower or animal power. Besides sourcing locally, there were no other options.

As soon as they received this news, the management of the railway company was furious. They had originally been brought in by the shareholders to do the dirty and tiring work, and now it was their turn to step up.

Unfortunately, they didn't get a chance to perform because, when the Austrian Sand and Gravel Group revealed their connections, everyone acted as if nothing had happened.

Or maybe not. They came prepared to make trouble, but after understanding the situation, it turned into a business negotiation. When they left, they took with them a supply contract already signed with the Austrian Sand and Gravel Group.

It was a genuinely fair and transparent transaction, with all gravel supplies being priced based on the market rate. Unless the market price was manipulated, it could be considered a fair deal.

Franz was well aware of the situation. Making a small profit was acceptable, but going too far and causing public outcry wouldn't be in his best interest.

As a result, the market price of gravel didn't increase significantly. It only rose by three times the original rate before the railway construction began. Of course, the railway company was a major customer and received a 20% discount.

All in all, the unit price increased by only four percent, hardly raising the prices significantly. It could definitely be considered a fair deal.

This was well within the rules, as Franz had acquired these mineral resources at a low cost as early as the first half of the year. Many of these resources had been purchased from the nobility.

In this era, information was one of the most valuable assets. Unfortunately, they weren't well-informed, and their desire for small gains led them to admit defeat in this matter.

The only thing that reassured them was that it seemed that His Majesty the Emperor wasn't specifically targeting the railways. Along with the sand and gravel mines, he had purchased a myriad of miscellaneous mines, except for the ones with exorbitant prices like gold and silver mines.

Even these sand and gravel mines weren't all located along the railway lines; they were scattered throughout remote areas. It was clear they were relying on casting a wide net to make profits.

With so many sand and gravel mines, Franz couldn't possibly send people to manage all of them. After all, the unit price for sand and gravel wasn't very high, and the profits mainly relied on quantity.

As an emperor who valued his reputation, exploiting the workers was out of the question, and revealing that he was the secret owner of these ventures was also strictly prohibited.

At this point, they needed to find subcontractors. The aristocrats looked down on the dealings of middlemen, but weren't there still minor nobles and small capitalists?

Franz didn't need to worry about this. After releasing the news about subcontracting, it didn't take long for someone to contact the person in charge of the Austrian Sand and Gravel Group.

With purchase contracts in hand and a guaranteed profitable deal, negotiations were relatively straightforward.

The subcontractors were responsible for recruiting miners, managing all activities at the mining sites, and bearing legal responsibilities for their operations.

Based on the actual circumstances, the Austrian Sand and Gravel Group extracted around 20% to 30% of the contract's profits, leaving the rest to the subcontractors to manage freely. This included paying taxes and worker salaries. The contract would terminate once the railway construction was completed.

Whether or not they could make a profit depended on the subcontractors' management skills. After all, the contract was signed with the Austrian Sand and Gravel Group, and they had shifted all responsibilities to the subcontractors. Even if significant problems arose, the most that could be traced back was to the Austrian Sand and Gravel Group as the front organization.

And that's where it ends. The behind-the-scenes remain behind-the-scenes, and those who knew were smart people so nobody would open the lid.

No matter how others calculate and compete, in the blink of an eye, Franz would earn the largest share of profit.

It was estimated that by the time these railways are completed, Franz will have recouped all the money he invested upfront in buying mines, and the mines will be his biggest source of profit.

This was just the beginning. Only a portion of the sand and stone mines had been developed. There's still a whole heap of mines waiting to be developed. At this moment, Franz realizes that mine owners are the luckiest.

Chapter 140: Standard Gauge

Before embarking on the massive railway construction, there was another issue that troubled the Austrian government – the standard gauge for the railways.

This standard couldn't be arbitrarily decided upon; whether broad gauge or narrow gauge railways were better depended on actual needs.

Options ranged from the narrowest gauge of 610mm to the widest at 2141mm, and even these could be further adjusted depending on the real requirements.

Broad gauge railways offer advantages such as improved train stability, reduced risk of derailment, enhanced smoothness and comfort during train operation. However, they come with the drawback of requiring larger turning radii, which can increase construction costs.

Of course, with wider tracks, railway carriages can also be made wider, potentially increasing their carrying capacity. However, this depends on the railway's ability to support heavier loads, which is a complex consideration not solely determined by gauge width.

In general, broad gauge railways tend to have a larger freight carrying capacity, but the overall load weight may not necessarily increase due to other factors that influence carrying capacity.

For passenger transportation, broad gauge railways indeed offer advantages, providing more spacious interiors and a more comfortable travel experience.

The concept of gauge-changing technology and advanced high-performance trains, which are available in later eras, wasn't in consideration as they couldn't be reproduced in this era.

Perhaps in the future, on narrow-gauge railways, trains wider than three meters could operate, but it was clearly impossible in this era. While flat terrain didn't pose many problems, once you encountered hills and slopes, derailments could happen within minutes.

Furthermore, political and military factors played a role. For the sake of national defense and security, intentionally constructing railways with different standards from neighboring countries was a strategy to prevent potential enemies from quickly using their railroads during times of war.

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"Your Majesty, why do we have to standardize the gauge for all railways? Couldn't we just switch trains at fixed stations? This way, we could build railways according to different needs and minimize construction costs," questioned the Minister of Railways, Stein.

Franz explained, "We have to consider efficiency. Think about how much time and additional labor it would take to unload cargo from one train and reload it onto another."

Stein thought for a moment and said, "Your Majesty, that little extra time is negligible. Train transport is already much faster than traditional methods. The additional labor cost compared to the cost of railway construction is not worth mentioning. Our funds are limited, and there's no need to waste them here."

Franz rubbed his forehead; he finally understood the chaotic state of railways in various countries during this era.

Due to the era, people's thinking and perceptions during this time were different from the future.

They hadn't yet entered the fast-paced lifestyle of later years, and time wasn't considered as precious. Labor costs were unbelievably low, and the value of labor wasn't fully appreciated.

However, Franz still had to find a way to convince them. It wasn't just the Germans who were stubborn; in fact, Austrians weren't much different, especially these low EQ engineers.

As high-level talents of their time, they had their own principles. If persuasion doesn't work, Franz would have no choice but to issue orders to make them comply.

Clearly, this wasn't his preferred approach. If he couldn't get these people to work diligently, even a slight lack of enthusiasm or negligence in railway design could result in losses amounting to tens of millions.

To avoid being taken advantage of, the core designers of the Austrian railways were all tech enthusiasts from their own country. Even if they hired foreign technical personnel, they all came from the German region and shared the same "three views."

Franz replied, "It's about the future needs of the country, which is related to the nation's next strategic steps. Any other questions?"

"No, Your Majesty," Stein replied.

Differences in cognitive thinking were not something that could be explained in the short term, and Franz couldn't be bothered to explain further. He decided to use a reason to placate them for now.

After all, persuading these single-minded technical experts was much easier than persuading politicians. He still needed to use the design criteria provided by the Ministry of Railways to convince the government, which was a headache in itself.

There was no way around it; this was the Austrian Empire. While the emperor's authority was high, the ministers below him also held significant positions. If the emperor went too far and made them unhappy, they could simply resign.

Is it easy to replace them?

Indeed, it is relatively easy since there are many people aspiring to hold office.

However, finding ministers with both ability and loyalty, along with sufficient prestige, was a challenge.

If he acted as he pleased, it wouldn't be long before he was surrounded by a bunch of sycophants who would treat the emperor's orders as sacred decrees, offering unconditional support.

Whether these orders could be effectively implemented would remain uncertain. Franz knew that in this world, around eighty percent of good policies turned sour once they reached the lower levels of bureaucracy.

Without strong government oversight, officials tended to interpret things in their own interest, ultimately distorting the original intent.

Nobody likes subordinates who stick too rigidly to principles. Such individuals often hurt their leaders' pride. Since the emperor set an example, they would naturally follow suit. In the end, all that would remain in the government would be smooth talkers.

Franz dared not think about the consequences. In any country, as long as the upper echelons are rotten, the rate of decay among the lower levels would exceed anyone's imagination.

To avoid such a situation, a set of rules had to be established. As the maker of these rules, Franz understood that he, too, had to be bound by them.

"In consideration of Austria's actual situation, calculate according to an annual economic growth rate of five percent, taking into account our transportation needs for the next fifty years, and design a standard system suitable for Austria. Any problems?" Franz asked.

"None!" answered Stein.

Technically, he still had confidence in the matter. As for the economic growth rate, that was the government's concern. Whether they could achieve five percent was not his problem.

Franz seemed to think of something and added, "Wait a moment, we also need to consider connecting the Holy Roman Economic Alliance and the Balkan region. In the future, we will promote this standard to them, and eventually, everyone's railway network will be interconnected."

The ultimate goal of establishing the Holy Roman Economic Alliance was to achieve economic integration, and having a unified railway standard was an essential part of it.

Other parts of the Balkan Peninsula could be optional, but Belgrade had to be secured. It was the gateway to the Balkan Peninsula, and controlling it meant controlling the lifeline of the Balkans.

The control of the two principalities in the Danube River Basin, Wallachia and Moldavia, was also essential. This was related to Hungary's grain exports, and these regions served as vital trade routes for Austria.

Before the railway network's establishment, Hungary's grain was transported through the Danube River Basin to the Black Sea for export to various European countries. Hungary's trade, both imports and exports, heavily relied on these regions and the Danube River.

This is also why Austria as a whole vehemently opposed Russia's occupation of the Black Sea Straits, as it posed a threat to Austria's national security.

It's better to leave professional matters to professionals. Austria's large railway project was launched somewhat hastily, and it was because Franz underestimated the enthusiasm of the nobility for investment.

Perhaps in many sources, the nobility are portrayed as decadent and backward, but in reality, they also had a progressive side.

From a young age, nobles received the best education and were exposed to information that ordinary people couldn't access, which broadened their horizons.

In such a situation, how could the next generation they nurtured all be fools and idiots?

Their conservative stance against political reform was driven by their own interests. It's impossible for vested interests to oppose their own benefits, right?

The real fools had long departed for the afterlife. During the 1848 Austrian Revolution, there was a significant reshuffling within the noble class as well. Many who had made erroneous judgments or were blinded by greed were ousted.

The nobility's mindset underwent a transformation during this time, or one could say that circumstances forced them to change.

In order to quickly quell the rebellion, Franz promoted measures like emancipating serfs and land redemption, which were essentially concessions made by the noble class.

The example of the French Revolution taught them that if they didn't make concessions, the revolution would spread further, leading to even greater losses. So, they simultaneously made concessions while assisting the government in suppressing the rebellion.

Among the unfortunate individuals caught in the whirlwind of revolution, some chose to flee during the upheaval. However, by the time the situation had settled down, their land had been forcibly redeemed.

After losing their land, which was their foundation, these individuals were the first to start looking for new projects to pivot towards. At this point, railways emerged, and many people recognized the potential of this new mode of transportation.

They needed a new industry to sustain their livelihoods and prevent their estates from declining. Railways became the choice for many, and with the efforts of numerous individuals, the pace of railway construction was artificially accelerated.

This is why we see situations where construction preparations are underway on the field, but the standards for railway tracks have not yet been finalized.

The basic data for transportation requirements have already been provided by the government. Calculating capacity requirements and determining railway standards based on these requirements was not a difficult task for railway designers, making it even simpler.

Soon, the design standards were presented to Franz, and various parameters that he, as a layman, couldn't fully comprehend. The one thing that caught his attention was the track gauge.

The Ministry of Railways proposed four different gauge systems: 1524mm standard gauge, 1600mm standard gauge, 1665mm standard gauge, and 1712mm standard gauge.

The initial construction phase focused on main lines in commercially prosperous areas. Both passenger and freight demands were highest in these regions.

When establishing the railway standards, the requirements of this specific region were naturally a major consideration. Combined with a fifty-year timeframe, this standard had naturally increased significantly.

Narrow-gauge railways were not common in this era due to limitations in train manufacturing technology. Narrow-gauge railways restricted transport capacity and were prone to stability issues, making them rarely used for mainline railway construction.

The final decision ultimately rested with the Austrian government. In theory, all of the proposed options were feasible, making the choice a challenging one.