

Roman Empire 431

Chapter 431: Subsequent Impacts

The impact of the Suez Canal's opening is profound, especially for the British, as their strategic dominance in the Mediterranean is no longer assured.

What worries the British government most is that India is now exposed right under the noses of the French and Austrians. With the Suez Canal open, the distance between these two countries and India has been significantly reduced.

Don't be naive and say they have no ambitions towards India. The real reason is that France and Austria lacked the strength to confidently wrest India from the British.

Who wouldn't be tempted by the world's richest colony placed right on the table? The value of this single colony exceeds the combined worth of the French and Austrian colonies.

At least for this era, that's the case. The potential of the African continent has yet to be realized, and the importance of its resources is not yet recognized. Purely from the perspective of economic benefits, one India surpasses the entire African continent.

It's not that John Russell has a persecution complex; reality dictates that he must remain vigilant. A moment's negligence could lead to them being toppled.

The former hegemon, Spain, was overthrown this way. Now it is the British turn to defend their position, while others come to challenge them.

How to address the impact brought about by the opening of the Suez Canal has become the most pressing issue for the British government.

The First Lord of the Admiralty, Edward, warned, "With France and Austria controlling the Suez Canal, the gateway to the Indian Ocean is open to them.

From now on, the journey from Austria to India is only half as long as ours, and for France, the journey is shortened by 40%.

Strategically, we are facing a severe challenge. From now on, both the Indian Ocean and the Western Pacific will be threatened by France and Austria."

This is the immediate threat. Currently, the Suez Canal is only open to civilian ships, with warships not allowed to pass through.

However, this restriction only applies to other countries. Naturally, the two shareholders, France and Austria, are not subject to this limitation.

Undoubtedly, this is targeted at the British. The Suez Canal is a joint venture controlled by the French and Austrian governments, so the rules they set prioritize political interests.

Kicking the British out means that both countries will significantly enhance their competitiveness in the Indian Ocean and the Western Pacific, making it easier for them to expand their influence in these regions.

Detouring around the Cape of Good Hope is too far. The time lost during this voyage has already seriously threatened British maritime supremacy.

Chancellor of the Exchequer Agarwal added, "It's not just our military that is being challenged; commercially, we are also being impacted.

The opening of the Suez Canal means that Austrian goods will become more competitive in Asian markets, turning our former advantage of low transportation costs into a disadvantage."

Considering transportation costs, this outcome was in fact inevitable. By this day and age, the industrial empire the British had once prided themselves on was on the decline.

Their technological advantage no longer exists. Many factories have outdated equipment and higher labor costs, leading to increased production costs. As a result, they are at a disadvantage in international competition.

These issues have been masked by the colonies. With vast colonial markets, British capitalists have not realized this crisis, or if they have, they haven't taken it seriously.

In international markets outside the colonies, the market share of British goods is declining year by year, with France and Austria both encroaching on British markets.

Although the market share taken isn't very large and hasn't attracted much attention from the public, the upper echelons of the government are well aware of it.

After pondering for a while, Prime Minister John Russell asked, "These problems do exist. How do you plan to solve them?"

Identifying problems is not enough; the key is to solve them. As the world's dominant power, the British face various problems daily, and the government's role is to solve them.

The Colonial Secretary, Steve, suggested, "We are currently attacking Ethiopia. If successful, we could take control of the Bab-el-Mandeb Strait and thus control the entrance to the Red Sea.

However, it is a natural strait, about 26-32 kilometers wide, making it very difficult to blockade.

It could also trigger a strong backlash from France and Austria. If they take direct action, we wouldn't be able to hold it without deploying the entire Royal Navy.

The best approach is to target Egypt, either by directly occupying Egypt and taking control of the Suez Canal or by seizing the Sinai Peninsula from the Austrians. But this is very challenging. Since the Suez Canal opened, the Austrian government has increased their garrison there, currently around one division strong."

The Bab-el-Mandeb Strait is similar to the Strait of Gibraltar. Even if the British controlled it, they wouldn't dare to block the shipping channels, as this would provoke widespread anger.

France and Austria are not pushovers. If they feel threatened, no one can guarantee they won't take risky actions and directly challenge the British.

After seeing Prussia challenge Russia, the British lost that confidence. Recklessness can be disastrous. If the Prussians dared to confront the Russians, who's to say the French and Austrians wouldn't dare to confront them?

Both are land power empires. Losing their navies wouldn't be fatal for them. If they engaged the British in a mutually destructive conflict, it would be a strategic victory for France and Austria.

Even though Britain has a stronger shipbuilding industry and can replenish its navy faster, that's only an advantage against one country. Combined, France and Austria would still be only slightly worse than them.

Looking at the two-power standard, it's clear that while their words are grand, achieving this goal remains a distant dream.

Forcibly seizing the Suez Canal is not a good idea, as it could easily ignite conflict. The British Empire was not prepared to go to war with two large empires, and even a war with just one of them would be disastrous.

If they win, they won't be able to recover the war costs; if they lose, they risk losing world supremacy and the colonial empire.

France and Austria are different. Even if they lose the war, they have enough strength to retain their African colonies.

The British Army was relatively small, and even if they wanted to seize the canal, they lacked the capability. A naval blockade is ineffective against a land power, and the African continent's coastline is thousands of kilometers long, making it impossible to blockade completely.

Foreign Secretary Raistlin opposed, saying, "Using military action is the worst option. Not only would it fail to achieve our goals, but it could also make things worse.

The Suez Canal is already open, and trying to close it again is something France and Austria would never agree to. Since that's the case, why don't we aim for a more realistic goal and join in?

While the Suez Canal has high strategic value, the canal company may not immediately turn a profit. The high construction costs have already caused the shareholders to lose confidence.

We can buy some shares and make our voice heard within the canal company. France and Austria can't prevent legitimate commercial trade."

Raistlin's proposal was exactly what Prime Minister John Russell wanted. It's not about being weak or cowardly, but about the need to pursue realistic interests.

Speak with fists to the weak and with rules to the strong—this is the code of conduct for 19th-century imperialism. Among the great powers, naturally, everything should be done according to the rules.

Looking through history, when has the British Empire ever acted impulsively? In the original timeline, the British only acted impulsively once, resulting in severe self-inflicted damage, a mountain of debt, and the loss of world dominance.

Before John Russell could speak, the First Lord of the Admiralty, Edward, objected, "It's not that simple. France and Austria aren't fools; will they really let us join in?

If the two governments oppose it, we won't be able to buy any shares even if we offer two to three times the price.

It's said that publicly traded shares have no decision-making power; the French and Austrian governments hold all the rights. Shareholders only have the right to oversee the canal company's finances."

He wasn't trying to provoke a war, but the navy needed to show its strength to prove its importance and secure next year's budget.

There's no other choice; this is the most important job for the First Lord of the Admiralty. The specifics of naval construction, training, and command are military matters. As a civilian appointee, he's an outsider in these areas.

Gaining the navy's support is straightforward: secure enough budget from the government. The less he meddles in other matters, the happier everyone is.

The approach that best serves the navy's interests is to send the Royal Navy to intimidate France and Austria, and then negotiate an agreement.

No matter the outcome, the Navy will have contributed, which will provide an advantage in the next battle for budgets.

Essentially, this is no different from buying stocks first and then negotiating with France and Austria; only the method of expression differs. In the former, the Foreign Office takes the lead, while in the latter, the Navy plays a significant role.

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While the British government was debating, the French government was also discussing the Suez Canal, albeit with a different approach.

Napoleon III was hesitating—should he immediately send troops to occupy Egypt to ensure control over the canal?

After years of infiltration, France had become the most influential power in Egypt, cultivating a significant number of pro-French supporters.

If given a few more years, he might be able to control Egypt without bloodshed. However, sending troops to occupy Egypt now would inevitably lead to war.

Minister of War Edmond Le Bœuf suggested, "Your Majesty, with just a hundred thousand troops, we could occupy Egypt within a year.

If our goal is merely to control the Suez Canal, then fifty thousand troops would suffice.

Egypt's strategic location is crucial. It is the most important part of our African strategy. If we delay and let Britain and Austria act first, it will cause us endless trouble."

Egypt can be considered right at France's doorstep. Winning or occupying Egypt is not the issue; the only question is whether it is worth it.

This also involves a strategic decision for France: should the Mediterranean strategy take priority, or should it be the Central European strategy?

Once Egypt is targeted, the next step in the French government's strategy would be Italy. The various Italian states are all targets for the French, with Sicily being the primary focus.

Abandoning plans to target Egypt would mean focusing on Prussia, Belgium, and the German Federal Empire, with all territories west of the Rhine River included in France's Central European strategy.

This time, the French military was in harmony, all favoring the Mediterranean strategy. Picking the softer target, they would face weaker opponents in the Mediterranean strategy compared to the Central European strategy.

However, this wasn't enough to make Napoleon III decide. Attacking Egypt would inevitably strain Franco-British relations, causing great unease among those with "anglophobia."

Foreign Minister Abraham added, "Your Majesty, we have no choice now. We can refrain from occupying Egypt, but we cannot prevent Britain and Austria from doing so.

Even with allies, their ability to restrain Austria would last no more than a decade, whereas we have no means to impose any limits on the British.

Once Egypt falls into their hands, our Mediterranean strategy is doomed. The future of France will likely be difficult."

This is a fact; the world is almost fully divided. They are on the last train of world partitioning. If they don't strive to seize the remaining opportunities, the future will be bleak.

The British haven't occupied Egypt but not because the British government doesn't want to. There are two main factors: concern about provoking a backlash from France and Austria, and uncertainty about defeating the Egyptians.

The Egyptian government has a new army, which is not weak. This poses a significant challenge to Britain's small land force.

Moreover, they are already engaged in a conflict with Ethiopia and lack sufficient troops to commit to the Egyptian front. If they lose again, it would be embarrassing.

After entering the 19th century, the performance of the British Army was quite poor. They lost several wars in succession, and although there were specific reasons for each defeat, it nonetheless tarnished the reputation of the British Army.

Let's not even mention the Napoleonic Wars; losing to Napoleon was par for the course and needs no explanation.

In 1814, when they attacked the Kingdom of Nepal, thirty thousand British troops were pushed back by over ten thousand Gurkhas. They barely managed to win the war through a war of attrition, leveraging their national strength.

In 1839, the British invaded Afghanistan, where tens of thousands of British troops fought bitterly for three years, only to end in failure.

Subsequently, in the Near East War, the British lost. Then they invaded Persia, which again ended in failure, forcing them to reach a compromise.

Now they are engaged in a tough battle with Ethiopia, and the final outcome remains uncertain.

Despite a series of failures, the politicians in Britain haven't collapsed; their mental resilience must be commendable. Now, how can they dare to place high hopes on the army?

Reasons? Sorry, nobody needs those. A loss is a loss; no amount of explanation can change that. The politicians in Britain have grown accustomed to having little confidence in the army.

In contrast, the French are different. After the Russians fell from their pedestal, the French began to claim themselves as the world's leading land military power, naturally brimming with confidence.

Chapter 432: It's All The Canal's Fault

War is not a game, and while finding excuses for war can be disregarded, mobilizing troops and gathering strategic resources are indispensable.

Don't underestimate Egypt as weak; it depends on whom they are compared to. At least, on the African continent, they are still a major power, known as the strongest nation in Africa.

Their main competitor is Ethiopia, but the British have helped to weaken this opponent. Once they finish with Ethiopia, Egypt will soon follow.

Make no mistake, the great powers care about their image. Unless it's an indomitable opponent like Afghanistan, the British will, for the sake of their reputation, try to crush Ethiopia.

A hegemon needs to maintain its power through military might. Losing to an equivalent European great power is acceptable, but losing to African natives is not.

The French government remains pragmatic. To avoid embarrassment, they have made meticulous preparations. Napoleon III decided to pursue a dual approach of political and military action: first defeat the Egyptian government, then win over pro-French factions.

This is also a common tactic used by European countries in overseas colonial expansion. Austria employed it in Central America as well, although the situation in Africa is a unique exception.

In London, the news of the Suez Canal's opening caused a great stir in the financial markets. Many pessimistically believed that the Age of Exploration was coming to an end.

This concern is well-founded. With the opening of the Suez Canal, Austria's route to the Indian Ocean is shortened by more than twelve thousand kilometers, and France and Spain's routes to the Indian Ocean are also shortened by more than ten thousand kilometers.

The British routes are shortened the least, putting them at an absolute disadvantage in this regard. The capital market is bearish on British domestic companies engaged in exporting to the Indian Ocean, Southeast Asia, and the South Pacific, causing their stock prices to plummet dramatically.

This crash affected the entire London market. Naturally, the related upstream and downstream industries couldn't remain unaffected and followed suit with a sharp decline, triggering a stock market crash.

In the capitalist world, the economy is interconnected, and when a stock market crash occurs, other industries can't remain untouched. The financial sector is the first to be affected.

Starting in early 1868, long lines formed on the streets of London. The stock market crash led to the bankruptcy of speculative financial institutions and banks, causing public panic and bank runs.

This was just the beginning. When one link in the cyclical economic chain has problems, it inevitably affects other links.

Undoubtedly, the bank runs led to a crisis, and banks, to protect themselves, stopped lending, which caused the financial crisis to impact businesses.

The opening of the Suez Canal was merely the trigger for the economic crisis; the British economy had already been showing signs of trouble. A few years prior, Britain had been experiencing overproduction.

This is also related to the rise of France and Austria. The global market is only so large, and with more competitors vying for market share, British industrial and commercial products saw a continuous decline in their international market share.

With a smaller market and no reduction in production capacity, overproduction was inevitable. However, first the American Civil War, then the Russo-Prussian War, delayed the crisis from erupting.

Now, with the wars over, the goods produced had no market, and an economic crisis was brewing. At this moment, the opening of the Suez Canal just happened to trigger the crisis early.

In the original timeline, the economic crisis began in Britain in 1864. Now, the timing has been delayed by three to four years, naturally making the overproduction problem even more severe.

This situation was caused by poor communication and inadequate flow of market information, leading capitalists to fail in adjusting production to match market demands, resulting in severe overproduction.

With no new strategies in place, businesses had to find ways to weather the economic crisis. Companies without sufficient strength went bankrupt, while those with substantial resources started laying off workers and reducing production capacity.

In the summer of 1868, the Great Depression hit London. The scale of British railway construction was reduced by 78%, with more than a dozen railway companies, large and small, declaring bankruptcy, and over twenty railways under construction being indefinitely suspended.

The shipbuilding industry reached its production peak in 1867, then began to contract. By the end of 1868, the industry had shrunk by 34%.

The textile industry was the hardest hit by this crisis. Impacted by Austrian cotton textile industry competition, they lost the Central and Eastern European markets, and the Western European market was also being challenged by the French.

This pillar industry of Britain suffered severe damage in this economic crisis. Five giant companies, each employing over a hundred thousand workers, went bankrupt.

Bankruptcy was rampant, and once-prominent millionaires became vagrants on the streets within half a year.

Simultaneously, the economic crisis caused a sharp decline in exports. Severe outflow of gold, tight capital, and widespread bankruptcy of banks and businesses led Britain into its eleventh economic crisis in history—the Canal Crisis.

After the economic crisis erupted, the British government did not take timely measures to address it, allowing the crisis to spiral out of control.

Countless unemployed people took to the streets of London to protest, and capitalists were in distress. The opposition party attacked the government for its inaction in the newspapers, making the economic crisis trigger a political crisis.

John Russell's cabinet faced its biggest confidence crisis since taking office. However, it truly wasn't their fault. According to British law, the government had no authority to interfere in the free economy.

The opposition didn't care about that; it was all the government's fault anyway. Fortunately, Prime Minister John Russell did not interfere with the market, otherwise, he would have been blamed for "interfering with the free economy and causing the economic crisis."

There's nothing else to say; when politicians encounter unsolvable problems, their most common tactic is resignation.

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In Vienna, the sudden economic crisis caught Franz's attention. Unless it's a planned economy, overproduction is simply unavoidable.

Since Britain was experiencing problems, Austria couldn't expect to remain unaffected; it was only a matter of time before it spread.

Franz asked with concern, "The economic crisis has arrived again. What measures does the cabinet have?"

Prime Minister Felix replied, "Your Majesty, based on the situation coming from Britain, this economic crisis will have a significant impact.

To overcome the crisis, the cabinet has decided to have state-owned enterprises start clearing out their inventories, selling off stockpiled goods at low prices worldwide.

We need to race against the British and the French. The market is only so large, and if we react too slowly, we'll be left holding the bag."

During an economic crisis, it's no longer about profits. The most important thing is to sell the products and get a lot of cash in hand to ensure the survival of the enterprises.

For state-owned enterprises, clearing out inventory only requires an administrative order. Everyone will certainly carry it out seriously; few bureaucrats would be foolish enough to oppose the government.

Private enterprises are different. Such direct government intervention in the market can't be mandated. In a capitalist economy, the government cannot interfere with the normal operations of businesses.

As lawmakers, the government naturally can't break the law. Moreover, with so many enterprises facing overproduction, could they really issue administrative orders demanding production cuts?

In any case, survival of the fittest in the market means some businesses are bound to fail. It's better to get the pain over with quickly—who survives and who doesn't will depend on their own capabilities.

The cabinet's decision to prioritize rescuing state-owned enterprises makes sense; after all, the favored "sons" should receive preferential treatment. Exporting the unsold products of state-owned enterprises will also alleviate the pressure of overproduction domestically.

Franz continued to ask, "Is the emergency plan ready?"

It's not that private enterprises won't be rescued; it depends on the specific situation of the economic crisis, and measures will be taken based on the actual circumstances.

The government isn't a babysitter and can't guarantee that businesses won't go bankrupt. Whether they survive depends on the capitalists' own judgment.

If they bring about their own downfall, then they will indeed fail. Smart ones who see the significant actions of the state-owned enterprises will start to follow suit early on.

Those who can't react in time will just have to face their bad luck. Haven't they noticed that even royal enterprises are scrambling?

The Royal Bank can be considered a barometer of the Austrian economy. As soon as the bank tightens its purse strings, it's a sure sign that there are economic problems.

Publicly acknowledging the economic crisis is even more out of the question. Doing so would create an economic crisis even if there wasn't one.

Once panic sets into the market, the losses it brings can be more devastating than the economic crisis itself. According to Franz's experience, an economic crisis is a race—whoever runs fastest wins, and whoever gets stuck holding the bag deserves their misfortune.

Prime Minister Felix explained, "Your Majesty, this economic crisis is different from the previous ones; it's purely a matter of overproduction. Not just us, but most European countries are experiencing overproduction.

The American Civil War and the Russo-Prussian War have made this crisis even more severe. Even before the wars, signs of overproduction were already appearing in various countries.

If the crisis had erupted then, the market would have quickly self-regulated. Now, it's different. Preliminary estimates suggest that domestic production capacity exceeds market demand by 30%, and in some industries, it may exceed market demand by half or even more.

Besides letting the market eliminate the weaker players through survival of the fittest, we have no other options. There simply isn't a market big enough in the world to absorb such excess capacity."

This is the aftermath of profiting from war. During the war, most of the supplies for the Russians were monopolized by Austria, leading to overproduction in many Austrian industries.

After the war, the market underwent some self-adjustment. However, economic restructuring cannot be completed in just a few months.

Now that the economic crisis has arrived, many businesses that were slow to react naturally cannot escape its consequences.

Of course, the impact on large enterprises might not be as fatal. After all, they profited from the war in the past two years and accumulated capital strength.

As long as they didn't expand blindly, they would still have some money in their pockets and the resources to weather this crisis.

Severe overproduction also means that relying on exports alone won't solve the crisis. When an economic crisis breaks out, the international market quickly shrinks, leaving Austria with only the domestic and colonial markets.

Other overseas markets are hardly worth mentioning; it's not a matter of market size, but rather of purchasing power.

In any case, Austria is the world's largest economy of this era. There are two countries with larger populations, but their markets cannot compare.

Of course, if colonies are included, Austria drops a rank. The British remain the kings of this era; no one can compare to them.

Franz nodded. There are solutions, but they don't fit this period. The economic crisis has triggered a crisis in traditional industries.

In a sense, it also accelerates the onset of the Second Industrial Revolution. With insufficient profits in traditional industries, capitalists are forced to look at emerging industries.

It's imaginable that before long, Austria's emerging industries will flourish. In this context, Franz naturally wouldn't intervene.

Capitalists falling in the economic crisis can only be considered unfortunate. If their investment foresight is lacking, who else can they blame?

Consider them the sacrifices of a new era, contributing to the Second Industrial Revolution.

Chapter 433: Mass Dumping

New York, the largest city in the United States, became even more bustling after the war. Starting in 1865, the American economy began to recover, and life seemed to improve rapidly for everyone.

Of course, this was just an illusion. Happiness is relative, and compared to wartime, living conditions have indeed improved significantly.

America, rich in resources, saw a significant population decline due to the war, with the greatest losses among young adults.

Affected by the laws of supply and demand, capitalists had to attract sufficient labor by importing cheap Black labor while simultaneously raising wages to retain their existing workers.

The increase in income alleviated social tensions. Today was the weekend, and Tom had arranged to go out with his girlfriend, Elena.

"Tom, have you noticed that goods have become much cheaper lately? The dress I had my eye on last month is now half the price."

Tom said apologetically, "Sorry, dear. We've already spent this month's budget. How about we wait until next week when I get paid?"

Influenced by American culture, young people generally do not have the habit of saving money. As a member of the "living paycheck to paycheck" group, Tom only paid attention to prices for the first half of the month after receiving his salary.

Besides setting aside money for living expenses, his paycheck only lasted about two weeks. This was despite having a decent job as an employee at a securities firm, barely qualifying him as part of the middle class.

New York is a city that is both a paradise and a hell.

This city is only suitable for the wealthy so the poor should avoid going out. The more they see, the harder their lives become.

Out of respect for Tom, Elena nodded. There's no choice—without careful budgeting, one cannot survive in a city like New York.

Not the best, but the most expensive—this describes New York in this era. It is the region with the highest prices in the United States, or even in the entire world.

As they strolled around, Tom's expression gradually darkened. Discount sales advertisements were everywhere, from clothing and footwear to machinery, almost everything was being sold at tear-inducing prices.

As a top graduate of Columbia University and working in the finance sector, Tom was particularly sensitive to economic changes.

Such large-scale price reductions made him sense that something was wrong. Don't be fooled by the many people rushing to buy now; the overall market demand hasn't changed.

This rush of purchases is essentially pre-spending future buying power. Fortunately, Americans have a tradition of living paycheck to paycheck without advanced consumption because credit cards haven't been invented yet.

It was not out of capitalist benevolence, but rather technical limitations. If they could have, they would have promoted advanced consumption long ago.

Tom said with a bitter smile, "Elena, it looks like we need to prepare for hard times."

If he could sense the problem, wouldn't the high-ranking capitalists notice it too? Any economic crisis always has precursors.

Almost every economic crisis results in the financial conglomerates at the top of the capital pyramid making huge profits. If they lose money, it's either because they were too stupid and got outsmarted by their competitors, or they were too greedy and wanted to squeeze out the very last dollar bill.

Elena asked in surprise, "What's going on? Did you lose your job?"

"No, but it might happen soon," Tom replied.

Elena comforted him, "It's okay. With your abilities, finding another job won't be difficult. Starting next month, we can just cut back on our expenses."

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As the two were discussing, the market had already sent feedback to the production companies at the end of the chain. Due to the impact of cheap Austrian goods, many companies were unable to sell their products.

The fact that an economic crisis had occurred in Britain was unknown to the general public, but it was no secret within capitalist circles.

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At a Citibank executive meeting, President James said, “Gentlemen, based on the intelligence we’ve gathered, the number of ships coming from Austria has increased dramatically, all carrying industrial and commercial products.

These range from small items like toothbrushes, screws, and nails to large machinery. This is clearly a case of dumping.

Not only are the Austrians taking action, but the British are also not sitting idle. The number of ships arriving from London to the United States has increased by one-third.

The British are also dumping goods on us, which is not good news for us. Our clients are unable to withstand the price war they are waging.

In fact, the vast majority of American businesses cannot resist it. So we must take action, or soon we will face a large number of bad debts.”

Citibank is the oldest bank on Wall Street, not yet the behemoth Citigroup of later times. The bank’s main business is also not arms, but lending and financial securities.

In this era, the American military industry is small, and the international weapons export market is monopolized by the European powers. During peacetime, these industries cannot support a bank.

Currently, Citibank’s connection with the military industry is limited to commercial loans, without direct investment. Now, facing a crisis, the bank must prioritize its own survival.

Shareholder Babineau asked, “Mr. James, what do you plan to do? Trying to push Congress to legislate higher tariffs to restrict foreign goods may already be too late.”

Taking action is inevitable; this is a lingering issue from the Civil War. While intervening in the American Civil War, Britain, France, Austria, and Spain also opened up the American market.

Raising tariffs to protect the market is naturally not that simple. This is also why Austrian products can quickly be dumped in the United States. Without tariff restrictions, their low prices became unbeatable.

What’s most troubling is that these industrial and commercial products are not only cheap but also outperform American goods in every way.

In this era, American industrial and commercial products have always been synonymous with knock-offs and poor quality. Compared to imported goods, they could only capture the market through low prices.

Now it’s a tragedy—Austrian products are being dumped at rock-bottom prices, and the British are following suit with discounts and promotions. The winter of American manufacturing has arrived.

James shook his head and said, “Of course not, we’re not saviors. An economic crisis is already unavoidable, and raising tariffs to protect the market won’t change that.

What we need to do now is cut our losses and make a profit during this crisis. I need the board’s authorization to temporarily halt external loans.

For high-risk loans, I’m prepared to send out people to collect early. We’ll also sell off most of our securities and stocks, and the bank will deploy professional traders to prepare to short the stock market.”

This isn't about saving the market, it's about kicking it while it's down. But that's not the main point—what matters is making money.

A qualified capitalist always prioritizes profit. Conscience and social responsibility are lofty words that are good to say, but only a fool would take them seriously.

Especially in the 19th century, the most brutal era of capitalism, every dollar bill was stained with blood and sweat.

There's nothing to negotiate—the time for reshuffling has come again. Before resisting the invasion of European capital, one must first ensure their own survival.

Everyone still vividly remembers what happened during the last economic crisis. Due to inadequate preparation and a lack of sufficient cash, the United States experienced a frenzied cash panic, and Citibank almost went bankrupt.

With the development of the capitalist economy, economic crises are becoming more frequent. Initially, they occurred every few decades, then every decade, and now they are about to become an occurrence every few years.

Many financial capitalists are making the same choices—there is no room for sentiment in the face of profit. In this era of survival of the fittest, one must be ruthless to survive.

The contraction of bank credit quickly triggered a chain reaction. Many companies fell into trouble, including some well-performing ones that found themselves on the brink of collapse due to broken cash flows.

Suddenly, “layoffs” and “production cuts” became the most popular terms in American society. The streets were filled with people looking for jobs, yet there were few companies hiring. The newly blossomed post-war economic boom was abruptly cut short.

This scenario was not limited to the United States; the same thing was happening in many parts of the world. Austria was merely the first to open the floodgates and transfer the economic crisis abroad.

Following the British actions, the whole world was dragged down. As the world's largest industrial nation, Britain also had the most severe product surplus.

British capitalists, fighting for survival, began dumping goods on the European continent.

France was the first to suffer. A large influx of British textile products at rock-bottom prices hit the market, and even after repeatedly raising tariffs, the French government couldn't stop it.

There was no choice—Austria acted first this time, dumping goods in economically less developed countries. By the time the British reacted, most of the market's purchasing power had already been exhausted.

These countries had little industry to begin with, so dumping industrial products didn't impact their agricultural economies much. In fact, many people were even pleased to get cheap goods.

It was different in the European countries, where industries were already established. The dumping of British goods severely affected their economies, leading them to set forth tariffs.

The crisis expanded across the European continent. Including Austria, no country could remain unaffected, with numerous businesses going bankrupt daily.

Due to tariffs, international markets were shrinking rapidly. Colonial empires fared better since their colonies could absorb some of the excess production, alleviating the crisis somewhat.

Countries without colonies suffered greatly. For instance, Belgium, an industrial power, was severely hit. Without overseas markets, Belgium's industrial capacity was halved in 1868.

Newly independent Poland also couldn't escape the crisis. Without the vast Russian market, Poland's fragile industrial system collapsed under the first wave of the crisis.

Even agricultural exports weren't spared. The economic crisis had already caused international grain prices to plummet.

Furthermore, without their own seaports, increased tariff costs directly led to Polish agricultural products losing their competitiveness.

This situation further complicated the already tense relationship between Prussia and Poland. Poles grew increasingly resentful of the Kingdom of Prussia for imposing tariffs on their agricultural products.

In reality, the Kingdom of Prussia could barely protect itself and had no time to worry about the Poles. After the economic crisis erupted, the British did not spare their ally.

A flood of British goods devastated Prussia's fragile industry, leading to numerous bankruptcies and a sharp rise in unemployment.

With the industry in ruins, agriculture had to be safeguarded. The ruling Junker aristocrats had to protect their class interests first and foremost.

After the Russo-Prussian War, Prussia acquired vast tracts of land, transforming it from a grain importer to an exporter.

In grain exports, Prussia and Poland had become competitors. Fortunately, both nations had just recently ended their wars, and grain production had not yet returned to its peak, so competition was not initially intense.

This changed during the autumn harvest of 1868, coinciding with the peak of the economic crisis. With declining purchasing power, international grain prices dropped by 28%. Major grain-exporting countries in Europe were struggling.

To protect its interests, the Prussian government, led by the Junker aristocrats, had to impose tariffs to restrict Polish grain exports.

It wasn't entirely the Prussian government's fault; Polish capitalists had been dumping grain directly into Prussia.

Initially, the two governments had agreed that Polish agricultural products would not be sold in Prussia. Such governmental agreements, however, could not restrain capitalists.

Seeing high grain prices in Prussia, capitalists could not resist the opportunity for profit.

At first, they sold small quantities to locals along the transport routes, which went unnoticed. As business grew, it eventually became too significant to hide, leading to a backlash.

There is no mercy in the face of interests. Faced with the unrest from the affected Junker aristocrats, the Prussian government knew which side to support. After failed negotiations, they resorted to imposing tariffs.

Chapter 434: The Struggle for the Spanish Throne

The outbreak of the economic crisis has worsened relations not only between Prussia and Poland. As the source of this crisis, the British have become the primary target of resentment.

Engaging in dumping is one thing, but the problem is that they dumped goods into Europe. During this era, international relations revolve around the European continent and other countries can be largely ignored.

Everyone was already facing overproduction, and the British dumping directly triggered the crisis. Naturally, governments everywhere blamed the British for the situation.

In Paris, patriots have once again taken to the streets. This time, they are not protesting against the government but calling on citizens to boycott British goods and support domestic products.

Similar scenes are occurring in many cities across Europe, with capitalists playing a significant role behind the scenes. The British have taken over markets, threatening the survival of local businesses.

Governments have indeed raised tariffs, but they can't return the already imported goods. Every country has its compradors, and when faced with profit, people's principles often falter.

Against the backdrop of mass dumping, relations between Britain and France have worsened, as have relations between Britain and Austria, Britain and Prussia, Britain and Belgium...

If the British were a continental country, they would need to worry about being ganged up on. However, as a maritime empire with the Royal Navy, they remain fearless.

Dreaming of a united Europe is futile, as relationships have deteriorated between many countries. Due to trade conflicts, relations have also soured between Prussia and Austria, Prussia and France, France and Austria, and Russia and Austria...

In simple terms: to save themselves, everyone's relations have turned sour.

You dump on me, and I can dump on you. Everyone hurts each other. Many conflicts are stirred up by capitalists for profit and are beyond control.

In the face of a crisis, only the fastest-responding companies can escape unscathed by converting inventory into cash quickly and reducing production capacity promptly. Companies that react slowly can only rely on their own strength to survive.

To weather an economic crisis, the most common method is war. War can consume excess goods and also seize wealth and markets.

As a result, many countries suffer undeservedly.

The French initiated the Egyptian War, the Mali War, and the Algerian War. The British, while launching the Ethiopian War, also waged war against Tunisia.

The rapid deterioration of relations between Britain and France directly contributed to this. They no longer respected each other and instead engaged in direct conflict.

According to the prevailing international practice of the time, whoever seizes a territory keeps it. Before the actual occupation, all countries had a chance.

Austria was not idle either, igniting conflicts in Africa, and turning regions like Botswana, Tanzania, and Kenya into battlefields.

Tensions also rose in the Middle East. Franz was still contemplating whether to launch an attack on the Arabian Peninsula. If the economic situation continued to deteriorate, it was certain that the Ottoman Empire would suffer once again.

While relations were tense in Europe and battles raged across Africa, Asia was not spared. Tensions suddenly escalated among the Central Asian countries, leading to the breakdown of their fragile alliance due to the unequal distribution of spoils.

Undoubtedly, the British had a hand in this. By playing the Central Asian countries against each other and mediating between them, they aimed to secure the greatest benefits.

To overcome the economic crisis, European countries also intensified their invasions of Japan, Indochina, and the Southeast Asian countries, with the Kingdom of Prussia and the German Federal Empire being particularly aggressive.

The Prussians destroyed the Kingdom of Cambodia, while the German Federal Empire occupied most of the Malay Peninsula and even clashed with Thai forces.

The Americas, relatively speaking, remained more peaceful and generally stable. However, the civil war in Mexico continued, with the rebels gaining ground, which had become an undeniable fact. Maximilian I had repeatedly written to Franz to complain about this issue.

...

Spain also did not escape the impact of the economic crisis. As the domestic economy continued to deteriorate, the Spanish government delayed and defaulted on military pay, causing strong discontent within the military.

In September 1868, the Cádiz military camp welcomed a group of special and mysterious guests. Disguised as mule drivers transporting logistics supplies, they entered the camp.

“General Prim, that seductress Isabella II spends all day indulging in debauchery with her male lovers and appointing her cronies, throwing the country into chaos.

For the future of Spain, we cannot let her continue her outrageous behavior. Otherwise, our great Spain will be ruined by her.”

The speaker was Burgos, a representative of the radical faction “Iraga” in Spain. The purpose of this secret visit to the military camp was to persuade General Prim, a leader of the military faction, to launch an armed uprising and overthrow Queen Isabella II.

Though the description may be exaggerated, Queen Isabella II indeed was not a good ruler, and her scandalous private life was quite notorious.

In this era, if there were a global ranking of incompetent monarchs, Queen Isabella II would undoubtedly be at the top, reputed as the most unpopular queen in Europe.

She had a bad reputation not only among the common people but also among the nobility. She was ostracized in royal circles and especially disliked by the other European queens.

In short, she not only lowered the average intelligence of monarchs but also tarnished the overall image of queens.

The military's dissatisfaction with Queen Isabella II had been longstanding. General Prim, representing the military, was in charge of this secret negotiation.

The fact that the negotiation took place in a military camp speaks volumes.

Prim didn't beat around the bush and asked directly, "After overthrowing Isabella II, who will take the throne of Spain?"

As a noble, Prim was naturally a royalist. Like in most countries, the Spanish army was a stronghold of noble influence and a bastion of royalist power.

The radical faction represented by Burgos was, in reality, part of the constitutional monarchy faction; otherwise, they would have had no basis for an alliance.

If it had been the Republicans, General Prim wouldn't have been so agreeable and might have ordered their arrest outright.

"General, we agree with your previous proposal: a prince from the House of Hohenzollern will assume the Spanish throne."

The issue of the throne had always been the main point of contention between the two sides. Once this issue was resolved, the remaining matters would be easier to handle.

The military's support for House Hohenzollern was primarily driven by the desire to expand their power. The perks enjoyed by the Junker nobility were highly appealing, and with this opportunity, they naturally wouldn't want to miss out.

Spain was set to establish a constitutional monarchy, where the king's power would be limited. The identity of the king was less significant, which is why the radicals were willing to compromise.

Moreover, having a prince from the House of Hohenzollern as king carried political implications, signaling an increase in the military's influence.

This was one of the foundations of their cooperation. After overthrowing Queen Isabella II, the radicals could control the new government, and the military would naturally obtain some benefits.

Without sufficient incentives, no one would engage in such a high-risk matter. Expanding military power was the reward for their participation in this uprising.

Everyone knew the consequences of increased military power, and the radicals were no exception. Initially, they opposed it.

However, plans couldn't keep up with changes. As the domestic economy worsened, their backers' tolerance for Queen Isabella II's rule reached its limit.

No group can operate without support, or they become like rootless duckweed. "Iraga" was no exception. Under pressure from their supporters, they decided to compromise with the military.

There was no choice. The revolutionaries had failed many times and learned that without military support, a successful uprising was impossible.

With the answer he wanted, Prim smiled with satisfaction. The subsequent negotiations went smoothly, and the parties quickly reached an agreement.

This led to the famous “Revolución de Septiembre or la Septembrina” in Spanish revolutionary history, where the military faction and the domestic political radicals allied to overthrow Queen Isabella II.

The Spanish people had suffered under Isabella II for a long time, so the uprising needed to be swift and decisive.

On September 17, 1868, Francisco Serrano led the Cádiz army in a military uprising.

The wave of uprisings was ignited, and Spain was soon engulfed in turmoil. Ordinary citizens, nobles, capitalists, and the military—all sectors of Spanish society—demanded Queen Isabella II’s abdication.

Seeing the situation spiraling out of control, the panicked Queen Isabella II appointed Marquis José to lead the army to suppress the rebellion. Unsurprisingly, Isabella’s usual practice of nepotism came at a cost.

The government forces were defeated by the rebels, and the revolutionary army led by Francisco Serrano marched towards Madrid. On September 28th, with no hope left, Queen Isabella II fled to France.

The sudden Spanish revolution disrupted the plans of European countries. “Revolution” was a dreaded word for all governments, and to prevent its spread, everyone closely monitored the situation in Spain.

Franz was no exception. Following the outbreak of the Spanish revolution, he promptly convened a high-level meeting.

In recent years, Spain had declined, but it was still a great power. For Austria, a stable and relatively strong Spain could distract some of France’s attention and alleviate defensive pressure on the Western front.

The Austrian government had made several attempts to ally with Spain to face their common enemy—France. However, after multiple failed attempts, Franz gave up. Seeing that Spain couldn’t be propped up, the Austrian government turned to ally with the French instead.

With the lessons of past failures in mind, Franz had little confidence in the new Spanish revolutionary government.

After all, this Spanish revolution was more of a coup than a real revolution.

The traditional vested interests have not been broken. The ones who initiated this uprising were the beneficiaries of the existing system, dissatisfied with Isabella II’s policies that harmed their interests.

Simply put, Isabella II implemented reforms.

Reforming is all well and good, and under normal circumstances, the nobility wouldn’t easily revolt. However, Isabella II’s reform policies managed to offend all sides.

Coincidentally, an economic crisis exacerbated domestic conflicts, reaching a point where an upheaval was inevitable, thus creating the conditions for the uprising.

Currently, they have only overthrown a queen and her corrupt government, replacing them with a new government. Essentially, Spain has not changed.

Foreign Minister Wessenberg analyzed, “Isabella II’s reputation in Spain is already ruined. It’s impossible for her to be restored.

If the French support her son, Prince Alfonso, in ascending the throne, there might be a slight possibility.

However, Prince Alfonso is too young to handle the current situation, and no party would allow Isabella II to act as regent again, so we can basically rule that out.

There are many candidates left. Excluding the House of Bourbon, those with higher support include Prince Leopold of House Hohenzollern. He has the support of the Spanish military, although Napoleon III is likely to oppose him.

Then there’s Isabella II’s brother-in-law, the Duke of Montpensier, but he killed Prince Enrique in a duel, making his succession very difficult.

Next is the former Regent of Portugal, Fernando, but according to our intelligence, Fernando is not interested in the Spanish throne.

Among the remaining candidates, including former Sardinian royalty, the House of Orléans, and several princes from our own country, none have high support. It’s still hard to say who will ultimately take the throne.”

After speaking, Wessenberg looked nervously at Franz, seemingly worried that the emperor might insist on pushing a Habsburg prince for the throne.

If not for the rules established by their ancestors, which deprived the Austrian Habsburgs of the right to inherit the Spanish throne, the House of Habsburg’s support in the current struggle for the throne would certainly not be low.

Unfortunately, the rules set by Charles V deprived the Austrian line of the House of Habsburg of the right to inherit the Spanish throne, becoming the biggest obstacle to the Habsburgs re-establishing themselves in Spain.

Lacking legal grounds and with the certain opposition of European countries, Franz naturally couldn’t go against the tide.

The fact that several princes of the House of Habsburg could appear on the list of candidates was already a courtesy extended by others.

“There’s no need to consider the princes from our country. When the House of Habsburg split, it was agreed that the Austrian and Spanish lines would have no mutual inheritance rights.

The Spanish line of the House of Habsburg has already died out; otherwise, the throne would never have passed to the House of Bourbon, and Spain wouldn’t be in its current situation.”

After speaking, Franz sighed, regretting that this opportunity had to be given up.

Chapter 435: When It Rains, It Pours

It is also a good thing for the Habsburgs not to participate in the struggle for the throne. By standing as an observer, they can make the most advantageous decisions.

Besides, the current Kingdom of Spain has a lot of messy issues, and solving the internal problems won't be easy.

Throughout history, ministers have had a common problem: they dislike strong monarchs. Europe's well-established inheritance system alleviates this to some extent, as it leaves them less room to maneuver.

The selection of a new king in Spain this time is different. An outsider king will be dependent on the support of local power factions, so the eventual king of Spain will likely be an incompetent one.

Having already seen an unfortunate figure like the Emperor of Mexico, if another incompetent king arises from them, Franz seriously doubts how much of the House of Habsburg's glory will remain.

After all, both the palm and the back of the hand are made of flesh. Setting aside his young son, both of Franz's brothers and several cousin princes have equal chances, and Franz cannot intervene.

TN: both the palm and the back of the hand are made of flesh = to both be of equal importance/to value both equally

Spain is already difficult to manage. Bringing in an incompetent king would only complicate matters further.

Make no mistake, the House of Habsburg has produced quite a few flawed members. Besides the idealistic Maximilian, there are also many playboys who indulge in eating, drinking, and having fun.

In terms of destructiveness, the playboys are far less damaging than the idealists. But relying on these people to achieve anything is also impossible.

Prime Minister Felix said, "Your Majesty, from the current situation, the struggle for the Spanish throne won't be resolved in a short time.

In addition, the Polish throne dispute has yet to be resolved, so it's likely that the European situation will become increasingly tense.

To deal with the upcoming complex situation, we need to prepare in advance to avoid being caught off guard."

Will there be a war on the European continent? No one can answer this question, as an accidental trigger can lead to conflict in an instant.

From the perspective of the Austrian government, a war in Europe at this time is certainly undesirable.

The Second Industrial Revolution has just begun, and Austria has finally reached the forefront of the world. If a war breaks out, all efforts will be in vain.

Franz can control Austria, but he cannot control the rest of the European countries. With tensions running so high, if some fool provokes a war, it would be a disaster.

In the original timeline, the struggle for the Spanish throne led to the Franco-Prussian War. Now, the Prussians don't have the guts to face the French, but who can guarantee that the French won't cause trouble themselves?

These days, the French already have a sense of being second only to God. The British can suppress them at sea, but on land, they disregard everyone else.

If the French invaded Austria, Franz would be delighted, as he could easily defeat them. However, if they attack Prussia, the German Federal Empire, or Belgium, it becomes a more complicated issue.

In a battle on their home soil, Franz is confident of victory. In a cross-border conflict, the outcome is uncertain until the battle is fought.

There are many factors to consider in war, and the strength that can be deployed varies in different regions.

The Russians serve as a negative example: constrained by transportation, they couldn't leverage their numerical advantage and ended up being counterattacked.

In the original timeline, France and Austria are negative examples as well; neither managed to fully deploy their strength before being defeated.

The Franco-Austrian alliance is even less reliable than the Russo-Austrian alliance, as it is a temporary coalition formed out of necessity. There is no traditional friendship between them as their history is one of constant warfare.

Since the Middle Ages, the Habsburgs have been at odds with the French, engaging in a prolonged struggle.

During Charles V's era, he managed to "punch the Ottomans and kick the French."

Of course, there were more instances where they were beaten. Overall, both sides had victories and defeats, as evidenced by the fact that both still exist today.

Unburdened by the past, tearing up the alliance did not present any pressure. The notion of credibility had been abandoned by monarchs in the wake of Maximilian I.

So far, Franz hasn't broken any treaties; if he's lucky, he might set a new record.

Currently, everyone's credibility is based on insufficient interests. Once the stakes are high enough, alliances become mere scraps of paper.

"Begin limited preparations for war, such as increasing reserve training, but do not blindly expand the number of troops. This will avoid provoking other countries and complicating the situation further.

The likelihood of a full-scale war breaking out on the European continent is very low right now. There is no need to be overly tense. Even if the situation suddenly gets out of control, with everyone unprepared, we won't be at a disadvantage."

Franz does not believe that a major war will break out now. Unless everyone collectively loses their minds, any conflict that arises can be forcibly suppressed.

On this issue, the British are Austria's allies, as both have a vested interest in maintaining a balanced and stable Europe.

The butterfly effect is powerful. In the original timeline, Amadeo I, who succeeded the throne with French support, now faced strong opposition from Napoleon III.

There is no way around it. Napoleon III annexed the Kingdom of Sardinia, and even though he did not immediately depose the Sardinian royal family, they had already become enemies.

To dominate the continent, the French first needed to stabilize Spain. Napoleon III will not allow an anti-French Spanish king to emerge, which directly eliminates Amadeo as a candidate.

One candidate after another was being eliminated, and Franz began to feel some sympathy for Spain. Almost all the highly supported candidates have been rejected by the French.

If Spain were in its prime, it wouldn't care about the French attitude. But now, if they forcefully install a king strongly opposed by the French, Napoleon III will certainly intervene militarily.

The provisional government doesn't have the confidence to defy the French and has to keep choosing. With the highly supported candidates eliminated, even if a less popular candidate inherits the throne, it will be hard to gain widespread acceptance.

France hasn't done anything yet, but Spain is already on the verge of disaster. A king with insufficient support will struggle to control the country, leading to future troubles.

Franz has no intention of intervening. The French have already deviated from their path, and whether or not the Spanish restrain them, the end result will be the same.

Without Spanish restraint, the French can continue down their self-destructive path even further. Since that's the case, why complicate matters?

The effort must be proportional to the reward. Austria's resources are not unlimited. If too much is invested in the Spanish issue, naturally, less will be available for other areas.

...

When it rains, it pours.

1868 is destined to be a tough year for the Spanish people. In the first half of the year, they suffered from a severe economic crisis, and in the second half, they were engulfed in war.

Before the revolution, the Kingdom of Spain was in a dire state: land annexation was rampant, leaving farmers with no land to cultivate; urban factories went bankrupt in large numbers, and the streets were filled with unemployed people.

After the revolution succeeded, the situation did not improve but worsened, with the added issue of a breakdown in public order.

The provisional government lacked both governing experience and the ability to control the situation. As soon as they took power, they naively abolished Isabella II's police force.

With the executioners who suppressed the revolution gone, Madrid's public order collapsed. The insurgent army did not represent a disciplined force; more often than not, they were a mob.

While the Spanish insurgents were better at fighting than a mere mob, in terms of maintaining order, they were indeed just rabble. The police, whom they had hated, were in fact the guardians of order.

Without constraints, crimes such as robbery, rape, and murder became rampant in Madrid.

Even the worst order is better than none. Previously, the people of Madrid did not understand this, but now they finally do.

As a result, Madrid became the most chaotic capital in all of Europe. The insurgent army, initially welcomed by the people, quickly lost their support in the shortest time possible.

The provisional government was too preoccupied to deal with these minor issues, focusing instead on the major task of selecting a new king. Other problems were deemed secondary.

However, a major issue soon arose. In October 1868, a large-scale uprising erupted in Cuba, thousands of miles away. The rebel forces grew rapidly, and the Cuban crisis began.

This was a heavy blow for Spain. Cuba was one of Spain's wealthiest colonies, providing vast amounts of wealth each year.

Previously, the Americans had offered one hundred million dollars to purchase Cuba, an offer the Spanish government had outright rejected without consideration.

Clearly, Cuba's value far exceeded this amount. Since Spain's decline, the wealth from the Cuban colony had been crucial in maintaining Spain's status as a great power.

Not only was the government alarmed, but many domestic vested interests were also deeply concerned. Much of the wealth from Cuba ended up in private pockets, and without this income, many Spanish nobles would face difficult times.

The newly established Francisco administration encountered its first major challenge. If the Cuban crisis was not handled properly, the Kingdom of Spain would suffer severe financial and economic repercussions.

Support from capitalists and nobles for the government would also be affected. In any case, Francisco had to suppress the rebellion.

Undoubtedly, this rebellion was not simple and had international involvement. Otherwise, it would have been impossible for the local natives to suddenly rise up.

Although the United States had split in two, this did not mean they were complacent. They had previously supported the Mexican Civil War and had incited Native American tribes in Central America to oppose Austria.

Now it's Spain's turn to be unlucky. Among the four great powers that interfered in the American Civil War, Spain was the easiest to bully. The Americans began to test the waters, starting with Spain.

Previously, support for the Mexican rebels and inciting Central American Indian tribes to revolt were carried out covertly.

The execution was handled by arms smugglers, leaving no evidence that could implicate the federal government. However, the situation changed when they began to stir up trouble in Cuba, and their actions became much more overt.

Almost everyone knew that the Americans were supporting the Cuban independence movement. The level of support was so significant that it couldn't be hidden.

This was a consequence of the economic crisis. Britain and Austria had been dumping goods into the United States, leading to an economic crisis there.

The Confederate States of America were somewhat better off since their industrial capacity was not significant, so the impact was not too severe. However, the federal government suffered greatly, to the point of being unbearable.

In New York, people were even committing suicide by jumping from buildings. New Yorkers had to be cautious when walking past Wall Street, lest they be hit and killed by someone jumping from above.

At this time, a rebellion against Spanish rule erupted in Cuba. To overcome the economic crisis, federal capitalists turned their attention to Cuba.

Chapter 436: Daily Life

After the Cuban crisis erupted, the Francisco administration both dispatched reinforcements to suppress the rebellion and invited European countries to intervene.

The treaty signed by Britain, France, Austria, and Spain had only been in effect for a few years, and it clearly delineated their respective spheres of influence.

While this treaty wasn't international law and hadn't been recognized by all countries, with the backing of Britain, France, and Austria, it was more convincing than international law.

Typically, the great powers resolve colonial issues through force, resorting to legal measures only when force fails.

Undoubtedly, Spain was facing internal problems and lacked the capacity to confront the federal government in the Americas militarily, so they had to resort to diplomacy.

As global powers, Britain, France, and Austria naturally couldn't tolerate anyone challenging their authority. Since the four-nation treaty established clear terms, the Americans had to comply.

Whether the federal government acknowledged it or not was irrelevant; it was already assumed they agreed.

The order in the Americas was painstakingly established by Britain, France, Austria, and Spain. Even though Spain had declined, Britain, France, and Austria couldn't let the Americans run amok.

This is the official explanation, but the real reason is apprehension. Indeed, Britain, France, and Austria were wary of the United States. It might sound unbelievable, but it was true.

Politicians see things differently from ordinary people. Despite the public's dismissive attitude towards the United States, government officials were aware of America's potential for development.

Currently, the strength of the U.S. federal government is comparable to that of a medium-sized power. Its land area exceeds the combined territories of Britain, France, Austria, and Spain. If the South hadn't seceded, its overall national strength would surpass that of Spain.

The current order in the Americas is essentially a shackle placed on the Americans. Otherwise, the British wouldn't have readily allowed French and Austrian influence to expand into North America, nor would the three countries have let Spain continue to occupy Cuba.

Everyone understood that it was impossible for one country to suppress the United States on its own; a joint effort was necessary to curb this potential threat.

In the original timeline, when everyone failed to maintain this balance, it led to France withdrawing from Mexico and Spain losing Cuba, leaving Britain to barely hold the line.

In reality, by that time, Britain couldn't suppress the United States either. The fact that there wasn't a direct confrontation was because the Americans were smart enough to recognize Britain's weaknesses and avoided rash military confrontation, waiting for Britain to decline before taking over its hegemony.

Now, the situation has changed. Potential is just potential, and until it is fully realized, the U.S. federal government remains tightly restrained.

So far, American actions have been limited to probing. Whether it was supporting the Mexican rebels, collaborating with Indian tribes, or this time supporting the Cuban rebellion, it was all testing the waters.

Earlier actions were more subtle, but in supporting the Cuban rebellion, they took a bigger step, trying to gauge how much the great powers would tolerate.

At Schönbrunn Palace, Franz was feeding fish. These were ordinary fish, the kind that could end up on the dinner table at any time.

Since he became the master of this palace, the fish in the artificial lake have been fortunate. The diligent Franz often came to feed them, so they no longer had to worry about hunger.

Of course, it would be even more perfect if they didn't end up on the dinner table.

There's no other choice; the fish in the artificial lake reproduce too quickly. If not controlled, they would disrupt the ecological balance.

Therefore, every three years, catching some of them is necessary to prevent overpopulation.

Watching the lively little ones, Franz instructed his eldest son, "Frederick, keep an eye on your brothers, and don't let them fall in again."

Clearly, these energetic little rascals had fallen in more than once. Young and fearless, they were at the age of recklessly getting into trouble.

Influenced by Western culture, their hands-on abilities were cultivated from childhood, but the results were still not ideal.

Franz judged that his sons did not have the potential to become scientists.

The eldest son liked to build things and had already constructed his own little wooden house. Franz had visited it, and the interior space was about 2-3 square meters.

Playing in it is fine, but living in it was out of the question. The layout was quite square and boxy; if one had to describe it, it somewhat resembled a large coffin.

Clearly, Frederick lacked much artistic talent and didn't understand architectural aesthetics.

The second son, Peter, was even more adept, with a talent for shipbuilding. Up to now, every small boat he had personally built had invariably sunk during test runs on the artificial lake.

As a consequence, Peter, the captain of the trial voyages, had fallen into the water numerous times. If it weren't for the diligent lifeguards, he would have bid farewell to the world long ago.

There was an upside, though; through his repeated dunkings, Peter learned how to swim and seemed to be developing into quite a swimmer.

The two youngest ones were still too young to show any discernible traits. However, based on Franz's experience, they likely wouldn't be the docile type either.

None of this really mattered, as these were just hobbies. Career planning was unnecessary for them; there was no need to worry about employment or future development.

Even if they had no abilities at all, they would still lead a happy life as privileged heirs. At worst, they would still be Archdukes, proving once again the importance of being born into the right family.

"I did it!"

Following the direction of the voice, Franz saw someone in the middle of the artificial lake, dancing on a black, roughly boat-shaped object, celebrating.

Franz's face darkened. Could they be any more ridiculous? If word got out, it would be embarrassing. Franz ordered, "Photographer, capture this moment."

This was one of Franz's guilty pleasures: capturing moments of his children's antics to show them in the future and mock them mercilessly.

Cameras in this era were not easy to use; a slight mishap could leave one covered in dust. Therefore, Franz did not handle this risky task personally.

Being an emperor, naturally, he employed a lot of people. This also contributed to society by creating jobs.

After this little incident, Franz lost interest in continuing to feed the fish. He figured it was a good way for them to diet by eating a little less; after all, the fish wouldn't starve from missing one meal.

"Click, click, click," a few sounds later, Franz knew the photographer had completed his task. He called out to the excited little captain, "Peter, get back here!"

Hearing Franz's call, the exhilarated Peter snapped back to reality. He steered his blackish little boat towards the shore.

"Father, look, this is the warship I built with my own hands. How about calling it the Franz?"

Looking at the beaming child, Franz smacked him on the head and said, "You call this a warship? It looks to me like you stole the kitchen's iron pot."

Peter's so-called ship did indeed resemble a large iron pot. It had merely been modified in shape, essentially a big piece of iron beaten into form with a couple of wooden sticks as makeshift oars.

The idea of naming it the Franz had already been dismissed by Franz. Naming wasn't something to get hung up on.

For context, in Europe, it's common to name dogs after ancestors, not as an insult, but as a cultural tradition.

Only the most important people receive such treatment. Usually, it's to honor the most significant elders in one's life that pets are given the same name.

Regardless of whether Franz could accept sharing his name with cats and dogs, currently, there were many pets named Franz in Austria, including numerous cats and dogs, along with other pets sharing the name.

Hearing Franz's words, Peter's face turned bright red, indicating that the guess was probably close to the truth.

Franz didn't continue with the topic, as a simple warning was sufficient; overemphasizing it wasn't necessary.

Patting Peter's little head, Franz said, "Our little captain, building a ship isn't that simple. You've seen warships before; do you think one person can hammer one out?"

For now, you should focus on studying hard. Once you have enough knowledge, you can continue your shipbuilding endeavors. If you can graduate with honors, I might even give you a shipyard."

Perhaps enticed by the promise of a shipyard, Peter vigorously nodded his little head and confirmed with Franz, "You said it, you can't go back on your word!"

It seemed he was determined to pursue his shipbuilding dream. Franz neither supported nor opposed this. Having a son interested in shipbuilding wasn't an issue.

As long as his sons weren't idealists, Franz didn't interfere with their hobbies. If Peter wanted to spend his time building ships, that was a minor issue.

Franz smiled slightly and looked at the little guy with affection, saying, "Are you questioning my credibility? Do you really think my credibility is less than a shipyard in your eyes, little Peter?"

"Of course not, you..."

Chapter 437: The Value of France's Face

Leisure time is always fleeting. Just as the Cuban Crisis was resolved, trouble arose in Mexico. This time, the Americans were not primarily to blame; they were merely smuggling arms to the rebels.

This kind of thing, even if they didn't do it, someone else would. Outstanding arms dealers always sell weapons to the enemy.

As long as you have money, you don't need to worry about not being able to buy weapons. If you can't buy them, it must be because you don't have enough money.

The Mexican Civil War has been going on for many years. In the early stages, the government forces were overpowering the rebels, but now the tide has turned.

In the fall of 1868, the Mexican government forces and the French army joined forces for a major offensive against the rebels. It should have been a sure victory, but in the end, the rebels turned the tables.

There's no need to delve into the details; to summarize, the rebels took civilians as hostages, Emperor Maximilian I ordered his troops not to shoot at the civilians, and then they were defeated in a grand fashion.

The Mexican government forces hesitated and incidentally set up their allies for failure. The French army did not anticipate a threat on their flank, resulting in heavy losses.

Approximately a thousand men were lost, and now Napoleon III is demanding compensation from the Mexican government, holding them responsible.

Franz has now received a plea for help from his brother Maximilian, basically complaining about the French being unreasonable and asking him for assistance.

Fortunately, it was a private letter and not sent directly to the Austrian government, or it would have been extremely embarrassing. Maximilian probably knew he was in the wrong, which is why he didn't send an official diplomatic document.

Franz wasn't worried at all about the French reaction. It's too late for Napoleon III to regret it now; even if he wanted to return Maximilian, it wouldn't be possible.

Since they chose to support a young and inexperienced emperor, they must bear the corresponding consequences. Overall, their investment in Mexico is still in a state of loss.

Plundering wealth sounds good, but the constant civil war in Mexico has severely damaged production, leaving the country impoverished and the people destitute.

Even if they wanted to turn Mexico into a source of raw materials and a market for goods, they would first need to restore production. Without money in the people's pockets, there naturally isn't much purchasing power.

Currently, the benefits that the French derive from Mexico each year aren't enough to cover the military expenses, even though the Mexican government ultimately bears these expenses.

However, the Mexican government is now so poor that it can't even pay Emperor Maximilian I's annuity. This unfortunate young man hasn't received his full salary even once since ascending the throne.

The main source of funds for the Mexican government now is international loans, most of which come from France. In Franz's view, it's not too much, just a billion francs or so.

If Mexico could end the civil war, restore production, and make some efforts, repaying the debt would be no problem at all.

The Silver Empire doesn't have much else going for it besides currency production. Taking advantage of silver prices before they hit rock bottom, they still have the ability to repay debts.

Rubbing his forehead, Franz helplessly wrote a reply. Lending money was out of the question; how could he use his own money to fill a bottomless pit?

The French are now wealthy and don't care about such minor losses. Since Napoleon III created this mess, it's best to let them handle it completely.

Suppressing the rebellion is very easy; just subcontract this task to the French. If there's no money, there are still the mines—Mexico's silver mines are enough to cover these expenses.

The key point is to deal with the French commander in Mexico. Whether by bribery or persuasion, as long as he signs, it's all good.

Franz repeatedly advised not to mess with the French envoy but to focus on the military commander. Diplomats are usually not easy to fool.

After sending the letter, Franz decided to help his brother out. Otherwise, given his brother's ability to handle matters, even if a treaty was signed, the French might not honor it.

Mexico has many internal problems, especially after Maximilian I's reforms, which later generations refer to as the "Reform War."

The Emperor is a reformist, and so are the rebels. However, the Emperor is a genuine reformist, while the rebels are using the reformist banner for their own gain.

Ideals ultimately gave way to reality; the rebels won, and the Emperor became a spokesperson for the conservatives. In fact, if Maximilian I had allied with the conservatives, he wouldn't have lost the civil war.

The victory of the rebels marked the beginning of military rule in Mexico. Until the 21st century, Mexico's situation has never been truly stable.

"Tyron, send people to stir things up in France. Let the French people know that their army couldn't even defeat the Native Americans.

Just leak the news; let the French public fill in the gaps themselves. Don't overdo it to avoid making it seem too deliberate."

Franz was quite skilled at manipulating public opinion. Distinguishing between right and wrong happens in an instant, especially in this era when a small elite controls the discourse, making it easier to sway public opinion.

The fact that the rebels defeated the French army in Mexico is already true, and the over a thousand casualties are the best evidence.

The specifics of the incident aren't important; they can be glossed over. The French public won't care why the army failed; losing to Native Americans is simply unacceptable.

Even though there were many white people among the rebels, Mexicans and Native Americans were seen as virtually the same in the eyes of the French, at least according to the people of France.

A loss naturally requires regaining face. If they just let it go, how could the proud French public accept that?

Now that there is no foreign interference, and the divided United States has no strength to confront France be it the North or the South, the French government has no reason to back down.

Moreover, the French government has now invested more capital than in the original timeline, so suppressing the rebels is necessary to recoup those costs.

Whether they admit it or not, Maximilian I is now their representative of interests in Mexico. If the emperor falls, their interests will inevitably suffer greatly.

The economic crisis is not over, and there are few opportunities in the world as lucrative as Mexico. Aside from other benefits, the tariffs and mineral rights pledged to them are enough to make the French take action.

“Yes, Your Majesty,” Tyron, the head of intelligence, calmly replied.

Revealing a piece of news is hardly difficult. French newspapers are not as obedient as Austrian ones. As the beacon of the free world, freedom of speech has always been upheld by the French people.

Press censorship can be enforced in Austria, as everyone is already used to it there.

France is different. These restrictive laws were abolished long ago, and Napoleon III didn’t have the confidence to enact and enforce such laws.

Without restrictions on speech, such news naturally can’t be kept secret. Events in Mexico, once reported back to Paris, would naturally be published by the newspapers.

Parisian newspapers can fabricate news when there isn’t any, so why wouldn’t they publish actual news?

Delivering such genuine news is always a journalist’s duty. Many responsible journalists in Paris will fulfill this honorable mission.

...

The morning in Paris is the most beautiful time of the day. It’s the only moment to breathe fresh air. Soon, the factories will start up, black smoke will rise, and the experience will become much less pleasant.

Of course, compared to London, every day in Paris is good weather. Happiness is relative, and with London as a benchmark, Parisians don’t feel there’s much of a problem.

In the winter of 1868, the weather in Paris was particularly good, probably the only benefit brought about by the economic crisis.

Many factories had closed down, cutting off sources of pollution. The sky became bluer, and the air fresher.

Unfortunately, these changes didn’t catch Parkeron’s attention. As one of the unemployed masses, his sole focus was finding a job; other issues were trivial.

Now he was on his way to collect unemployment benefits. Though the money wasn’t much, it was enough to buy black bread and keep him from going hungry.

You might think it’s quite advanced to have unemployment benefits in the 19th century. This was one of Napoleon III’s achievements; unemployment benefits and even retirement pensions were introduced.

It’s not surprising when you consider Napoleon III’s other title, the “Socialist Emperor.”

Thanks to these good policies, even during the economic crisis, Napoleon III’s popularity didn’t decline.

This period was also the best time for French workers. After Napoleon III, they wouldn't have such benefits again for the rest of the 19th century, not until the rise of the Soviet Union did they once more enjoy such welfare measures.

Very soon, Parkeron's attention was caught. He hurried forward and asked an acquaintance, "What's going on, Cross?"

Cross complained incessantly, "Parkeron, did you hear? Our army in Mexico was defeated by a bunch of native bandits. They say over a thousand died, and several thousands were injured.

My God, tens of thousands of French troops couldn't even beat a bunch of native bandits. Did they all get milked the day before, exhausting all their strength on women?

These damn bastards have completely disgraced France. If this news gets out, our status as the world's leading land army will be in jeopardy.

This is absolutely terrible..."

Parkeron couldn't listen to the rest. He grabbed the newspaper and started reading it intently.

His knowledge was limited, and there were many words he didn't understand, but he recognized the most important ones: casualties, defeat.

Then, he was completely immersed in the news of the French army's defeat. Tens of thousands of French troops couldn't win against a bunch of natives.

He muttered to himself: "This can't be possible! How could we have been defeated?"

...

News, if not exaggerated, can't attract everyone's attention, right?

After the artistic touch of the newspaper editors, it turned into a story of tens of thousands of French troops in Mexico suffering a major defeat with heavy casualties.

In reality, there were less than ten thousand French soldiers involved. If there had been tens of thousands, the Mexican rebels couldn't have won.

An absolute disparity in strength can't be changed by a few minor tricks. Maximilian I's orders were only effective on the Mexican government troops. The French army didn't care about the Mexican Emperor's orders.

Seeing the situation was unfavorable, the French government hastened to refute the rumors. But it was of no use; the fact that the French army was defeated remained, and the reasons were not what the French people cared about.

In short, the French people were furious. Unsurprisingly, the Parisians began their most meaningful activity—protesting.

Feeling happy? Protest. Angry? Protest. Feeling empty and lonely? Go protest. Dissatisfied with the government? Protest. In France, there's no problem that can't be addressed by a protest.

During the economic crisis, many people had nothing to do, which made the protests even larger, starting in Paris and then spreading nationwide.

The situation escalated, and the news of the French defeat in Mexico, embellished by the newspapers, quickly spread throughout Europe.

At this point, the French government couldn't back down. If they didn't retaliate quickly, the Mexican rebels would make a name for themselves at their expense.

The French army now lacked the prestige of defeating the Russians. Losing to Mexican rebels will not be seen as an anomaly; instead, other countries will amplify the narrative that the French army is incompetent.

This situation is undoubtedly disastrous for the French government. If other countries do not acknowledge their strength, it means they will be at a disadvantage in international power struggles.

After the decline of the Russian Empire, the French hurriedly crowned themselves the world's leading military power. Didn't they realize that the bigger the tree, the more wind it attracts?

Clearly, Napoleon III is not so shallow as to covet just an empty title. It's not worth the lack of discretion for a mere nominal status.

Behind this nominal status lie substantial interests. This is why the French are in such a hurry to seize power. They aim to take over the mantle of continental dominance left by the Russians.

The cake is only so big, and when European countries divide it, strength determines the share. The stronger the country, the larger the share it gets.

Weak nations can only watch from the sidelines as this has nothing to do with them. If they are unlucky, they might even become the cake on the table.

The current dispute over the Spanish throne exemplifies this: France can veto so many candidates because of its formidable strength.

If at this time others perceive them as weak, it might result in another anti-French king in Spain.

At least Britain and Austria want to support an anti-French king, and if France's strength cannot maintain the status quo, this scenario will occur.

The most convincing way to prove their strength is through war. Where they fell, they must rise again.

The future stability of France's rear depends on their upcoming performance. At this moment, France's face is incredibly valuable, even more than a single city.

Chapter 438: The City That Never Sleeps

Christmas Eve of 1868 is a memorable day, marking the beginning of a new era for humanity.

August was an ordinary citizen of Vienna, and the changes in Vienna left him overwhelmed as if he were dreaming.

He took his children to look at the bright street lamps, which he considered the best Christmas gift.

"Father, are those electric lights? Why are they so bright?"

Hearing his son's question, August didn't know where to begin. In this era, without the internet, knowledge was spread entirely through books.

Although August was well-educated, his expertise was in a different field. As a doctor, he didn't need to study electric lights, so he couldn't answer the question.

It wasn't just him; very few people in Vienna knew the reason. Vienna was not an industrial city with workshops conducting such research, nor did it have factories producing such products.

Vienna was an inland capital city, a center of politics, finance, culture, research, and education all in one.

With so many titles, it couldn't afford to add the title of industrial center. Otherwise, the rapidly increasing population would overwhelm this beautiful city.

Since Franz's accession to the throne, in just twenty years, Vienna's population had doubled and was still growing at a rapid pace.

This is clearly not natural growth. If the natural population growth rate were this fast, unifying the world would not remain a dream.

Even without factories, as the capital of two empires, Vienna still sees a large influx of people each year.

Population growth drives urban development, and today, Vienna is already the most prosperous and beautiful city in the world, without a doubt.

Per capita income has soared to the top of the global rankings, surpassing Paris and London. Despite their economic prosperity, the large number of workers in those cities dragged down the average.

This is also why Vienna was the first to become a city that never sleeps. The income of Vienna's citizens is sufficient to afford lighting costs, something other cities cannot yet manage.

In this era, electricity costs are not cheap and affordable only for the middle class and the wealthy. The annual income of an ordinary worker is not even enough to cover the power company's connection fee.

Since the breakthrough in large generator technology in 1866, Austrian power companies have sprung up like mushrooms after rain. If a city lacks a power company, it must be a small city.

Now, every Austrian city with a population over 100,000 has a power company or at least a branch.

As a new energy industry, the Austrian government has consistently supported it. Now is the golden period for power companies to expand their territories.

Unfortunately, costs remain high, preventing universal adoption. The biggest obstacle to widespread electricity usage is not the cost of generation, but the cost of wiring, or more specifically, the cost of copper and rubber.

Even with low utilization, one kilogram of coal can generate at least one kilowatt-hour of electricity. In Austria, coal is inexpensive and can be used to generate electricity regardless of quality.

The pure cost of generating electricity is less than five schillings per kilowatt-hour. However, by the time it reaches residents' homes, the price per kilowatt-hour becomes eight guilders, an increase of 159 times.

(1 guilder = 100 schillings)

There's no helping it. With few users and high wiring costs, plus amortization expenses, the price naturally goes up.

The most direct benefit of new energy development is that, amid the economic crisis and widespread depression, Austria's copper refining and rubber industries are growing against the trend.

Many companies in the related industrial chain benefit from this, with at least a 500 million guilder market being stimulated, contributing to Austria's economic recovery.

Patting his son's little head, August lovingly said, "I don't know the answer to this question either. You'll have to research it yourself, my little scientist."

Vienna has a strong academic atmosphere, and scientists hold a very high social status in Austria, especially with Emperor Franz, who loves to ennoble scientists, making them even more popular in society.

Of course, it's not easy to earn a title, and some years there might not be even one awarded. Franz is a realist; without seeing results, no matter how grand the claims, he won't pay attention.

This doesn't dampen the enthusiasm of the people. August is no exception and always tries to steer his son's interests towards scientific research.

However, the little guy wasn't buying it. Shaking his head, he said, "No, the laboratory is too boring. How can it compare to riding a horse across the land? My ambition is to become a great soldier."

Watching his son gesticulating excitedly, August could only helplessly accept this reality. It's difficult to become a scientist without being a top student, and becoming a soldier is also a good choice.

The Germanic tradition was strong—becoming an excellent soldier was the goal for most people.

Though August is a doctor, he was actually a soldier once, having since retired.

With universal conscription, almost every adult male serves in the military. Men who haven't served are easily discriminated against in society.

Austria's current service rate is still as high as 95%, with the remaining 5% naturally considered unfit. Ordinary people, even if they can't join the regular army, will enter the reserves.

This is not just an obligation but a right for everyone. Legally defined, every citizen has the right and duty to defend the country, and military service is one of those rights.

This isn't Franz's doing. The core of Austria's constitution dictates that: rights and duties are proportional.

Not serving in the military means not fulfilling the right and duty to defend the country, which naturally results in the loss of political rights and a series of social welfare benefits.

Currently, there aren't many social welfare benefits, so the impact isn't obvious, but the future will be different.

Issues like unemployment assistance and pensions are already on the agenda. Napoleon III set the precedent, and Franz had to follow suit.

Just as Austria was the first to enact labor protection laws, which were now standard across Europe, including the Russian Empire.

In this regard, the European proletariat is still very formidable. Everyone is very proactive in fighting for their rights.

The main reason for the delay was the burden on enterprises. Increasing these two expenses would naturally require raising taxes; otherwise, where would the money come from?

It's no surprise that Napoleon III lost his throne. Most of the criticisms later historians have placed on him are exaggerated. The real reason is singular: the capitalists had long been suffering under Napoleon III.

Being a socialist emperor comes at a cost, far more than a mere footnote in history books. Whether it was rebuilding Paris or improving worker welfare, all of these required money.

While economic development can increase tax revenue, it also increases expenditures. When Napoleon III ascended the throne, France had a budget deficit as high as 1 billion francs.

Now, not only has he managed to offset the expenses, but he also has the surplus to provide worker benefits. This money couldn't just be printed out of thin air.

The changes in tax revenue from before and after he took the throne reveal the issue. During the rule of the Orléans, the taxes paid by big capitalists were less than 1% of fiscal revenue; now, it's over 30%.

Whether unemployment assistance or retirement pensions, this money all came from the pockets of the capitalists.

Just looking at his establishment of France's two major central banks, the Crédit Foncier and the Crédit Mobilier, and the establishment of land banks in Paris and the provinces, shows how much he extracted from financial capitalists.

Lessons from the past shouldn't be forgotten. Franz is doing the same thing, and even going further. However, Austrian capitalists lack the same power, being politically suppressed by the nobility.

To alleviate pressure, Franz regularly co-opts big capitalists. Regardless of their previous power, once these people become part of the ruling class, their class stance changes.

It was impossible for them to share the rights and interests they had gained through bitter struggle with their former capitalist companions.

Capitalists are naturally opposed to each other. Competition fragments this group, and as long as monopolistic conglomerates are prevented from forming, this group cannot challenge the government.

...

Christmas Eve of 1868 left a stunning scene for this era: the concept of a "city that never sleeps," which existed only in science fiction, became a reality in Vienna.

The telegraph is undoubtedly one of the greatest inventions of the 19th century. Thanks to the telegraph's efficient transmission speed, the news "Vienna: City That Never Sleeps" occupied the front pages of European newspapers the very next day.

This Christmas, for the people of Europe, there was only one "city that never sleeps."

Electric lighting had already appeared on the European continent, but the idea of illuminating an entire city was beyond most people's imagination.

In reality, not all of Vienna was illuminated; only street lamps were installed, and many residents still used oil lamps for lighting.

Naturally, newspapers didn't elaborate on these details, glossing over them to let everyone in Europe assume that Vienna had fully adopted electric lighting.

Smaller countries could watch the spectacle with ease, maintaining a good attitude. After all, Vienna was already the wealthiest city in Europe, so it was normal for it to be the first to become a city that never sleeps.

However, in the eyes of some, particularly the British and French public of that era, this was something intolerable.

Chapter 439: The Beacon of The Free World Must Be Lit

As the capital of Britain, London has been at the forefront of the world since the first Industrial Revolution.

It has numerous accolades, such as being the largest city in the world, the most prosperous city, and serving as the world's political, financial, commercial, and industrial center...

Overnight, it seemed to have turned into a small rural place, a sudden change that the proud London citizens could not tolerate.

In this era, they had reason to be proud, as described by British newspapers:

The plains of North America and Russia are our cornfields;

Austria is our granary;

Canada and the Baltic are our timber forests;

Australia and Argentina are our pastures;

Peru and Mexico send us their silver;

The Far East grows tea for us;

Our coffee, sugar cane, and spice plantations are spread across the Indian Islands;

Spain and France are our vineyards;

The Mediterranean is our orchard;

The Confederate States of America are our cotton fields.

...

So, anywhere outside of London is considered the countryside, and any region outside of the British Isles is deemed backward. The sacred mission of leading human progress is solely the responsibility of the British.

With this mindset, the emergence of Vienna as a city that never sleeps was a shock to the London public.

The flood of public opinion pressure came crashing down on the new government, leaving Benjamin Disraeli's administration feeling the immense weight.

Now, they greatly envy the previous government of John Russell. Although they resigned early, the reality is that the John Russell cabinet was only two months shy of completing two full terms.

Faced with an economic crisis at the end of their term, they naturally wouldn't clean up the mess for their competitors. The early resignation of the John Russell cabinet left all the responsibility on the next government.

Benjamin Disraeli's cabinet was already having a tough time dealing with economic issues. Internationally, the Spanish and Polish throne disputes were on everyone's nerves.

Now, with the emergence of a city that never sleeps, Prime Minister Benjamin Disraeli was even more troubled. Electric lights weren't high-tech; they had been using them for a while, but making them widespread throughout the city was not easy.

Prime Minister Benjamin Disraeli asked, "My Chancellor of the Exchequer, do we have the budget?"

Chancellor of the Exchequer, Molitor, responded seriously, "Preliminary estimates suggest that it will cost at least 75 million pounds to provide electric lighting throughout London. Extending it across the British Isles would require 440 million pounds, and considering the practicalities, the investment could be even larger.

This is just the cost of the equipment. The future operating costs for electricity will be even higher. For the street lighting system in London alone, we would need 150,000 generators and at least 300,000 people to provide logistical support."

Prime Minister Benjamin Disraeli waved his hand to interrupt, "Stop, just tell me that it's impossible to provide electric power to all of London. But why can the Austrians do it?

Even if Vienna is much smaller than London, it's still a metropolis with over a million people. I don't believe the Austrian government would invest recklessly just for appearances."

Chancellor of the Exchequer Molitor explained, "It's said that the Austrians use high-power generators to support Vienna's lighting system, requiring only 200 generators.

These high-power generators have reduced the cost of electricity generation by 80%, and the number of maintenance personnel needed is greatly reduced. Only about 3,000 to 4,000 workers are needed to maintain this electric network.

In fact, Vienna's lighting system is the work of the Austrian New Energy Power Company, reportedly with royal investment.

The Vienna city government only needs to pay for the electricity, which costs about 100,000 pounds a month, to use this power grid worth over 7 million pounds."

Molitor was also troubled. British electric companies were very passive, only interested in supplying power to the wealthy and having no interest in creating a city-wide lighting system.

If it weren't for the newspapers, he wouldn't have known that a revolution in generator technology had already occurred. If it were just about setting up a street lighting system, they could manage to push it through.

Obviously, that's not feasible. The citizens of London want a more comprehensive service, with electricity delivered to their homes, which requires a significantly larger investment.

A mere 100,000 pounds in electricity costs is clearly not enough to sustain the Austrian New Energy Power Company. Even with tax exemptions, it is still far from sufficient.

Currently, the strategy is to establish a foothold by directly funding the construction of a complete power grid, which means monopolizing the power supply in Vienna.

Vienna lacks industrial facilities, so the electric company's ultimate profit comes from residential and commercial electricity usage. These premium customers are their long-term cash cows.

Compared to the previous rate of eight guilders per kilowatt-hour, Vienna's electricity rate has now dropped to 1.5 guilders. This is the advantage of a dedicated power grid, significantly reducing losses in power transmission.

Undoubtedly, this price is highly profitable, but to promote new technology, high profits are necessary.

To further reduce electricity prices, power must be fully popularized. Otherwise, who will bear the cost of this power grid?

The Austrian government cannot afford this expense. If the government funds it, it won't just be about one city; it would require nationwide implementation, which is a core aspect of fairness.

All taxpayers contribute, so why should the big cities get power first?

If the central government doesn't invest, which local government can afford the initial costs?

Should they take out loans? If that happens, it won't be long before local governments across Austria collectively go bankrupt.

Expecting the bureaucratic class to control costs is a fantasy. It's better to let companies develop freely first. Once technology advances further, then the issue of widespread implementation can be reconsidered.

The British are facing the same problem. Without central government funding, the London city government simply cannot afford it. If funding is provided, citizens in other regions will not accept it.

There's no need to wait for public unrest; it won't even pass through Parliament. The capital already occupies a lot of resources, and further financial favoritism from the central government will exacerbate conflicts, potentially leading to national division.

Prime Minister Benjamin Disraeli rubbed his forehead and said helplessly, "Then let's leave this problem to the London city government! The Austrian government didn't allocate funds, so why should they expect us to?"

As for how they handle it, that's their business. A city government unable to fulfill its local development responsibilities and shifting its duties to the central government is unacceptable."

Passing the buck—this was a tactic most commonly used by politicians. If not for the immense public pressure, Prime Minister Benjamin Disraeli wouldn't even bother with this issue.

The cabinet's involvement in this matter was only to show that they take it seriously; it doesn't mean they will intervene.

If the required investment were small, Prime Minister Disraeli would be happy to boost his political standing by illuminating the British Isles.

But with such a large investment, that's not feasible. If they blindly push forward with this massive project, the entire British treasury might not be enough to cover the costs.

...

Paris, tragic Paris—the city government is once again surrounded by protesting citizens, a clear sign that the people of Paris understand the rules.

Upgrading city infrastructure is the responsibility of the city government; the central government should not foot the bill.

Even when Napoleon III renovated Paris, most of the funding came from the Paris city government, not from the French central government.

The French are very clear on this; the accounts are always kept separate. Local governments have their own financial income, not entirely dependent on central government grants.

For example, the salaries of city government employees and the operating expenses of various government agencies are borne by local governments.

Otherwise, in this era, the financial income of central governments across countries would not be enough to sustain government operations.

Of course, some European countries still have central government management, but these are small countries with small territories and populations, requiring fewer institutions.

If a local government cannot bear administrative expenses, the central government might provide subsidies. For instance, the Austrian government has subsidized the province of Bosnia. Otherwise, this poor province wouldn't be able to even pay civil servants' salaries.

There are exceptions, like the United States, where each state operates independently. If they have money, they spend it; if not, they find a way, but they never expect help from the central government.

Looking at the protesting crowd outside, Paris Mayor Barco felt utterly despondent. The reconstruction of Paris had already burdened the city government with enormous debt, almost to the point of suffocating them.

It's easy for the blabbermouths to talk, saying that improving public infrastructure will help develop the economy and overcome the economic crisis.

In reality, all of this requires money. Without money, how can you invest? When Napoleon III ordered the reconstruction of Paris, wasn't it the Paris city government that paid for it?

The mounting debt still needs to be repaid. To increase financial revenue, the Paris city government has already raised taxes multiple times.

These taxes can't be expected to come from ordinary citizens as they don't have much money to begin with. The bulk of the taxes falls on businesses.

Napoleon III encouraged industrial development, so financial capitalists bore most of the taxes. Frankly, this tax distribution model is reasonable.

The profits in the finance industry are higher than in manufacturing. High profits bearing high taxes make sense, which is why this period was the golden age for French industrial development.

France has quite a few power companies, but unfortunately, none of them are sizable. Typically, a power company has only a few hundred customers, and those with a few thousand customers are considered large companies.

After meeting with these power companies, Mayor Barco immediately abandoned the idea of having them undertake the task of building Paris' power supply system.

Without the necessary strength, everything is just talk. They have neither the money nor the technology, so who would dare let them do it?

Many capitalists were interested in taking on this task, but their demands were so great that Mayor Barco was discouraged.

For instance, financial tycoon Rothschild expressed interest in investing, but not only did he demand it be free, but he also required the French government to cover half of the construction costs without compensation.

Covering half the construction costs for free would be better off as a direct government operation. Clearly, the capitalists were aware of public pressure and sought to extract the maximum benefits.

As the beacon of the free world, how could Paris not light up? The attitude of the Parisian citizens said it all.

Franz probably never imagined that investing in the construction of Vienna's power system would bring so much trouble to England and France.

Even if he knew, it wouldn't help since he couldn't assist. At this time, the widespread adoption of electricity was somewhat premature. The best time would be when generator technology advanced further and copper refining technology improved.

Currently, the cost of promotion is too high. Promoting it in a special city like Vienna is feasible, but in other cities, it's a risky endeavor with high chances of failure.

At 1.5 guilders per kilowatt-hour, only about ten percent of the population in Austria can afford it; the same is true for England and France.

Vienna's situation is unique. It's not an industrial city and its main industries are relatively high-income sectors. With higher incomes, most people can afford electricity.

But this is not the case for other cities. Europe differs from the East, where not all wealthy people live in cities. Many wealthy aristocrats live on estates around the cities.

These premium customers are scattered, directly increasing the cost of widespread electricity adoption. Many of these aristocrats have already used electricity, as they have their own small generators.

Of course, if the power companies are willing to supply electricity, they won't refuse. After all, the small generators of this era are only small in power output, not in size, making them quite inconvenient to use.

However, this would further increase the cost per kilowatt-hour. In most cities, due to insufficient or dispersed user numbers, the final cost of supplying electricity would significantly rise.

This is also why, after providing power to Vienna, the Austrian New Energy Power Company stopped its expansion to deeply cultivate the Vienna market rather than blindly expanding.

The electricity technology revolution only needs one city like Vienna as a benchmark. Nationwide promotion can wait another three to five years.

In this rapidly changing era, new technologies are progressing almost daily. Since 1866, Austria has filed over 300 new patents related to electricity.

Franz was unaware that there were so many specialized technologies related to electricity. It's important to remember this is still the 19th century, and the application of electricity is in its very early stages.

The primary use is currently for lighting, with electrically powered machinery still theoretical. To become the primary source of energy for humanity, it will take at least another thirty years.

Unsurprisingly, after Vienna took the first step into the new era, the French government announced the establishment of the Paris Power Company to light up Paris.

The beacon of the free world cannot be left in the dark.

Chapter 440: Patent Licensing at Bargain Prices

Vienna, the Austrian New Energy Power Company has seen a significant increase in business recently, particularly in its commercial department, which is incredibly busy.

Since Vienna became the "City That Never Sleeps," various major cities have frequently sent invitations to the company's headquarters, and naturally, business discussions have followed.

While current commercial value may be lacking, it doesn't mean there won't be value in the future. Electricity is the zeitgeist of this era, with a boom soon to come.

A power company might face losses, but a monopolistic power company will never lose money. Even if the government limits prices in the future, reasonable profits will still be ensured.

Controlling a city's electricity supply means controlling local discourse, especially in industrial cities. To weaken competitors, one only needs to disrupt their power supply during peak usage times, and it would be hard for them to complain.

The future world will rely on electricity, and whoever controls it controls the era. By the late 19th century, almost every conglomerate had its own power company.

The Austrian New Energy Power Company, on the surface, seems like an independent entity, but it is actually a subsidiary of the royal family's conglomerate. Due to practical needs, this company will become a new conglomerate.

Regardless of the changes, the ultimate controller remains the royal family. Officially, there appears to be no direct connection, and the royal family's investment shares are less than ten percent.

These shares will be further diluted once the company goes public. Most of the company's shares are held by various institutions. Upon closer inspection, institutions are backed by other institutions, with cross-holdings that make ownership complex and intricate.

This cannot be hidden from those with insight; as long as the average person remains unaware, it's fine. Those who can see through it are smart and won't speak out without evidence.

It's all legal business, and even if someone speaks out, the impact will be limited. However, the cost of speaking recklessly could be never speaking again.

No one is concerned about the issue of ownership, at least not until the Austrian New Energy Power Company goes public. These issues will not attract attention for now.

Elkeson, the manager of the commercial department at the Austrian New Energy Power Company, has been primarily occupied with replying to telegrams and sending representatives to negotiate with various governments.

His negotiations aren't limited to Austria; many cities across Europe are his clients. Some cities seek partnerships, while others simply want patent licenses.

Although patent management in this era isn't very strict, most European countries have patent laws. While small companies or individuals might infringe without consequence, governments cannot take the lead in violating these laws.

If a government were to violate patent laws, it would not only lose face but also risk significant financial penalties if sued.

Most European countries pride themselves on judicial impartiality, and many judicial systems are independent. Courts are eager to set an example of judicial fairness with such cases.

Of course, this applies primarily to governments. The deterrent effect is much weaker when dealing with individuals or private enterprises.

Underpayment or non-payment of patent fees is common, and the amount collected depends entirely on the patent holder's capabilities.

The government cares about its reputation and fears losing such a lawsuit, but this doesn't mean that businesses share the same concern. Companies often create a shell entity, and if they lose a lawsuit, they simply declare bankruptcy and start anew with a different shell.

In this regard, the Austrian New Energy Power Company is fortunate. This power system falls under public infrastructure, and the clients are primarily local governments who need to maintain a respectable image.

Since the clients need to maintain a respectable image, the power company involved in this business must also maintain a respectable image. Without patent authorization, it is impossible to win contracts.

Of course, this is also why the Austrian New Energy Power Company doesn't charge high patent fees. Otherwise, others might develop a new system from scratch to bypass the patent barriers.

With low fees, there is no need for costly new development. Given the number of patented technologies involved, bypassing the patent system would be far more expensive.

After over two months of hard work, Elkeson finally produced some results and knocked on President Marc-Oliver's office door.

"Come in!"

Marc-Oliver's voice came from inside.

Elkeson walked into the office and reported, "President, we have completed the initial assessment with the representatives of the Paris Power Company. Both sides have basically reached an agreement on the patent authorization issue. The only trouble is that they require exclusive authorization."

Unsurprisingly, the first to reach a preliminary agreement were the French. After all, they are quite proud and only need patent authorization. They didn't even invite the Austrian New Energy Power Company to invest.

If no investment is needed, negotiations naturally become easier. No one would refuse money, and the Austrian New Energy Power Company also requires the funds to expand its operations.

However, for those inviting investment, the commercial department has to adopt a delaying tactic. Contracts can be signed in advance, but when to start construction needs careful consideration.

Currently, costs have not decreased, and starting construction immediately would result in losses. Unless the local government is willing to cover the costs, the Austrian New Energy Power Company cannot afford it.

Having Vienna as an advertisement is enough. With the "City That Never Sleeps" as a promotional tool, the patent fees collected will be sufficient to recoup the initial investment.

Marc-Oliver tapped his right index finger on the table, a habit of his when deep in thought. After a moment of silence, he slowly said, "Tell the French that if they are willing to pay an additional 1 million guilders in patent fees, we will grant them exclusive rights."

The Austrian New Energy Power Company's patent fees are not high and vary by country. For example, the patent fee for France is 300,000 guilders, with an annual fee of 0.2 guilders per residential user, 100 guilders per factory or business, and 50,000 guilders per million people annually for city lighting systems.

These rates are not high and include technology transfer fees. For example, the production technology for large generators and power transmission-related technologies.

The development cost of these technologies would not be less than 300,000 guilders. The subsequent patent fee standards may seem substantial, but in reality, they don't amount to much. After all, patented technologies are time-limited and won't last into an era of full electrification.

For example, for residential electricity, calculating based on ten percent of the French population, there would be about 4.5 million people, equating to roughly 500,000-600,000 households considering the larger family sizes of the time.

In practice, these numbers are difficult to tally accurately, so the actual amounts are mostly estimates, with the French providing the specific figures.

As long as the discrepancy is not too large, the Austrian New Energy Power Company is not likely to send someone from Austria to investigate, as the cost of such an investigation would be too high.

Industrial electricity usage is even harder to monitor. Companies could easily report multiple factories as one, making accurate auditing very challenging.

This difficulty in monitoring is also why there are no equipment production patent fees. It's nearly impossible to track how much is produced, and if the other side decides to play tricks, they could evade paying significant amounts.

The only reliably enforceable fee is the city licensing fee. In the short term, only Paris is expected to implement this; other cities will take time. It's possible that by the time the patent period expires, fewer than ten cities will have adopted the system.

Not every local government is wealthy. Impoverished cities are still the norm in this era, and it's entirely normal for them to be unable to afford the cost of an electricity supply system.

The patent protection period determines this. According to French law, the city power grid system patent is protected for only eight years, while other related technologies are protected for up to thirty years.

As each patent expires, the corresponding fees will be deducted. How much profit can be made in the end is unknown.

Not granting exclusive licenses is a strategy to collect multiple licensing fees. After all, money in hand is more secure than potential future profits.

However, if the price is high enough, a one-time buyout is possible. Currently, no one can predict how fast electrical technology will advance. Otherwise, the French might opt for a direct buyout of the technology.

Theoretically, this set of patents is very valuable, potentially generating millions of guilders in annual patent fees. In practice, however, no one really knows how much will actually be collected.

An annual income of one to two million is likely, as it is a complete power system, and despite its imperfections, it is still considered high-tech in this era.

In the field of patents, the British are the real leaders. As the birthplace of the Industrial Revolution, they possess the most patented technologies.

However, due to the passage of time, most of their patents have expired. Otherwise, they would be collecting at least ten million pounds annually now.

Obviously, this patent fee collection mainly occurred within Britain. By the time other European countries experienced their industrial revolutions, most British technologies were no longer under patent protection.

The patented technologies of the Austrian New Energy Power Company can be considered to be selling at a bargain as their technology is unfortunately still immature.

The current licensing is actually somewhat deceptive. Buyers will soon realize that while these technologies have great potential, they will not be profitable in the short term.

Unprofitable technologies naturally cannot command high prices. Apart from Paris and London, which feel compelled to keep up appearances, other cities are not as extravagant.

If they wait a bit, even just 2-3 years, the costs could decrease by 20-30%.

The current hype in Paris and London has been significantly influenced by the Austrian New Energy Power Company, which has been buying newspaper articles to promote the “Electric Age,” “Lighting Revolution,” and headlines like “Paris is falling behind” and “London is lagging behind.”

If it weren’t for the enthusiastic response from the people of Paris, the Austrian New Energy Power Company’s patents might still be unsold.

There’s no other way. If you want to keep the technology secret, you can’t register for a patent. But if you don’t register, someone else might, and all your previous investment will be wasted.

The Austrian Patent Office will keep their secrets, but the patent offices in Britain, France, and other countries won’t be so considerate. From the moment an international patent is registered, it becomes an open secret.

Since it’s impossible to keep it confidential, selling it off is the best option. Relying on competitors to play by the rules and not steal the technology is unrealistic.

Most countries’ research capabilities are on a similar level. If they acquire these technologies, it would take Britain and France at most six months to replicate them, and they might even improve upon them.

Unlike future technologies, where science has advanced to a certain level and even openly published data can’t easily be decoded, current technology differences lie mainly in thought processes.

Some technologies can even be reverse-engineered just by examining the product’s exterior.

This is why, in this era, there are no technological barriers. As long as you have money, you can buy what you need. It’s not that people don’t understand the importance of keeping technology confidential, but it’s simply impossible to keep secrets.

The Austrian New Energy Power Company is no different. Without the ability to keep the technology secret, they naturally aim to maximize profits.

If they don’t sell their patented technologies now, it will be much harder to do so in the future. Setting industry standards alone is a difficult temptation to resist.