

Roman Empire 451

Chapter 451: Secretly Crossing the Chencang Pass

The turmoil in the Austrian financial market was still within controllable limits. Everyone knew that the Austro-Russian alliance hadn't completely shattered, so even if the Russians defaulted, they would ultimately still owe their ally.

The current deadlock in the Austro-Russian negotiations was, in a way, a positive sign. Having a dialogue was always better than having none.

Before this, the Russians had unsuccessfully tried to negotiate with several other countries. Many financial institutions had been burned badly, forcing capitalists to cut their losses and retreat.

The financial markets in Paris and London were hit the hardest. Contrary to what one might expect, loans were extended even to enemies. In the pursuit of profit, capitalists would work with anyone.

The Russians had secured loans by pledging their future grain export revenues. Initially, no one worried about the Russian government defaulting. As long as the Russians exported their grain, the creditors would get paid.

However, plans often fail to keep up with changes. With the loss of the fertile North German Plain and the devastation of the Moscow region due to the civil war, the Russians now have very little grain to export.

Large-scale farming is labor-intensive, and increased labor means more mouths to feed, leading to a higher domestic demand for grain.

Since the outbreak of the Russo-Prussian War, the Russians had stopped exporting agricultural products to Britain and France, and even briefly imported grain from Austria.

With the Russians out of the grain export market, other players naturally filled the gap. The supposed collateral of grain export revenues had become a joke.

Expecting the Russians to repay their debts by selling grain was now laughable. Instead, they had lost their market share, and any future attempt to re-enter the market would likely depend on getting help to regain their footing.

Otherwise, how would the Russians repay their debt if they couldn't sell their grain?

Given the current situation, it would be 2-3 years before the Russians could return to the international market. Investors couldn't afford to wait that long, and capitalists certainly wouldn't play along with the Russians.

They would simply declare bankruptcy, shifting the losses onto the ordinary citizens. When these bonds hit rock bottom, they could use shell companies to buy them back, waiting for a future opportunity to claim the debt from the Russians.

Of course, the chances of actually collecting the debt were slim. The power of individuals, even wealthy financiers, paled in comparison to that of a nation. Even powerful financial groups hesitated to confront a giant like the Russian Empire.

Without government intervention, these issues were nearly impossible to resolve. Given the strained international relations, it was clear there was little hope.

Restricting Russian grain from entering the market seemed like a good plan. However, in the face of profit, capitalists had no scruples.

If the Russians lowered their prices, grain merchants in Britain and France would eagerly smuggle the grain in. Once it hit the market, who would know where it actually came from?

Had the recent economic crisis not just passed, the financial turmoil erupting in Britain and France might have triggered another economic meltdown.

Telegraphs had shortened the distance between people, and the financial turmoil in London and Paris quickly reached Vienna.

A larger-scale market upheaval ensued, causing speculators to panic. They preferred to default rather than hold onto their Russian bonds any longer.

If the securities companies hadn't opened up early repayment windows for defaults, and if Wells Fargo Securities hadn't started buying Russian bonds at low prices to appease the public, Austria would be in chaos by now.

Take Paris as an example: at least 100,000 people participated in protests against the Russian default.

Normally, there wouldn't be that many people in Paris who bought Russian bonds, even if you included their families.

To Franz's surprise, the same scene was playing out on the streets of New York, indicating that Americans had also been cheated by the Russians.

This once again proved that being allies with the Russians was risky. The U.S. and Russia hadn't even managed to form an actual alliance before Americans found themselves inadvertently caught in the fallout.

The hardest hit weren't the securities companies but the banks that had lent to the Russian government. Russian bonds were always the hardest to sell among national bonds, and their sales figures were always dismal.

Globally, selling off 100,000,000 to 200,000,000 guilders worth of Russian bonds was the limit. Even if there were issues, it wouldn't impact too many people.

Bank loans were a different story. Although the money lent out belonged to depositors, those bad debts became the banks' own problem.

Yes, the Russian government did pledge a hodgepodge of tax revenues as collateral, but now the Russians had no intention of honoring that.

The Russian government played the rogue, telling creditors to collect the taxes themselves. No creditor was bold enough to venture into the Russian Empire to do that.

Not to mention whether they could collect the taxes, even if they did manage to collect them, could they safely take the money away?

No one wanted to test the desperate Russian government's integrity by attempting such a dangerous task.

Banks couldn't resist the temptation of high interest rates, always assuming that since the Russians had joined the civilized world, they would play by the rules.

They overlooked that a desperate Russian government was capable of anything, and now they were paying a steep price for that oversight.

While securities companies could slink away, banks couldn't follow suit. Their investment costs were on entirely different scales, and the social impact of their actions was vastly different.

In this era, securities companies didn't have many clients—mostly middle-class and up. They hadn't reached the point of marketing financial products to everyone on the street.

Even if they went bankrupt, the impact would be limited to a few hundred or thousand people. A company with over ten thousand clients would already be considered a large firm.

Not everyone had bought Russian bonds, so even if the company went under, the social effects wouldn't be too severe.

Banks, however, had a much broader customer base with less stringent standards for depositors. If a bank declared bankruptcy, it could cause significant social unrest and prompt government intervention.

Moreover, while the losses this time were significant, they weren't fatal. Establishing a bank was easy, but building trust and attracting depositors was not, so they couldn't afford to give up easily.

This was the nobles' last era; the age of the capitalists had yet to fully arrive. Apart from the two Americas, most countries are still dominated by the aristocracy.

Even in Britain and France, the nobility suppresses the capitalists. However, their dominance is not as pronounced as in Austria, Russia, or Prussia, where the government is entirely controlled by the aristocracy.

Faced with substantial bad debts, banks inevitably need to tighten their credit for a while to handle potential bank runs.

This is undoubtedly a blow for securities companies trying to raise funds.

In the Wells Fargo Bank, Philippot roared, "What? Two percent monthly interest? Why don't you just go rob a bank?"

TN: 富国银行 is the raw for this. I think this is one of Franz's parody companies.

Not being aligned means not sharing the same fate. The bank in which Philippot holds shares is also mired in the Russian debt crisis and is now busy protecting itself, unable to rescue him.

Left with no choice, he went to Wells Fargo Bank. The main reason was that Wells Fargo Bank had not undertaken any Russian loans and was one of Austria's four major banks with strong financial strength.

Account Manager Albert remained unfazed and said, "Sorry, Mr. Philippot. This is a high-risk loan, and we must account for the risk cost of the funds."

The term "high-risk loan" snapped Philippot back to reality, and he hurriedly asked, "Does this mean the loan amount will be issued at ninety percent of the value, with monthly repayment of principal and interest, and even the deduction of the first year's principal and interest?"

Account Manager Albert smiled and said, “Yes, Mr. Philippot. I didn’t expect you to be so familiar with banking practices. Have you visited other banks prior?”

Although Philippot didn’t show it on his face, he was cursing inwardly. After all, he was a shareholder of a bank himself—how could he not know these deceitful practices?

Back then, when he saw these practices, Philippot was quite pleased since they were used to trick others. But now that the tables had turned, the situation changed.

Following a series of such manipulative tactics, getting sixty percent of the loan amount was considered a blessing from God.

If luck was bad, getting just half of the loan amount was also a common outcome.

The actual funds received might be less, but the principal and interest on the debt still had to be repaid in full as agreed, not a penny less.

Philippot stormed out of the bank without looking back. If he borrowed such high-interest loans, he might end up working for Wells Fargo Bank in the future.

Rather than that, he’d be better off selling his bonds and cashing out from Wells Fargo Securities to weather this crisis.

Thinking of this, Philippot felt even more frustrated. It seemed Wells Fargo Securities was also a subsidiary of Wells Fargo Bank—there was no escaping it.

As for trying other banks, that was a pipe dream. Philippot had visited over a dozen large banks, and the terms they offered were all roughly the same.

When it comes to profiteering, banks all have the same face. You can’t entirely blame them, though; in a potential bank run situation, the risk of issuing loans increases significantly, so naturally, the interest rates go up too.

As for the so-called low-interest loans with a few percentages, they only exist in theory. In actual practice, except for policy loans, banks are very reluctant to offer such low interest rates.

At this point, Philippot had no choice but to take the loss. His funding gap wasn’t too large; he could get through this by selling his Russian bonds.

This way, his losses would be substantial, but the risk would be reduced. Relying on loans to get through the crisis while holding a large number of bonds with uncertain value meant that if the Russo-Austrian negotiations failed, he would go bankrupt.

Many others were making the same choice. Those with insufficient financial strength, facing a life-or-death crisis, had no choice but to take the loss.

At Schönbrunn Palace, seeing the ever-increasing pile of Russian bonds, Royal Steward Mirabelon was deeply troubled.

Yes, this was another one of Franz’s bad jokes. It had unexpectedly grown into one of Austria’s four major banks.

To Mirabelon, this was a high-risk investment. The Austrian government had no way to ensure that the Russians would fully honor their contracts. Buying up Russian bonds now meant there was almost no chance of short-term returns.

Waiting ten years or more would result in a huge loss. The time cost of funds also needed to be considered.

Franz reassured him, “Royal Steward, don’t worry. These bonds will be redeemed by the Russians, just not in our hands. We can buy them up cheaply now, and once we’ve accumulated enough, we’ll resell them back to the Russian Empire.

The Russian nobles won’t mind making a small profit. At worst, we sell them at half price, which is still double the profit. These nobles won’t mind using the bonds to offset their taxes.”

This trick could only be used once. If the Russians caught on and enacted legislation to prevent bonds from being used to offset taxes, the bonds would become unsellable.

Future redemption by the Russian government would take at least ten years, with no guarantee of full repayment. Franz didn’t know what others thought, but he certainly couldn’t wait that long.

Hearing Franz’s explanation, Royal Steward Mirabelon was stunned. This was completely beyond his imagination.

He had initially thought that Franz had insider information and could use his connections to get the Russian government to prioritize repaying this debt.

He hadn’t expected such a straightforward approach, directly exploiting the nobles’ greed to solve the problem.

Chapter 452: Quantity-Driven Approach

No matter how brutal the means, those without ability cannot play the game. Not to mention the initial capital investment, just getting involved with the Russian nobility is itself a difficult problem.

It’s worth noting that Russian nobles are the most conservative in Europe. A capitalist trying to sell to them would probably not even get a meeting and would be thrown out immediately.

Even if the sales pitch succeeded, encountering a greedy noble could mean having the bonds outright seized, leaving the seller without a single chilling.

Although there was no worry about competitors, secrecy was still important. If the Russian government caught wind of it and patched things up in advance, one would have to wait for Alexander III to repay the debt.

On the surface, it seemed that in this era of the gold and silver standard, the currency wouldn’t depreciate. However, from Franz’s perspective, as long as gold and silver production kept increasing, inflation was unavoidable.

Price stability was relative; a few decades could change many things. During the boom of the Second Industrial Revolution, as long as investments were correctly made, earning several times the profit was not difficult.

There were too many projects involved in the industrial revolution for Franz to cover them all, so venture capital companies could come into play.

Although the concept of “venture capital” hadn’t been coined yet, it had always existed. A well-known example is Lü Buwei, whose “speculation on rare goods” was a successful venture investment.

In Europe, Spain's funding of Columbus to discover the New World, which launched the Age of Exploration and established the first empire on which the sun never set, is another example.

These are just the successful cases; there are many more failures. History has shown that venture capital is a high-risk investment.

Franz could afford to take risks. In this era, the cost of investing in emerging industries was very low. It was mostly about funding research and development. Once results were achieved, the next step would be investing in building factories.

Even if the investment failed, as long as they acquired relevant patented technologies, the business wouldn't suffer too much of a loss.

The unfortunate part was that good projects were hard to find. This was only the Second Industrial Revolution, and there weren't as many projects as there would be in later times. Moreover, due to inconvenient communication, effective oversight was difficult.

After much hesitation, Franz abandoned the plan to establish a venture capital company. The world has never lacked smart people, and venture capital in this era wasn't nonexistent; it was just limited to small circles.

The idea of a venture capital company investing in hundreds of projects like in later times was entirely impossible. The operating costs alone could crush the company.

After all, the physical economy isn't like the internet; it can't produce overnight millionaires. Before seeing any profit, it would be difficult even to go public and raise funds.

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The actions of Wells Fargo Securities quickly caught the attention of keen observers. Initially, everyone thought Wells Fargo Securities was deliberately spreading positive news or that there was a breakthrough in the Russo-Austrian negotiations.

However, by September, the negotiations between the two countries had concluded. The Russians would continue to honor their debts, but the repayment period was deferred by five years. The originally promised collateral was now merely nominal.

For example, the pledged customs duties now meant that a portion of Russia's customs revenue would be used to repay the debt. The specific amount was rather disappointing, approximately 200,000 guilders per month.

In total, the income from all collateral combined did not exceed 500,000 guilders, which was less than one-sixth of the actual funds needed.

There would be no penalty fees, as the Russian government truly had no money. Being able to repay the principal and some interest was already considered a favor.

There was no other choice; the debtor held the upper hand. The Austrian government could only accept whatever they could obtain and hoped that the Russian government would repay the rest once their finances recovered.

With only a limited amount of money available, priority had to be given to policy loans guaranteed by the government. As for private loans, it was unfortunate, but they would have to wait for future consideration.

Bonds were even less of a priority. Discussions about repayment would only happen upon maturity. Early redemption was out of the question since the Russian government was not accommodating.

Anyone daring to expect high interest from them had to be prepared to lose the principal. When the Russo-Prussian War broke out, financial experts had already issued warnings.

Although the Russians did not outright refuse to repay, everyone was well aware that it would be challenging to redeem these bonds normally.

The idea that the Russian government's finances would improve is a fallacy. As long as the Russian bureaucratic system remained unpurged and the issue of corruption unresolved, the finances would never truly improve.

Cleaning up corruption is a hundred times harder than institutional reform. No matter how rules are made, people are needed to enforce them, which creates loopholes.

Establishing authority through executions is an effective method, but unfortunately, Europe does not have a tradition of executing nobles, and Alexander II did not have the courage to set a precedent.

Franz introduced the civil service examination system, but it did not solve the problem of corruption either. In fact, bureaucrats of commoner origin were often even more corrupt.

However, this did create an opportunity for Franz to establish authority through executions. The anti-corruption bureau had work to do, and by occasionally catching and executing a few fools as examples, they could deter the entire bureaucratic group.

With this comparison, dealing with noble bureaucrats would not make the emperor seem excessively harsh.

Seeing that other offenders were beheaded, while nobles only lost their titles or went to prison, it appeared they were being treated leniently.

Moreover, losing a title only applied to life peers. Hereditary nobles would still have their titles passed on to the next in line.

The reason given was not criminal activity but rather insulting the honor of the nobility. Indeed, European noble culture had high standards and requirements.

What one did in private was less important, but openly violating the noble code of conduct would lead to public condemnation.

Many noble bureaucrats, unable to withstand the pressure of public opinion after being caught, chose to commit suicide to end the matter. Once they died, the accounts were settled, and the issue was naturally resolved.

From a modern perspective, this might seem laughable. After all, it's not like they would be executed. They could serve a few years in prison, wait for the scandal to blow over, and then return to their privileged lives. Why choose suicide?

But in an era where honor was valued above life, maintaining family honor was more important than personal survival.

Under external pressure, while corruption couldn't be entirely eradicated, it was at least curbed. Unlike the Russian government, where embezzling public funds and openly soliciting bribes were common, few officials in Austria dared to engage in such blatant corruption.

This was something the Russians simply couldn't emulate. On one hand, the nobility's power was too vast. Even Alexander II's reforms were a movement for the nation's survival initiated from within the noble class.

On the other hand, there was the issue of education. Compared to other European countries, literacy rates in Russia were generally low. Even with civil service exams, few commoners could participate.

Without sufficient numbers, how could they exert pressure on the noble bureaucrats? If only a handful of individuals made it into the bureaucracy, they would likely be suppressed as soon as they entered the field.

In Austria, compulsory education has been in place for many years. Even if only 1% went on to university, 20,000 to 30,000 people still entered higher education annually, and this number increased significantly at the secondary school level.

This vast talent pool was Austria's greatest advantage.

Quantitative change led to qualitative change. Many who were obscure in the original timeline had now become leading figures of the era, while some once-famous individuals had faded into obscurity.

It turns out that the environment can indeed change a person. Franz no longer believed in the myth of the celebrity effect. Instead, he believed in the significant impact of the butterfly effect.

Before achieving results, the famous figures from the original timeline were no different from ordinary people in his eyes.

Scientific research is full of coincidences. Perhaps changing the day or the laboratory could alter the outcome.

Even an Austrian scientist born one hour later might be affected by the butterfly effect and not exist at all. Such occurrences are common—if the parents faced an accident or if the timing of intercourse changed, the sperm and egg involved in conception would be different.

Even if someone had the same name, it would essentially be a different person. Achieving this could result from something as simple as working overtime or taking a vacation.

The idea of grooming famous individuals was a fallacy from the start. Instead of focusing on such uncertainties, it was better to increase the overall numbers.

With an increase in the number of talented individuals, the number of geniuses would naturally rise. In reality, those who could attend university during this era were already the elite of the elite.

For those lacking sufficient abilities, attending university meant paying to audit classes. If they matured late and eventually passed the graduation exams, they could still earn a diploma.

As Franz knew, every university in Austria currently had a group of auditing students. These individuals were not after diplomas; they simply wanted to improve their abilities.

After all, those who could afford to pay were undoubtedly part of the wealthy class, and whether they had a diploma or not didn't matter to them.

Not everyone can afford the tens of thousands of guilders required for tuition, which is equivalent to the price of a villa in Vienna. Converted to the 21st century, that would be worth hundreds of millions.

The Ministry of Education intended to increase the number of universities to provide a platform for these wealthy students. After all, these students were cash cows, capable of paying high tuition fees, and the universities could earn a considerable amount from them each year.

Franz knew that the emergence of such universities was inevitable. For the wealthy, obtaining higher education was never a problem.

If domestic universities weren't available, they could always study abroad. Currently, studying abroad isn't popular in Austria because the domestic education system is already world-class and has extensive networking opportunities.

For many capitalists, sending their children to study was about building connections and laying a foundation for their future.

If there weren't these benefits, they could save most of the costs by studying abroad instead, so why would they insist on battling it out in domestic universities?

Take the University of Vienna, for example. The total tuition fees for officially enrolled students over several years amounted to just over a thousand guilders, and they could even apply for student loans.

On the other hand, the cost for auditing students had skyrocketed to 80,000 guilders. Despite the high price, with only 30 slots available, the demand far exceeded the supply. Without connections, it was nearly impossible to secure a spot.

The price was not just for the education but also for the networking opportunities it provided. As Austria's premier university, it was worth the cost.

Austria had more than forty universities, each admitting about 500-600 students annually, with the largest universities admitting just over a thousand.

With universities not expanding enrollment, these slots became extremely valuable. Unless someone had exceptionally strong connections, the most a wealthy person could get was an auditing student slot.

As far as Franz knew, only a handful of high-ranking noble children managed to get into universities through backdoor methods each year, and most of the time, there were none at all.

If a high-ranking noble's child couldn't get into a university despite their family education, it usually meant one of two things: either they were not suited for academics or they were wastrels.

Think about it—if the same teachers who set the exam questions were teaching you daily, and you still couldn't pass the university entrance exam, what more could be said? Even if not every question was an exact repeat, you would have seen every type of question. If you couldn't succeed with such an advantage, there was nothing more to be done.

If they were useless, for the sake of family reputation, they wouldn't be admitted to a university where they would only embarrass themselves.

Setting up a university for them is simple, but will it truly gain acceptance? Just as students seek to build networks in college, parents also hope their children will achieve great things.

A school filled with such students would lose its prestige. Besides getting a diploma, how much knowledge could one truly gain in such an environment? Franz was very skeptical.

Although “auditing student” didn’t sound prestigious, every year some auditing students managed to turn things around and earn their diplomas.

These success stories were what encouraged others to follow in their footsteps.

Building a network of connections meant interacting with people who were much better than oneself. If everyone around you were at the same or a lower level, the network wouldn’t be as valuable.

Lowering the quality of the school wouldn’t justify reducing the fees. Otherwise, the Ministry of Education would need to subsidize the school’s operations. Franz would rather use those funds to establish another university to cultivate useful talents for society.

Chapter 453: Storms Brewing in South Africa

By the winter of 1869, the war-torn world had suddenly become peaceful. The major colonial empires, having launched wars of aggression to divert domestic economic crises, saw these conflicts conclude during this season.

The disparity in strength between the warring parties was vast. In the face of advanced weaponry, sheer bravery counted for little.

Had it not been for the mutual interference among the powers, the wars would have ended even sooner. The post-war African continent’s landscape became more distinct.

France took control of Egypt, dealt with Algeria, and, together with the British, divided Tunisia. Austria achieved its objectives, occupying regions such as Botswana, Kenya, and Tanzania.

Undoubtedly, the British found themselves at a disadvantage in this round of competition. Despite defeating Ethiopia and eliminating Emperor Tewodros II, they still could not change their inferior position in the scramble for Africa.

Defeating a native emperor did not mean that the British had occupied Ethiopia, not even nominally. Ethiopia, without a central government, fractured into pieces. The British found themselves troubled by various warlords.

Internationalist zealots, with unwavering bravery, secretly supported Ethiopia in its fight against the British. This two-year war inflicted a heavy toll on Britain.

In total, the British deployed 136,000 troops, with personnel losses exceeding 5,000. Nearly 3,000 of these soldiers permanently remained on the African continent, and the war expenditure was astronomical.

The recorded casualties only accounted for white soldiers as the losses of the native auxiliary troops were deemed insignificant and not included in the statistics.

No matter how you look at it, they won in the end, and the British Empire’s honor remained intact.

The absolute disparity in strength is not easy to overcome. Even with the support of France and Austria, Ethiopia could only cause some trouble for the British.

Without the anti-British Emperor Tewodros II, the remaining warlords were not expected to be much of a threat. With British tactics, it wouldn't be long before they would likely fall into internal conflict.

This wasn't entirely bad. At least in the short term, the British couldn't plunder a significant amount of wealth from Ethiopia.

Strategically, the British did increase their influence in the Gulf of Aden, but the cost was so high that the anti-war faction in the British government gained more support.

Given the current landscape of the African continent, Austria had established a dominant position, holding over 13 million square kilometers of territory—nearly half of Africa.

If it were just about occupying land, that would be manageable, as opportunities to seize more would arise. The problem was that this land was home to eight million white immigrants.

A common feature of colonies was that everyone bore arms and anyone capable of carrying a gun could become a soldier.

If conflict broke out, it would be uncertain who would end up seizing whose territory. Unless Britain and France could deploy a million troops to Africa, they had little chance of winning.

Clearly, this was not feasible. The French couldn't risk deploying their main forces to Africa, otherwise, their homeland would be in danger.

As for the British, let alone a million, even raising their army by 300,000 to 500,000 troops would cause a conflict between the army and the navy.

The Royal Navy would not allow the army to take resources, as this would be a disaster worse than facing France and Austria combined.

Austria did not continue expanding in Africa mainly because it had already overextended itself and needed to digest its wartime gains.

The vast territories contained many hidden threats to Austrian rule, and clearing out these threats was the top priority.

Without stabilizing the colonies, how could they generate wealth? Colonies that couldn't produce wealth were simply burdens.

In this round of colonial division, the French also performed well, closely following Austria. If France could achieve the goals it set, its colonial territories would exceed 10 million square kilometers.

Clearly, European strategic concerns had diverted much of France's attention, leaving them somewhat powerless in African colonial expansion. Otherwise, they wouldn't have had to share Tunisia with the British. Currently, their actual control area is less than half of what they planned. Inland areas aside, Austria also had many regions yet to be effectively controlled.

For example, Morocco was a confluence of British, French, and Spanish spheres of influence. Figuring out how to drive the British and Spanish out was a significant challenge.

No matter how you look at it, the French sphere of influence is still quite significant, at least nominally. Even Sudan has been turned into a protectorate by Napoleon III.

Of course, this is just a unilateral declaration by the French government and has not been recognized by the international community. The British also claim to have signed a treaty with Sudan, declaring themselves the suzerain.

These documents are essentially the result of colonial coercion and may even be forged. One shouldn't consider the moral integrity of the great powers. Colonization has always relied on force, and whether there are treaties or not is irrelevant.

These superficial gestures are just for show, to make their actions seem more legitimate, but they have little legal effect.

Clearly, Sudan has become a focal point of contention between Britain and France.

The French want to link Sudan with Egypt, and ideally also occupy Ethiopia and Somalia to dominate East Africa. The British, in turn, aimed to control Sudan and have their eyes on Egypt, particularly coveting the Suez Canal.

In short, Sudan is extremely important to both Britain and France. If it falls into French hands, the British could be squeezed out of East Africa and confined to South Africa.

If the British gained control, occupying both the southeastern corners, they could not only reverse their strategic disadvantages on the African continent but also potentially capture the Suez Canal, regaining dominance in the Mediterranean.

This is an overt scheme; as long as Austria doesn't interfere, a conflict between Britain and France over Sudan is inevitable.

While the African continent is temporarily stable, the Mexican Civil War has also entered a period of lull. After taking on the task of suppressing the rebellion, the French army quickly defeated the rebels.

Rabble is rabble. Without interference from the Mexican government forces, the French army showed its true strength, which the rebels could not match.

Through their actions, the French demonstrated to the world that their previous loss in the Mexican Civil War was merely an exception—they still possessed one of the world's strongest armies.

Naturally, the rebels were not completely eradicated. Mexico was not a small place, and as long as the rebels could find somewhere to hide, the French were powerless.

Maximilian I's rule did not stabilize despite the rebels being severely weakened. Instead, it became increasingly precarious due to continuous social reforms.

Were it not for fear of reactions from France and Austria, the powerful factions in Mexico might have already launched a coup, replacing the emperor with the young crown prince as a figurehead.

On the surface, stability seemed to return, but underneath, tensions were simmering. It only needed a spark to ignite the situation.

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One wave had barely subsided when another surged.

In 1860, several Black chiefdoms to the east of the Transvaal Republic discovered vast amounts of gold. Then, in 1867, the first diamond was found at Hopetown on the banks of the Orange River.

For the British, who controlled South Africa, the Transvaal Republic and the Orange Free State—two Boer republics—were no longer impoverished backwaters but had become juicy prizes.

That was not the most crucial factor. The bigger reason was that the Austrians had also extended their tentacles over there.

The Boers, being a mix of Dutch, German, and some French descent, naturally did not reject their kin, the Austrians.

Small nations need powerful allies, and it wasn't long before they became good friends. The Zulus served as a bridge for this friendship, and in the recent African conflicts, the Boers and Austrians joined forces to eliminate this threat.

For the British, the Boers leaning towards Austria signaled an imminent crisis. Given Austria's dominant position on the African continent, assimilating the ethnically and culturally similar Boers seemed straightforward.

Had it not been for the fact that the new Holy Roman Empire couldn't accommodate a republic, the two might have already merged. Even so, there were many within the Boer population who supported joining the Holy Roman colonial system.

This was intolerable for the security-conscious British, who hadn't forgotten how they were driven out of the European continent and were unwilling to see the same scenario unfold in South Africa.

Even though the opening of the Suez Canal had somewhat reduced Cape Town's strategic importance, it remained a critical military objective.

This situation left Governor Delf deeply troubled. Since he took charge of the South African region, not only had there been no territorial expansion, but the existing sphere of influence had continually been compressed.

Facing the aggressive Austrians, merely maintaining their current territory was a testament to the protective power of the British Empire's reputation.

As for expansion? The expedition teams sent out vanished without a trace, and the occasional survivor who returned attributed their losses to indigenous tribes.

What native tribe could possess such strength and capability to halt their advance? This situation had persisted for many years. A few years ago, they organized a well-armed force of three thousand men to break this deadlock.

However, this highly anticipated force had barely set out before it encountered fierce resistance from numerous native forces.

The British troops fought valiantly, routing the natives repeatedly. Yet, in their overzealous pursuit, they ventured too far and had their supply lines cut off.

While not entirely wiped out, the force came perilously close to that fate. Over the following year, more than 1.5 million natives migrated into British colonial territory.

Indeed, there is strength in numbers, but people also need food. The first act of these displaced native tribes was to seize territory.

Outside the British-controlled cities, chaos reigned in the countryside. At one point, British tax officials did not dare to leave the cities, and many settlers fled South Africa with their families.

The deteriorating situation forced the previous governor to retire early, taking the blame for the unrest. Governor Delf managed to resolve the overpopulation problem by bringing in slave traders.

The primary reason behind these events was the cooperation of the Boer Republics with Austrian actions, directly allowing these natives to be released into British territories. Without this collaboration, Austria could not have achieved such success.

Governor Delf had repeatedly urged the government to intervene in Austria's expansion but to no avail. It wasn't that the British government was unwilling; the problem was that they lacked the capability to do so.

In recent years, the British Navy's dominant position had been challenged by France and Austria. France's ironclad fleet had grown to nearly three-quarters the size of Britain's, and the number of Austria's battleships was now as high as 65% of the British fleet.

The two-power standard had long since been abandoned. Reality had shown the British that without money, maintaining appearances was futile.

In terms of total tonnage, the British barely met the two-power standard, primarily because no other nation competed with them in the number of sailing warships.

Reviewing the collected intelligence, Governor Delf felt compelled to act, fearing for the future of the British Empire's rule in South Africa.

If someone knew the information above, they would not think Delf was making a big deal out of a small matter. It was clearly immigration data from the two Boer Republics over the past decade or so.

Among them, the most significant was the German immigrants, as many as 80,000, exceeding 80% of the total immigrant population.

How many people lived in the Boer Republics? At this rate, it was only a matter of time before they became predominantly German nations. It's no wonder the two Boer Republics tilted towards Austria, as the electorate forced their governments to be pro-Austrian.

Chapter 454: The Troubled Luís

The strongest fortress is always breached from within, a simple truth that Governor Delf naturally understood. From the beginning, he had no intention of fighting Austria in Africa.

Even if the Royal Navy could suppress the Austrian Navy and blockade most ports, they still had no chance of victory.

Despite the total population of South Africa exceeding 2.5 million, most of them were black. In the mid-19th century, the white population in the Cape Town area, including the Boers, barely surpassed 100,000.

Under the pressure of Austria's mass immigration, the British government also accelerated its immigration efforts. Unfortunately, Britain had a limited population and too many colonies.

They had to balance many areas simultaneously, primarily Australia and Canada, where gold had already been discovered, followed by New Zealand, India, and other regions. By the time it came to South Africa, the number of immigrants left was already small.

This was the reason for Governor Delf's concern. Whether he liked it or not, insufficient immigration had become the main constraint on the development of the South African region.

In the original timeline, South Africa developed significantly in the late 19th century, attracting a large number of immigrants due to the discovery of the world's largest gold deposits.

At this point in time, South Africa did not have many advantages over other parts of Africa, at least not in the minds of the public.

Governor Delf eagerly asked, "Blair, how is the plan progressing? Are they willing to cooperate with us?"

Faced with Governor Delf's eager anticipation, Blair lowered his head. After a moment, he replied, "I'm sorry, Governor, our plan has failed. Austria's infiltration of the Transvaal Republic and Orange Free State is even more severe than we imagined. As soon as we made contact with them, the news appeared in the newspapers.

You know, the grievances between us and the Boers cannot be resolved in just a few words. After the news was leaked, the friends who had been in contact with us did not dare to act rashly."

Where there are people, there are disputes. Among the Boers, there are quite a few who oppose cooperating with Austria. However, this does not mean they are willing to cooperate with the British.

These Boers had originally moved inland to avoid becoming British subjects, so they naturally harbored no goodwill toward the British, who had seized their homeland.

Anti-British sentiment among the populace was already strong. With Austria's involvement, opposing the British had become the politically correct stance in the Transvaal Republic and Orange Free State.

After the news leaked, those who had intended to collaborate with the British found themselves caught in a whirlpool of public opinion, unable to protect themselves, and thus were naturally too afraid to continue their actions.

As for British threats, unfortunately, Austria is the dominant power on the African continent. The Transvaal Republic and Orange Free State are landlocked countries, and no matter how powerful the Royal Navy is, it cannot come ashore.

Even for the British in the Cape Town area, who threatens who is a question that needs careful consideration.

This outcome was unexpected for Governor Delf. He had initially planned to buy off the anti-Austrian faction among the Boers, stir up conflicts between the two sides, and force the Transvaal Republic and Orange Free State to turn towards them.

With the Boers acting as a buffer, British rule in South Africa would become more secure. Austria was exhausted and had no capacity for retaliation in the short term.

Meanwhile, future issues would be for the next administration to handle. Governor Delf did not think he needed to worry about that. Stabilizing the situation with minimal cost was his immediate priority.

Governor Delf complained, “It seems our troubles have increased. Unless we eliminate the threats of the Transvaal Republic and Orange Free State, we won’t sleep well at night.

Damn Boers, couldn’t they just serve as a buffer state properly? Why did they have to lean towards Austria? Do they really think we are easy to bully?”

If the Boers knew his thoughts, they would certainly feel wronged. They had always remained neutral!

Their closeness to Austria was natural; besides the sentiments of the populace, they also needed trade.

As a small landlocked country surrounded by the British, Austrians, and Portuguese, if they didn’t get close to Austria, should they instead turn to the Portuguese?

Explanations were futile. Their alignment with Austria posed a threat to British rule in Cape Town. This reality was more compelling than any justification.

Blair suggested, “Governor, since our attempt to sever the relationship between the Boers and the Austrians from within, has failed, we must quickly initiate our contingency plan.

We need to take action to disrupt their cooperation before Austria annexes the Boers. Now is the perfect opportunity.”

Indeed, it was an opportunity. The African continent was vast, and despite the Austrians’ efforts to build railways, they still hadn’t solved the transportation issue.

In the regions of Zimbabwe and Botswana, the Austrians’ capacity to mobilize forces was very limited. It’s not that they didn’t have a large army, but the harsh transportation conditions restricted the number of troops they could deploy.

This was the real reason Austria’s expansion had reached its limit. Despite having many immigrants on the African continent, once they dispersed, there weren’t many in any given area.

To locate these settlements, one just needed to follow the rivers. Areas without rivers were mostly undeveloped.

The British contingency plan was to eliminate the threats of the Transvaal Republic and Orange Free State before Austria could solve its transportation issues.

“Sigh.”

After sighing, Governor Delf then said, “Start the preparations. The Cabinet has approved our plan. The Foreign Office will coordinate with our actions.”

...

King Luís of Portugal found himself in a panic. As he sat comfortably at home, trouble seemed to descend from the sky out of nowhere.

With Britain and Austria locked in a fierce struggle for control over South Africa, Portugal was now forced to choose a side.

Though a small country with limited influence in Europe, Portugal still wielded considerable power on the African continent, particularly in South Africa.

Their hold on Mozambique and Angola wasn't solely due to deft diplomacy but also their own strength.

While this might seem insignificant in Europe, it was formidable in Africa. Without this strength, no amount of diplomacy could have kept their colonies safe.

King Luís was acutely aware of the reality: Portugal could no longer compete with Britain, France, and Austria for overseas colonies. For years, Luís I had been on the defensive, focused solely on preserving what they had.

Thanks to maintaining good relations with both Britain and Austria, Portugal's African colonies remained untouched.

But now, Britain demanded that Portugal choose a side. The British government sought Portuguese support in Africa to help expel Austria from South Africa.

Whether or not this was possible, just the notion of facing Austria directly made Luís I uneasy.

As for their "Pink Map" project, which aimed to connect Angola and Mozambique, Luís I had long since abandoned it. This was no longer Portugal's era; holding on to their current territories was the best they could hope for.

Caught between two empires, life was anything but easy for King Luís I. Had he not been strong-willed, he might have already collapsed under the pressure.

The promises Britain offered held no interest for Luís I.

Perhaps a British-Portuguese alliance could suppress the Austrians in South Africa, but what about the aftermath where there would be Austrian retaliation?

Relying on British protection would be like a lamb entering a tiger's den. Historically, when Portugal was forced to side with Britain, much of their colonial wealth ended up in British hands.

Now, the consequences could be even graver. An alliance with Britain would doom Angola. Austria's well-established Congo region was already capable of supporting a force of 100,000 troops.

Mozambique wouldn't fare any better. With so many shared borders between Portuguese and Austrian territories, a conflict would mean perpetual strife for Portugal.

Luís I didn't believe that the British, despite their promises to protect Portuguese colonies, would really go to war with Austria for their sake.

Even with severe conflicts of interest in South Africa, both sides were exercising restraint, avoiding open warfare—an indication of the stakes involved.

Moreover, Portugal and Austria had a history of amicable relations. When Austria began its colonial ventures, it received support from Portugal. Franz had publicly promised not to covet any Portuguese colonies.

Luís I trusted this declaration. Over the years, Austria had indeed kept its hands off Portuguese territories.

Breaking this favorable status quo for British promises seemed a losing proposition to Luís I.

Even if Portugal were to gain Zambia and connect Angola with Mozambique, it might not be beneficial.

Acting as a buffer between major powers is always tricky, especially for a nation that has already picked a side, binding itself to British interests and facing Austrian retaliation.

This was not the outcome Luís I desired. However, refusing the British was equally difficult. Given John Bull's typical behavior, how could they possibly let go of such a valuable pawn?

Chapter 455: All Are Acting

The British's small moves did not escape the notice of the Austrian ambassador to Portugal, who immediately relayed the information back to Vienna. This time, it was the Austrian government's turn to be dumbfounded, completely unaware of what had suddenly provoked the British.

The South African crisis was merely a potential threat. At the moment, Austria was busy managing newly acquired territories and had no intention of provoking the British.

Recently, the colonial minister, Josip Jelačić, had retired with honors, and his duties were currently being handled by the acting colonial minister, Stephen.

Stephen was something of a legendary figure. During Austria's colonial expansion, he had been temporarily appointed as the mayor of Neubruck while still a lieutenant colonel in the army, which marked the start of his rapid rise.

He served successively as the Governor-General of West Africa and Congo and was later recalled to Vienna to serve as the deputy minister of the colonial ministry. After Josip Jelačić's retirement, Stephen took over the ministry's leadership.

After so many years of development, the Colonial Ministry was no longer the once-dispensable branch it had been, but rather a department with real power, second only to the Ministry of Foreign Affairs, Ministry of Finance, and Ministry of Defense.

Colonial Minister Stephen explained, "Your Majesty, we have verified that recently, we have not had any major conflicts with the British in Africa. Just last month, our Governor-General in West Africa had discussions with the British about their colonial outposts in the region. The negotiations made significant progress and are currently focused on the issue of price."

Clearly, the current Anglo-Austrian South African crisis was not instigated by the Austrian colonial government. The colonial officials were not foolish. If they were to target South Africa, they would not do it now.

Wouldn't it be better to wait until the railroads were completed and then make a move on South Africa?

Moreover, since conflicts in West Africa could be resolved through negotiations, why couldn't the same be true for South Africa?

There might be war hawks within the government, but no one was eager to make an enemy of the British. This opponent might be easy to deal with on land but it would be the opposite if it were on sea.

In West Africa, tensions over gold mines had persisted for decades. Austria had gradually dealt with the Dutch, Portuguese, and French, not through force but because the gold mines were nearly exhausted.

More precisely, the gold mines in various countries' controlled areas, which were discovered and deemed worth exploiting, had been almost entirely mined out.

Without economic benefits and lacking strategic value, the remaining issues naturally became easier to handle. When it comes to colonies, as long as the price is right, they can be sold.

If someone offered a high enough price, Franz wouldn't hesitate to sell a few colonies. Austria's colonies scattered across the globe totaled over 17 million square kilometers, many of which held little value.

It's clear from the level of attention given. Franz prioritized African colonies not because they were rich or strategically vital, but because they were close and had significant development potential.

The regions in Asia and the Americas might have better natural conditions, but their distance meant that the Austrian government's control over those areas was weak.

Transoceanic telegraph lines were still being laid, and until instant communication could be guaranteed, the Austrian government had to grant autonomy to its colonies.

As long as profits were reaped, that was enough. Currently, apart from the strategically important Central American colonies, which served as a weapon to restrain the Americans, other regions were primarily for economic gain.

A tragic case like Alaska requires Austria to sink money into it every year. Franz even casually claimed a few uninhabited islands near Canada, intending to annoy the British.

Foreign Minister Wessenberg analyzed, "Based on the intelligence we've gathered, the British actions are quite peculiar. If they manage to win over the Portuguese, they can indeed dominate South Africa.

In reality, although there is no formal alliance, the British and Portuguese have been aligned on the South African issue for some time. Our rapid expansion has made the Portuguese very wary, and they have often sided with the British.

However, getting them to openly oppose us is another matter. The Portuguese would not be so foolish.

Even if they do manage to drive us out of South Africa, it will only be temporary. Once relations are fully severed, not even British support can protect Portuguese colonies in Africa.

If we wish, we can even end the Portuguese colonial empire at any time. Given this context, I don't believe the Portuguese would dare to challenge us openly.

What we can figure out, the British can too. Attempting something they know is impossible suggests there might be more to this than meets the eye."

Wessenberg had identified an issue, and Franz had too. The problem was they didn't know what it was that made the British act this way.

It's not impossible to win over the Portuguese. If the benefits were substantial enough, the Portuguese might be tempted.

However, Franz doubted the British would be willing to offer such substantial benefits. Moreover, even if the British did make such promises, would the Portuguese trust them?

Not to boast, but these days, British credibility is only slightly better than that of the Russians.

Portugal, being one of the oldest colonial powers, is familiar with these tricks. Fooling them would not be easy.

Could it be that the gold reserves in South Africa have been revealed, prompting the British to act recklessly, even risking a confrontation with Austria?

Franz quickly dismissed this thought. Identifying gold reserves isn't easy. Even discovering a few gold mines or even the Rand Gold Field, wouldn't be enough to make the British take such a risk.

It's not that the Rand Gold Field lacks allure; it's just that no one would believe the estimates. Sixty thousand tons of gold reserves would be considered a joke. There is a big question mark over whether the total amount of gold mined worldwide even adds up to that much.

With the exploration and mining technology of the time, the best estimate would be around 2,000 to 3,000 tons of reserves, no more than that.

Over 95% of the gold mines that would be valuable in later times weren't worth mining in the current era. Even many rich mines weren't economically viable due to the natural conditions.

Otherwise, the gold in West Africa wouldn't have been nearly exhausted in just a few decades. It wasn't that the gold mines were empty, but that the economically viable ones had been mined out.

Since it's not about gold, it can't be about diamonds either. At that time, diamond prices hadn't skyrocketed yet.

Most people were still concerned about basic survival and couldn't afford such luxuries. The wealthy were not easily swayed and did not hold diamonds in high regard.

"Keep a close watch on the British movements, not just in Africa but in any area where our interests are at stake. We must remain vigilant.

Whatever the British are planning, find a way to sabotage it. Since they are trying to win over Portugal, we'll have our people disrupt their efforts."

Unable to figure out the British intentions, Franz decided to stop pondering and focus on sabotage instead. There's always the possibility that this might be a feint from the British and their target was someone else.

Franz himself had used such tactics before, releasing a mix of real and false information to mislead the enemy. If they followed these deceptive leads, they would fall into the trap. It's better to respond with flexibility than to be led by the nose.

Even if the British and Portuguese do join forces, it would at most cause Austria some temporary setbacks in South Africa. Any losses could be recovered within three to five years, and Austria's core interests would remain unaffected.

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In Lisbon, the British and Austrian envoys were both actively working, and the atmosphere within the Portuguese government had become tense.

It was a difficult decision. If Britain and Austria were to go to war directly, Portugal would naturally side with the British.

After all, France and Spain would block Austria on land, and the British Royal Navy would dominate the seas, making it impossible for Austria to reach Portugal.

Unfortunately, the conflict was confined to the colonies, far from escalating into a full-scale war. Taking sides now would be risky.

Supporting either side would offend the other. While neither major power could decisively defeat the other, they both had the means to retaliate against Portugal.

The government's tense atmosphere soon spread to the public. Many people understood that Portugal's fate hung in the balance.

Portugal was now divided into two factions. Generally, more people supported the British, but Austria's demands were lower and the risks smaller.

Austria only required Portugal to remain neutral and not directly engage in the great powers' conflict, which garnered support from the neutral faction. The two sides were now evenly matched.

As an overseas trader, Rostón was also very concerned about international politics. Watching Britain and Austria each try to outmaneuver the other, he had even canceled his recent long-distance shipping ventures.

There were plenty of opportunities to make money, but not now. Going to sea in such a tense time was too risky—what if they encountered pirates?

No doubt, if the Portuguese government mishandled the situation, the likelihood of encountering pirates would greatly increase.

Such was the integrity of the great powers: if they disliked you, they'd stab you in the back. Both Britain and Austria were world empires, and avoiding their influence was nearly impossible.

For safety reasons, Portuguese merchant ships had significantly reduced their voyages recently. Coastal trade was still feasible, but everyone was extremely cautious about long-distance trade.

Being plundered by pirates offered a chance of survival but if they were unlucky enough to be raided by a navy, it would be a death sentence.

Pirates, needing repeat customers, usually spared the lives of merchants. However, when a navy committed robbery, they would eliminate all witnesses to maintain their reputation.

Of course, typically, navies wouldn't stoop to piracy, but the occasional bad apples could arise.

It was a risk not worth taking, especially given the dubious morals of both Britain and Austria. If a ship set sail only to have the government take a side and provoke enemy retaliation, they would be in great danger.

In this era, over a thousand ships would encounter misfortune annually, and more than two hundred would go missing. Long-distance trade was truly high-risk.

Just as Rostón arrived at the Ministry of Foreign Affairs building, he ran into an old friend. He didn't need to ask to know they were all concerned about the Anglo-Austrian conflict.

"Julian, how's the situation?"

Rostón asked eagerly, knowing that if this dragged on, they would miss the best season for long-distance voyages. In this era, with sail-powered ships, monsoon winds were a crucial factor.

Julian shook his head and teased, "Still no result. Those officials are still bickering as if Portugal's stance is really that important."

Rostón, sharing the sentiment, replied, "Damn bastards, if this keeps up, we'll be eating dirt this year!"

The Portuguese bourgeoisie had long been dissatisfied with the government. Despite King Luís I implementing some reforms, he still failed to satisfy the capitalists.

Now, the government's hesitation had further fueled the capitalists' discontent. To most capitalists, taking a side now seemed ridiculous.

Although both Britain and Austria were trying to woo Portugal, the problem was that weren't very serious about it and weren't offering much.

Given this, why risk taking sides? Why not remain neutral? Involvement in the Anglo-Austrian conflict could easily lead to severe consequences.

Thinking this way was fine, but acting on it was another matter. Portugal had long since declined significantly, and their ability to retain large colonies depended on a diplomatic strategy of playing both sides.

Luís I wanted to declare neutrality and stay out of the Anglo-Austrian conflict, but it wasn't solely his decision to make.

The British were unwilling to let go, and Austria wanted to see what Britain's true intentions were. So, the Portuguese government had no choice but to continue playing along.

Chapter 456: Redefining the 'Italian Region'

To test the British, Franz decided to expedite France's annexation of Italy. Currently, Naples, the Papal States, Tuscany, and other states were negotiating with the French.

The sheer disparity in power had eliminated any thoughts of military resistance. Initially, they had hoped for Austrian intervention, but the Austrian government chose to be a spectator instead.

The pretext was already in place: the old grievances from 1848. At that time, pressured by public opinion, these states stood on the opposite side of Austria. However, the nobility and kings were still good friends of Austria and decisively dragged their feet to avoid causing significant trouble for Austria.

Generous Franz had never held a grudge for that, but now he chose to watch indifferently as a form of retribution. The Italians had to pay for their past capriciousness.

This was the official narrative, but secretly, the Habsburgs and the Italian nobility had maintained their connections all along.

Even now, Austria was supporting them. Otherwise, these state governments wouldn't have the confidence to negotiate with the French.

Austria had conditionally agreed to let France annex these Italian states, but how this would happen depended on the circumstances.

As part of the noble class, protecting class interests was the norm. Napoleon III was also a beneficiary of the existing order and wouldn't break this European rule. Otherwise, he wouldn't be able to maintain his position on the continent.

Austria's precedent of re-establishing the Holy Roman Empire had set an example for Napoleon III, who now also wanted to be the Emperor of Italy.

As for the issue of Italy not having an emperor, he chose to ignore it. Just as the French Emperor title had been created, the Italian Emperor title could be fabricated too. He trusted the Pope would make the right decision.

Forcing the Pope to crown him in Rome had many historical precedents, and Napoleon III didn't mind following suit.

Achieving a completely peaceful annexation of Italy was naturally impossible. Austria's re-establishment of the Holy Roman Empire succeeded because the Germans themselves wanted unification and the creation of a powerful state.

Italians also desired unification, but they didn't want it under French rule. Without popular support, Napoleon III had to resort to coercion and inducements.

French troops were already present in various Italian states. They hadn't used force because the state governments were somewhat cooperative, at least negotiating terms rather than openly opposing, leaving the French without a clear pretext for military action. But these slippery officials were demanding exorbitant terms.

This was exactly what Franz wanted. If Napoleon III lost patience and dealt with them forcefully, it would have been even more interesting.

Without local cooperation, Italy would quickly descend into chaos, weakening rather than strengthening France.

Even if he managed to subdue these local leaders, it wouldn't solve the underlying problems. If France left the local governments in charge, they might maintain fragile stability.

But if the French intervened directly, anti-French sentiment would become mainstream in Italy. These local leaders would channel social discontent toward the French to divert attention from their own failings.

Moreover, there were bound to be conflicts of interest. While the local capitalists seemed cooperative now, future clashes between French and Italian capitalists would reveal the severity of the situation.

Balancing these interests was nearly impossible. Once Italian capitalists felt the government favored French interests, revolutionary sentiments would rise.

This prediction wasn't just speculation; it was almost a certainty. Such situations had occurred in Austria, often leading to high-profile court cases.

It wasn't uncommon for awkward scenarios to emerge where both sides had merit to their cases, perplexing the judges who were unsure how to proceed. Eventually, the resolution would be reached through private settlement.

Naturally, each time this kind of issue arose, the legislature would make targeted amendments. This is how the legal system was gradually refined and completed.

If this were France, protests and demonstrations would overwhelm the French government before any lawsuits could even conclude.

While the French might have anticipated these problems to some degree, the magnitude of the aftermath seems to have surprised them. Their present active engagement indicates as much.

After all, Austria managed to finally properly resolve its problems without it getting out of hand.

If others could handle such issues, why couldn't they? The French certainly had their pride.

Napoleon III was already paving the way for his son. If he couldn't fulfill the French desire to be a superpower, the future Napoleon IV would face immense challenges.

A master at manipulating public opinion, Napoleon III was acutely aware of the danger of such expectations. His plan to form a Franco-Italian Empire, emulating Austria's re-establishment of the Holy Roman Empire, was a forced move.

Napoleon III had great confidence in the fighting capabilities of the French army. Establishing a unified empire would make it the dominant power in Europe.

This would satisfy the ambitions of most French people, stabilizing the empire's foundation. Becoming the Emperor of Italy was also a personal temptation.

Those who achieve fame and fortune often feel compelled to revisit their origins. The Italian throne held particular importance for the Bonapartes, despite having previously crowned an Italian king during Napoleon's reign.

There were still many Napoleonic loyalists in Italy, giving Napoleon III confidence. With military strength, supporters, and opportunity, why hesitate?

As for the legalities, they could always hold another election. This time, instead of a general election, it would be done through the state governments.

As the King of Sardinia, he was qualified to run. Besides Napoleon III, who else would dare to contest for the position? Being the sole candidate, his victory was assured.

In theory, Ludwig I of the Kingdom of Lombardy was also eligible to run since Lombardy was part of the Italian region. Even Franz wore the crown of Venetia, making him a potential candidate.

However, neither Franz nor Ludwig I considered themselves part of Italy and wouldn't interfere.

Napoleon III, on the other hand, did not share this view. In Europe, holding multiple titles was a standard practice among the old nobility, especially when it came to royal titles.

Figuring out how to exclude Lombardy and Venetia from Italy became Napoleon III's biggest headache.

Napoleon III did not believe a mere treaty could bind Austria when interests were at stake. If something changed and Franz decided to run for Emperor of Italy, Napoleon would have done all the work for him.

After all, in terms of family influence, House Bonaparte still couldn't compare to the Habsburgs. The old nobility had extensive kinship networks and solid legal foundations.

To accelerate the French efforts, Franz decided to make things easier for Napoleon III and withdraw himself from the race.

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At Schönbrunn Palace, Franz summoned Foreign Minister Wessenberg and ordered him, "Notify the French through the Foreign Ministry that we will convene an international conference in Vienna to redefine some disputed areas of Europe.

For instance, the regions of Venetia and Lombardy should belong to the German region, not the Italian region, as they are now part of the German cultural sphere."

This was something Napoleon III wanted to do but didn't dare. Ostensibly, it would divide the Italian region, but in reality, it was defining the sovereignty of the soon-to-be-established Italian Empire.

No matter how strong the unification sentiment in Italy was, the fact remained that since the collapse of the Roman Empire, Italy had never been unified. This was an undeniable fact.

The so-called legal sovereignty simply didn't exist. Now that Lombardy and Venetia did not want to be part of Italy, there were no legal issues with that.

A region isn't a country, so what sovereignty could it claim? Before the birth of the Italian Federal Empire, redefining geographical terms was Franz's way of sending a political signal to Napoleon III.

After all, the division of regions was a human construct. Re-dividing them now wasn't out of the question. As long as France and Austria were in agreement, changing regional boundaries was no big deal.

This wouldn't affect the interests of various parties too much, and even if there were objections, they wouldn't be significant. Franz had already thought of the justification for this—culture.

This way, the definition of the German region would become broader. Besides Lombardy and Venetia, most of the Balkan Peninsula would also become part of the German region.

Whether the outside world accepted it or not, Austria could change its official documents accordingly. These areas were indeed part of the German cultural sphere, and there was nothing wrong with dividing them based on cultural tradition.

Wessenberg thought for a moment and said, "Your Majesty, doing this might cause some trouble. These areas are traditionally known by their current names, and if we redefine regions based on cultural spheres, it might arouse the vigilance of many countries."

Vigilance is inevitable. After all, Austria's slogan has always been the unification of the German region. With such political rhetoric, it's no surprise that everyone is on alert.

Of course, not using this slogan wouldn't make much difference. If you asked anyone in Europe whether Austria had ambitions to unify Germany, the answer would invariably be yes.

Since it's impossible to hide, they might as well be open about it. For years, the Austrian government has loudly proclaimed its intentions, and the result is still the same.

Vigilance is one thing, but there's no need to foster hatred from everyone. After all, Franz is no radical. Waving the banner of "peaceful unification," the many states of the Holy Roman Empire served as a prime example.

If it weren't for the fear of igniting a European crisis, Franz could dismantle the German Federal Empire at any time. Over the years, Austria has managed to sway quite a few small states.

Now, if the German territories were to expand further, Switzerland, Belgium, and the Netherlands would lose sleep over it.

Franz casually said, "Don't worry. While delineating regions, we can sign an international treaty, legally clarifying that 'regional names cannot serve as a basis for unification.' That should put their minds at ease."

This was all nonsense. Regional names have never been a legitimate basis for unification. If that were the case, being all Earthlings would justify unifying the entire planet.

The so-called reassurance was just a ruse to lower their guard. As for the future, Franz genuinely had no intentions towards them.

Those tiny territories, with scarce resources and cumbersome governance, were hardly worth the trouble. Unless he lost his mind, Franz would always choose to expand into more manageable regions.

It's much better for everyone to play their own game now. Expanding the German territories is mainly for propaganda, to spread German culture.

It might not seem significant now, but in the future, it could lead to a Greater German cultural sphere. If no groundwork is laid now and English becomes the dominant global language, wouldn't that be a tragedy?

Chapter 457: Join Split

London

Ever since the decline of the Russian Empire, France and Austria have become Britain's greatest enemies. Despite Franz's attempts at restraint, Austria's continued growth has still made it a significant threat in British eyes.

It's unclear when it started, but the Austrian government's every move has been closely monitored by the British, who have essentially started treating them as they did Germany in the lead-up to World War II.

If not for the French sharing the burden, the British would have already formed an anti-Austrian alliance—something they excel at.

The seemingly inconspicuous redefining of regions caught the attention of the British government, who saw it as a sign of cooperation between France and Austria.

The prospect of a Franco-Austrian alliance was terrifying. Globally, there was no other power that could warrant such a partnership except for Britain.

Late at night on Downing Street, the Prime Minister's residence was brightly lit. Prime Minister Benjamin Disraeli convened an emergency meeting overnight. It wasn't because he was panicking, but because the situation was on the brink of spiraling out of control.

In recent years, they had been extremely cautious with France and Austria, avoiding overly harsh actions for fear that pressure might push the two countries together.

Prime Minister Benjamin Disraeli opened a top-secret file, left by his predecessor. It contained speculation, without any concrete evidence.

But the content was alarming. Former Prime Minister John Russell suspected that France and Austria had a secret agreement and might even have formed an alliance.

The basis for this judgment was Austria's tacit acceptance of France's annexation of the Kingdom of Sardinia. This assumption led to multiple diplomatic probes in subsequent political maneuvers.

After numerous probes, they became unsure if it was a smokescreen from the two countries, considering France and Austria are each other's biggest rivals for dominance in Europe.

Originally, Benjamin didn't believe it either. He thought his predecessor had been too soft in dealing with France and Austria, failing to display British might.

But now his judgment has changed. If Lombardy and Venetia were split from the Italian region, the biggest obstacle to Napoleon III ascending to the Italian throne would be removed.

Given this shift in balance, Austria should normally curb French expansion. Yet, the Austrian government made the opposite decision, which worried Prime Minister Benjamin.

"The documents have been distributed to everyone. I've called you here in the dead of night to discuss countermeasures. Based on current information, the rumors of a Franco-Austrian alliance are almost certainly true.

The question now is where Britain should go from here. Can we suppress them in the face of a challenge from both France and Austria?"

The international situation was unfavorable for Britain, a disaster for politics and diplomacy, but for the military, it was another opportunity.

First to speak was the First Lord of the Admiralty, Robert, who stated, "The Royal Navy is capable of meeting any challenge. Even if the opponents are France and Austria, we can ensure Britain's security."

This wasn't boasting as the Royal Navy truly had that capability. As long as they didn't act recklessly, they stood a chance against a Franco-Austrian alliance.

Of course, this was merely a tactical advantage. Strategically, as a maritime nation, the navy was Britain's lifeline, and they couldn't sustain a prolonged conflict with France and Austria.

Prime Minister Benjamin Disraeli immediately affirmed, "Very well, from now on, the Royal Navy must be prepared. If war does break out, it will be up to you to defend Britain."

Robert responded righteously, "Yes, sir..."

The Secretary of State for War was also eager to express his stance but quickly fell silent. It wasn't that he didn't want to speak up, but no one would take him seriously.

If even the Royal Navy couldn't guarantee Britain's security, relying on the army would be a joke. France and Austria were military powers, with armies three to five times the size of Britain's.

The assurance from the navy brought some relief. The inability to simultaneously suppress France and Austria was a minor issue. Britain thrived on cunning, able to outwit rather than overpower.

Having received the Royal Navy's affirmative answer, Foreign Secretary Maclean suggested, "The situation isn't that dire. France and Austria have deep-seated conflicts. Even if they form an alliance, true cooperation will be difficult.

This is our opportunity. If possible, I propose forming an international alliance with Britain, France, and Austria to jointly dominate international affairs.

Then, we can slowly sow discord between France and Austria until the alliance collapses."

There are allies who betray, and then there are allies who stir trouble. As masters of both arts, Mackeith planned to use their diplomatic skills to break up the Franco-Austrian alliance.

The Colonial Secretary, Lewis, frowned and asked discontentedly, "Are we going to abandon all our previous plans?

Let's not forget how rapidly Austria has been expanding overseas these past years. If we don't restrain them now, it will be impossible to contain them later."

It's a fact that Austria's combat effectiveness in overseas expansion is astonishing. Their expansion speed is unmatched.

Foreign Secretary Mackeith smiled slightly and retorted, "The world is almost entirely divided up. Everyone's expansion has basically reached its limit. If the Austrians want to continue expanding, they'll have to confront other nations.

The reason for their rapid expansion, besides a large number of immigrants, is the flexible diplomatic policies of the Austrian government.

In their overseas colonial expansion, they avoided the core colonies of other nations and moved into unclaimed territories. By doing so, Austria naturally didn't face hostility.

But now it's different. Any further expansion will lead to conflicts with other countries. Their expansion speed will naturally slow down, and may even come to a halt.

Our original plan would at most cause them some minor trouble. If a colonial war breaks out, we might not gain much advantage either.

Sir Lewis, can you tell me how many troops would be needed to occupy Austria's various colonies?"

Lewis was slightly taken aback. He hadn't expected Mackeith to ask this question. However, being a professional, Lewis provided the answer.

“Austrian colonies are mainly divided into five regions: Austrian Africa, Austrian Southeast Asia, Austrian Central America, Austrian South America, and Austrian North America.

First, Austrian North America, a land of ice and snow, includes Alaska and parts of the Arctic islands between Canada and Greenland. The area might be around two million square kilometers, but no one knows for sure since it’s an uninhabited region.

The total population of Austrian North America should be less than ten thousand, so a single company could take it, or even a group of pirates could deal with it.

Next, Austrian South America, which is the Patagonian Plateau extending to the Drake Passage. There are about a hundred thousand indigenous people and more than fifty thousand European settlers.

Both Argentina and Chile are interested in this land. With a little encouragement, they might take action.

The Austrian Southeast Asia has many islands, making it a bit troublesome to make a move on them. This is also the most densely populated Austrian colony, with about four hundred thousand European settlers.

Due to the Lanfang Autonomous Province, there are many Chinese here, totaling over three million, along with four to five million local indigenous people.

This area provides Austria with substantial wealth each year, so the Austrian government pays a lot of attention to it, stationing two infantry divisions here.

In times of war...”

Foreign Secretary Mackeit shouted, “Stop!”

“Sir Lewis, you’ve explained the situation. Austrian North America is just a land of ice and snow, which, aside from looking good on paper, offers Austria no substantial benefits.

Austrian South America is similar. Every year, the Austrian government has to pour money into it, barely breaking even.

These two regions might be easy to take, but apart from their size, do they have any other advantages? If Chile and Argentina are truly interested, they don’t need to take action; they can simply buy the land.

As long as the price is right, the Austrian government wouldn’t mind selling these money-draining territories.

The remaining three colonies are the core of Austria’s colonial system. Unfortunately, these regions are difficult to touch unless we are willing to confront them directly.

Otherwise, I don’t see anyone being able to take the Austrian Southeast Asia. Don’t even think about the Dutch—they wouldn’t dare move unless they want to risk their homeland.

Austrian Central America is even more out of the question. We still need to cooperate with the Austrians to contain the Americans, so we can't make any moves there.

And no one believes that anyone could take Austrian Africa, right? Even if the combined forces of European countries in Africa were united, they would only be equal to the Austrians.

Given this, what is the value of our previous plans? Aside from making the Austrian government look bad, we won't gain any substantial benefits.

It might even lead to the fall of South Africa. If Portugal remains neutral and Austria allies with the two Boer Republics, our forces in Cape Town won't be able to hold South Africa."

Interests are always the best catalyst. The Colonial Office's plan would indeed impact Austria, but unfortunately, it would not cause substantial damage.

Even if they were to seize Austrian North America and South America, the Austrian government would just lose face once and save 200,000 guilders in annual expenses.

In the face of reality, Prime Minister Benjamin Disraeli naturally made the choice that best served the interests of the British Empire.

"Given the current situation, the most important task is to disrupt or split the Franco-Austrian alliance. All other plans should be put on hold for now.

If we don't take action soon, it won't be long before Napoleon III becomes the Emperor of Italy, and the Austrians will annex the German Federal Empire."

Based on mere speculation, Prime Minister Benjamin reached an almost entirely accurate conclusion, showcasing his exceptional political judgment.

Chancellor of the Exchequer Molitor said worriedly, "This is indeed the urgent priority. Directly confronting France and Austria is very unwise. Provoking conflicts between them to maintain the balance on the European continent is in Britain's best interest.

By the way, we have a financial issue that needs to be addressed. Previous governments have been too warlike. For the past few decades, we've been constantly at war.

They borrowed freely, but the debt burden has fallen on us. Over the last twenty years, our total debt has doubled.

Currently, 34% of our annual revenue goes towards debt repayment. If this continues, the fate of the Russian Empire today will be ours tomorrow."

This is a huge problem. The British Empire may be wealthy, but that doesn't mean the government is overflowing with cash. In recent decades, the British government has initiated the Near East War, the Persian War, suppressed the Indian Uprising, and the Ethiopian War...

Even the largest empire cannot withstand such turmoil, and naturally, the debt has piled up.

Morning sunlight gilded the earth, and the damp air carried a hint of sweetness. The yellowed trees began to sprout new buds, heralding the arrival of spring.

It was another beautiful day. After a simple breakfast, Franz began his workday by opening a report on the development of the colonies.

Normally, he wouldn't concern himself with these details, but this time was special. Neubruck made headlines last year, catching the attention of the Austrian government.

For three consecutive years, Neubruck had a birth rate exceeding 5.1%. Aside from Russia, no other major European country could match this.

As an immigration region, it's normal for Neubruck to have a high birth rate, but maintaining this record for three years straight drew Franz's attention.

This era was one of a population explosion in Europe, with high birth rates across various countries.

The Russians naturally held the European championship. According to collected data, Austria's Population Bureau determined that in the past decade or so, the lowest birth rate recorded in Russia was 4.92%, and the highest was 5.39%, with most years exceeding 5.1%.

Well, that data isn't really comparable. An equally high death rate accompanies Russia's high birth rate.

During this era, Russia's normal death rate was around 3.6%, occasionally exceeding 4.0%, also the highest in Europe.

If Russia had the birth rates of ordinary countries, the Russian Empire would have been wiped out long ago.

From an overall European perspective, Austria's performance is also commendable, with a birth rate of around 4.1%, second only to the Russians.

Looking at specific birth rates, it is clear that Central Europe's birth rates are relatively low, with some areas dropping to 3.6%, while Southern Europe's rates are higher, reaching up to 4.5% in some places.

The more developed the area, the lower the birth rate, which has become Franz's biggest challenge. If this trend isn't reversed, Austria could end up like neighboring France.

As the most open nation in Europe, France's birth rate is typically around 2.6%, with a death rate hovering around 2.3%, resulting in a very modest growth rate.

In a later era, such a birth rate would probably make the French ecstatic. Unfortunately, it was quite unremarkable in this period, as this was an era of high fertility across Europe.

Given the high death rates, anyone not actively having children is risking extinction.

Franz had already accepted that Austria's birth rate would not surpass Russia's. But thanks to better medical conditions, Austria's population growth rate managed to match that of Russia.

Franz had issued many directives encouraging higher birth rates, but the results were minimal. Most colonies also had low birth rates and high death rates, leading to very slow population growth.

With Neubruck's population explosion, Franz naturally took notice. This was crucial for the future. If the situation in Neubruck could be replicated elsewhere, it would be a huge win.

This report was not submitted by colonial officials but was obtained by an investigation team personally dispatched by Franz.

The reason for this was simple: what if someone falsified the data?

Africa is not like Southeast Asia or the Americas, where mixed-race children might be used to inflate population figures. In those regions, producing a bunch of mixed-race children might actually work, as long as their features aren't too distinct, making it hard to tell at a glance.

Given the ethical standards of bureaucrats, fabricating data for the sake of career advancement is too common. Thus, the birth rates in Southeast Asia and Central America have always been high. As long as it wasn't too egregious, the Austrian government wouldn't pursue it, but Africa didn't have the conditions for such manipulation.

As a key area of focus, Austria's attention to Africa exceeded that of all other colonies combined.

To ensure control over the colonies, Africa has always been under strict supervision, with limited autonomy for bureaucrats.

For example, in other colonies, the governor is responsible for both military and civil affairs. In Africa, the governor is also the highest commander but only in charge of the military, while the local government manages civil affairs.

Just because they can't fudge the numbers doesn't mean they can't fake it. While colonial death rates have always been high, they have been steadily decreasing due to improved local development and medical advancements.

If bureaucrats were falsifying birth rates, inflating the birth data while using previous death rates, it would artificially increase the number of deaths.

By offsetting the inflated death numbers with the fake birth numbers, the figures would balance out on paper.

As long as the colonial death rate didn't increase, it could be explained, and the birth rate was one of the performance metrics for local officials.

The mastermind behind this scheme was reportedly an accountant, skilled in falsifying accounts.

Currently, this individual has been reassigned by Franz to work at a nearly bankrupt state-owned mining company. They can only return to the city once the company is revived.

Talented individuals shouldn't be wasted. If they succeed, they save a state-owned enterprise; if they fail, they will have to spend the rest of their lives as a miner.

...

After carefully reviewing the report, Franz believed that this time the data was not fabricated. The listed measures indeed seemed capable of boosting birth rates.

In Neubruck, all welfare benefits were tied to having children—the more children, the more benefits.

For example, government unemployment benefits were only available to parents who had children (with exceptions for those who had made significant contributions to the country or society).

In a very considerate move, the policy stipulated that parents with one child could receive one share of benefits, those with two children could receive two shares, and so on, with no upper limit (if one parent was unemployed, they would receive half the amount).

This was just one aspect. As an immigrant city, Neubruck provided housing through the city government, which was one of the incentives to attract immigrants.

Land was cheap, so the main cost was construction, making it feasible to provide housing. The Neubruck city government offered small houses, usually not exceeding fifty square meters.

Larger homes were deliberately priced high, almost on par with Vienna's housing prices, making them unaffordable for ordinary people.

The government then introduced a policy: families with more than three children could enjoy a housing discount, with forty square meters added per additional child. For families with more than eight children, the government would provide free renovations and a set of furniture.

In addition to these, there were various other incentives, such as maternity leave and birth subsidies. Though the amounts were not substantial, the local government's commitment was evident.

Even pensions were introduced. Austria had a pension system, but only those who had made significant contributions to the country were eligible to receive it.

The Neubruck city government expanded the eligibility, allowing anyone who had five or more children to qualify. This standard was based on the number of children, with a 30% increase for each additional child.

This provision could be overlooked, as the average life expectancy was still around forty years, and those who lived to sixty to receive a pension were rare.

Austria had not established a social security system for pensions, not because Franz did not value the issue, but because it was unnecessary.

Those who lived past sixty usually had decent family conditions; if they were destitute, they wouldn't have lived that long.

A series of pro-birth measures were very unfriendly to single people, DINK families, and those with fewer children. Unless they had made significant contributions to the country, these social benefits were not available to them.

Franz even wondered if there was another time traveler involved. Perhaps someone, scared by the low birth rates of later times, implemented such extreme population stimulation measures.

Regardless, effectiveness was what mattered. As long as the people did not oppose it, Franz had no objections.

Since these measures were already implemented in Neubruck and proved effective, it meant that public resistance was not strong.

Using limited funds to stimulate birth rates and increase population growth was of great significance to Austria.

If this approach continues, Austria's birth rate might even surpass Russia's.

Franz seriously doubted that if this policy became a national policy, would other European countries follow suit? If everyone did the same, wouldn't the world be in chaos?

Soon, he dismissed this worry. Even if people could give birth, they still needed to afford to raise their children. In this era, many families had five or six children, but how many could they actually support?

Before condoms, pregnancies were usually uncontrolled. Birth rates were high across countries, and so were rates of abandoned infants.

At this point, Franz suddenly realized that Austria's compulsory education system also stimulated population growth since schools provided meals during compulsory education, reducing family expenses.

This was an unexpected delight. The initial decision to provide meals in schools was to encourage parents to send their children to school. For a long time, students had to rely on sand tables for learning.

It wasn't until 1860 that all students had textbooks. Starting last year, students began to receive free exercise books.

Austria had the most basic compulsory education system, which would likely be glorified by many writers in the future. After all, a good story tends to be passed down.

Even now, sand tables hadn't been discarded. Paper was still expensive, and the exercise books provided by schools couldn't meet all the demand.

Franz immediately decided to keep this meaningful tradition of sand tables. He even considered whether to make a show of it by having his own children use it, but he ultimately decided to save face. It would seem too fake and would likely be mocked.

Franz didn't intend to push this extreme population stimulation plan himself. He handed it over to the Prime Minister.

A good emperor shouldn't usurp the cabinet's duties. Since the Prime Minister was about to retire, it was perfect timing for him to implement this policy before leaving office.

Otherwise, if a newcomer took over, lacking sufficient prestige, it would be hard to withstand the pressure and push the plan forward. Criticism was inevitable, especially from the liberals who would lambast the government.

Chapter 459: Adapting Methods to Local Circumstances

Looking at the white-haired old Prime Minister, Franz felt a bit hesitant and asked himself, "Is this really the right thing to do?"

He quickly dismissed this thought. Politics did not allow for indecisiveness. Besides, Prime Minister Felix still seemed very energetic and handled state affairs with ease.

Franz, who was a sentimental person, disliked frequent changes in personnel. Except for those who left early due to health reasons, the remaining cabinet members had all served for over twenty years.

The stability at the top ensured the continuity of policies to the greatest extent. Austria's rapid development over the years was largely due to their contributions.

As for worries about ministers becoming too powerful and threatening the throne, only mediocre rulers needed to concern themselves with that. Franz had no such concerns.

Handled properly, the issue of “ministers overshadowing the ruler” could be turned into a tale of a “wise ruler and virtuous ministers.” Most of the time, famous ministers enhanced the reputation of famous rulers.

If they guide public opinion a little, the achievements of the ministers could be seen as the result of the emperor’s ability to recognize and employ talent. There was no need to compete for credit. Only those who were not legitimately in power needed to worry constantly.

In this regard, Western emperors are much happier, as they don’t have to worry every day about their subordinates growing too powerful and rebelling. The concept of rule by law has been deeply ingrained in people’s minds, and nowadays lineage is what matters; it’s no longer a world where one questions if a noble birth is necessary for becoming a king or general.

Of course, revolutionaries were an exception; they were professional rebels and couldn’t be generalized.

The documents had already been passed on to the cabinet members. Over the years, Franz had developed a tacit understanding with them: whatever the emperor wanted to do, the cabinet would take the lead in implementing it.

Those with doubts always secretly discussed matters in the palace first, and only after reaching a consensus would they bring it up in the government. The cabinet would bear the responsibility for any issues, and Franz would handle the aftermath.

After reviewing the materials, Prime Minister Felix opposed the plan, saying, “Your Majesty, encouraging people to have children is not an issue, but we must consider the practical situation.

Based on the current average income of our citizens, theoretically, a couple can support five or six children without much problem. However, in reality, it is quite challenging for some people.

Especially for the working class, once they have children, it becomes very difficult for both parents to work, reducing the household income and greatly increasing the financial pressure.

Currently, the areas with declining birth rates are all rapidly industrializing cities. Due to financial pressure, many working-class families are afraid to have children.

To increase the birth rate, we must address this issue first. Otherwise, as the number of workers increases over time, it will become increasingly difficult to manage.”

At present, the working class in Austria is the poorest. Although their income might be comparable to that of farmers, their standard of living was much lower.

After all, housing and daily living expenses consumed a large portion of their wealth.

In contrast, farmers lived more comfortably. With the opening up of the colonies, the domestic land issue was completely resolved, significantly increasing the per capita land area and their income accordingly.

Most families had already repaid their land redemption payments ahead of schedule, making this the most prosperous period for farmers. However, Franz knew that these good times wouldn’t last forever.

With the development of productivity, the widening gap between agriculture and industry will only grow larger, quickly offsetting these advantages.

Currently, industrial products are scarce, and people's demands are low. The income from the land is sufficient for daily expenses, but as people's needs increase, this money will no longer be enough. Increasing the income from the land is very difficult. In fact, relative to the income from the land, it is on a continuous decline.

Just look at the hard-working Russian government in Russia. In a few years, the Russians will return to the grain market, bringing a large amount of grain that will impact the market.

Changes in supply and demand will directly affect the price of grain on the international market, which in turn will affect the income of Austrian farmers.

Franz had always been preparing for this. Increasing internal consumption is the most effective method, and the policy of encouraging people to have children is the most favorable measure. With a population increase, the consumption of grain will naturally increase as well.

Franz directly asked, "Prime Minister, what plan do you have?"

Knowing Prime Minister Felix well, Franz understood that if Felix brought up a problem, he would have a solution ready.

Prime Minister Felix replied, "Your Majesty, actually solving this problem is not difficult, but it will place some financial pressure on the treasury.

Previously, we had already enacted related laws, such as: legally mandating paid maternity leave and prohibiting dismissals, but these measures are just a drop in the bucket.

Once the child is born, they still need care. During this period, women cannot work normally, and once the paid leave is exhausted, they are usually put on unpaid leave by their employers.

It's manageable if the grandparents can help with childcare, but this is rare. Most couples have to take care of the children themselves.

Given this situation, it would be better for the wife to stay home and care for the children. The government could provide a subsidy to alleviate their financial pressure."

This was very German. Even in later times, Germany encouraged wives to stay at home and take care of the children. Surprisingly, this kind of thinking existed even in this era.

Such a perspective isn't forward-thinking but rather a realistic necessity. Infants require constant care; otherwise, if you work overtime, the little ones might starve. For those who are enthusiastic about having children, it's practically equivalent to being unemployed.

Franz had no objections to providing subsidies—after all, the wool comes from the sheep's back. Since companies are already covering paid maternity leave, it could just as well be handled through taxation.

They could easily eliminate paid maternity leave and have the government directly issue maternity subsidies. The government could then cover any shortfall in tax revenue.

As for the issue of the reduced labor force, Franz wasn't worried at all. The impact was negligible. This era still predominantly employed male workers, and the number of female workers in Austria didn't exceed two million.

It's not like all these women would be having children at the same time, right? Even if they were, Franz wouldn't mind. The subsidy wasn't long-term, only for a limited period.

After some thought, Franz said, "There's no problem with issuing subsidies. The cabinet should quickly decide on the standards and duration for these subsidies."

Franz had originally planned to distribute flour, as it was economical and practical. He intended to provide a monthly subsidy of twenty kilograms for five years, but he took back the words just as he was about to say them.

From a cost perspective, directly providing flour was indeed the cheapest option. As a major grain-producing country, Austria's domestic grain prices were always low.

If the government supplied flour uniformly, subsidizing twenty kilograms per person per month, the cost could be controlled within 25 schillings, and the annual subsidy per person wouldn't exceed three guilders.

The purchasing power of the guilder is indeed that strong, with one guilder equivalent to about 3.66 grams of gold. It would be a problem if its purchasing power weren't strong. This is even without the invention of fertilizers; otherwise, grain prices would be even lower.

Based on these figures, the five-year childcare subsidy would only amount to 15 guilders. Spending 15 guilders to increase the population by one person is a very cost-effective investment.

However, things aren't that simple. Implementing this could cause a series of impacts. For instance, the price of flour in the market would be affected.

Twenty kilograms of flour, combined with other ingredients to make bread, would be enough to feed a couple for a month. People don't just eat bread, of course.

Since it's sufficient, there would be no need to purchase more. The business of selling flour would decrease, and so would the business of selling bread.

Although this might seem trivial, in a market economy, even small changes can have far-reaching effects, impacting other industries as well. Franz wasn't sure what the final consequences would be.

Disrupting the economic cycle rashly would be more harmful than beneficial for a country. Initially intended to save money, this approach might end up reducing financial revenue alongside expenditures.

This calculation must be done carefully, and Franz certainly wouldn't make a hasty decision. If it leads to a reduction in tax revenue that exceeds the savings, wouldn't that be a significant loss?

Finance Minister Karl suggested, "Your Majesty, it would be best for local governments to formulate specific policies, and we should simply provide guidance."

The situations in different regions vary, so a uniform standard isn't feasible. For example, we shouldn't offer housing incentives in Vienna, or the city's population will explode in just a few years."

Franz quickly realized that a one-size-fits-all approach wouldn't work. These measures could only serve as references, as the conditions in the colonies couldn't be matched by many places in the homeland.

Take Vienna, for example. If it were to emulate Neubruck, the biggest issue wouldn't be an explosion in the city's population but rather the government going bankrupt.

Unless Franz, as a major landowner, releases unlimited land to suppress housing prices, it would be difficult for the Austrian government to avoid bankruptcy at current prices. With each square meter exceeding 20 guilders, a 40-square-meter property would cost 800 guilders.

Driving down housing prices is unrealistic given Vienna's unique situation. The city's reputation as the "city that never sleeps" brings brand value. Unlimited land supply would be nonsense; without matching infrastructure, it would be a disaster.

Other factors, such as urban-rural differences, regional disparities, and income variations, also need consideration. If things go wrong, it would be hard to resolve.

Letting local governments create policies based on their actual situations would work much better. Different regions would have different incentive measures, aligning with their specific conditions.

Since these policies would affect political achievements, officials would be motivated. If they don't perform well, they can be replaced with those who can. Austria currently doesn't lack officials.

In this way, the cabinet would transition from being executors to supervisors, thus offloading responsibility. Even if the public was dissatisfied, their complaints would be directed at local governments.

With varying standards across regions, it would be clear that the central government's intentions were good, and any problems arose from local execution.

It's foreseeable that wealthier areas would have higher subsidy standards, while poorer areas would have lower ones.

Interestingly, birth rates would inversely correlate with economic status—richer areas would have lower birth rates, while poorer areas would have higher birth rates.

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While Franz was racking his brains to increase the population, a conference on redrawing European regions was unfolding at the Vienna International Hotel.

Unexpectedly for this low-profile international conference, the foreign ministers of both Britain and France were in attendance. As the host, Austrian Foreign Minister Wessenberg had no choice but to preside over the meeting personally.

With the foreign ministers of the three major powers gathered, the conference's status was instantly elevated, making the representatives from other countries who came to join the discussion feel quite awkward.

The diplomatic world operates on mutual respect; those of lesser standing often hesitate to speak up. Smaller nations, traditionally less influential in international affairs, see their say diminished even further.

Fortunately, this was just about the division of European regions, which ultimately came down to a matter of nomenclature, at most changing some geographical terms.

Everyone first agreed that geographical terms do not represent legal rights and signed an international convention. As it wouldn't affect anyone's actual interests, the conference proceeded very pleasantly.

The host, Wessenberg, was very satisfied and was about to announce the successful conclusion of the conference when a staff member hurriedly approached and whispered in his ear.

Wessenberg's face, previously full of smiles, suddenly darkened. Troublemakers had arrived. If it weren't for the presence of so many representatives, he would have erupted on the spot.

The international conference had just determined that the Lombardy and Venetia regions belonged to Germany, and now Italians were protesting outside.

The speed at which the news leaked clearly showed it was premeditated. Especially for such an incident to occur right under Austria's nose put the Austrian government in a passive position.

Chapter 460: To Ally or Not?

Under the Ministry of Foreign Affairs building, over a hundred people gathered, holding prepared banners and shouting, "Protest!" "Protest!"...

Inside the building, journalists from various European countries were waiting for the results of the meeting, now watching the commotion. Photographers were busy adjusting their cameras, ready to capture this historic moment.

Without any hesitation, Wessenberg immediately ordered a crackdown. Upon receiving the order, the police who had rushed to the scene wielded their batons and quickly dealt with the demonstrators.

The protesters were gone, but Austria's reputation was tarnished. This premeditated protest made the international conference awkward.

The Italian protest did not affect the outcome of the conference. With France and Austria holding a unified stance, the conference quickly passed a new international law dividing regions based on cultural traditions.

In a way, this law was also beneficial to the British. They could use it as a basis to incorporate English-speaking areas into their sphere of influence.

Great powers typically aren't concerned with appearances. Even this international treaty had many different interpretations, deliberately leaving loopholes.

When needed, they could interpret it in the way that best served their interests to maximize their gains.

International treaties inherently had double standards for big and small countries. If stretched a bit, this could even become one of the justifications for legalizing colonies.

Although the goal was achieved, Wessenberg wasn't happy at all. The sudden appearance of the protestors severely damaged the reputation of the Austrian government.

Keeping it secret was impossible. Representatives from so many countries and journalists from major European newspapers had no obligation to keep Austria's secrets.

Wessenberg could only hope that the response from his people was quick enough to prevent the journalists from taking any photos; otherwise, the trouble would be even greater.

Since it had already happened, it couldn't be covered up. Wessenberg couldn't send people to check the journalists' equipment as the Austrian government had to maintain some level of dignity.

Of course, if the foreign representatives hadn't been present, it might have been a different story. Tailoring responses based on the audience is a principle of great powers.

Once the guests were seen off, Wessenberg's smile vanished. With a gloomy expression, he said, "Send someone to ask the Vienna Police Department what's going on. Why did a bunch of people suddenly show up to cause trouble?"

Investigating the case wasn't the Foreign Ministry's job, but since it involved diplomacy, Wessenberg had to intervene.

He didn't believe that the Vienna Police Department would have approved a demonstration today. For a group like this to gather without the police knowing, there had to be something behind it.

Representatives from various Italian states were present, and none of them opposed the proceedings, so there was no point in staging this farce.

Even if the scale of the protest were ten times larger, it would have no effect. Austria would not halt its plans because of Italian opposition.

Ultimately, only the international reputation of the Austrian government was damaged. But reputation doesn't equate to power; as long as Austria remained strong, no one would dare to challenge it, regardless of its tarnished reputation.

Among the major powers, Austria's reputation is still relatively good. With Britain, France, and Russia as comparisons, it can't be that bad.

At worst, it will be criticized by international observers as "tyranny," but their words don't carry much weight. After all, the Austrian government has its own official media, and at worst, it will just be a war of words.

Tomorrow, Vienna's newspapers will report that lawless elements colluded with foreign forces to disrupt an international conference.

A middle-aged security officer immediately responded, "Yes, Minister!"

Wessenberg didn't stay and went directly to the palace. Such a significant issue needed to be reported to the Emperor.

Franz had already received the news and was on the phone berating the Minister of Police.

Regardless of who the opponent was, how could the enemy organize over a hundred people to cause trouble in Vienna without the police knowing?

If this isn't negligence, what is? With just a little more vigilance, they could have intercepted it in advance, avoiding this farce.

Franz didn't believe that the other side would be willing to send out over a hundred spies to cause trouble. The value of spies lies in their ability to remain hidden; once exposed, they're doomed.

The protest group that emerged now obviously couldn't have any core members; most of them were likely just fools who had been duped.

Austria isn't like France; protests and demonstrations without prior approval are illegal and punishable by exile.

Those who annoy the Austrian government will likely be exiled to remote, desolate places. They might even be sent to some uninhabited island in the Arctic Ocean to spend their days surrounded by ice and snow.

Of course, the more likely outcome is freezing to death. The glacial regions, with temperatures plunging dozens of degrees below zero year-round, are uninhabitable for most people. Never underestimate the bureaucrats' capacity for revenge.

Smart people operate from the shadows. Even submitting a petition to the Austrian government is better than directly confronting them.

The former is a legal action. Even if the Austrian government doesn't accept it, there won't be any trouble for them. The latter is a crime, and the bureaucrats whose careers are affected won't let them off.

Franz didn't care about these people's fate. He was angry about the police's insufficient control over Vienna. How could such an obviously unusual situation go unnoticed?

If today, over a hundred people could suddenly appear outside the Ministry of Foreign Affairs building, does this mean that one day, a hundred people could suddenly rebel?

A hundred people is no small number. Most European revolutions didn't have that many participants when they first started.

If such a number were to erupt at a critical moment, the damage would be incalculable.

The thought that "there are always treacherous subjects plotting against me" is common, and for an emperor, it's even more severe. Franz could never afford to let his guard down.

When Wessenberg arrived at the palace, the situation was already close to being resolved. Those arrested had already confessed under police interrogation.

The participants in this illegal activity weren't just Italians. After all, there aren't many Italians in Vienna, and gathering over a hundred of them wouldn't be easy.

The interrogation revealed that the protest was organized by five Italian students, while most of the others were temporarily hired at high wages. The information was provided by a middle-aged man named Robinson.

The trail ended there. The students knew nothing about "Robinson" other than meeting him at the Fico bar.

These unlucky fools were duped by someone they had just met. Driven by a sense of patriotism to protect Italy's territorial integrity, they decided to take a stand.

Most participants were hired on the day of the protest, so the Vienna police had no time to get wind of it. By the time concerned citizens reported it, the incident had already occurred.

Franz was very dissatisfied with the investigation results. Not knowing who was behind this and seeing the Austrian government embarrassed was utterly shameful.

Frowning, Franz asked, “Tyron, didn’t you receive any intelligence?”

Tyron, the head of intelligence, immediately replied, “Preliminary judgment suggests that ‘Robinson’ is an alias. His first appearance was at the Fico bar, where he first met those idiots.

Altogether, they had three encounters, all at that bar. We’ve sent people to question the staff, and a bartender provided a clue that Robinson’s beard was fake.

With the sketch based on witness descriptions, it will be difficult to find this Robinson. There are too few clues at the moment, and we need more time.”

Professional spies are hard to deal with. Without surveillance, and in a chaotic place like a bar, finding someone is incredibly difficult.

Even if Robinson appeared in plain sight, no one would know who he was. Normally, spies have legitimate cover jobs, making it hard to spot anything unusual on the surface.

Getting preliminary clues in such a short time is already quite an achievement.

Franz said sternly, “Keep investigating. Don’t overlook any clues. If this hidden threat isn’t removed, it will become a disaster sooner or later.”

Guessing who the mastermind is isn’t too hard—there are only two or three likely candidates. Judging by the style of this operation, the enemy was very cunning, leaving no valuable clues, which resembled John Bull’s handiwork.

With France and Austria reaching an agreement, the British couldn’t prevent the redefinition of the Italian region. It’s normal for them to cause trouble at this point.

Deploying just one spy who managed to stir up this incident with mere trickery probably has the masterminds laughing. They almost paid no price to plunge Austria into a media storm.

“Resembled” is not the same as “certain”. International politics has always been a mix of truth and falsehood, with lies disguised as truth and truth disguised as lies. Many times, even what our eyes see can be deceiving.

For now, they can only say that the British are the most suspicious. They have the motive, the capability, and a history of similar actions.

However, they can’t rule out other countries intentionally framing the British. As someone familiar with such tactics, Franz often did similar things himself.

Without catching “Robinson,” it was hard to make an accurate judgment on this matter. Franz didn’t like to follow his gut; he always followed his interests.

Whoever is held responsible should align with Austria’s best interests. This is why overt schemes usually succeed easily, while covert ones are much harder to pull off.

As long as the benefits gained are significant enough, Franz is willing to be manipulated. In international politics, Austria, like Britain, always aligns with its interests.

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The case hadn't ended when a sudden development made the situation even more complex.

British Foreign Secretary Maclean formally sent a diplomatic note to Austria, proposing an alliance between Britain, France, and Austria to jointly maintain world peace and stability.

The latter part can be ignored; the British have never been associated with peace. If they stopped causing trouble, the European continent would be much more peaceful.

The focus is on the "alliance." Franz's first reaction upon receiving this news was that the Franco-Austrian alliance had been exposed.

To make the British lower their pride and actively seek an alliance with France and Austria, the only thing that could pressure them this much was the "Franco-Austrian secret treaty." Franz couldn't think of anything else that would qualify.

The Franco-Austrian alliance already has many contradictions. Now, adding the British into the mix raises the question of how long this alliance could last.

In his hesitation, Franz asked directly, "What is the Foreign Ministry's stance? Do you think we should ally with the British?"

This decision was hard to make because it involved extensive interests, and the pros and cons must be carefully weighed. Especially when allying with the British, extra caution was needed.

Under great pressure, Wessenberg said cautiously, "Your Majesty, the Foreign Ministry believes we should discuss this matter specifically with Britain and France to see what benefits we can gain before deciding whether to form an alliance."

An alliance between Britain, France, and Austria obviously has many benefits. At the very least, in terms of dividing the world, everyone can negotiate behind closed doors.

However, there are also disadvantages. The conflicts between the three countries are a major obstacle to forming an alliance.

Unless these conflicts are resolved or temporarily suppressed, even if an alliance is formed, it will be nominal due to differing interests.

Franz never expected sincere cooperation. Britain, France, and Austria were all major players in this era, and there was no external enemy strong enough to necessitate their alliance.

Each country is a dominant power on its own, so there is no practical need for an alliance. This made Franz's expectations for an alliance low, and Britain and France probably felt the same.

If there were no conflicting interests among them, forming an alliance wouldn't be a bad idea. However, the reality is quite the opposite. The main international conflicts of this era include Anglo-French, Anglo-Austrian, Prusso-Russian, and Anglo-Russian conflicts.

Reconciling the differences between Britain, France, and Austria isn't simple unless the British are willing to make significant concessions and stop stirring trouble on the European continent.